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The BRICS Bloc: A Pound-for-Pound Challenger to Western Dominance?

https://www.e-ir.info/2021/05/18/the-brics-bloc-a-pound-for-pound-challenger-to-western-dominance/

NAZRUL NAZRI, MAY 18 2021

The BRICS bloc materialized from a desired transition towards multipolarity, often becoming the subject of debate on the future of international politics, as experts attempt to determine whether BRICS is the real deal or a global flash in the pan. First coined by Goldman Sachs economists Jim O'Neill and Roopa Purushothaman in 2001, and bolstered by the addition of South Africa in December 2010, the 'BRICS' union has showcased promising cooperation and institutionalization in the global political economy, stirring a sense of alarm among the Western world. Backed by their respective economic advancement and the rise of China as an emerging superpower in the economic, military, technological, and diplomatic domain, the BRICS of recent years looks set to expand on their current spheres of regional influence to global heights. Their association, consolidated by strong criticism of Western institutions, looks to recalibrate the American-led, post-Second World War liberal world order. The following analysis looks to examine the current potential of BRICS as a legitimate challenger to Western dominance of the international system. This comprises discussions on their initiatives, capabilities, and potential hurdles they need to collectively surpass to become a genuine contender to the West in the international system.

Conceiving BRICS

The BRICS association comprises Brazil, Russia, India, China, and South Africa, making up a composition of emerging economic powers and political influencers. Collectively, these nations constitute 40% of the world's population, along with encompassing 20% of its gross domestic product (GDP) (Lieber, 2014). Following the acknowledgment of these rising powers in 2001, Goldman Sachs produced a subsequent paper on the potential of BRIC, highlighting how this band of emerging economies would surpass the G-7 nations in economic metrics by 2050 (Wansleban, 2013). Originally, the term 'BRIC' was meant to specifically denote their prospective economic capabilities and were highly regarded as the heirs to the global economy. 'BRICS' soon took the name we know of today following the incorporation of South Africa and would attempt to take critical steps in projecting itself as the diplomatic and political representative of the non-Western, Global South bloc.

A primary catalyst for the formal cooperation between the BRICS nations would the 2008 Financial Crisis, which was instigated by American mismanagement of its domestic financial system and prompted discussions on the fragility of a 'dollar hegemony' monetary system and the unbalanced world order. This was substantiated with the weariness of America's foreign policy and primacy, alongside their resort to violence to protect the American-led world order, having undergone prolonged war campaigns in Afghanistan and Iraq. With the United States pursuing a policy of unilateralism through the advent of the Bush Doctrine in 2003, BRICS and fellow developing nations would have felt particularly threatened by America's willingness to use force against states who impeded their interests. Even if BRICS themselves were not directly subject to these threats that the Bush Administration expressed, it has cultivated a sense of mistrust towards American policies and ideals, with nations like the BRICS desiring strategies to protect their developmental interests. This was exemplified with Brazil's concern regarding America's Plan Columbia in 2009, which wanted a guarantee that the military bases established for their Columbian operations were not for potential regional military interventions (Laïdi, 2012).

Following the bankruptcy of Lehman Brothers in September 2008, BRICS financial ministers convened a month later,

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determining that it was an opportunity to alter the disproportions in international economic governance and call for the revision of multilateral institutions. All of this culminated in the Russian-based pioneer BRICS summit held in June 2009, actualizing the 'BRICS' concept and establishing a foundation that challenges the current financial and economic system. As noted by Jash (2017), BRICS has its visionary roots in emphasizing in underlining economic issues from the perspective of the Global South, but the BRICS scheme has expanded to further discussions on pressing global issues such as security and peace. Arguably, the benchmark for BRICS being able to challenge the Western-dominated system is if BRICS can play a primary role in alleviating what Annan (2009) coined as "problem without passports", such as climate change and disarmament. With this in mind, the diversification of BRICS has opened up its potential as an alternative institutional framework in the international order and offers a mechanism for developing Global South nations to truly express their concerns.

