

# The New Silk Road and the BRICS: A New Paradigm for Civilization

*After the following four presentations, journalist Christine Bierre moderated a wide-ranging discussion, which included Mrs. LaRouche.*

## The Vocation of the BRICS, Seen from Moscow

by Leonid Kadyshev

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I don't want to reduce my speech exclusively to the relationship between the BRICS and "The New Silk Road" project. First of all, because this project has many dimensions, including, among others, great opportunities for cooperation with the Eurasian Union, of which Russia's membership is also very important. Secondly, it is crucial that there be an understanding that the significance and the creative vocation of the BRICS, as a new kind of grouping, isn't reduced to a mere number of selected projects—its scope is much larger.



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*Leonid Kadyshev*

### **BRICS in the World System**

First of all, I would like to address the role of the BRICS in the international system as seen from

Moscow. Today, the BRICS are asserting themselves as an influential participant in the world system of governance. At the same time, the BRICS is a young inter-state association which, from a Russian point of view, reflects the great trends of our time. It additionally possesses a number of innovating qualities.

The emergence of this group was the natural outcome of the dynamic development of the processes of globalization, of the scattering of global world power and of the strengthening of new poles of growth and political influence, in parallel with the strengthening of the interdependency of the countries located on different continents.

The cooperation among the "Five" reflects the shared need for establishing a solid partnership between the different cultures and civilizations as the basis for the formation of an international polycentric system. The fact that the phenomenon of the BRICS corresponds to this objective vector of world development, makes this formation attractive, dynamic and future-oriented. It is vital that this group is not tied up in the straitjacket of hierarchy nor the rigid discipline typical of politico-military blocks or coalitions. The BRICS are a symbol of the multi-polar world in the making. It is obvious that, for this reason, the attitude of the West towards the BRICS,—I will make an understatement,—is cautious. The West, used to controlling numerous processes of the world economy, cannot accept the fact that there exist free alternatives.

Cooperation within the BRICS, in our opinion, constitutes an example of the way in which multilateral partnership must be built in the Twenty-First Century. Nobody exerts domination inside this group, there is no submission, and we work on the basis of a true equality and mutual respect. This cooperation is not directed against non-member countries,—on the contrary, we share a positive agenda which consists, above all, in

creating additional sources of development and in bolstering the well-being of our populations, which is inextricably related to the objectives of the maintenance of viable international stability.

Therefore, all those who try to accuse the BRICS of being conflict-oriented, are wrong. This isn't at all its true nature.

The defense of the principles of democracy and of justice in international relations, is a key aspect in all the activities of the BRICS. It is one of the main centers of policy formulation, offering balanced positions in the interest of solving the most pressing international problems. In this context, it is difficult to overestimate the importance of the voices of solidarity with the BRICS, calling for an in-depth collaborative effort for peaceful conflict resolution as backed by the UN Charter, without double standards, and without any unilateral military intervention or the use of the "big stick" of sanctions. The defense of the indivisible character of security, and the refusal to admit that it is possible to bolster one's own security to the detriment of that of others,—consolidate the potential of the BRICS to develop long-term solutions to regional crises. This role of the BRICS cannot but grow.

The common approach to guaranteeing that the creation of the new multi-polar system be based on reason, truth and the partnership of civilizations, allows the BRICS to serve as a sort of lighthouse in the turbulent sea of world politics. Another proof of the growing authority of the BRICS is the success of the summits in the "outreach" format, with the participation of the countries belonging to the host country's region. The Russian city of Ufa is preparing to host the next gathering of this type, to which our Eurasian partners are invited.

### **The coming Russian Presidency**

As underlined by Russian Head of State Mr. Vladimir Putin, the Russian presidency will place greater emphasis on the most efficient use of the capacities of the BRICS to strengthen security and stability in the world.

