BRICS: A Challenge to the US Hegemony

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Abstract

This piece of writing's central idea is to elaborate the connotation of the BRICs and its ability to challenge the US hegemony. Many arguments were built to seek whether the BRICs countries can challenge the US hegemony particularly in the soft power terms. Later, when it was proved that the US hegemony has no such threats, it then, included all counter arguments to the BRICs' building bloc. Moreover the US' unilateral predominance over all institutions in general and in financial institution in particular was sought. It finally concluded that, perhaps, there is a long way to challenge the hegemony.

Introduction

The term BRICs was a connotation given to the emerging economies in 2003 by a Goldman Sach's report. O'Neil assessed that, if Brazil, Russia, India and China continue to grow at the current pace, these economies will be surpassing that of the OECD's by 2050. Whether this hypothesis is going to prove in affirmation or otherwise this paper will elaborate the issue. This is somehow considered as a challenge to the US hegemony in this piece of writing. Taking the transformation of the Group of 7 into the Group of 20 as empirical evidence the US hegemony is no doubt challenged. And the non-existence of the G-7 secretariat also gives proof of its inability to cope with the states being the unitary actors. Taking otherwise it is the extension of the executive staff in the decision making body. As more the multilateral a body or an institution is the less powerful

¹ Baker, A. (2008). The Group of Seven. *New Political Economy*, 13 (1), p. 105.

states will be given power to vote. The regular meeting of the financial crisis brought the BRICs attention to the global financial governance. Their attention reaps the crop and financial stability forum (FSF) (that was later transformed into the Financial Stability Board; FSB) was established by the West. This can be marked as the power shift from the West to the non-Westerns. This is supported by the statistical data that China overtook Japan in GDP and PPP (Purchasing Power Parity) terms. BRICs GDP rose from 16% to 22%. This is marked as the increase in the economic power. According to Fareed Zakria when the power of a state rises its interests rise as a consequence. Under this umbrella increase in the BRICs power causes to decrease the US power (relative gain).² In this paper it is explicitly argued that the challengers are more active than the actual factors of the challenge (to the US hegemony). This can be supported by a simple argument that the liberal thesis wants BRICs is to be integrated into the West. If all becomes the 'West' then who will challenge whom? Hence the BRICs are not a challenger but new emergent and other emerging countries may also be put in this series. This all is what; Towards globalization! But countries including China are adherents to sovereignty and integrity of state and no one state will give space to erode away its sovereignty, so no globalization can be accepted. If this is so, then definitely rise of one will be fall of the other. This may also lead to another global war. Finally, as the US is reported to have acted unilaterally at many occasions,³ she may act against the BRICs making an issue like environmental and humanitarian etc. To challenge the US hegemony is to win a 3rd world war.⁴

² Roberts, C. (2008). Polity Forums: Challengers or Stakeholder? BRICs and the Liberal World Order, *Polity 4*(1), p. 2.

³ Polidiska, B. F. (2010). *Acting Alone: A Scientific Study of American Hegemony and Unilateral Use of Force Decision Making*. Maryland, US.: Lexinton Books, p. 38.

⁴ Cythia Roberts, op.cit.

The Hegemony Per Se

BRICs may be a greater power but legitimacy and recognition are socially constructed ideas and socially 'achieved statuses'. It is also a social construct that where to draw a power separation line.⁵ For the sake of argument, the criterion may be changed. So is the case with the hegemony per se. on this issue are two most diverging theoretical views. The one is Neorealism and the other is the Institutionalist-liberal perspective. Neo-realist perspective stresses on the distribution of power. However, the more relative power gains are more related to the military powers. 6 US' soft power strength and non-expansionist intention is not surprising to the realists and they treat it as the defense of the hegemony (defensive realism). intitutionalists' perspectives liberal institutions are artfully created to exercise hegemony. The establishment of G-20 from the G-7/8 is a way of maintaining hegemony. ⁷ In systemic liberal views the liberal values are diffused gradually and progressively due to the following reasons:

- Liberal economies and increased economic interdependence
- Liberal legal order to sustain autonomy of global civil society
- Multi faceted capitalist systems of states successes
- Intrinsic rationality of economic liberalization

In offensive liberalism the US finds the gap for 'power of might' to use military force for liberal promotion. This is why regional conflicts are considered in favor of the hegemon.⁸ Due

⁵ Lima, M. R. S. D. and Monica H., (2006). Brazil as an Intermediate State and Regional Power: Action, Choice, and Responsibilities. *International Affairs*, 8(1), p. 26.

