

# NEW WORLD ORDER

Is East the future?

Hosein Hashemi - CSIRO - Sep 2023

# Let's Frame It !

My focus for this discussion revolves around economics, monetary systems, and technology.

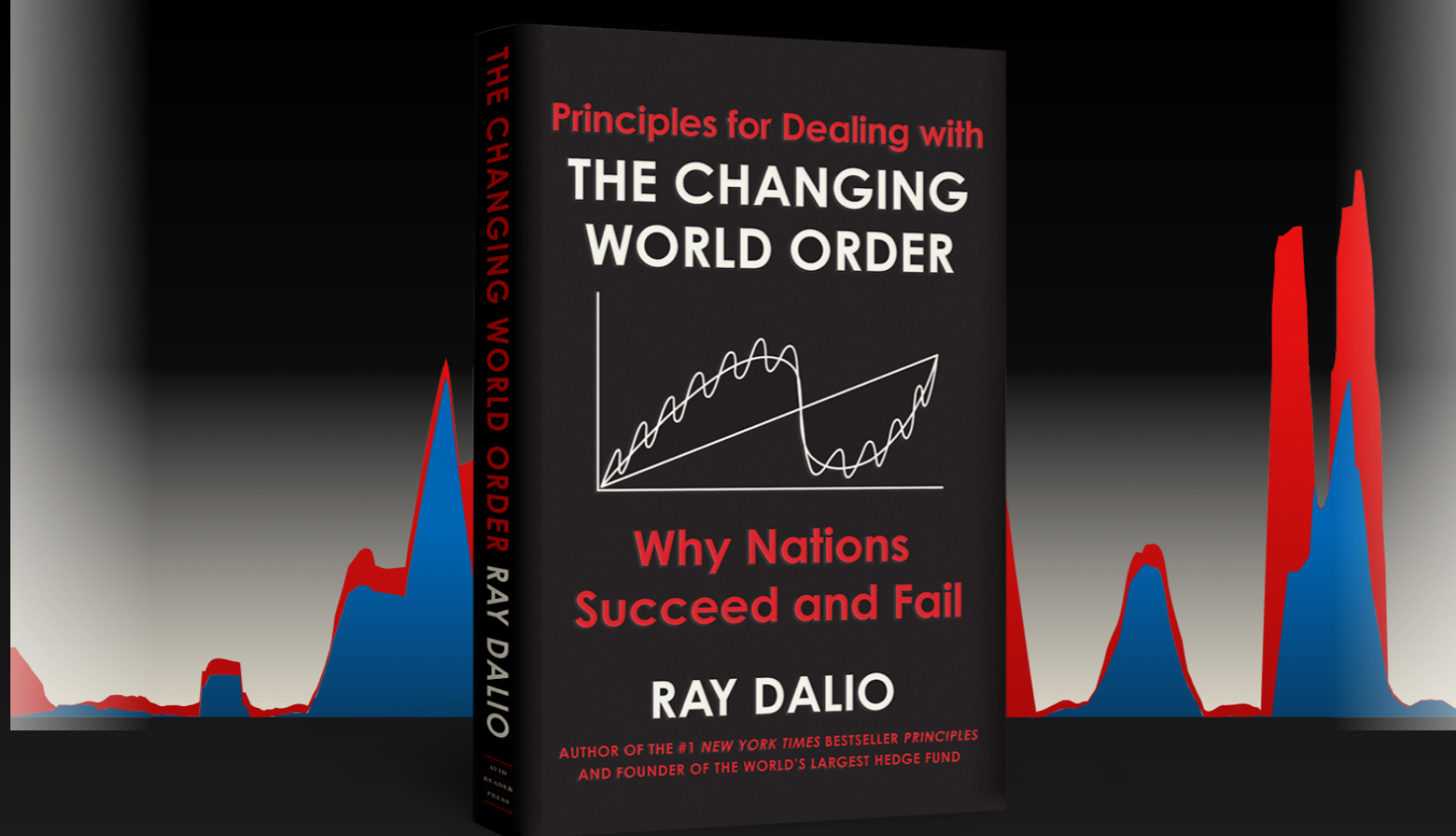
**I WILL NOT** be addressing topics related to human rights and democracy in this presentation.





