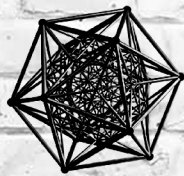


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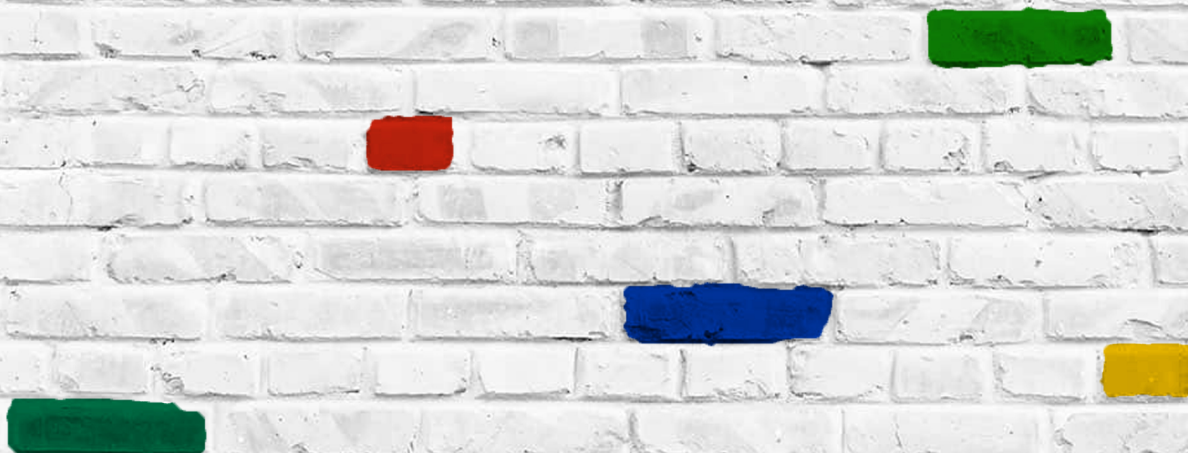
Entangled

MAGAZINE

VOLUME-88 SEPTEMBER 2024



All in all...



Entangled Magazine

BRICS:

The New Global Economic Paradigm

Volume 88 September 2024

**Published
by
Anthony Patch**

**Edited
by
Kathleen Patch**

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Cover Image: Borrowing from the 1979 album "The Wall" by the rock group, Pink Floyd, we are portraying the efforts by the BRICS membership to de-dollarize the debt-based global economy, while ushering in one based upon assets.

Democracy is gone, socialism reigns, education equates to indoctrination, and free/critical-thinking of the masses is dead. A financial "wall" is being constructed against the present U.S. dollar-dominant economic system which will render all other currencies obsolete, and introducing/making way for the global blockchain system's central bank digital currencies (CBDC).



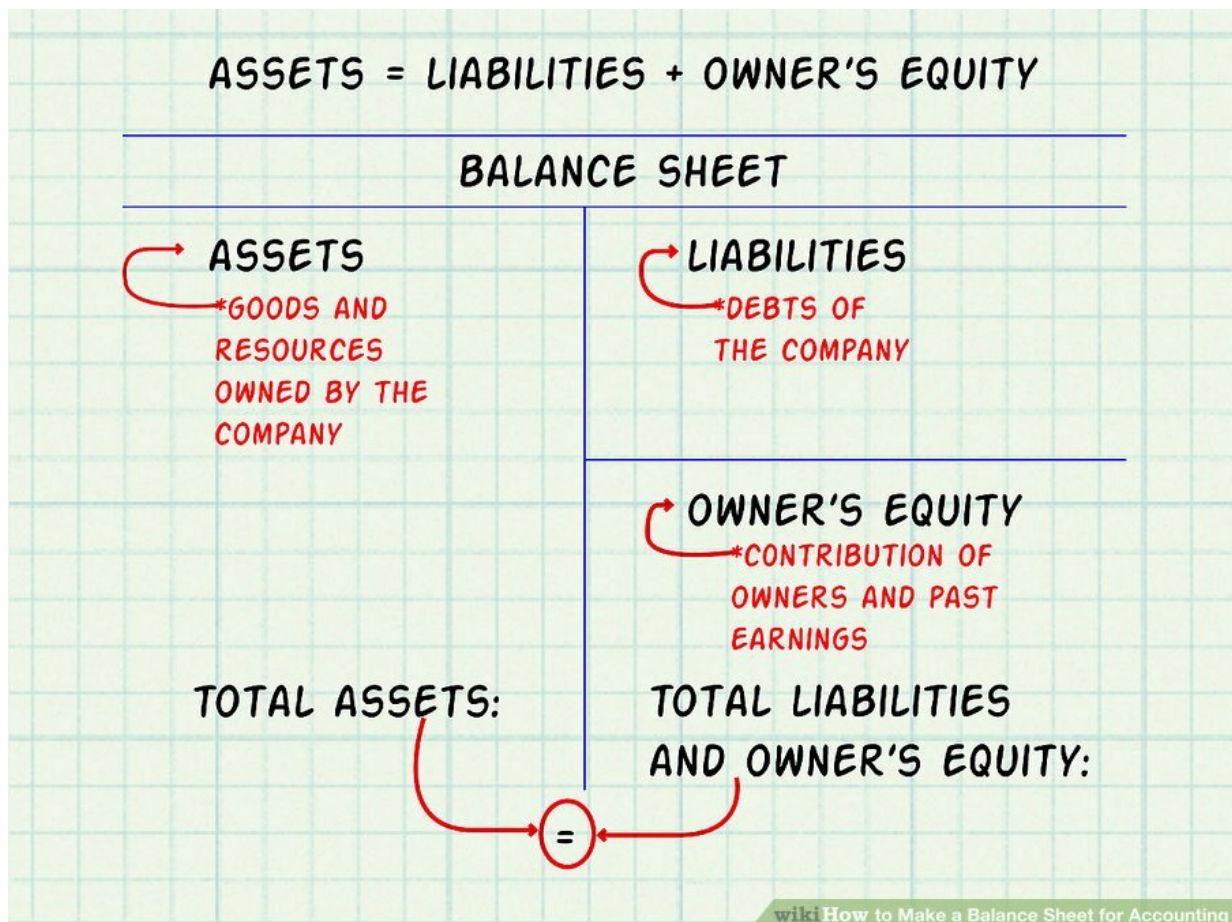
New Global Economic Paradigm

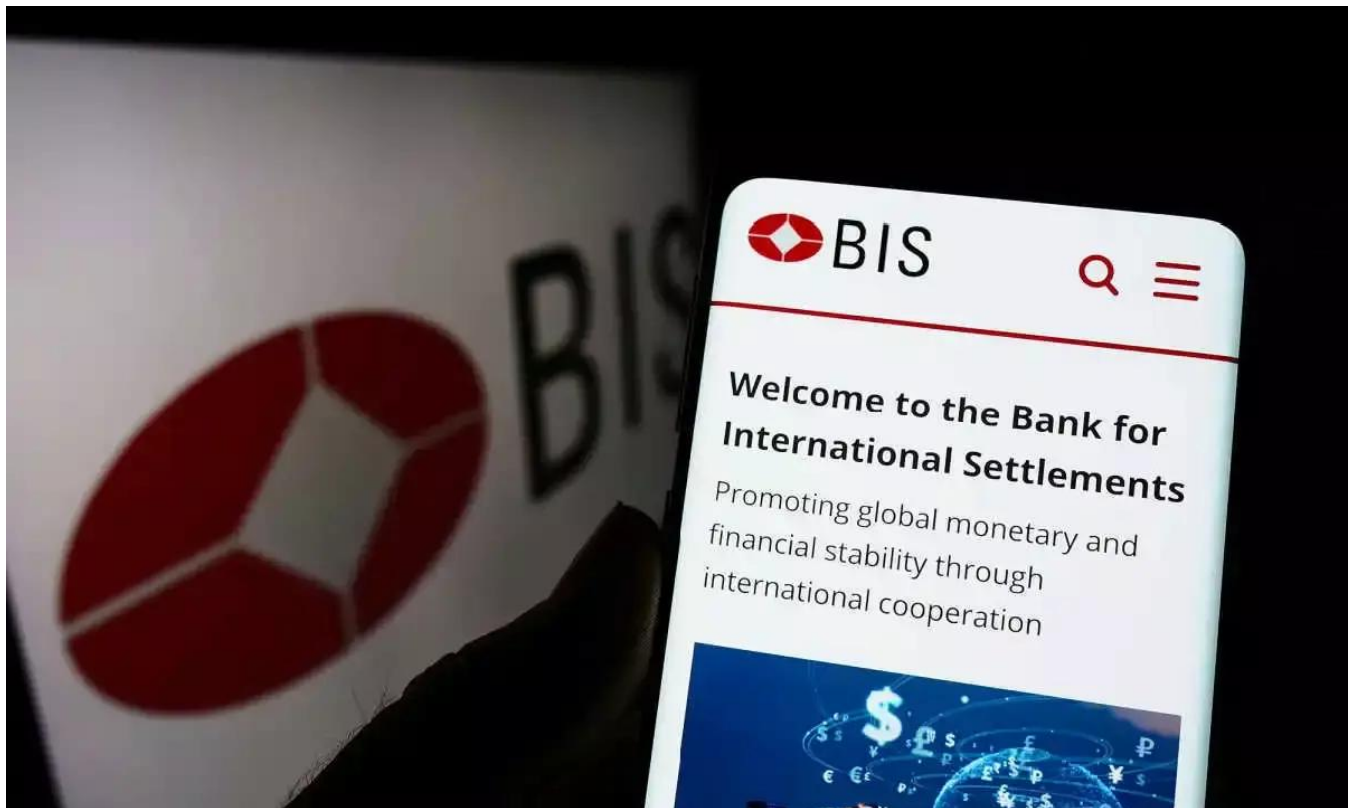
With the advent of the BRICS organization and in collaboration with the Bank for International Settlement's Project mBridge, a paradigm shift from the current debt-based model to an asset-based economic model is well underway.



