

# **BRICS Trade Unions Confront a Dynamic, Dangerous World**

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## Executive Summary

The Brazil-Russia-India-China-South Africa Trade Union Forum (BTUF) has attempted to traverse difficult terrain with an ever-changing roadmap. En route, BRICS leaders suffer a well-known problem: signaling to the left while driving the vehicle towards the right, as the ground underneath keeps shifting. For the BTUF to reach the desired location may now require adjustments in strategy and different maneuvers.

Since its 2012 origins, BTUF efforts to promote state-capital-labour trilateralism by finding terrains of common concern have not been successful. After five years of considered reform proposals, the fields of global trade, finance, investment, climate and geopolitics have become ever more difficult for the BTUF to carve out safe spaces. These are areas in which labour and the rest of the world had hoped BRICS leaders would provide a genuine alternative; but instead, the amplification of neoliberal and anti-Southern multilateral perspectives is more common.

This is especially true with the January 2017 onset of Donald Trump's presidency, given that there appear to be two BRICS fractions now emerging: one increasingly opposed to Washington (certainly China, probably Russia and potentially South Africa); and one whose leaders have ideological and pragmatic overlaps with Trump (India and Brazil). Trump's swing from isolationist ('paleoconservative') to imperialist ('neoconservative') in March-April 2017 complicates matters, as occasional pragmatic moments – such as collaboration with China on North Korean nuclear weaponry – may disguise a more profound remilitarisation, reflected in his double-digit increase in US military budgeting and intensified bombing raids against both Islamic militants and civilians in Afghanistan, Syria and Yemen. A further development is China's proposed BRICS Plus formulation which reports suggest may include Argentina, Mexico, Iran, Turkey, Nigeria, Pakistan, Sri Lanka Bangladesh, Vietnam, Indonesia and the Philippines.

Considering the increasingly dynamic, dangerous world situation, this paper describes the main logistical arrangements and political-economic context for BTUF's engagements with the BRICS, and then assesses the BTUF strategy. To properly contextualise the BRICS' rise requires us to understand the origins of the crises that engulfed two eras: Cold War bipolarity (1945-90) and US-centric uni-polarity (1990-2008). The reconfiguration of geopolitics began during the 1970s when durable problems affecting both East and West became profound. Stagnation, neoliberalism and financialisation characterised world economy. Even after the 2008-09 financial meltdown ushered in the BRICS' arrival on the world scene, several contemporary crises – geopolitical, economic and environmental – continue to worsen, with no multilateral solutions in sight.

To some extent in South Africa, Brazil and India, a primary reason for BRICS membership has been for internal political legitimation. But as the BRICS continue to drive into a multilateral *cul de sac* without a genuine reform agenda, it is vital to consider the fast-shifting international political and economic alliances which propel the world's main problems. These have enormous implications for Africa, because the continent suffers acute vulnerability, especially economically and environmentally.

In this context, the BTUF has struggled to find effective advocacy routes. This paper considers the BTUF documentation and policy statements related to seven areas: institutional development; participation; vision; trade reform and regulation of transnational corporate investment; multilateral financial reform and innovation; climate change and environmental protection; and geopolitics. In most of these areas, the BTUF agenda has not had sufficient traction to gain the desired reforms.

One route forward is to continue the series of annual meetings in which BRICS trade unionists are part of a business-as-usual BRICS agenda even while huge changes are underway in geopolitics, economics and environment – nearly all which undermine the interests of labour and the broader society. In contrast, the paper concludes that there is now a need to test a genuinely alternative approach; that an action plan for BTUF ambitions should include a solidarity strategy for Africa; and that collaborations between labour and others in civil society (e.g. the BRICS People’s Forum) are now more vital than ever before.

# BRICS Trade Unions Confront a Dynamic, Dangerous World

## 1. Introduction

The Brazil-Russia-India-China-South Africa (BRICS) network is the most important potential challenge to Western political-economic hegemony since the East Bloc collapsed more than a quarter century ago. The BRICS' leaders, however, have often succumbed to temptations to *join* instead of contest the West's most controversial institutions (e.g. the World Trade Organisation, Bretton Woods Institutions and United Nations Framework Convention on Climate Change). This collaboration has harmed the interests of poor and working people, women, the elderly and youth, and the environment.

The world's labour movements have opposed the injustices associated with global governance. They had anticipated that the BRICS leadership would offer genuine alternatives. But these alternatives need very close consideration, to assess whether stronger pressure is required, along with new alliances with others from the BRICS and nearby ('hinterland') societies – especially African trade unions – who also desire economic, social, political and environmental justice.

The world is more dynamic and dangerous for labour movements:

- political turmoil is now common in several BRICS (including what labour describes as a constitutional coup against Brazil's former president in 2016 and a major revolt by trade unions against South Africa's president underway at the time of writing);
- three BRICS countries (Brazil, Russia and South Africa) continue to suffer economic stagnation,
- there is a likely geopolitical alignment of Brazil and India towards the new Washington administration led by Donald Trump from 2017-20, and
- extreme tensions continue in several parts of the world – the Middle East and North Africa, Central Asia, Eastern Europe, the Korean Peninsula and the South China Sea – drawing in Russian and Chinese diplomatic and military forces against the United States.

The BRICS Trade Union Forum (BTUF) and allied civil society are potentially capable of addressing the negative trends both within the BRICS and in relation to the Western-dominated multilateral institutions. But this may require a new strategic approach, including a dual (inside and outside) approach. (Appendix 1 contains a brief assessment of BRICS leadership statements and activities, and Appendix 2 contains the BTUF's 2012-16 declarations.) The impressions left by the first five years of BTUF activities – especially meetings in Russia (2012), South Africa (2013), Brazil (2014), Russia (2015) and India (2016) – and by the BRICS' own leaders' activities in recent months, are pessimistic. However, at least one precedent – in the field of public health – provides a more optimistic example of a way forward for BRICS.

Before considering the impact of the BTUF in advocating change, it is useful to consider of how diverse the BTUF members are, in terms of their strengths, weaknesses and

engagement capacities within their own countries. The first measure to consider is the absolute size of the membership and density of the labour movement (i.e. what percent of the workforce is unionized).

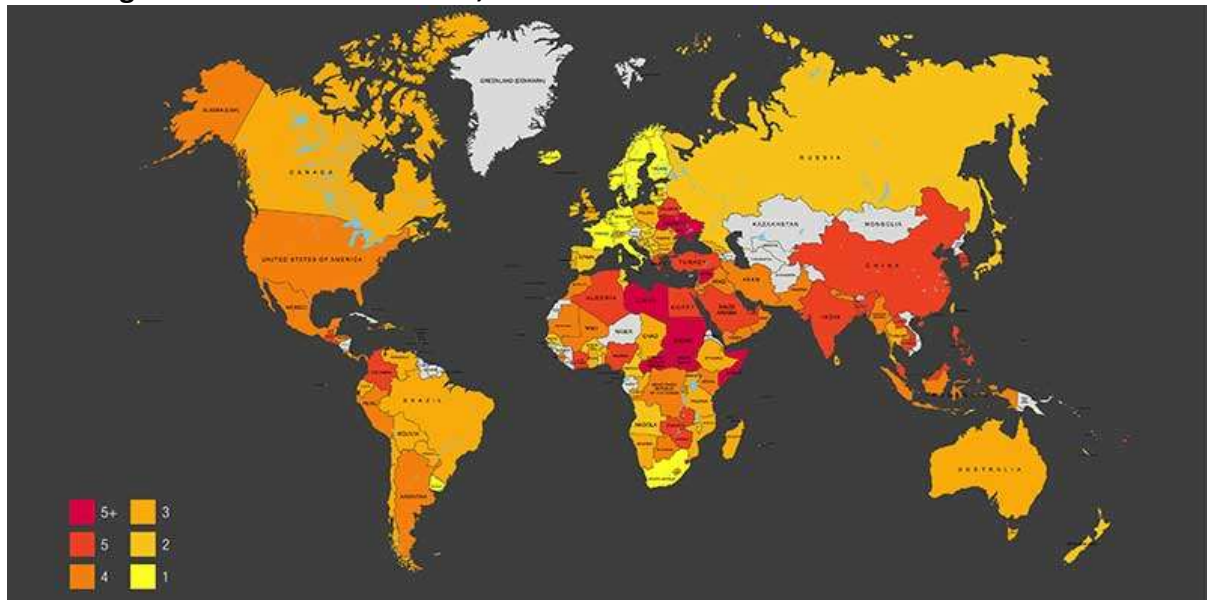
- China: 240 million; 90% of workforce
- India: 87 million; 33% of workforce
- Russia: 24 million; 32% of workforce
- South Africa: 3.3 million; 30% of workforce
- Brazil: 17 million; 17% of workforce

In South Africa, the three main federations work together in the National Economic Development and Labour Council (Nedlac). The degree of membership affiliation varies, e.g. in South Africa as follows in the three main federations:

- Congress of South African Trade Unions (Cosatu): 1.8 million
- Federation of Unions of South African (Fedusa): 0.6 million
- National Council of Trade Unions (Nactu): 0.4 million

In some countries, the labour movement is extremely weak, e.g. China where state control, lack of autonomy, migrant labour discrimination, low wages and wildcat strikes (often harshly repressed) prevail. Worsening conditions are not only a function of new technologies but also the lack of freedom to organise trade unions. In the International Trade Union Congress Global Rights Index, South Africa is in the top rank of countries where workers have won basic organising rights, whereas conditions in China and India are in the second-worst category, with ‘autocratic regimes and unfair labour practices.’