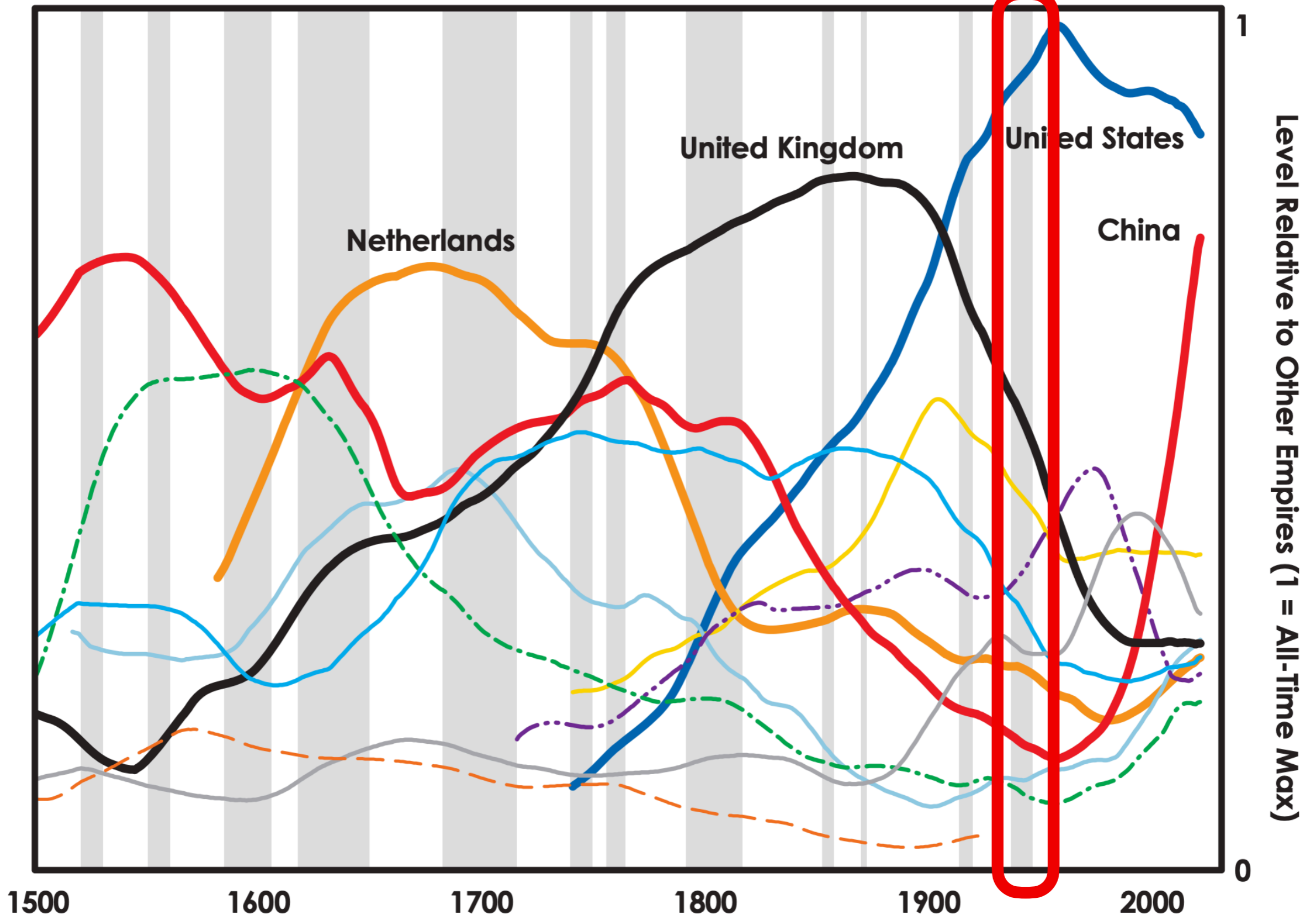
**IN FACT,**





# RELATIVE STANDING OF GREAT EMPIRES

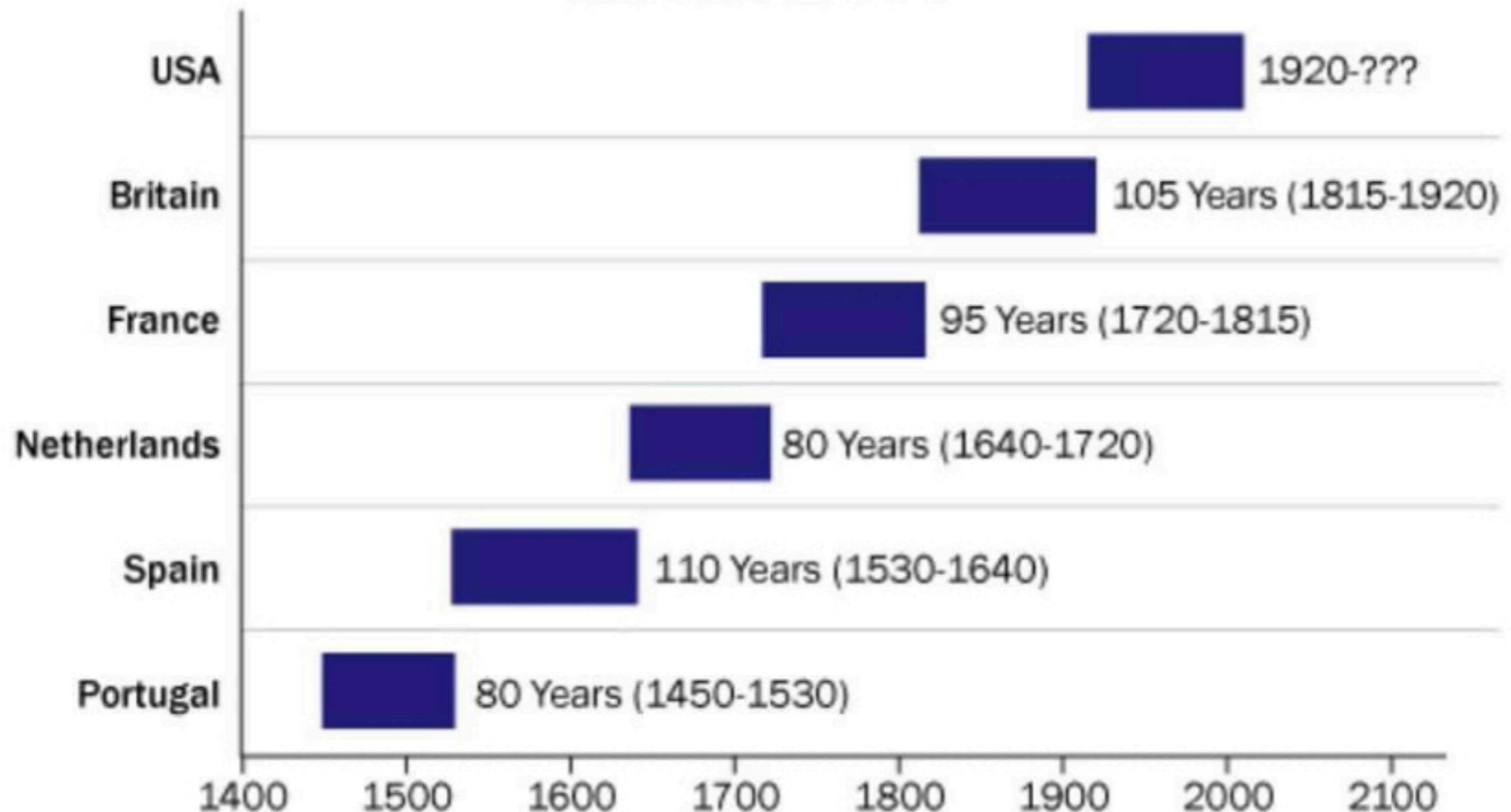
- |             |               |         |                |
|-------------|---------------|---------|----------------|
| Major Wars  | United States | China   | United Kingdom |
| Netherlands | Spain         | Germany | France         |
| India       | Japan         | Russia  | Ottoman Empire |



# Last Restructuring 1930-45

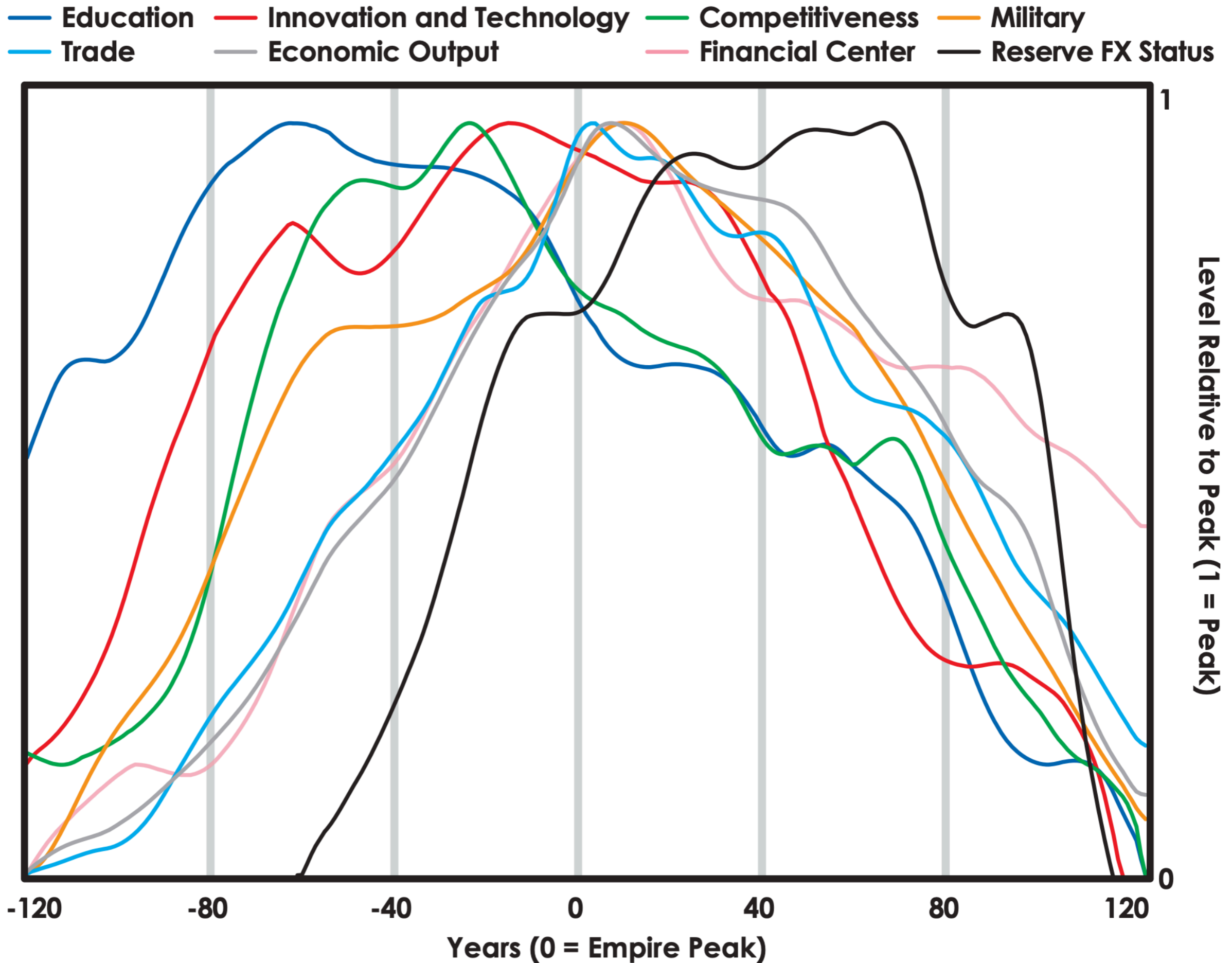
- New global monetary system - 1944 (Bretton Woods Conference)
- US-dominated monetary system because:
  - US was the richest
  - 2/3 of the world's gold stock
  - 1/2 of the world production
  - the strongest military (monopoly on nuclear weapons)
- Hence US became the world's financial centre;
  - United Nations in NY
  - World Bank in Washington, DC
  - the International Monetary Fund in Washington, DC