Inherent to the present debt-based economic model, profits are realized through payments on interest, while, in an asset model, profits are generated within trading relationships. These profits are valued in sovereign currencies, backed by tangible physical assets such as precious metals and commodities in general. Therefore, unlike debt-based currencies, asset-based sovereign currencies, including CBDCs, retain their value as reflected in the true market value of their underlying tangible assets.

Within the ledgers of a debt-based system, two columns record assets and liabilities. However, these are not true assets, rather, they, too, are liabilities. In this system, assets reflect the payment of interest on debts incurred during the purchase of such assets (i.e. liabilities). Therefore, when a shift is made away from a debt-based system, both the assets and liabilities, simultaneously, are reduced to zero within the ledger.





The replacement, as envisioned by the Bank for International Settlements (BIS), for the current debt-based system is a true asset model, whereby profits are generated within trading members of BRICS. Profits are no longer denominated in U.S. dollars, rather, in a new reserve currency backed by a singular reserve basket of the member's sovereign digital currencies.



Once the BRICS nations establish a new reserve currency, this would significantly impact the US dollar, leading to a sharp decline in demand, referred to as de-dollarization. Presently, 60% of foreign currency reserves held in U.S. dollars is down from 70%.



During the **14th BRICS Summit**, held in mid-2022, Russian President Vladimir Putin said the BRICS countries plan to issue a "new global reserve currency," and are ready to work openly with all fair trade partners.

At the 2023 BRICS Summit, six countries were invited to become BRICS members: Argentina, Egypt, Ethiopia, Iran, Saudi Arabia, and the United Arab Emirates. All but Argentina officially joined the alliance in January 2024, doubling its membership from the original five members — Brazil, Russia, India, China, and South Africa.



A significant BRICS goal is to increase the use of local currencies for trade utilizing a BRICS Bridge digital currency platform to support trade with local currencies.

This adoption of blockchain technology and its digital currencies would usher in a new global economic paradigm.

BRICS

BRICS is an acronym for Brazil, Russia, India, China, and South Africa, a block of countries that formed a partnership to further economic cooperation among member nations, in contrast to the Western sphere of power.


The head of state of a member nation acts as the chairman of the group, rotating once a year. Informal meetings began in 2006 but the group's first official meeting was on June 16, 2009, in Yekaterinburg, Russia.

The BRICS nations, originally composed of Brazil, Russia, India, China, and South Africa, are looking to establish a new reserve currency backed by a basket of their respective currencies.


Currency basket

Definition

A group of securities whose weighted average is used to determine the value of an obligation or the value of another country. For instance, a country that does not peg the value of its currency to a single other currency, such as the U.S. dollar, could value its currency to the value of a currency basket comprised of Euros, U.S. dollars, and Japanese Yen.



BRICS RESERVE CURRENCY





WHAT IS A RESERVE CURRENCY?

AN MONETARY ASSET USED FOR TRADE AND STORE OF VALUE. GENERALLY USED BY ONLY BANKS & NATIONS


BRICS NATIONS ANNOUNCED PLANS TO CREATE A NEW RESERVE CURRENCY FOR TRADE WITHIN MEMBER NATIONS

GOAL IS TO SUPPORT TRADE OUTSIDE DOLLAR SYSTEMS. SEIZED US DOLLAR RESERVES BY US GOVERNMENT HIGHLIGHTED RISK OF STORING WEALTH IN A SOVEREIGN CURRENCY SUBJECT TO POLITICAL SANCTIONS

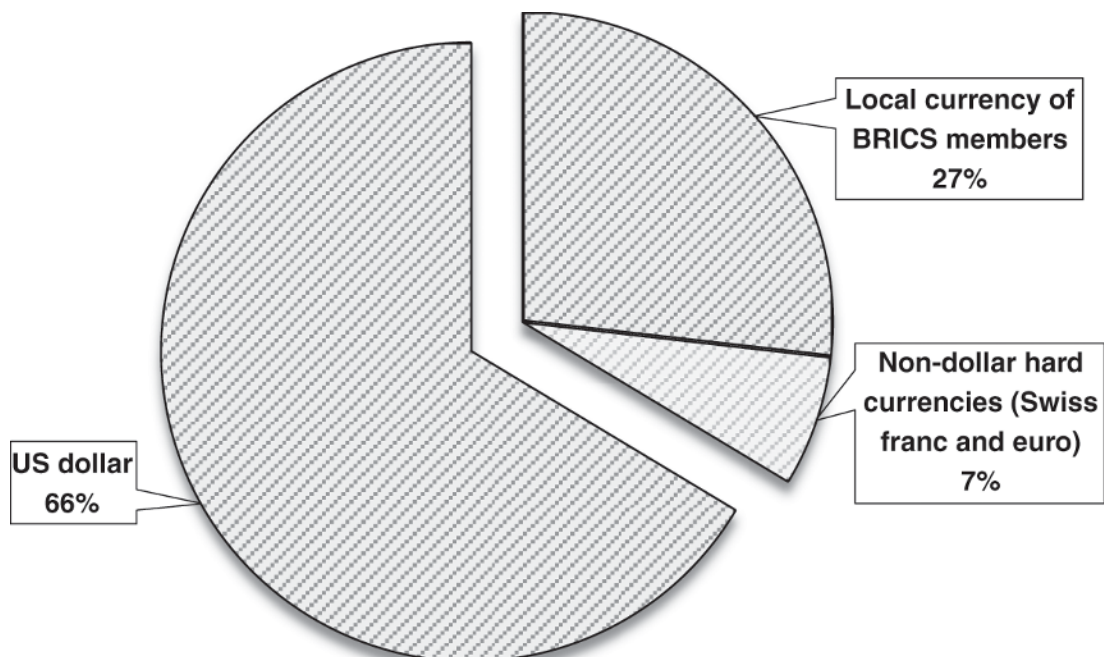


- ★ CURRENCY WILL BE A BASKET OF MEMBER NATIONS CURRENCIES, WEIGHTED TO GDP AND ASSETS
- ★ IN ADDITION, ASSETS HELD BY MEMBER NATIONS COULD CONTRIBUTE TO THE ALLOCATION THEY RECEIVED. APPROX 20 ASSETS (GOLD, OIL, COMMODITIES)
- ★ DIGITAL CURRENCY EXCLUSIVELY FOR CROSS BORDER PAYMENTS. NOT USED BY CITIZENS

CONCEPT REVEALED BY SERGEY GLAZYEV, RUSSIAN ECONOMIST. HE IS MINISTER IN CHARGE OF INTEGRATION AND MACROECONOMICS OF THE EURASIA ECONOMIC UNION (EAEU)


clever hummingbird

The current system is denominated by the U.S. dollar, accounting for approximately 90% of all currency trading. Until recently, nearly 100 percent of oil trading was conducted in US dollars; however, in 2023, one-fifth of oil trades were reportedly made using non-US dollar currencies.



In cooperation with the Bank for International Settlements (BIS), BRICS members are developing Project mBridge Ledger. This multi-sided payment platform connects member states' financial systems using payment gateways for settlements in central bank digital currencies.

The BRICS Currency Plan

Monetary Policy

The BRICS countries are working on a plan to create their own currency, with the possibility of establishing a monetary policy independent of U.S. influence.

Trade Agreements

The BRICS currency could make trade between these countries more efficient and potentially shift the balance of power in global trade.

Internationalization

The new currency could also challenge the role of the U.S. Dollar as the primary global reserve currency, potentially leading to a more multipolar system.

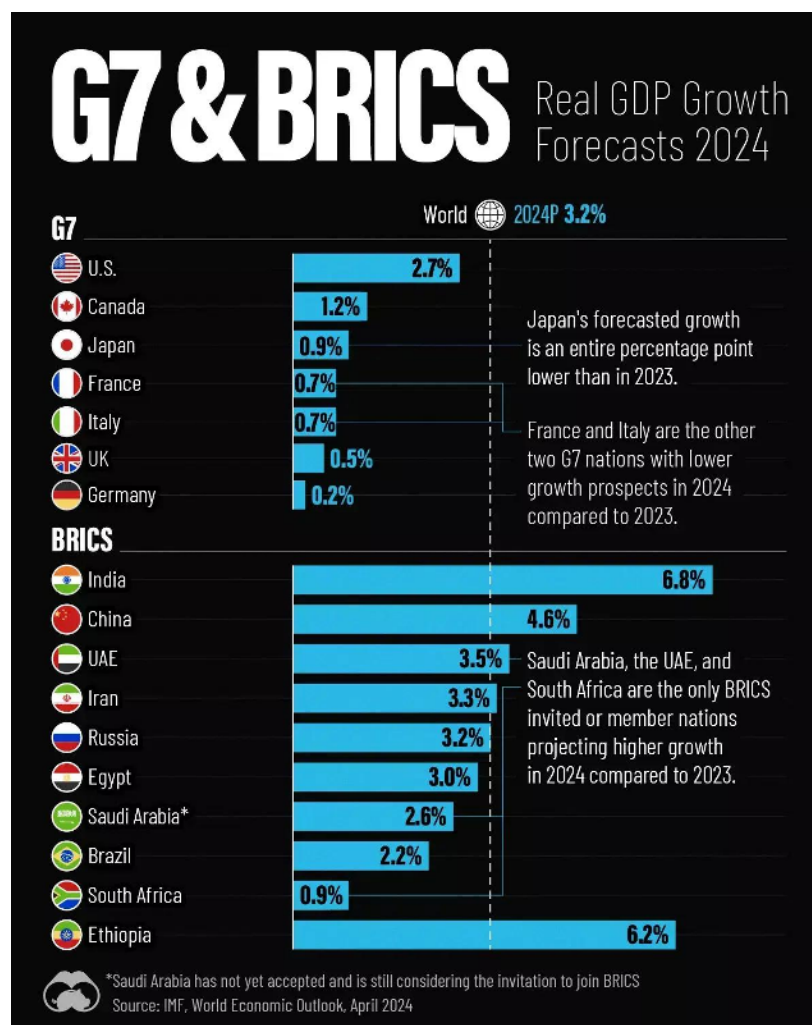
The planned system would serve as an alternative to the current international cross-border payment platform, the Society for Worldwide Interbank Financial Telecommunication (SWIFT) system, which is denominated in US dollars.

