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BRICS and Global Restructuring: Notes for the Near Future

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Abstract

The multipolar cooperation between Brazil, Russia, India, China, and South Africa (BRICS) countries seems to be a significant development in the current phase of restructuring of globalization. This article explores the relationship between the emerging radical readjustment of the world hegemony equilibrium with the past and future dynamics of the global socioeconomic system. It examines the relation of the ongoing institutionalization by the BRICS with the established international institutions and the relation of BRICS to the promotion of global economic development. After presenting a structured interpretation of the actual emergence of a “new globalization,” the article focuses on the aspects of BRICS evolution and dynamics that contribute to the discussion of the rise of a more balanced and more democratic multipolar global regime. It notices that multipolar cooperation at the international level should be more democratic as the BRICS claim, although these countries (China and Russia, in particular) face increasing concerns for their liberal rights and democratization domestically. In conclusion, it seems that a new and relatively stable global system now requires a repositioned conception of capitalism as an evolutionary socioeconomic phenomenon, in which innovation is the central and predominant organic process within all organizations.

Keywords: BRICS; Global restructuring; Multipolarity; Innovational capitalism; New globalization.

1. INTRODUCTION

The current phase of the world economy involves intense instability, insecurity, and reproduction of significant disharmonies. Within the ongoing restructuring process of globalization, which comes after a phase of “untroubled” growth and development, all strategic “players” seem to reposition incessantly—and with an increasing pace—past certainties.

In a dialectic type of interpretation, the restructuring of globalization seems to give birth to several “unfamiliar” syntheses at a global level, as the outgoing system accumulates unsustainable quantitative and qualitative transformations (Vlados *et al.*, 2019). A typical example of this emerging reality at a geo-economic and geopolitical level is the expansion and deepening of the cooperation among the Brazil, Russia, India, China and South Africa (BRICS) countries; a first “paradox” that confirms the dialectic mutation at the global level is the geographical, cultural, and political distance that separates these countries without this fact diminishing their potential mutual development.

Jim O’Neill (2001), chief economist at Goldman Sachs, was the first to introduce the term BRICS to delineate that Brazil, Russia, India, and China were rising economically in the early 2000s, their GDP size stood at around 10%. As a result, the world should be expecting the impact of this bloc of “BRIC” on international relations. Five years later, the ministers of foreign affairs of these countries met for the first time on the margins of the 61st United Nations General Assembly. This event laid the ground for this political dialogue and cooperation that also granted access to South Africa in 2010 by transforming “BRIC” into “BRICS” (Hooijmaijers

and Keukeleire, 2016). Some scholars date the history of the BRICS back to the 1990s, with the end of the Cold War, which signaled the end of bipolarity. Emerging powers, such as China, Russia, and India, were starting to desire a multipolar world order, as against the European and Western expansion (Duggan, 2015).

Significant milestones of this deepening in cooperation between these countries are the founding of the New Development Bank (NDB) with the Fortaleza Declaration in 2014 and the Contingent Reserve Arrangement (CRA). These institutional innovations signal an effort of the BRICS to suggest new international financial forms of cooperation that “bypass” the already-established Bretton Woods status quo (Helleiner and Wang, 2018). Recently, BRICS 10th Summit Johannesburg Declaration (2018) also agreed on collaboration for inclusive growth and shared prosperity in the fourth industrial revolution, which is another landmark of their desire to intervene and gain prominence in today’s global politico-economic development.

With these introductory remarks in mind, this article will investigate a twofold question: If BRICS signify an actual structural redistribution of global socioeconomic power, and if this event is due to globalization’s mutation, then what are the challenges for the BRICS and the equipoise of the emerging “new phase of globalization”?

The following section is the first step to answering the preceding research questions. Section 2 explores the historical morphology of the global economy and relates it to current developments in the restructuring of globalization. The goal is to present the content and structure of globalization by attempting to synthesize on the issue of multipolarity expressed by BRICS. To this end, Section 3 focuses on analyzing the implications of the BRICS phenomenon for global governance, the redeployment of globalization, and the determinant of innovation. Finally, Section 4 concludes the research by discussing the implications.

