

**From Nuclear Triggers to Financial Triggers: Converging Mechanisms of Influence in
Global Geopolitics**

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Abstract

This review article examines the strategic evolution of global power dynamics, arguing that financial instruments have supplanted nuclear arsenals as the primary levers of geopolitical influence. By analyzing the soft power initiatives of the United States (USAID), China (Belt and Road Initiative), and the European Union (Global Gateway), this article traces the convergence of these distinct economic models toward militarized tools of governance. While traditional narratives contrast Western “liberal conditionality” with Chinese “non-interference,” recent evidence suggests a functional convergence where all three actors use financial triggers, grants, loans, and investment frameworks, to shape governance and human rights standards in recipient nations. This study synthesizes recent literature to demonstrate how the shift from nuclear deterrence to financial coercion is redefining sovereignty in the Global South, ultimately questioning whether these competing financial architectures truly promote human rights or simply impose new forms of hegemonic conformity.

Keywords: Financial geopolitics, Soft power, USAID, Belt and Road Initiative (BRI), Global Gateway, Human rights, Economic governance

Introduction

The global security architecture has undergone a fundamental paradigm shift: the static doctrine of Mutually Assured Destruction (MAD), defined by the non-use of nuclear arsenals, has been superseded by the dynamic logic of financial coercion (Waltz, 1990). While the Cold War “trigger” evoked the apocalyptic launch of warheads from isolated silos, the 21st-century “financial trigger” operates through the arteries of the global economy, where it is pulled frequently and with granular precision. In this new order, the capacity to exclude a nation from SWIFT, freeze central bank assets, or enforce sovereign debt repayment constitutes a form of “guaranteed economic destruction” that rivals kinetic warfare in its destabilizing impact (Farrell & Newman, 2019). This transition has redefined interdependence from a guarantee of peace into a vector of “militarized interdependence,” where central financial nodes serve as strategic chokepoints for the United States, China, and the European Union (EU) alike (Drezner, 2021).

The United States, the historical architects of the postwar financial order, has evolved its mechanisms of influence. Beyond traditional aid provided by USAID, Washington now uses the primacy of the dollar and its dominant influence within the Bretton Woods institutions as coercive levers. This approach, often described as “liberal conditionality,” ties access to capital markets and bailout funds to specific political reforms, transforming financial compliance into diplomatic alignment.

At the same time, the rise of China has introduced a competing model through the Belt and Road Initiative (BRI). By mobilizing over \$1 trillion for infrastructure projects, Beijing offers an attractive alternative based on tangible development and a rhetoric of political non-interference. However, critics point out that this model relies on “debt-trap diplomacy,” where commercial loans for ports or railways create asymmetrical dependencies that can be converted

into strategic concessions or military access (Vangeli, 2020). Here, the financial trigger is the threat of default, which places the sovereign assets of debtor nations directly under the influence of Chinese state creditors.

More recently, the European Union has entered this geopolitical arena with its “Global Gateway” strategy. Long perceived as a normative power prioritizing trade over strategy, the EU is now attempting to export its regulatory, environmental, and social standards through targeted investments. By positioning itself as an ethical and sustainable alternative to the American and Chinese models, Brussels seeks to operationalize its economic weight to secure critical supply chains and shape global governance (European Commission, 2021). Although European rhetoric emphasizes partnership, the structure of this funding imposes a form of “regulatory imperialism” that compels partners to adopt EU standards to access its funds.

This article contends that the ideological competition between Washington’s democracy, Beijing’s development, and Brussels’ standards masks a critical operational reality: a functional convergence toward militarized economic statecraft. Rather than offering distinct alternatives, all three powers have weaponized economic asymmetry to erode the sovereignty of peripheral nations. This review demonstrates that secondary sanctions, cross-default clauses, and regulatory compliance requirements now function as interchangeable “financial triggers” instruments designed not to promote development, but to project hegemonic power through the architecture of the global economy.

This article deconstructs the operational mechanics of the three dominant financial frameworks: American conditionality, Chinese collateralization, and European regulatory standardization. By analyzing recent literature (2020–2025), the review moves beyond stated geopolitical goals to demonstrate the functional equivalence of these instruments. The analysis

reveals that the “financial trigger”, whether activated through sanctions or debt enforcement, does not merely influence policy but fundamentally redefines state sovereignty, substituting the Cold War threat of nuclear annihilation with the contemporary certainty of economic asphyxiation.

