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Brics Ascendancy: Challenging Western Hegemony in a Globalized World

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Abstract
The global financial milieu has long been characterized by the pre-eminence of the United States dollar as the world's principal reserve currency. Nevertheless, emerging trends indicate the prospect of a paradigmatic shift wherein the dollar's status as a reserve currency may diminish. This study undertakes an in-depth analysis of the factors contributing to this potential transition, with particular emphasis on the ascent of the BRICS nations (Brazil, Russia, India, China, and South Africa) and their capability to establish a novel financial framework. Drawing upon insights from eminent scholars affiliated with prestigious institutions such as Harvard, Cambridge, Princeton, Chicago, Yale, and Oxford, this research assesses the evolving dynamics of global finance. By scrutinizing historical hegemonic patterns dating back to the 17th century, this investigation offers a comprehensive perspective on the ascendance and decline of dominant currencies and their ramifications on the international monetary system. Through meticulous examination of economic indicators, geopolitical transformations, and institutional advancements, this paper elucidates potential avenues through which the BRICS nations could challenge the hegemony of the U.S. dollar. Furthermore, it explores the feasibility of instituting alternative financial mechanisms to facilitate transactions and investments among BRICS countries and beyond, thereby mitigating dependence on the dollar-centric financial framework. This research, therefore, has culminated in the conclusion that the hegemonic status of the U.S. dollar is poised to diminish before the year 2030.

Keywords: Hegemony, BRICS, Reserve Currency, U.S. Dollar

Abbreviations Listing:

CRA – Contingent Reserve Arrangement.,
OTC – Over-the-counter
NDB – The New Development Bank
ICE – The Intercontinental Exchange
GDP – Gross Domestic Product
PPP – Purchasing Power Parity
HNWI – High-net-worth individual
CBDC – Central Bank Digital Curtrency

Materials and Methods

To accomplish this goal, the bibliographic technique was originally utilized, in the form of a qualitative selection of certain literary work, to establish the importance of studying the subject in a specific location. In addition, past research by English and American authors is examined. First and foremost, the process of information analysis and synthesis was utilized to uncover the beginning and fundamental causes of connections between BRICS and the G7/G20.

The research examines the progress of the nations studied, beginning with the first in 2006 and finishing in the second decade. Determine the repercussions of the investigated nations' foreign relations. Changes in statistical data were thoroughly analyzed and investigated to corroborate the economic processes in the nations under consideration.

To complete this study, the following indicators were investigated utilizing statistical data analysis: The gross domestic product (GDP) of the areas analyzed for the time was calculated using the comparison and analysis approach.

1. Introduction

1.1 For decades, the U.S. dollar has served as the world's reserve currency. However, recent developments indicate that the status quo may be changing significantly. This article investigates the likelihood of the dollar losing its reserve currency status and the potential consequences of such change .

1.2 This research analyses the developing dynamics of international finance, drawing on views from renowned academics affiliated with and published by major universities such as Harvard, Cambridge, Princeton, Chicago, Yale, and Oxford. This research seeks to give a thorough knowledge of the variables driving the emergence and collapse of dominating currencies by examining historical hegemonic trends extending back to the 17th century.

1.3 Central to this analysis is the growing influence of the BRICS nations and their potential to establish alternative financial mechanisms. Through a careful examination of economic indicators, geopolitical trends, and institutional developments, this paper assesses the feasibility of a new financial order led by the BRICS bloc.

1.4 By synthesizing insights from diverse academic perspectives and historical precedents, this research seeks to shed light on the complex dynamics shaping the future of global finance. It underscores the need for proactive measures by policymakers and market participants to navigate potential disruptions and adapt to emerging trends in the international monetary system.

1.5 In conclusion, this study aims to contribute valuable insights to policymakers, economists, and stakeholders grappling with the evolving landscape of international finance. By understanding the drivers behind the possible transition away from the dollar-centric system, stakeholders can better anticipate and respond to the challenges and opportunities presented by a changing global monetary order.

2. Hegemony in History

2.1 This researcher has often been asked: How many countries have ruled the global economy, and its currency was the Reserve?

2.2 If we were to evaluate the last millennium, determining the exact number of countries that have been global trade hegemons over the past 1000 years is challenging due to the complex and shifting nature of global trade dynamics throughout history. However, several nations have prominently held hegemonic positions at different points in time.

2.3 One notable example is the Dutch Republic during the 17th century, often referred to as the Dutch Golden Age. The Dutch Republic emerged as a dominant force in global trade, especially through its control of maritime routes and the Dutch East India Company's extensive trade network. This period marked a significant shift in global trade patterns, with Amsterdam becoming a key financial centre and hub for international commerce.[1]

2.4 A further example is the British Empire during the 19th century. Through its colonial expansion and naval supremacy, Britain exerted significant influence over global trade, establishing trade networks spanning across continents and controlling key strategic regions. The British Empire's economic power was underpinned by its Industrial Revolution and the establishment of the British pound as the global reserve currency.[2]

2.5 In the modern era, the United States has emerged as a dominant player in global trade. Following World War II, the U.S. played a central role in establishing the Bretton Woods system, which facilitated international trade and finance. With its large domestic market, technological innovations, and economic strength, the U.S. has wielded considerable influence over global trade policies and institutions.[3]

2.6 While these examples highlight significant periods of hegemony in global trade, other nations such as China, Spain, and Portugal have also held influential positions at various points in history. Overall, the number of countries that have been hegemonies of global trade over the past 1000

[1] Phillips, Dennis. "Paul Kennedy And 'Relative Decline': A Review Essay." Australasian Journal of American Studies 8, no. 2 (1989): 46–51

[2] Cain, P. J., and A. G. Hopkins. "Gentlemanly Capitalism and British Expansion Overseas II: New Imperialism, 1850-1945." *The Economic History Review* 40, no. 1 (1987): 1–26. https://doi.org/10.2307/2596293.1850-1945. *The Economic History Review*, 39(4), 501-525.