2. THE CONTEXT OF THE CURRENT RESTRUCTURING PHASE OF GLOBALIZATION

Globalization is a historically recorded phase in the evolution of world capitalism, in which the participant socioeconomic systems tend to be homogenous but, at the same time, reproduce continuously and dialectically their structural heterogeneity. A point of reference for the evolution of the world economy is the postwar era, in which successive periods of economic boom and recession happen, in broad quantitative and qualitative terms. Globalization, in particular, emerges around the beginning of the 1980s, according to most scholars, following a crisis of the general “Fordist” capitalist model of growth and development, which favored mass production and consumption during the first postwar years. In essence, the most crucial question concerning the new form that globalization will take in the coming years is how new forms of international regulation emerge and how the processes that lead from an older to a newer form of global capitalism are shaped (Boyer, 2015).

To understand the current outline of the world economy, which includes the multifaceted geopolitical and geoeconomic developments, a brief look at the historical evolution of the successive phases of the postwar development of capitalism seems crucial (Figure 1).

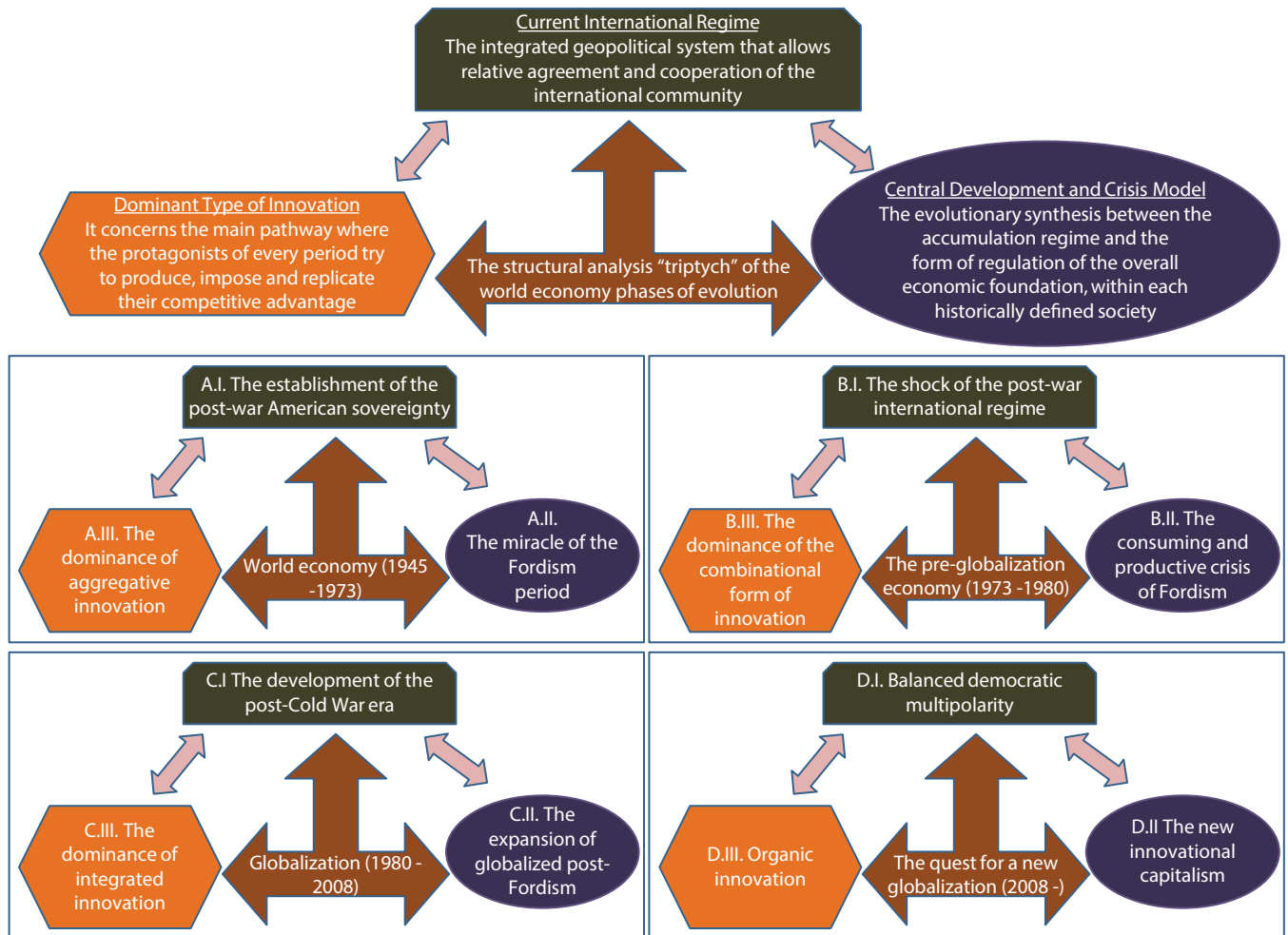
As seen in Figure 1, a structural analysis of the phases of the evolution of the world economy involves three structural pillars, that is, the current international regime, the central development and crisis model, and the dominant type of innovation. These pillars can convey the meaning and evolutionary identity of each era of the progression of the global economy. The destabilization of one pillar of the evolutionary “triptych” is always enough to lead the global system to a structural crisis, to its “remodeling,” and to the search for a new stable equilibrium (Vlados, 2019).