BRICS Membership

The next BRICS summit is scheduled to take place during October 22-24, 2024, in the southwestern Russian city of Kazan.

The member organization began as a summit-level gathering between Brazil, Russia, India and China in 2009 and expanded to include South Africa two years later.

Since 2011, BRICS has grown in opposition to the Group of Seven (G7) of major developed economies.



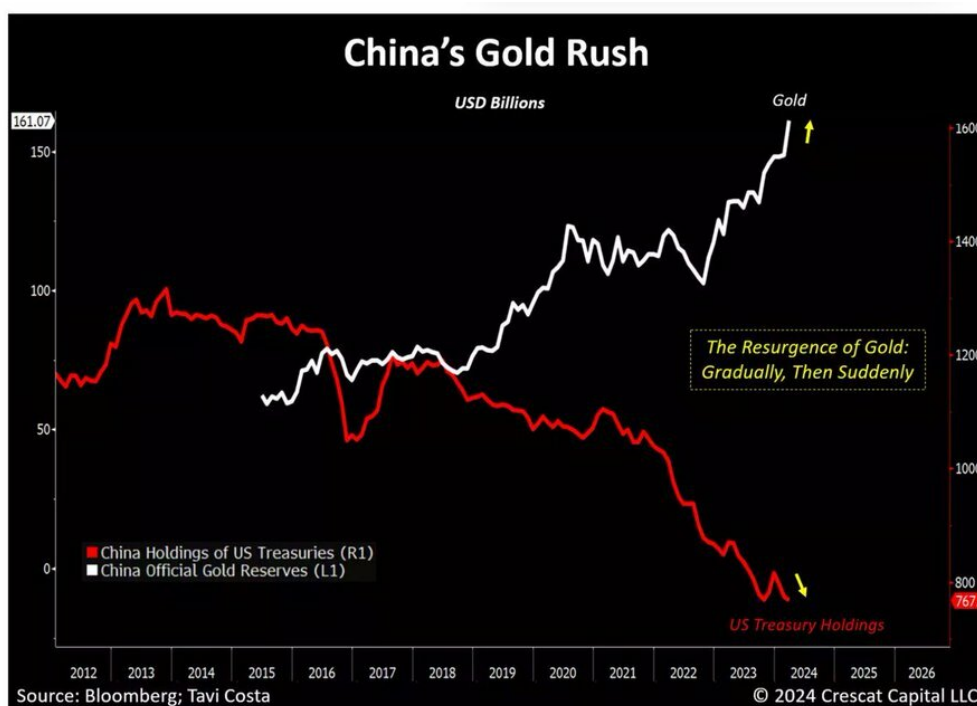
Currently, nearly three dozen countries that are seeking entry into the Chinese and Russian-backed group of major emerging economies.

This year, Russia has been accepting membership applications during its rotating chairmanship of the group. Since the beginning of 2024, Iran, Saudi Arabia, the United Arab Emirates (UAE), Ethiopia, and Egypt have been granted full membership in BRICS, further advancing the global de-dollarization movement.



Gold

Gold is the anchor of the new asset-based global financial ecosystem. The existing global gold supply, coupled with its gold mine production, places a limit on the amount of the newly created token, UNIT. Gold and local currencies are put into a reserve and stay there. The *on-reserve-forever* rule would apply leading to gold coming out of central bank reserves, investor portfolios, or the ground, and put into permanent storage.



Over the course of thirty years, BRICS members, both current and those seeking membership, have been repatriating and purchasing multi-metric tons of gold in anticipation of this new asset-based global financial ecosystem. This includes significant purchases of gold by the U.S. Federal Reserve bank.

UNIT Token

At the BRICS summit in Johannesburg in August 2023, [the group](#) mandated that BRICS finance ministers report back at the leaders' summit scheduled for October 22-24, 2024, in Kazan, Russia on the issue of local currencies, payment instruments, and platforms. At the June meeting of BRICS foreign ministers, participants emphasized the importance of enhancing the use of local sovereign currencies in global transactions. This reflects the work accomplished at the [St. Petersburg International Economic Forum \(SPIEF\)](#) in August 2023.



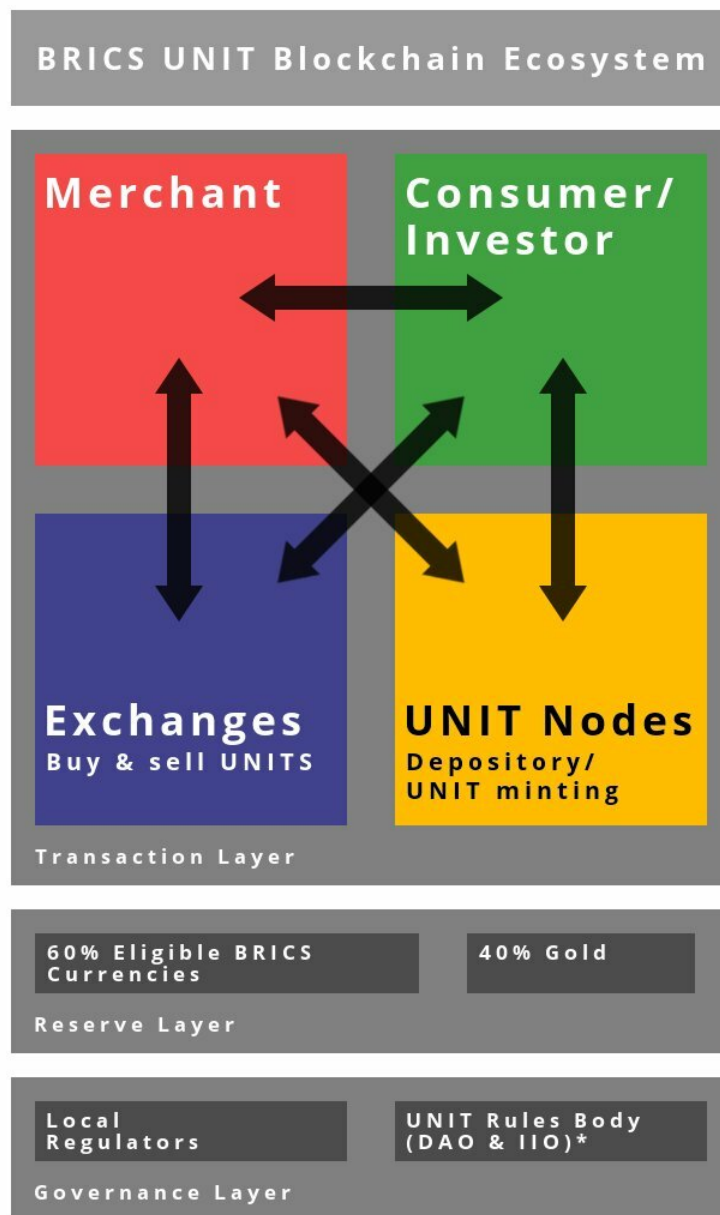
Following the June 2023 meeting of *SPIEF foreign ministers*, BRICS established a blockchain-enabled payment system using the digital asset *UNIT*. Each UNIT is backed by a reserve basket with the following characteristics:

- ***Includes 40% gold***
- ***60% balance is made up of participating BRICS currencies which are convertible into gold***
- ***No one currency has a greater than 30% weight in gold terms***



* The white paper envisions UNIT ecosystem governance to be structured as a Decentralized Autonomous Organization (DAO) that would be enhanced by cooperation with an international intergovernmental organization (IIO) with a legal personality facilitated by the 1980 Budapest Convention.

Source: INK Research, July 2024

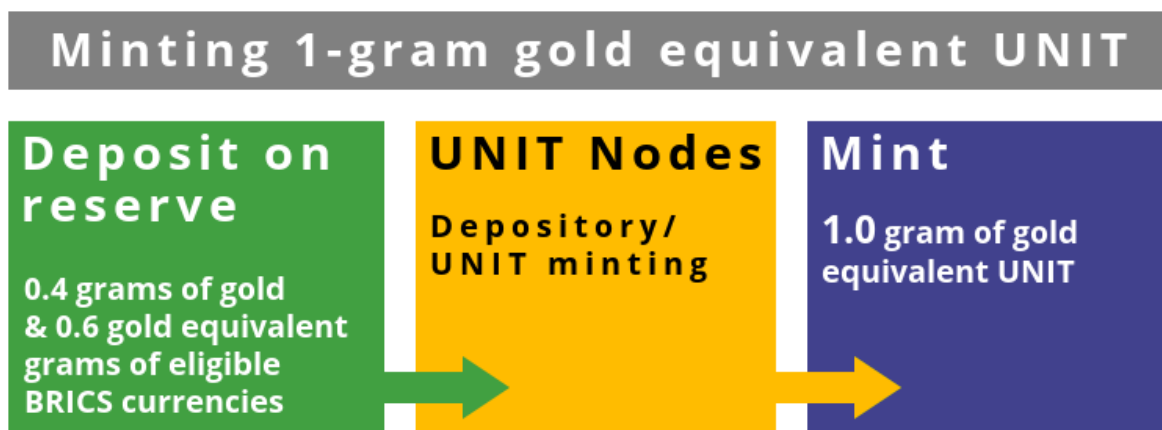


* The white paper envisions UNIT ecosystem governance to be structured as a Decentralized Autonomous Organization (DAO) that would be enhanced by cooperation with an international intergovernmental organization (IIO) with a legal personality facilitated by the 1980 Budapest Convention.