[3] Baldwin, Richard, "The Great Convergence: Information Technology and the New Globalization." Source: *Harvard University Press*. (Pages 344) ISBN 9780674237841

years is relatively limited, with shifts in dominance occurring due to geopolitical, economic, and technological factors.

2.7 Therefore, as we record this data, the Netherlands held hegemony status during the Dutch Golden Age, the Netherlands held hegemony status, a period commonly considered to have lasted roughly throughout the 17th century. This period of Dutch dominance in global trade and finance peaked during the mid-1600s when the Dutch Republic was at the height of its power.[4] Britain held hegemonic status during the 19th century, particularly during the Victorian era. The British Empire's dominance in global trade, finance, and politics reached its zenith during this period, bolstered by its colonial expansion, naval supremacy, and industrial revolution.[5]

2.8 As a result, the Netherlands held hegemony status for approximately a century during the 17th century, while Britain held hegemony status for the majority of the 19th century.

2.9 Having detailed these past trade controllers of the world, we can see that the hegemony of the United States has an expiry date alike the two nations previously.

3. U.S. Hegemony – Reserve Currency

What is a reserve currency?

3.1 A reserve currency is a type of foreign currency that is officially held as part of a nation's foreign exchange reserves by the central bank or treasury. Reserves are kept by nations for a variety of purposes, including hedging against economic shocks, funding imports, paying off debt, and controlling the value of their own currencies. Since most international trade is still conducted in dollars, many nations are unable to borrow money or pay for goods imported in their own currencies. As a result, reserves are necessary to guarantee a steady supply of imports during a crisis and to reassure creditors that debt payments denominated in foreign currency can be made.

Notable Hegemonic Powers

3.2 According to Johnathan Israel in his 2012 publication 'The Origins of Dutch World-trade Hegemony', Dutch Primacy in World Trade, 1585–1740, the Dutch retained world-trade hegemony for over 120 years. The United Kingdom, however, and Pound Sterline played a key role in Britain's economic growth and financial dominance. Between 1815, when the Napoleonic Wars ended, and 1914, when World War I broke out, the United Kingdom acted as the world's most powerful player, or hegemon. According to Friedberg, drawing on a wide assortment of sources, clarifies how England's rulers fizzled to get it and react to the starting prove of disintegration in their country's mechanical, budgetary, maritime, and military control.[6] The wreckage left by World War I challenged its financial hegemony, and its global network came to an end with its military defeats in France in May 1940 and Singapore's capitulation in February 1942. Consequently, the United States took the reins as the hegemonic global power and struggles to continue to this day. Thus, if we were to calculate the average hegemonic lifespan of each of these three nations i.e., 120, 106, 82 we would see a mean of 102 years for each hegemonic age of world trade supremacy. However, some academics stipulate less than this. With the advent of technology and the greater processing speeds on both the money and future’s markets, the U.S. Dollar is looking somewhat precarious, owing to its manipulation of sovereign states, wars, sanctions imposed, and the emergence of BRICS.

4. The Dollar and the ‘Nixon Shock’

4.1 The “Greenback” has had its fair share of controversy. According to Garten at Yale University School of Management, there was almost no functional global economy after the conclusion of World War II, governments came together to establish new monetary and commercial systems. The Bretton Woods Agreement got its name from the village of Bretton Woods in New Hampshire, where the monetary system was developed. The dollar would be indexed to gold at $35 per ounce, which was one of the main components. The dollars held by other central banks might be exchanged for gold. The dollar was just as good as gold in that regard. There was a set exchange rate between each other's currency and the dollar.[7]

[4] Israel, Jonathan I., “The Origins of Dutch World-trade Hegemony” Source: Clarendon Paperbacks (Oxford, 1990; online edn, *Oxford Academic*, 22 Mar. 2012).

[5] Mitrovich, Gregory, “Misreading Britain’s Decline—Identifying the Real Hegemonic Contest Between China and America.” Source: *Minerva Research Initiative*. 2020.

[6] Friedberg, Aaron, “The Weary Titan: Britain and the Experience of Relative Decline, 1895-1905. “*Princeton University Press*. ISBN:9780691148007. Sep 5, 2010 (Pages 320).

[7] Garten, Jeffrey, “How the ‘Nixon Shock’ Remade the World Economy” Source: *Yale School of Management*. July 13, 2021.

4.2 The dollar-gold standard was instituted in order to bring some stability and predictability to international trade. For the following twenty-five years, it was a huge success. The dollar emerged as the universal currency. Everyone was glad to get it, mostly because they could trade it in for gold if they weren't sure how much it was worth. It was a component of Japan's and Europe's amazing post-war resurgence. Additionally, it brought to great economic success in the United States throughout the 1950s and 1960s.

4.3 The Nixon administration realized that the global economy had expanded significantly when it took office in 1969. Since money was in high demand, the Federal Reserve printed an abundance of it. The came the shock in 1971, Nixon announced that the U.S. Dollar was to be removed from the Gold Standard. The reasons cited for this extraordinary decision was simple: i) Lowering the unemployment rate, ii) Stemming the rise in inflation, and iii) Protecting the U.S. dollar from international money speculators. Additionally, Nixon stated that the best ways to increase employment and slow inflation were to slash taxes and impose a 90-day moratorium on pricing and salaries. Regarding speculation involving the U.S. dollar (USD), Nixon favoured stopping the currency's ability to be exchanged for gold.

5. "Petrodollar" – To Save U.S. Hegemony and its Reserve Currency

5.1 Organization of the Petroleum Exporting Countries (OPEC) gained influence during the 1973 Arab-Israeli War by enforcing an oil embargo that seriously disrupted the world economy. Henry Kissinger mediated an agreement in 1974 whereby the Arab governments lifted the embargo, Israel backed off from its territorial claims, and oil would be exchanged for cash. The petrodollar was created. Energy is a necessary component of every economy, and Saudi Arabia is a major oil supplier, therefore the dollar was supported by a valued good that will always be in demand. The dollar became indispensable in international commerce, solidifying its position as the world's reserve currency, as everyone desired oil and the Saudis would only exchange it for dollars.

