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**Brics**

# **Brics summit in China: A missed opportunity**

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**The ninth BRICS summit was held in Xiamen, China, on September 3-5. Sharmini Peries from the Reel News network spoke to Patrick Bond shortly after the end of the summit. Bond is Professor of Political Economy at Wits University in South Africa. Bond is the author of the recent books, *South Africa - The Present as History* (with John Saul) and the 3rd edition of *Elite Transition*. He is also the co-editor of *BRICS: An Anti-Capitalist Critique*.**

**SP: It's The Real News Network. I'm Sharmini Peries coming to you from Baltimore. The ninth BRICS Summit concluded in China on Tuesday. The host, China's Prime Minister, Xi Jinping, called on developing countries to stay together and work harder for South-South cooperation and sustainable development. At the same time, he also urged countries to resist tendencies towards protectionism.**

**BRICS is the acronym for five countries: Brazil, Russia, India, China, and South Africa. Together, they represent nearly half of the world's population, and 22% of the world's GDP. While the BRICS countries summit was taking place in Xiamen City, China, a counter summit was held in Hong Kong, organized by Hong Kong People's Forum. Although some have heralded the BRICS as an alternative to U.S. dominance and imperialism, the People's Forum argued that it is just a continuation of U.S.-led neoliberalism, that Russia, Brazil, China, India and South Africa are a critical part of.**

**Joining us now to analyze the latest BRICS Summit is Patrick Bond. Patrick attended the Hong Kong People's Forum where he did a keynote address, and just returned to his home in South Africa. He is the co-editor of the book *BRICS: An Anticapitalist Critique*. Thanks for joining us today, Patrick.**

PB: Great to be back with you. Thanks, Sharmini.

**SP: All right, Patrick. So, let's begin with the People's Forum that took place in Hong Kong. They have now developed a fairly extensive critique of the BRICS Summit. What was the atmosphere like and what were its objectives?**

PB: Well, Sharmini, it was an atmosphere of anger, particularly at the opportunity missed to really challenge corporate-led globalization. Indeed, as Donald Trump has adopted the so-called paleo-conservative and protectionist rhetoric, although, it seems that a big chunk of that constituency inside the White House has now departed, but Xi Jinping, the Chinese leader starting at the world economic forum in Davos, Switzerland, and continuing through the G20 meeting two months ago in Hamburg, and certainly at the BRICS Summit in Xiamen, was very much the proponent of globalization, free trade, and a critic of even the protectionism that here in South Africa has been imposed increasingly against Chinese dumping of steel just to save the steel industry. In fact, a Russian company, the number two company, went bankrupt last year, and the number one company, owned by an Indian, that's ArcelorMittal, is threatened with bankruptcy this year.

I think these are the kinds of contradictions, that in the spirit of economics, meant the Asian people's movements, and the labor movements, the environmentalists, women's movements, the youth, the students, were expressing anger that an opportunity to remake the world and to reform global governance in a progressive way has been missed.

**SP: Right. Xiamen City is also a site of conterstation for the very issues you're talking about. That is where**

**the meeting took place, the official meeting of BRICS. Tell us a little bit about the kind of struggles taking place there.**

PB: For many years, the highest profile struggles in Xiamen have been about environmental justice, pollution, explosions, but there have been many labor conflicts. The group in Hong Kong that helped to host us, including the Labor Federation and several of the labor support networks, research groups, have been monitoring the mainland's labor unrest. As you know, there's not a very free trade union movement, but there are tens of thousands of wildcat strikes and protests by workers about the exploitative conditions on the mainland. What's exciting about BRICS from below is to begin to link not just those activists in the countries, the five BRICS countries, who regularly do meet and exchange information, but increasingly too from the hinterlands, from the neighboring countries where especially Chinese firms have penetrated into Southeast Asia.

Similarly in 2018, South Africa will host the BRICS and there will be plenty of regional activists who are concerned about South African and other BRICS countries' companies in the region. These are very exploitative companies. It seems that they've taken Western, neocolonial strategies of extraction in continents like Africa, Latin America, and Asia, and made these even more extreme with fewer opportunities for solidarity because of the repression in places like China and Russia. That's one of the challenges for BRICS from below, a summit like they just had in Hong Kong is to find ways to express that solidarity, because unlike say, fighting the world bank or a London company, it's very difficult to find the kind of cadres who can extend campaigning and build the solidarity. These are the tasks ahead.