Source: INK Research, July 2024

*The **UNIT ecosystem** is a distinct design that draws on concepts found in crypto-blockchain architectures such as Ethereum and Bitcoin. However, in contrast to the typical cryptocurrency token, each UNIT has an intrinsic value as it is linked to an underlying reserve basket.*

*The **Unit token** is not a cryptocurrency since the intrinsic value of each UNIT token is linked to a basket of underlying assets, which includes 40% gold. At the same time, the UNIT token is not a stablecoin, since its value is not directly derived from the basket of underlying assets and by design, there no mechanism for reverse conversion of the UNIT into the basket of underlying assets. After an initial period, the market value of UNIT tokens is expected to become primarily a function of supply and demand, not of the value of the underlying basket.*



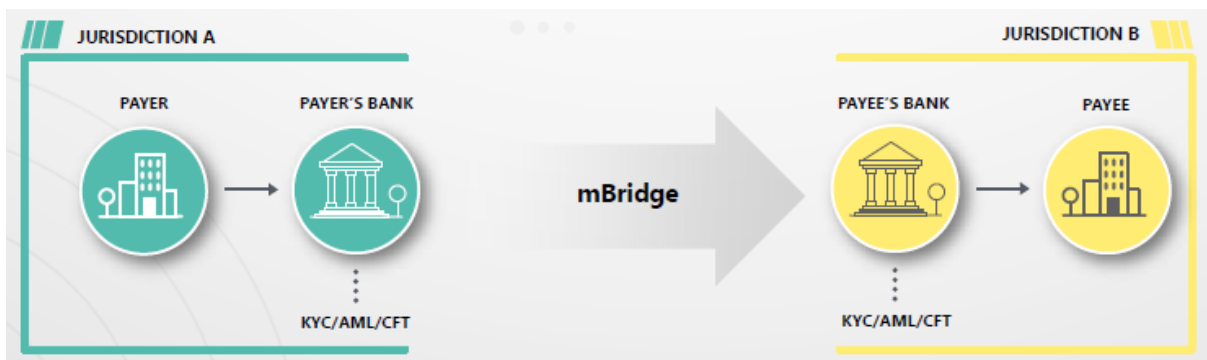
Source: INK Research, July 2024

For a currency to qualify for reserve basket inclusion, it will need to have price discovery in gold terms. In other words, if a currency cannot be exchanged for gold, it likely will not qualify for inclusion in the UNIT. Reserve basket weights and rules will be implemented in gold terms and UNIT holders will not be able to redeem UNITs for the underlying reserves.

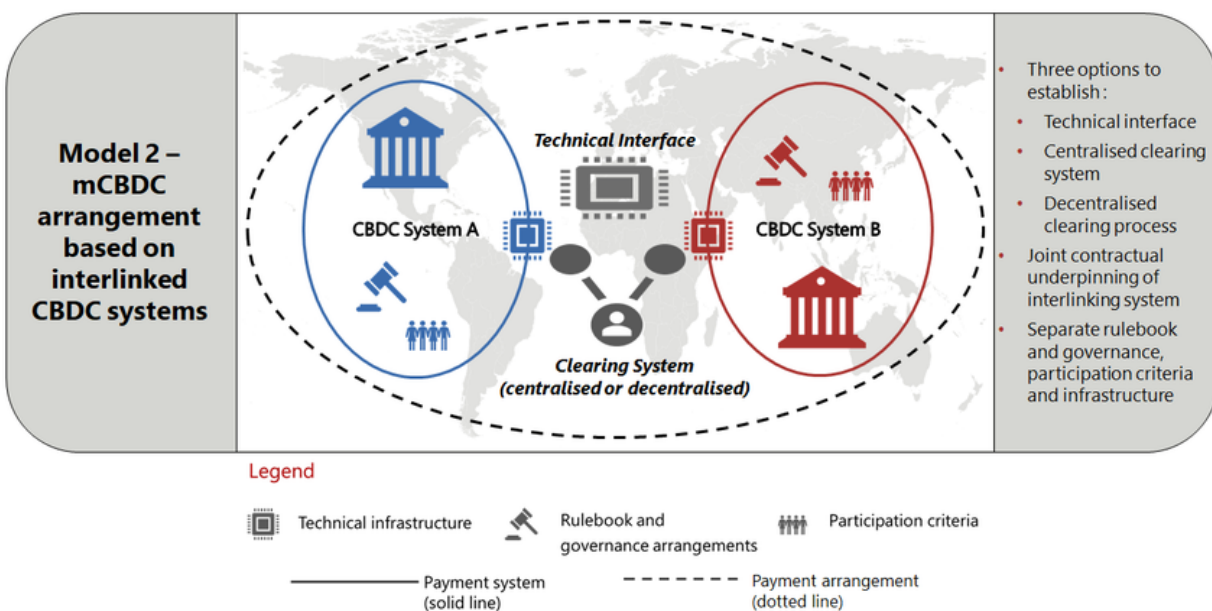
Facilitating Wholesale Digital Asset Settlement

Project mBridge Ledger:

The "m" in mBridge stands for "Multiple CBDC Bridge". mBridge is a blockchain-based platform that enables real-time, peer-to-peer, cross-border payments and foreign exchange transactions using central bank digital currencies (CBDCs).



A platform based on blockchain – [the mBridge Ledger](#) – was built to support real-time, peer-to-peer, cross-border payments and foreign exchange transactions. In 2022, a pilot with real-value transactions was conducted. Since then, the mBridge project team has been exploring whether the prototype platform could evolve to become a minimum viable product stage – a stage attained as of June 5, 2024.



The project aims to explore a multi-central bank digital currency (CBDC) platform shared among participating central banks and commercial banks, built on distributed ledger technology (DLT) to enable instant cross-border payments and settlement.

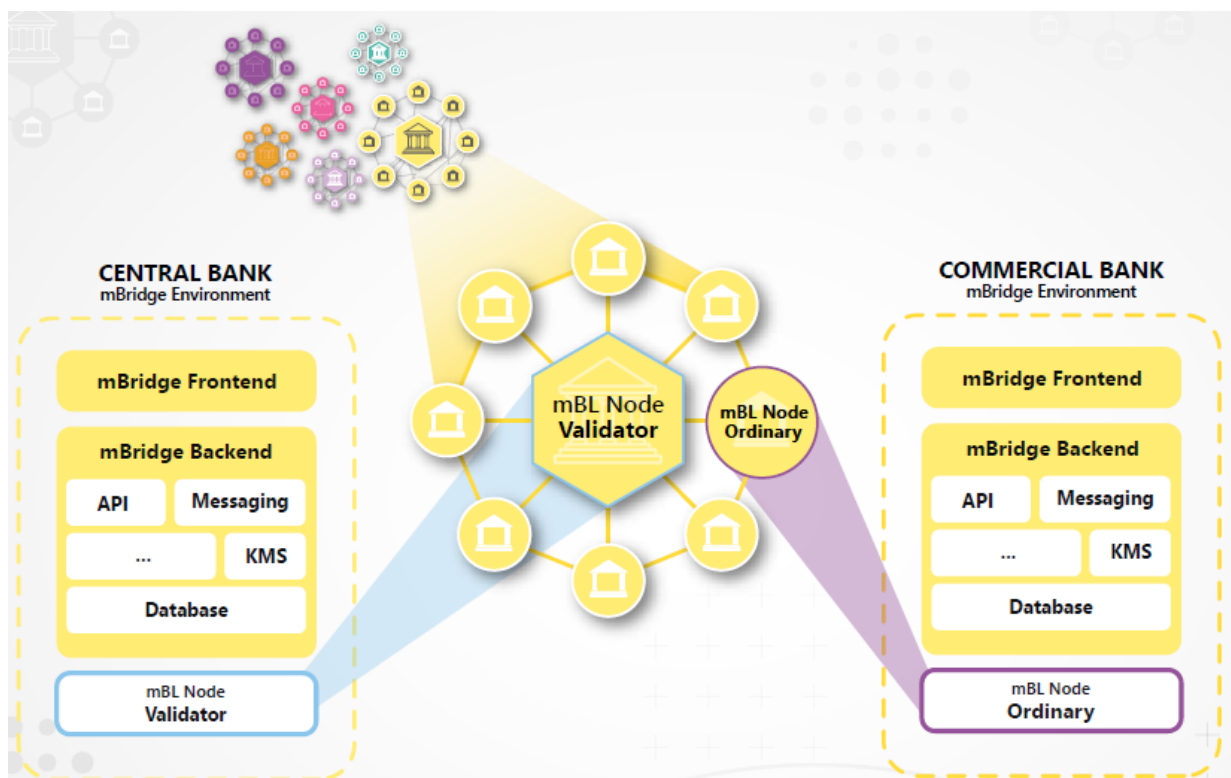
Multi-CBDC arrangements that connect different jurisdictions in a single common technical infrastructure offer significant potential to improve the current system and allow cross-border payments to be immediate, cheap and universally accessible with final settlement.

The **Federal Reserve Bank of New York**, through its New York Innovation Center (NYIC) and Regulated Liability Network, is an observing member of the Project mBridge Ledger.

