

# Misbah Habib

Six new members of BRICS. How do you see the geo-economics and political implications of expansion? Possible hurdles and in the way of organization?

## Introduction

BRICS term was coined in 2001. The first summit of BRICS held in 2009. In 2010 new member added. The name turned into BRICS. In recent year 2023 six new members are being added in the BRICS. Now it became.

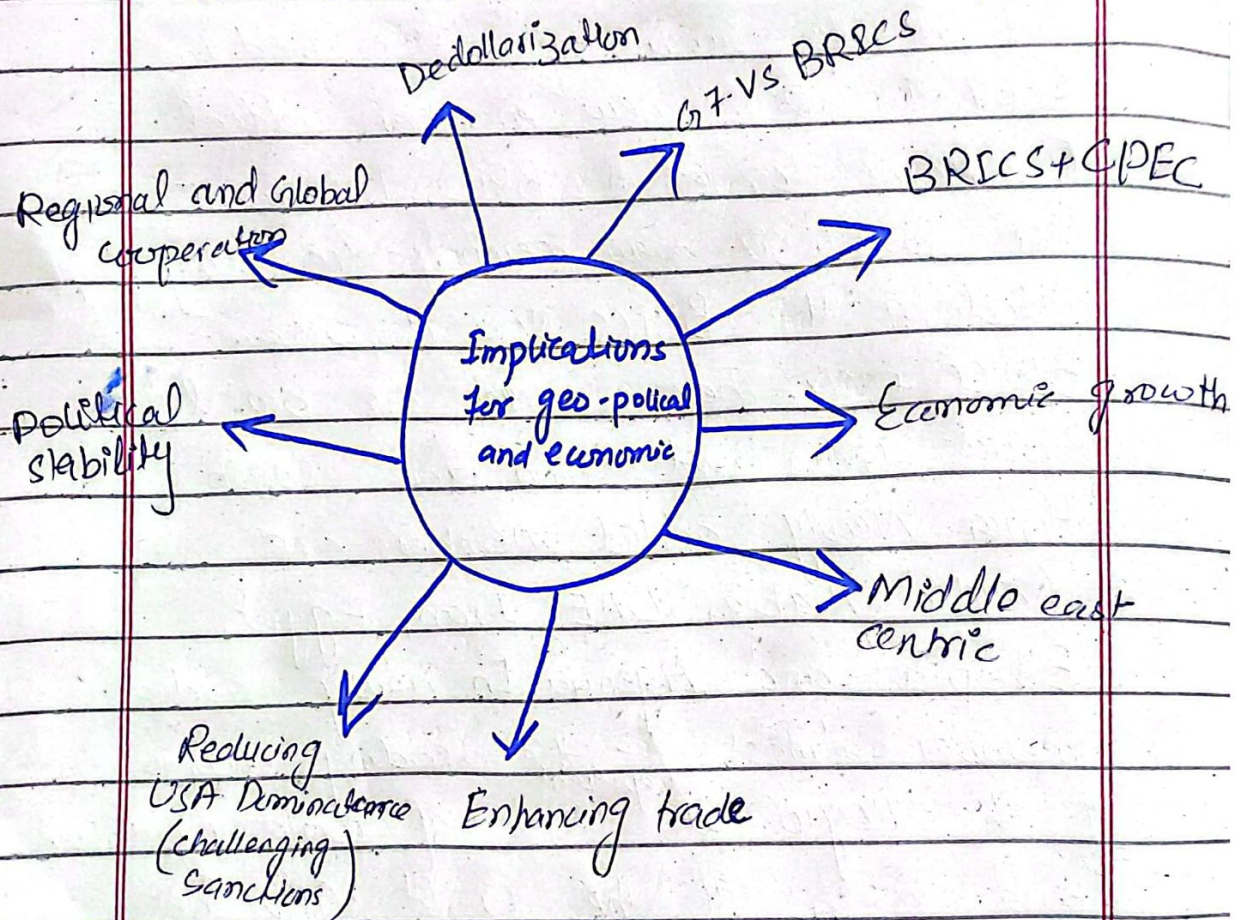
BRICS + six. These countries are Brazil, Russia, India and China. And South Africa. Newly added members are

