

challenge the US led world order. Discuss.

- Q. 5.** Dollar and SWIFT being used as a weapon by US against the countries of the Global South. Critically evaluate how BRICS+ could counter this to get rid of the western exploitation on permanent bases.

Dollar Dominance and SWIFT WEAPONIZATION: CHALLENGES FOR THE GLOBAL SOUTH.

United States' dominance over global financial systems, primarily through the use of US dollar & SWIFT (Society for worldwide Interbank Financial Telecommunication) network, has often been criticized as a tool for exerting political & economic pressure on nations.

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→ systemic exploitation.

↳ ^{purpose} sanctions, ~~in~~ restricts financial transaction

BRICS+ could dismantle western hegemony & establish sustainable economic independence for the Global South.

to

(1) Weaponization of the Dollar & SWIFT:
A Mechanism of Control:

① The Dollar's Global Dominance

~ primary reserve currency since Bretton Woods Agreement of 1944

~ allows US to print money with minimal inflationary consequences and impose

Sanctions: ~ Grant sanctions (2012-15)

~ Russia's sanctions (2014-22)

② SWIFT as a Financial Weapon.

based in Belgium ~ integral to int. banking & facilitating secure cross-border transactions.

↳ US hegemony

↳ Countries like Venezuela, Russia, and Iran have been excluded from SWIFT as part of sanction, isolating them from the global financial system:

② BRICS+: A catalyst for financial independence ~ evolved into a platform challenging western dominance by promoting multipolarity.

KEY STRATEGIES BRICS+ COULD EMPLOY:

1) Establishing a BRICS+ Reserve Currency:

~ proposed in 2022 summit ~ backed by a basket of currencies or commodities

like gold and oil. This currency would reduce dependence on the dollar for trade and reserves, insulating member nation from US sanction.

② Promoting local currency trade agreements
~ bilateral | multilateral

↳ India - Russia agreement 2022 (buy oil in Rs)

↳ China - Brazil 2023 (yuan & reais for trade)

③ Alternative Payment Systems: (imtd of SWIFT)
↳ Russia's SPFS (System for Transfer of Financial Messages) ~ 2014

↳ China's CIPS (Cross-border Interbank Payment System) ~ 2015 : facilitates yuan based transactions globally.

④ Development financing through NDB → 2014

↳ By 2022 → ^{approved} ~~provided~~ 32B\$ for over 90 projects (NDB annual report).

⑤ Strategic Resource Management

~ Coordinated resource management and pricing mechanisms could challenge western dominated markets like OPEC.

③ Challenges

① Internal disparities due to diverse political systems, economic str., & national interests, making consensus challenging

② Geopolitical resistance from western nations.

③ Technological integration.