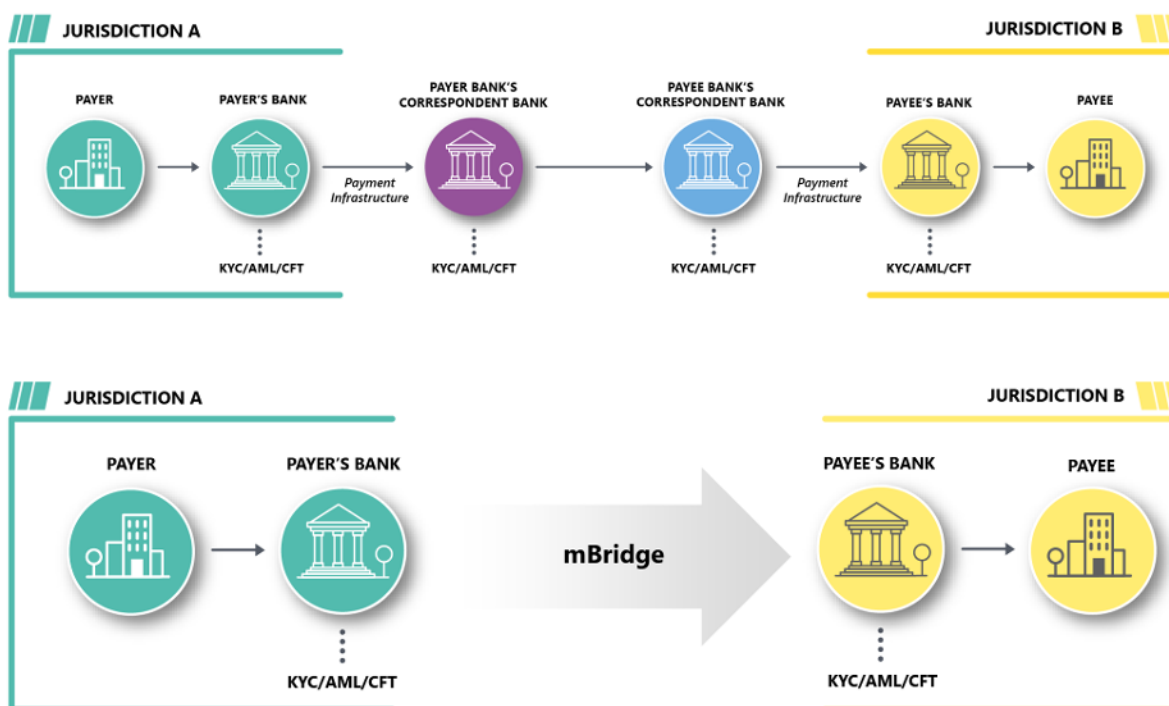


Project mBridge Interoperability

Interoperability with participants' own systems is supported by APIs based on the global ISO 20022 messaging standard for financial information, to allow participants to easily connect and integrate into ISO 20022-compatible payment systems. For commercial banks, cross-border payments and FX transactions are conducted through the interaction between their core banking systems and their mBridge backend.



For central banks, CBDC issuance and redemption operations are supported by the integration of mBridge into domestic payment systems, such as RTGS and CBDC, through each central bank's mBridge backend. API connectivity to domestic payment systems means that a domestic CBDC system is not a precondition for joining the mBridge platform if adopted by central banks.



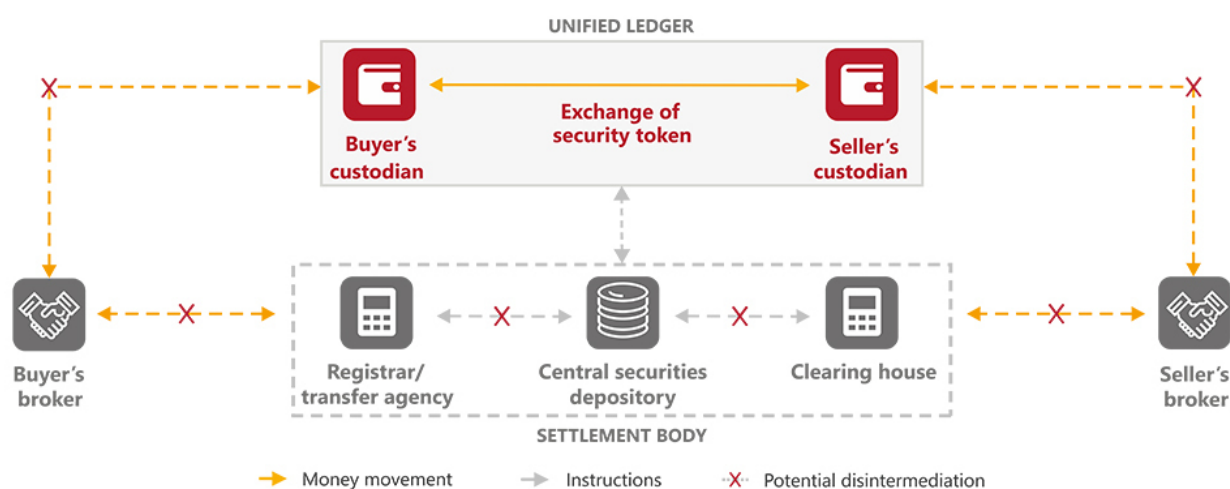
Bank for International Settlements (BIS)

Established in 1930, the Bank for International Settlements (BIS) is owned by 63 central banks, including the Board of Governors of the Federal Reserve System (United States), representing countries from around the world that together account for about 95% of world GDP. Its head office is in Basel, Switzerland and it has two representative offices: in Hong Kong SAR and in Mexico City, as well as innovation Hub Centers around the world.

The BIS mBridge Ledger project is run as part of the Hong Kong BIS Innovation Hub, and it recently launched a minimum viable product (MVP).

A stylised example of the securities settlement process and the unified ledger

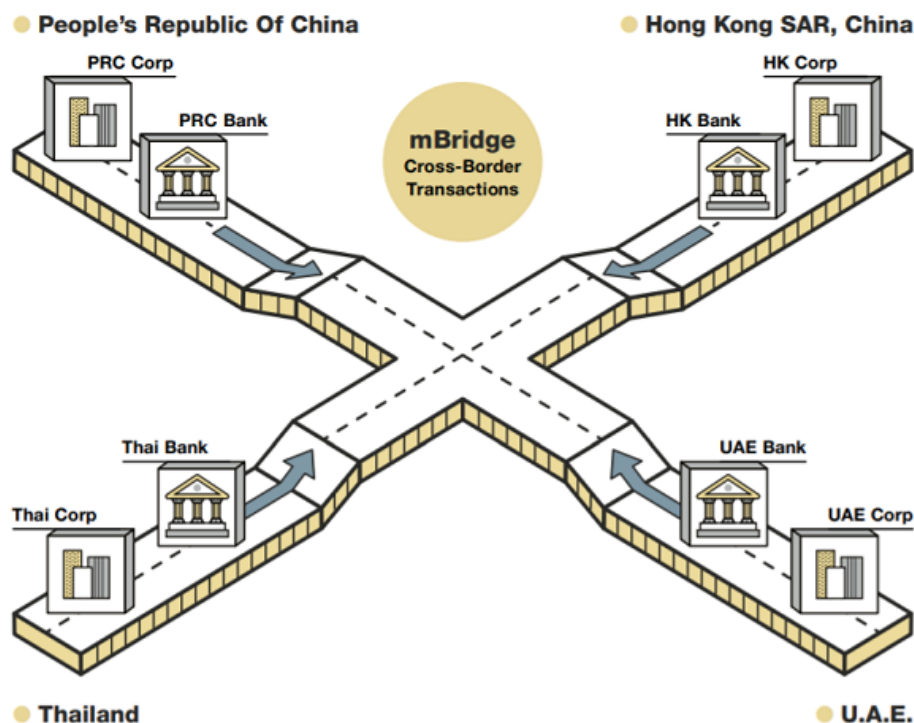
Graph D1



Source: BIS.

© Bank for International Settlements

As of August 2024, the observing members to Project mBridge includes the Federal Reserve Bank of New York. There are also now more than 31 observing members.



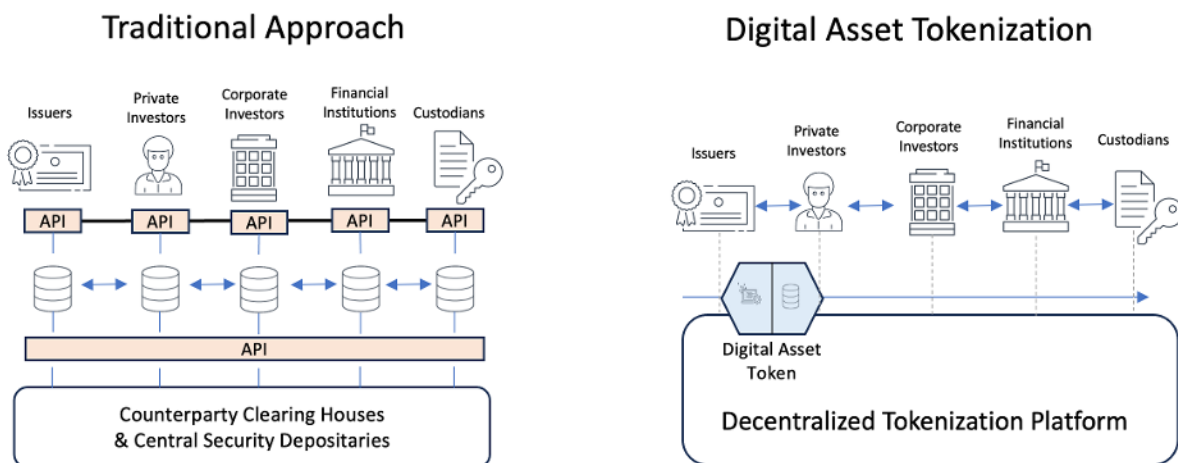
In conjunction with the BIS, the BRICS organization has established a BRICS Bridge digital currency platform to support trade with local currencies.

Known as the BRICS Project mBridge Ledger, this multi-sided payment platform connects member states' financial systems using payment gateways for settlements in central bank digital currencies.