Each BRICS summit is a milestone, a step in the development of this young association. During the Fortaleza summit (15-16 July, 2014), documents were signed for the creation of a New Development Bank (NDB) as well as the founding charter of the BRICS. In Ufa, the Russian presidency is aiming for substan-

tial progress in several areas. It hopes to bring the cooperation of the BRICS to a new strategic level. In the economic field, we are counting on the kick-off of the New Development Bank launched on the eve of the summit, and on the creation of the pool of currency reserves—which requires the completion of the ratification process by all the Member States. The Russian side is hopeful that that will happen, since the ratification process is going very well in all the participating countries.

On top of that, we expect the strategy of the BRICS' economic partnership to be adopted at the summit. It will be a progress document for the pursuit of the development of our cooperation in the pivotal domain,—the economy. Immediately after the adoption of this strategy, we plan to start elaborating a roadmap for cooperation in the field of investments. This document has the purpose of fleshing out this cooperation with interesting and well-detailed joint projects. Another major aspect in the economic field: it is planned that new axes of cooperation will be opened: mining, energy, communications and a number of other areas. We count on cooperation to facilitate the conduct of business: this includes tax policy, simplification of formalities, etc. Significant will be the events prior to the Ufa summit. First of all, one should note that on June 8 of this year, the parliamentary forum of the BRICS met for the first time. The parliamentary dimension will enable the reinforcement of the basis of cooperation among members. Another important element of the Russian presidency, which will enrich the spectrum of the summit—is the Youth Summit, which will be held in Kazan in June. This is also a new phenomenon in the development of the BRICS. The summit will enable us to bring the BRICS closer to the young generation of our countries—we know that any organization has perspectives and a future if it is supported by young people. One should also note the cooperation in the field of culture—yet another new dimension. A cooperation agreement between the BRICS countries in the field of culture will be prepared for the summit.

### **BRICS and World Development**

The question of the significance of the BRICS for the world economy must be given special attention. It is essential for our international partners to understand: the BRICS do not intend to go for a confronta-

tion with anybody whatsoever—neither in politics nor in the domain of finance, nor of the economy. I want to underline once again the Russian vision of the BRICS—it is a proposal to the world of a fundamentally new model of cooperation. Of a model based on going beyond the old lines of division constituted by the confrontation of blocks or by the thinking that is behind it, according to the “East-West” or “North-South” axis.

The BRICS are open to cooperation with all States, independent of their geographic origin or political aspirations. At the same time, Russia is opposed to the creation of closed economic systems that keep the countries of the BRICS at a distance. For instance, the United States categorically refused to consider the question of the admission of China to the Pacific Partnership; the same attitude was displayed towards Russia. In those circumstances, Russia believes that the response of the BRICS should be to support the system of international trade founded on the rules of the WTO, by uniting our forces. The WTO is a kind of United Nations of world trade. If it starts breaking down, it will provoke a severe trade competition, and great antagonisms won’t be long to arise. Russia is against such a scenario, and therefore pronounces itself firmly for maintaining a unified system of rules, which is the foundation of the WTO.

In respect to economic cooperation within the BRICS, the Member States are realistic: we see what is happening in today’s world. Accordingly, there is a joint desire to facilitate the cooperation between our business communities to the maximum, in order to make use of the great opportunities opened by the complementary character of our economies. For example, the new bank of the BRICS, as well as the pool of currency reserves, will, among other things, help Russia as well as all the other countries of the BRICS, to counter the illicit and politicized pressure of the West. When the bank becomes operational, the work on the major infrastructure projects and investments in the format of the BRICS will follow a growth curve and bring tangible positive results.

The market of the BRICS accounts for three billion consumers—this is more than the potential market of the free trade zone of the Pacific and of the trans-Atlantic free trade zone. Otherwise, it is the most dynamic market in the world. The BRICS need to work to lift the obstacles to their joint trade, and do so on a balanced basis.

# Inspecting the New Concept of ‘One Belt, One Road’

by Shi Ze

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*A look at a new concept and the remarkable practice of China’s development through the “One Belt, One Road” (as prepared for delivery).*

## First part

When introducing the magnificent concept of the “One Belt One Road,” Chinese leaders already drew the attention of the international community.

The majority of the international community reacted very positively. But certain observers saw in this concept of One Belt, One Road the strategic importance of China’s economic and social development, and its diplomacy.

