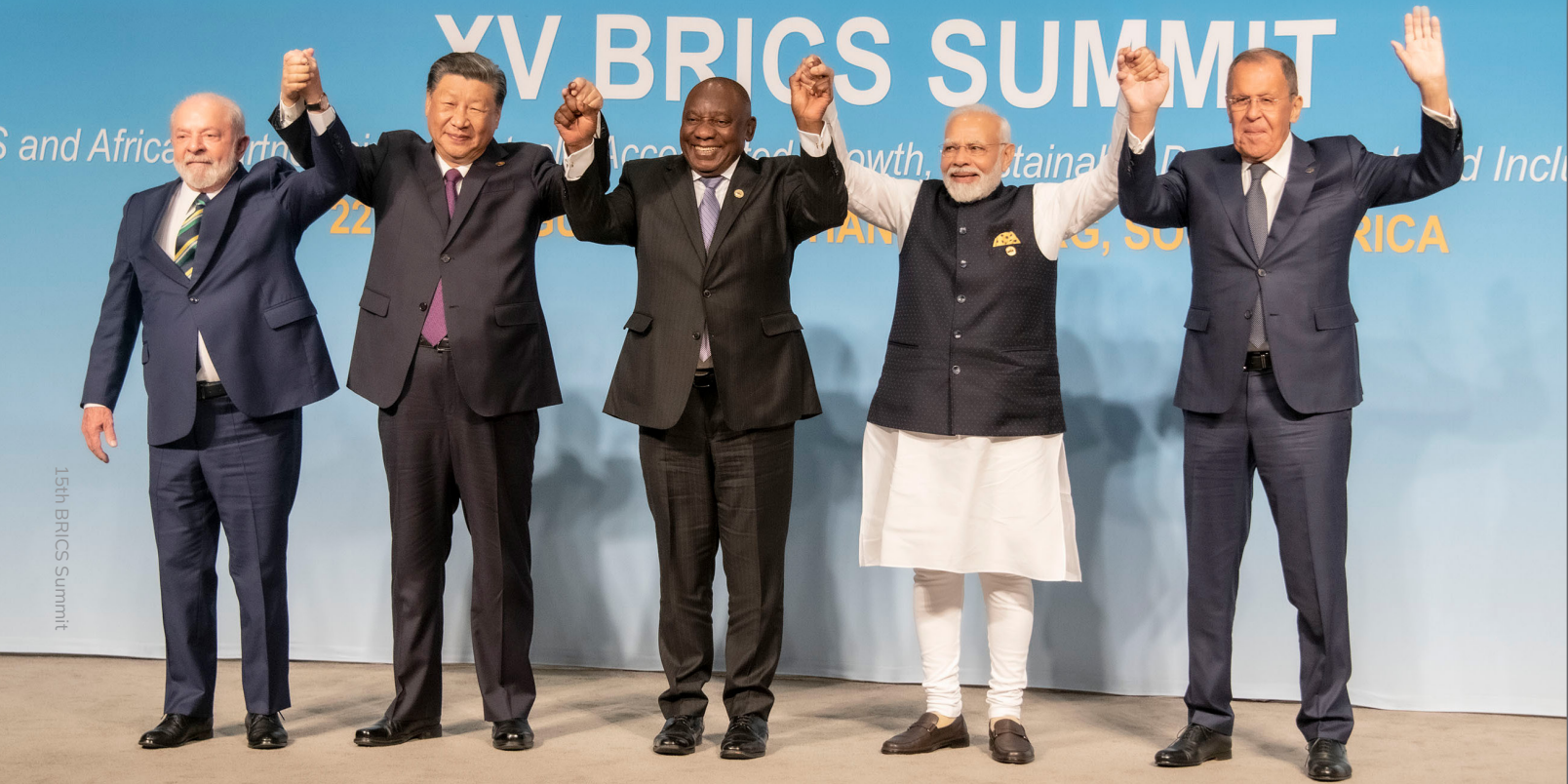


BRICS and the 21st Century World Economy



15th BRICS Summit

At the end of the Cold War in 1991, the United States emerged as the victor over its longtime rival the Soviet Union. For the following few decades, America enjoyed economic hegemony, or dominance, across the globe, combined with its military prowess. Today, America's dominance is being challenged by the establishment of a new alternative economic power, the BRICS (named for its original member states: Brazil, Russia, India, China, and South Africa).

The BRICS has positioned itself as an alternative to

the economic order that emerged after World War II, when the United States and its European allies played a leading role in establishing the International Monetary Fund (IMF) and World Bank. Those institutions sought to foster international stability by helping governments develop their capacity to implement sound economic policies, offering loans and other financial assistance.

