

# De-Dollarization And The Future Of The International Monetary System: Political-Economy Outlook

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## **Abstract:**

*In the global economy, the International Monetary System has traversed a long distance since 1944 and in 1945 established the Dollar system as international reserve currency forming the US-Dollar as a universal hegemony. But today globally there is a rapid and unanticipated change in the world politics creating uncertainty about the global future. In this scenario, the current and expected future of the global political economy has necessitated a new outlook to make a transition from hegemony to multipolar socio-economic and monetary system that advocates for "De-Dollarization" of the global economy. De-Dollarization is the process of moving away from the world's dependency on the US-Dollar as the universal reserve currency in the global economy. Therefore, this paper tries to analysis historical development of the international monetary system, the impact of US-dollar in the global economy as well as the current situation and the most likely change that may take place in the international monetary system in the future. The methodology deployed in this research was desktop review on secondary data sources, and experts' opinion. The sources of data for this research were both secondary and primary data sources related to the research topic, particularly, data from the emerging economies such as BRICS, IMF/WB and AU were critically analyzed, interpreted and synthesized. The paper also analyzed the historical evolution of the international monetary system in the context of the rising role of developing countries in the world economy and the emerging multi-polar growth settings. It evaluated the stability of the current "non-system" and how the global economic context is likely to affect that stability in the coming years with potential adverse effects on both advanced and developing economies. Given the most likely trend toward a multi-polar reserve currency system, the paper evaluated the stability of the emerging system, as well as the current proposals for reform of the international monetary system. The paper concluded that more ambitious reforms of the system may be needed to meaningfully reduce the future global socio-political, economic and financial instability.*

**Key Terms:** BRICS, De-Dollarization, Hegemony, International Monetary System, Multipolar

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Date of Submission: 15-07-2024

Date of Acceptance: 25-07-2024

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## **I. Evolution Of The International Monetary System: The Move From Gold Standard To US Dollar**

An International Monetary system is a system for promoting international trade and specialization international payments through the provision of a system of exchange rate between national currencies, adjustment mechanism capable of removing payments imbalances and provision of a quantum of international reserves to finance payments deficits<sup>2</sup>. The international monetary system may be defined as a set of arrangements, rules, practices and institutions under which payments are made and received for international transactions across international boundaries<sup>3</sup>. From the functional point of view, the international monetary system performs four important functions: exchange arrangements and exchange rates, international payments and international transfers relating to current international transactions, international capital movements (capital flows), and international reserves<sup>4</sup>; and facilitate the exchange of goods & services and capital among the nations of the world.

All over human history, the international economy has never had a global currency that is issued and managed by a supranational institution in order to be used by all agents in the world<sup>5</sup> and consequently, every country possessed its own currency for exchange of good and services until the emergence of the gold standard

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<sup>2</sup> Christopher P. and Bryan. (1993) Collins Dictionary of Economics

<sup>3</sup> Ibid

<sup>4</sup> Rakesh Mohan, et al IMF Working Paper (WP)/13/224: The International Monetary System

<sup>5</sup> Bruno De Cont, Daniel Magalhaes Prates (2018)

and the in 1944 Breton Woods agreement the dollar standard as a means of payment and reserve assets was crafted.

In a modern monetized economy, a well-organized, efficient and effective international monetary system is a necessary precondition for the normal and smooth functioning as well as expansion of international trade, and the integration and co-existence of the global economy.

## II. Evolution Of The International Monetary System: From Gold Standard To Paper Money

### Barter (Commodity)      Cold/Silver      Paper Money (Dollar)

The concept of money and monetary standard has a long history and traversed with the socio-economic development of a society that has started with exchange of one commodity with another commodity- the “Barter System”, which gave rise to the Gold Standard. The monetary standard included the “Commodity Standard and Non-Commodity Standard or paper standard. In the commodity standard, the value of the monetary unit is made equal to the value of a quantity of a particular commodity. The non-commodity has consisted of metallic coin standard, which is mono-metallic or bimetallic<sup>6</sup>, like Gold and Silver. The Non-commodity standard is also known as paper standard, credit standard, fiat standard or monetary standard such US Dollar, Euro, Yen, Yuan, Ruble, Rand and etc.

The significance of money in a modern monetized economy lies in the function it performs as<sup>7</sup>: medium of exchange; unit of account; store of value; standard of deferred payments and means of transferring value<sup>8</sup>

The concept of monetary standard refers to the type of standard money used in an economy, where money is a legal monetary unit with which economic values are measured and in which the monetary authority of a country discharges its own obligations<sup>9</sup>, where the monetary standard is fundamentally national in its character. Monetary history shows that the gold standard functioned successfully up to 1914, where the conditions essential for successful operations were mostly fulfilled and the rules of the gold standard game were also followed strictly<sup>10</sup>, in which the essential conditions necessary for the success of the gold standard was availability of adequate gold reserves.