#### Global rights index for trade unions, 2014



Source: International Trade Union Council

It is revealing to consider inequality and absolute levels of wages. The ILO's 2016-17 *Global Wage Report* confirms that the top quarter of workers in executive and managerial activities

were paid 46% of total wages in Europe in 2010 (and the top 1% were paid 6%), but in the BRICS countries there were much more extreme differentials: Brazil 56% for the top quarter of income earners (and 5.6% for the top 1%); Russia 47% (5%); India 64% (10%); China 50% (9%); and South Africa 72% (20%).

### Relative wage and salary inequality, 2010

	Cumulative wage distribution							Decile ratios			
	Bottom 1%	Bottom 10%	Bottom 50%	Bottom 75%	Top 25%	Top 10%	Top 1%	P90/P10	P90/P50	P50/P10	P100/P10
China	0.1	3.1	26.2	49.6	50.4	29.7	9.3	4.2	2.2	1.9	10
Indonesia	0.0	1.3	19.0	41.7	58.3	34.2	8.7	11.0	3.1	3.6	25
Viet Nam	0.1	2.9	27.7	51.7	48.3	27.2	6.8	5.0	2.4	2.1	15
Chile	0.1	3.1	23.9	44.1	55.9	34.5	7.5	5.1	3.2	1.6	20
Argentina	0.1	3.3	30.7	56.9	43.1	21.7	4.0	4.9	2.2	2.3	10
Brazil	0.1	3.0	23.8	44.2	55.8	35.0	5.6	5.3	3.0	1.8	26
Peru	0.1	2.6	27.5	51.4	48.6	27.8	5.5	6.0	2.5	2.4	19
India	0.0	0.7	17.1	35.9	64.0	42.7	9.9	10.9	3.6	3.0	33
Russian Fed.	0.2	3.0	27.6	53.2	46.8	24.8	4.5	5.1	2.2	2.4	12
Uruguay	0.1	3.0	27.5	52.8	47.2	25.4	4.2	5.2	2.4	2.2	13
Mexico	0.1	3.6	30.1	54.5	45.5	24.6	4.9	4.7	2.4	1.9	12
South Africa	0.0	0.8	11.9	28.1	71.9	49.2	20.2	18.8	5.0	3.8	69
Europe	0.2	3.6	29.1	53.9	46.1	25.5	5.8	3.6	2.1	1.7	8.4

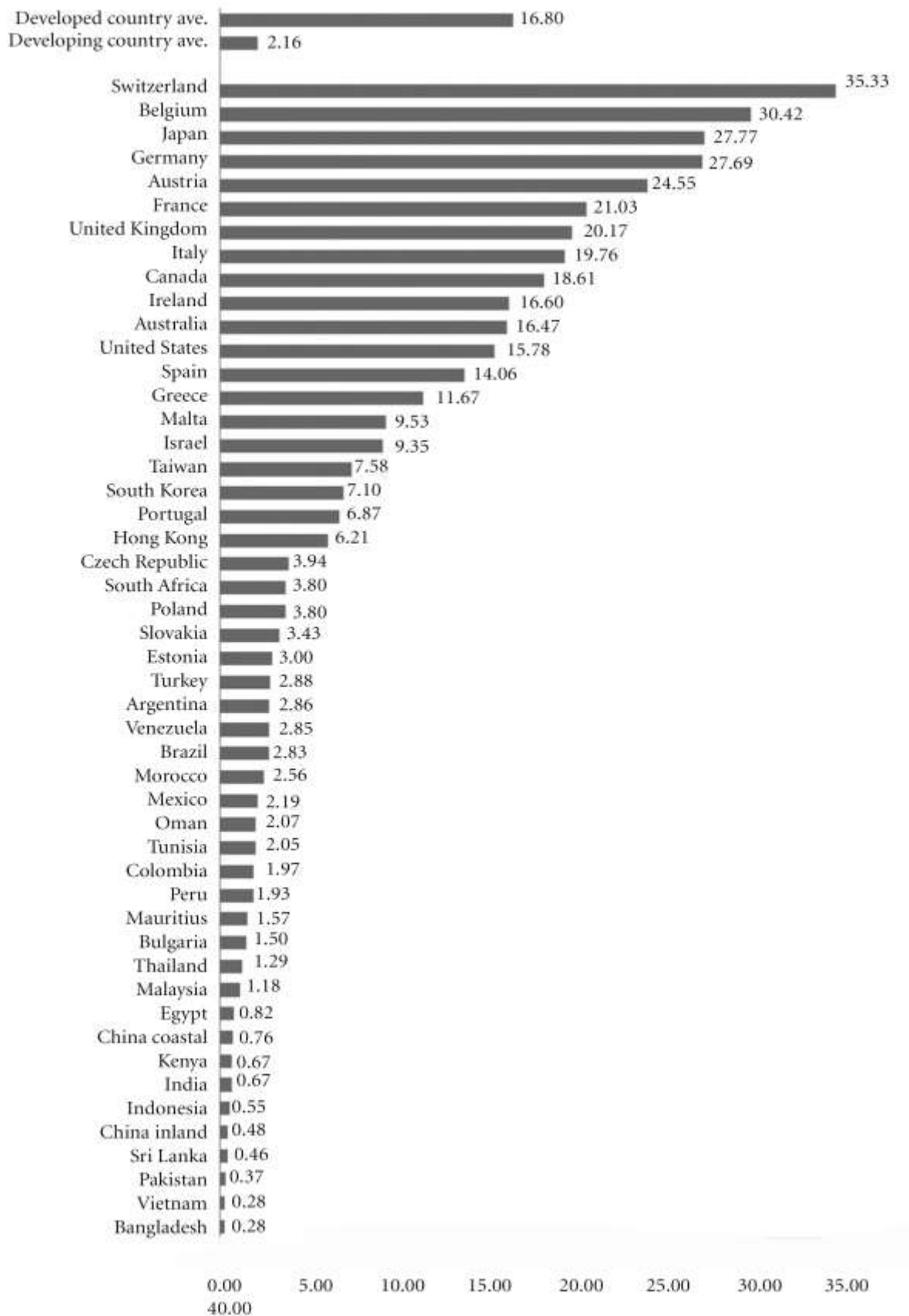
Source: International Labour Organisation

Absolute wage levels can be illustrated within a particular sectoral case study: the relatively labour-intensive textile industry. In 2011, South African textile workers were paid €3.8/hour, compared to €2.8 in Brazil, €0.8 in coastal China, €0.7 in India and €0.5 in inland China. The average textile industry wage in the rich countries was €16.8/hour. But lower still than the BRICS wages, are those prevailing in countries with vast labour reserves such as Vietnam and Bangladesh, at €0.3/hour.

Bear in mind, as the UN Department of Economic and Social Affairs argues, “Even in a simple jacket, physical components, including labour, fabric, lining, buttons, sleeve heads, shoulder pads, labels and hangtags, account for only 9% of the price; the remaining 91% of the value is for intangible assets, including a wide range of services such as retail, logistics, banking and marketing.” In other words, within a complex world division of labour characterised by global supply chains, the power of those corporations controlling the upstream value-chain components means that both BRICS and hinterland economies continue to suffer from super-exploitative processes: a wage rate that is often lower than the cost of reproducing labour prevails. To illustrate, South Africa’s Bantustan system was typical of the migrant labour relations that left caring for children, sick workers and the retired as a task for women in far-off settings, with little or no state support. This form of internal migrancy has usually emerged because it is an extremely profitable system, insofar as the employer does not bear the full cost of social reproduction. Such a system also characterises most labour on the east coast of China.



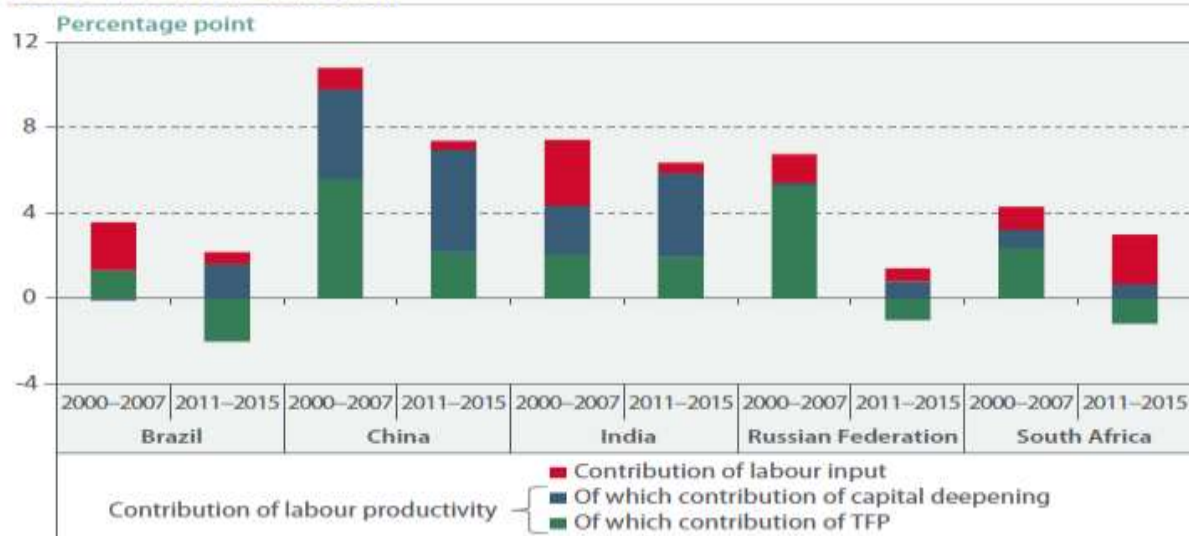
### Textile worker wages, 2011, euros/hour