The New York Federal Reserve and Regulated Liability Network

The New York Federal Reserve's New York Innovation Center (NYIC), in collaboration with members of the U.S. financial services sector, participated in a proof of concept that experimented with the concept of a Regulated Liability Network (RLN). The RLN concept envisions a theoretical payment infrastructure designed to support the exchange and settlement of regulated digital assets using distributed ledger technology (DLT).

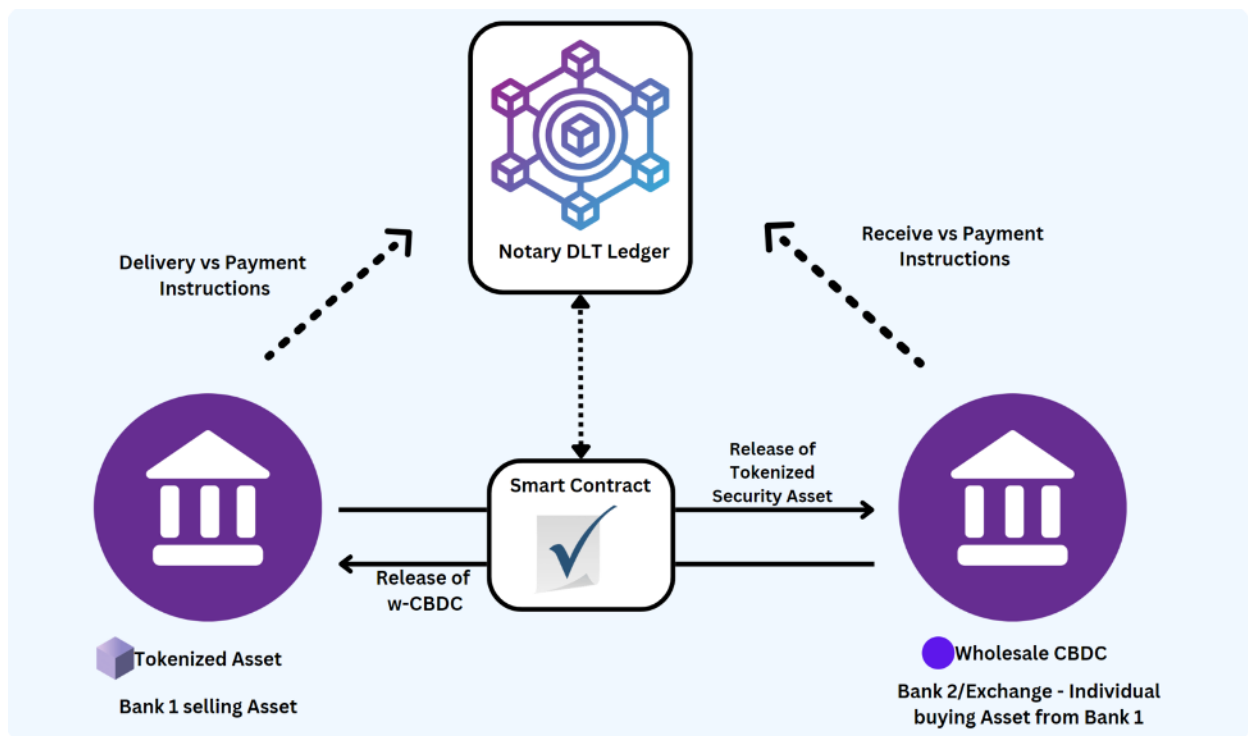
The NYIC is a technical observer in a subsequent industry proof of concept that will further explore the feasibility of a theoretical payment infrastructure designed to support the exchange and settlement of regulated digital assets. The NYIC is a technical observer in this proof-of-concept to gain knowledge on the use of shared ledger technology as infrastructure to conduct transfers between regulated financial institutions, including settling tokenized wholesale central bank money, commercial bank money, and U.S. Treasury securities.



The NYIC's role in this project is narrowly focused on observing the participants' research and experimentation with tokenized settlement assets.

The RLN U.S. Working Group is engaged in a proof of concept to explore the business applicability, technical feasibility, and legal viability of the RLN concept in the U.S. context. The PoC was limited to domestic and international payments denominated in U.S. dollars.

To test the Regulated Liability Network(RLN) concept, the proof of concept working group researched and analyzed the technical feasibility, business applicability, and legal viability of the concept.

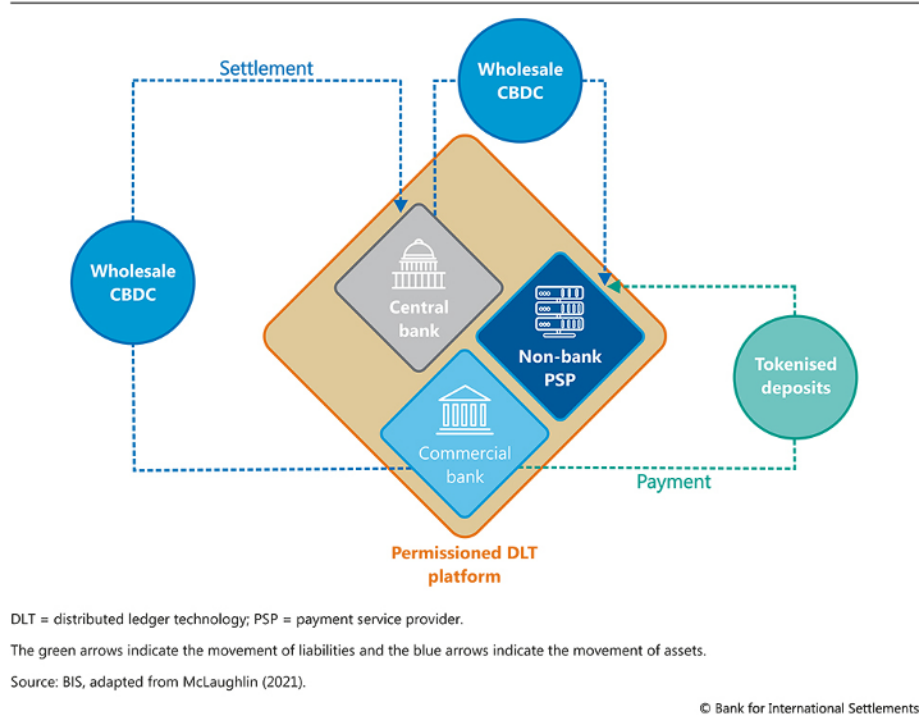


The experiment successfully simulated both the domestic and cross-border scenarios, identifying shared ledger technology as a potential solution to support payment innovation.

Existing payment systems work through the orchestration of debits and credits across thousands of separate, proprietary bank ledger systems. The RLN concept explores the application of shared ledger technology to change this paradigm, potentially leading to a simpler way of synchronizing payments and settlements across the banking industry.

Payment with tokenised deposits settled with wholesale CBDC

Graph 9

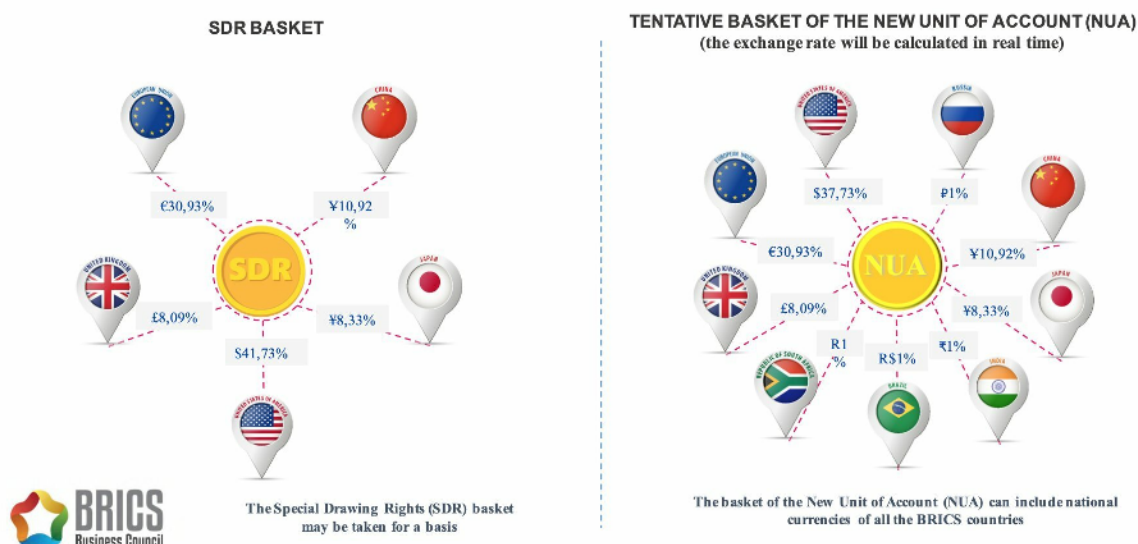


RLN imagines a new financial market infrastructure that runs a shared ledger for participants. On this ledger, there are digital representations of central bank money and commercial bank deposit tokens. This creates an interoperable network for efficient settlement that might be extended to multiple currencies and assets.