Saudia Arabia, UAE, Iran, Egypt, Ethiopia. and Argentina. In newly added member almost are the leading economies of the regio. It <sup>represent</sup> 40% of world population and 26% of the world GDP. The main purpose of this block is to <sup>enhance</sup> ~~ensure~~ investment activities, bilateral trade and political and economic stability for the member countries. As Economy has become the leading factor in today's world order. According to Seymour Lipset

Modernization theory the more well  
do do the nation there are more chances  
to sustain its sovereignty

## Geopolitical

### Geo Economic and Political implication



The main reason behind the BRICS + six  
Block lies in the economic stability  
and reducing the dependency on the dollar  
As during the **Ukraine** war Russia faced  
sanctions from western Block. **Aimed**  
**Nuclear weapon** treaties Iran also

face the sanctioned so in order to show the dominance of USA BRICS block is created.

## Dedollarization / De-Throning of Dollar

Countries have to maintain the foreign reserves in order to stabilize the domestic currency. 88% of world trade is dependent on the USA dollar. BRICS + six will bring alternative currency for competing the dollar.

## Reducing Dominance of USA in Governance

As USA not only dominate in currency but also rule on the world organizations which takes the important decision regarding sanctions or bans. As Russia and Iran facing the sanction from the west block. In order to reduce dependency in term of trade it will help to challenge the western organization like G-7 and G-20.

## BRICS + CPEC

Most scholar assuming BRICS as

Brics + CPEC it included non-energy producing countries only Russia is the energy producing country. In order to reduce the oil cost for better energy resources.

## Middle East centric

It is middle east centric like Iran, Saudi Arabia and UAE. 35% of oil imported by China and India is imported from Saudi Arabia. These countries are oil riched countries. It will overall improve the trading bilateral trading between these countries

## Economic Growth

As Argentina is largest leading economy is South America so as the Ethiopia. Saudi Arabia is the regional player in the middle east region. Trading with these countries will automatically enhance the economic growth. As major reliance on oil will help partner countries to improve import export to tackle balance of payment crisis.

## Regional and Global Cooperation

BREXTS + SA BRICS + SII consist of diverse region from South America, Asia, Africa and middle east. Dependency on each other for reaping mutual benefit will enhance the cooperation overall. It will also ~~the~~ the strengthen the position in UNSC with with diverse block.

## Political stability.

As economic strenght ensures the political stability within the country. It will also help the <sup>establish</sup> create a regional peace. As Iran and Saudia reaproachment by China is the example for overall stability. UAE is also trying to increase the foot prints in maritime in Gulf and red sea.

## Challenges to the BRICS

As BRICS include the diverse members from different region all these members are somehow selected to Western block through different

directives or organization which will create the hurdle for BRICS members.

## India & Brazil as challenging factor

India and Brazil have the good ties with USA. They are not prone to the idea of replacing the currency and/or total shift in the currency. However, India has signed a deal with UAE to trade in rupee or dirham.

## De-dollarization is a fancy idea

De-dollarization or dethroning the dollar is the fancy idea. As it represents the 88% of the global trade. In other reason that it is fancy idea that these countries required a detailed mechanism or setup to ~~direct~~ <sup>of devise</sup> new currency for trade.

## International court of justice ~~sanction~~ or verdict

As South Africa is the under the jurisdiction of ICCJ then the according the verdict Putin was incarcerated but then he joined through <sup>online</sup> zoom. Hence, At once western influence can not be shamed.

## un-Democratic and monarch system

Saudi Arabia is monarch while Iran works under religious supreme leader.

This can pose a threat as both are regional base state. There is sectarian issues between these two

caterring the demands of diverse countries

It is also quite difficult to bring such diverse countries to agree on the one page.

Rivalry among or competition among members

Saudia Arabia and Iran are the members of OPEC (Organization of petroleum exploring countries). In ~~Iran~~ Saudia Arabia is the largest one in this organization. Hence rivalry or competition already exist

### Conclusion

As BRICS + six is beneficial for enhancing trade and create opportunities to improve the economic growth. on other hand it also poses some kind of challenges to the member countries. However, these challenges can easily be tackled through the mutual cooperation and effective strategies

## Q#6 Israel Hamas Conflict? Implication on regional and global Power Politics?

### Introduction

After 7 Oct attack on Israel by Hamas in response of decade violence exacerbated the ~~war~~<sup>conflict</sup> between Hamas and Israel. Amid ongoing crisis this has the global and regional impacts on the world political orders.

