BRICS as anti-imperialism – or sub-imperialism?

by Ana Garcia* and Patrick Bond**

* Federal Rural University of Rio de Janeiro

** University of the Witwatersrand School of Governance

The BRICS – Brazil, Russia, India, China and South Africa – gradually took their present form throughout the decade of 2001-10, after Jim O'Neill of Goldman Sachs Asset Management initially conceived the acronym BRIC as the next high-growth collection of economies. At Beijing's behest, South Africa was added in 2010 for geopolitical balance.

Starting in 2008, the global financial crisis fostered a discussion on whether core countries were losing power in the world order, with the expectation that China and other leading 'emerging economies' would challenge dominant countries especially in multilateral institutions. The crisis immediately consolidated a G20 which included BRICS heads of state along with the Bretton Woods Institutions. The purpose was to negotiate for a coordinated world response to financial instability, based upon Keynesian principles of state deficit financing, loose monetary policy and lender-of-last-resort coordination.

The following year, the first BRICS summit took place in Russia, and started a succession of annual summits that gave body and content to the grouping. As the core countries gradually emerged from the 2008-09 crisis, the BRICS began to spark discussion on the dangers of this hegemony, and so became relevant as a potential anti-imperial bloc.

Indian political economist Vijay Prashad argues that the BRICS bloc needs to be understood in the light of two major projects that preceded it, one defeated and one successful: the Third World and neoliberalism.

The former begins with processes of decolonisation and institutionalises itself in the Bandung Non-Aligned Movement in 1955. Economically, the project relies on import substitution programs and, culturally, on struggles against world social and racial hierarchies, a critique of power that is strongest when applied to multilateral financial institutions like those founded in 1944 at the Bretton Woods resort. The height of this project was in the 1970s with the creation of the oil producers' cartel and the demand for a New International Economic Order. Great post-colonial ideas, such as pan-Africanism, emerge here.

The Third World project began to collapse with the debt crises of the 1980s. Negotiations, conducted country by country by local elites and by the Paris Club, precluded any collective action by Third World countries, and facilitated the introduction of structural adjustment programs as a condition for this negotiation. Attempts by leading South radicals including Fidel Castro and Julius Nyerere were foiled by moderates within the Non-Aligned Movement. The Bandung ideology was briefly rescued by the 'Pink Tide' of Latin America but as it faded under pressure, some hoped that BRICS would take up the fight against Western hegemony.

The neoliberal project continued even after the 2008-09 meltdown, as economic programs often imposed from external sources (the IMF, banks and credit ratings agencies) reduced the role of the state in the economy when it came to social support. Transnational corporations relocated their production to various parts of the world, supported by new technologies and legal protection regimes that allowed them to protect investments against the public policies of the receiving state.

Conditions for environmental protection and worker health and safety were eroded. Global value chains become increasingly complex, hampering state regulation, and knitting a transnational, pro-corporate class together. Nationalisations become almost infeasible, aside from moments when public bailouts of bankrupt private financial institutions were required to avert further meltdowns. An intellectual property regime supported the concentration of knowledge-power in the hands of a few companies from the core countries.

But this system did not deliver the goods to the majority, so the neoliberal project's crises led to a 'progressive wave of governments 'in Latin America starting the late 1990s. And in Asia, in particular China, it suddenly appeared possible to accumulate vast sums of capital without following the neoliberal state-shrinking recipe. It is in this context that the BRICS emerged as a distinct model of capitalism which at least rhetorically posed an alternative to 'raw' neoliberalism.

Throughout the decade of 2001-10, discussions about BRICS varied between three main camps:

- first, those who favored the *status quo* and often disqualified the bloc as incoherent, insofar as these countries would have nothing in common with each other (although behind the scenes many such commentators admitted that the BRICS were a possible threat to US hegemony and should be compelled by traditional powers to accept existing rules and standards);

- second, others who have celebrated the rise of the BRICS as potential democratisers of the world order – in part through new institutions like the New Development Bank (NDB) and Contingent Reserve Arrangement (CRA) –because it would have been impossible to find solutions to the international financial crisis, world trade slowdown and catastrophic climate change without the active participation of this group of countries; and
- third, the 'brics from below' scholar and activist critics who objected to the ways that both the other camps were achieving their objectives.

