

The BRICS are building a challenge to western economic supremacy

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Brazil, Russia, India, China and South Africa, united by rejection of the neoliberal model, plan to create their own institutions. The recent summit of the leaders of Brazil, Russia, India, China and South Africa (Brics) in Durban, South Africa, completed the group's first cycle of summits, one in each of the five member countries. The summit [declaration](#) contained the usual pieties about "solidarity" between the Brics and their "shared goals". However, unlike previous declarations, this one contained the first steps towards creating Brics institutions.

The most publicised among them, the Brics development bank, has been greeted with the usual western scepticism. Until recently, such scepticism tended to focus simply on comparative growth rates. With the Brics taking steps toward institutionalisation, there is a new element: can the Brics development bank really rival the IMF and the World Bank?

For the [New York Times](#), the Brics don't have "enough in common and enough shared goals to function effectively as a counterweight to the west". They are "deeply divided on some basic issues", are "rivals rather than allies in the global economy" and have achieved little. Worse, they have "widely divergent economies", invest little in each other and have "disparate foreign policy aims and different forms of government". Such a motley crew could declare a Brics development bank "feasible and viable", but the devil would be in the yet-to-be-agreed-upon details.

Such scepticism is misleading. The Brics countries do have a mortar that binds them: their common experience, and rejection, of the neoliberal development model of the past several decades and the western-dominated IMF and the World Bank that still advocate it. Their rapid development over the previous couple of decades was despite, not because of, this. Countries whose governments were able and willing to resist this model developed faster. All Brics countries have become more conscious of this since the onset of the current financial and economic crisis, though individual countries' rhetoric and policies differ in the degree of their criticism of neoliberal policies.

Once this is understood, the Brics' increasing coherence becomes evident. They have long called for the reform of the IMF and the World Bank only to meet with resistance. Rather than waiting, they have decided to act.

The development bank was first proposed in New Delhi last year. The five leaders were charged with exploring the idea, which led them to being able to declare it viable and feasible at Durham. Now officials must work out the details.

Undoubtedly the differences in economic weight between the Brics and the inevitability that China will dominate in some respects must be worked around. And it can be. For example, the Chiang Mai Initiative Multilateralisation (CMIM), a reserve pooling organisation that includes China, Japan and 11 other countries, does give its more weighty economies disproportional voting power, but no veto (such as the US has at the World Bank) and it is designed to benefit smaller economies.

Beyond the headline-grabbing Brics bank, there were other initiatives put forward at Durban. A Contingent Reserve Agreement (CRA) to pool reserves was created, with China contributing \$41bn, Brazil, India and Russia \$18bn each and South Africa \$5bn. There was a Multilateral Agreement on Co-operation and Co-financing for Sustainable Development between the development/export-import banks of the five countries as well as a Multilateral Agreement on Infrastructure Co-financing for Africa.

The Brics common agenda of pushing international economic governance away from neoliberalism and western dominance was also manifest when they complained that austerity in the west was holding back world growth and that the central banks' unconventional monetary policy encouraged speculation worldwide rather than growth domestically.

Given the recent attacks from countries in the west on the work of the United Nations Conference on Trade and Development (UNCTAD), which has been critical of western financial institutions, the Brics also made a particular point of calling for "strengthening UNCTAD's capacity to deliver on its programmes of consensus building, policy dialogue, research, technical co-operation and capacity building".

The Durban declaration did not avoid international flashpoints either. On Syria it asked for "all parties to allow and facilitate immediate, safe, full and unimpeded access to humanitarian organisations to all in need of assistance" and there were also statements on Mali, Palestine, Iran, the Central African Republic and the Democratic Republic of the Congo.

Finally, for the first time, "China and Russia reiterate[d] the importance they attach to the status of Brazil, India and South Africa in international affairs and support[ed] their aspiration to play a greater role in the UN". This may not amount to satisfying the latter countries' UN security council aspirations but it was no mere verbiage either.

Not since the days of the Non-Aligned Movement and its demand for a New International Economic Order in the 1970s has the world seen such a co-ordinated challenge to western supremacy in the world economy from developing countries.

<http://www.guardian.co.uk/commentisfree/2013/apr/02/brics-challenge-western-supremacy>