The world politics have changed over the course of time. As amid many protests against Israel genocide against Pal Palestine has changed the world view regarding this. As many Latin American leaders are intensify their criticism of Israel government. This has shift the paradigm.

### Implication of War on Region and global politics in term of economy

Here we can explain the implications of



war by the economic model presented by Nobel laureate Simon Kuznet. He explains agriculture, industry and services sectors are key factors of contributing into the economy. With technological advancement the role of agriculture decreases and role of industry and service sector increase. Now important factors defining economic strength is these two sectors.

## Region Impacts

- As in Regional territories the impact of war hardly hit the service sector which is **Tourism**.
- This impacted the airline businesses, restaurant and Hotels.
- Reduction in demand creating low job opportunities which is leading towards unemployment
- which results in Inflation
- As the result hit the economy.

## Global Impacts

- Major Boycot of Israel Product
- Impacted the Multinational Business
- As the result closure of many subsidiary firm
- Closure of business leads to low jobs which leads to unemployment and increasing inflation.

Due to economic pressure western

countries are somehow changing their stance on the cease fire of war.

Amid Black Friday sales with the help of Iran, negotiation deals are done for time being cease fire.

## Social Pressure

As in many democratic states the streets are flooded with protest in support of Palestine. As many people are demanding resignation of their leader. As a result of social pressure countries changed their stance on the conflict. Justin Trudeau in Canada recently demand for cease fire under ~~supp~~ public pressure.

## Internal organizations stance

As organization forwarded resolution to cease fire but it was veto by USA. But now due to domestic pressure on USA it change the change stance for cease fire.

## Global Politics on Energy Resources

According to some scholars

The Palestine crisis is more based on energy resource than on any territorial claims. The middle east crisis is impacting the global and regional politics.

## Threat to sovereignty

As many people in western world are standing against their leaders on this crisis. It is disrupting the countries activities on daily routine. The popularity of most of the leaders reduce. The protest can turn violent and <sup>can</sup> disrupt law & order. This scenario it can harm the ~~sovereignty~~ sovereignty or threat to country's national interest.

**END** analysis can truly represent the impact of this war. The world political order will be changed ~~and~~ so keeping these views in mind like.

	Enabler	No Impact	Disabler
Economic	X	X	✓
Social	X	X	✓
National	✓	X	✓

→ At above analysis depicts the economic conditions will compell countries to change their narrative and shift block from violence to economic growth

→ Social pressure will cause the disruption in law and order condition which demands the disabler of being supporter of violent group

→ National interest will either support to join the block or disicable block. Depending on National interm.

### Conclusion

Hence, Hamas - Israel has the deep impacts on global and regional politics in terms of economic, social and environmental. Hence, the coming days will further clear the fate of these political paradigm

Balance of Payment crisis has repeatedly compelled Pakistan to approach IMF for bailout Package? Role of IMF in Fiscal, Monetary and foreign Policy?

## Introduction

As Pakistan is facing economic down turn in term of low growth, inflation, dwindling foreign reserves, low balance of payment, unemployment, depreciating currency value and fiscal deficit. As Pakistan GDP ratio is

12% according to ministry of finance which declined to 11% in 2023.

As this low growth depict the devastating condition of Pakistan. As per

world Bank above 15% tax to

GDP ratio is the key ingredient

of economic growth. In which Pakistan lagging behind. This is the reason

since Pakistan inception it has

visited IMF (International Monetary

Fund) for 23 times. However, in return

Pakistan has to follow stringent

measure of IMF in fiscal policy

monetary policy and foreign policy

# Balance of Payment crisis occur

→ Fiscal deficits (Revenue < expenditure)