Mounting a Challenge

Substantiating the consolidation of their union would be the creation of the New Development Bank (NDB), which provided an institutional basis for the relationship between BRICS nations. As per Schuman (2014), the primary objective of the NDB was to put forth institutions that would complement, and eventually supersede, the networks currently administered by America and Europe. Cooper & Farooq (2015) highlights how BRICS sought to boost infrastructure development, and this concept was translated into the announcement of the NDB at the 6th BRICS Summit in 2014. An initial fund of USD 50 billion was established, with each BRICS member state having an equal stake. Additionally, BRICS also arranged for the creation of a currency reserve agreement (BRICS CRA), amounting to USD 100 billion for use in any potential financial crisis. While the BRICS is positioned to stabilize faltering economies in the context of BRICS economic interests, the NDB has its intentions set on supporting developing nations in their growth, and in turn, latch itself on the newly-establish BRICS system. Crucially, the initiation of new financial institutions has been a major step in a BRICS attempt to challenging the Western world, posing an explicit challenge to its financial institutions such as the World Bank and International Monetary Fund (Watson, Younis & Spratt, 2013).

With the conception of the New Development Bank, BRICS can make their mark on the international system by filling the gaps in global development and cultivating 'South-South' cooperation. As expressed by Khanna (2014), the infrastructural development of recent times has constantly surpassed the spending figures of military expenditure, highlighting the growing need and importance of development finance. In this regard, BRICS has presented an enticing alternative to developing nations through the provision of foreign direct investment, trade and development finance, cultivating a sense of self-reliance among the Global South, which is a critical step in the BRICS venture of restructuring the world order.

What makes the BRICS' New Development Bank feasibly enticing to potential beneficiaries and developing nations is how they differentiate themselves from the IMF and World Bank. As mentioned before, the member nations had an equal stake, which amounted to 1/5 of the NDB itself, showcasing an image of true collaboration and equal decision-making. Because of this, BRICS has shown its willingness to be more inclusive than the West-led financial institutions, where the hierarchy arguably caters primarily to the developed world first. Additionally, the NDB is known for practicing non-interference as an institution, unlike the Bretton Woods institutions, meaning they are not interested in the domestic functions of grantee nations, but rather the validity of what their grant funds would be used for (Abdenur & Folly, 2015). Sidiropoulos et al (2018) discusses how NDB-financed projects comply with the grantee's national frameworks and institutions when disseminating aid, as opposed to conventional multilateral development banks (MDBs) who attempt to impose their financial administration. For instance, the NDB is willing to extend loans in the grantee nation's local currency, whereas other established MDBs look to provide loans in US dollars, which poses a significant exchange rate risk for these developing nations. Furthermore, the NDB has taken steps to advance sustainable development and is deemed a priority area. By leading initiatives that are critical for furthering human progress, the NDB looks set to dominate a new market of the future, which is already displaying steady growth (Morozkina, 2015).

In addition to the development of their financial institutions, international crude oil trading and its predominant exclusivity on the US dollar have been threatened by the adoption of the Chinese yuan in future oil contracts. This

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highlights the determination of China and BRICS to dethrone the West in international finance and diminish their dependence on the dollar. China's establishment of the 'petro-yuan', Asia's pioneer crude oil benchmark, looks set to challenge oil commodity markets that are currently dominated by the West (Mathews & Selden, 2018). Through this 'petro-yuan', the Chinese introduction of the yuan into global oil contract negotiations, China and BRICS could potentially internationalize a currency that differs from the West and takes away a portion of our financial dependency on the dollar. Additionally, Salameh (2018) observes how the introduction of the 'petro-yuan' reduces the strain of U.S. sanctions on its fellow BRICS member, Russia, Russia has been making swift attempts to minimize its dependence on the petro-dollar and has turned to the yuan for its Chinese oil exports, following U.S. sanctions on Rosneft and other Russian oil groups (Cho & Kumon, 2018). Essentially, the petro-yuan provides an alternative route for significant oil exporters to circumvent the petro-dollar structure.

Through the NBD, BRICS has made strides in the international development sector of the Global South, demonstrating the initiative to use their wealth to progress the Global South and increase their influence in new avenues. The most prominent example of this would be the establishment of the Chinese-led Belt and Road Initiative (BRI), an initiative that looks to amplify global connectivity. While scholars such as Johnston (2018) deem the BRI as a Chinese foreign policy that looks to establish the foundations of Chinese global primacy, the BRI also has the makings of a mechanism that would empower the Global South and cultivate increased intra-BRICS cooperation. Inspired by the ancient Silk Road that connected the Far East with Europe, the Middle East, and East Africa, the BRI aims to construct infrastructural and trade networks by leveraging BRICS's collective global trade routes, commerce hubs, and ports (Lu, Hafner & Knack, 2018). By initiating crucial collaborations within the Global South, BRICS looks set to alleviate the infrastructural and developmental gap in least-developed countries (LDCs) and displace the benefactor status that Western nations have cultivated ever since the end of WWII (Thakur, 2014). Furthermore, the facilitation of South-South cooperation attempts to create self-reliance and economic independence, which would draw consumers and beneficiaries away from the West and weaken their power base.