By contrast, the Soviet Union established a highly centralized economic system that forced its various republics to rely on Moscow, the Soviet Union's capital,

Key Terms

hegemony (n.) – the power and influence of one country or group of countries over others, especially through a strong economy, military strength, or a culture that others want to copy.

multipolar (adj.) – when there are several superpowers (very powerful countries) that compete with each other for power over what happens in the world.

unipolar (adj.) – when there's one superpower (like a big country) that's much stronger than all the others economically and militarily.



for budget allotments and direction on how to allocate the money that was disbursed to them. As a result, these republics did not develop a significant private sector, and their people had little to no say in how budgets were prioritized and spent.

At the same time, the model espoused by most of the world’s Western countries was heavily reliant on the United States, which has always been the major shareholder of the IMF and World Bank. The World Bank president was also chosen by the United States.

America’s dominance of these institutions carried over into the post-Cold War era, when the United States and European Union worked together to rebuild the economies of the former Soviet republics. This effort had mixed success. While the United States and its allies focused on shaping the post-Cold War world, China and India, along with other “middle income” countries at the time, quietly invested in their own economies.

China’s Growing Influence

In 2005, a consortium of World Bank member countries predicted that, within ten years, China and India would wield global influence on par with the size of their populations. Combined, the countries accounted for nearly 40 percent of the world’s inhabitants, and their rapid industrialization, the consortium members said, was already apparent in their shifting relationship with the World Bank itself.

The Bank maintained “Country Assistance Strategies” — which positioned governments as aid recipients, rather than partners — with other developing countries. China’s relationship with the World Bank, however, was known as a “Country Partnership Agreement.” Rather than dictating what China had to do to develop its economy, that agreement set out goals for mutual cooperation between China and the World Bank. In other words, the Bank needed China as much as China needed it.

As America fought major wars in Iraq and Afghanistan, China continued to grow its influence worldwide, putting in place plans for what it called its “belt and road initiative,” a massive infrastructure program that seeks to extend across the globe. Included in the initiative is extensive engagement with countries across Africa, where China’s access to valuable minerals, including those used

BRICS MEMBERSHIP 2024

Membership Members

	Year
Federative Republic of Brazil	2006
Russian Federation	2006
Republic of India	2006
People’s Republic of China	2006
Republic of South Africa	2010
Arab Republic of Egypt	2024
Federal Democratic Republic of Ethiopia	2024
Islamic Republic of Iran	2024
United Arab Emerites	2024

Applying for Membership

	Application Year
People’s Democratic Republic of Algeria	2022
Kingdom of Bahrain	2023
People’s Republic of Bangladesh	2023
Republic of Belarus	2023
Plurinational State of Bolivia	2023
Republic of Cuba	2023
Republic of Kazakhstan	2023
State of Kuwait	2023
State of Palestine	2023
Republic of Senegal	2023
Kingdom of Thailand	2023
Bolivarian Republic of Venezuela	2023
Socialist Republic of Vietnam	2023

Sources: <https://en.wikipedia.org/wiki/BRICS>
<https://oilprice.com/Energy/Energy-General/5-Oil-Producing-Nations-Ask-To-Join-BRICS-Alliance.html>

in mobile phone and electric vehicle batteries, has grown steadily. Much of China’s influence in African countries is connected to loans it extends for infrastructure projects like roads, airports, and transportation systems.

The United States government has criticized China’s loans for creating a “debt trap” in African countries. But African leaders like Kenyan President William Ruto have insisted that the accusation is a “myth” and called it “offensive and condescending.” Already, however, African countries are falling behind on repaying their loans from China. In 2020, Zambia defaulted on its debt, and in 2023, it had to renegotiate the terms of its loans from China.





order in which the U.S., China, Russia, and potentially others become competing centers of power.

On December 8, 2023, for example, the group announced that the UAE had asked fellow BRICS members to purchase oil from the country in their local currencies, not the U.S. dollar. This “de-dollarization” is important because it means that countries will no longer have to convert their currency to dollars — the price of which can fluctuate based on external factors like war and climate crises — before purchasing commodities that are vital to their economic development.

In 2014, the BRICS established its own alternative to the World Bank. Known now as the New Development Bank, it has already issued loans to BRICS members Brazil and China and has begun financing development projects to non-BRICS countries like Bangladesh.

This new bank has encouraged other countries, including traditional American allies, to forge partnerships with BRICS countries, explicitly challenging American hegemony. In April 2023, France’s President Emmanuel Macron, after meeting with his Chinese counterpart, told reporters that Europe must resist pressure to become “America’s followers.” This was an extraordinary statement coming from a NATO member, especially in the midst of the American-backed war in Ukraine following Russia’s invasion in February 2022. U.S. President Joe Biden had framed the war as a threat to the North Atlantic alliance.