From this theoretical perspective, we can distinguish schematically and concisely the postwar evolution of the world economy in three phases to understand their uninterrupted historical continuity:

(A) In the development of the world economy during the years 1945–1973, the establishment of the American hegemony takes place, marked by the Bretton Woods Agreement. At the level of the “development and crisis” model, the mass Fordist production and consumption creates an economic “miracle” as Western capitalism, in particular, experiences rapid growth. Innovation in this period is more of aggregative forms since, within the large corporations, a “thriving” strict Taylorism exists, bringing high specialization and division of labor.

(B) In the second phase (1973–1980), which marks the start of a “pre-globalization” phase of the world economy, US companies mostly begin their multinationalization, simultaneously to the gold standard shock

Figure 1. The “Structural Analysis” of the World Economy, Based on Vlado (2019).



initiated by the Nixon administration that abolishes the secure “international regulatory system” established at the Bretton Woods convention. Fordism undergoes a crisis of “identity” as “Fordist workers” begin to raise their standard of living by seeking to increase “variety” in their socioeconomic choices. Finally, innovation lies mainly in the form of combining past Fordistic elements and present “novelties.”

(C) At a later stage of the postwar global economy (1980–2008), the hegemony of Western powers becomes unquestionable, as America (more generally, the “Western way of life”) emerges victorious from the Cold War. A plurality of “idiomorphous” regimes of “post-Fordism” emerges, where the industrialized production follows methodologies of small and flexible manufacturing units. Customer satisfaction becomes the central issue in the advanced capitalist enterprise, which sets an ever-higher standard of competitiveness. In this context, innovation takes on an integrated character as it can derive from horizontal, vertical, and diagonal value chains simultaneously.

(D) The “structural maturation” of the postwar globalization seems to lead gradually to a new, repositioned phase of the world economy. The Western world began to realize in 2008 that the global economic system is experiencing an unprecedented financial crisis. Some argued that the crisis is superficial and, apparently, transitory until the global economic system returns to its previous equilibrium; however, reality confirms a definitive structural shift at all levels (Vlado *et al.*, 2018b). At the same time, innovation seems to acquire an integrated form by also including “organic” features, in the sense that business organizations are “socioeconomic organisms” that have to articulate their competitive action in “ecosystems” of knowledge

and innovation (Vlados and Chatzinikolaou, 2019a). The search for a “new globalization” seems to initiate (as is with the example of BRICS) a radical new multipolar international status, and the following sections discuss these implications.

3. WHAT IS THE ACTUAL DYNAMICS OF BRICS AND WHAT IS ITS STRUCTURAL SIGNIFICANCE IN THE CONTEMPORARY WORLD SYSTEM

According to the previous analysis, it is necessary to focus on a new global regulation rationale that could promote a more democratic multipolarity and build on the continuous enhancement of institutions that promote innovation and the diffusion of knowledge at all levels (Vlados and Chatzinikolaou, 2019b).