National Sovereignty

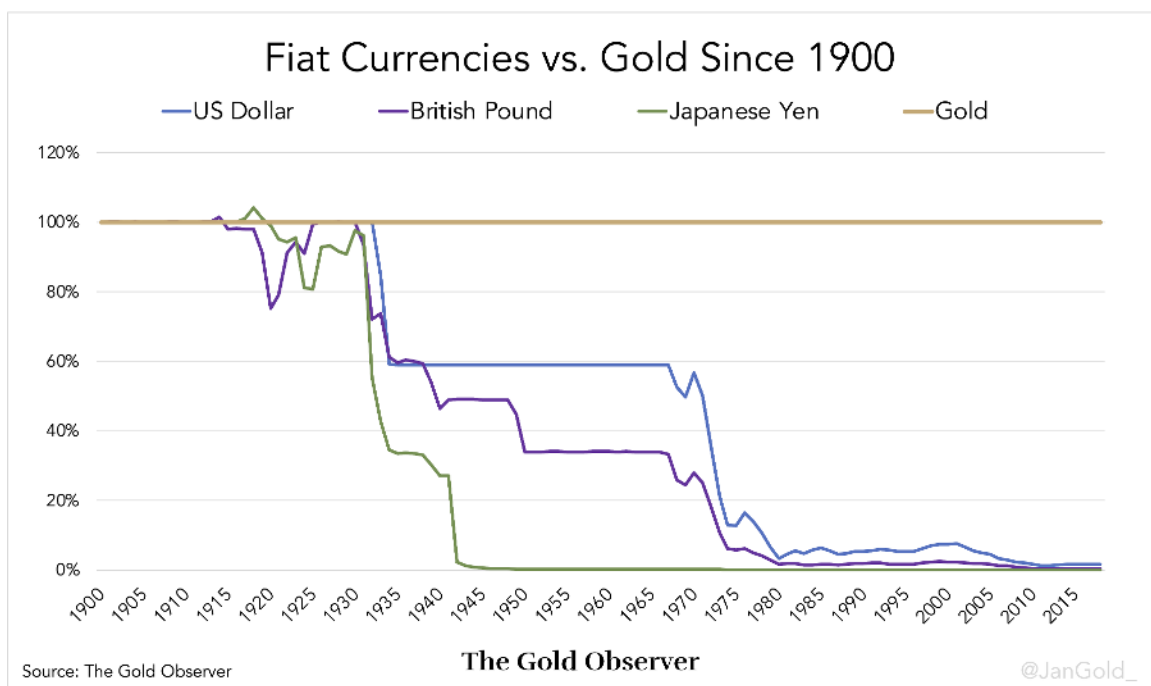
BRICS' forms a coalition of sovereign state countries participating in the UNIT ecosystem of policy independence. The UNIT ecosystem rule book would be focused on reserve basket composition and ecosystem operations. It will not impose EU-type market rules and regulations on participants. Each country would be free to pursue national economic policies it deems to be in its interest. Countries can continue to implement whatever trade and regulatory policies they want.

SDR BASKET AND THE NEW UNIT OF ACCOUNT



The UNIT system does not require a country to peg its currency to other currencies.

In terms of monetary policy, a country can set its own standards. However, gold will require discipline and restrictions for participating countries with trade deficits. If a country has a trade deficit, it will likely wish to put as much of its own currency (as allowed by the "rule book") on reserve at a node to obtain UNITS. However, high domestic inflation would likely make UNITS more expensive in local terms as its currency depreciates against gold.



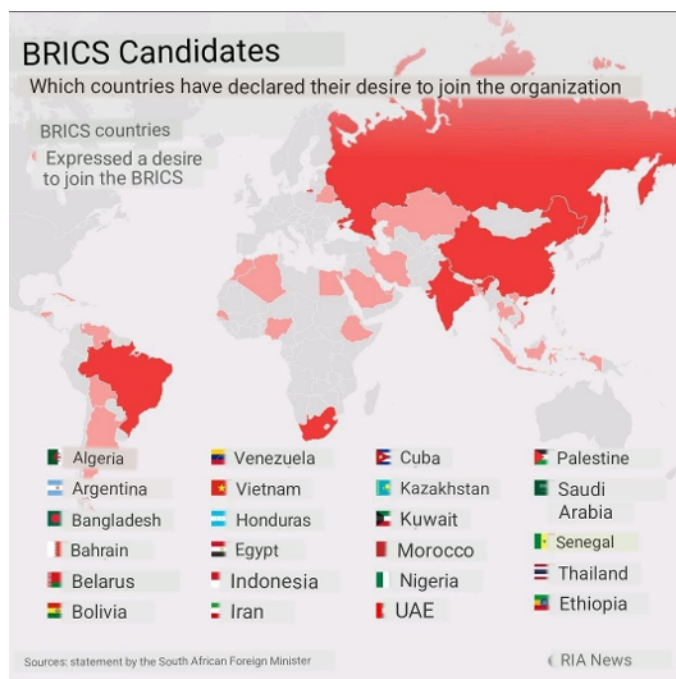
The UNIT is designed as a gold-anchored, supra-national currency on a blockchain-based ecosystem that would be legally grounded in the [Budapest Convention](#).

BRICS Economics and The Global Geopolitical Landscape

BRICS represents a competing global narrative to that of the West. With regard to the balance of power, it involves changing the agenda, direction, and geopolitical standing of the U.S. dollar.

BRICS' impact can be evaluated based on the degree of political coherence among them, as well as their capacity to influence the global economic system.

BRICS member nations form a growing coalition of competing powers with a common political objective: to erode Western hegemonic claims by protecting the political sovereignty of nations.



Russia is advancing two key strategic goals with its membership in BRICS. First, the political leadership is establishing multi-lateral agreements for the sales of its natural gas to Europe and elsewhere. Secondly, Russia and China are leading in efforts to establish BRICS as the geopolitical alternative to Western countries.



BRICS members have reached an agreement to settle trade between them using their individual sovereign currencies in the future. This, already, has taken place between China and Saudi Arabia, signifying more international payments will be made using the Chinese yuan (renminbi) in opposition to the U.S. dollar. China's economy is counted as larger than that of Brazil, India, Russia and South Africa combined. China's political leadership views their membership in BRICS as a hedge against international sanctions.

India's participation since joining BRICS in 2006, is based on multi-alignment, without adherence to a single geopolitical center of power. It's leadership has adopted a policy of not engaging in the current East-West political and economic conflicts. It is positioning itself as a balancing influence to both Russia and China.



India has instituted rupee-designated oil transactions with India and the United Arab Emirates, signaling its movements toward the de-dollarization of their trade.

South Africa joined BRICS in 2010 along with Brazil, Russia, and China, strengthening its trade with these major economies. It hosted the fifth BRICS Summit in March, 2013, in Durban, completing the first cycle of the BRICS Summits.

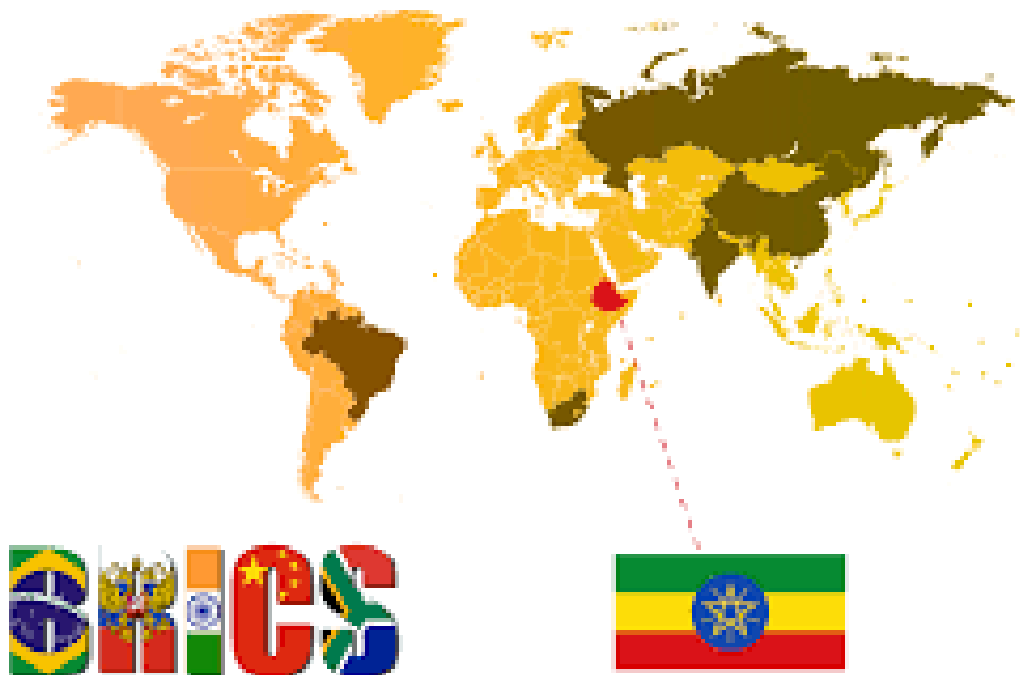


Egypt joined BRICS in January, 2024, in order to gain both economic and geopolitical advantages from its membership. It is the largest and most populous country in the Middle East. Geographically, it is well positioned between Africa, Asia, the Mediterranean and Red Seas, along with its Suez Canal facilitating global trade.



BRICS membership is expected to facilitate Egypt's access to favorable financing opportunities and new investments, particularly in the areas of infrastructure and economic development.

Ethiopia joined BRICS in January, 2024. With a population of over 120 million, and an annual growth rate exceeding 5 per cent, it is well positioned for multi-lateral trade with other members of BRICS. Geostrategically, Ethiopia is important due to its proximity to the Red Sea and the Middle East.



With the present conflicts between Iran and the West, Iran's leadership views its joining BRICS (in January, 2024), as shifting the balance of power in its direction through new multi-lateral agreements - reducing the economic impact of Western sanctions.



Saudi Arabia joined BRICS in August, 2023. This enabled cooperation amongst BRICS countries in its ongoing economic diversification, and reducing its dependence on oil. As a leading oil exporter, Saudi Arabia sees BRICS as an opportunity to develop its economy on a broader basis opening up new trade opportunities. Saudi Arabia seeks a greater role in the larger geopolitical arena.



The UAE's membership creates an opportunity for expanded access to the large and rapidly growing markets of the BRICS coalition. This will enable the UAE to drive its economic diversification away from oil. In addition, the country expects to benefit from the increasing "de-dollarization" and promotion of trade in local currencies within BRICS member nations.