⁶ Hurrell, A. Hegemony, (2006). Liberalism and Global Order: What Space for Would-Be Great Powers?. *International Affairs*, 82(1), p. 11. See also, Guzzini, S. (Summer 1993). The Limits of Neorealist Power Analysis. *International Organizations*, 47(3), pp. 448-459.

⁷ Ibid. p. 6. See also, Ikenberry, G. J. (Autumn 1989). Rethinking the Origins of American Hegemony. *Political Science Quarterly*, *104*(3), pp. 375-400.

⁸ Ibid. p. 9.

to the same reason soft-balancing of the BRICs gives legitimacy to state to control the foreign policy. In the global trade arena the Quad politically dominates. Hence to challenge the US hegemony is to Challenge the entire world in fact. This is also evident when hegemony is defined by a German journalist as:

"Think of the United States as a gambler who can play simultaneously at each and every table that matters—and with more chips than anybody else. Whichever heap you choose, America sits on top of it". ¹⁰

Responsible Globalization

Robert Zoellick argued about the responsible globalization that governance is shared by the Group of 20 between the west and the emerging economies so that mounting grievances are compensated and given space for rule-making.¹¹ Unless and until this is declared as a battle-ground the US will be giving the responsible authorities to the emerging states; provided that they have achieved the status of civilized nations, the eligibility criteria. However the prospects can never be destroyed but currently there is no strong enough collaboration among the BRICs and hence no threat. In the West BRICs are recognized as "full partners (Secretary of State Clinton)" rather than a military alliance. 12 Further it is supported by the argument that the post hegemonic era will be more dangerous than the current hegemony. 13 BRICs (to some extent excluding India) lack in soft power which gives it a long way to challenge the US hegemony. 14

⁹ White, B.T. (2007). The International Financial Architecture and the Limits to Neoliberal Hegemony. *New Political Economy*, *12*(1), p. 31.

¹⁰ Wittkopf, E. R., Charles W. K. Jr., and James, M. S. (2003). *American Foreign Policy*. Belmont, US.: Wadsworth Thomson Learning, p. 6.

¹¹ Roberts, C. p. 7.

¹²Ibid. p. 8.

¹³Ibid. p. 10.

¹⁴ Ibid. pp. 11-12.

What Constrains the BRIC Plus

Issues related to both the trade and product politics constrain the BRIC to even look into the eyes of the "civilized economies". The first one is hard to deal with the financial crisis or bubbles because the international financial and monetary systems are working on the lines drawn by the USA. All the emerging countries are often caught in the financial crisis and found unable to cope with due to dollarization of the world economy and politics thereof. This suggests that to deal with the financial crisis is to deal with the dollarization. In case, the war is being fought on the currency that will replace the dollar. But the new emerging currency will somehow be dollar dependent.

The second obstacle is based on the environmental politics. Currently, China is the top carbon emitter. On this ground China's developmental approach can be challenged rather stopped by having a consensus on pollution issues. The argument is that overwhelming consensus can't be developed against China in the UNGA, but the Security Council may act in uniformity in this regard. However the first attempt by the Kyoto Protocol did not achieve its aim and proved otherwise when countries started getting coal and restricted material from other countries, and it became another market for coal.

Finally all the arguments are often undergrounded on the basis of the absorptive capacity of the OECD countries. Moreover the BRICs countries are, mostly, one sector dependent that increases its vulnerability. ¹⁵ But the case is considered as if the BRICs were combined and not fragmented. The preceded statement is based on the fragmentation of the BRICs, which in fact is not the case. However, the social issues inside the territories of the BRICS countries (China and India: gender imbalances, India and Brazil: growing inequality, China and Russia: Ageing societies, Russia: declining life expectancy, and

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¹⁵Shaw,T. M., Andrew F. C., & Agata A. (2007). Global and/or Regional Development at the Start of the 21st Century? China, India and (South) Africa. *Third World Quarterly*, 28(7), p. 1258.

in South Africa: increasing health problems) will not be tolerated by civil society activists due to the growing stress on Humanitarian based intervention and conditional sovereignty. According to Farid Zakria, states having problems inside their boundaries are vulnerable and unable to compete at international level.