**Table 1: Evolution of the International Monetary System**

S/N	Events	Year	Place/Country
1	Minting Gold	1252	Western Europe (Rome)
2	Advent of Gold Standard in Britain	1717	Britain
3	Continental Europe joined Gold Standard	1854	Five European countries
4	Bimetallism: Gold & Silver	Before 1879	Europe & other countries
5	Classic Gold Standard	1870-1914	Great Britain, Bank of England
6	Bretton Woods Era	1944-1972	Bretton Woods, USA
7	Floating Exchange Rate	1973-Present	In all IMF member countries
8	Euro introduced	2002	EU countries (28)
9	BRICS Reserve Currency	2024	BRICS/China

Source: Catherine, A. (2010) History of the International Monetary System & its Potential Reformulation

The Gold Standard (GS), in operation from 1870-1914 was a fixed exchange rate system in which each participating country’s governments agreed to maintain some domestic price of gold, making Gold their reserve asset, in which each country agrees to settle payments and adjusts to payments imbalances.

## III. The Bretton Woods Monetary System And Its Impact On The International Economy: The Birth Of US Dollar

The Bretton Woods System is named in New Hampshire, USA, where 44 nations met to construct a new international monetary system that would be monitored by the International Monetary Fund (IMF). In the Bretton Woods System, the United States Dollar occupied the center stage, where the USA agreed to fix the

<sup>6</sup> Cauvery, R. et al (2013), p.18

<sup>7</sup> D.N. Dwivedi (2013) Macroeconomics: Theory and Policy, 3<sup>rd</sup> Edition

<sup>8</sup> Dugassa Mulugeta (2021) Macro-Economics:

<sup>9</sup> Ibid

<sup>10</sup> Idid, P. 28

price of Gold at \$35 per Ounce, and the other member nations would fix their currency to the Dollar with plus or minus (+/-) deviations allowed.... In which the system is known as a “Gold-exchange Standard”<sup>11</sup>.

Today the USA accounts for 20% of the world’s economic output, more than 50% of all global currency reserves and trades in dollar, which is the result of the 1944 Bretton Woods agreement, the effect of which was enhanced when the link between the “Dollar and Gold” ended in 1971/1972, allowing America to control the supply of global currency<sup>12</sup>. According to Saxyajit Das (2018), “America is weaponizing the ‘Dollar’ to preserve its global economic and geopolitical position and also perceived that, the real power of the dollar is its relationship with sanctions Programme: legislations such as the international emergency economic power Acts, the Trading with Emergency Act and the Patriotic Act, allow the USA to weaponizing payment flows in the global economy, where the sanctions target persons, entities, organizations, regimes or an entire country”.

So what is the reasons for US Dollar dominance in the global economy? There are various reasons why some currencies like the US Dollar, EU Euro, and Yen become dominant in the international trade and monetary system, when the cannons of convertibility, liquidity, depth of foreign exchange and bond markets are developing stable monetary policies and rules of law are met<sup>13</sup>. The criteria for currency dominance in the global economy may include the following elements<sup>14</sup>:

- A sizable domestic economy with diversified export potential;
- Size and depth of openness of the financial market in the national economy;
- Convertibility and/or liquidity of the national currency;
- Use of the currency as a currency peg in relation to exchange rate for other currencies;
- Stable macroeconomic policies and well-functioning laws, rules and regulations of the country;
- Socio-political stability and sustainability of the national economy’ and
- Importance of the economy in the international trade and its influence on the global economy

#### **IV. The Present And Future Situation Of The International Monetary System: Convergence Or Divergence?**

The world today is at a crossroads in the international monetary relations, the road is taken and the reforms adopted during the next few years will shape the twenty-first century’s international monetary system and will have a significant impact on socio-economic conditions around the world, which calls for the following choices such as revert back to a fixed exchange rate system like the Bretton Woods System; adopt a truly freely flexible exchange rate system; move toward a monetary system where international payment adjustments will rely on macroeconomic policy coordination among the leading industrial countries and exchange rate management to a degree that has until now proved elusive, or revise the present international exchange rate arrangements<sup>15</sup> and/or design a unique-single International Currency that is belongs to the global society. In fact, the is world at a cross-road with a blurred vision in relation to the currency issues in the international monetary system to avoid dominance of one currency.

Is this issue leads to De-Dollarization and currency divergence or divergence? Which currency will be most likely to become a dominant currency? US Dollar? European Euro? Japanese Yen? Or Chinese Renminbi (Yuan)? Or a sort of multipolar currency system?. The answer to these crucial questions depends on various socio-political, economic, historical and universal governance factors, among others.