It appeared that China was only proposing this idea of “One Belt, One Road” in the perspective of its own development, and not as an important occasion and potential to bring growth and development to all the regions of the zone, and even worldwide.

Whoever thinks that the project of “One Belt, One Road” is only meant for the development of China, is misinterpreting the deep meaning of its strategic objective.

Many foreign media interpreted this concept as a “Marshall plan” in a Chinese version and a challenge to the international order of the U.S. This is an even more biased interpretation.

So why did China propose this ambitious concept of “One Belt, One Road”?



EIRNS/Christopher Lewis  
Shi Ze

First of all, I would like to analyze, starting from the standpoint of a balanced development, why China's promotion of the "One Belt, One Road" is able to promote joint development of the countries along the road?

Concerning how to define a balanced development of the countries along the route, three different levels can be distinguished:

First, in light of the level of development of inland China, the project contributes to a balanced development between western and eastern China, because there is now an imbalance in the development of the East and the West.

As for China's topography, everyone knows that the West is high and the East is low, the West is a plateau and the East is a plain.

However, in terms of economic development, it's just the opposite. The East is on top and the West on the bottom. That is to say that in the East, including in the coastal region, economic development is stronger, while in the West, it is weaker. Economic development in the mountains and in the countryside is relatively backward.

You might say that it is the opposite of the topography.

According to the data recently published by the National Statistics Office, the GDP of China is 6,800 US dollars per inhabitant. While the GDP per inhabitant of the Xinjiang autonomous region on the western border is 6,200 U.S. dollars, the GDP in the Delta of the Pearl River has been greater than 10,000 U.S. dollars for several years now and in certain zones, it is close to 20,000 dollars. That is an enormous difference.

The second level concerns the unbalanced development between China and the countries to the east and to the west of its periphery.

In 2014, the volume of our trade with Japan reached 310 billion U.S. dollars; with the ASEAN countries, the volume was 480 billions U.S. dollars; and with South Korea, it reached 290 billion.

If you add up all three, Japan, South Korea and the ASEAN countries, the total trade volume was 1 trillion U.S. dollars. On the other hand, what is the situation of imports and exports with the West?

In 2014, the trade volume between China and the five Central Asian countries was about 40 billion U.S. dollars; with India, about 70 billion U.S. dollars, and trade with Russia was not greater than 100 billion dollars.

The Russian Federation and India are among the

biggest countries in the world. Together with Central Asia, the total trade between China and these countries was not even greater than the amount of trade between China and South Korea, which amounted to 240 billion U.S. dollars. That is why we launched the concept of "One Belt, One Road," a strategic vision oriented toward the west of China and toward the great Eurasian region, so that the development of these regions to the west could become as dynamic as in the eastern regions.

We know that the west of China is rich in resources. The region concentrates a wealth of resources. And the neighbors of the western region of China just as the Central Asian countries, Russia and those of western Asia are rich in resources, for example, in oil, natural gas and non ferrous metals. These are the countries in the world with many reserves.

Currently, China's sustainable development is faced with a bottleneck, which is the lack of resources. Oil imports last year were 310 millions tonnes. 310 millions tons is a very large figure. It represents 58% to 59% of the total consumption of our country, nearly 60%. So it is obvious that China is dependent on foreign countries for its energy.

Therefore, China needs to cooperate for energy and resources with the countries along the road, not only to improve and develop their economies but also for the sustainable development needs of China itself.

Cooperation in energy and resources is not only in the interest of the development of the countries along the road, but is also advantageous for the development of China. The purpose is to serve the interests of the two parties.

The third level is to contribute to the development of all of the Eurasian continent. This will allow creation of a new locomotive of world-wide economic growth.

The Eurasian continent is a vast territory. The eastern part is the Asia-Pacific economic center, which has a flourishing economy. Western Europe, adjacent to Eurasia, is a prosperous economic space.

In contrast, the vast central zone is developing slowly, far behind the two extremities of the continent. The image of this situation is that of a barbell. Big at two extremities, with a narrow strip for the part in between. But it contains many seeds and offers a enormous potential.