In addition to the fragmentation of the BRICS is that they all are the regional leaders and seeking regional hegemony. But China and India in the same region present a bone of contention in the way of the BRICS solidarity. Same is the condition with Brazil that is in competition with Mexico. China is closer to the US than any of the BRICs countries or the third world countries. As China has "only" \$25bn trade with whole of the African continent, that is lower than its trade with India; provided that Chinese top partner is not India but the USA (China-US: *de Facto G-2 in de Jure G-20*)¹⁶

All BRIC countries are among top five the most attractive places for the FDI, China being at the top, India at 2nd, USA 3rd, Russia at 4th, and Brazil is successful to come at no. 5. On many grounds China and India have animosity in terms of getting edge on one another but at the same time they cooperate very close due to which they are called collectively as "*CHINDIA*". ¹⁷ However India takes lead over China because of its familiarity of English language and commonwealth factor also accrues it for 10%-15%, despite that it has many social problems. Accordingly, as one articulated, if India is successful in solving its problems there is no reason to stop it from becoming the largest economy of the world. ¹⁸

Ironically, China can neither be declared friend nor

¹⁶Garrett, G. (2010). G2 in G20: China, the United States and the World After the Global Financial Crisis. *Global Policy*, *1*(1), p. 33.

¹⁷ Shaw, T. M., Andrew F. C. & Agata A., op.cit. p. 1265. See also Payne, A. (2008). The G8 in a Changing Global Economic Order. *International Affairs*, 84(3), p. 526.

¹⁸ Shaw, T. M., Andrew F. C., & Agata A. op.cit. p. 1269.

enemy, as it is 1st tier state in terms of the possession of the UNSC permanent membership and emerging role in institutions. It is the leader of the South, contradictorily, on the other hand, because it advocates multilateralism at international institutions' forum. According to Humphrey and Messner multiple effects are to be faced due to China's double edged sword. ¹⁹

Macroeconomic Power Shift: A Leading Edge to the BRICs

Sometimes BRICs is often considered to face MIST (Mexico, Indonesia, South Korea, and Turkey) in the microeconomic sectors, in particular. It is more clear when BRIC plus' GDP and PPP (Purchasing Power Parity) reflect differences in prices. The prices in this group are almost one fifth of that of the OECD, while on the purchasing power parity basis (PPP) it is near to two third thereof. However, if the growth of BRICs is continuous on the current pace (at 4%) of GDP, it will be surpassing that of the OECD by 2045. If this all is summarized it will be said as 'a major shift in the global economy.' Based on the empirical evidence the foreign exchange reserves of the BRICs have hike up to 40% of that of the world surpassing the OECD's reserves, India, Russia, and China are among the biggest reserve holders.

CISA and BRICS

When it comes to analyze on sub-Saharan Africa the BRICs is to be replaced by the CISA (China, India, and South Africa). It is seen that Chinese cheap and low standard export to Africa discourages the African home-industry and employment sector. So, the Chinese export to Africa is painful to Africa. Only coal and steel sectors remain there to compensate Africa; that is hazardous to health and less profitable. Hence Africa

²⁰ Ibid. p. 1258.

¹⁹ Ibid.

²¹ Ibid.

²² Ibid. p. 1261.

needs technology not aid and Chinese approach in this regard should be termed same as that of the West in the past.

Two Sides of Globalization and Emerging Economies

At the first place globalization has widened the gap between the states and made states unequal.²³ At the same time globalization has provided attractive economic resources and technological outsourcing.²⁴ However, this is what Gilpin says the real as well as alleged fault lines of the globalization.²⁵ Gilpin further goes deep into the study and argues that globalization advocates the free and open access to market should be given to all states but what states do, they do influence their economic markets and support their corporations which triggers the inequality among states. ²⁶ All those states which are sitting on the top of the order are pursuing the nationalist policies. However, no one denies the transformation at global level somehow due to the globalization. This shift is seen as from 2-tier (the west and rest) to 3-tier structure of the world economy²⁷ (OECD or advanced countries, Emerging economies as BRICs/CISA, and the Rest). This is not the end but the start of the puzzle, as the contemporary "global governance" formed a triangle of governance, that is; state—corporate—civil society.²⁸ In author's views, this is the most contentious point where it is hard to find that who is protector and who is to be protected? However size matters a lot. When states are active in their nationalist sentiments civil society has less to do. In the same way, where states have large size and population they are vulnerable because of ethnicity and governance so civil society

²³ Ibid. p. 1256.