While China has structured its international development assistance (IDA) in the form of the Belt and Road Initiative, India has supplemented the BRICS IDA efforts through a series of grants, direct investments, and technical coordination (Chaturvedi & Mulakala, 2016). Being a regional powerhouse, India has concentrated its developmental aid within its sphere of influence, with Bhutan, Bangladesh, Nepal, Sri Lanka, and the Maldives being its main recipients. Interestingly, BRICS seems to have recognized the Western world's developmental neglect for Africa and looks to direct their developmental efforts there. The Belt and Road Initiative has placed significant investments towards strategically-positioned African nations, and China has sought to gain access to Djibouti's port facilities through the funding of vast infrastructure projects such as the Addis Ababa-Djibouti Railway (Tovar, 2019). China also holds its annual Forum on China-Africa Cooperation (FOCAC), while India expanded on this with their India-Africa Forum Summit. As commented by (Abdenur, 2014), the establishment of key African relationships showcases a desire to delve into untapped and untended territory in a bid to close the gap between Western dominance. This was reflected by the action to bring South Africa into the 'BRIC' bloc, displaying their strong interests in Africa, and saw South Africa as the 'gateway' to Africa (Kahn, 2011).

Stumbling Blocks to Challenging the West

Primarily, a great deal of the BRICS bloc's obstacles lies internally due to the differences their member states possess, which outweighs their commonalities, evoking concerns of security and foreign policy cohesion. At the core of BRIC's inadequate foreign policy overlap, is political and ideological disunity, ranging from varying political and economic structures, to diverse cultural and religious practices. Arguably, this is not the case with the post-war liberal order, where Western economies and political systems are largely free and democratic, making foreign policy and values-sharing seamless. Politically, China and Russia are characterized by their authoritarian administrations, while South Africa, Brazil, and India are deemed as defective democracies, which partake in democratic elections but are hindered by limited transparency and weak stances on human rights (Stokke, 2018). Furthermore, while BRICS started from their united discontent in Western financial and economic global institutions, BRICS does not appear to have the makings of a unified economic bloc. China presents itself as a free-market socialist nation, identified by liberal economic trade practices fused with authoritarian state control over economic policies and resources. On the other end of the spectrum, Brazil, India, and South Africa have predominantly pursued liberal market policies, while

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Russia sits within the middle. Furthermore, it should be acknowledged that Brazil, South Africa, and Russia's economies are commodity-driven, meaning they are more vulnerable to instability within international commodity markets, as opposed to the industrialized nations of the G7 (Nuruzzaman, 2019). This makes BRIC potentially less economically resilient in the face of global downturns.

Despite strong economic growth that propelled them on the world stage, individual BRICS member states face increasing concerns over domestic social, political, and wealth inequality issues. As proposed by Cooper, Antkiewicz & Shaw (2007), this is due to the lack of social reform and friction with established democratic institutions, a byproduct of authoritarian regimes and faulty democracies. South Africa is classified as an upper-middle-income nation but suffers from the effects of the Apartheid and income inequality. Case in point, the average unemployment rates for Black South Africans have hit 30%, as opposed to the 4%-8% rate of White South Africans (StatsSA, 2016). Furthermore, India's domestic struggle with extremist militant groups and religious conflict with bordering nations has hindered their development.

In Russia's case, ever since the fall of the Soviet Union, their massive reserves of resources and substantial territory have catalyzed its gradual progression towards market-oriented economic reforms. Although this has presented the nation with an educated and highly-trained workforce, the nation suffers from corruption, political infighting, and radical separatist movements (Luckhurst, 2013). Additionally, an excess of low-skilled Russian workers has led to 'industrial poverty', causing inadequate wages and high unemployment rates among its lower-class (Anikin & Tikhonova, 2017). From a global perspective, wealth inequality is an issue that plagues the entire world, even affecting advanced economies, but within a vacuum, these issues can hinder the BRICS motive to collectively solve international issues, opting to solve their own domestic needs first.