De-Dollarization is the loss of the US dollar’s role as the world’s hegemonic currency necessitated by socio-economic development in some emerging economies such as Brazil, Russia, India, China and South Africa (BRICS) and the expansion of BRICS by inviting new member countries (Egypt, Ethiopia, Iran, Saudi Arabia and The United Arab Emirates).

The concern for De-Dollarization has re-emerged recently due to a series of developments following the onset of Russia’s war against Ukraine, such as bilateral trade relationships denominated in the currencies other than the Dollar and competing payment systems to SWIFT<sup>16</sup>

Dominance and overvaluation of the US dollar in the global economy and in the international monetary system brought about to look for another alternatives among the global society, society that seeks fairness and equity with possibility.

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<sup>11</sup> Herbert, G. Grubel (1969): *The International Monetary System*, Penguin Books

<sup>12</sup> *The ECONOMIC TIMES NEWS*, Bloomberg, 2018

<sup>13</sup> Ramu T. et al (2023) *De-Dollarization, Is US Dollar Dominance Dented*

<sup>14</sup> *Ibid*

<sup>15</sup> Dominick Salvatore (1994)

<sup>16</sup> Ramu Thiagarajan, et al (2023) *De-Dollarization: Is US Dollar Dominance Dented?*

The ongoing large scale transformation of the global economy, caused primarily by the economic recovery of the leading developing countries, multipolar map of the world with new centers of power (BRICS: Brazil, Russia, India, China, and South Africa<sup>17</sup> ; and BRICS (plus) + such as Egypt, Ethiopia, Iran, Saudi Arabia and United Arab Emirates) are among the key players in the international markets for goods and services and capital markets, exerting a significant and decisive role in the global economy and international monetary system as well. In the near future the socio-economic and political potential of the BRICS + member countries can be the key player not only in the international trade of goods and services, but also become potential competitors in the international financial system against the USD, and Euro in the global economy.

**Table 2: Gold Reserves of BRICS Member Countries**

S/N	Country	Gold Reserve (Tones)	%	Currency
1	Brazil	129.65	1.98	Real
2	China	2113.46	32.3	Renminbi (Yuan)
3	India	797.44	12.19	Rupee (INR)
4	Russia	2332.74	35.66	Ruble
5	South Africa	125.41	1.91	Rand
6	Egypt	126.00	1.93	Egyptian Pound
7	Ethiopia	200.00	3.1	Birr
8	Iran	320.00	4.89	Iranian Rial (IRR)
9	Saudi Arabia	323.07	4.94	Rand
10	United Arab Emirates	73.63	1.13	Dirham
	Total	<b>6541.4</b>	100	
11	USA	8,133.00	80.43	Dollar
12	EU	506.52	1291.44	Euro
	USA + EU Grand Total	8639.52	75.71	

Source: Compiled from <http://tradingeconomics.com>

The economic potential of the 10 BRICS member countries in relation to the gold reserve of EU is more than 120 times in which Russia and China take the lion share in the BRICS member countries. If we compare BRICS with the USA gold reserve, USA surpasses the gold reserves of the BRICS+ member countries. However, if there will be an additional membership from the new applicants to BRICS, having a synergy and economies of scale, the BRICS economic potential and gold reserve will be significantly increase and then compete with economic potential of both the EU and USA. This reserve potential, synergy and economies of scale may affect the reserve and payment capacity of the US dollar and consequently leads to De-Dollarization of this “Universal-Hegemonic Currency in the long-run perspectives. The emergence of an alternative international hard currency to the US dollar is both inevitable and logical given the shifting stands of global capital ownership away from traditional markets in the US, Europe and Japan to the Oil-rich Middle East, China and Russia<sup>18</sup>.

The dollar’s global role has always been a double-edged sword for the United States, allowing Washington to add sanctions to its foreign-policy toolkit, by raising the price of US dollar. Among the traditional benefits of the dollar’s global role is America’s ability to use financial sanctions to try to advance its security interests<sup>19</sup>, thus the US dollar plays economic, political and security roles dominating the global system, which ignites the search for an alternative “Global/ Universal multi-currency system”.