Petrodollar in Jeopardy?

5.2 In 2023, the petrodollar has not been stable as it once was, and in light of recent developments, the US would need to restate its position. Given the apparent policy shifts, one could argue that there have been several significant indicators indicating a possible move away from the dollar and toward other currencies. However, a decline in the value of the petrodollar might signal a move away from a monopolar financial system and toward a more multipolar one. Nonetheless, a handful of nations have decided to swap alternative currencies for oil rather than the dollar. The dollar's value really decreased dramatically due to a shift in the way oil has been traded recently.[8]

The U.S. Dollar as it Stands Today?

5.3 According to Michael G Plummer at John Hopkins University, the U.S. dollar still plays a crucial role in the operation of the global financial system.[9] According to estimates from the Bank of International Settlements, the U.S. dollar is used in approximately 90% of foreign currency transactions and is responsible for 85% of transactions in the spot, forward, and swap markets. The Greenback is used to fund half of world commerce and three-quarters of trade inside the Asia-Pacific region.

5.4 The dangers are in these figures: The dollar's official foreign exchange reserve share has decreased from 61.5% in 2012 to 58.4% in 2022, although the euro's part has also decreased (from 24.1% to 20.5%) and the renminbi's share is still less than 3%. Since 2010, the percentage of foreign currency debt denominated in U.S. dollars has stayed around 70%. Additionally, the Fed's Index of International Currency Usage, which is now at around 68%, has not changed. We must recall that none of these values are close to 100%, hence the vulnerability.

5.5 In addition, BRICS is pointing to control the worldwide oil segment and bring the US dollar down utilizing nearby monetary forms for exchange. The organization together has been briefly effective in its de-dollarization motivation within the final 24 months and is moving to thrust encourage. The coalition accepted four modern oil-producing nations Egypt, the UAE, Iran, and Ethiopia in 2024. An invitation to connect BRICS is additionally sent to the best oil exporter Saudi Arabia. The Kingdom is weighing its choice of joining the collusion, and Saudi Arabia's passage into BRICS will alter the supply elements of the worldwide oil and gas industry. There are chances

[8] MacLeod, J.R. "Saudi Arabia's Quandary: The End of the Petrodollar" Source: *Mises Wire*. Pub: 3 February 2023
[9] Plummer, Michael G. "Is the U.S. dollar on its way out?" Source: East Asia Forum 2023 – *John Hopkins University.*

that Saudi Arabia seem to acknowledge neighbourhood monetary standards for oil.[10]

5.6 According to the most recent report, around 20% of worldwide oil instalments were settled in neighbourhood monetary forms and not the US dollar in 2023. JP Morgan's Head of Worldwide Commodities Methodology, Natasha Kaneva, uncovered that US sanctions are a major help for BRICS nations to commence oil commerce in non-dollar monetary forms.

5.7 The US squeezing sanctions on creating economies is what's driving BRICS towards making instalments in neighbourhood monetary standards for oil. “This is something other nations are progressively concerned about,” said William Jackson, Chief Financial analyst at Capital Economics to Divider Road Diary. “Some are looking to diminish their hazard of conceivable sanctions on the utilisation of dollars in exchange. China is attempting to act as a geopolitical counterweight,” he said. In case Saudi Arabia joins BRICS, the rate of oil exchanges in local currencies will increase within the coming long term.

6. BRICS Verses the West

6.1 Firstly, the BRICS bloc presently has USD 45 trillion in investable wealth, according to the BRICS Wealth Report, which was co-published by Henley & Partners and New World Wealth. Over the next ten years, an 85% rise in the number of millionaires is predicted. With the recent inclusion of MENA nations, the BRICS countries now account for almost 45% of the world's population and about 36% of its GDP (adjusted for purchasing power parity). This highlights the BRICS countries' rising importance in the global economy. Dr. Juerg Steffen, CEO of Henley & Partners, highlights the BRICS's significant impact on the world economy and how they present fresh prospects for high-net-worth people and investors, particularly now that MENA countries are included. Significant increases in individual wealth have been reported in China, India, and the United Arab Emirates.

6.2 Looking ahead, India leads in wealth growth projections, followed by Saudi Arabia and the UAE. However, caution is advised by Dr. Robert Mogielnicki, noting the diverse economic conditions among the new Middle Eastern members. China leads the BRICS list of richest cities, with five of its cities ranking in the top 10, followed by two each from the UAE and India. The only city where the number of millionaires is declining is Moscow, due to relocation to the UAE, however, within the BRICS group of nations. The research also names future wealth hotspots that are anticipated to rise significantly.

6.3 Citizens in BRICS countries have less economic mobility even if their GDP (PPP) is higher than that of the G7. Henley & Partners' Dominic Volek sees potential in investment migration which will help talent and capital move around the BRICS group. According to the first BRICS Wealth Report, released today, the BRICS bloc presently has USD 45 trillion in total investable wealth, and over the next ten years, the number of millionaires inside it is predicted to increase by 85%.

6.4 With the addition changes in chronology, new Middle East and North Africa (MENA) members Egypt, Ethiopia, Iran, Saudi Arabia, and the United Arab Emirates, the original BRICS cohort of Brazil, Russia, India, China, and South Africa gained significant additional financial muscle and geopolitical influence. When accounting for purchasing power parity (PPP), the BRICS bloc accounts for over 36% of the global GDP, which is greater than that of the G7 nations (31%). The BRICS bloc currently comprises more than 45% of the world's population.

7. BRICS Wealth

7.1 According to a recent estimate, China's private wealth has increased by an astounding 92% over the past ten years. The country currently has 862,400 millionaires, including 2,352 centi-millionaires and 305 billionaires. With 326,400 millionaires, including over 1,000 centi-millionaires and 120 billionaires, with wealth growth surging by 85% over the previous ten years, India comes in second in the BRICS HNWI list. The number of millionaires in the UAE has increased by 77% since 2013, making it the wealthiest country in the Middle East with 116,500 millionaires living there. Both Saudi Arabia and Ethiopia have had strong increases in private wealth over the last ten years, with their millionaire populations growing by 35% and 30%, respectively.

