

Question no: 05

ANSWER

US-China Trade Tension; A Catalyst for Currency Rivalry.

Introduction:

This escalating US-China rivalry has sparked a currency war, with the US seeking to maintain its economic dominance through dollarization, while China aims to challenge this hegemony by de-dollarization internal trade. This development exemplifies the concept of currency statecraft where nations leverage their monetary policies to achieve geo-political objectives. For instance, the US has recently imposed China sanctions on China, restricting its access to dollar-based transactions highlighting the dollar's role as a tool of economic coercion. This move reflects the realist theory of international relations, which emphasizes the pursuit of international interests through economic and military power.

As the global economy becomes increasingly interconnected, the China-US currency war will have far-reaching implications for international trade, finance and governance.

From dollar dominance to RMB rise: A Historical analysis of the US-China Currency War.

The US-China currency war has its root in the post-world war II Bretton Woods system, where the US dollar was established as a global reserve currency, cementing US economic dominance and allowing it to shape international trade and finance. However, with China's economic rise, it has sought to challenge this hegemony, accumulating large foreign exchange reserves, primarily in US dollars, and fueling concerns about the dollar value and US-debt. China's push for de-dollarization accelerated after the global financial crisis 2008, leading to the launch of the Asian Infrastructure Investment bank

(AIB) in 2015, a rivalry to the US-dominated world Banks and the promotion of the RMB as a global currency. The US has responded by maintaining its grip on the global financial systems. This ongoing struggle represents an escalating US-China rivalry.

World War II
(Dollar set as global reserve)

↓
Global financial crisis 2008
(China challenge the hegemony of US and promote RMB)

↓
US grip on global reserve
(US tries to create its hegemony again by put sanctions on countries and continue to promote its own currency.)

↓
China response

China responded it by initiative various global projects like BRI.

This cyclic nature of global economic power shifts and potential for a multipolar currency system to emerge.

US seeks to maintain dollar dominance to preserve economic hegemony;

The US seeks to maintain the dollar dominance in international trade to preserve its economic hegemony which is essential for its global influence and national interest. For securing its national interest US impose economic sanctions and restriction on other countries, shape global trade policies and norms, maintaining a competitive advantages in international trade. The US fears that a decline in the dollar's dominance would erode its economic hegemony, allowing China to gain greater influence and challenges US interests.

RENMINBI Rising; China's Strategic Pursuit of De-Dollarization and Global Economic Autonomy;

China's de-dollarization strategy aims to reduce dependency on the US dollar by promoting the Renminbi (RMB) as a global currency, minimizing vulnerability to US economic coercion and sanctions. Through

initiatives like Belt Road initiatives (BRI) and China international payment system (CIPS), China seek to increase RMB dominated trade and investment and boost its global economic influence. By de-dollarizing, China aims to enhance its economic autonomy and promote multipolar currency system, aligning with liberalist that emphasizes economic interdependence and cooperation.

Geopolitical Crossroads: US China Rivalry and future of global Economic governance

The intensifying US-China rivalry has significant implications for global economic governance as both nations vie for influence and leadership in shaping international economic rules and norms. The competition between two economic giants is affecting global governance in areas such as trade, investment, currency and financial regulation, leading to shift away from the traditional led-US liberal international order. China's rising economic power and its promotion of alternative

Global governance models, such as Belt Road initiatives (BRI), are challenging US dominance and creating a multipolar system. This rivalry is leading to a fragmentation of global economic governance with potential consequences for global economic stability, cooperation and development.

Zero-Sum Showdowns: The US-China Rivalry's Dangerous Games of Mutual Exclusion:

The US-China currency rivalry has become a zero-sum game where one nation's gain in currency influence and value is perceived as the other's loss. As China promotes the internationalization of RMB, the US sees it as a threat to the dollar's dominance and its own economic power. Conversely, China views the US's efforts to maintain dollar supremacy as an attempt to contain its own economic rise. This zero-sum game dynamic is driving currency competition, where each nation seeks to outmaneuver the other in setting exchange

rates, interest rates, and capital controls. The loser in the game risks reduced economic influences diminishing financial power, and decreased geopolitical clout.

