

The BRICS: Get used to them

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Who's afraid of the big bad BRICS? Brazil is in crisis, its economy in free-fall, its president impeached, and its people terrorized by the zika virus. Russia is suffering under international economic sanctions and a 50 percent collapse in the value of the Ruble. India's economy is growing robustly but the country faces repeated political and environmental crises that never seem to go away.

China seems to be growing, but much more slowly than in recent decades and only due to large-scale, unsustainable government deficit spending. There are fears of a collapse of China's financial sector as bad loans mount, and the government seems unable to reform. The economy of sometimes-BRIC South Africa is flat and the country suffers from chronic violence, power shortages, and labor strife.

Keeping in mind that all five BRICS countries are relatively poor and relatively poorly governed (by North American or European standards), it can be hard to understand why anyone paid much heed the rise of the BRICS in the first place. Yet in the 2000s, a whole industry of doom developed around predictions of the demise of capitalism, the demise of democracy, and the demise of the West in general. Wise people knew that the BRICS were the future.

Western doom-mongering hit its peak during the Global Financial Crisis of 2008-2009, which the BRICS countries largely escaped. They escaped because China (correctly) embarked on a massive fiscal stimulus program to stay out of recession, and China's hunger for raw materials kept Brazil, Russia, and South Africa afloat. (India was largely insulated from the crisis by its relatively low level of integration with the global economy.)

But when it came time to pay the piper in the mid-2010s, China's private sector economic growth slowed (or stopped). Commodity prices collapsed, and with them the economies that China had been keeping afloat. Western doom-mongers moved on to fret about Syrian refugees and the Islamic State, and the BRICS fell off the front pages.

These days BRICS books can read like post-mortems, but long after Assad and the Islamic State have faded into history, the BRICS (and books about them) will still be with us. As BRICS-boosters like to point out, they govern huge portions of the world's people and territory, include two permanent members of the United Nations Security Council, and produce most of the world's new billionaires. The BRICS are here to stay. But so what?

Hopes, not fears

The now familiar BRICS acronym was coined in 2001 as the BRICs (minus South Africa) by investment analyst Jim O'Neill and consummated in the first BRICs leaders' conference in 2008. An obvious orthographical addition, South Africa was officially "admitted" to the group (at China's insistence) at the 2011 BRICS summit. Born an investment strategy, the BRICS grouping has grown into a global political force with annual summits and its own bank, the New Development Bank (NDB or "BRICS Bank"), which opened for business in Shanghai at the beginning of 2016.

For Cedric de Coning, lead editor of *The BRICS and Coexistence: An Alternative Vision of World Order*, the foundation of the NDB "represents a significant milestone in the maturity of the BRICS."

With this new institution, the BRICS are “actually taking steps to start transforming the global order by introducing new institutions aimed at shaping an environment that is conducive to their developmental goals.” He goes so far as to claim that the BRICS “share a common vision for a new global order.”

De Coning and his co-editors argue that the BRICS countries are collectively pursuing a strategy of “coexistence” with the West that, if successful, will see them establish an alternative basis for legitimacy in the interstate system. The BRICS coexistence strategy is based on four principles that might be summarized (or sloganized) as “national sovereignty and non-interference.” Good fences make good neighbors.

According to de Coning, the BRICS “articulate an alternative vision for a new global order that is more democratic, just, fair, rule-based”, using “concepts like democracy, fairness and rule-governed behaviour” to signal “that they perceive the current global order to be undemocratic, unjust, unfair and arbitrarily manipulated by a dominant superpower.” The BRICS “are committed to exploring new models and approaches to global governance which strive for more equitable development and inclusive global growth.”

Though de Coning no doubt accurately recounts the official positions of the BRICS countries and their joint summit communiqués, the fact that he does so without so much as a whiff of irony is somewhat disturbing. Can he really accept at face value the proposition that BRICS objections to Western military interventions in the Middle East stem from the fact that these interventions “deny the people in these countries the opportunity to choose their own leaders”?

Nowhere does de Coning, who holds “a PhD in Applied Ethics”, explicitly endorse the BRICS countries’ own records on democracy, fairness, and justice, but neither does he condemn them. And while the editors of *The BRICS and Coexistence* are scrupulously non-judgmental, most of the contributors to the book do judge the BRICS, and find little to condemn other than the unfortunate fact that the rest of the world has not fallen into line with the new BRICS ethics.