→ To extract money from foreign reserves

→ It leads to devaluation of currency

→ It sparks inflation

→ It leads to unemployment

→ Closure of Multinational firm  
in response to inflation and low  
spending

→ Reduce production within the country

→ Demands are fulfilled through  
foreign products

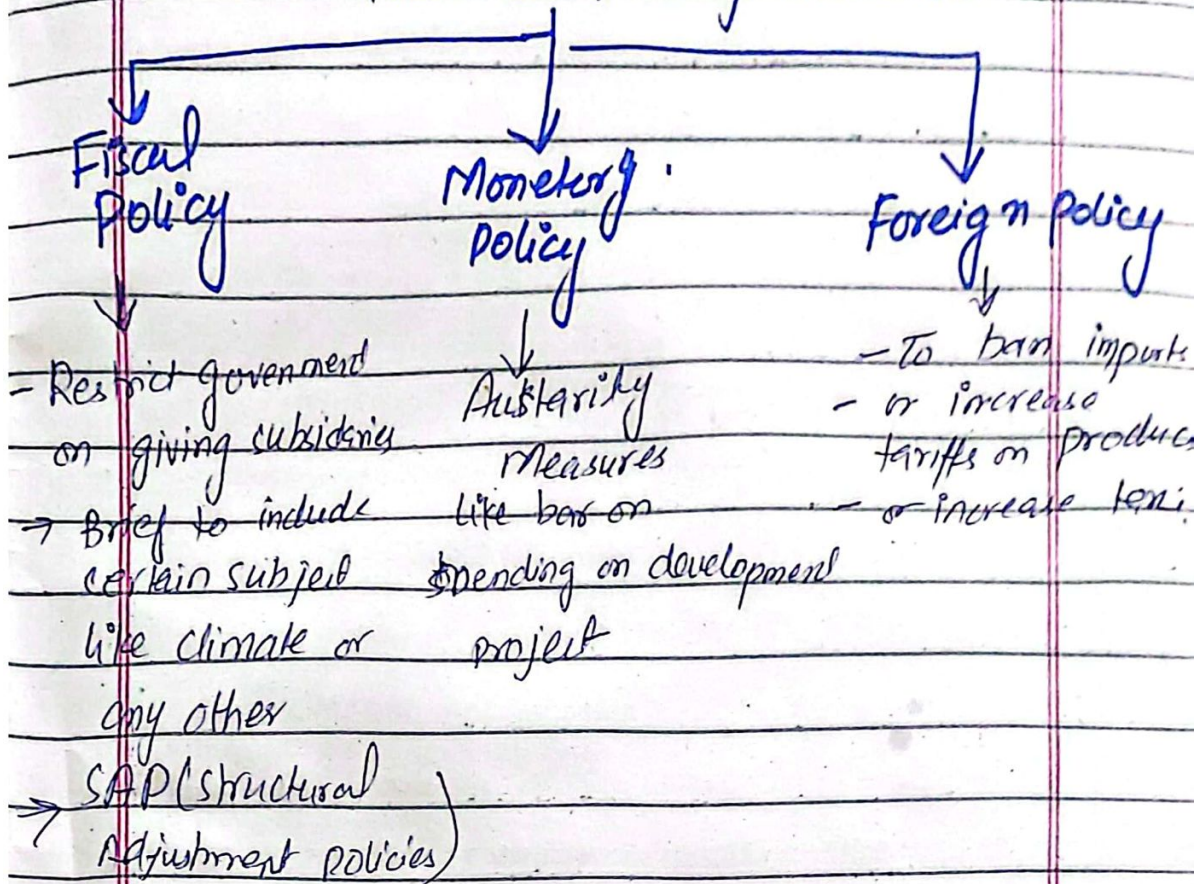
→ Foreign products are imported

**Balance of payment crisis** = Imports greater than Exports

→ Reduce the GDP growth

→ hinder overall economic growth

## How IMF Play role in



## Fiscal Policy

As IMF in order to make sure that government reduce it expenditures. For this purpose it restrict government to gives subsidies on electricity, petrol or any other subject. It brief to increase revenue <sup>by</sup> ~~through~~ increasing the taxes. Furthermore, IMF brief Pakistan to include subject of climate in 2023-24 budget. Hence in this way it impact the fiscal policy of Pakistan.

## Monetary policy.

However, it brief country to change exchange rates, increase interest on loans and it also has countries to spend on the development project. Through this it control the monetary policy of the country.

## Foreign policy

In order to restrict import and export. It demands certain restriction like increasing tariff and non-tariff barriers. Increase in custom fee and etc. All these factors impact the relation of the country with another country. Moreover, these subject define the course of foreign policy.

## Conclusion

In economic there is the term "There is no such thing as a free lunch" Hence, every thing has the opportunity cost. In case of IMF loan countries have to make sacrifices on the fiscal, monetary and foreign policy. In taking loan country sometime have to sacrifice its sovereignty.