**SP: One of the issues, Patrick, that the countersummit explored were the problems that BRICS countries have in holding together as a unified force. China's prime minister Xi Jinping also addressed this importance of unity and solidarity and so on. I understand that that was one of the topics you spoke about at the counter summit. Why is this a problem here?**

PB: It's a difference between centripetal and centrifugal forces working on the BRICS. The centripetal coherence and the divisions of labor that should link the BRICS, making overlapping and interlocking economies and political interests, aren't nearly as strong as we thought. There are huge fractures. It was really only the Monday before the BRICS met, six days before they actually arrived in Xiamen, that a deal was done between India and China to have both countries troops back off from the Bhutan border, and a very tough conflict coming up in the years ahead will be over Kashmir, where the Chinese want to build a massive transport infrastructure to get to a port in Pakistan on land that India claims is its own. It's also an area of Pakistan where the United States has been bombing mercilessly civilians in their search for Taliban.

In that area, including Afghanistan, the BRICS should have more unity, but until this summit they were very fractured. Even last year the BRICS summit, Narendra Modi, the Indian prime minister had failed to get Russia and China to support naming Pakistan as a state that support terrorists. In this summit, there was a declaration that some of the groups operating in Pakistan and Afghanistan, mainly Islamic groups, are indeed terrorists, enemies of the BRICS as a whole. I think the expectation we've had is that Donald Trump and his odd, unpredictable kind of geopolitical agenda will have a centrifugal, a break up, impact.

So too are forces within the BRICS, like Chinese overcapacity and overproduction, the huge debt crises that are emerging all over the world, especially here in Southern Africa where Mozambique and Zambia have missed debt payments. There's talk of even South Africa having to go the INF or the alternative, the contingent reserve arrangement, which does look very much like the INF because once you've borrowed 30% of your quota you have to go to the INF.

Similarly, deglobalization as a problem for the BRICS, who are largely export driven, represents for example lower

rates of trade, much lower than the 2008 and 2011 peaks. Lower foreign direct investment. Lower levels of cross-border financial assets flowing. The deglobalization of capital that's been underway for about four or five years is something that Xi has been especially worried about. These are the centrifugal, breaking forces that mean that coherence within the BRICS, along with the geopolitical dynamics, along with the need to oppress the people, and along with the fading popularity of leaders like Michel Temer, the Brazilian who has less than 10% popularity and barely survived impeachment, or Jacob Zuma here in South Africa, who last month barely survived a no confidence vote in parliament. Those are at least two of the five leaders who are really on the rocks. These are the kinds of forces out there that weaken the BRICS as a coherent block, as the alleged building bricks of the 21st century as Goldman Sachs once said, predicted.

**SP: Sadly, or to the benefit of the Brazilian people, I think Temer's favorability ratings are even lower than you state there in our recent reports from Brazil, further strengthens your point you're trying to make.**

**Patrick, another aim of BRICS is to reform multilateral institutions such as IMF and the World Trade Organization, WTO, yet BRICS is creating or replicating these organizations. For example, there is now a BRICS bank established to lend money to countries like South Africa, and I understand South Africa has actually received one of those big loans. How do these efforts on the part of BRICS differ from say the IMF? I understand even in terms of establishing the loan criteria, they essentially borrowed the model from IMF.**

PB: That's right, Sharmini. This attempt to make multilateral policy rather different and less oriented to the interests of Washington, London, Berlin, Tokyo, has failed entirely, and that includes a BRICS New Development Bank, which as you say made a loan to South Africa for renewable energy extension, and yet the loan has not been taken out. It's been put into abeyance, it was announced three weeks ago. There is a new BRICS bank, Africa Regional Center, a regional branch, but they have no director. The former finance minister Nhlamhla Nene was meant to take the job, but it was a bit of a farce and he turned it down, so they've tried twice to advertise for the branch manager and failed. They've just got some staff from the Shanghai head office.

These are reflections that the New Development Bank isn't really new and different. It was set up by men, including from South Africa, who have a strong association with Goldman Sachs, Barclays, and Bank of America. I think the BRICS New Development Bank deal a year ago with Jim Yong Kim, the World Bank president, was revealing insofar as co-financing, sharing of projects, and even personnel is part of that deal.

That takes us to the INF, which the BRICS said they were going to reform in terms of the voting power, and four of the five BRICS did indeed achieve much greater voting power in the INF in December 2015. However, they did so by standing on the heads of poorer countries, so even South Africa lost 21%. Venezuela lost 41%. Nigeria lost 41%. Many African and Latin American and a few Asian countries lost dramatic shares of their INF votes. That reflects a deal making process in which the BRICS, at least the BRIC countries there, not INF, wanted to join rather than fight.

