

Africa: Future Trajectories for BRICS

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Despite much optimism, there are clear indications that BRICS [1] lacks the capacity to function as a powerful and innovative new force in the realm of global politics and governance.

Can BRICS emerge as a collective that will reject the current neoliberal order and seek to promote a much more social welfarist form of capitalist development - one that might at least unleash a dynamic much more conducive to the emergence of more progressive social and political forces whose pressures are from below?

And will it seriously challenge the existing world order where the imperialist behaviour of the US continues to be highly - and sometimes decisively - influential in shaping the course of events?

Or are these governments headed by elites whose principal preoccupation is forging a more cooperative system of global management of a world capitalist order in which their voices will be more seriously listened to and in which their own rankings in the global pecking order of elites rises much more significantly?

If the official outcome of the fourth summit of BRICS that took place in New Delhi on March 29, 2012 embodied in the consensual 'Delhi Declaration' offered insight into the current significance and trajectory of BRICS as a collective body, matters will become even clearer after the Durban Summit.

There have been two contesting views. One is marked by considerable enthusiasm about its potential. The very fact of regular summit meetings with an 'escalating consensus' is thought to bode well for the body's future and its ability to reshape the institutions and practices of global governance.

That the G7 gave way to the G8 which in turn has now given way to the G20 (incorporating the BRICS countries as well as other emerging economies) as the main international grouping undertaking to steer the world economy, is taken as testimony to the growing relevance of the emerging powers in general and BRICS in particular.

Others are more skeptical. Here, the BRICS countries are viewed not so much as major reformers of the current global neoliberal order but as new members happily included in a still hierarchical 'world steering committee' because they too will play by the basic rules. BRICS may account for 42 percent of the world's population, 18 percent of its GDP, 15 percent of world trade and 40 percent of its currency reserves.

(It is often ignored that the states comprising the Gulf Cooperation Council, namely Oman, UAE, Bahrain, Qatar, Kuwait and Saudi Arabia, which are all politically subordinate to the US and more obedient towards its economic needs, have in total more dollar reserves - official, sovereign wealth and other government funds - than does China.).

The main importance of BRICS lies in the fact that it accounts for more than half of the world GDP growth rate. In what follows the Delhi Declaration issued after the last annual Summit is taken as a basis for assessing the nature and role of BRICS precisely because it is their collective statement to date. That the final Durban Declaration will show some forward movement is very likely but in what direction? In the eyes of skeptics there will be more reinforcement than departure from the existing political and economic scripts.

The Delhi Declaration showed that there was no real challenge to the neoliberal order and no interest in promoting an NIEO (New International Economic Order) of the kind that was once discussed by the Nonaligned Movement (NAM) during the 1970s. Indeed, neither Brazil which has observer status in the NAM, or China, which got this in 1992, have shown interest in becoming full members of the NAM or in re-invigorating it as a mechanism for transforming global governance.

Whether it is being part of the G-20 or being aspirants to permanent status in the UN Security Council for those who are not yet permanent, or playing a bigger role in the WTO's Green Room decision-making, the emerging powers have shown more interest in joining the 'big boys' club'.

They use their membership of the G-77 and similar larger groups to project themselves as representatives of the interests of the majority of the poorer developing countries, the better to leverage pursuit of their national interests in negotiations within that club. This is a balancing act of sorts but not one whose primary purpose is to strengthen the South as a whole or prioritize the interests of the most vulnerable and poorest member countries within the South.

The Delhi Declaration accepted the free trade mantra as the key to global prosperity and simply called for more regulation of the global financial system. So instead of seriously challenging the basic orientations of the IMF/WB/WTO triptych let alone working to radically transform it or build an alternative governing architecture to it, the Delhi Declaration promised to work with the G-20 in the domain of global macro-management.

Of the IMF it demanded merely that it live up to the '2010 Governance and Quota Reform' for providing greater representation and quotas to emerging powers. These reforms however will not alter the US position as the sole power capable alone of vetoing any crucial decisions in the Executive Board.

As for setting up some alternative mechanism for institutionalizing intra-BRICS cooperation of a kind that might seriously challenge existing structures, this did not happen. Clearly, concerns about potential Chinese dominance of such a bank, given its resources and reserves, were paramount among the other member countries on that occasion.

