



2023: A NEW GLOBAL FINANCIAL ARCHITECTURE ON THE HORIZON?

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The 2008 crisis dealt a serious blow to the global monetary and financial system controlled by the West, the US to be precise. Its consequences are still with us today. In particular, the traditional tools of macroeconomic management have all but collapsed and the system has gone into manual management mode, with unprecedented dollar printing and debt sales, to cover federal deficits in 2020 and 2021. Measures taken collectively within the G20 gradually came to naught as it appeared that the system could work as it was: simply for lack of alternatives, however threadbare it might be.

The unprecedented sanctioning of Russia as part of the open economic war launched by the West is dealing a second and seemingly even more powerful blow to the system. Not only is its universality, and therefore its legitimacy, undermined, but most importantly, its credibility. The very market principles on which it was supposedly built are literally being undermined. In fact, all its institutions - IMF/IB, OECD, Basel BIS, EBRD (up to one-third of its portfolio was once accounted for by projects in Russia) and, finally, WTO, where Washington has blocked the trade dispute settlement mechanism from functioning properly. At the very least, they do not provide an answer to the global development crisis that has been most evident in the last decade.

In the early 1970s, the Americans unilaterally reissued the Bretton Woods system, abandoning the gold standard and getting a free hand as the issuer of the world's main reserve currency. Can this trick be repeated twice, freezing the foreign currency reserves of foreign countries which - in the absence of an officially declared war - enjoy sovereign immunity and setting "price ceilings" on world markets?

This question is answered, albeit without the proper specifics, by a recent article by Wally Adeyemo, which appeared in the Foreign Affairs magazine on "America's New Sanctions Strategy". The author gives a frankly bureaucratic account of the work of the relevant working group of the US Treasury and the previously established group with the State Department that produced the first review of US sanctions policy since the September 11, 2001 attacks. According to the author, all measures and recommendations are working. Although the author overlooks the failure of the West to engage the non-Western world in its sanctions blitzkrieg and



the "collateral effect" that Western countries, above all the EU, have to deal with, which is described as "a literal investment in the future international economic order".

But more importantly, it recognises that the system still needs to be adapted to the 21st century, in particular by modernising the "infrastructure for international payments". And while the word "inclusiveness" is mentioned, no answer is given as to how to reconcile this with maintaining Western control over the system. Indeed, it is widely recognised that the problem is precisely that the West has never resolved to make the system it controls truly inclusive, making do with palliatives. It is noteworthy that the issue of the effectiveness of sanctions on the Russian economy is treated in the long term - "for years and decades" - whereas what matters in terms of the interests of Western policy itself is what is happening now.

Be that as it may, it is clear that the US is ripe to reflect on the need to adapt its system to the qualitatively new global environment, without which it will not regain the trust of the rest of the world. The task is not an easy one, if only considering the number and importance of the issues that have so far been carefully circumvented. But this is perhaps one of the most important global consequences of the current crisis in Western relations with Russia.

It is time for us and other non-Western countries to begin and accelerate work on alternative institutions and mechanisms, including within BRICS and the SCO, which would ensure our national interests and sovereignty in the monetary and financial sphere. Without this, it is difficult to speak of sovereignty at all. And this, I believe, is one of the main conclusions from the experience, not only of this year, but also of the 30 years since the end of the Cold War and the whole post-war era. At a time when geopolitics is increasingly involving geoeconomics and interdependence is becoming a weapon, it is hard to imagine a greater contribution to international security and stability.