The New Development Bank (NDB), formerly referred to as the BRICS Development Bank, is a multilateral development bank established by the BRICS states of Brazil, Russia, India, China, and South Africa.

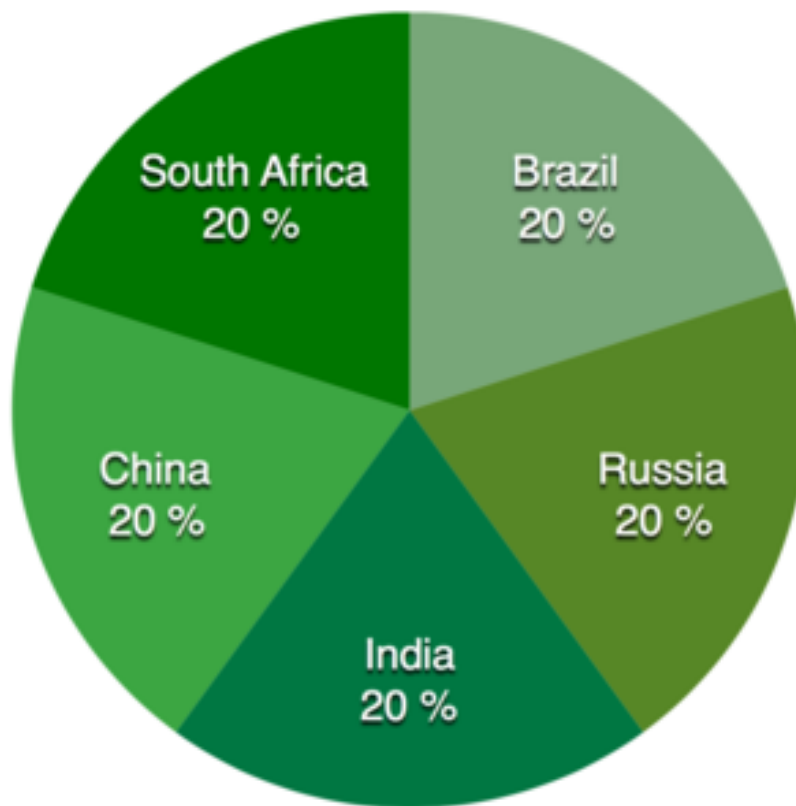
According to the Agreement on the NDB, "the Bank shall support public or private projects through loans, guarantees, equity participation and other financial instruments." Moreover, the NDB "shall cooperate with international organizations and other financial entities, and provide technical assistance for projects to be supported by the Bank."

The Agreement on the New Development Bank entered into force in July 2015, with the official declaration of all five states that have signed it. The five founding members of the Bank include Brazil, Russia, India, China and South Africa.

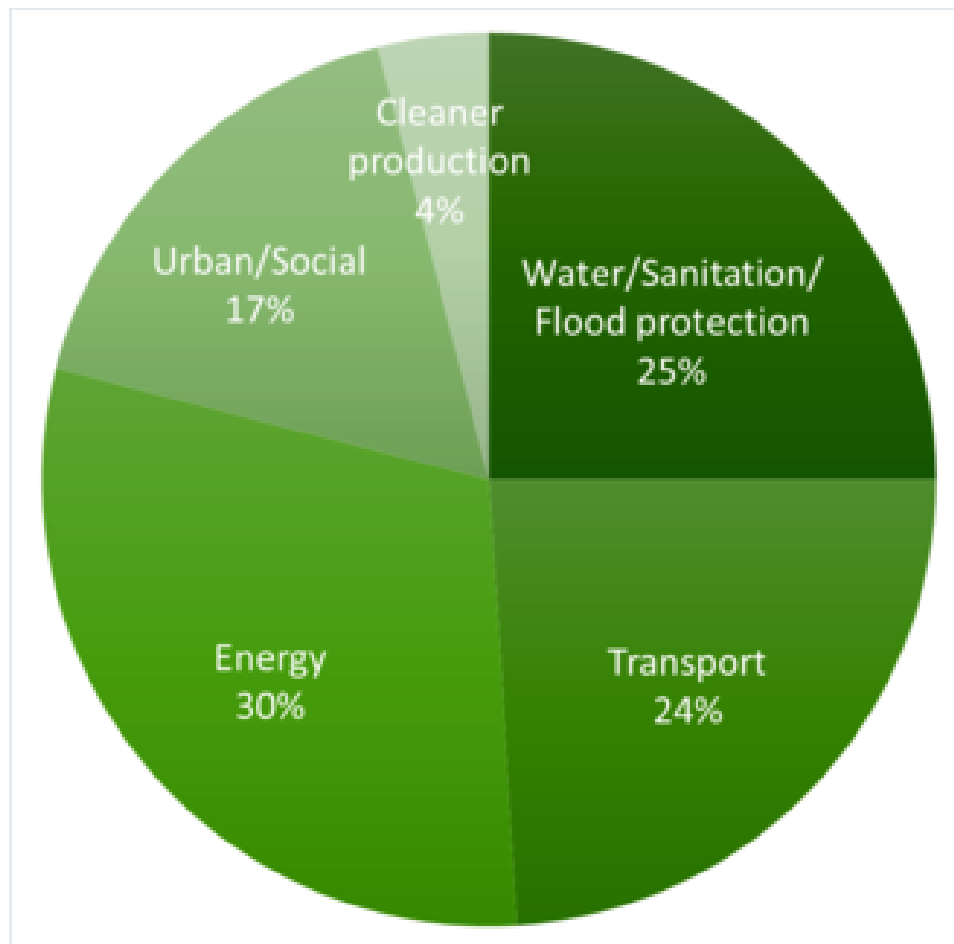


The bank is headquartered in Shanghai, China. The first regional office of the NDB is in Johannesburg, South Africa. The second regional office was established in 2019 in São Paulo, Brazil, followed by GIFT City, India and Moscow, Russia.

The NDB's Articles of Agreement specify that all members of the United Nations could be members of the bank, however the share of the original BRICS group can never be less than 55% of total voting power. The current voting power of the original five members is more than 90%.



The initial authorized capital of the bank is \$100 billion divided into 1 million shares having a par value of \$100,000 each. The initial subscribed capital of the NDB is \$50 billion divided into paid-in shares (\$10 billion) and callable shares (\$40 billion). The initial subscribed capital of the bank was equally distributed among the founding members (Brazil, Russia, India, China, South Africa). The Agreement on the NDB specifies that every member will have one vote and that no member would have any veto powers.





The aim of BRICS is to become more independent of the previously dominant role of Western financial and capital markets. New payment flows and funds are to be created through the establishment of a BRICS currency as an alternative to the dollar, a stronger handling of intra-BRICS trade in their own currencies, and a stronger capitalization of the New Development Bank (NDB) as BRICS' own development bank. - Wikipedia

Financial Reference Editions of Entangled Magazine

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January, 2020

**Creative Destruction
Basket of Currencies**



June, 2020

**World Economic Forum, Klaus Schwab's statement
paraphrased: "We have a narrow window of
opportunity for a financial reset."**

Blockchain/Distributed Ledger system.

Digital I.D.

Artificial Intelligence and Quantum Computing



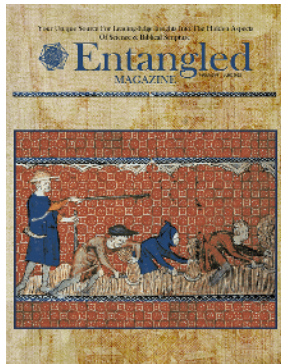
March, 2022

Digital I.D.



May, 2022

**World Health Organization
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**WEF Feudal System
Socialist Oligarchy**



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**Bank for International Settlements, December 2022
Report on “Hidden Risk”**



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Black Swan Events

**Fed Now Program, connecting banks by
April 2, 2023.**

Public Marketplace Cryptocurrency

Real-time Payment System by July, 2023

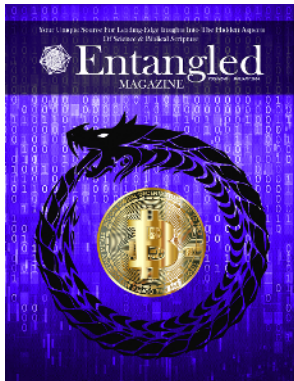
Derivatives: Unrecorded Balances



September, 2023

The Debt Balloon

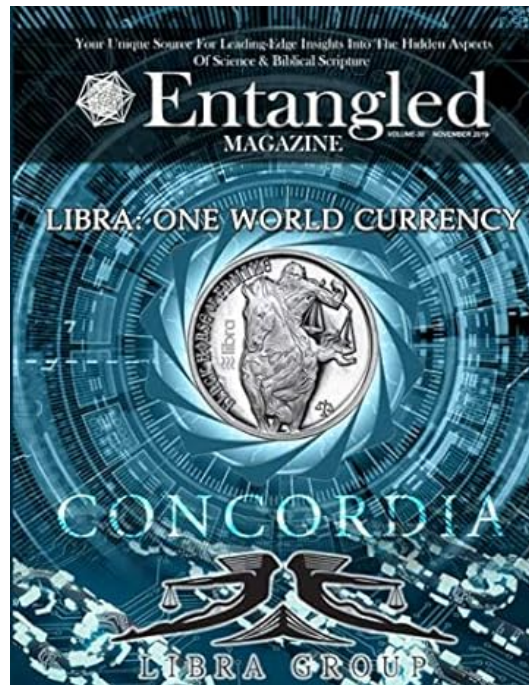
**Page 27: Country’s Divestiture of U.S.
Bonds**



January, 2024

Financial Delusion

Conversion of all assets to cryptocurrencies.



November 1, 2019

Concordia

**Blockchain & Libra
Cryptocurrency**

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