In other words, the two extremities of Eurasia experience rapid development and the central regions have lagged behind for a long time now.

If development of “One Belt, One Road” makes headway, it can build an immense new economic zone, in terms of population, total economy and development potential. None of the current two economic zones can be compared to this zone, which can create a structure which favors the development of all of Eurasia, going through the east, the center and the west of the region.

Acceleration of the development of the Eurasian continent will be an important locomotive for growth of the world economy. It will play an important role in balancing development, to stimulate the world economy.

## Second part

China proposed this idea in circumstances in which it faces a great challenge, which greatly stimulated its inspiration and its creativity. The starting point is the development of China and, at the same time, the promotion of development and progress in the world as a whole.

What does the “One Belt, One Road” project bring to the world? In my opinion, there are the following points:

First, it will continue to promote the process of globalization. Over the past decades, the impetus of globalization accelerated the rapid integration of politics, the economy and culture.

The rapid development of globalization changed the political structure of the world economy. The role of states and of emerging economies in particular must not be ignored in the world economy.

Nevertheless, the financial crisis which began in the United States raised doubts in many countries. They no longer see in globalization just a plus for their own development, but also a source of many problems.

Some countries have even begun reflecting on the advantages and disadvantages of globalization. Ideas and actions have even been raised against globalization. Problems are perceptible with regard to trade issues, where the developed countries toughened the trade standards for the emerging economies. Some even waved the banner of protectionism during the multilateral trade negotiations of the WTO.

Likewise, a new phenomenon in the world economy is the decoupling and the tendency to differentiate between emerging countries and developed countries. Economic growth in developed countries no longer reaches the level it used to have in the past, when it pulled along the growth of the emerging economies.

In that context, President XI Jinping proposed the

“One Belt, One Road” project to promote globalization. He stressed that China, under the impact of globalization, was not seeking self-preservation, but wanted ties to be forged among countries with their history and their culture.

“One Belt, One Road,” by bringing together over 60 countries and substantially strengthening the bases of communication as well as economic and trade cooperation among them, will give a powerful thrust to globalization.

Secondly, it concerns the creation of new locomotives for world economic growth. Europe is an example in this respect.

For hundreds of years, Europe was at war. Twice, Europe caused world wars which had a devastating effect on it. After the idea of the European Union, visionary European statesmen proposed a plan for creation of the euro and the Eurozone.

The birth of the euro in 1999 was a major event in the political and economic world.

Launching the euro allowed for stabilizing prices, accelerating the flow of capital and promoting economic development in the Eurozone.

Since the euro was adopted in international trade, companies no longer have to handle ten currencies, but only one, which makes it possible to greatly reduce fluctuations in the cost of transactions and exchange rates. The euro contributed greatly to the development of international trade.

It brought many advantages to the Eurozone countries. And a stable, prosperous Europe is vital for maintaining peace in the world.

At one of the extremities of the “One Belt, One Road” is the Asia-Pacific economic circle, at the other is the developed European economic space and in between, are countries with rich seeds, all of which has a tremendous potential.

If development of “One Belt, One Road” progresses, it can build an immense new economic zone, in terms of population, total economy and development potential. None of the current two economic zones can be compared to this economic zone. It will be an important locomotive of worldwide economic growth.

“One Belt, One Road” will contribute rapid growth to the construction of the world economy, as development is the solution of the problem of poverty. It is only sustainable development which will be the most efficient means to solve, finally, the problem of poverty and improve the living standards of the population.

Thirdly, it will release the positive energy of different civilisations and develop tolerance. All along the route of “One Belt, One Road,” given the complexity of the religions of each ethnic group, we have to maintain open-mindedness and tolerance conducive to resolving the above-mentioned problems.

Chinese culture is characterized by great tolerance. The influence of culture is fundamental. The tolerance of Chinese culture has been crucial in the logic of China’s action in the international community.

Chinese culture as inspired by Confucius requires “cultivating oneself and then helping others.” That means we should first do good for ourselves and then we are capable of interacting with others. The influence of Chinese political philosophy and culture is the principal and fundamental key of China: reflection inward and tolerance outwards.