**Table 3: Population of BRICS member Countries**

No.	Country	Area (km <sup>2</sup> )	Population (million)	GDP (US Dollar)
1	Argentina	2,780,400	45,773,884	616.32 billion
2	Brazil	8,358,140	216,230,879	1,608.98 billion
3	Russia	16,376,870	146,086,267	2133 billion
4	India	3,287,263	141,701,445	3469 billion
5	China	9,388,211	145,284,329	18320 billion
6	Egypt	1,010,408	112,716,598	475.23 billion
7	Ethiopia	1,112,000	123,527,060	473.02 billion
8	Iran	1,648,000	89,172,767	402.56 billion
9	Saudi Arabia	2,149,690	36,947,023	1128.00 billion
10	South Africa	1,213,090	61,128,262	345 billion
11	UAE	83,600	9,516,871	498.00 billion
	Total		3,710,955,399	29,469.11 Trillion
	World pop, GDP		8,045,311,447	112.6 Trillion

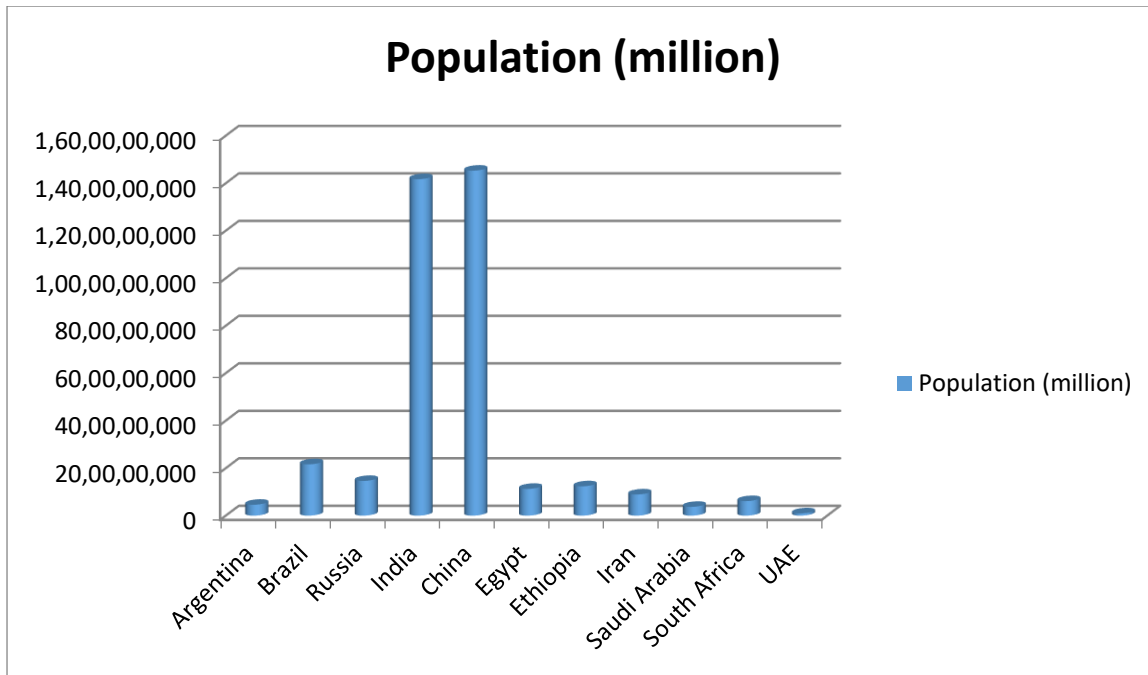
<sup>17</sup> D.I. Kondratov, Published Online 2021 Apr 25 : Internationalization of the Currencies of BRICS Countries

<sup>18</sup> <https://african.business/2023/10/african-bankers/is-a-brics-currency-feasible>.

<sup>19</sup> Joe Sullivan (2023) A BRICS Currency could Shake the Dollar’s Dominance, De-Dollarization Moment

BRICS population %	46.2%	26.6%
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**Source:** Source: Based on Worldometer elaboration of the United Nations Data, December 2022



**Fig. 1: Population of BRICS member countries in (million)**

As indicated by the above table 3, the population of BRICS covers 46.2 % of the world population (only 11 countries) and 27 of the global GDP, which has a huge potential to bargain for multipolar global economic order and international monetary system in the global economy, given that the BRICS’S currency as a reserve asset is in place.

International tensions have in recent years often led to conflicts between nations, leaving countries to face complicated choices. The world is under constant change in all socio-political, economic and financial sphere, and the most direct results are political instability over vast areas of the globe combined with economic, cultural and often military confrontations. The economic priorities of cooperation and development are increasingly being sacrificed on the altar of protection of geo-political interests<sup>20</sup>, where the super-power countries strictly engaged in nuclear armaments, military and financial confrontations. This tension and conflict can be settled through voluntary agreements among strong and independent interest groups<sup>21</sup> to arrive at the win-win landscape that benefits both the developed and developing countries.