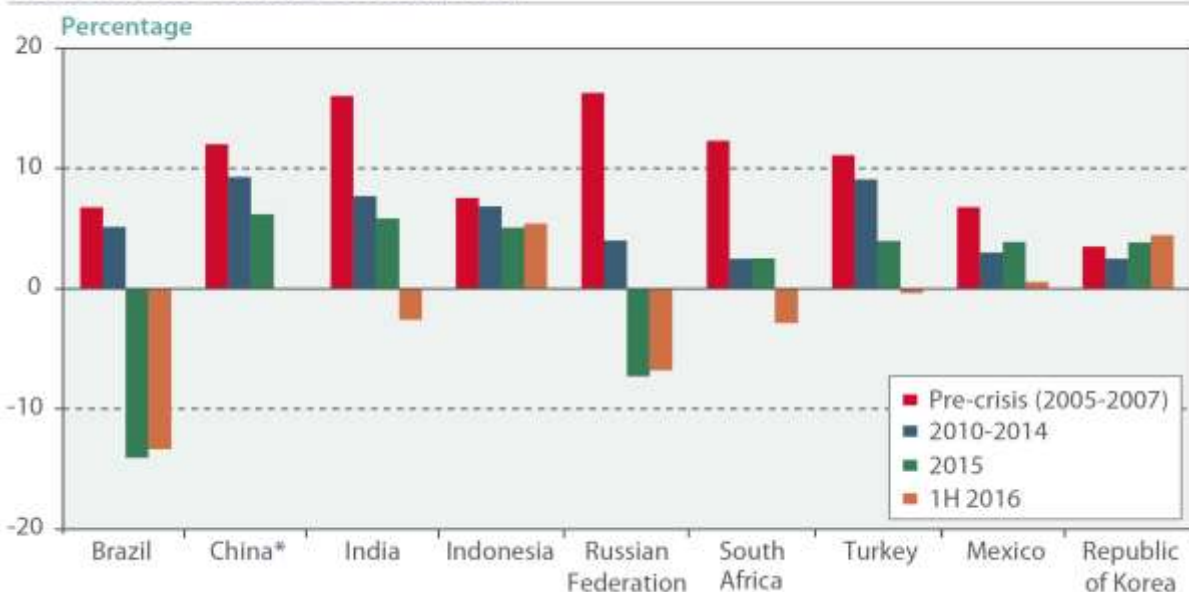
Source: Immanuel Ness, *Southern Insurgency* (2016)

As a result of low wages paid to the majority of BRICS workers, labour’s input into GDP is relatively low. In most of the five (excepting South Africa), the recent period (2011-15) has witnessed a deterioration of the contribution of labour to GDP, in part reflecting lower productivity, according to the United Nations Department of Social and Economic Affairs. The capital investments usually required to raise productivity have been weak. Instead of rising in the BRICS – which would reflect incoming Foreign Direct Investment taking advantage of wage differentials – recent years have generally witnessed stagnant capital-deepening (except in Brazil and India). In short, the relative strength of labour depends upon whether firms are investing in capital-intensive (capital-deepening) productive forces, which raise productivity and potential wage growth (but sometimes increase unemployment), compared to Total Factor Productivity (TFP – especially the rate of innovation, labour force skills and the quality of infrastructure).

**Decomposition of average annual GDP growth in major developing economies and economies in transition**



**Average year-on-year change in gross fixed capital formation in developing and transition economies (constant prices)**



Source: United Nations Department of Economic and Social Affairs

To be sure, the BRICS are diverse, for China and India have had consistently high levels of labour productivity growth, whereas GDP growth rates in Brazil, Russia and South Africa have been weak since 2011 when the commodity price crash began. However, one additional reason is labour militancy in the latter three: the state of business-labour relations is measured by the World Economic Forum's annual listing – based on polling national business executives – of countries on a spectrum from 'confrontational' to 'cooperative.' Ranked out of 138 countries, three of the BRICS have amongst the most confrontational labour movements in the world, whereas two others are generally cooperative (as shown in Appendix 4).

- South Africa: 138
- Brazil: 118
- Russia: 103
- India: 67
- China: 45

To be sure, the supposed average-level 'cooperation' in the two largest BRICS may disguise intense pockets of labour militancy: in China there are more than 100 000 wildcat strikes per year, and in India in September 2016 there was a national strike of an estimated 180 million workers. In sum, there is extreme variability in these BRICS labour experiences, resulting in unevenness and diversity of trade unions and federations; e.g., in South Africa four major federations with differing ideologies and constituencies boast more than half a million workers each.

In most BRICS countries, struggles by labour over wages, working conditions, social policy and extreme inequality are common. In some, the central challenge is resisting the casualisation of the organised labour force; in South Africa this is represented by recent successful campaigns for 'insourcing' of university workforces and the new national minimum wage of R3500/month (albeit with the proviso most workers consider that below a household living wage, given a realistic poverty line of R50/person/day). But against this progress, there was also the labour movement's unsuccessful resistance to a sub-minimum youth wage introduced by the Treasury in 2015.

The conditions vary greatly, so it makes less sense to consider the BRICS in terms of the individual aspects country by country, and more in terms of the collective BTUF approach, especially as it entails advocacy for BRICS multilateral reforms, the main topic of discussion. The analysis that follows, commissioned by the Cosatu, Fedusa and Nactu and facilitated by the International Labour Organisation<sup>1</sup> and Friedrich Ebert Stiftung, sets out in Part One –

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<sup>1</sup> The International Labour Organisation requested a briefing document that includes

- The content of the declarations of both governments and the Trade Union Forums.
- The extent to which the declarations have been implemented at national level or other levels.
- Impact of the Declarations on socio-economic development at the regional and country level.
- An action plan or other measures to give effect to the issues addressed in the declarations.
- A comprehensive programme for the BTUF in Africa to take forward the aspirations in the Declarations.
- Proposals on how BRICS trade unions should collaborate with each other at regional and global levels.

Additional suggestions were made by BTUF leaders from South Africa and their African allies. All are thanked.

“The Political Economy of the BRICS” – the institutional history, the pre-history of BRICS prior to its rise during the global economic crisis, and the contemporary political-economic context both at global scale and within the BRICS. In Part Two – “BRICS Trade Union Forum Reactions” – the BTUF demands for a different socio-economic strategy are considered, followed in each case by an assessment of the results of BTUF advocacy. Given that BRICS-led multilateral reform is not promising, future options emphasise new principles, analyses, strategies, tactics and alliances.

# PART 1: THE POLITICAL ECONOMY OF THE BRICS

## 2. BRICS origins, logistics and configurations

### 2.1 Origins

Together as a bloc, the five BRICS control a quarter of the earth's land mass but 42% of its population. The BRICS are relatively inward looking economies; although they host 46% of the global workforce, they are responsible for just 14% of world trade and 19% of world Gross Domestic Product, rising to 27% in purchasing power parity (PPP) terms. In per capita GDP (also in PPP), only Russia has an income higher than the world average (\$11,800).

#### The BRICS in numbers

	Brazil	Russia	India	China	South Africa	Total BRICS	World	BRICS in the world
Area (km <sup>2</sup> )	8,514,877	17,098,242	3,287,263	9,596,961	1,219,090	39,716,433	510,072,000	7.79%
Area - land (km <sup>2</sup> )	8,459,417	16,377,742	2,973,193	9,569,901	1,214,470	38,594,723	148,940,000	25.91%
Population (mi)	192	143	1,200	1,341	50	2,926	7,021	41.67%
Work Force	104	75	487	816	18	1,500	3,262	45.98%
GDP - nom (US\$ bi)	2,517	1,884	1,843	6,988	422	13,654	70,280	19.43%
GDP - growth	2.9%	4.1%	7.4%	9.2%	3.1%	5.3%	3.7%	
GDP - PPP (US\$ bi)	2,309	2,376	4,469	11,316	555	21,025	78,980	26.62%
GDP per capita - nom (US\$)	12,917	13,235	1,527	5,183	8,342	4,666	10,010	
GDP per capita - PPP (US\$)	11,846	16,746	3,703	8,394	10,977	7,186	11,800	
Export total (US\$ bi)	256	394 *	242 *	1,552 *	97	2,541	18,150	14%
Import total (US\$ bi)	226	239 *	363 *	1,423 *	100	2,351	17,990	13%
Trade total (US\$ bi)	482	634 *	605 *	2,975 *	197	4,892	36,140	14%

Source: IMF, Economist Intelligence Unit

The bloc was, however, initially named and celebrated – as BRIC, without South Africa until Beijing invited Pretoria to join in 2010 – by Goldman Sachs Assets Management chair Jim O’Neill in 2001. The first formal BRIC gathering was in 2006 when foreign ministers met at the United Nations, followed by heads-of-state summits at Yekaterinburg hosted by Vladimir Putin in 2009, by Lula da Silva at Brasilia in 2010, by Wen Jia Bao at Sanya in 2011, by Manmohan Singh at New Delhi in 2012, by Jacob Zuma at Durban in 2013, by Dilma Rousseff at Fortaleza in 2014, by Putin at Ufa in 2015 and by Narendra Modi at Goa in 2016, with Xi Jinping hosting in 2017 at Xiamen. There is extensive ceremonial pageantry and back-slapping at these events although they usually last just two days. Parallel conferences of business leaders typically have access to the state officials, unlike the BTUF and other civil society BRICS events, which are kept on the sidelines.