This philosophy is very different from others in the world, in particular from western philosophy. Cultures on the world scale are different, but there is no difference in determining good from evil. The diversity in cultures only underlines the richness of humanity. The building of “One Belt, One Road” means learning from each other, practicing mutual tolerance and not pursuing a path toward conflict. These are the products and the capabilities which China hopes to contribute to the world.

Fourthly: help strengthen peace and security in the world. The experience of Europe and other countries shows that close cooperation of economic policies brings lasting peace and security.

The interests of the countries along the “One Belt, One Road” are intricate and complex. The terrain of traditional and non traditional security threats is very serious and it is a fundamental consideration for implementation of the “One Belt, One Road” project.

Setting up a sustainable regional security mechanism is indispensable for building “One Belt, One Road.” But the most urgent is the development of close economic cooperation among the countries along the Belt.

Economic integration in itself is an important basis for maintaining security.

President Xi Jinping proposed a new security concept during the meeting of the CICA (Conference on Interaction and Confidence-building in Asia), underlining the need for common security, collaborative security, collective security and sustainable security. This

concept could become an important consensus in the launching of the “One Belt, One Road.”

“One Belt and One Road” cannot be built without a common, collaborative, collective and sustainable security mechanism; it cannot be built without taking consideration to the security concerns of the major powers, and it must provide security along the sea and land corridors of the Belt and Road to protect the production, contributing by this to the future security of the entire world .

### Third Part

What are the innovations in the “One Belt, One Road” proposed by China?

First, it differs, in terms of diplomatic philosophy, from the policy introduced at the beginning of the reform and opening, namely the notion of “borrowing external resources” in the service of economic reconstruction, but it also show that the vision of China’s strategy is not narrow nationalism, as some media claim, but has become a form of cosmopolitan thinking.

It is a combination of the development and the capabilities achieved with the reform and opening up to the international system for the past 30 years, and transmitting this back into the outside world, shaping thus a cycle of interactive two-directional development.

This shows that China has really begun to construct a kind of system of “justice and benefit” contributing to the common development of all the countries of the world, including neighbor countries, to share the dividends of China’s development.

This practice will become a plus in the interest of these countries. Because it means that China, which is continuing to develop, wants to actively build an international perspective on the basis of the rules in force. It is also in this way that China and outside countries will end up in a kind of polymerization reaction, via the “economic zone of the silk road.”

Secondly, during the construction of the “One Belt, One Road,” China has made the political commitment to continue pursuing openness, equality and sharing. China’s main concern is to form a kind of cultural cooperation with the countries located along the region in spite of the large differences in terms of politics, ideologies and economic models.

One could say it is a distillation of the “Shanghai spirit,” which encompasses “mutual confidence, mutual



advantage, equality, consultation, respect for cultural diversity and the search for joint development.”

It is the reflection of the new geopolitical and geo-economic reality of Eurasia in the post-Cold War period. Its objective is to build and concretize lasting peace in the region, to provide a dynamic mechanism for harmonious development and common prosperity.

That means that all parties are called upon to participate in the cooperation among the stakeholders and to maintain partnership relations, and that any overly egoistical behavior, even if it is not aggressive, will affect the enthusiasm of the partners in cooperation.

In this framework, China’s orientation with other countries through a process of mutual cooperation in interests and policy, could stimulate the possibilities of cooperation.

Thirdly, when the obligations and responsibility of China in regional affairs are underscored, that does not mean that China would like to try to dominate them, or even monopolize them, and transform it into some kind of geopolitical project.

Chinese President Xi Jinping also underscored, in his last trip to Central Asia last year, that the essential rule is that China “does not seek hegemony in regional affairs, nor does it seek to manage a sphere of influence.”

Although this initiative is focused on ideas for building cooperation among certain countries in the region, China also wishes to maintain coordination mechanisms with other regions and on the international level.

China’s initiative to enhance the development of the Shanghai Cooperation Organization and the Eurasian Economic Community, in particular the signing by Chinese and Russian leaders in May of this year of the Joint Declaration of the the “Silk Road Economic Belt” and the “Eurasian Economic Union” is proof of the rapprochement underway.