The advent of BRICS’ deepening collaboration constitutes a significant development in this direction. According to Duggan (2015, pp. 11-12), the emergence of BRICS signals a direct challenge to the current form of global governance:

The rise of the BRICS and the 2008 global financial crisis have fuelled a new round of debates concerning the sustainability of transatlantic norms, ideas, and institutions, which have dominated global governance. The BRICS are seen to represent a new force in defining the “rules of the games” of global governance and have changed the agenda and approach of global institutions.

Increasingly today, some scholars stress the need to look for possible synergies between BRICS and countries belonging to different “bandwagons,” pointing to and supporting the “multipolar” aspect of global development (Loo and Iqbal, 2019). However, the bloc of BRICS is a relatively weak multinational organization that advocates solving supranational problems (such as the global climate change), while mostly its non-Western aspirations keep it bound together (Dutta, 2019).

Moreover, the BRICS do not have formal headquarters, and they are not a strategic alliance such as the North Atlantic Treaty Organization (NATO) or other international institutions capable of providing security and stability directly. The BRICS, despite showing signs of institutionalization on global issues, frame coordination mainly in the economic sphere, such as the founding of the New Development Bank (NDB), which has as a goal to provide financial and technical assistance to projects by combining the resources of the large BRICS economies (Brosig, 2019).

The BRICS, and specifically China, are challenging the existing global economic governance since China seems to aspire to become a leader over both the BRICS and the world (see, e.g., the ongoing US-China trade war; Vlados, 2020). However, BRICS lacks a coherent vision for overall socioeconomic development, even though it emerges as a power that challenges Western-dominated multilateral organizations (Hooijmaaijers, 2019).

The BRICS, like previously G7 and now G20, constitute an informal “summit institution” that seeks to bring institutional reforms at the global level, and the NDB and CRA are such examples that challenge the current financial institutional norms (Larionova and Shelepov, 2019). The CRA is, in particular, a provisional framework for liquidity and precautionary instruments to help in the actual or potential short-term balance of payments pressure and, therefore, it constitutes an attempt to bypass the mechanisms of the International Monetary Fund.

The NDB and the CRA signify the claim of BRICS to establish more “democratic” institutional design and decision-making of the financial institutions, as against the Western-oriented design and “hegemony” of the IMF (Chaturvedi and Saha, 2019). However, the political regimes within the BRICS countries form a “paradox” as China and Russia primarily have long been in favor of the democratization of international relations, but not of their internal regulations and regimes, which do not promote actively liberal political reforms and face human rights issues (McAllister and White, 2017).

Therefore, the primary problem for the BRICS is how to become more “open” and innovative, especially in times of knowledge-requiring global value chains (Seniuk, 2019). A significant development in this direction is the memorandum of understanding signed between the BRICS countries (BRICS Science, Technology and Innovation Ministers, 2015) on cooperation in science, technology, and innovation. This memorandum proposed the establishment of a framework among the BRICS to address global and regional socioeconomic challenges, having as a primary objective to cogenerate new knowledge and innovative products and

promoting partnerships with strategic actors in the developing world. More specifically, it seems that the goal of the BRICS is to promote the potential for integration among them, despite China being the indisputable leader (Sidorova, 2018).

Overall, the issue of the emerging momentum of BRICS marks a definite shift in the balance of the post-war world order since the monopoly of Western democracies in the construction of international institutions now faces actual rivals. The complex multipolarity of the global socioeconomic system is also something noticeable since emerging powers question the foundations of Western hegemony, namely the financial institutions established in Bretton Woods that dominated the world for nearly 70 years. Where do these developments lead? What scheme does the new phase of globalization take nowadays? Even though the world system is now multipolar, regional, or “transregional” (Luzina *et al.*, 2019), it does not cease to be globalized and, to some extent, chaotic and structurally imbalanced. The gravest challenge ahead for BRICS countries is how to make the transition from a “raw material” model toward an innovation-based and sustainably competitive economic model (Vdovina *et al.*, 2019).