Wealth growth forecasts for BRICS countries

10 Dsouza, Vinod. “BRICS: One Fifth of Oil Payments Settled in Local Currencies & Not the US Dollar” Source: Guru News & Wall Street Journal. Published: (May 5, 2024).

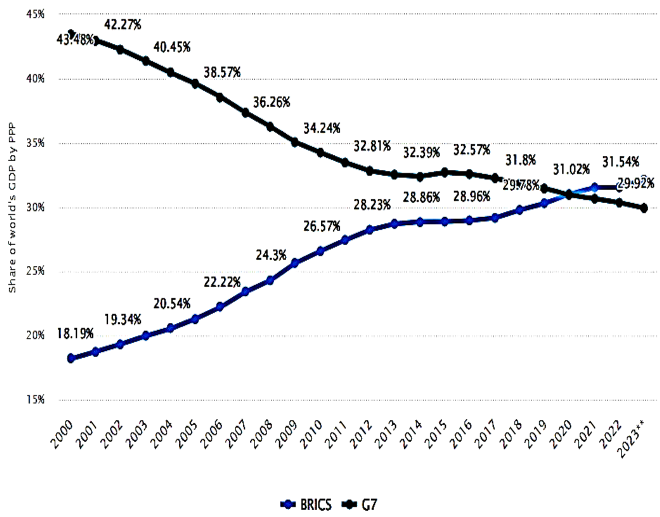
7.2 With an estimated 110% rise in wealth per capita by 2033, India leads the BRICS countries in terms of private wealth growth estimates for the ensuing ten years. In second place, Saudi

7.3 Arabia is predicted to have an increase in wealth per person of nearly 105% over the next ten years, with the United Arab Emirates coming in second at 95%. Over 50% wealth increase is predicted for China (85%), Ethiopia (75%), South Africa (60%), and Egypt (55%), throughout the next ten years.

7.4 However, the research warns that "the new Middle Eastern member countries of BRICS do not represent a homogenous group," as Dr. Robert Mogielnicki, Senior Resident Scholar at the Arab Gulf States Institute in Washington, puts it. The economies of these nations differ from one another: The Kingdom of Saudi Arabia and the UAE enjoy robust economies. [11]

7.5 Conversely, he also states in his report of 2020 that the Gulf Countries suffered amidst Covid-19, alike most. [12] Or has this theorized, could covid-19 been the preamble to deliberately slow the growth of these BRICS nations to prevent the dollar remaining the hegemonic currency? This is worth pondering. In 2024,there was a convergence in the comparison for GDP figures between BRICS and G& nations in 2020 prior to the Covid-19 pandemic (Fig. 1).

Figure 1. BRICS and G7 countries' share of the world's total gross domestic product (GDP) in purchasing power parity (PPP) from 2000 to 2023.



Source: BRICS and G7 countries' share of the world's total gross domestic product (GDP) in purchasing power parity (PPP) from 2000 to 2023. (Statista, 2024)

7.6 According to Statista this year, notated in Figure 1, illustrated in 2021, following the convergence in 2020, BRICS countries surpassed the G7 countries in terms of purchasing power parity (PPP) share of global GDP. By 2023, the gap had grown even wider, with the BRICS accounting for 32% of global GDP vs the G7's 30%.[13] As we can see, the projection for BRICS is on an upward trend. Averaging 1.6% increases in the years ahead, this will be further accelerated with more nations wishing to join the bloc. In fact, as there is no published data for 2024 regarding the five new nation states joining BRICS in January this year, the previous data will become obsolete very quickly. Nevertheless, statistically speaking with energy exporting countries such as the KSA, Iran, and the UAE as part this new bloc membership, the slope of increase will only exacerbate the percentage values in Figure 1.

8. Projection of $-Dollar Reserve Currency Ending?

What is the probability?

8.1 When rising powers look for more noteworthy monetary and geopolitical independence in reaction to a seen risk of sanctions and money chance, they are likely to centre on creating and quickening "go-it-alone" procedures that emphasize the creation of modern nondollar-based organization and showcase instruments. Whereas

[11] Mogielnicki, Robert. "Is This Time Different? The Gulf's Early Economic Policy Response to the Crises of 2020" Source: *The Arab Gulf States Institute in Washington*.

[12] Henley & Partners. "The BRICS Wealth Report: Challenging the Global Economic Order" Source: Henley & Partners: Dr. Juerg Steffen, Jeff D. Opdyke, Dr. José Caballero, Dr. Robert Mogielnicki, Andrew Amoils, and Dominic Volek (Contributors and Academics). *Henley & Partners.* Tuesday 30 January 2024.

[13] Statista, "BRICS and G7 countries' share of the world's total gross domestic product (GDP) in purchasing power parity (PPP) from 2000 to 2023." Source: *Statista.com Analysis* 2004. https://www.statista.com/statistics/1412425/gdp-ppp-share-world-gdp-g7-brics/

creating elective educate and markets could be a long-term venture and requires noteworthy assets, rising powers would seek after fairly low-cost and near-term "reform-the-status quo" techniques to extend get to the existing exchanging framework and worldwide capital by utilizing nondollar monetary forms and diffusing the dollar's dominance. [14]

8.2 A rising control amalgamation can advance the utilize of neighbourhood cash within the existing worldwide exchanging framework to debilitate the U.S. dollar's prevailing vehicle cash status.

8.3 Its individuals can decrease their possessions of U.S. dollar saves or dollar-denominated resources to protect themselves from money and sanction-related dangers. The amalgamation can too look for to differentiate the existing worldwide money composition by advancing elective monetary standards, such as other national monetary standards, supranational monetary forms, or even computerized monetary forms. At last, coalitional individuals can moreover make and extend nondollar-based value markets within the existing worldwide monetary framework to occupy capital absent from the dollar-based markets.