Multipolarity and World Stability

With Russia poised to potentially retake one of its former Soviet republics in Ukraine, China and its BRICS partners relying less on American economic might, and population growth tilting heavily toward developing countries, the unipolar world of the post-Cold War era seems to be giving way to a new global order. Unlike the Cold War era, however, this new order is no longer limited to two superpowers. Instead, it appears to be forming around economic alliances that seek to break free from American influence. That influence remains strong, with the U.S. continuing to boast the world’s largest economy and dominating institutions like the World Bank. But as the BRICS’s New Development Bank has shown, some of that U.S. influence may be waning.

From the U.S. perspective, this new multipolar reality may limit its ability to impose order in places like Iraq, where conflicts can threaten American access to oil and other resources. Decreasing U.S. power, as well, could further embolden the authoritarian governments of

The New Development Bank was founded by BRICS in 2014. Pictured here is the bank’s headquarters in Shanghai, China.

The Emerging BRICS

Building on this influence, China, along with other emerging powers, has sought to forge a new alliance of like-minded countries to challenge the economic might of the United States and institutions like the World Bank. The BRICS, a group of countries brought together by Russia and named after its original members — Brazil, Russia, India, China, and, later, South Africa — is one such alliance. Accounting for 40 percent of the world’s population and one-quarter of the global economy, the group invited Argentina, Egypt, Ethiopia, Iran, Saudi Arabia, and the United Arab Emirates (UAE) to join in 2023.

With many more countries expressing interest, the BRICS is already re-shaping the global economic order. Power seems to have shifted in the early 21st century from a unipolar order in which the U.S. is the center of global economic and military power, to a multipolar



America's chief economic rivals, Russia and China. We have seen the conflict Russia began in Ukraine, and we may yet see China similarly act in neighboring Taiwan.

Many argue, though, that a multipolar order represented by the BRICS will offer developing countries a choice and, with it, a sense of agency. As these countries continue to grapple with poverty, food insecurity, and the looming threats of climate change, having more opportunities to access much-needed capital and infrastructure development may be more important to them than living in a world dominated by one superpower: the United States.

At the same time, some observers foresee growing centralization of the BRICS' decision-making powers. When it was first established, the BRICS could rely on a consensus-driven approach to making decisions because it only had a handful of members. As more countries are

invited to join, the original members may see consensus as too unwieldy and insist on centralizing power in a smaller group that would be dominated by the founding five countries.

Writing & Discussion

1. What brought about the formation of the BRICS?
2. What has caused the greatest shifts in U.S. economic power across the globe?
3. Some international experts say the world is not becoming multipolar, but rather is becoming, at most, bipolar between only the U.S. and China as power centers. Do you agree? Why or why not? Is there evidence in the article to support your answer?

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ACTIVITY: STATE DEPARTMENT TASK FORCE

You are in the U.S. State Department, which is the part of the U.S. government that deals with other countries. Form groups of four, and each member of each group will have one of the following roles:

Secretary of State – You are in charge of the State Department. Your job is to design U.S. foreign policy and to advise the U.S. president. You also keep your group's discussions focused.

Assistant Secretary of Economic Affairs – You focus on economic policies. Your job is to assess what's happening in the world and explain to the Secretary of State how it might affect the U.S. economy (jobs, money, and trade with other countries).

Assistant Secretary of Intelligence – You focus on keeping the U.S. and its allies safe. Your job is to assess what's happening in the world and explain to the Secretary of State how it might affect world stability (the safety of people in the U.S. and in other countries, especially countries that are America's friends and allies).

Human Rights Observer – You work for a non-governmental organization (NGO). You have been asked to help the Secretary of State understand how everyone's human rights are affected by what's happening in the world. Human rights include access to food, medicine, and energy, as well as freedom of speech, freedom to travel, and freedom to choose your job.

In your roles, meet and discuss the following three scenarios. Decide what the U.S. should do to respond to each scenario:

Scenario 1: The BRICS alliance announces an initiative to develop renewable energy technologies (like solar power and wind energy). It will establish a market to buy and sell energy only among its member countries.

Scenario 2: The BRICS alliance announces a massive investment project in Africa. African countries will use BRICS money to build infrastructure (like roads, highways, and internet networks), and BRICS countries will sell them military weapons and ammunition to build up their armies.

Scenario 3: The BRICS countries propose a requirement for all member countries that they must buy all oil from fellow BRICS member countries, and never from Europe or the United States. Some of the oil will be used for domestic energy, but a lot of it will be used for member countries' military actions.

The Secretary of State should prepare a brief, written report with at least two sentences for each scenario explaining what the U.S. should do in each scenario.