Historical Context: The Eclipse of Hard Power

The transition from the “nuclear trigger” to the “financial trigger” represents a structural reorganization of the international hierarchy. During the Cold War, economic power was auxiliary to military projection (Kennedy, 1987). The subsequent “unipolar moment” of the 1990s was predicated on the “commercial peace” theory, which assumed that complex supply chains would render conflict obsolete (Keohane & Nye, 1998). However, this liberal optimism failed to account for the hierarchical nature of global networks, where integration creates vulnerability rather than stability.

This idealistic vision eroded in the face of 21st-century strategic realities, as the very connectivity celebrated by liberals transformed into a source of vulnerability. Seminal scholarship on “militarized interdependence” (Farrell & Newman, 2019) demonstrates that global networks, financial, digital, and logistical, are not decentralized webs, but hierarchical structures dominated by central nodes or “chokepoints.” The United States, by controlling the central nodes of the dollar clearing system and SWIFT, acquired a panoptic capacity to monitor and interdict global transactions. This structural dominance allowed Washington to weaponize the dollar, transforming it from a public good facilitating trade into a national security instrument capable of isolating adversaries (Drezner, 2021). Thus, the “financial trigger” emerged not as a new policy choice, but as the exploitation of structural asymmetries within the global economy.

Simultaneously, the rise of China and the strategic awakening of the European Union challenged this monopoly, diversifying the arsenal of economic statecraft. While the US leveraged network access (the stick), China utilized capital accumulation to deploy infrastructure financing as a tool of geopolitical gravity (the carrot). Beijing's Belt and Road Initiative (BRI) converted the global infrastructure gap into a mechanism for influence, linking development loans to strategic alignment. In response, the European Union abandoned its geopolitical naïveté, recognizing that its "normative power" required the hard edge of economic coercion. By mobilizing its single market through the Global Gateway, Brussels began to export regulatory standards as conditions for investment. Consequently, the center of gravity in global power has shifted from defense ministries to treasuries, establishing a new tripartite era where financial instruments serve as the primary vectors of state competition.

The Architecture of Financial Influence: A Comparative Thematic Analysis

To demonstrate the shift toward mechanisms of economic coercion, it is necessary to deconstruct the specific financial architectures deployed by the three dominant powers. Although the United States, China, and the European Union operate within the same global economy, they have historically used distinct vectors of influence, reflecting their respective political ideologies and comparative advantages. This section analyzes how each actor has institutionalized its "financial trigger."

The American Model: Liberal Conditionality and the Weapon of the Dollar

The American architecture of influence has historically relied on a synergistic relationship between bilateral development aid (USAID) and structural dominance within the Bretton Woods institutions. The traditional mechanism here is "liberal conditionality": the

“money for reform” paradigm where access to capital is legally contingent upon the adoption of specific internal policies, such as privatization, deregulation, and democratic governance (Carothers, 2020). For decades, this framework functioned primarily as an incentive structure, using the promise of integration into Western markets to align the political trajectories of developing nations with American interests.

However, since 2020, this model has undergone a kinetic evolution. The United States has transitioned from utilizing finance merely as a carrot for development to wielding it as a “weaponized” stick for security. The primary “trigger” is no longer the withholding of aid, but the extraterritorial weaponization of the US dollar itself. By leveraging the dollar’s status as the global reserve currency, Washington asserts de facto jurisdiction over any transaction clearing through the US banking system, effectively extending American domestic law to the entire globe.

This structural dominance allows the Office of Foreign Assets Control (OFAC) to activate the most potent financial trigger in existence: secondary sanctions. Unlike traditional embargoes, these measures punish third-party entities, banks, corporations, or insurers, that conduct business with a sanctioned target. This mechanism forces global actors to choose between the US market and the target, inevitably leading to the latter's isolation from the SWIFT messaging system. As Drezner (2021) argues, the United States has thus transformed its currency from a public good facilitating trade into a national security instrument, where the “trigger” is the immediate cessation of liquidity and the total exclusion from the global financial vascular system.