BRICS behaving badly

In fact, the BRICS may offer less a new world order than a revival of the worst of the old. They are a generation behind best practice in global governance standards and seem to be in no hurry to catch up. Instead, they seem determined to use their relative size (and in the case of South Africa, moral capital) to resist pressure to behave better. In relations with many of their poorer neighbors, the BRICS seem to operate under the principle of “now it’s our turn to misbehave.”

The BRICS countries’ external (and internal) records of development practice often recall the worst of the post-colonial West: corrupt contracts, collusion with dictators, land grabs, and the employment of host nation armies as private security guards. So argues Patrick Bond, lead editor of *BRICS: An Anti-Capitalist Critique*, a collection of twenty-five essays that are mostly critical of the BRICS.

In his own essay, Bond depicts the BRICS as “sub-imperialist” powers that mainly work within the existing international system, tending “to reinforce, not challenge, prevailing power relations.” They do not, as de Coning suggests, seek to offer an alternative, and they certainly do not offer a better or fairer alternative. Instead, they “promote neoliberal institutions even when complaining (sometimes bitterly) about their indifference to poorer countries.”

According to Bond, the BRICS behave particularly badly in Africa. He explicitly compares the 2013 BRICS Durban summit to the infamous 1884-1885 Berlin West Africa Conference, which ended with

the allocation of nearly all of Africa to various European occupiers. Bond says that the BRICS are attempting “the continent’s economic carve-up, unburdened—now as then—by what would be derided as ‘Western’ concerns about democracy and human rights.” (emphasis in original)

Bond calls for “solidarity from below”—cooperation by civil society both inside and outside the BRICS countries— to force improvements in the BRICS governments’ behavior both at home and abroad. Surely the problem here is that all of the BRICS countries have relatively weak civil societies, and their poorer neighbors weaker still. He recognizes this challenge, and the long odds against successful opposition. Still, in his view this is a fight must be fought, and not just in academic monographs.

Many of the other contributors to *An Anti-Capitalist Critique* echo Bond’s skepticism, both for the BRICS and for the chances of improving their behavior. They tell scandalous stories of BRICS neocolonialism in southern Africa, expose Chinese corruption in the Andean region of South America, and recount the global misdeeds of Brazilian mining giant Vale. Additional chapters focus on scandals involving the Rio Olympics and contemporary Russia.

Less interesting are the short chapters by big-name leftist intellectuals that open and close the book. Skip these well-rehearsed position pieces and read this book instead for the less-polished but much more interesting empirical chapters in the middle. These are written by engaged scholar-activists who have stories to tell and axes to grind. Having experienced the BRICS and their exploitation first-hand, their authors tell us not just what the BRICS are thinking, but what they are doing.

Not much

To hear Ray Kiely tell it, what the BRICS are doing is “not much”. In *The BRICs, US ‘Decline’ and Global Transformations*, he explodes the myth that the BRICS have changed everything. In fact they’ve changed very little. Kiely, like Bond, see the BRICS as mainly status quo powers that are doing everything they can to benefit as much as possible within the existing international system. None of the BRICS—least of all China— is seeking radical political change.

Kiely structures his book around five overlapping approaches to understanding the BRICS: that they offer a new “state capitalist” model for the international political economy, that they are challenging the power structures of today’s US-led international system, that they have given rise to a “Beijing Consensus” through which China will soon rule the world, that they demonstrate a kind of final victory for export-led market capitalism, and Kiely’s own view that the success of the BRICS really hasn’t changed much after all.

Kiely does not argue for this final view; he shows it. He shows that the BRICS are very much “state capitalist”, but that nearly everyone else is too. He shows that the greatest period of BRICS success— the decade of the 2000s—was a period in which the BRICS (especially China) enthusiastically embraced (and benefitted from) the existing power structures of the US-led international system. The BRICS boom was at heart a China boom, and the China boom depended on access to the US market.

He then examines the history of BRICS country voting on the UN Security Council and other intergovernmental organizations, showing that while they have occasionally disagreed with the United States their positions have been well within the range of those taken by close American allies. They have not coalesced around a “Beijing Consensus” in opposition to American power. Even China hasn’t.