Setting aside rhetoric, the three positions can be judged by recent global and regional processes that reflect ebbs and flows in power. Tensions with the Western powers included the long-standing demand for reforms in the multilateral financial institutions, especially to give voice to poorer countries who were the victims of the IMF and World Bank.

The crisis that began in 2008 required the G20 to become the main source for recapitalising the IMF, which in turn gave four of the BRICS the opportunity to lobby for greater voting power during the 2010-15 'quota reform' process. In a few BRICS capitals, questions were raised about the leadership of the two institutions: traditionally a European IMF Managing Director and an American World Bank President.

However, these processes of engagement ultimately led to cooptation rather than constructive conflict, insofar as BRIC countries raised their IMF voting share substantially (e.g. China's by 37%) only by lowering that of poorer countries such as Nigeria (whose voting share fell -41%), Venezuela (-41%) and even South Africa (-21%). Moreover, in 2015-16 when both the IMF and Bank presidencies could have easily been contested due to the incumbents' weaknesses, the BRICS gave their support to the *status quo*: second terms for Christine Lagarde (France) and Jim Yong Kim (from the US), respectively. And in December 2016, when Lagarde was convicted in a Paris court of negligence-related corruption in excess of $430 million (in a case dating to the time she was French finance minister), the BRICS directors of the IMF were part of a unanimous statement of support for her continuing leadership.

Likewise the CRA, which has an initial fund of $100 billion, can be activated in the event of a balance of payments crisis, but only in a manner complementary to the IMF. To access the CRA, a borrowing country must maintain a structural adjustment program with the IMF, otherwise it will only be able to count on 30% of its quota of the CRA funds. Both the CRA and NDB were initiated at the BRICS Fortaleza summit in 2014.

The first NDB disbursements were made in 2016, and demonstrated a rapid operational capacity, especially as they entailed US$-denominated funding of renewable energy projects. These projects were already in process of construction, so the financing was more symbolic than real, but most disturbingly, the hard-currency character of the loans would likely entail much higher interest payments than would have been necessary.

The NDB was, by September 2016, committed to close collaboration with the World Bank, with a new Memorandum of Understanding entailing project co-financing and even personnel deployment from Washington to Shanghai. In short, these new BRICS institutions do not necessarily seek to replace existing multilateral financiers, but instead augment and even amplify their powers.

Across the world, the financing of infrastructure and energy projects is increasingly difficult in the wake of the commodity super-cycle’s 2011 collapse; e.g., the price of oil fell from $145/barrel in 2008 to $120/barrel in 2011 and then as low as $27/barrel in 2016, with other commodities facing similar crashes from 2011-15 before making a slight recovery.

Before this collapse, infrastructure was already the focus of projects and policies of multilateral financial institutions such as the World Bank’s Global Infrastructure Facility, the Global Infrastructure Hub launched by the G20 countries in 2014, as well as regional and national banks (such as the Inter-American Development Bank) and projects such as the Programme for Infrastructure Development in Africa.

Most major infrastructure projects within the BRICS and in their regions of influence in Africa, Asia and Latin America serve the extractive industries and agribusiness, and aim at the international market. These investments run the risk of becoming neo-colonial routes from plantation or mine or oil field via roads, railways and pipelines, to ports.

The large logistical axes connect territories and natural resources with external markets. The proposed R800 billion Lephalale-Richards Bay rail line for exporting 18 billion tonnes of climate-destroying coal, the R250 billion South Durban dig-out port, and the Nacala Corridor in Mozambique are examples of this neo-colonial infrastructural investment.

In a world environment with stagnant – and indeed declining – prospects for commodity prices, this strategy will require much greater public subsidisation, at a time budget cuts are undermining the incomes and services for poor people (e.g. a 13% real cut in national-provincial hospital services in 2016 which was one reason for the kinds of cost-cutting pressures that killed more than 100 mental patients of Life Esidimeni that year).