The initiative of “The Silk Road Economic Belt” is certainly not an absolutely reciprocally beneficial exchange mechanism.

Rather it expresses China’s wish to provide, on the basis of its capabilities and other factors, more public goods. It wants to share joint development opportunities with the countries located along the region, promoting mutual development, and then to propose a community of interest along the Belt and to preserve and to promote the existence and continued development of that community of interest.

# BRICS: A New Paradigm for a Globalised World

by H.E. Ambassador H.H. S. Viswanathan

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## Evolution

It is well known that Jim O’Neill of Goldman Sachs, in a seminal paper in 2001 identified four countries (Brazil, Russia, India and China-BRIC) as the fastest growing large economies and hence the best investment destinations. But, over the last 14 years,

the list of good investment destinations has come a long way. South Africa was included in 2011 thus bringing in a member of the great African continent. Today, BRICS represents 40% of the global area, 30% of the global population, 25% of the global GDP and 20% of global market capitalisation.

In the beginning, BRICS had three main agendas: Intra BRICS cooperation, reform of the global financial institutions, and addressing issues concerning global order and global governance. The achievements in all the three fronts have been impressive. There is a robust cooperation in areas of common interest like health, inclusive sustainable growth, gender issues, education, urbanisation, food and energy security, innovation and skills. Intra-BRICS trade has grown fifteen times in the period 2001-2011 and is expected to cross \$250 billion this year. This is still a very small part of the true potential that exists. The five countries are exchanging information and learning from each other’s experiences and practices.

On the question of the reform of the Bretton Woods



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Ambassador H.H. S. Viswanathan

Institutions (BWIs), namely the IMF and World Bank, a small beginning was made in the G-20 Seoul Summit in 2010. Further progress has been stalled by the US Congress.

The evolution of BRICS in the last fourteen years is best described as follows: it started as an aspirational group and in time became a consultation group. Slowly, it evolved into a negotiating group and is now trying to become an agenda-setting group.

BRICS is not only a Government-to-Government activity. New ideas of cooperation are generated in the supporting mechanisms like the BRICS Academic Forum, BRICS Think Tank Council, BRICS Business Council and BRICS civil society interactions.

### **The Glue that Binds BRICS**

This is an oft-repeated question, particularly from those who are confused about the concept of BRICS. The confusion arises because of looking at this group in old paradigms. So far, the world has been used to groups based on geography (EU, ASEAN, SAARC, etc), ideology (OECD, COMECON), commodities (OPEC, Coffee club, iron ore exporters club etc), technologies (NSG, MTCR etc), ethnicity (Arab League), and religion (OIC). BRICS does not fall in any of these categories. Yet, there are some things common between the five countries; they all have played the game of globalisation according to the rules set by the developed countries and have made a success of it. They all have common problems of development and new ones due to globalisation, like unequal growth. They all believe in multilateralism and inclusiveness. They have common aspirations and a vision to have greater voice in global affairs, so that they can contribute positively to global peace, stability and development. Spread across five continents, the five countries are looking forward to building a geography-neutral global architecture. In the past 200 years, the biggest economies were the developed countries.

Also for 200 years, modernisation was the same as westernisation. With globalisation and the rise of emerging economies, this has changed. Yes, there are differences of view on some issues among the five BRICS countries. Which plurilateral group does not have such differences? You might recall that during the heydays of the OECD, there was intense competition between the US, Europe and Japan. Yet, they cooperated effectively on certain strategic issues. Why can't

BRICS do the same? This is precisely what they are attempting—to concentrate on the convergences and reduce the divergences.

### **BRICS and a New Global Order**

What are the changes that BRICS would like to see in the global order? They certainly would not like to overthrow the entire system. Why would they destroy a system which has benefitted them to a great extent? But the fact remains that the global order needs reforms and changes. The post World War II order has become outdated with the emergence of new powers who feel that the existing order has certain biases and advantages in favour of the western developed countries hard-wired into the system. The world has changed and hence there is need to modify the order which should be and be seen to be fair and equitable. The reality is that the geo-economic clout of BRICS is not reflected in the geo-political arena.