### 2.2 Logistics and configurations

Beyond state and business summitry, there have also been regular meetings of BRICS trade unions, since Moscow in 2012 but in the form of a parallel summit starting with Durban in 2013. The ‘civil BRICS’ of civil society groups began meeting in Moscow in 2015. Dozens of other BRICS-related events occur in between on different schedules, including meetings of ministers responsible for economies, security, agriculture, health and municipal

government, as well as think tanks and interested academics.<sup>2</sup> These have had a degree of official support, in part because they generally refrain from offering critical insights, in the interests of harmony.

More explicitly critical organisations have also addressed the BRICS. Since 2013 there have been three counter-summits – the first two of which included protest marches – dedicated to expanding the terrain of solidarity of oppressed people, in Durban, Fortaleza and Goa. Difficulties in arranging critical counter-summits and protests in the two more highly-regulated societies – China (2011) and Russia (2015) – prevented a ‘brics from below’ or People’s Forum from occurring. China’s 2017 hosting means that when the BRICS leaders meet in Xiamen, a counter-summit will take place in Hong Kong, with similar hosts and attendees as occurred during the 2005 World Trade Organisation counter-summit.

The region surrounding each of the BRICS’ hosts is also important, insofar as since 2013, leaders from neighbouring states have also been invited to spend time with the BRICS leaders (usually a half-day after the members’ meeting has closed):

- In Goa, notably, this did *not* include Pakistan, but did include India’s Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation neighbours: Bangladesh, Myanmar, Sri Lanka, Thailand, Bhutan and Nepal.
- In Ufa, the BRICS overlapped with the Shanghai Cooperation Organisation, which includes Kazakhstan, Tajikistan, Kyrgyzstan and Uzbekistan along with the observer states Afghanistan, India, Iran, Mongolia and Pakistan.
- In Brasilia just after the Fortaleza meeting, the Brazilian hosts invited leaders from the Union of South American Nations, including Argentina, Bolivia, Chile, Colombia, Ecuador, Guyana, Paraguay, Peru, Suriname, Uruguay and Venezuela.
- The tradition of drawing in the host’s friendly neighbours was begun in Durban when more than a dozen African leaders (never formally named) joined the summit at the Zimbali Lodge.<sup>3</sup> Deputy foreign minister Marius Fransman expressed these objectives just before the 2013 summit: “South Africa presents a gateway for investment on the

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<sup>2</sup> The following are the official institutions and networks that by 2016 had been catalysed by the BRICS: New Development Bank, Contingent Reserve Arrangement, BRICS Business Council, BRICS Contact Group on Economic and Trade Issues, BRICS Think Tanks Council, BRICS Academic Forum, BRICS Trade Union Forum, Civil BRICS, Customs Cooperation Committee of BRICS, BRICS Economic Partnership, BRICS Anti-Corruption Working Group, Anti-Drug Working Group, BRICS Network University, BRICS University League, Young Diplomats Forum, BRICS Diplomatic Academies, BRICS Young Scientists Conclave, BRICS Working Group on Research Infrastructure and Mega-Science, BRICS Global Research Advanced Infrastructure Network, BRICS Joint Task Force, BRICS Youth Summit, BRICS Urbanisation Forum, BRICS Friendship Cities Conclave, BRICS Parliamentary Forum, BRICS Women Parliamentarians’ Forum and BRICS Railways Research Network.

<sup>3</sup> The Durban event’s focus on Africa undergirded the renewed local emphasis on mega-project economic development strategies focusing on an ‘aerotropolis,’ the Dube Trade Port, the harbour’s widening and deepening in what is already Africa’s largest container port, and a new ‘Dig Out Port’ on an old airport property anticipated to cost tens of billions of dollars. In the latter cases, Durban’s leaders believe their main competition is from Chinese-constructed African ports, e.g. Maputo in Mozambique which is more favourably suited to eventually supplying the huge Johannesburg market and northerly transport routes. In August 2016, due to adverse world shipping conditions described below, the Dig Out Port was formally postponed for 16 more years. However in November 2016, the provincial premier confirmed that \$18 billion had been set aside for port traffic expansion from the present 2.9 million container capacity to 20 million by 2040.

continent, and over the next 10 years the African continent will need \$480 billion for infrastructure development.”<sup>4</sup>

In some cases, depending partly upon which political party is in power, such outreach is welcomed as genuine partnership; in other cases, this strategy appears to be akin to a cooptation process, in which weaker neighbours are seen as the BRICS’ hinterlands. Geopolitical and material benefits mainly accrue to the stronger countries and corporations. The case of IMF reform – which disempowered many BRICS neighbours (as discussed below) – makes clear this latter dynamic, as discussed below.

As a bloc, BRICS issues periodic communiques and occasionally acts in concert. One example was the successful lobbying by BRICS foreign ministers against the proposed expulsion of Russia from the 2014 G20 Brisbane summit following sanctions imposed on Moscow by the West after the March 2014 transfer of power in Crimea. But BRICS will ultimately be known not for its generally anti-Western rhetoric, but for what it does, concretely, to change the world. The most important institutional innovations – discussed below – are the BRICS New Development Bank (NDB) for project loans and the Contingent Reserve Arrangement (CRA) which stands ready to augment the IMF in the event bail-out credits are required by BRICS members. There was also a proposed internet cable rerouting to avoid US interference, and a credit rating agency alternative to Moody’s, Fitch and Standard&Poors. But these two strategies appear to be largely conceptual, with a less than certain chance of coming to fruition in the near future. BRICS countries’ invasive surveillance of their citizenries is nearly as obnoxious as the US National Security Agency’s, and the ‘market-oriented’ approach to a new BRICS credit ratings agency would leave such an institution operating much as do the existing agencies.

To understand why so little in the way of multilateral change has been accomplished and is envisaged, it is useful to review the period of US dominance of global geopolitics and economics, prior to the BRICS, so that the cementing of these power structures is clarified at the outset.

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<sup>4</sup> At the same time, however, the South African National Defense Force was airlifting more than a dozen coffins from the Central African Republic where a firefight had occurred in the course of the troops’ reported defense of Johannesburg businesses’ operations in Bangui during a rebel overthrow.

### **3. Before the BRICS: why bipolarity and uni-polarity suffered crises**

The BRICS came into being as a political bloc with overlapping economic interests, especially in terms of global governance reform, because of political and economic factors reflecting declining albeit durable US power, and long-term economic stagnation. We can consider each in turn.

#### **3.1 Geopolitical rearrangements**

At least five major shifts in geopolitical relations took place since the mid-1960s that help explain the BRICS' rise. They will be explored so as to give historical context to the ambitious rhetoric that characterises pronouncements by BRICS' leaders and allied commentators.

- First, from the 1960s, the US military came under increasingly effective challenge in various sites, and was most traumatised by defeat against a Vietnamese guerrilla army, which then reduced the US public's willingness to use its own troops to maintain overseas interests.
- Second, there were Middle East wars throughout the period, with Israel generally dominant as a regional power from the 1973 war with Egypt (notwithstanding its 2006 defeat in Lebanon).
- Third, the rise of China as a potent competitor to the West (in political as well as economic terms) occurred since the early 1990s when its export orientation began to pay off, as transnational corporations relocated to the country's east coast in search of low-paid labour and lax health, safety and environmental conditions. Soon China also offered a major consumer market as well.
- Fourth, the demise of the Soviet bloc in the early 1990s occurred as a result of political stultification, economic paralysis, foreign debt, bureaucratic illegitimacy and burgeoning democracy movements;
- Fifth, throughout the period, until the 1998 turnaround in Venezuela, most Third World nationalist projects waned. Simultaneously, starting in the mid-1970s, there was a significant shift in class power, away from working-class movements that had peaked during the late 1960s, towards capital and the upper classes.

Meanwhile, various political shifts underway reflected the limits of the US empire's aspirations to combine free markets and (allegedly) free politics. The former always took precedence, but it is worth recalling that in spite of Pentagon support for dictators, formal democratisation arrived in large parts of the world: Southern Europe during the mid-1970s, the Cone of Latin America during the 1980s and the rest of Latin America during the 1990s, and many areas of Eastern Europe, East Asia and Africa during the early 1990s. Partly this occurred because of labour, human/civil rights and mass democratic struggles and partly it was achieved through top-down reform. Yet because this occurred against a backdrop of economic crisis in Latin America, Africa, Eastern Europe, the Philippines and Indonesia, the subsequent period was often characterised by instability, in which "dictators passed debt to democrats" (as the Jubilee South movement termed the problem) who were compelled to impose austerity on their subjects, leading to persistent unrest.



The most spectacular subsequent incident to revise global geopolitics was the 2001 attack on the World Trade Center in New York City and the Pentagon near Washington (followed by attacks in Indonesia, Madrid, London, Paris). This signaled an increase in conflict between Western powers and Islamic extremists, and followed earlier bombings of US targets in Kenya, Tanzania and Yemen which in turn received US reprisals against Islamic targets in Sudan (actually, a medicines factory) and Afghanistan in 1998 and Yemen in 2002.