8.4 This would involve a three-way determinism rationale: Non-Dollar Institutions, Reforming the status quo and reviewing the market as a non-dollar trading entity, thus creating a new model inclusive of reforms applicable within its "Risk Mitigation" and "Due Diligence" protocols. For the U.S., we must remember that its debt is in its currency, thus, having a lot to lose, especially as its huge national debt itself, topping $34 Trillion in last December, will be impossible to balance for thousands of years, as illustrated in Table 1, (p.10).

Table 1. Avenues to de-dollarization: Institutional and Market Mechanisms

Risk mitigation mechanisms	Risk mitigation strategy	
	"Go-it-alone"	"Reform-the-status-quo"
Institutions	Create new multilateral financial institutions for nondollar financing outside the existing institutions	Strengthen central banks' self-defense against the dollar hegemony and improve emergency access to dollar liquidity
	Promote and popularize nondollar institutions through broader engagement	Reform and diversify existing global reserve currency structure
Markets	Create new alternative nondollar financial instruments and assets in the market	Diffuse the dollar's dominance as the vehicle currency and promote the use of local currency in cross-border transactions
	Create and promote alternative nondollar financial infrastructures for the market	Rearrange global equity market structure and create nondollar equity markets alliance

Source: Can BRICS De-dollarize the Global Financial System? Liu, Z.Z. & Papa, M. (2002). p.14.

BRICS 2009 - 2024

8.5 The primary BRIC summit in 2009 concluded with a clear explanation from its pioneers:

8.6 It stated that they were committed to progressing the change of worldwide money related institutions, to reflect changes within the global economy ... The organisation continued by remarking that it accepts that there's a solid

requirement for a steady, unsurprising, and more differentiated universal money related system. (BRIC, 2009). Budgetary participation has been a reliable topic amid each yearly BRICS summit ever since and has been secured in joint summit affirmations. A few key breakthroughs energized BRICS' commitment to expanding the existing framework. For case, between 2012 and 2017, BRICS set up the NDB, collectively pushed for the utilize of neighbourhood cash in improvement back and propelled the CRA. In 2020, BRICS distinguished engaging neighbourhood monetary standards as its long-term motivation factor, thereby cementing its significance for the bunch within the future.

8.7 The primary turning point is the foundation of the NDB and the CRA, which were at first

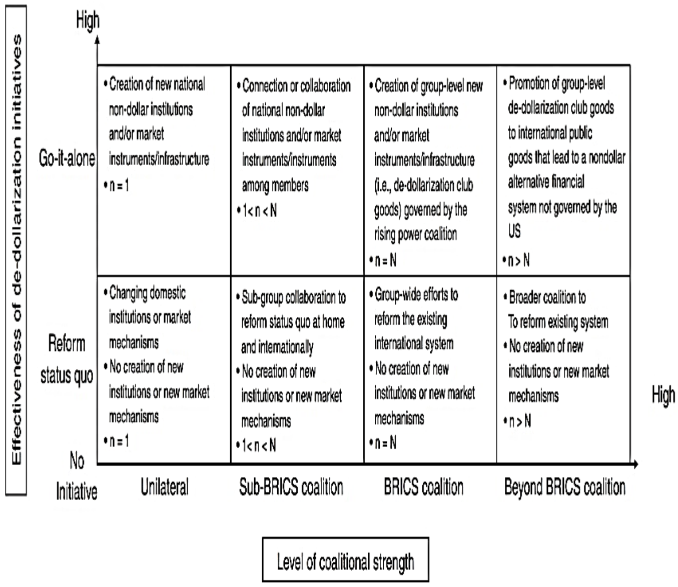
[14] Liu, Zongyuan Zoe, and Mihaela Papa. "Can BRICS De-dollarize the Global Financial System? of Elements in the Economics of Emerging Markets." Source: *Cambridge University Press*, 2022. p.14

proposed in 2012 and 2013 individually, in spite of the fact that both materialized in 2014. These two brought about from the BRICS members' disappointment with their restricted advance in changing the Bretton Woods educate. BRICS made the NDB and CRA to reflect the capacities of the World Bank and the IMF respectively but work beneath BRICS proprietorship and control. The NDB and CRA were both planned to assist BRICS decrease their reliance on U.S. dollar financing and the IMF.

8.8 On August 1, 2023, Fitch reduced the USA's long-term credit rating to AA+ from AAA. Following the downgrading, experts suggested that higher interest rates would result in higher mortgage rates, and that reliance on foreign finance might have negative economic consequences. [15]More recently, " The global flight to quality is based on money. But, following sanctions and the dynamics of deglobalization [post-pandemic], foreign investors are more likely to diversify," says Rick Rieder, BlackRock's chief investment officer of global fixed income. "When people ask whether the dollar is going to lose its reserve currency status, I think that's dubious." Even so, "we keep chipping away at the impenetrable armour of the dollar," he added.[16]

8.9 Rieder was discussing the ramifications of a US debt default, which is looming over the markets while Democrats and Republicans negotiate to raise the debt ceiling. One of the repercussions Rieder mentioned was a rating drop for US Treasury bonds. He goes on to say that "A ratings downgrade would be a big deal because of how international investors and other central banks would view our debt," Rieder, who manages $2.4 trillion in fixed income assets at BlackRock, the world's largest asset manager with $9.1 trillion under management as of March 31.8.10 It could also impact the Treasurys bonds market, he added. “At the same time, there's an ongoing global debate over de-dollarization, as countries line up backup currencies for trade amid concerns that Washington's weaponizing the greenback following the Ukraine war. Rieder said that alternative assets eating away at the dollar's lead, including assets like the Chinese yuan, the euro, crypto, and gold.”

Figure 2. Original Measuring Coalitional de-dollarization initiatives. (2013). University of Cambridge.