The Chinese Model: Infrastructure as a Strategic Lever

In direct contrast to Washington's normative and intangible approach, the Chinese model, embodied by the Belt and Road Initiative (BRI), prioritizes the tangible and transactional. Beijing's financial architecture relies on the massive mobilization of state capital through policy banks such as the China Exim Bank to finance physical infrastructure, ports, railways, and digital networks. Official Chinese rhetoric relentlessly promotes a doctrine of "non-interference," offering loans without the intrusive governance or human rights requirements typical of Western lenders (Vangeli, 2020). This lack of political strings is the primary selling point for autocracies and developing nations weary of Western moralizing.

However, a critical analysis of the loan agreements reveals that the absence of *political* conditionality is replaced by a rigid form of *strategic* conditionality. The mechanism of influence here is not governance reform, but asset dependence. Chinese lending contracts frequently employ opaque confidentiality clauses and exclude the borrower from collective restructuring mechanisms like the Paris Club. The "financial trigger" in this model is the activation of cross-default clauses, which treat a default on one loan as a default on all, thereby placing the debtor's entire sovereign balance sheet in immediate jeopardy.

While the narrative of "debt-trap diplomacy" is nuanced by scholars, the structural reality of the mechanism remains: China uses debt to secure critical supply chains and create a sphere of logistical influence. The trigger is pulled when the debtor cannot pay, leading to the potential transfer of control over strategic assets, such as the port of Hambantota in Sri Lanka, to Chinese state-owned enterprises (Brautigam, 2020). Unlike the American model, which seeks to change the debtor's political regime, the Chinese model seeks to integrate the debtor's economic territory into its own industrial value chain, creating a relationship of infrastructural vassalage.

The European Model: The “Global Gateway” and Regulatory Imperialism

The European Union represents the third pole of this architecture, arriving late to explicit geopolitical competition with the launch of the “Global Gateway” strategy in 2021. Long perceived as a “civilian power” that prioritized trade over strategy, the EU has radically restructured its development aid to function as a tool of *realpolitik*. Lacking the extraterritorial legal reach of the United States or the state-capitalist agility of China, Brussels mobilizes its single greatest asset to project power: the world’s largest integrated market.

The unique influence mechanism here is what Bradford (2020) terms the “Brussels Effect,” or regulatory imperialism. The “financial trigger” in this model is strictly conditional market access. The EU links its Global Gateway investments, ostensibly designed to counter the BRI, to the mandatory adoption of its own technical, environmental, and digital standards. Mechanisms such as the Carbon Border Adjustment Mechanism (CBAM) or the General Data Protection Regulation (GDPR) function as non-tariff barriers, effectively forcing partner nations to adopt European laws to maintain commercial viability.

Under the guise of “value-based partnerships,” this financial architecture imposes a massive compliance burden on the Global South. To access European capital, a partner nation must effectively outsource its legislative sovereignty, aligning domestic laws with directives crafted in Brussels. Thus, European influence is exerted not through the threat of default (China) or asset seizure (USA), but through bureaucratic standardization. In this model, technical regulations are transformed into sophisticated tools of political exclusion, ensuring that developing economies remain tethered to the European legal orbit.

Mechanisms of Convergence of Influence: Toward Functional Homogeneity

While official pronouncements in Washington, Beijing, and Brussels relentlessly emphasize the moral and structural incompatibility of their respective models, an empirical analysis of recent practices reveals a strong trend toward functional convergence. The traditional dichotomy opposing the West's "values-based" approach to China's "state mercantilism" is collapsing under the weight of geopolitical reality. Faced with the imperative of securing supply chains and achieving technological dominance, the three powers are increasingly adopting the tactics of their adversaries, creating an environment where the mechanisms of financial coercion are becoming indistinguishable to the targeted nations.

The Mirror Effect: The Westernization of China and the Sinicization of the West

While official rhetoric in Washington, Beijing, and Brussels emphasizes the moral incompatibility of their respective models, an empirical analysis of recent practices reveals a profound functional convergence. The traditional dichotomy opposing the West's "market-based" approach to China's "state-capitalist" model is collapsing under the weight of geopolitical reality. Faced with the imperative of securing supply chains, all three powers are adopting the tactics of their adversaries, creating a homogenized landscape of coercion where the mechanisms of financial influence are becoming indistinguishable.