That was proven again when Christine Lagarde was convicted of corruption in a 400 million euro deal with the former Adidas owner. That meant there was an opportunity last year to get rid of her. She came up for another five year term, but the BRICS directors had voted unanimously, even the same day as the corruption investigation led to a conviction, that she should stay on. At the WTO, the BRICS basically voted to end food sovereignty.

Maybe worst of all, Sharmini, is the climate negotiations at the Paris Accord in December 2015 as well. The BRICS sided with the US and the EU, and there are two critical components that serve their interests altogether. Those would be the agreement not to have binding or accountable provisions within the Paris Agreement. You can, as Donald Trump did on June 1, just walk out or you can violate your pledges. Secondly, there's no climate debt, and the BRICS are right up there with the EU and the US, in fact China is the number one emitter. Historically now we're seeing the BRICS emerge as climate debtors. They're not in net terms the victims; they're the beneficiaries of

excessive green house gas emissions. They put into the Paris Agreement that there's no liability for historic climate debt.

These are the things that taken together allow a description of the BRICS not as anti-imperialist, as the rhetoric sometimes has it, but rather as sub-imperialist.

**SP: Finally, Patrick, you indicate that, and you point this out well in many things that you have written, that the economic engines of these countries, the BRICS countries, is sputtering. Why is that, and what does it mean for BRICS?**

PB: The general problem, Sharmini, of capitalist economies is that they overproduce. Once that happens, the surpluses go into either geographical expansion, and in the case of China it's the Belt and Road Initiative that is anticipated to take over from all of the ghost city construction, all of those empty cities, as a way to mop up all the overproduced cement, steel, chemicals, other infrastructural activities that have huge overcapacity.

Geographically there's a move to the West, and that is creating some of the tensions I mentioned, especially with India. I think secondly the surpluses go also into financialization, so big bubbles in stock markets have developed across the BRICS, and huge levels of debt. These are the economic contradictions that mean instead of some sort of alternative to capitalism, it's kind of a capitalist crisis tendencies emerging. These, according to even economists from major banks in the last two weeks, Citibank and HSBC and Morgan Stanley, could well lead to a recession if not something worse, the crashes we saw in 2008, 1998, 1987. These do come around under capitalism.

This time I think it might well be the weaknesses in some of the BRICS economies that set them off. We've just come out of a recession in the last couple of days in South Africa. India and China are growing fast, but Brazil and Russia are still very weak. They've had long recessions they've just come out of. These are not economies that represent strength, but rather a desperation to hold on to whatever huge investments China will be making in the Belt and Road as the last gasp of a commodity boom that lasted from 2002 to its peak around 2011, and then from 2015 has left some of the poorer economies in the world in desperate straits as they were dependent on Chinese consumption. That's now very much in question.

These are the sorts of contradictions that we had hoped a new generation of leaders, new countries, would come up to challenge the West as they went into their capitalist crises, but instead it turns out the philosophy has been such that the crisis tendencies are actually amplified through the BRICS.

**SP: They assume that they can do neoliberal economics better than the United States, I guess.**

PB: And yet, the protestors in so many of the sites of struggle, whether democratic movements in certainly Russia, Brazil, those had street protests this year that are formidable though unsuccessful, or the labor movement in a place like India, a year ago there were 180 million workers on strike, the greatest strike in world history for just one day. South Africa has huge numbers of protests and regularly rates as the World Economic Forum's number one site of class conflict, where workers are most confrontational in the annual surveys. China has more than 100 thousand protests per year.

So look, these are countries that are facing such intense inequality, South Africa, the worst in the world, a Gini coefficient of more than .7, overtaking Brazil, and growing inequality in all the others. An extreme environmental degradation, male patriarchal power that is being challenged. India's had enormous protests against rape, example. If you look across the spectrum of social, ecological, economic, and political unrest, you'll see the BRICS from below very, very strong, even if the linkages are still to be made. The BRICS from above have a lot of the power of

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persuasion, resources, media attention, but I think it's fairly apparent that their agenda isn't to fight the system of world capitalism but to join it and to amplify its many problems. That means, for sure, more resistance to come.

**SP: All right, Patrick, I thank you so much for joining us today and really appreciate your take on all of this, just fresh upon landing in South Africa. Thank you.**

PB: Thank you, Sharmini.

**SP: And thank you for joining us here on the Real News Network.**

*September 6*

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