# GLOBAL RESERVE CURRENCIES SINCE 1450

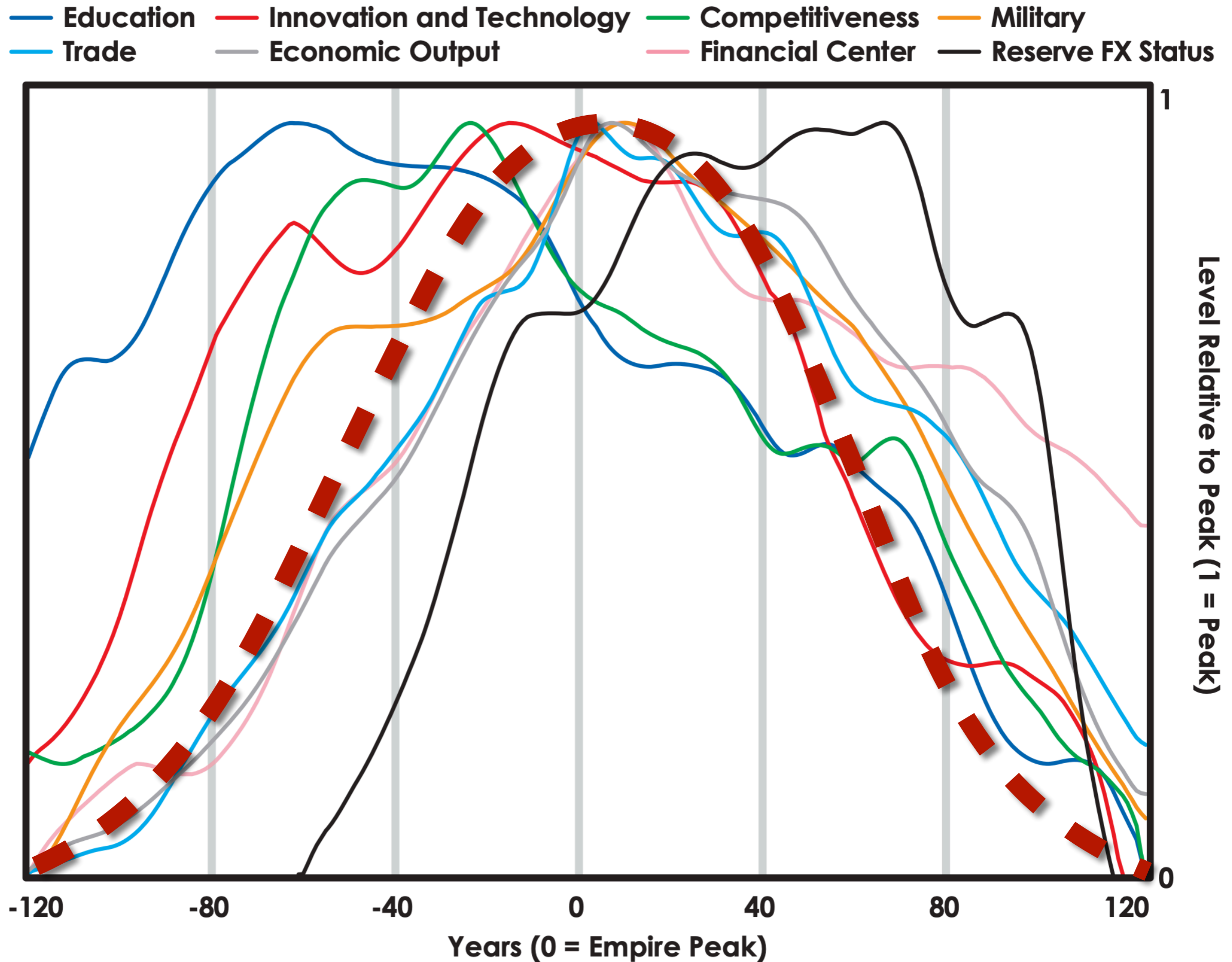


**China** has never been a power with the global reserve currency.

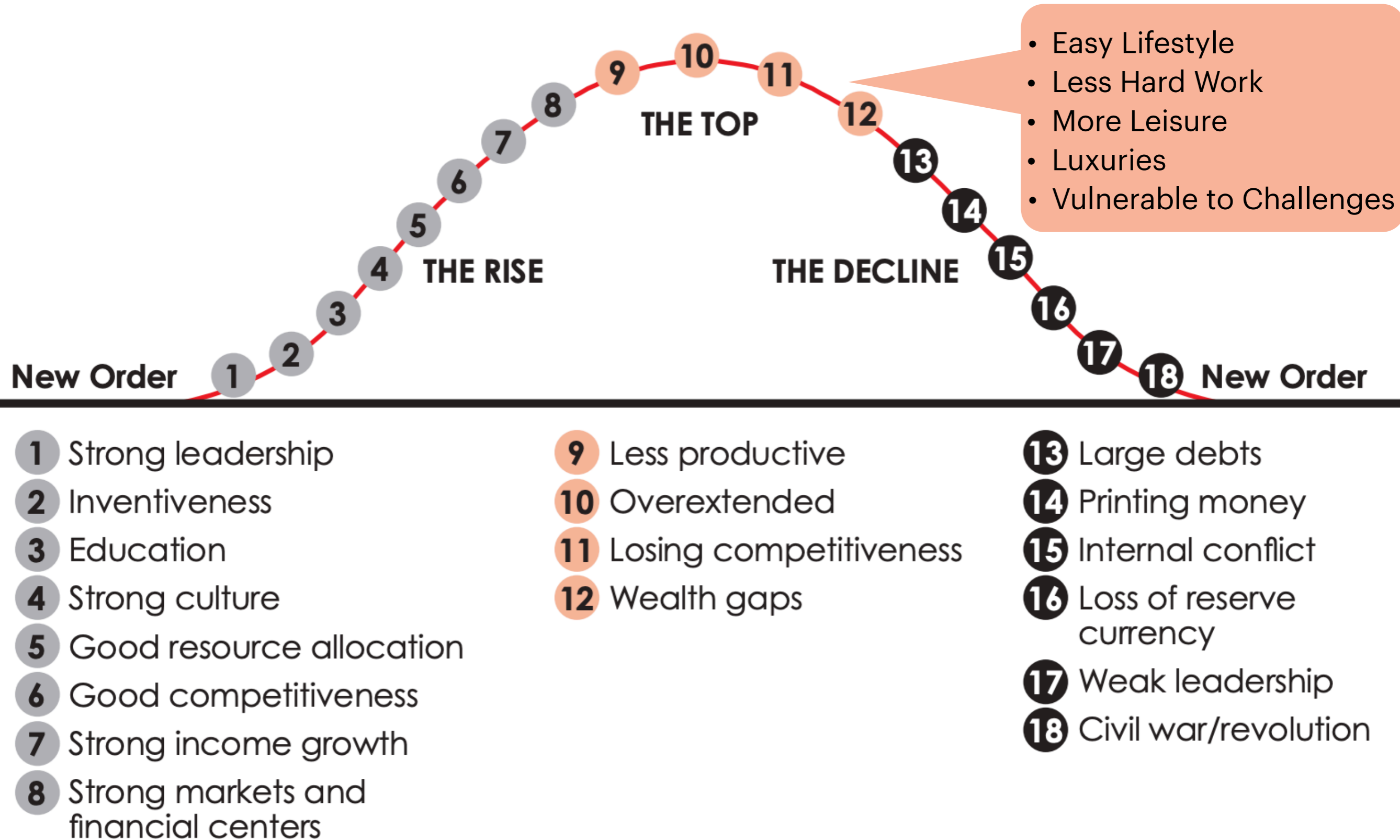
# THE ARCHETYPICAL RISE AND DECLINE BY DETERMINANT