The primary driver of this convergence is **strategic mimicry**. The United States and the European Union, long champions of *laissez-faire* economics, have pivoted aggressively toward industrial policy, adopting methods historically associated with Chinese state capitalism. The US *CHIPS and Science Act* and the European *Net Zero Industry Act* are not merely subsidy programs; they are tools of statecraft that direct capital flows toward strategic sectors while

erecting protectionist barriers (Sullivan, 2023). By conditioning access to these funds on geopolitical alignment "friend-shoring" the West is replicating the Chinese logic that explicitly links trade to national security.

Conversely, China has begun to "Westernize" its financial statecraft. In response to rising default risks, Beijing is moving away from the loose, massive lending of the early BRI era toward a more disciplined approach that mimics the conditionalities of the IMF (Chen, 2024). Furthermore, China has adopted the Western legal toolkit of coercion: the 2021 *Anti-Foreign Sanctions Law* provides a direct legal framework to retaliate against Western entities, copying the extraterritorial mechanics of the US Office of Foreign Assets Control. Thus, the global financial system is not diverging into separate blocks, but converging into a single arena where all actors utilize the same weapons: subsidies, sanctions, and strategic debt.

The Illusion of Choice and the Erosion of Sovereignty

For recipient nations in the Global South, the convergence of these great power strategies implies that the apparent diversity of financing options is a geopolitical illusion. A comparative analysis of loan agreements and aid packages reveals that whether a state negotiates a structural adjustment loan with the IMF, an infrastructure package with China Exim Bank, or a Global Gateway partnership with the EU, the operational outcome is identical: the systematic erosion of national policy space.

In the Western model, sovereignty is curtailed by "liberal conditionality," which demands deregulation, austerity, and diplomatic alignment against rivals as the price for liquidity. In the Chinese model, sovereignty is curtailed by "strategic conditionality," characterized by opaque debt obligations and the collateralization of critical national assets. While the former dictate *how*

a government must govern, the latter dictates *what a government effectively owns*. In both scenarios, the "financial trigger" operates as a mechanism of domination where the debtor state is forced to internalize the security priorities of the creditor state. Sovereignty is no longer violated by tanks crossing a border, the logic of the nuclear era, but is hollowed out from within by loan covenants, compliance requirements, and debt servicing obligations.

The Universal Militarization of Interdependence

Furthermore, this convergence signals the universal acceptance of interdependence as a legitimate weapon of war. The era of "neutral globalization" has effectively ended. The European Union, which long positioned itself as the impartial arbiter of world trade, now utilizes its single market as a geopolitical club through mechanisms like the Carbon Border Adjustment Mechanism (CBAM), forcing third countries to adopt its internal pricing models under threat of disguised trade sanctions.

Similarly, the battle over digital infrastructure demonstrates that control of data flows has become a central theater of conflict. The exclusion of Huawei by the United States and its allies, mirrored by the exclusion of Western technology from critical Chinese sectors, follows precisely the same security logic: the fear that civilian infrastructure will be weaponized as a Trojan horse. Consequently, the international system is no longer divided between proponents of free trade and practitioners of mercantilism, but between competing blocs that all utilize finance as "war by other means." This homogenization of tactics confirms that the "financial trigger" has become the universal standard of statecraft, leaving the Global South to navigate a world where economic autonomy is the price of admission to the global market.

Financial Triggers and the Human Rights Deficit: A Humanitarian Critique

While the convergence of financial influence mechanisms serves the strategic interests of major powers, a critical analysis of the humanitarian impact reveals a troubling paradox. Official discourse in Washington and Brussels justifies economic coercion as a necessary tool for defending human rights and promoting democracy, while Beijing frames its lending as the only path to the “right to development.” However, empirical evidence suggests that the activation of these “financial triggers”, regardless of their ideological origin, systematically exacerbates precariousness and erodes fundamental rights. The "collateral damage" of financial warfare is not abstract economic data, but a measurable regression in human security.

The Paradox of Western Coercion: From Smart Sanctions to Collective Punishment

The Western model rests on the assumption that financial pressure can force reluctant governments to adopt democratic norms. However, the transmission mechanism of this pressure is fundamentally flawed. Recent literature on the effectiveness of sanctions demonstrates that when the "financial trigger" is pulled, whether through freezing central bank assets or excluding a nation from SWIFT, the pain is rarely felt by the targeted ruling elite. Instead, it is transferred downward to the civilian population, transforming targeted sanctions into a form of collective punishment.