4. CONCLUSION: CRITICAL POINTS FOR BRICS AND THE STABILITY OF THE EMERGING NEW GLOBAL SYSTEM

This study tried to interpret recent developments at the level of the multipolar cooperation of the BRICS under the light of the current phase of restructuring of globalization. The desirable scenario for the rise of the new globalization seems to be the eventual prevailing of a more balanced and democratic multipolarity, which the BRICS countries also seem to desire (the question is not yet answered in overall terms and remain open), even though they tend to avoid strengthening their internal liberal rights and democratic institutions.

To this end, some critical notes for the near future for the stability of the emerging global system in conjunction with the phenomenon of BRICS seem to be the following:

- i. The restructuring and repositioning of global governance seem to be a repeated claim among the BRICS countries, since they attempt to leverage their sheer size and growth by institutionalizing new international forms of cooperation, especially at the level of building new and “bypassing” financial institutions.
- ii. The actual normative power that these countries hold in the international order forms a significant “bottleneck” for their future development, as their “multipolar” cooperation calls for democracy, on the one hand, at international institutions but, on the other hand, the individual countries face internal pressures increasingly to liberalize their regimes (Menegazzi, 2020).
- iii. At the same time, the scope of the emerging “new globalization” remains fluid and precarious. As we have shown through the periodization of postwar capitalism, there are three foundations (necessary conditions) for the advent of a more balanced modern phase of globalization: the promotion of international democratic multipolarity, the perception of “ever-transitory” innovative capitalism, and the materialization of “organic” innovations by the participating socioeconomic actors in globalization. To this end, scholars and policymakers alike advocate increasingly the need for proactive approaches to the ongoing fourth industrial revolution, which lays the ground for the appearance of radical strategic, managerial, and technological innovations in the global arena (Chatzinikolaou and Vlado, 2019).
- iv. Finally, although the BRICS countries are advocating synergies in innovation, science, and technology, the overall stability of the system requires a more holistic understanding.

Therefore, what we are facing nowadays is a three-sided global system characterized by a global crisis. This global crisis and restructuring bear more profound implications than some “coincidental” disturbances and diversions—that can, of course, have significant consequences in shaping a new status quo. As a specific example of exogenous effects, the case of today’s corona virus outbreak (Wang *et al.*, 2020), which can affect the global system significantly both in terms of disruption to international stock markets and, to a greater or lesser extent, the real economy of all countries on the planet, is one such contemporary case of global upheaval. The outcome of the global crisis depends on the innovation that the

participant socioeconomic systems are capable of articulating. These innovations, in particular, require the establishment of global change management mechanisms and, if we assume that there is a constant dialectic between crisis and development, then the promotion of an “ever-deepening” innovation in parallel strategic, technological, and management terms seems to be the principal challenge, for all actors, at all levels (Vlados *et al.*, 2018a).

Critical to the future of BRICS seems to be their transition to a new model of development in global terms, in the emerging phase of new globalization. More specifically, it seems that the first phase of the dynamic rise of BRICS within the global capitalist economy is gradually ending, and now the challenges for the next decades and until the middle of the 21st century seem to be radically shifting for these countries. These challenges appear to lie more in the issues of systematically seeking higher productivity and value addition while focusing on the increasingly demanding particularities of the evolving global market niches (Neubert, 2017) by replacing the simple logic of “neo-Taylorist type” mass production, economies of global scale, and accelerated use of natural resources.

In the “neo-Taylorist” perspective (or “digital Taylorism”), management is inflexible, and there is a detailed and mechanistic division of labor based on intense utilization of digital-monitoring mechanisms of the employees by impairing their creativity (Hürtgen, 2019). Therefore, the required transition for the BRICS countries must be based on a systematic strengthening of their innovative potential of the productive and consumptive systems, which will provide the basis for the required “qualitative leap,” which implies the need to adapt their institutional framework profoundly to the emerging demands of the “new globalization” that takes shape these days. The preceding mutations appear to lead to an increasing need for expanding civil society structures within the BRICS while strengthening institutions that can defend the individualism, pluralism, and democracy in all these countries.

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Conflict of Interest

None.

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