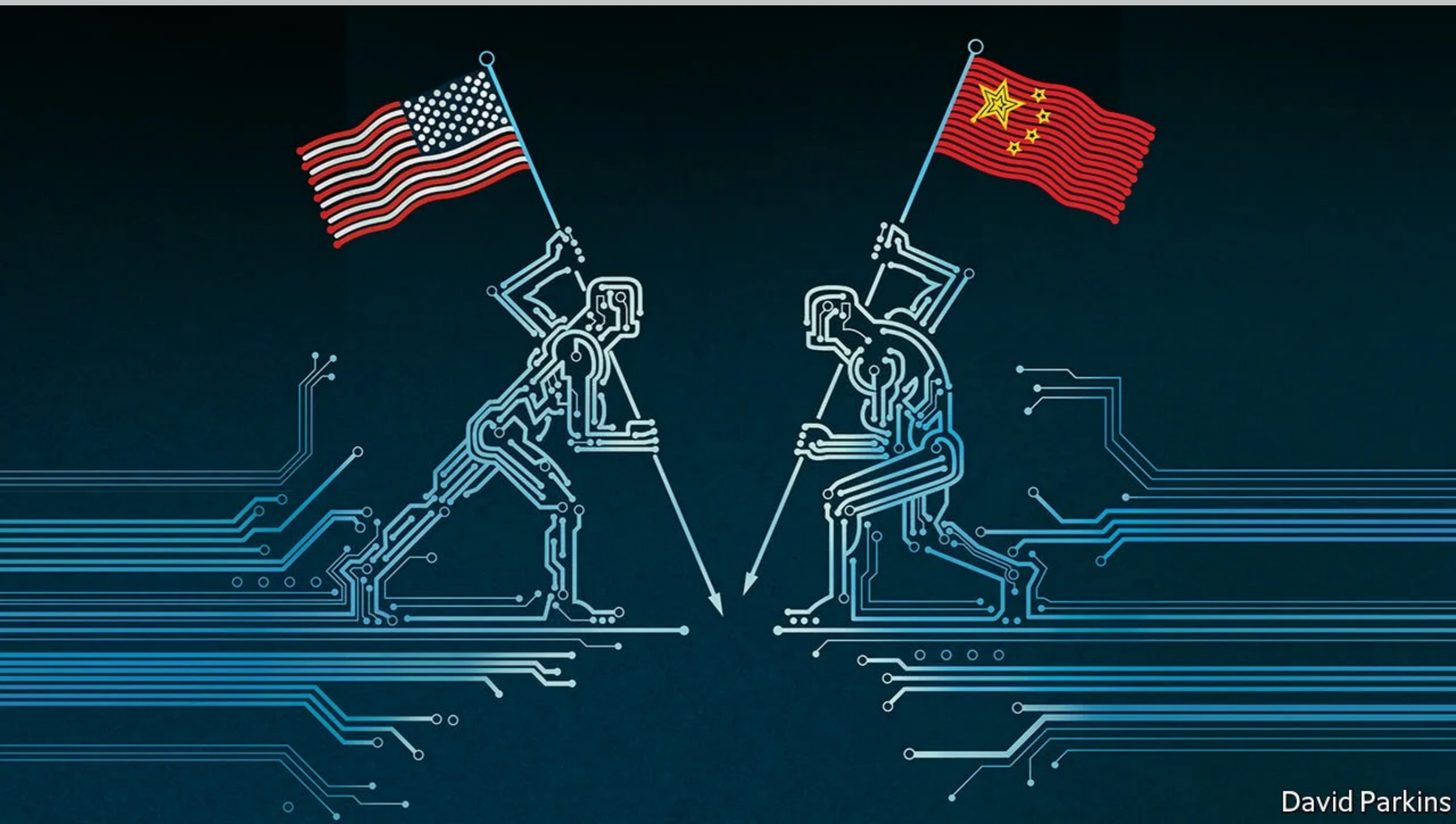


# THE ARCHETYPICAL RISE AND DECLINE BY DETERMINANT

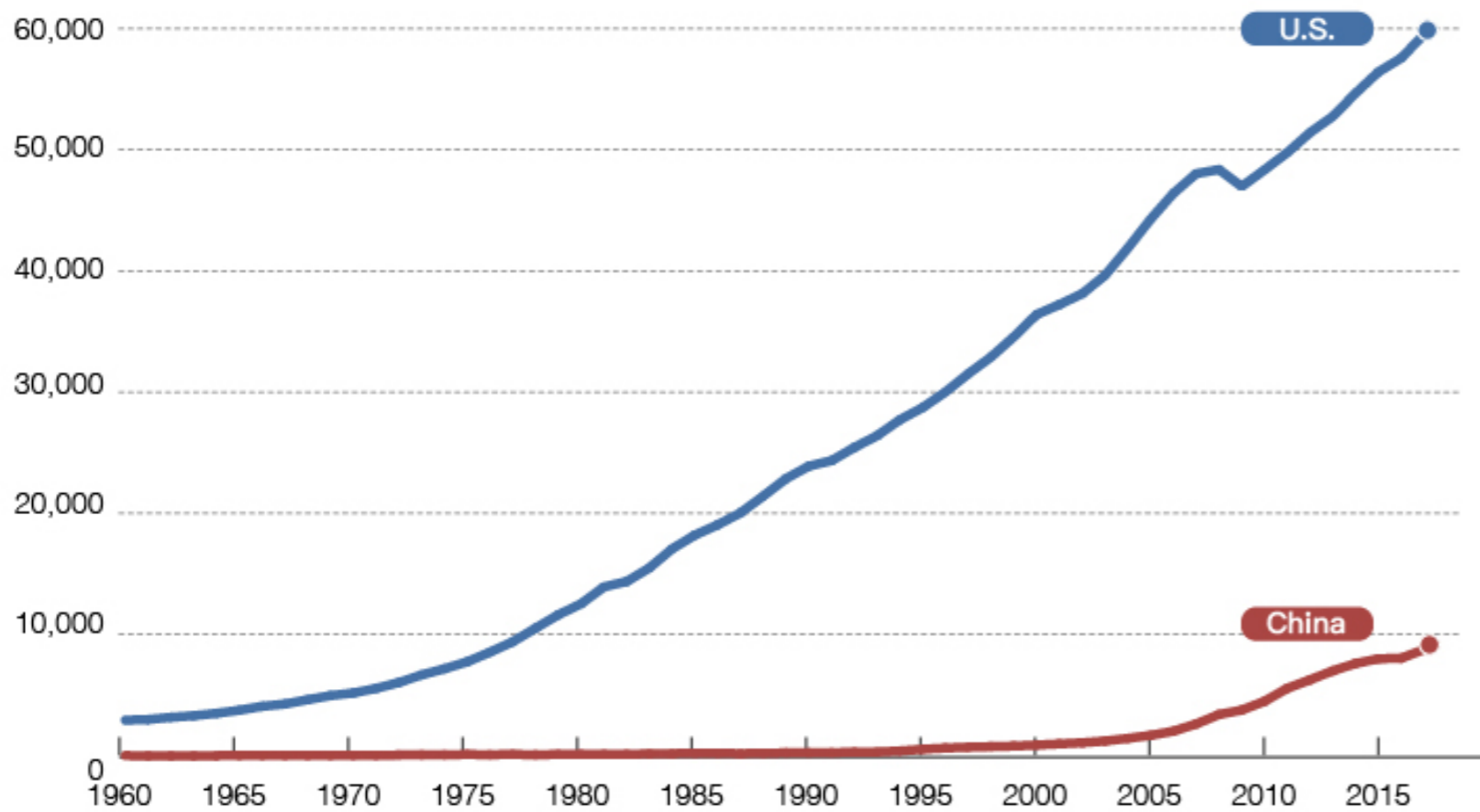


# 18 Determinants





### GDP Per Capita (in Current U.S. Dollars)

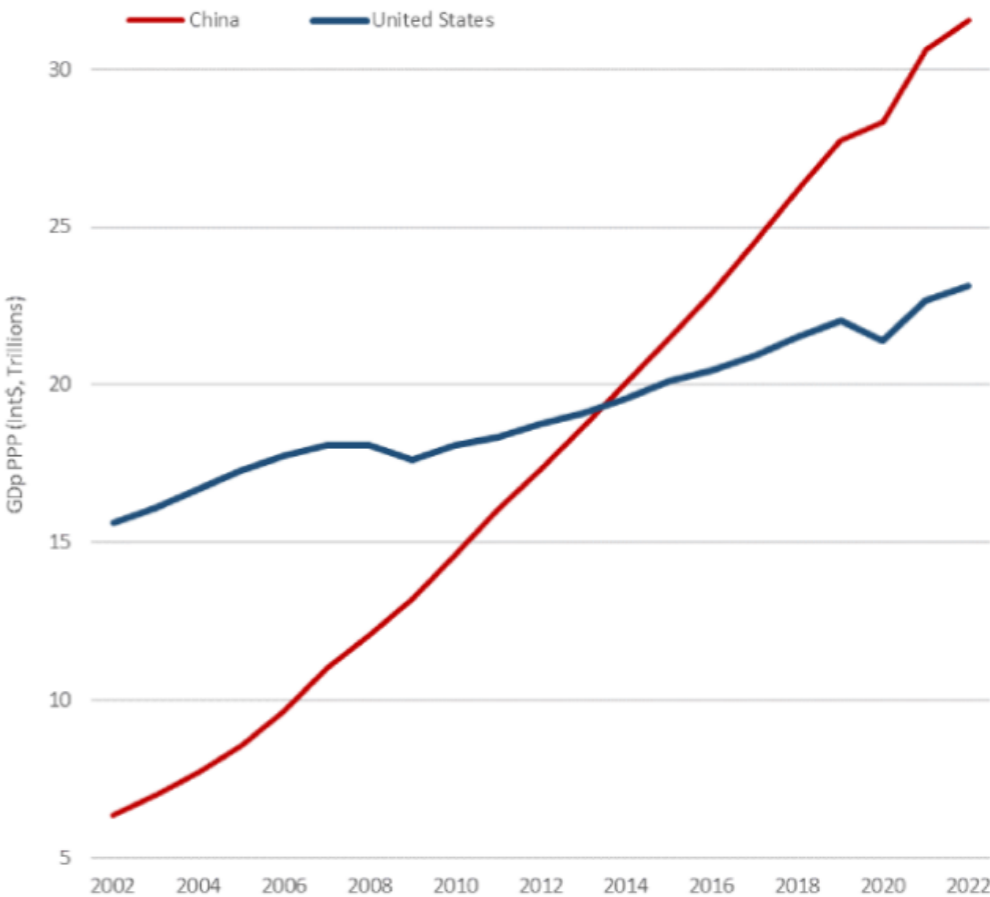


Source: World Bank

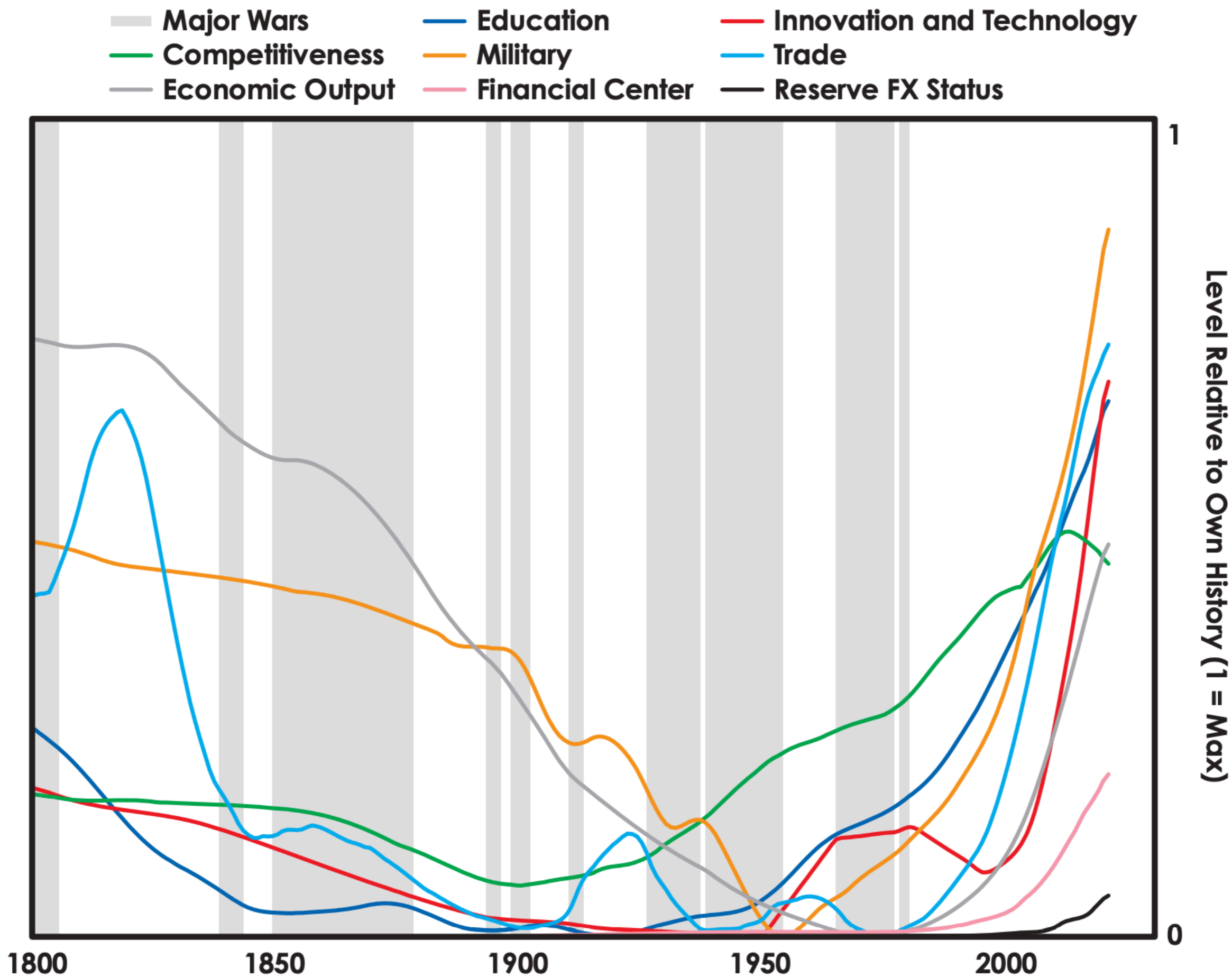
Caixin

### Chinese vs. United States GDP Growth 2002-2022

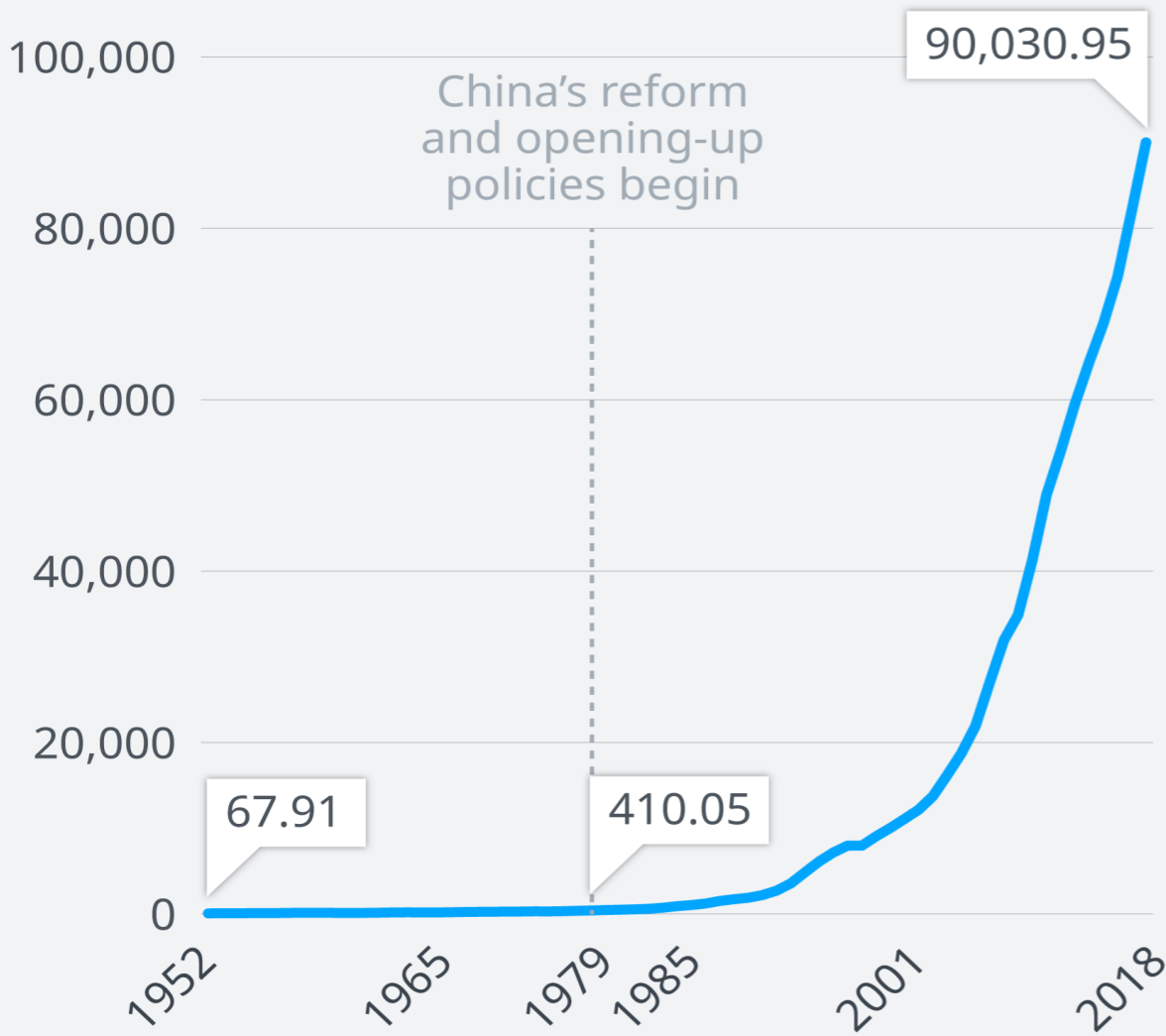
GDP PPP, Int\$, Trillions (2002-2022)