The rapid operationalisation of the new BRICS banks is due to a supply of credit that can be offered by especially Chinese lenders without standard social, political, ecological and even economic conditionalities. There is a high risk that BRICS institutions will precipitate a widespread downgrading of standards given the lack of environmental and social safeguards already won in struggles with other multilateral banks, in a race to the bottom.

Perhaps most importantly, the uneven terrain of extractivism on which the infrastructure will now be built, reflects a more urgent and desperate need by corporations to downplay social and environmental protections, which are sometimes expensive and invariably take enormous amounts of extra time. As many extractive-industry corporations attempt to make up for the commodity price crash (lost profitability per unit of output) by increasing the *volume* of output, nature and society are even more frenetically abused. As prices stagnate and fall further, the NDB and AIIB will thus be lending into a set of highly exploitative infrastructure sites where social and political conflict is also rising.

Another problem stemming from these new lenders, but still little understood, is the burden placed on borrowers due to new hard-currency debts, even when the Development Bank of China has used the export of commodities as collateral. This form of indebtedness diminishes the possibilities for diversification of the productive structure in countries whose exports rely upon primary products with volatile prices. In this context, the NDB will not be able to offer an alternative, since the governments of borrowing countries are interested in a bank that secures access to natural resources and markets, and that does not necessarily worry about serving the interests of populations and environmental conservation.

But it would be wrong to be entirely cynical about the BRICS' potential for contesting Western hegemony. There have also existed tensions over intellectual property rights on medicines within the World Trade Organisation (WTO), in which Brazil and India had confronted large Western pharmaceutical companies. South African Treatment Action Campaign activists took this confrontation forward to the point that huge gains in life expectancy were won, from 52 in 2004 to 62 today.

There were also genuine geopolitical tensions between the West and at least two BRICS – Russia and China – and these played out in the case of Edward Snowden's 2013 Moscow asylum, the 2014 invasion of the Crimea, chaotic Syrian war alliances, and Chinese economic expansion as well as South China Sea conflicts. China launched an Asian Infrastructure Investment Bank with Washington's historical allies in spite of Barack Obama's (badly miscalculated) appeal to the contrary.

But these were exceptions, and the overall BRICS contribution to multilateralism was accommodating to Western hegemony. In the case of the United Nations Framework Convention on Climate Change (UNFCCC), at least four of the BRICS (minus Russia) took the name BASIC and played a central role alongside Obama in ending the Kyoto Protocol provision for binding emissions cuts. This alliance began in 2009 in Copenhagen, and continued in 2011 in Durban, culminating in a climate deal in Paris in 2015 with these fatal flaws beneficial to historic polluters as well as to the BRICS:

- no legally-binding responsibilities and no accountability mechanisms;
- inadequate stated aspirations for lowering global temperatures;
- no liabilities for past greenhouse gas emissions (hence an unpaid 'climate debt');
- renewed opportunities to game the emissions-reduction system through state-subsidised carbon trading and offsets (soon moving from the European Union and North America to the emerging markets led by China); and
- a pass given to emissions emanating from the military, air transport and shipping.

The WTO was another multilateral institution whose neoliberal power was amplified, also in December 2015, thanks largely to the BRICS. At the ministerial summit in Nairobi, there was a breakthrough in negotiations to great relief for the world's elites since the last such prior deal was in 2001 in Doha. A vital feature was that three of the BRICS are in formal alliance with the EU and US as the 'G5,' the most important bloc, one generally opposed to what in 2003 formed as the trading-bloc G20, comprising the larger poor and middle-income countries which traditionally opposed the West's power.

For many years South Africa acted decisively in opposition to the interests of Africa at the WTO, with Pretoria's trade minister Alec Erwin even nominated by *Foreign Policy* journal to become the WTO's leader after he performed to the North's satisfaction in various of the insider 'Green Rooms' and as a 'Friend of the Chair.' In 2013, after fruitless efforts to restart the stalled 2001 Doha Agenda, the WTO was given a new leader: the Brazilian negotiator Roberto Azevêdo, who pro-trade bias was just as strong. According to the (ordinarily pro-BRICS) Malaysian NGO Third World Network (TWN), Brazil conspired with the United States and the European Union at the WTO to ensure 'that India did not get the language it proposed' to maintain vital food subsidies, a defeat which in coming years will lead tens of millions of Indian peasants to suffer. As TWN's Chakravarthi Raghavan put it, 'on the eve of Nairobi, Brazil unilaterally abandoned the G20 alliance to join the US and EU, in trying to act against China and India,' not to mention against the world's poor.