Finally, from 2000-15, Latin America swung away from US influence as a result of ascendant left (or 'pink') political parties. These were most obvious in Venezuela (1999), Bolivia (2004), Ecuador (2006), Paraguay (2008) and El Salvador (2009), but there were also turns away from pure neoliberal economic policies in Brazil, Argentina, Honduras, Uruguay, Nicaragua and Chile. However, all of these pink tide movements came under sharp attack (with Honduras suffering a US-backed coup), and even the three strongest – Venezuela, Ecuador and Bolivia – retained many of the 'Dutch Disease' and 'Resource Curse' problems associated with top-heavy hydrocarbon industries, especially oil.

This was also an era of intense socio-cultural changes that affected politics. The period witnessed processes of postmodernism applied in aesthetics, architecture, urban design and social theory; the 'network society'; demographic polarisations and family restructurings as homosexuality and transsexuality were destigmatised. Globalisation's new technologies included transport, communication and computing revolutions, with (job-massacring) 'Fourth Industrial Revolution' robotics and artificial intelligence on the horizon. The major environmental stresses of recent years included climate change, natural disasters, depletion of fisheries and worsening water scarcity. And health epidemics emerged which would normally have amplified good global governance, as global solutions were required for AIDS, Bovine Spongiform Encephalopathy, anthrax, drug-resistant tuberculosis and malaria, severe acute respiratory syndrome, avian and swine flus, Ebola, Zika virus and others.

The most important global governance accomplishment was, in this power context, the *removal* of intellectual property rights over essential medicines at the 2001 Doha World Trade Organisation summit. (In South Africa the result was that nearly four million HIV+ people are treated, with a resulting rise in life expectancy from 52 to 62 as a result.) But prior to that, the last major world agreement to address a global crisis with a global *solution* (not just a negative action such as AIDS drugs decommodification) was the 1987 Montreal Protocol that banned CFCs so as to preserve the ozone layer. Indeed, because no subsequent major multilateral solutions to global problems have been implemented, and because these problems grow, the potential for BRICS' interventions was welcomed by many. By the early 2000s, these incidents, trends and power shifts all laid the basis for dissatisfaction about global power on terrains including world finance, trade and environmental management, as discussed below. However, the primary source of grievances was that at a time the BRICS and other emerging markets were playing more prominent roles in the world economy, multilateralism was no longer a solution, but an even greater barrier to meeting the world's social, economic and environmental needs.

### **3.2 Economic stagnation, neoliberalism and financialisation**

Three core processes influenced the economic process behind globalisation and then

neoliberalism. First, dating to the early 1970s, the durable, recurring problem of overproduction was witnessed in huge gluts in many markets, declining increases in per capita GDP growth (from 3.6% during the 1960s to 2.2% during the 1970s to 1.2% during the 1980s to 1.1% during the 1990s and 1.3% during the 2000s), and falling corporate profit rates. The result was a series of periodic crises. But these were displaced and mitigated by shifting the problems around using new geographical flexibility, and also by deploying credit so as to stall problems into the future, at the cost of much more severe tensions and potential market volatility in different places and over the years ahead.

Second, the temporary dampening of crisis conditions through increased credit resulted in the expansion of financial capital – especially in real estate but other speculative markets based upon trading paper representations of capital ('derivatives') – far beyond the ability of production to meet the paper values. There were regular financial meltdowns reflecting this profound contradiction, exemplified by the 2008 crash and the 2009-11 deflation of the economy through printing paper.

Third, geographical shifts in production and finance continue to cause economic volatility and regional geopolitical tensions. These contributed to unevenness in currencies and markets as well as pressure by transnational corporations to delve not only into more intense market relations, but also non-market spheres of society and nature, in search of restored profitability. When profits were sent to the transnational corporate headquarters, they partially made up for the declining industrial production in several English-speaking countries (the US, UK, Canada, Australia and New Zealand), where trade deficits grew. The trade surplus countries were mostly Japan, China, South Korea, other Asian exporters, Germany and the Middle Eastern oil-producing economies. Their trading and profit flows began to diverge widely and wildly, until 2008 began to rebalance matters by ending the era of globalisation.

In this context of geographical uneven development and rising financial bubbles during the late 1980s and early 1990s, Washington adopted a series of crisis-management techniques, such as the US Treasury's Baker and Brady Plans. These allowed the write off (with tax breaks) of part of the \$1.3 trillion in potentially dangerous Third World debt due to the Western banks' overexposure in Latin America, Asia, Africa and Eastern Europe. Notwithstanding the socialisation of the banks' losses, debt relief was denied the borrowers. But the banks needed still more bandaids, and in late 1987, crashes in the New York and Chicago financial markets (unprecedented since 1929) were immediately averted with a promise of unlimited liquidity by Alan Greenspan's Federal Reserve. This philosophy in turn allowed the bailout of the US Savings and Loan industry and various large commercial banks (including Citibank) during the late 1980s notwithstanding a recession and serious real estate crash that lasted from 1989-92.

The next crash was of the Mexican government in late 1994. Under US Treasury official Larry Summers' direction, management of the mid- and late 1990s emerging-markets crises again imposed austerity on the Third World while offering further bailouts for investment bankers exposed in various regions and countries: Eastern Europe (1996), Thailand (1997), Indonesia (1997), Malaysia (1997), Korea (1998), Russia (1998), South Africa (1998, 2001), Brazil (1999), Turkey (2001) and Argentina (2001). These victims' hard currency reserves were

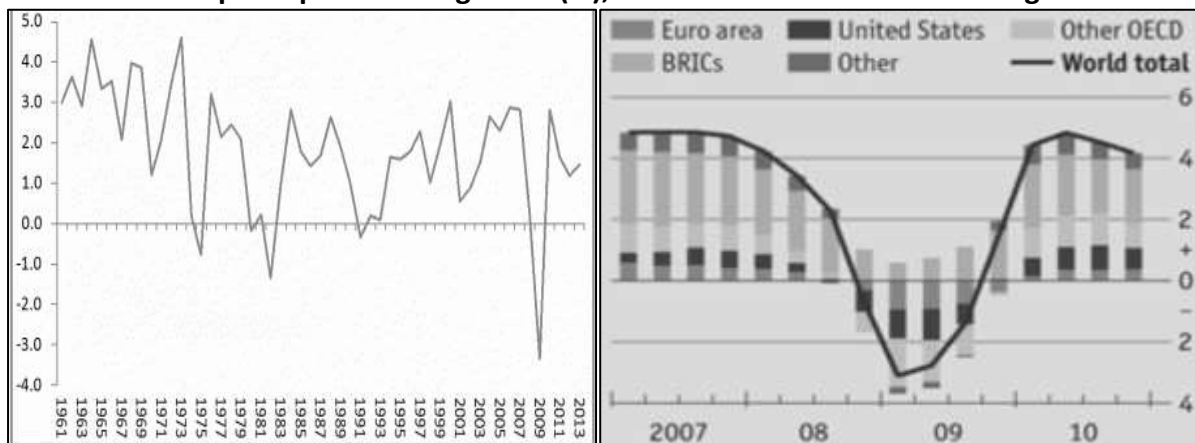
suddenly emptied by runs. The problems from Russia reverberated in New York in 1998, when a New York hedge fund – Long Term Capital Management (founded by Nobel Prize-winning financial economists) – lost billions in bad investments when Moscow temporarily defaulted on foreign debt. The New York Fed arranged a bailout, on grounds the world’s financial system was potentially at high risk.

The vastly distorted US economy suffered record trade, capital and budget deficit. The excesses have occasionally unravelled, as with the dot.com stock market (2000) and real estate (2007) bubbles. As a result, the two largest Asian societies, China and India, picked up the slack in global materials and consumer demand during the 2000s, but not without extreme stresses and contradictions considered in more detail below. By late 2008, the broader financial overleveraging and over-productive world economy threatened global economics, geopolitical arrangements and environmental sustainability. This was the moment that the BRICS entered the global scene.

### 3.3 The 2008 crisis and the emergence of BRICS

The vulnerability and unfairness of the West’s financial, trade, production, investment and migration regulatory system was suddenly on display as a global crisis. By 2008 uneven global development had reached extremes. In the case of China, Germany and the oil producing states, the trade surpluses they ran reached more than 2% of world GDP at peak in 2007. In the case of the United States, Britain, Canada, Australia and New Zealand, the trade deficits were far in excess of the profit inflows to their transnational corporations, peaking in 2006 at 2% of world GDP. After those unprecedented peaks, the 2008 crash shrunk current account surpluses and deficits in these main net exporters and net importers back to the 1% range.