# CHINA: INDEX OF KEY DETERMINANTS



# China's GDP growth from 1952 to 2017

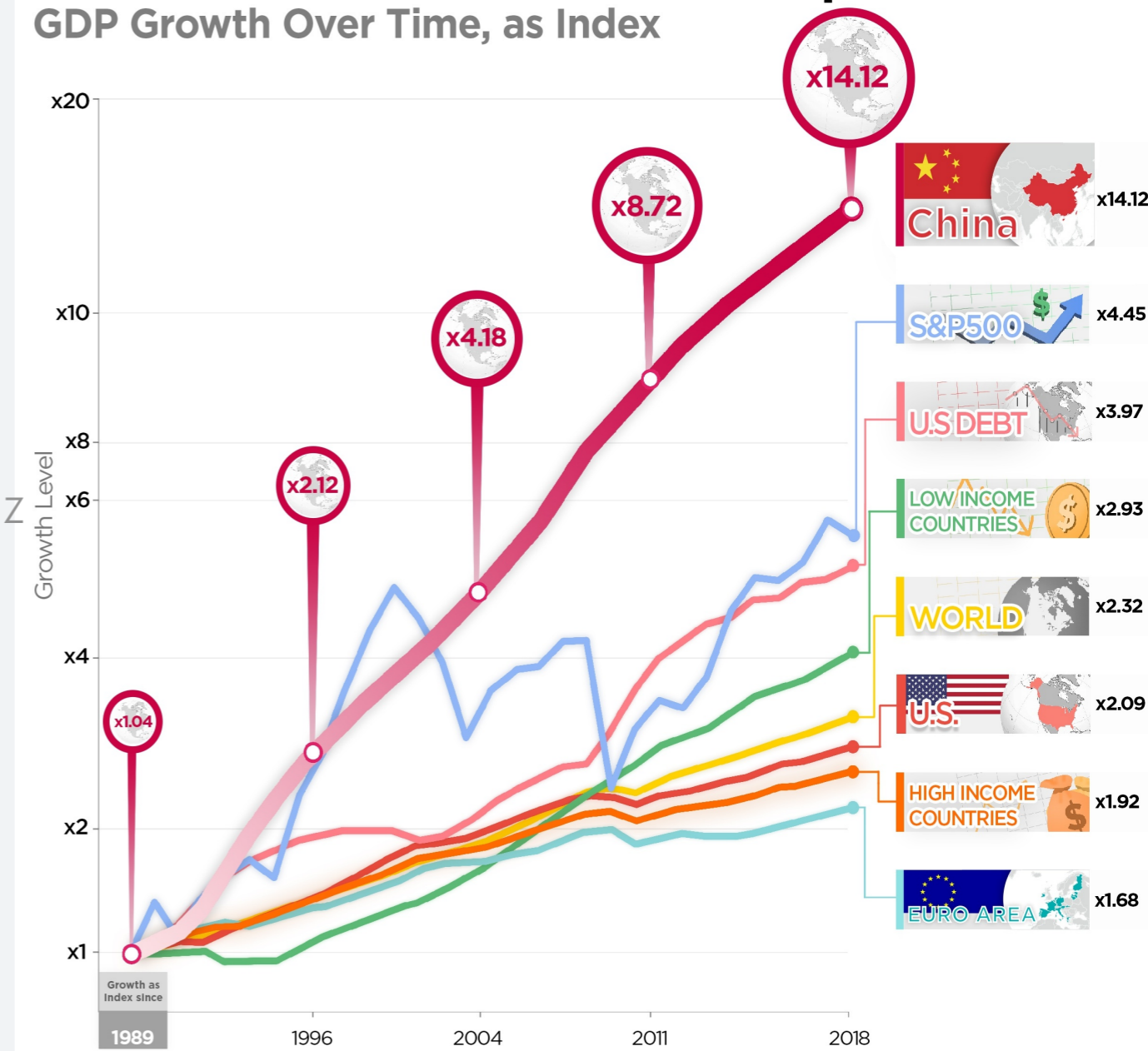


Source: NBSC

© DW

# China's Economic Growth in Perspective

GDP Growth Over Time, as Index

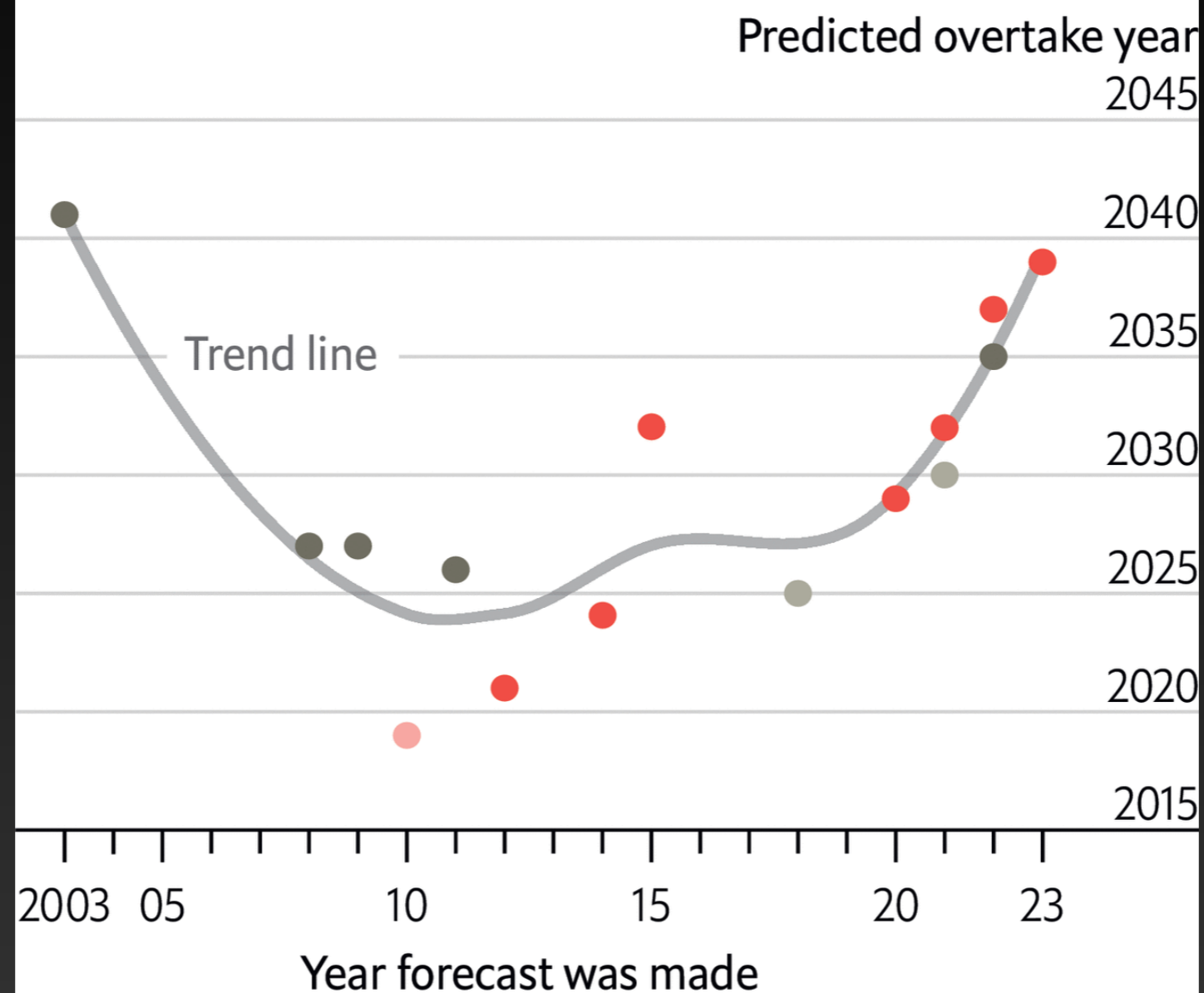


Article & Sources:  
<https://howmuch.net/articles/chinas-economic-growth-perspective>  
<https://howmuch.net/sources/chinas-economic-growth-perspective>