Proper understanding of the tension and a better grasp on different exit strategies from the crisis, it is useful to reduce the scope and take political and economic perspectives<sup>22</sup> to reduce the military and political avalanche that triggers the world society today in socio-political, economic and financial sphere.

**Table 4: Expected candidates to join BRICS (Population and GDP)**

No.	Country	Area (km <sup>2</sup> )	Population (million)	Nominal GDP (Billion USD)
1	Afghanistan	652,860	41,067,294	1512
2	Algeria	2,382,000	45,782,610	173.02
3	Algeria	2,381,741	46,278,751	266.78
4	Belarus	207,600	759,206	359.11
5	Bolivia	1,098,581	12,563,631	216.90
6	Cuba	781.58	11,174,587	24.51
7	Indonesia	1,904,569	280,576,744	1290
8	Indonesia	1,904,569	275,501,339	4.72 (Trillion)
9	Kazakhstan	2,724,900	19,325,662	195.58
10	Kuwait	17,820	4,349,380	264.3
11	Morocco	446,300	38,211,459	457.84
12	Nigeria	293,768	218,633,794	545.00

<sup>20</sup> Center for Strategic and International Studies (CSIS), 2022

<sup>21</sup> Ulrich M. (2009) Democracy and the social Question, p.104

<sup>22</sup> Nicolas Pons (201) Critical Perspectives for a New Economic Model, P.49

13	Nicaragua	130,370	7,141,094	15.67
14	Nigeria	9,237,770	229,152,217	2,493.89
15	Senegal	196,710	17,823,017	26.70
16	Syria	185,180	24,348,053	252.52
17	Thailand	510,890	71,885,799	2,280.23
18	Turkey	769,630	86,557,108	856.85
19	Venezuela	912,050	29,365,334	97.12
20	Vietnam	331,700	99,497,680	465.81

**Source:** Source: Based on worldometer elaboration of the United Nations, 2024

If the above listed candidate applicants obtain full membership of the organization, BRICS may cover more than 80% of the global population, 62% of the global GDP and more 45% of the world trade, which is a huge potential to challenge the US dollar. From these figures, it is possible to deduce that the global dominance and universal hegemony of the West may distribute the global resources and political power to the rest of the world that leads to multipolar economic, political and monetary system on the globe. Emerging markets will continue to be growth engine of the global economy<sup>23</sup>, for example, China could be the largest economy in the world, accounting for around 20% of the world GDP in the 2050, with India in the second place and Indonesia in the fourth place<sup>24</sup>, in which the counter-balance of the global hegemony could be established in the future perspectives.

Moreover, the current expansion of the BRICS + bloc beyond its original members, could ignite focus on the group’s long-standing interest in reducing the dollar’s dominant role across the emerging markets<sup>25</sup>

Therefore, the economic, political and military influence and dominance of the USA may be balanced by the emerging economies such as the BRICS and other emerging economic groups that may lead to multipolar global political-economic and monetary order.

#### **V. BRICS And The New Development Bank (NDB): An Impetus To Economic Strength In Indian, Pacific And Atlantic Realm.**

The New Development Bank (NDB) was founded in 2014 at the 6<sup>th</sup> submit by the BRICS members that aims to mobilize resources of the member countries for development projects in the member countries, emerging economies and other developing countries<sup>26</sup> which may lead to a big push towards inclusive development trajectory in the developing world. Geographically BRICS is bounded by the Atlantic, Indian and the Pacific Oceans (South America, Asia, Africa and Euro-Asia)<sup>27</sup>.

**Table 5: Members of the New Development Bank (NDB) of BRICS**

No.	Country	Area (km <sup>2</sup> )	Population (million)	Nominal GDP (Billion USD)
1	Bangladesh	148460	168,753,050	443.32
2	Brazil	8,516,000	216,226,757	1,608.98
3	China	9,600,013	1426	18,320
4	Egypt	1,010,408	107,042,786	409,094
5	India	3,287,260	1417	3,469
6	Russia	16,376,870	146,086,267	2,133
7	South Africa	1,221,037	61,132,348	345
8	UAE	83,600	9,272,000	378.25
9	Uruguay	181,034	3,503,402 <sup>28</sup>	71.1

Source: World Population Prospects: The 2019 Population Revision, UN

The establishment of the New Development Bank of BRICS member countries, as a forum for socio-economic development can be taken as a very important departure to realize the aims and objectives of the organization in which economic strength determines political potential of the regional grouping in the Atlantic, Indian and Pacific rims. Seven of the NDB members are also members of the BRICS organization that leads to the financial strength of the organization, which may influence the financial land scape of the world economy that counter-balances the US dollar. Financial capacity and strength of BRICS member countries may determine political and economic potential of the organization that challenges the western domination in financial and economic sphere on the globe.