As Ian Bremmer points out, “the world has entered a phase of geo-political creative destruction.” Both the post World War II and the post-Cold War orders have become irrelevant. Dmitri Trenin rightly says that “life expectancy of world orders varies, but like humans, they are mortal.” Many orders in history were changed as a result of wars and violent events. This time around, one hopes that it would be a peaceful process because globalisation has created so much inter-dependence that violent changes of orders are unthinkable.

BRICS would like to address some fundamental aspects of global order. These are recognised principles of values, norms, and rules. For these to be universally accepted, the only optimum route is through a healthy process of multilateralism. One hopes that through these processes, we can work towards a true multi-polar or polycentric world order.

Connected with the question of a new global order is the issue of burden-sharing by the emerging powers, which is often demanded by the status quo powers. Here, it is a question of the chicken and the egg. The argument of the status-quo powers is that the emerging powers should step forward and take on more burdens before demanding leadership-sharing. This, in fact, is the contradiction. The emerging powers have no intention in sharing burdens if it is to promote the existing order or the existing agenda. Why would they do that if it is going to perpetuate the current inequities in the system?



## Legitimacy vs. Efficiency

Let me take the example of three global institutions which stand out as being totally anachronistic,—the IMF, the World Bank and the UNSC. The first two, generally referred to as the Bretton Woods Institutions, have outdated voting powers, decision-making procedures, and selection processes for the heads of the organisations. The combined vote share of BRICS in the IMF is eleven percent, even though they contribute to 25 percent of the global GDP in nominal terms and 32 percent in PPP terms. The collective share of BRICS in the World Bank is fourteen percent. Joseph Stiglitz brings out the deficiencies of the IMF and the World Bank in eloquent terms in his book “Globalisation and its Discontents.”

It is in this context that the bold initiatives of BRICS to create two new institutions, the New Development Bank (NDB) and the Contingency Reserve Arrangement (CRA) attain significance. Here is an example of BRICS stepping forward for burden sharing. The NDB was a direct consequence of the decreasing availability of funds from the World Bank and other Multilateral Development Banks for infrastructure projects in the developing world. Similarly, the CRA is to address the short term liquidity and balance of payments difficulties of developing countries without the intrusive conditionalities of the IMF. Both these have been conceived as additional facilities to complement the World Bank and IMF, and not to supplant them.

Nonetheless, there is an important political message in the creation of NDB and CRA. They are financial institutions and will naturally work on economic principles to be successful; but, the fact remains that this is the first time in 200 years that a global institution has been created without the participation of the developed west. This, by itself, is significant. Many see this as a wakeup call for other out-dated global institutions. Some even argue that had the World Bank and IMF changed with changing circumstances, there may not have been the need for the NDB and CRA.

The other anachronistic global institution is the UNSC. Even if one grants the logic of UNSC soon after World War II, it is totally outdated in today’s reality. There is no question that it has to be made more inclusive with a greater role for the emerging powers.

This brings me to the question of legitimacy vs. efficiency. There is a specious argument given by some that for global bodies to be effective they have to be small. This argument goes against the principle of le-

gitimacy which, along with efficiency, makes the two pillars. Efficiency without legitimacy will eventually lead to the unravelling of the organisation, and legitimacy without efficiency will make it ineffective. Ideally, as Langenhove says, “In all the global institutions there must be three balances, namely balance of power, balance of responsibilities and balance of representation.” Of all the global institutions existing today, G-20 seems to be the most legitimate in terms of participation. These 20 countries contribute 85 percent of the global GDP.

## Options for BRICS?

In addressing global order and global institutions, BRICS has four options: 1) to conform, i.e., go along with those structures which are fairly equitable. 2) Reform, for example the efforts to bring changes in BWI’s, 3) Bypass, i.e., to ignore those norms which are loaded heavily against the developing world so long as this does not amount to violation of recognised international laws, and 4) Recreate; NDB and CRA are examples. Hopefully, there will be more in future.