howmuch.net

# Forecasts of year China's GDP will overtake the United States'

Made by: ● Goldman Sachs ● EIU  
● OECD ● *The Economist*



Sources: Goldman Sachs; OECD; EIU; *The Economist*

**The Economist**

## **Ray Dalio writes about China in Chapter 12**

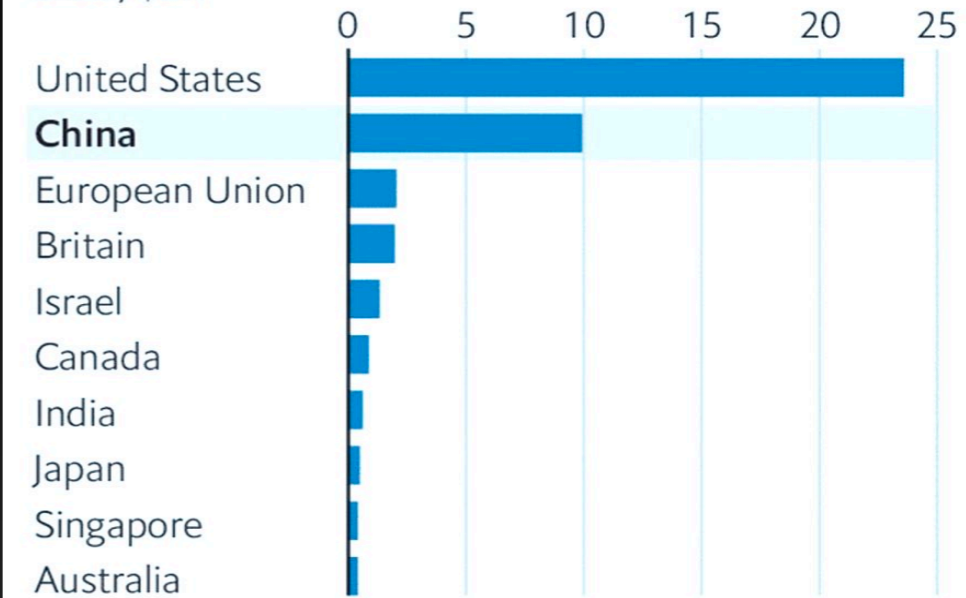
**After his many visits to the country in the last 40 years.**

- China was so poor, but the poverty was widely shared between all population.
- Per capita income was less than \$200 a year.
- I gave out \$10 calculators as gifts, and even the highest-ranked people thought they were miraculous devices.
- I remember being on the 10th floor of CITIC's "Chocolate Building" to give a lecture. I pointed out the window at the poor neighbourhood below us and told my audience that it would not be long after they would be gone and skyscrapers would stand in their place. "You don't know China," they said in disbelief.
- Deng came after Mao and started major reforms:
  - **Economic reforms and opening up.**
  - Established full relation with US.
  - New constitution.
- Deng's 70 years plan to: double income, quadruple GDP, and increase per capita GDP
- Globalisation: the world wanted to include China
- China built the American goods on a buy now pay later manner. They loaned US to buy their products and they were happy cause they saved in the global reserve currency.
- US were willing to get into debt to finance their over consumption while China saved and become richer and richer. Chinese value savings.

# The Race of AI

- Global AI market size in 2023: USD 150.2 B
- 36% growth is predicted by 2030 reaching a revenue of USD 1,345.2 B

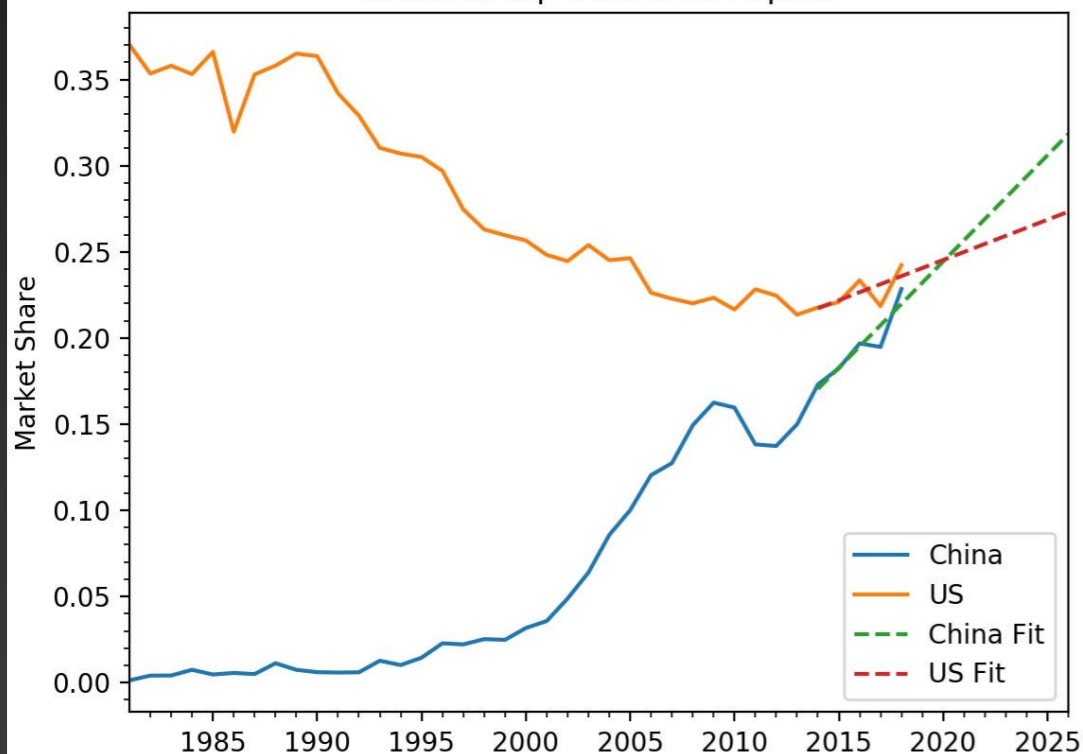
Private investment<sup>†</sup> in artificial intelligence  
2020, \$bn



\*January 19th †Into unlisted companies

Sources: Refinitiv Datastream; PitchBook; Stanford University

Share of top 50% of AI Papers



AI PATENT FILINGS (% of WORLD TOTAL) by GEOGRAPHIC AREA, 2010-21

Source: Center for Security and Emerging Technology, 2021 | Chart: 2022 AI Index Report

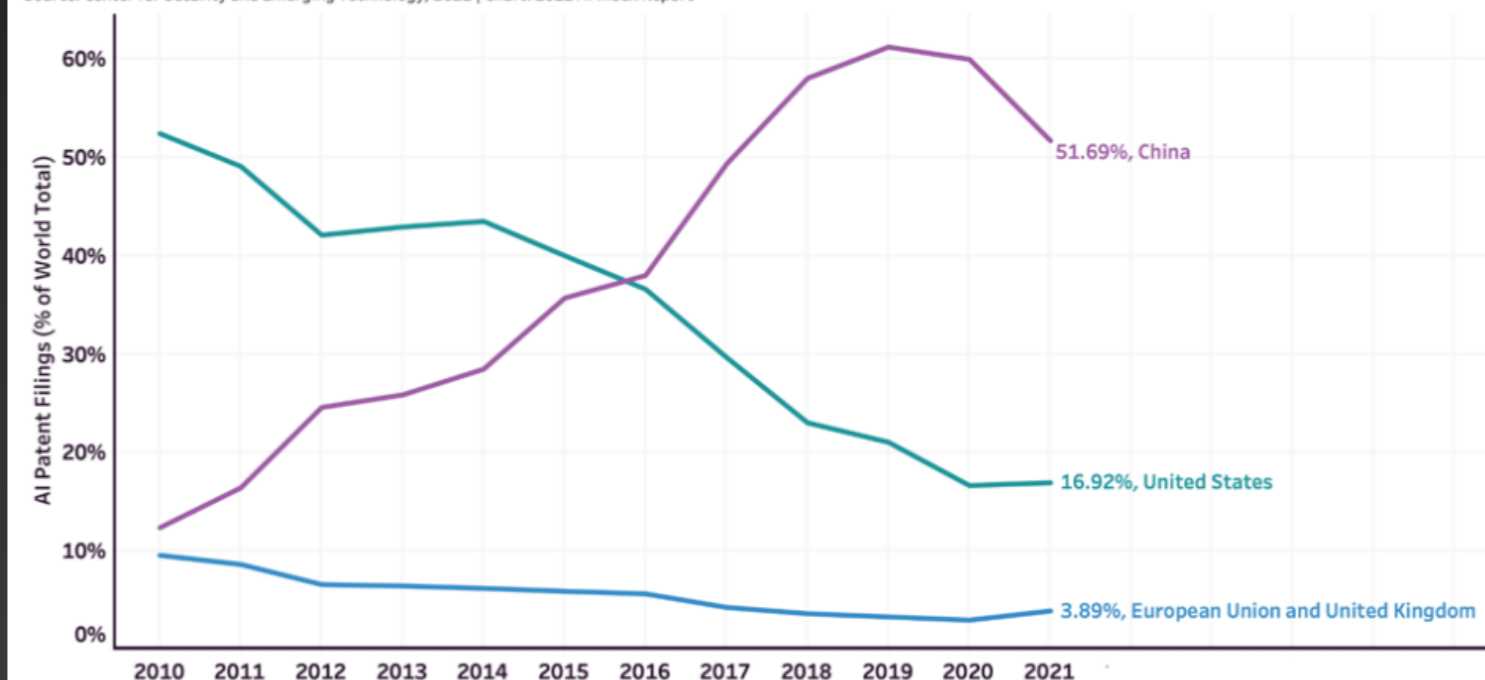


Figure 1.1.25a

# Crypto Regulations

San Francisco was set to become "the blockchain capital of the world" but lost its status because of hostile US government policy and regulatory crackdowns, according to Chris Larsen, co-founder and executive chairman of crypto pioneer Ripple.