<sup>23</sup> IBID

<sup>24</sup> 2017 Pricewaterhouse

<sup>25</sup> Robert Greene (2023) The Difficult Realities of the BRICS’s De-Dollarization Efforts

<sup>26</sup> <http://testbook.com/question-answer/the-brics-news>

<sup>27</sup> Dugassa Mulugeta (2024) The Current Status of Global Economic Order

<sup>28</sup> [Worldometers.info/world/Uruguay/population](http://Worldometers.info/world/Uruguay/population)

Currently, the international innovations supported by China (the New Development Bank, the Development Assistance Fund, the BRICS Fund and the Silk Road Fund) provide a means to circumvent the global economy’s governance system, which has far been dominated by the major western powers<sup>29</sup> particularly the EU-USA. Multilateral Development Banks (MDB) are crucial instruments for global development cooperation<sup>30</sup>, where the advantages of mobilizing and convoking financial resources, combining with technical knowledge backed political commitment of the member countries are crucial.

Today, strength of the Russian Currency (Ruble), the Chinese currency (Yuan) and the Indian currency (Rupee) will affect the IMF’s currency basket that enables neutralization of the “dollar hegemony” in the global financial markets. Such economic, political and financial moves will pave an avenue for multipolar economic and political order on the globe that makes the global resources distribution fair and equitable in the future perspectives<sup>31</sup>.

Fair and equitable distribution of resources, collaboration and cooperation relatively leads to global stability, where the world society may share the wonders and blenders of this planet, the plant Erath which is the “Mother of all Mothers”. As propounded by Joseph Stieglitz, widely unequal societies do not function efficiently, and their economies are neither stable nor sustainable in the long-run<sup>32</sup>. According to him, when the wealthiest use their political power to benefit excessively the corporations they control, much-needed revenues are delivered into the pockets of a few instead of benefiting the society at large<sup>33</sup>. Therefore, equity and fair distribution of global resources among its inhabitants create peaceful co-existence, if common understanding and collaboration is in place.

Today the world economy has become more Sino-centric and the Centre of economic gravity has moved away from the transatlantic basin back towards the Asian<sup>34</sup> realm, which is the fastest growing economy to challenge the US dollar hegemony. The rise of the group twenty (G20), which encompasses major developed and developing countries acts as the most important platform for the international economic cooperation<sup>35</sup> and then formation of the multipolar economic system over the dominant unipolar or bipolar hegemonial socio-economic systems.

Currently every region and continent strives to keep its geo-political interest through cooperation, collaboration and/or integration, possessing synergy from economies of scale. In the 21<sup>st</sup> century, the possible world economic order that is acceptable (relatively) for both the developed and developing countries is formation of strategic alliance on economic, political and military sphere to keep their national interests that neutralize the Euro-American hegemony on the global arena that helps to form multipolar socio-economic, political and financial system. In this situation, universal political-economic hegemonization can be changed into multipolarization, i.e. from hegemony to multipolar-universal economic monetary system<sup>36</sup>.

**Table 6: The G20 and their impact on the global economic and monetary system**

No.	Country	Area (km <sup>2</sup> )	Population (million)	Nominal GDP (Billion USD)
1	Afghanistan	2,780,400	46,214,956	14
2	Australia	7,692,020	25,978,935	1553
3	Brazil	8,515,767	216,272,099	1900
4	Canada	8,965,590	38,555,354	2100
5	China	9,600,013	1,452,977,672	17000
6	France	643,801	65,628,284	2700
7	Germany	357,021	84,000,000	4291
8	India	3,287,263	1,417,000,000	3300
9	Indonesia	1,904,569	280,632,028	1300
10	Italy	302,068	60,243,519	2175.00
11	Japan	364,500	125,527,995	5016.00
12	South Korea	100,210	51,377,550	1843.00
13	Mexico	1,972,550	132,261,953	1404.00
14	Russia	17,098,250	146,088,142	2200
15	Saudi Arabia	2,149,690	36,146,677	1100
16	South Africa	1,221,000	69,643,190	426.67
17	Turkey	783,562	86,569,499	856.88

<sup>29</sup> Francoise Nicolas (2016)

<sup>30</sup> Centre for Strategic & International Studies (CSIS), 2017

<sup>31</sup> Dugassa, M (2024)

<sup>32</sup> Ibid

<sup>33</sup> Joseph Stieglitz (2012) The Price of Inequality, p.83

<sup>34</sup> Roderick Kefferputz (2021)

<sup>35</sup> Mathew Goodman (2017)

<sup>36</sup> Dugassa Mulugeta (2024) The Current Status of Global Economic Order