Note: n = number of participants in a de-dollarization initiative (state and non-state actors N = number of formal members in the rising power coalition (in the case of BRICS, N = 5, including Brazil, Russia, India, China, and South Africa).
Source: Can BRICS De-dollarize the Global Financial System? Liu, Z.Z. & Papa, M. (2013). p.19

China and its De-Dollarisation Mandates

8.8 Recognizing the heterogeneity inside BRICS, the investigation presently turns to examining whether BRICS individuals have illustrated a shared intrigued in de-dollarisation by analysing their individual official talks. China's promotion for changing the dollar-based worldwide money related framework can be followed back to the 1997 Asian monetary emergency. Within the repercussions of this emergency, Dai Xianglong, at that point Senator of the People's Bank of China (PBoC), paraphrased as he stated that the current universal financial and financial framework could not suit the desires of universal financial and money related advancement, and, so, the framework has to be reformed. The part of universal save money played by some countries' national monetary standards has been a major source of precariousness within

[15] Tan, Huilleng. “The dollar losing its reserve currency status is dubious, but 'we keep chipping away at its impenetrable armor' says BlackRock bond chief” Source: Business Insider. May, 2024.
[16] Part Two: Tan, Huilleng. “The dollar losing its reserve currency status is dubious, but 'we keep chipping away at its impenetrable armor' says BlackRock bond chief” Source: Business Insider. May, 2024.

the worldwide money related framework.[17] The current worldwide monetary framework could not fathom how to adjust the instalments awkwardness, which has over and over been the cause of universal money related crises.

9. Scientific Discussion

The Issues for the U.S. to Retain its Hegemonic Status with the $ USD Reserve Currency

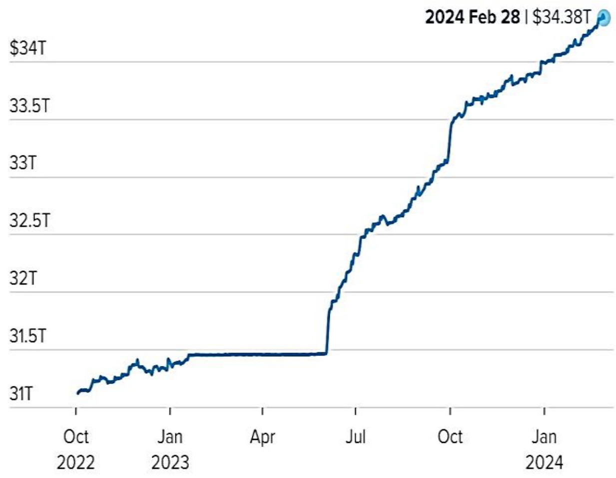
9.1 If we were to expand further with current fiscal turmoil in the United States, statistically, the coming years look bleak economically in the US's macro-sense. The national debt currently is $34.6 Trillion, which is equivalent to $102,920 debt per every individual of the United States.[18] In addition, today's U.S. deficits are mostly driven by foreseeable structural factors: the ageing baby-boom population, growing healthcare expenditures, and a tax structure that does not generate enough revenue to pay for what the government has promised its citizens. Moreover, the constant printing of money digitally into the system. Consequently, The United States' debt, or the amount of money borrowed by the federal government to meet operational expenditures, was at approximately $34. trillion.

9.2 According to Michael Hartnett, an investment analyst at Bank of America expects the 100-day pattern will hold with the shift from $34 trillion to $35 trillion.[19]

9.3 He was correct as of today as this research goes to print, it is hovering at $34.6 trillion, thus, heading in the same debt direction. As represented in Fig.3 below, this has already increased by $22 billion to 34.6t. since the report was published. We can safely predict a slowdown of this following the November U.S. election, however, this will in form of retardation only.

Disturbingly, since June 2023, the one trillion-dollar explosion in debt continues to this day.

Figure 3. The US Government's Total Debt from 2022 to 2024



Source: Fox, Michelle, "The U.S. national debt is rising by $1 trillion about every 100 days" CNBC

9.4 As for the budget deficit, it has equally depressing reading. The Federal Government had $5.4 trillion of assets available to pay $159.3 trillion of liabilities, including promised but unfunded Social Security and Medicare benefits. In short: i) The outcome was a $153.9 trillion shortfall and a burden of $966,000 per taxpayer. ii) Despite reporting a budget deficit of $1.7t , the government's financial condition worsened by $7.9t.[20]

Population Growth – Annual Growth

9.5 According to current data, G7 countries have lower population growth rates than BRICS countries. G7 countries' populations are usually elderly and have lower fertility rates, resulting in slower population growth or even population decrease in some circumstances. On the other hand, BRICS countries often have faster population growth rates due to variables such as greater fertility rates, lower median ages, and continuous urbanization processes.[21] However, in general, BRICS nations have faster population growth rates than G7 countries.

Indicators

9.6 According to World Bank Indicators from the last measurement taken in 2022, the average annual growth rate of per capita GDP from 1990 to 2022 (in constant 2017 international U.S. dollars) was 1.5 percent in the G7 (blue columns), compared to 4.5 percent in the BRICS (red). China and India distinguished out for their exceptionally high average growth rates of 12.3 and 6.4%, respectively (Figure 4). Brazil, Russia, and South

[17] Dai, Xianglong. Statement to the People's Bank of China, Fifty-Third Meeting of the Interim Committee of the Board of Governors of the International Monetary System. 1999, September.

[18] Peterson Foundation, "What is the National Debt Today?" Source: *Peter G, Peterson Foundation*. April 10 2024. https://www.pgpf.org/national-debt-

[19] Fox, Michelle, "The U.S. national debt is rising by $1 trillion about every 100 days" Source: *Michelle Fox – CNBC*. 2024.

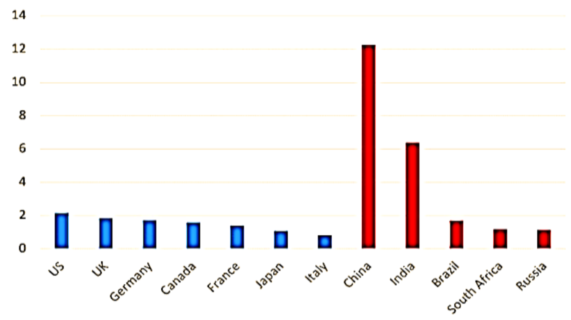
[20] University of Denver, "Financial State of the Union Report 2024" Source: *Truth in Accounting, with the collaboration Dennis College of Business*, University of Denver, School of Accountancy. 2024. p.4

[21] Gylfason, Thorvaldur, "G7 versus the BRICS: taking stock in 12 figures" Source: 3rd October 2023. Social Europe. (Fig 4-6).