London, Singapore and Dubai are now bigger hubs for the blockchain industry because the federal government forced operations to move overseas, he said in an interview with Bloomberg Television.

"They pretty much killed San Francisco from being what it was," Larsen said. "We owned it and we don't anymore because the Biden administration for whatever reason decided they want to push this industry offshore".



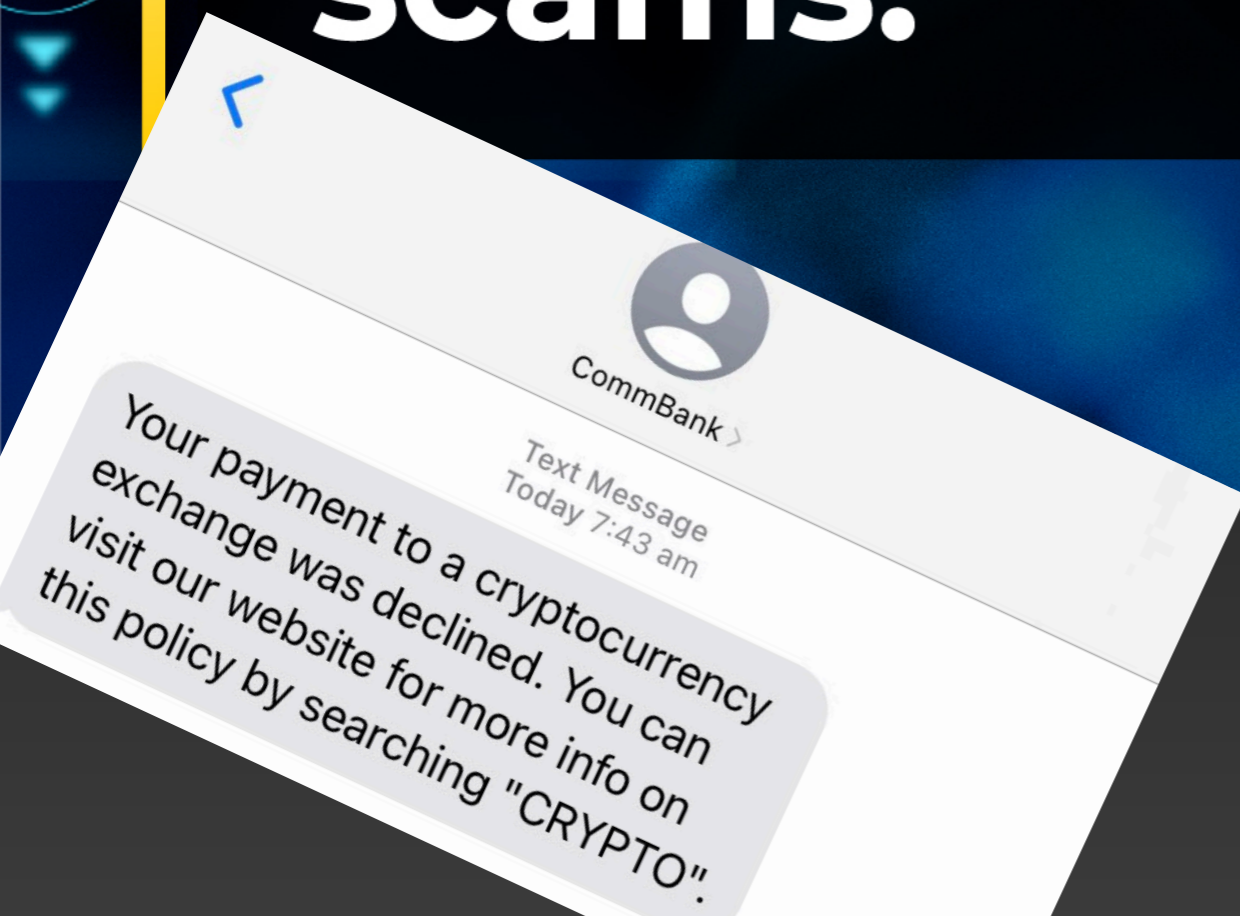
San Francisco lost chance to be world's "blockchain capital", crypto billionaire says

Bloomberg

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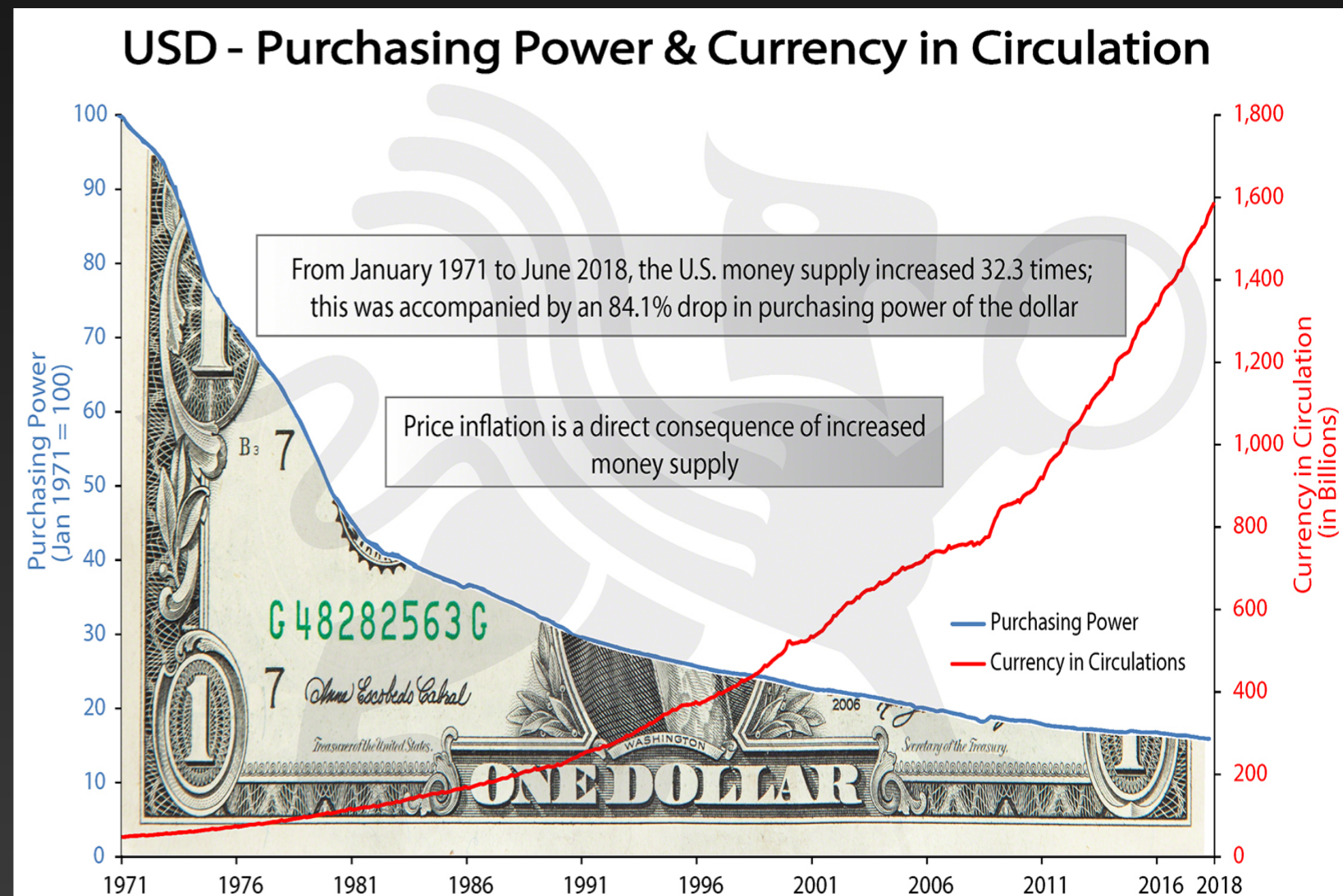


# Major Australian Banks crack down on crypto scams.



# Dollar devaluation - What can replace USD?

- Beijing has big ambitions for the **Chinese Yuan**.
- **Gold** is making a comeback as a store of value.
- **Digital Currencies** and crypto are eyeing a slice of the USD pie.
- The **Euro** is already the world's second most commonly held reserve currency.
- The emerging **BRICS** nations are eyeing a common currency.