18	UK	244,820	68,762,138	3000
19	USA	9,831,510	322,403,650	25035
20	EU	10,186,000	447,007,569	16600

Source: author’s compilation from World Bank 2022

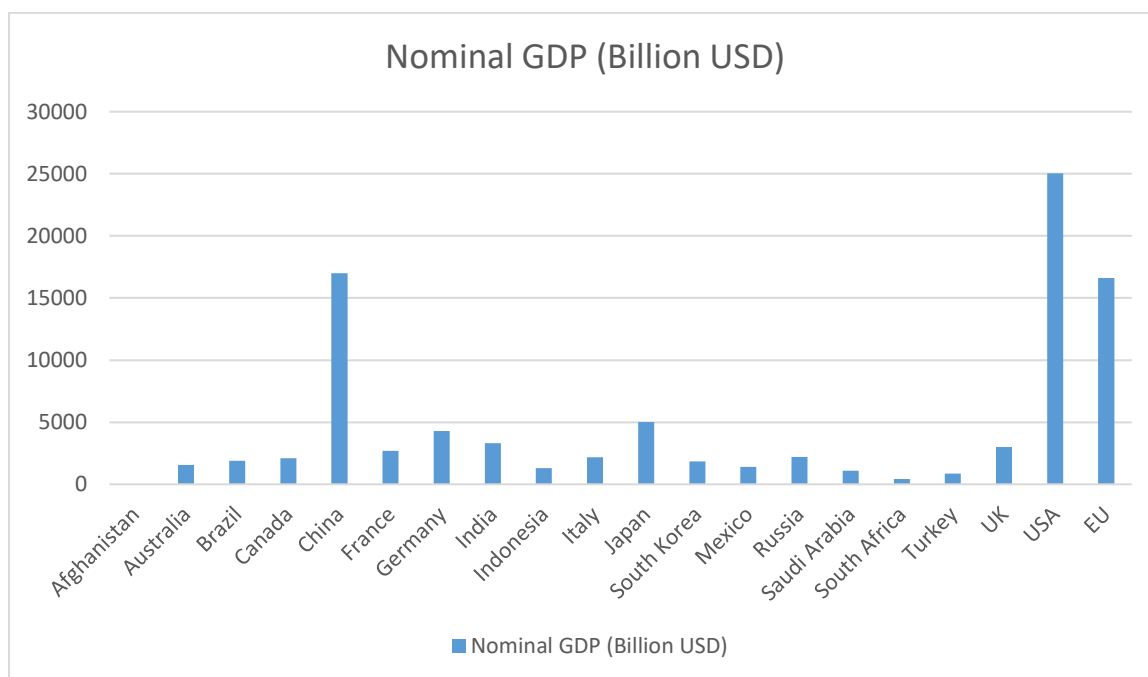


Figure 2: The G 20 with their nominal GDP

Currently, the countries that are member of the BRICS are also member of the Group Twenty (G20) and at the same time member of Group Seven (G7) is also the member of G20. That means there is a correlation and inter-linkage between BRICS and G20 at one hand and G7 and G20 at the other hand. The BRICS members are also members of the G20 and the G7 members too are members of the G20 (see tables 2, 3 and 6). This correlation and inter-linkage may help in shaping the global socio-economic order given that collaboration, coordination and cooperation are in place.

In this case, rigorous collaboration, coordination and cooperation on economic and monetary issues create a good opportunity to enhance socio-economic development<sup>37</sup> and better understanding of both the developed and developing countries that may help to bring stability and peaceful co-existence among the global society. Today the globalization of business and monetary system brings new opportunities and threats to governments, firms and individuals, where the challenge is to compete successfully in the global market place as it exists today and develops tomorrow<sup>38</sup>.

Globally, economic disparity between the developed and developing countries has been growing in several areas<sup>39</sup> and socio-political tensions are increasing, causing conflicts and even wars in some geographic areas of the world. The present international economic order and monetary system, which is biased against the developing economies, is regarded as one of the most serious reasons for the alarming international economic gap<sup>40</sup> and as a result growing conflicts and confrontation. To settle the conflicting situation and confrontation, the principle of common but differentiated responsibility<sup>41</sup> can be practiced to secure peace, stability and global balance between the developed and developing economies.

Foreseeing the world characterized by intense economic and socio-political conflicts both at domestic and international levels, and believing that an open world economy will inevitably produce more losers than winners<sup>42</sup>, if not universal balance and faire resources distribution were not take place. Competition and struggle

<sup>37</sup> Dugassa , M. (2022) Economic Integration

<sup>38</sup> Michael R. et al 2003) International Business

<sup>39</sup> Francis C. (2011) International Economics 5<sup>th</sup> Edition,p.27

<sup>40</sup> Ibid, p.34

<sup>41</sup> Justine , T. Silas, B. (1997) Environmental Law, p.35

<sup>42</sup> The New Global Economic Order, webmaster@press.Princeton.edu, Princeton University Press



for global resources could result in competing continental, regional or sub-regional blocs dominated by the developed major economic powers which may result in confrontation and conflicts<sup>43</sup>.