Africa had an average yearly growth rate of 1.3%, somewhat lower than the G7 average.

Concentration of Wealth

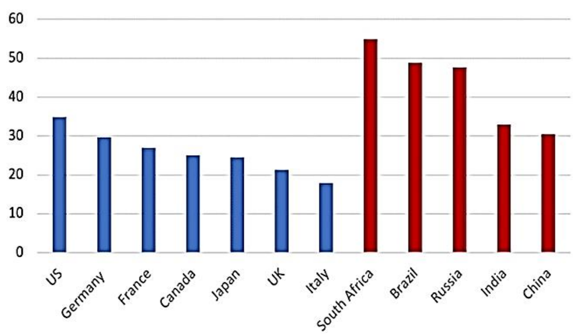
Figure 4. Annual Growth of real per capita GDP at purchasing-power parities (%)



Source: World Development Indicators, World Bank

9.7 Figure 5 (p.12), from the World Bank depicts the concentration of wealth based on the proportion of the richest 1 percent. According to the 2022 World Inequality Report, the average is 26% in the G7 and 43% in the BRICS. Furthermore, wealth and income disparities are often linked: the BRICS have a greater average Gini index (0 to 100) of income inequality (39) than the G7 (33.5).

Figure 5. Share of Wealth in Percentiles per Nation (%) 2022 Post Covid-19.

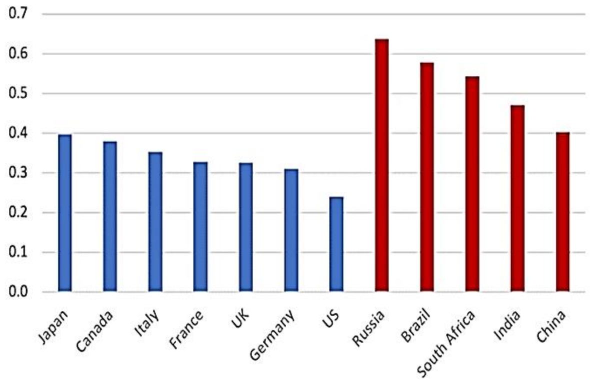


Source: World Development Indicators, World Bank

9.8 Figure 6 depicts the Finger-Kreinin measure, a relative measure ranging from 0 (complete diversity) to 1 (no diversification), which analyses the structure of exports between nations by demonstrating how much it deviates from the global average. G7 exports, with an average rating of 0.33, are more diverse than those of the BRICS (0.53).

9.9 Economic diversification away from an overreliance on natural resource exports can be fundamentally desirable, just as political diversity away from the dominance of entrenched elites can be good for democracy.

Figure 6. Export diversification, via the Finger-Kreinin index. 2022



Source: United Nations Conference on Trade and Development (UNCTAD)

9.10 One way to compare the growth of BRICS (Brazil, Russia, India, China, South Africa) nations to the G7 (Group of Seven) countries is to use a growth rate comparison equation. Let's denote the GDP growth rate of the BRICS nations as g^{BRICS} and the GDP growth rate of the G7 countries as g^{G7}

A simple equation to compare their growth rates could be:

Growth Rate Ratio = $\frac{gBRICS}{gG7}$

9.11 This equation calculates the ratio of the GDP growth rates of the BRICS nations to the GDP growth rates of the G7 countries. A value greater than 1 indicates that the BRICS nations are growing faster than the G7 countries, while a value less than 1 suggests the opposite.

9.12 Therefore, if we revisit the GDP growth figures from (Fig.1 p.8) we would see the values for BRICS at 32.14% growth compared to the G7 figures at 29.92% for the last audit in 2023.

Growth Rate Ratio = $\frac{gBRICS}{gG7} = \frac{32.14}{29.92} => $ **1.07%**

However, following the January 2024 upgrade, BRICS has five additional members in its bloc, thus, this figure [1.07%] needs to be revised accordingly.

10. Delimitations

10.1 The parameters within this research were to merely use the data, which has already been defined, in the public sphere, and still within the framework of international debate, however, a) Data which has not been included, are citations pertaining to in rhetorical nature that is still been litigated within both national and international jurisprudence guidelines.

10.2 Thus, this aforementioned literature will not be included in any statistical nature of this draft. b) The main aim of the data used is a comparative of bi-entity within conflict, simply put; an analysis of why there are two economic blocs of both similar and dissimilar demographics that have been throughout history, part of a larger world ordered plan of action.

10.3 c) The procedures and methods that have not been undertaken are elements such as statistical questionnaires and direct scholastic/journalistic inquiry via face-to-face interviews (Direct Engagement). This is attributed to both the political and legal sensitivities of the issues portrayed in this study inclusive of the author’s geographical residency.

11. Conclusions for Further Discussion

11.1 According to (Pistilli 2024), the impact of a new BRICS currency on the U.S. dollar is questionable, with analysts debating whether it has the capacity to threaten the dollar's dominant position. However, if a new BRICS currency stabilizes versus the dollar, it may reduce the impact of U.S. continued sanctions, leading to further decrease in the dollar's value.[22] According to an analysis by SBI Research, the proposed addition of Argentina, Egypt, Ethiopia, Iran, Saudi Arabia, and the United Arab Emirates to the five-member BRICS, or Brazil, Russia, India, China, and South Africa, will increase the grouping's share of global GDP to 30% from 26% now and its population to 46%. Therefore, the GDP percentage will rise from 32.14% to **43.14%** with the new five members attributing 11% extra to BRICS’s global GDP.