This Delhi Declaration talked about setting up a new 'Development Bank' but was careful to state that this would not compete with the World Bank and no timeline for setting it up was established. This will remain the case even if beginnings are made to set it up after the 2013 BRICs meet in Durban.

On the economic front, the one measure of some significance, though hardly a challenge to existing structures of global economic governance, was an agreement on intra-BRICS credit provision in local currencies for promoting intra-BRICS trade. There would be greater inter-bank cooperation as well as facilitation of more cooperation in capital markets, financial services, treasury transactions, stock exchange investments and the issuance of local currency bonds according to national laws, that is, minimising transaction costs in intra-BRICS economic activities.

Collective self-interest rather than learning the lessons of the past and present meant that the

pursuit of nuclear energy was endorsed even as UNSC resolutions on Iran were shamelessly endorsed. On the issue of global warming the feeble outcome in Durban in December 2011 - where the US, India and China as the big emitters were the main culprits responsible for this feebleness - was also endorsed. [2]

If nothing else, this was an indication that the BRICS countries are not going to take the bull by the horns as it were when it comes to charting out any new development paradigm that would be fundamentally eco-friendly.

On the political front because Russia and China were shaken by how their earlier endorsement of limited UN sanctions on Libya helped the West to carry out regime change, they pressed for and obtained a collective statement advocating caution and non-intervention by the West in regard to the Syrian crisis, that is, respect for its 'territorial integrity and sovereignty'.

The reality is that a basic political-economic incompatibility rather than organizational handicaps limit the collective's capacity to function as a powerful and innovative new force in the realm of global politics and governance.

The South African super-wealthy, mostly white, park much of their wealth and investments in Europe and Australia creating a domestic balance of payments problem because of repatriation of profits and dividends to parent companies set up abroad. Given this powerful elite force, South Africa maintains a strong Rand unlike the other four who are nowhere near as committed to maintaining a strong Real, Rouble, Renminbi or Rupee. [3]

By demography (50 million) and total GDP, South Africa might not be in the same league as the other four or even as significant as Mexico, South Korea, Turkey. But it is far and away the biggest investor in Africa dwarfing the US, EU, China, India, Brazil and alone accounts for 40 percent of all African investment and 80 percent of all investments in the Southern African Development Community.

In foreign policy Pretoria is more obsequious than the others to US foreign policy except on Palestine. India is pursuing ever closer relations with the US despite hiccups and is part of Washington's China-containment policies. Brazil is paying more attention to its intra-continental economic activities as well as showing more foreign policy independence from Washington.

But outside Latin America this is more a way of asserting a greater self-confidence as an emerging power than actively seeking to put serious spokes in the functioning of US foreign policy. Russia and China however are both much more perturbed by US behaviour globally than the other three and thus seeking greater political-economic cooperation.

It is difficult to see just what the BRICS countries can point to - economically, politically, culturally, strategically - that can serve as the kind of cement that could make the collective a unified and powerful force for significant change on the world level. [4] The most perhaps that can be said is that a serious weakening of US global hegemony and influence would raise - by default more than anything else - the importance of BRICS as a collective unit.

Achin Vanaik

P.S.

* From the TNI, 21 March 2013:

<http://www.tni.org/article/africa-future-trajectories-brics>

* Retired Professor of International Relations and Global Politics from the University of Delhi, Achin Vanaik is an active member of the Coalition for Nuclear Disarmament and Peace (India). His books and writings range from studies of India's political economy, issues concerning religion, communalism and secularism as well as international contemporary politics and nuclear disarmament.

Footnotes

[1] Brazil, Russia, India, China, South Africa.

[2] [i]. P Bidwai, 'Inclement in Durban', December 28, 2011,
<http://www.hindustantimes.com/News-Feed/ColumnsOthers/Inclement-in-Durban/Article-1-788473.aspx>

[3] L Gentle, 'The Root of all Evil? The Dollar, the BRICS and South Africa', Deccan Chronicle, March 29, 2012.

[4] W Ladwig, 'Why BRICS has no force', Indian Express, March 28, 2012.