## **VI. Formation Of The African Single Currency And Its Relations With Other Currencies Of The World**

In a regional economic integration, economic union follows establishment of the Common Market. Economic union is an advanced level of economic integration, where the degrees of harmonization of economic policies are in place through a common central Bank, common currency and unified monetary and fiscal policies. The interest of AU in monetary union through formation of a common currency arises from the motto of OAU and then AU to form continental integration. The interest AU in monetary union emanates from the experience of successful launch of Euro in European Union and also Africa's desire to counteract perceived economic and political weakness<sup>44</sup>. It is also believed that dependence of African monetary system on US dollar and EU Euro has brought about the urgency to have an African common currency (AFRO?).

Africa, like other regions of the world, is fixing its sights on creating a common currency, there are projects for regional monetary unions, and the binding process for an eventual African Central Bank is about to begin<sup>45</sup>

A single African Currency has many promises in terms of boosting trade across the continent and benefits for all member states through synergy and symbiosis<sup>46</sup>. A single African currency has a capacity and potential to enhance economic cooperation and economic integration among the member countries of AU that stimulates faster development endeavors across the continent, if common African Currency (may be "AFRO"<sup>47</sup>) is in place. What so ever the name of the new currency, Africa needs a new Single-Common Currency to realize the motto of African integration in its all aspects. Therefore, Africa with 55 member countries, total area of 30.37 million km<sup>2</sup>, population of 1.216 billion (2016), and total GDP of 3.1 trillion USD<sup>48</sup> has a huge potential to contribute to the global economy, designing its common currency.

From historical development of the international monetary system .i.e. from commodity money (barter), the Gold Standard and the Paper Standard; the international financial system is always under drastic change. With the existing dollarization and Euro, the newly emerging currencies such the BRICS Reserve Currency, "the incubating African Currency (AFRO?)", Japan's Yen and other currencies are revolutionizing the current international monetary system; giving momentum to De-Dollarization, which is inevitable in the long-run perspectives. Therefore, not only the BRICS member countries but also Africa is going to share and shoulder the wonders and blenders of the international monetary opportunities and challenges.

## **VII. Conclusion:**

Throughout its history money served and still serving as a "blood vessel" of an economy by which all economic transactions are performed. Historically money served as medium of exchange; unit of account; store of value; standard of deferred payments and means of transferring value since 1252 in human history, moving from commodity-money (barter), gold standard and paper money. The 1940s is a land mark in the international monetary system, thanks to the Bretton Woods system that shaped the international monetary system, the effect of which was enhanced when the link between the "Dollar and Gold" ended in 1971/1972, allowing the United States of America to control the supply of global currency.

Today, dominance and overvaluation of the US dollar in the global economy and in the international monetary system brought about to look for another alternatives among the global society, society that seeks fairness and equity with possibility.

From historical development of the international monetary system .i.e. from commodity money (barter), the Gold Standard and the Paper Standard, the international financial system is always under drastic change. With the existing dollarization, the newly emerging currencies such the BRICS Reserve Currency, "the incubating African Currency (AFRO?)", Japan's Yen and other currencies are revolutionizing the current international monetary system; giving momentum to De-Dollarization, which is inevitable in the long-run perspectives. Therefore, not only the BRICS member countries but also Africa is going to share and shoulder

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<sup>43</sup> Dugassa Mulugeta (2024) The Current Status of Global Economic Order

<sup>44</sup> Paul Masson and Catherine Pattillo (2004) A Single Currency for Africa?

<sup>45</sup> Brookings (2024) Africa's Economic Morass- Will a Common Currency Help?

<sup>46</sup> Proceedings of the first congress of African Economists, 2009, volume 2

<sup>47</sup> Proposed Currency by the author: AFRO (A=African, F= Financial, R= Resources & O= Organization).AFRO= African Financial Resources Organization

<sup>48</sup> <https://www.britanica.com>, retrieved on 23 March 2024

the wonders and blenders of the international monetary opportunities and challenges, which may lead to De-Dollarization of the United States Dollar.

Therefore, global and/or regional consensus, collaboration, coordination and cooperation on economic, political and monetary issues could help to create a good opportunity to enhance socio-economic development and better understanding of both the developed and developing countries that may lead to bring stability and peaceful co-existence among the global society.

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