Overall, Kiely believes that “the rise of the South is exaggerated, as is the decline of the West and the US in particular.” While acknowledging America’s large foreign indebtedness, he points out that US “dependence on foreign capital has different consequences from other countries’ dependence on US capital.” After all, it was not long ago that Alan Greenspan was warning about the potentially catastrophic impact on the global financial system were the US to pay off all its debts.

Kiely is not a doom-monger foreseeing the imminent collapse of the BRICS. He is a sensible analyst attempting to balance the doom-mongers who foresee the imminent collapse of the West. He lands in the middle, concluding that “we are seeing the erosion of a global North-South divide” complemented by “the (gradual) decline of the West, including the leading role of the US in the international order.” This sounds sensible, even sage.

But on closer inspection it seems that Kiely may simply be hedging his bets. In fact, he presents ample evidence of stable and even increasing American dominance in the world. This includes extraordinarily high US profitability on foreign investments, US technological leadership, the increasing dominance of US multinational corporations, and what Kiely calls “asymmetrical interdependence” in the global economy that strongly favors the United States.

What in all this suggests even the slow relative decline of the United States? Kiely’s scenarios for US decline all depend on projections into the future, projections that may or may not turn out true. Such projections were at the root of BRICS doom-mongering in the first place.

In a short follow-up book, *The Rise and Fall of Emerging Powers: Globalisation, US Power and the Global North-South Divide*, Kiely hedges less. Writing less than a year and a half after the wishy-washy conclusion to *The BRICs, US ‘Decline’ and Global Transformations*, he argues two points in this new book: that the US remains firmly in control of the international system and that far from representing a viable challenge, the emerging market countries (including especially the BRICS) are facing a crisis of their own.

Though Kiely is correct to note the recent BRICS slowdown, there are no signs that the slowdown is turning into a rout. Brazil, Russia, and South Africa have all experienced recessions but nothing approaching a collapse—not even Russia, despite being hit with Western economic sanctions in the wake of the 2014 Ukraine crisis. Kiely seems to have missed one important lesson of the 2008-2009 Global Financial Crisis: the fact that the BRICS economies are actually quite insulated from global economic trends.

One chapter of *The Rise and Fall of Emerging Powers* is dedicated to debunking this notion that the BRICS and other emerging market economies have somehow “decoupled” from the larger global economy. But the BRICS were never very well-integrated into the global economy in the first place. Brazil and South Africa are mainly commodities exporters, and India and Russia are hardly integrated at all. Only China has come to be closely integrated into global production networks, but although China now plays a huge role in these networks, these networks do not play a huge role in China.

China’s economy as a whole is still overwhelmingly a domestic economy driven by domestic investment and (to a lesser extent) consumption. The contributions of net foreign direct investment and net exports to China’s economy are not insignificant but total less than 5 percent of GDP.

Kiely suggests that China and the BRICS are slowing because the global economy is slowing. One might just as well turn this around: the global economy is slowing because China and the BRICS are slowing. China is, after all, the world’s second-largest economy, and its slowdown has much more to do with low domestic consumption than with disappointing export markets.

The other four BRICS also lack vibrant domestic economies. The common denominator of the BRICS and other emerging market economies is that they are forever “emerging” and never “emerged”. They are caught in a middle income trap that leaves them only partially and superficially integrated with the much more dynamic economies of North America, western Europe, and the East Asian littoral fringe.

Here to stay

The BRICS and their acronym successors (MINTs and others sure to come) may not create a new world order, but neither will they fade into irrelevance. They are and will remain large but secondary zones of the global economy characterized by high levels of state intervention and high levels of corruption, which are after all flip sides of the same coin. They will meddle in the economic management of their smaller and weaker neighbors but no more than they muddle the management of their own economies. They may be locally harmful (especially to their own people) but they are systemically harmless.

If there is a common thread to books about the BRICS, it is that they give the BRICS too much credit, both for good and for bad. Perhaps that is not surprising. A mediocre protagonist makes for a boring story. But mediocrity is the prevailing spirit of the BRICS, even China, which has accepted the “new normal” of slow growth as it seeks to become merely a “moderately prosperous society.” That’s not a bad ambition. But it is hardly an ambitious ambition. You don’t change the world by aiming for moderation.