**World real GDP per capita annual growth (%), and GDP when BRICS led during world crisis**

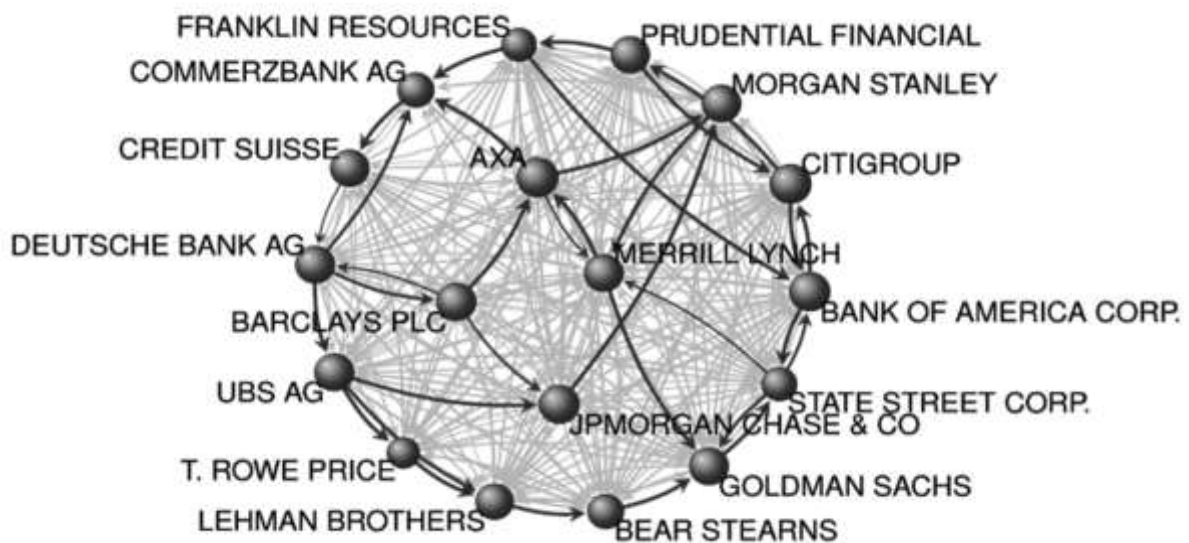


Source: Michael Roberts and *The Economist*

By 2011, the main contributors to global GDP increases were the BRICS countries. Aside from a brief 2009 recession in South Africa, all had continued to grow at world-leading rates through the 2002-11 commodity super-cycle. But most benefits of growth in this era went to the global corporations which took advantage of minerals, petroleum, production and retailing networks, all of which were interconnected by the world’s largest financial institutions. This ‘network of global corporate control,’ according to scholars James

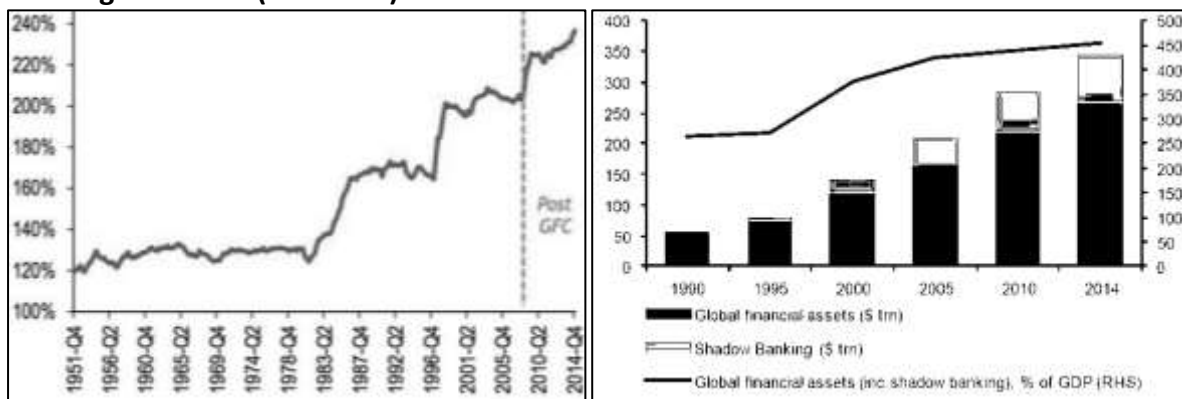
Glattfelder and Stefano Battiston, had become an 'economic super-entity' that could easily sway public policy in weak countries, in association with credit ratings agencies Moody's, Fitch and Standard&Poor's. Brazil and Russia were given junk status, and South Africa was regularly threatened in 2016. Not only did this network succeed in deregulating large areas of world finance (especially with 'shadow banking' securitisation techniques after 2000), the financiers raised debt levels of states, corporations and households to unprecedented heights: from 125% of world GDP in 1980 to 200% in 2008 and then, with the global bailout, to 240% by 2015. Financial assets rose from 220% of world GDP during the early 1990s to 350% by 2014, leading logically to the next round of economic crises.

### Network of global financial institutions controlling transnational corporations



James Glattfelder and Stefano Battiston

### Rise in global debt (% of GDP) and of financial assets



Source: IMF and Credit Suisse

## 4. Contemporary crises: geopolitical, economic, environmental

Although the BRICS NDB and CRA could become more important as world economic volatility rises in 2017, the immediate concern for the BRICS is splintering as a result of the geopolitical turmoil associated with the election of Donald Trump as US President in November 2016. This election heralded a period ahead in which the BRICS' claim to building a counter-hegemonic politics will falter. Two leaders – Brazil's Michel Temer and India's Modi – have strong ideological affinities as conservative nationalists. Putin, who also has right-wing allies in Europe, initially anticipated major benefits from a dramatic 2017-20 adjustment in the Western balance of forces, including the relaxation of sanctions, but this proved illusory given how much resistance Trump faced in the form of the US political establishment's 'Russophobia,' responsible for Trump having to fire his initial National Security Advisor, Michael Flynn. A fourth, Jacob Zuma, has already begun using firm anti-imperialist language, as a means of explaining his own political weaknesses at home. And a fifth, Xi, immediately became involved in various conflicts with Trump, well before the latter has taken office. However, in addition to their international roles, which as Goa indicated will entail diverse and opposing national interests (e.g. in growing Chinese and Russian economic interrelationships with Pakistan that are opposed by India), each of these leaders appears to desire a stronger BRICS for the sake of internal legitimation.



### 4.1 Internal political legitimation using BRICS membership

In Brazil, Temer's government – installed in May 2016 – has come under intense pressure because of ongoing popular delegitimation of his constitutional-coup regime, in part from unions which had supported the predecessor Workers Party. Temer's closest allies (e.g. Renan Calheiros and Eduardo Cunha, who arranged Rousseff's downfall, and six of his cabinet ministers) were repeatedly exposed as far more corrupt than the prior president, thanks in part to plea bargain confessions by 77 officials of the Odebrecht construction companies involved in political bribery. In December 2016, Temer's government imposed a new 20-year austerity regime that is certain to generate a coming period of unrest. Temer's two 2016 trips to Asia – to appear with the G20 and especially with other BRICS leaders – represent one means of distraction from such troubles.

In India, six weeks before hosting the 2016 summit, Modi suffered a strike of an estimated 180 million workers demanding both higher wages and an end to his neoliberal (austerity-oriented, pro-corporate) economic policies. Although his Hindu nationalism assures a strong base, Modi soon became even more unpopular with the non-sectarian (non-'communalist') working class and poor (amongst others) due to his demonetisation of large bills (500 and

1000 rupee notes). This left many rural areas virtually without circulating cash and hence without economic activity. Modi also attempted – albeit unsuccessfully – to use the Goa summit for intense (albeit unsuccessful) ‘anti-terrorist’ lobbying. The economic and political links that China and Russia have built with the Pakistani government, as it progressively delinked from the US in the wake of the Osama bin Laden execution, remain more attractive than remaining in India’s favour in its South Asian rivalry. The February 2017 ‘BRICS Plus’ proposal by Chinese diplomat Wang Yi called for the potential addition of 11 countries: Argentina, Mexico, Iran, Turkey, Nigeria, Pakistan, Sri Lanka Bangladesh, Vietnam, Indonesia and the Philippines. Indian officials were reportedly outraged.

In China and Russia, there is far less need for BRICS to serve as a legitimating force given the authoritarian governments’ other methods of control and coercion. But in South Africa, Zuma seems to require BRICS for a degree of internal legitimation, as part of the so-called “talk left, walk right” tendency. One example in late November 2016 is illustrative, captured by a *News24* headline, “SA became disliked after it joined BRICS – Zuma.” According to Zuma, speaking to ANC activists in the provincial city of Pietermaritzburg (capital of KwaZulu-Natal),

We did not even go to that bank called the IMF and the World Bank to ask for money. Most people do not like this because we cannot be told what to do. That is not all. When the BRICS group was formed, it was Bric in the beginning: Brazil, Russia, India and China. We joined later and it became BRICS, it is a small group but very powerful. [The West] did not like BRICS. China is going to be number one economy leader. In fact they are number one currently, they are scared to announce it... [Western countries] want to dismantle this BRICS. We have had seven votes of no confidence in South Africa. In Brazil, the president was removed. They like to talk bad about the Chinese economy. What is important is that the relationship between these countries is growing. The reason why they are in relations with us is to forge good relations, not because they previously colonised us.