Azevêdo and Kenya's hosting chairperson agreed, according to Horace Campbell, 'to exclude "African issues" from the agenda while simultaneously pushing through the Expansion of the Information Technology Agreement, which benefits US corporations.' The WTO thus became far more hostile to African interests thanks in part to a few of the BRICS countries' interventions.

Still, if BRICS leaders act in a manner consistent with imperialist interests, nevertheless there has been a significant increase in the involvement of BRICS civil (and uncivil) society groups since South Africa hosted the bloc in 2013, giving rise to the 'brics from below' network. The following year, the counter-summit in Fortaleza was named, 'Dialogues on development: the BRICS from the perspective of the people'. At the Ufa summit in Russia, 2015, there was an inflection: the Russian government called an 'official meeting' of civil society, the 'Civil BRICS', which entered for the first time as a space recognised by the heads-of-state summit. The fact that the space was controlled by the Russian government meant many NGOs were not invited, while others (especially from Brazil) declined the invitation. In Goa in 2016, two meetings took place, both the ‘Civil BRICS’, organised by the governments, and the ‘People’s Forum on BRICS’ organised by Indian social movements and international NGOs.

While the first meeting in Durban was more radical with street protests, in Fortaleza it was organised in form of seminars, discussions and dialogue, with the participation of a representative of the Brazilian government to discuss the creation of the NDB. In Goa, around 800 participants included representatives from local and global strugles. In general, all meetings involve grassroots groups, social movements, peasants, unions, environmentalist and feminist organisations, especially from the host country, but also from the other BRICS countries. There are exchanges and analyzes of specific local, national and global issues and concerning BRICS and its institutions.

The latest meeting reinforced criticism of specific BRICS initiatives such as the NDB and CRA. Concerns about the lack of participation and consultation mechanisms for communities affected by projects funded by the two banks have been raised. Social movements are able to mobilise against the NDB in part because of their history of struggles against projects funded by national and regional banks, as well as against the World Bank. Goa hosts from the National Alliance of People’s Movements attacked the World Bank-financed Narmada hydroelectric mega-project in the 1980s, for example, forcing a withdrawal by Washington (even if the project went ahead with state financing).

The final statement of the People’s Forum denounced the threats to democracies and the rise of reactionary and imperialist forces, explicitly pointing to the impeachment of the democratically elected government in Brazil. (None of the other four BRICS country leaders bothered to express their concern about the May 2016 impeachment of Dilma Rousseff, or question the legitimacy of the replacement president Michel Temer in Goa.) The Forum also emphasised the loss of rights and deterioration of working conditions in factories and in the countryside. The movements point out that the BRICS have sought to participate in structures of power, rather than transforming them. They called on the BRICS countries to address the humanitarian and environmental crisis and to promote social, economic and environmental justice.

All of this leaves the distinct impression that the BRICS elites are not fighting imperialism, but attempting to join, even on the disadvantageous terms for poorer neighbours that were on offer at the IMF, WTO and UNFCCC.

The Brazilian dependency theorist Ruy Mauro Marini developed the concept of ‘sub-imperialism’ in the 1960s to identify key countries in imperialism’s expansion. The ‘deputy sherriff’ role is one which strengthen’s imperialism’s ongoing commodification of everything, neoliberal public policies, extractivism and brutal control of populations. This role South Africa plays in the Africa region, via its corporations’ expansion and its influence in world finance, trade and climate policy.

The myth that the BRICS are setting up alternatives to the Western-dominated world order should finally be put to rest, so that oppositional forces from both the BRICS and their hinterlands may mobilise accordingly, to demand real change, local and global.