²⁴ Ibid.

²⁵ Gilpin, R. (2001). Global Political Economy: Understanding the International Economic Order. New Jersy, UK.: Princeton University Press, pp. 77-102.

²⁶ Ibid.

²⁷ Shaw, T. M., Andrew F. C., & Agata A. op.cit. p. 1263.

²⁸ Ibid.

becomes more active, while corporate is a tool that may be applied by states or civil societies.

Almost all of the BRICs countries (excluding Russia; but including it in G8) are regional hegemons. So they all advocate multilateralism, particularly at international level. Moreover they want regional level financial institutions and local regional currencies for trade. Even a few of the BRICs countries are seeking extension to their national languages (Brazil and India). This will definitely have an impact on the structural reforms of global financial system. As it is, later, seen that Group was ultimately transformed into the Group of 20 that is why it is often stressed that China and India can change the dynamics of 21st century global economy.²⁹

China in Africa Challenging the US Hegemony

China following their great strategist Sun Tzu's line that their supreme excellence is not to be fighting in every battle-ground but the supreme excellence is to cope with the enemy's resistance without fighting³⁰.

"Hence to fight and conquer in all your battles is not supreme excellence; supreme excellence consists in breaking the enemy's resistance without fighting".

It is obvious from recent China-Africa cooperation at such a larger extent is somehow not a good omen. Forum on China-Africa Cooperation (FOCAC) has been working since the dawn of the 21st century's 1st decade. It is in the first place better to examine the historical development of China's relations with Africa in contrast with other western powers; particularly, the USA. It is more explicit that the China's way of establishing relations with Africa is much better that that of the Western powers. The later has intent to make them slaves; the former is interested rather making them friends. It is also evident that the

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²⁹ Ibid.

³⁰ Tzu, Sun. The Art of War, Retrived on http://suntzusaid.com/book/3. Retrived on January 10, 2014,

reason of Africa being poor is because not of their fate but of exploitation of their rights by the West.³¹ After the end of the cold war the US sought to replace EU (European Union) and take the position thereof. Many are witness that it did not mark any diversion from the policies set by the Europeans but it remained a core-periphery relationship (Gramcianism).³² Here a remarkable competition emerges that EU didn't give their position to the US but it made a strategic policy over Africa.³³ The EU had repeatedly asked the US to keep an eye over the Chinese designs in Africa.³⁴ For information, here China is not being considered as solely the competitor of the US but it is an integral part, or more informally, one of the ingredients of the BRICs. So, it is of greater importance that China not only supported the AU (African Union) to be formed but it also propped it up to be 'eyeball to eyeball' with the West.³⁵ It is explicit from the tussle between the EU and the US, on the debate over 'who controls Africa', that both parties are wrong. Because arguments of both the EU and the US are not so plausible that either can carry the day. However, Africa is going away-if it not had gone-under the influence of China. It becomes more rigorous when China gives a direct monetary or fiscal aid to the DRC (democratic Republic of Congo; aid of \$5bn in 2007) and Angola (\$1.9bn). 36 Notwithstanding Angola was a major oil and natural gas supplier to West in Cold-war era. This puts the debate in the geopolitics arena, where the West is much experienced. Much of the debate in international politics is based on the notion and nomenclature of the terms. As Gramcians say that 'the old is dying yet the new is yet to be

³¹ Campbell, H. (2008). China in Africa: Challenging US Global Hegemony. *Third World Quarterly*, 29(1), p. 98.

³² Cox, R. W. G. (1983). Hegemony and International Relations: An Essay in Method. *Third World Quarterly*, 29(1), p. 98.

³³ Campbell, H. (2008). Op.cit.

³⁴ Ibid. p. 91.

³⁵ Ibid. p. 95.

³⁶ Ibid. pp. 100-101.

born' gives a wide range of analysis: from recognition of the US demise to the denial of rise of China altogether. What more china has to do to challenge the US hegemony can be divided into two clauses:

- In the short run—to overcome the disarticulation between financial sectors and productive sectors, and to stem outflow of capital flow from Africa, and
- In the long run—deliverance of new ideas of science and technology to a homegrown reconstruction.