A pro-Zuma graphic (circulated in the “Communist University”) captures this sensibility:



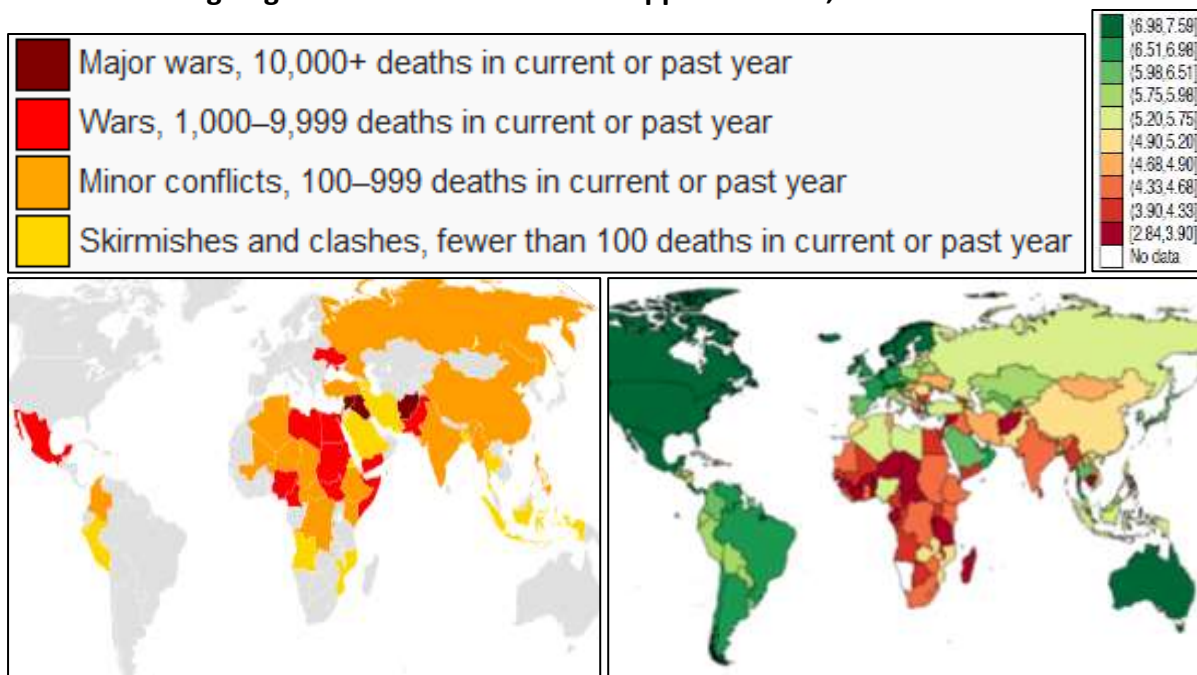
Source: <https://www.mail-archive.com/ycls-a-eom-forum@googlegroups.com/thrd7.html>

Although the subsequent week in Parliament, Zuma said he “had forgotten” which Western countries he was referring to (when asked at Question Time by the centre-right opposition), it is evident that he will continue to use the BRICS as a foil for such defensive sentiments.

## 4.2 Fast-shifting international political and economic alliances

Theatrical aspects of BRICS will continue, apparently designed for local consumption by constituencies that want to see their leaders standing tall internationally in part because of rising local problems. But the most dynamic and contradictory terrain of BRICS work to consider is global geopolitics. Aside from armed conflicts and extreme tensions related to the BRICS directly and in their immediate regions – Syria, Ukraine, Poland, Pakistan, the Korean Peninsula and the South China Sea – global power balances are adjusting because of dramatic 2016 shifts of leadership loyalties in Turkey and the Philippines from West to East. The major wars and extreme civil conflicts of 2015-16 were in Syria, Afghanistan, Turkey, Pakistan, Mexico and northern and central Africa. There is a close correlation between such conflicts and low levels of ‘well-being,’ identified in the annual *Global Happiness Index*.

### Locations of ongoing conflicts worldwide and happiness index, 2015



Source: *World Happiness Report 2016*

The most extreme sites of conflict include three African countries – Libya, Sudan and Somalia – from which the Trump Administration banned refugees on two occasions, prior to the US courts overturning the bans on grounds they were religiously motivated. Three other majority-Muslim countries were also included: Iran, Syria and Yemen (as well as Iraq in the initial banning). Notably, there were several source countries from which terrorists have emanated – Saudi Arabia, Egypt and the United Arab Emirates, for example – which were not on Trump’s list of banned countries. These three are sites where Trump has historic business interests, mainly in real estate and tourism. Additional sites of Trump business locations include four of the five BRICS (not South Africa).

### Locations hosting Donald Trump's business interests



Source: *Time*

In this context, two quite unpredictable processes are in play at the time of writing, centering on Russian and Chinese relations with Washington. First, in Russia, Putin was accused by the defeated candidate Hillary Clinton and the US Central Intelligence Agency of assisting Trump to win the November 2016 election. There were two ways this may have played out, if pro-Clinton arguments are sustained: in the hacking and leaking of her and allies' internal emails (partly, however, these were a function of at least one internal whistle-blower, it appears). There were also, briefly, allegations of outside interference in the voting that occurred in states utilising electronic polls, where a few thousand votes separated the main candidates. At the time of writing, neither has been proven (and as for the WikiLeaks, Julian Assange denied he had direct access to leaked emails from any Russian source). But at a time Russia is being successfully prosecuted for widespread doping of Olympic athletes and given Putin's hatred of the US State Department (for the putsch in the Ukraine), there is no question that he favoured the election of Trump and had the spy-craft capacity to make an intervention.

A related dilemma for the Trump administration is that his own party and the Democratic Party have been conditioned to despise Putin for more than a decade. The surprise appointment to the position of Secretary of State – the pro-Russian oil tycoon, ExxonMobil chief executive Rex Tillerson – amplifies the concerns. There will be multi-billion dollar benefits to the firm if Washington soon ends US sanctions against Moscow, although that process was widely anticipated prior to the intense Russophobic backlash by the Washington establishment. As *Guardian* columnist Julian Borger explained, powerful critics believe Trump's "opaque ties with Russia and his glaring conflicts of interest represent existential threats to US democracy. Trump is giving the nod to Tillerson, the recipient of Moscow's Order of Friendship, as a slaughter is underway in Aleppo [Syria], likely to be one of the worst war crimes of the century so far, in which Russia is complicit." By April 2017, the initial pro-Russia standpoint that Trump had adopted from the outset had receded; the firing of National Security Advisor Michael Flynn in February was followed by renewed conflict between Washington and Moscow over Syrian chemical weapon allegations.



In China, in contrast, relations with Washington had already worsened in the months before and weeks following the election. Geopolitical tensions in the South China Sea began rising in 2011 with Obama's "pivot to Asia." This meant, according to journalist John Pilger, "that almost two-thirds of US naval forces would be transferred to Asia and the Pacific by 2020. Today, more than 400 American military bases encircle China with missiles, bombers, warships and, above all, nuclear weapons. From Australia north through the Pacific to Japan, Korea and across Eurasia to Afghanistan and India, the bases form, says one US strategist, 'the perfect noose'."

Beijing could have worsening problems with Trump, given the latter's propensity to blame international trade competition – and specifically subsidised Chinese exports and currency devaluation, as well as alleged Chinese commercial computer hacking – for US deindustrialisation. Moreover, in early December, Trump took a congratulatory phone call from the Taiwanese president – thus violating Washington's post-1979 'One China' diplomatic protocol (all presidents since Jimmy Carter have not formally recognised Taipei, yet Washington remains its main provider of arms) – and on December 11 he questioned whether he should "be bound by a One China policy unless we make a deal with China having to do with other things, including trade." In reply, the *Global Times* (a Chinese state mouthpiece) threatened that if Trump "openly abandons the One China policy, there will be a real storm. At that point, what need does mainland China have for prioritising peaceful unification with Taiwan over retaking the island by military force?" If Trump continued to be – as the *Global Times* put it – "as ignorant of diplomacy as a child," then China would aid (unspecified) anti-US forces. "This inexperienced president-elect probably has no knowledge of what he's talking about. He has overestimated the US capability of dominating the world and fails to understand the limitation of US powers in the current era."

It is quite possible that Trump learned something of those limitations in April 2017, in relation to North Korean nuclear weapons testing. His attempt to draw in Xi to an alliance against Pyongyang also unveiled his own growing awareness of China's limitations. Moreover, while in early April 2017 Trump had called China the 'world champion' of currency manipulation for undervaluing the yuan (a sentiment expressed at nearly all his campaign rallies), he had reversed that opinion after meeting Xi ten days later, claiming that there had been no such manipulation for months.

Also, in relation to trade, Trump regularly claimed that his localisation-oriented policies will benefit US manufacturing industry by increasing its protection from foreign imports. But if he follows through, a trade war is just as likely an outcome, reminiscent of the Smoot-Hawley Act of 1930 which is credited with contributing to the Great Depression. Like then, the major question is whether populist sentiments channel working-class politics towards generally right-wing leaders – as in the US (Trump), Britain (UKIP and Brexit supporters), France (Marie le Pen), Italy (Five Star) and the Netherlands (Geert Wilders) – or whether a left alternative might rise (such as in the US as indicated by Bernie Sanders' popularity or in Britain with the Jeremy Corbyn-led Labour Party and in France by the rise of Jean-Luc Mélenchon). The former is most dangerous in the form of a 'fascist' movement when the populist sentiments of working-class people are revealed as racist, misogynistic, homophobic, xenophobic and anti-ecological, when imperialist and militaristic sentiments

are acted upon, and when the socio-cultural agenda of the right is conjoined with corporate power. The left version of populism stresses economic justice, social equality, state-centric redistributive strategies and economic localisation. Examples include the US 'New Deal' of the 1930s, South Africa's 'RDP' in the mid-1990s, or the 1980s-90s Brazilian Workers Party agenda.