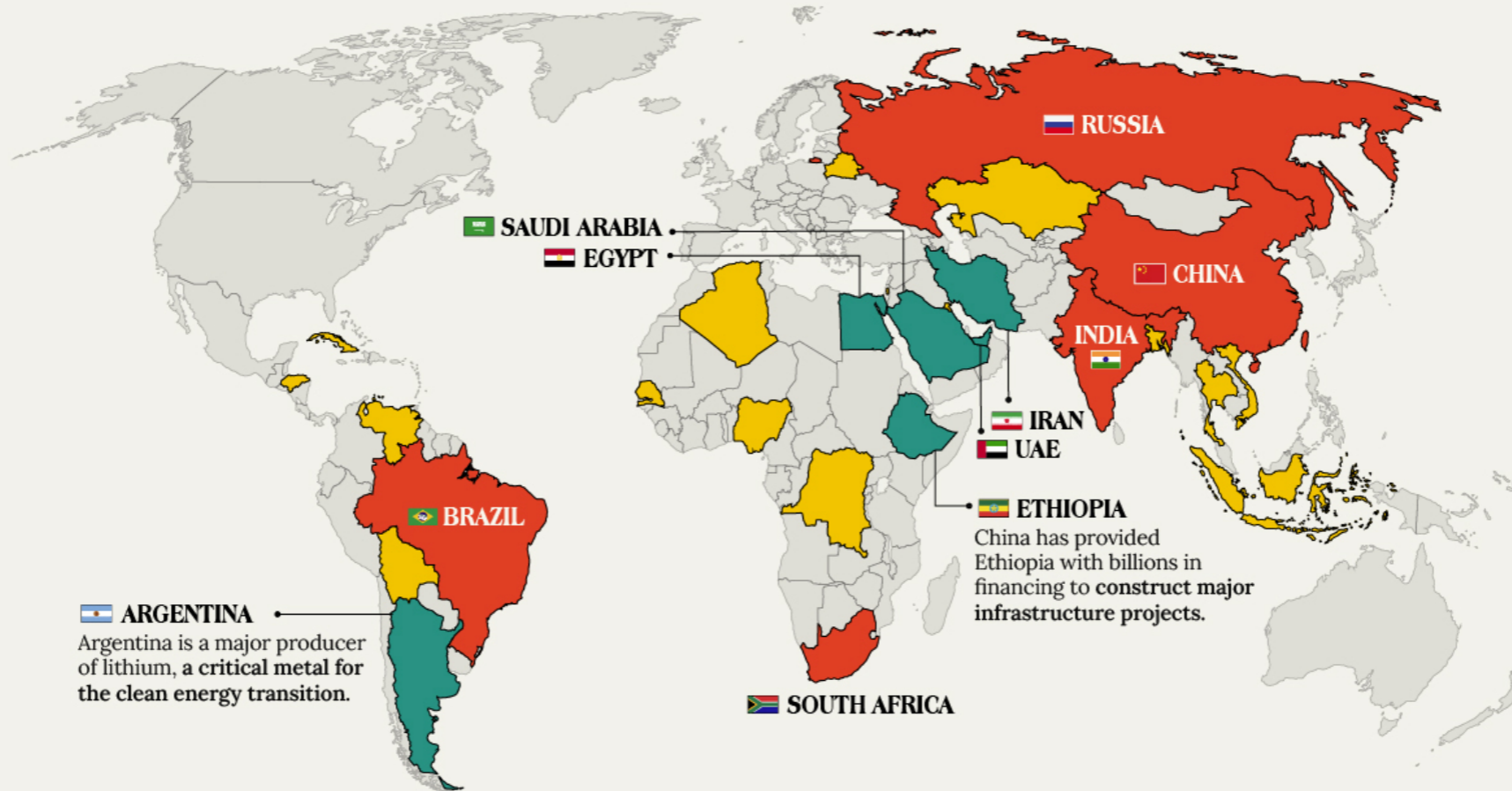




# VISUALIZING THE 2023 BRICS EXPANSION

BRICS, a bloc of developing countries formed in 2010, is set to welcome six new members at the beginning of 2024.

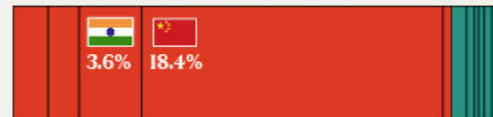
▲ Members ▲ New Members ▲ Applied for membership



## SHARE OF GLOBAL

GDP 2023 EoY PROJECTION

BRICS total with new members



29%

Saudi Arabia is the only trillion-dollar economy being added to BRICS.

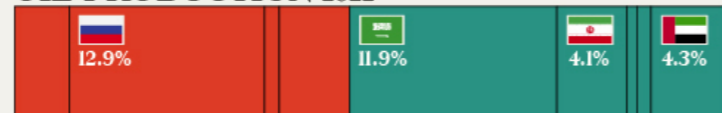
POPULATION 2023



46%

Adding high-population-growth countries like Ethiopia means BRICS could soon represent over half the world's population.

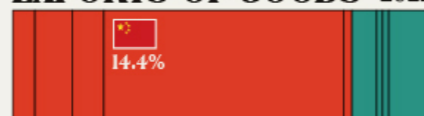
OIL PRODUCTION 2022



43%

The addition of Saudi Arabia, Iran, and the UAE will more than double BRICS' share of global oil production.

EXPORTS OF GOODS\* 2022



25%

BRICS' share of global exports will increase slightly, continuing to be led by China.

\*Merchandise trade only.

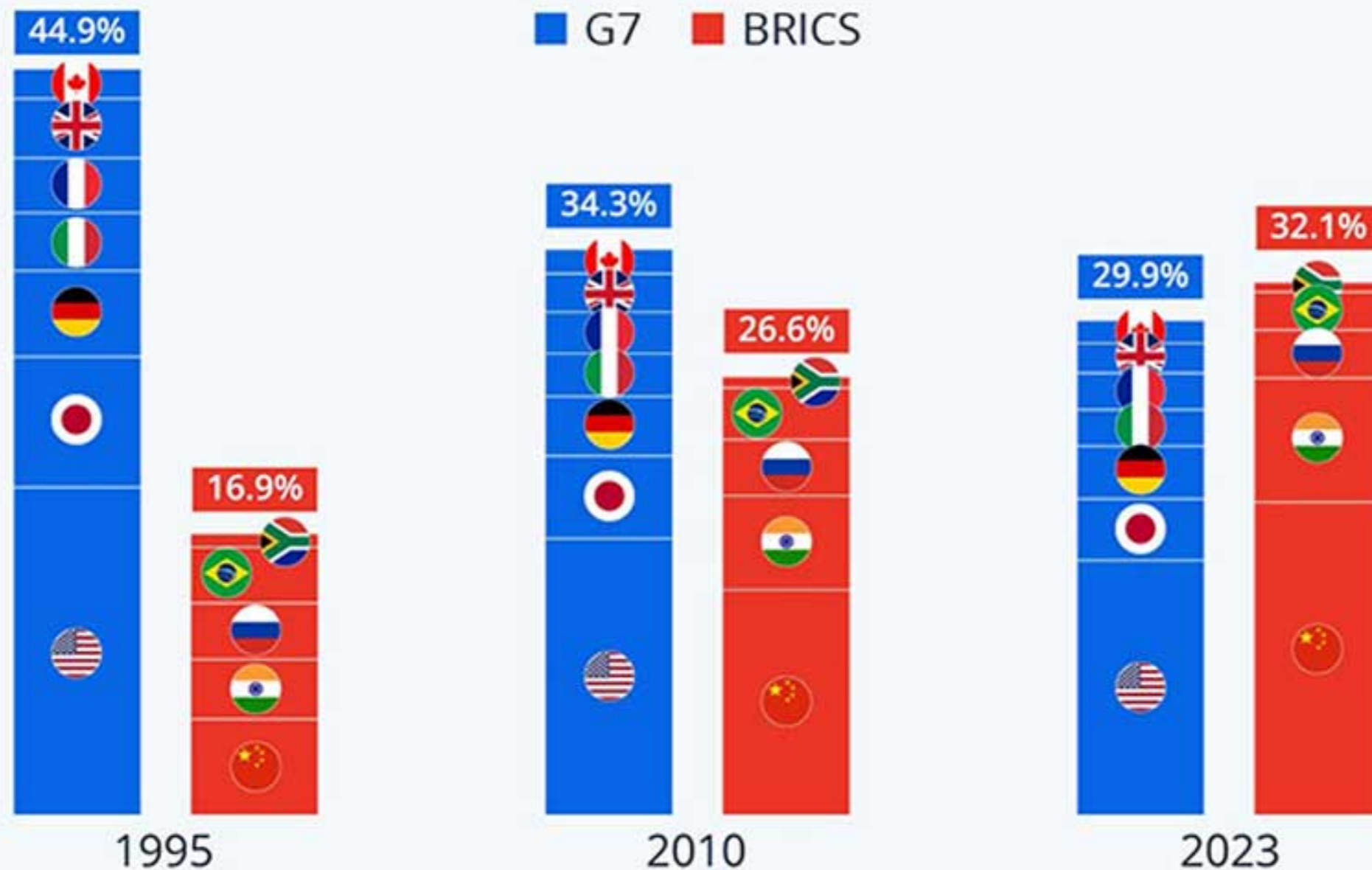
Sources: IMF, World Population Review, EI Statistical Review of World Energy, World Trade Organization

visualcapitalist.com



# The Rise of the BRICS

G7 and BRICS countries' share of global GDP at purchasing power parity



2023 data based on IMF estimates as of April 2023

Source: IMF World Economic Outlook





**SAUDI ARABIA'S CROWN PRINCE MBS SAYS HE IS NO LONGER INTERESTED IN PLEASING THE US**

Crypto.Dreams



Entrepreneurship Facts  
IG: @entrepreneurshipfacts



@intelligentcryptocurrency

**FRANCE'S PRESIDENT MACRON SAYS EUROPE MUST REDUCE ITS DEPENDENCY ON THE US**

Bitcoin Magazine  
@BitcoinMagazine

**ELON MUSK BLAMES THE FED FOR MAKING COUNTRIES WANT TO DITCH THE US DOLLAR.**



**BRAZIL, RUSSIA, INDIA CHINA AND SOUTH AFRICA ARE DEVELOPING A NEW CURRENCY (BRICS)**

Crypto.Dreams

JUST IN

Malaysia's Prime Minister says there's no longer a need to depend on the USD



COINSAUCE NEWS

Malaysia



Entrepreneurship Facts  
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**INDIA OFFERS TO SETTLE TRADE IN RUPEE IN EFFORT TO DITCH THE US DOLLAR**



@intelligentcryptocurrency

**CHINA AND MALAYSIA WORK TOGETHER TO REDUCE DEPENDENCE ON U.S. DOLLARS!**

JUST IN: 🇺🇸 Malaysia Prime Minister says there is no reason to continue depending on the 🇺🇸 US dollar after visiting 🇨🇳 China last week.



**61% OF AMERICANS ARE LIVING PAYCHECK TO PAYCHECK**

Crypto.Dreams

# Takeaways

- 75 years from the latest re-ordering
- Looks like the end of a debt cycle
- Large US debts (account balance of \$219.3 bn deficit - China surplus of \$65.3 bn)
- Current monetary system does not work well (collapse of gold standard, and high inflation)
- Governments are giving out money
- Central banks are printing money (US M1 \$4.3 tr start of pandemic to \$18.4 tr today)
- Big wealth and power gap
- A Rising world power is competing with the leading power
- Countries have started to ditch USD

Are the cracks starting to appear?!

Is a big shift happening restructuring the world's perspective.