These points have to face a strong wave of criticism because in the short run China would not be able to stem the outflow of capital from Africa. The empirical evidence may be the point that in past decade China's export to African continent rose by 1200% but what China gave to Africa is said to be a pinch of salt. Then what does this percentage point out? Answer may be the only enticement to Africa, however this figure instigates more the "challengers of the US hegemony" rather than the West, "the actual destination of the provocation. Many challengers would have faced the problem that Africa and China's leaders to leaders contact has flourished the people to people relations but in fact it is not possible in the short run because language, culture, sentiments of nationalism, and religion factors are always deeply rooted in societies such as the tribal societies in Africa.

In the long term, the flow of the ideas from advanced societies to developing countries is not so accelerated to match that of the new invention. However in this point of view something for Africa may be expected (at least secondary level of education may be achieved, but only to some extent).

On a few fronts China was compelled to move back from its position in Africa which proved that china is still not an all out actor on the continent. For example in Sudan, China preferred her own energy needs rather than common Sudanese problem. So, the position on Darfur was re-considered by China after a large consensus was developed by the West. So the West took lead over China and proved that the former has strong

political influential power as compared to any of the other countries of the BRICs.

Here it should be concluded that what distinguishes China more from that of other rulers of Africa in the past are the following:-

- China never sought slave trade
- China has no tradition of colonialism, genocide, and occupation
- China supports Africa diplomatically, politically, and economically
- China assumes the leadership role of the South, and
- No empirical evidence is there that can stipulate that region was impoverished by China, as Africa is being pointed out as impoverished by the West.

Still I have reasons to negate the China's positive points that can win over the hearts and minds of the peoples of Africa, based on intuitions. As we all know that the Africa is deeply divided on the basis of ethnicity, tribes and religions. This is a tradition of Africa, and very old in nature. The author's views suggest that initially the West would have done the same as China is doing today. That is to entice a few tribal lords and bestow a lot on them, and get benefits by ruining other people of the tribe. At another place in this article it is given that what China takes out of Africa is much more that what it gives Africa. Hence it would be a journey to that climax of imperialism where the West (read the US) is, seems to be standing today. On the other hand the West may be putting China in quagmire of Africa by giving it the wrong statistics of minerals and resources (geopolitics).

The consequences of wars are always deeper and broader than they are assessed. This is the reason implicitly explaining

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³⁷ Perkins, J. (2004). *Confession of An Economic Hit Man*. San Francisco, US.: Berret-Koehler, p. 91.

³⁸ Garrett, G. (2010). Op.cit.

the failure or decline in the US policy towards the African continent. In the 1st decade of the 21st century when China was making agreements with Africa and other BRICs countries were prospering on which the Goldman Sach was crying in its reports, the US indulged in the mud of wars in Iraq and the War on Terror (WoT).

Where there are many naysayers in theoretical grounds there is a reality as well that can never be overlooked. That is the dollar is still the world's reserve currency. This is because of the embedded nature of institutions of international system that work in the favor of the great powers (G-7) or the US. But China has to counter to that because its society is inclined towards democratic centralism so no crises are there that would have affected China after its border was open to free market. Moreover its population size is so large that its internal market always has propped up the stability of the country.³⁹ So far we have many reasons to say that China has challenged the US hegemony in Africa, but in a few areas the US holds the key that can steer the world in another direction and the US can serve its interests in skillful manners. These are the areas of environmental issues, population, human rights, child labor, terrorism, and democracy. Hence the new is yet to be born!

China's Long Term Planning

It may not be a good omen, but China is making strong alliances in Africa and Latin America. Particularly, when taking its influence in the region, its relations with India, Pakistan, Afghanistan, Iran, Indo-China and North Korea matters a lot. It would be a symbolic act of China but is of great importance that it has invested a huge amount in East Asian Crisis of 1997/98. After that East Asian states paid a keen interest in relations with China. That is to be found a relatively mild stance of East Asian states towards regional issues like South-China Sea dispute. Another Shocking point is that China has replaced Japan not only as a major economic actor of the region but also 2nd largest

³⁹ Ibid. p. 104.