Currency Chaos: The Devastating Consequences of US-China Monetary Conflict:

A currency war between the US and China leads to economic instability and volatility as competitive devaluations and capital control measures disrupt global trade and investment flows. The resulting exchange rate fluctuations can create uncertainty, reduce investor confidence and leads to asset price bubbles and crashes. Moreover, currency wars can also trigger protectionist measures such as tariffs and trade barriers, which can further exacerbate economic engagement in currency battles the risk of spillover effects on other economies and global market increases threatening to destabilize the entire international economic order.

Conclusions: From zero-sum to win-win's Transforming US-China Economic Relations

In conclusion, the US-China rivalry has significant implications for global economic governance, currency value and economic stability. The zero-sum game mentality driving the rivalry risks creating a lose-lose scenario, where both nations suffer from economic crises. It is crucial for both nations to recognize the mutual benefits of cooperation and work towards a more collaborative approach to global economic governance, currency management and trade relations. By doing so, they can reduce the risk of economic conflict and promote a more stable and prosperous global economy.

Question no: 07

ANSWER:

Escalation in the Middle East: A Critical Examination of the Iran-Israel Conundrum

Introduction:

The Middle East, a region notorious for its complex web of conflict and tensions, has witnessed a significant escalation in hostilities between Iran and Israel following the killing of Hamas. This incident has sparked a dangerous cycle of retaliation and counter-retaliation, posing a substantial threat to regional stability and global security. As the situation continues to deteriorate, it is essential to critically evaluate the evolving dynamics of the Iran-Israel conflict and explore viable solutions.

The clouds of Tensions: Evolving situation of Middle East after Hanyu demise;

Here is some problematic dimension of ongoing conflict in middle east after the sudden demise of Hanyu.

Power Vacuum: The transition to a new leader may impact on Hama's political and military strategy potentially altering the leading internal conflict and succession crises. Hanyu's death created a power vacuum within Hamas, which is altering potentially the regional dynamics.

Escalating Israeli-Palestinian Conflict: Hanyu's death may trigger further escalation in the Israeli-Palestinian conflict, particularly if Israel views the power transition as an opportunity to strike.

Regional Repercussions:

The impact of Hamy's death will be felt across the region, potentially altering alliances and rivalries between Middle Eastern states.

Iranian Influences:

Iran may attempt to exert greater influence over Hamas, potentially leading to increased tension within Israel and other regional actors.

Egyptian Mediation:

Egypt's role as a mediator between Hamas and Israel may be impacted by Hamy's death, potentially altering the dynamic of regional diplomacy.

Security Concerns:

Hamy's death may lead to increased security concerns, particularly if Hamas's military wing becomes more autonomous.

or radicalized.

Palestinian Unity:

Itanya death
create opportunities for Palestinian unity
as factions may really behind new
leader or seek to exploit the power
vacuum.

Bridging the Divide: Solution for reducing tension:

Palestinian Statehood:

International pressures should be applied to
achieve a two-state solution, address-
ing a primary driver of Iran-Israel
tension.

Revive the JCPOA:

The US
should reconsider rejoining the
nuclear deal to reduce the tension

and create a framework for diplomacy.

Regional Security Initiatives:

A collective security arrangement, like the GCC, should be established to address shared regional threats and reduce proxy war.

Diplomatic engagements

Direct dialogue between Iran and Israel, facilitated by a neutral third party, can help address mutual concerns and reduce tensions.

Proxy War Ceasefire:

A ceasefire in proxy conflicts, like Syria and Yemen, can create space for diplomatic efforts and reduce tensions.

Trust Building Measures

People-to-people diplomacy, cultural exchange programs and joint economic projects can lead towards trust building engagements.

Conclusions

The Middle East situation after Irmal Hama's death is precarious, with potential power struggles, regional repercussions and security concerns. To reduce tension it's essential to address Hama's leadership vacuum, promote Palestinian unity, and foster regional cooperation. A comprehensive approach can promote stability and create a more peaceful environment, but requires collective efforts from regional and global actors.