Thus, the GRR:

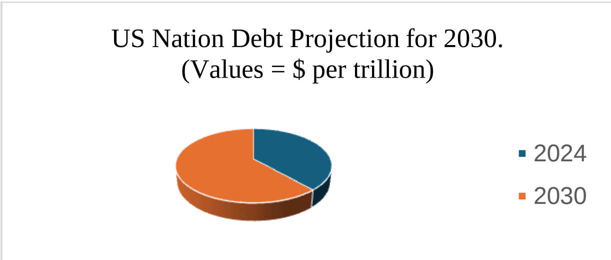
$$\text{Growth Rate Ratio} = \frac{gBRICS}{gG7} = \frac{43.14}{29.92} => \mathbf{1.44\%}$$

11.2 From the same statistical source, currently, China provides 70% of the BRICS' GDP, which will fall to 62%, while it is also projected that India contributes 13%, which would drop to 12%. Russia provides 8%, Brazil contributes 7%, and South Africa contributes only 2%, resulting in a combined 26% of world economic production. Nevertheless, this will not affect the >1.00 GRR for BRICS as a whole.

11.3 Nevertheless, according to Bartlett at the last South African BRICS Summit in 2023 illustrated that 40 more nations had showed interest to join.[23] Minus the five new members which had joined in January this year, the fact of the matter is that 35 interested nations with a potential of an additional 20% + of global GDP. Thus, growth will more than triple in size compared to the current value of 1.44% GRR.

11.4 Considering that the U.S. National Debt is not going away, in fact, continuing from $34.6T and accumulation a daily debt of $100bn, therefore, we have 5.5 years until 2030 which equates to ~2080 days remaining. From presented data recorded in this draft, if we were to divide this by 100 days, (Fig.7), we should see an increased U.S. National Debt of + $20.8T rising to a 2030 projected figure to $55.4T.

Figure 7. Projected Values for U.S. National Debt in 2023.



Source: Fox, Michelle, “The U.S. national debt is rising by $1 trillion about every 100 days” Source: Michelle Fox 2024 – CNBC.

11.5 To calculate the combined annual GDP growth rate for the 10 nations until 2030, we need to sum up the GDP growth of each country weighted by their respective GDP sizes.

We'll use the same assumptions for weights and annual GDP growth rates for each country as before:

Table 2 Annual Rate of Growth of Individual BRICS Nations

Assumptions for weights and annual GDP growth rates for each country in BRICS					
1.	Brazil	3.0%	6.	UAE	3.8%
2.	Russia	2.5%	7.	S. Arabia	4.2%
3.	India	7.0%	8.	Argentina	2.0%
4.	China	5.5%	9.	Iran	3.5%

[22] Pistilli, Melissa, “How Would a New BRICS Currency Affect the U.S. Dollar? (Updated 2024)” Source: Investing News Network. Nasdaq.com 2024.

[23] Bartlett, Kate “40 More Countries Want to Join BRICS, Says South Africa Source:” *VOA Network.* South African BRICS Summit 2023.

5.	S. Africa	2.0%	10.	Egypt	4.5%

We then combine the GDP growth rates:

Weighted average GDP growth rate = (1×0.03)+(1×0.025)+(1×0.07)+(1×0.055) +(1×0.02)+(1×0.038)+(1×0.042)+(1×0.02) +(1×0.035)+(1×0.045)1010(1×0.03)+ (1×0.025)+(1×0.07)+(1×0.055)+(1×0.02) +(1×0.038)+(1×0.042)+(1×0.02)+ (1×0.035)+(1×0.045)

=0.03+0.025+0.07+0.055+0.02+0.038+0.042+0.02+0.035+0.04510=100.03+0.025+ 0.07+0.055+0.02+0.038+0.042+0.02+ 0.035+0.045

=0.39310=100.393 = 0.0393.

Thus, the combined annual GDP growth rate for the 10 nations until 2030 would be approximately 3.93%.

11.6 In the final analysis of this study, it is clear to ascertain that the Dollar Reserve currency could end in the next 4 years.

11.7 Firstly, this id due mainly to the growth of BRICS nations joining both adding to its purchasing power and exports to the West.

11.8 Secondly the U.S. Debt is located in its currency, in which it could never repay, hence, the Federal Reserve is mere printing money digitally, as there is no substantive liquid to speak of due to fractional reserve banking. This is mirrored by the other western states advocating for Central Bank Digital Currencies, as their wealth is primarily in assets like buildings and land without liquidity.

11.9 As the BRICS bloc of nations have their own modified banking transfer system or SWIFT equivalent, which is improving daily between China and the Russian Federation inclusive of developing its own central bank, this will not bode well for both U.S.'s hegemonic status and retention of the Reserve Currency.

11.10 It is concluded by all data presented that the US Dollar in world trade will fall below 50%, thus being replaced by another currency. Even though that the U.S. Dollar is a strong trading currency, the BRICS Nations, however, are offloading their USD holdings and replacing them with Gold.

11.11 In addition, Both G20 and G7 have been already surpassed by BRICS in Global GDP, this should be an additional concern for the U.S. State Department and Treasury. We must recall that the Federal Reserve is a private bank alike the Bank of England and the Vatican Bank. The "Fed" as it's known, is merely a loan provider to the U.S., and income tax was reinitiated [coinciding with Woodrow Wilson's granting Federal Status to the Reserve Bank in 1913] because of the debt owed with interest to repay the Fed regularly. This is the only reason why citizens are controlled by the IRS (Inland Revenue Service) for income tax regulation.

11.11 In light of Western fiscal instability, and attempting to enforce CBDCs to replace cash, this a tell-tale sign of lack of liquidity. Sanction have not assisted the USD's cause. Moreover, with the calculations made and current differentials between G7 nations and BRICS's continued growth, is that the current Reserve Currency could not survive the next four years in its present format. Something has to be radically changed to reverse this situation.

11.2 In summation, this author denotes that CBDCs for all citizens accounts has been deliberately designed to save the U.S. Dollar's dominance irrespective to the cost for its people.

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