economy in the world. This was one side of the coin. The other side is, that China has sought cooperation with Japan for regional economic stability and somehow establishment of multilateral institutions at regional level. 40 In liberal institutionalist perspective China's massive investment in East Asia, Africa and Latin America and its consolidation of new financial architecture outside the Bretton Woods will be a great challenge for China itself. Because surpassing into the jurisdiction of these institutions may not be eschewed by many states⁴¹ (read the US). For third world solidarity China's works are remarkable and it has skillfully played with unhappiness of Latin Americans with liberal policies of the IMF (International Monetary Fund) and help drive Hugo Chavez and EvoMasales as communists in South America. Moreover, Chinese alliance with Cuba cleared the clouds of uncertainty. But no threatening designs in this area may be expected because Brasilia influences as competitor of China in this region. For Brazil it is a home ground. For more empirical examples we have experience of Cuban Missile Crisis 1962. The US is powerful enough to counter any threat in its 'suburbs'.

US Counter China Policy

In the realist perspective that advises rise of one is a threat for other is very clear in this case. To counter China, the US has expanded its military bases and alliances in East Asia and Eurasia up to the borders with China and NTO expansion up to Russia. This has implications up to the prospect of the global war (WW-III). In Central Asia where the US have petroleum interests (pipeline politics) would be one of the greatest challenges to China and perhaps to all BRICs countries. Because Russia, India, and China are directly concerned with this while Brazil being an advocate of the South would also have spoken in favor of its peers in the BRICs. Taking National Intelligence

⁴¹ Ibid.

⁴⁰Ibid.

Council's Global Trends 2015's views 42 in consideration we can conclude that it is not so simple to predict either war or peace. Due to the reasons emerging from deterrence and alliances, and cooperation and competition—the nature Sino-US friendship/animosity somehow makes China as "Strategic Partner" and somewhere "Strategic Rival". 43

Barking dogs seldom bite 'and often beaten'.

The Actual BRICs; the IBSA (India, Brazil, and South Africa)

In this approach Russia and China are to be thrown out of the BRICs that they no more represent the South and the actual representation of the South belongs to the IBSA. 44 Due to the geographical location of the IBSA countries they want their influence over rules and regimes. This rhetoric presents that the IBSA is more interested in getting space in the 'Bigs' and less in leading the South; South-South is only a slogan to get UNSC permanent membership. Brazil has settled all its territorial disputes with its neighbors; South Africa is a "real and sole hegemon" of the African continent; and India remains only a fly in the ointment due to Kashmir issue with Pakistan and Sino-India stand-offs many times in the history and likely to be exploited by the West (read the US). If India is successful in resolving the Kashmir stagnation the IBSA is expectedly to be transformed into PIBSA (Pakistan, India, Brazil and South Africa). Then PIBSA will be, in my views, the wall of the "bricks" not just the BRIC.

Brazil led the G-77 on the basis that the South has less and least access to markets in the North. She is found as an active actor in the IMF, WTO and UNCTAD meetings. India and Brazil are agricultural countries so they want revolutionary steps to be taken in the international institutions to revise the

⁴² Ibid. p. 105.

⁴³ Ibid.

⁴⁴ Lima, M. R. S. D. and Monica H. (2006). Op.cit. p. 32.

policy on agricultural issues where the most powerful states have their influence. However the Brazil has divided on the issues of nationalism and multilateralism for she is called the "restricted US partner." The US has another opportunity to exploit the Brazilian, Russian, and Indian power that is 'social inequality'. ⁴⁵ Hence the Brazilian, Indian, and Pakistan's stabilities are much dependant on the US.

Conclusion

Although on many grounds the US has given the space to the emerging economies yet more or less the former has managed so deeply that it has made possible her hegemony that when a developing state gets rich the developed (read the US) gets richest—not richer. Hence "challenging" the hegemony on the expansion of financial institutions' management or executive staff basis is too general and too obvious. Until the new economic system—not the transformation from Bretton Woods to globalization—emerges that is totally far from even the US influence the hegemony is unchallenged. For LDCs the comparative improvement of the emerging economies may be heinous but for the US it is no more than a cheap labor producer and source of greater income and lucrative for the US treasury through her MNCs (multinational corporation).

⁴⁵ Ibid. pp. 38-39.

⁴⁶ Perkins, J. (2004). Op.cit.