Another major difference, which could be a dividing point between BRICS member states, would be their varying relationships with Western colonialism and stance on Western foreign policy, which has shaped their national interests. To illustrate, take China's historic relationship with the British colonial powers of the 19th century. Their invasion of China during the First Opium War has molded China's wavering trust in the West. Despite that, Li (2012) claims that China idolizes Western modernity but abhors the institutions, political systems, and ideologies that shaped their development. As a result of their colonial history, India also bears ambivalent sentiments towards the West but differs from China as they are more compliant with the Western-led world order, presumedly as a strategy to progress their national interests.

Slavery and racial oppression have been the violent trait of South African and Brazilian colonial history, and this shared colonial past has led them to endure centuries-long underdevelopment (Breslin, 2013). This similar history and former transatlantic connections have encouraged Brazil to build relations with Lusophone African nations (Li & Marsh, 2016). On the other hand, Russia has historically functioned as a colonizer, having gone through periods of immense power and possessing immense military strength. Their determination to regain their previous great power status could put them at odds with the goals of BRICS. With this in mind, these distinct experiences with Western powers have also shaped their reactions to Western policies today. This was seen with Russia's annexation of Crimea, and the subsequent sanctions imposed. The BRICS' reactions to the Crimean Crisis were disjointed and vague, highlighting the effects of Western dominance on their foreign policy and their unwillingness to back another member nation's divergent policies (Stuenkel, 2015).

Regarding divergent policies and interests, a major stumbling block that could impede the future growth of BRICS would be the rocky geopolitical relationship between India and China. India has shown support of America's 'Asia Pivot' policy in containing China. In turn, China also encourages Pakistan's counterbalancing act to India's dominance in South Asia (Liu, 2016) and has rejected India's advances for permanent membership in the United Nations Security Council. Due to their regional power status, the two nations are viewed as rivals to predominance in the Asian continent, engaging in territorial disputes since 1962, despite conducting bilateral trade with one another. The unease over each other's potential dominance has inhibited BRICS cooperation and its development. With the aforementioned Belt and Road Initiative, India has opted to keep itself away from the project, making it clear that India has joined BRICS to further its economic interests, rather than challenge the West through cooperation.

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Final Thoughts: Soft Power & Superseding Western Dominance

With the possibility of Western decline on the horizon, propagated by America's possible diminishing capability as a leader in the international system, BRICS stands a good chance at offering discontented, Global South nations an alternative to Western institutions and challenge their dominance in the future. However, there are still elements that BRICS needs to develop to defy the Western order. Yes, the BRICS initial mandate targeted initiatives in the financial and economic domain, but this caps their collective ceiling as a challenger to Western dominance. Despite its waning hard power and needing to rebuild its political capital following the Trump era, the United States is still the undisputed global cultural superpower and will continue to be due to the worldwide adoption of its cultural and societal norms. Democracy and ideals of freedom are predominately viewed favorably, providing the West with the edge in ideological superiority. Western media, music, movies, pop culture, and literature permeate everyday life, and it would be hard to see Mandarin overtaking English as the de-facto global language of choice.

The BRICS bloc lacks soft power. This is partially attributed to the authoritarian and untransparent administrations of its leading members, which limits their legitimacy on the world stage when compared to the West. However, this has been rapidly shifting due to policies and campaigns that aim to promote their cultural influence internationally. This is exemplified with the growing presence of Russia's state news agencies like Russia Today (RT) and the creation of Sputnik in 2014, a state-run news agency that produces Russian propaganda or dezinformatsiya in local languages to dominate the information war, as Hillary Clinton warns (Stuenkel, 2016). BRICS member nations have welcomed the prospect of hosting major sporting events such as the World Cup and the Olympics, which are often showcases of a nation's modernity. Amidst the COVID-19 pandemic, South Africa has emerged as a global leader in healthcare provision, exemplified by its frontline role in vaccine development and advocating for equitable access (Sheldrick, 2021). Furthermore, South Africa has made gains in being at the forefront of upholding human rights ideals, and pushing BRICS nations for prioritized discussions on the issue, highlighting its prowess on issues that cultivate soft power (Amnesty International, 2018). In short, BRICS needs to be more than an economic alliance to stand a chance at challenging the Western-centric world order.

Supporting these initiatives would be an attempt to address their individual political disagreements establishment of a collective world vision, which would further BRICS' development from a financial institution substitute, to alternative world order. They should also continue to fill the gap in Western foreign policy, taking advantage of American decline in foreign aid and continue to expand their presence in the Global South. With that said, the collective power of BRICS and its member nations' regional influence could grow to challenge Western domination in the future and pave a path towards the democratization of the world order, but it would struggle to do so without further commitment and attuned cooperation between its member nations.

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