## Outsiders’ Perceptions

This is not relevant to intra-BRICS cooperation. But when it comes to the question of changing the global order and global governance, this becomes important because BRICS has to engage others in a constructive dialogue. Fortunately, many in the West see BRICS in a positive light. The sceptics, however, can be classified into three groups: the first group has curiosity; their question is “what is this new animal called BRICS?” the second group is suspicious; it is suspicious about the intentions of BRICS and how their initiatives will affect its interests. The third group expresses hostility; its argument is that since BRICS question some of the existing norms, it could be a dangerous grouping. It is the duty of BRICS countries to reach out to all the three groups and articulate their points of view.

For the sceptics, it would be useful to follow what Jacques Barzun once remarked, “To see ourselves as others see us in a rare and valuable gift, without a doubt. But in international relations what is still rarer and far more useful is to see others as they see themselves.”

## West vs. the Rest

Whenever there is a discussion on the need for reforms on some aspects of global order, the discourse, unfortunately, is reduced to a “West vs. the Rest” argu-

ment. This does not have to be so. Enquiry should not be interpreted as confrontation. Many confuse lack of changes in an established order with stability. But orders collapse when active stakeholders feel excluded (Volker Perthes). If we are looking for an inclusive and fair order, everybody has to be part of it. In today's world, the reality is that the West needs the rest. Therefore, it is high time that we get over the "Us vs. Them" syndrome.

## Future of BRICS

As of now, it looks bright. But the main *raison d'être* of BRICS's importance will be the economic performances of the five countries. Of late, they have slowed down by a few points. BRICS will have to register excellent growth rates for the world to keep an interest in the group.

BRICS would work in a practical, gradual and incremental manner. The five leaders are all agreed on this point. Hence, while it may not be prudent to write BRICS off, there is also no need to over-hype the group. Either of these can be avoided if one sees BRICS as it is—that is, as a work in progress and not as a finished product. The intra-BRICS cooperation is bound to intensify and also extend to new sectors. As they coordinate their positions on global issues, BRICS would be able to provide a valuable alternative narrative.

# Iran Is Ready To Cooperate with The BRICS

by His Excellency Mr. Ali Ahani

Ambassador of the Islamic Republic of Iran in Paris

The peoples of the world, in particular in the developing countries, are disappointed with the world order that has dominated international relations for decades now, and they cannot tolerate the hegemonic strategies of domination of certain great powers. Moreover, the peoples observe that the difficulties and regional and international crises, far from being solved, have become more complex. In such a situation, the emergence of a new order called the BRICS brings a glimmer of hope



EIRNS/Christopher Lewis

*Ambassador Ahani's message was delivered by Majid Javanmard, advisor, shown here.*

to the peoples in developing countries.

However, the key to the success of the BRICS lies in their ability to understand the roots and reasons of the bankruptcy and impotence of the old world order. Of course, the lack of a sincere and serious will of the great powers to find solutions to the problems of the world is un-

doubtedly one of the main reasons for the failure. Properly understanding the roots of the problems and crises throughout the world could facilitate the implementation of the appropriate solutions.

Without a doubt, the Islamic Republic of Iran as a major, inescapable player in the Middle East region, has always played a stabilizing role and favored calming the many crises that are rocking this strategic area of the planet.

As Iran has a decisive geostrategic weight and has large quantities of natural resources (first in terms of gas reserves, fourth in terms of oil), and young and educated human resources, it can be a reliable, powerful and truly independent partner for the BRICS and can cooperate efficiently with them.

The combination of the capacities and potential of the BRICS member countries with the main countries of the different regions in the world, which are able to act independently of the political will of the great powers, will be a key element of success. Therefore, we can be optimistic about the ability of the BRICS countries to occupy the place they deserve, to carry out equal, fair, and sincere cooperation with the developing countries in order to solve the problems of the world.

The Islamic Republic of Iran declares it is willing and ready to cooperate with the BRICS countries, to offer its assistance and support to solve the regional and worldwide problems.

My wish is that the conference of today will have a very positive effect in this direction and I wish you much success.

Thank you for your attention.