Case studies of nations subjected to maximum financial pressure, such as Venezuela, Iran, or post-2021 Afghanistan, illustrate a devastating trajectory: financial isolation leads to hyperinflation, the collapse of public services, and the inability to import essential medicines and food (Jones, 2022). In these scenarios, the "financial trigger" creates a blockade effect where the most basic socio-economic rights, the right to food, health, and life, are violated not by local

governance, but by the external coercive mechanism itself. Furthermore, the austerity measures often demanded by Western financial institutions as a condition for liquidity frequently trigger violent civil unrest. These "IMF riots" are invariably met with state repression, creating a tragic cycle where financial intervention ostensibly designed to promote democracy effectively necessitates the suspension of civil liberties to restore order. Thus, the instrument destroys the very objective it claims to serve.

The Chinese Model: The Financial Shield of Authoritarianism

Conversely, the Chinese model contributes to a deficit of civil and political rights through a mechanism of insulation. By providing massive infrastructure funding without political conditionality, Beijing offers a "financial shield" to authoritarian regimes that would otherwise be forced to negotiate with their populations or traditional donors. The impact here is structural: the influx of opaque capital allows ruling elites to strengthen patronage networks and fund security apparatuses, thereby insulating them from domestic pressure for reform (Ambrosio, 2023).

Moreover, the specific composition of Chinese lending often includes the export of surveillance technology alongside physical infrastructure, the so-called "Digital Silk Road." This equips autocracies with the technological capacity to suppress dissent with unprecedented efficiency. Additionally, because BRI projects prioritize speed and scale over social safeguards, they are frequently associated with the forced displacement of local populations and severe labor rights violations (Human Rights Watch, 2024). In this model, the "financial trigger" of debt repayment takes precedence over local law, effectively subordinating the human rights of communities to the commercial imperatives of the creditor.

The Instrumentalization of Rights as a Geopolitical Weapon

Ultimately, the functional convergence of these powers extends to the cynical instrumentalization of human rights. The analysis reveals that rights are no longer treated as universal ends, but as geopolitical levers used to delegitimize competitors. The European Union and the United States utilize human rights rhetoric to justify trade barriers against Chinese goods (e.g., bans related to Xinjiang), yet simultaneously deepen financial ties with strategic autocracies critical to energy supply chains.

For the populations of the Global South, this selective application undermines the credibility of the international human rights regime. They find themselves caught between two forms of coercion: a Western model that starves economies in the name of freedom, and an Eastern model that entrenches authoritarianism in the name of stability. In both cases, popular sovereignty and human dignity are treated as adjustable variables, collateral damage in a financial war where the objective is hegemonic compliance rather than human welfare.

Conclusion: The Era of Militarized Interdependence

The transition from the “nuclear trigger” to the “financial trigger” marks a fundamental reorganization of the international hierarchy. As this review has demonstrated, global security is no longer defined by the static balance of terror that characterized the Cold War, but by the kinetic use of economic connectivity. The ability to weaponize the central nodes of the global economy, whether through the dollar clearing system, infrastructure debt, or market access, has superseded the nuclear arsenal as the primary instrument of state coercion.

This study reveals that the ideological competition between Washington, Beijing, and Brussels masks a profound operational convergence. We are witnessing the consolidation of a

single regime of militarized interdependence, where all major powers utilize finance as a domain of conflict. For the nations of the Global South, this convergence drastically reduces political agency. They are no longer choosing between competing visions of governance, but between different architectures of vassalage. Whether the "trigger" is pulled by the US Treasury via sanctions or by China Exim Bank via cross-default clauses, the outcome is an identical erosion of sovereign autonomy.

Looking forward, the evolution of this dynamic threatens to extinguish financial sovereignty entirely. The emergence of Central Bank Digital Currencies (CBDCs) promises to make "financial triggers" even more granular and immediate. As Prasad (2021) warns, the digitization of money could allow hegemonic powers to program currency validity or freeze individual transactions in real-time, bypassing traditional sanctions evasion mechanisms. In this impending order, sovereignty will not be defined by territorial borders, but by financial autonomy. Consequently, future research must move beyond analyzing *how* these powers compete, to exploring how developing nations can construct robust regional financing mechanisms to survive a world where finance has become the continuation of war by other means.

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