However, instead of promoting justice during the period 2017-20, the dominant alignment appears to be the combination of far-right socio-cultural politics with mega-corporate interests, at least in the US (in Britain, the corporate agenda conflicts more explicitly the far-right's Brexit strategy). It became clear immediately after the election in Wall Street's surge that investors expect military, financial and fossil fuel industry stocks to prosper far more than any others, as the Dow Jones index hit a new record. Trump promises to lower corporate taxes from 35 to 15% and rapidly inject a trillion dollars of what might be called 'dirty Keynesian' infrastructure spending, heralding a new boom in US state debt. Along with the Federal Reserve's December 2016 rise in interest rates and the 12% rise in Wall Street prices from November 2016-April 2017, this in turn will draw more of the world's liquid capital into the US economy, similar to the 2008-09 and post-2013 shifts of funds that debilitated all the BRICS currencies aside from the Chinese yuan.

With Trump's election and the resulting rearrangement of geopolitical alliances, the BRICS will be under increasing pressure on several fronts, in a context of looming economic crisis. The main winner could be the Russian economy, if higher oil prices result from either the December 2016 OPEC agreement or, more likely, intensified military conflict in the Middle East. At rock bottom in February 2016, the price per barrel had fallen to \$27, but by year's end it was \$55, giving some prospect of relief to the Russian economy. Nevertheless, as the world becomes more geopolitically dynamic and economically dangerous – what with worsening stagnation and growing financial meltdown threats emanating from weak European banks – the political coherence of the BRICS bloc is in question. Since as argued below, the roots of the economic crisis are to be found in overproduction (driven by China) and growing inequality (as witnessed most in South Africa and Brazil), the BRICS' capacity to self-correct course will be vital in the years ahead. But persistent economic problems are even more durable than the geopolitical tensions.

### **4.3 Economic crisis looms**

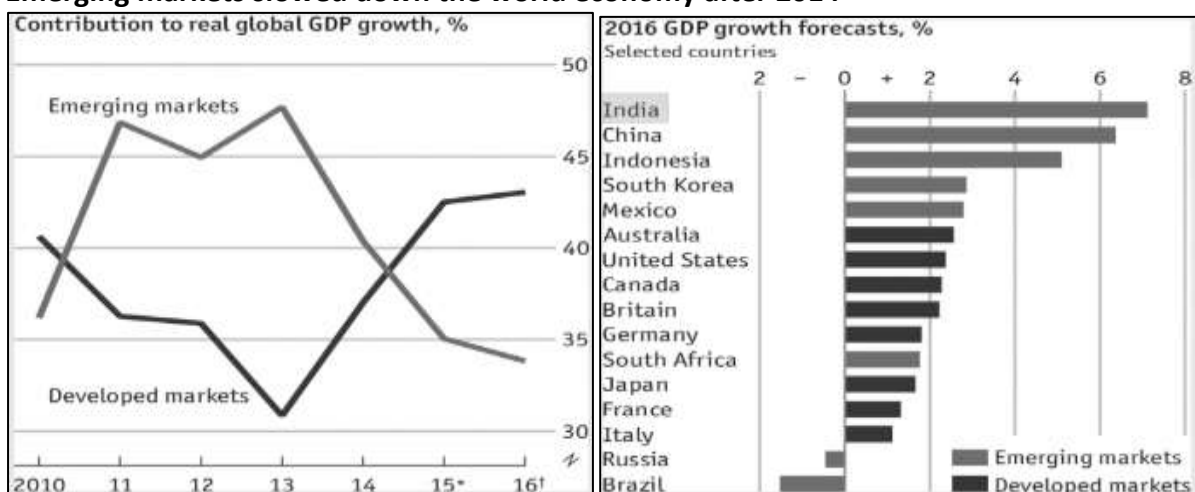
Even before Trump's election, economic volatility was a major threat across the world, characterised by extreme uneven development (including unprecedented inequality), excessive financialisation and overproduction. The resulting 'sectoral stagnation' is "the defining economic challenge for macroeconomic policy over the next decade," according to former US Treasury Secretary Lawrence Summers. Although himself discredited – as the main official responsible for the most dangerous financial deregulation (the 1999-2000 ending of the division between investment banking and commercial banking) – Summers now diagnoses a serious deficiency in global economic management. Stagnation cannot be cured, he now admits, by "the long-term downward trend in real interest rates, the continuation of very sluggish growth even in the presence of zero rates, market forecasts that that neither real interest rates nor inflation will normalise over periods of more than a decade anywhere in the industrial world, and growing concerns about the sustainability of

even the slow recovery from the financial crisis in the US.” Summers advocates a Keynesian-style stimulation equivalent to a 4% drop in interest rates, or a bailout as great as the G20 agreed upon in 2009 to end the last global financial meltdown. But there is no political will to do that, nor – it seems in 2017 – a toolbox large enough that is available to central bankers and finance ministers given how many tools they have blunted in the recent past.

Global economic managers appear incapable of taking decisive action, as various attempts to reflate business in most parts of the world appear to be failing. Multilateral institutions lack legitimacy and power. In addition, various kinds of class struggles are breaking out across the globe, revealing very weak redistributive systems. As a result, neo-fascist movements have gained strength in the US, UK, France, the Netherlands, Germany and Greece. Attempts to address climate change through carbon trading are also failing, even though extreme weather threatens all humanity and most species in coming decades, especially with a climate denier in the US presidency.

For the purposes of this analysis, what is most important about this situation, is that the BRICS are no longer the motor force in the world economy. Taken together, in 2016 the emerging markets are holding back global growth. Brazil and Russia have been in formal recessions. In Africa, not only is South Africa stagnant, but Nigeria and Angola are suffering recession in 2016-17, and Egypt required a major IMF bailout. Most other African countries have extremely high debt levels, as explored further below.

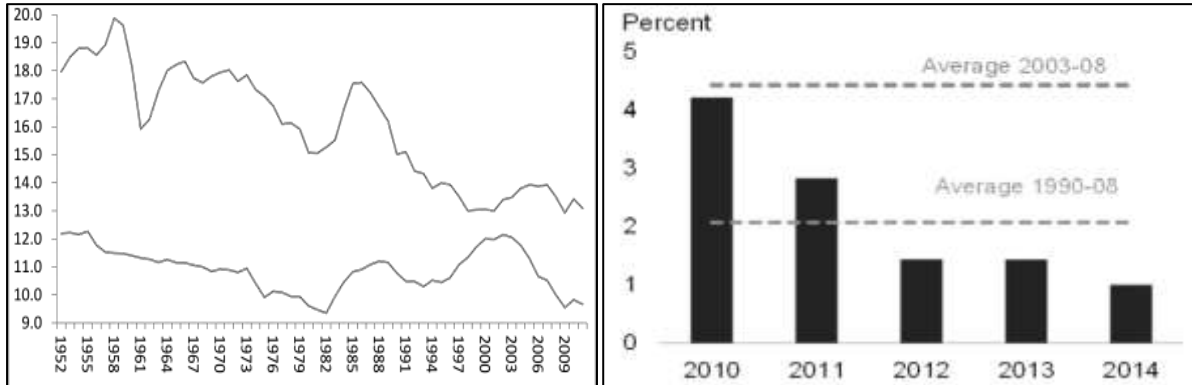
#### Emerging markets slowed down the world economy after 2014



Source: *The Economist*

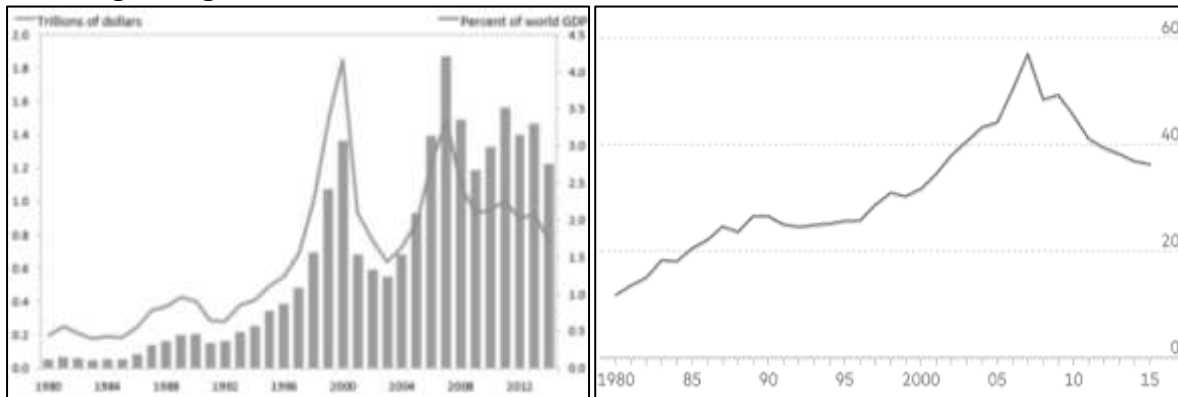
This slowdown is evident in the convergence between falling profits in the BRICS and the G7, as well as in a steadily falling productivity rate in the BRICS from 4.5% average in the 2003-08 period to 1.5% in the 2012-14 period. With lower profit rates since especially the development world’s peak of 2008, there has been a decline in the importance of Foreign Direct Investment (FDI) in the world economy. The peak absolute FDI amount was in 2008 with \$1.9 trillion – nearly 3.5% of world GDP – but as the US-catalysed crisis spread to the whole world, it fell to \$1.2 trillion and just 1.7% of GDP by 2015. Simultaneously, cross-border financial asset holdings fell from a peak 55% of world GDP in 2008 to just 35% by 2015. Various measures of trade also confirm a decline since 2014.

**Corporate profit rate in BRICS (top) and G7, and BRICS labour productivity growth**



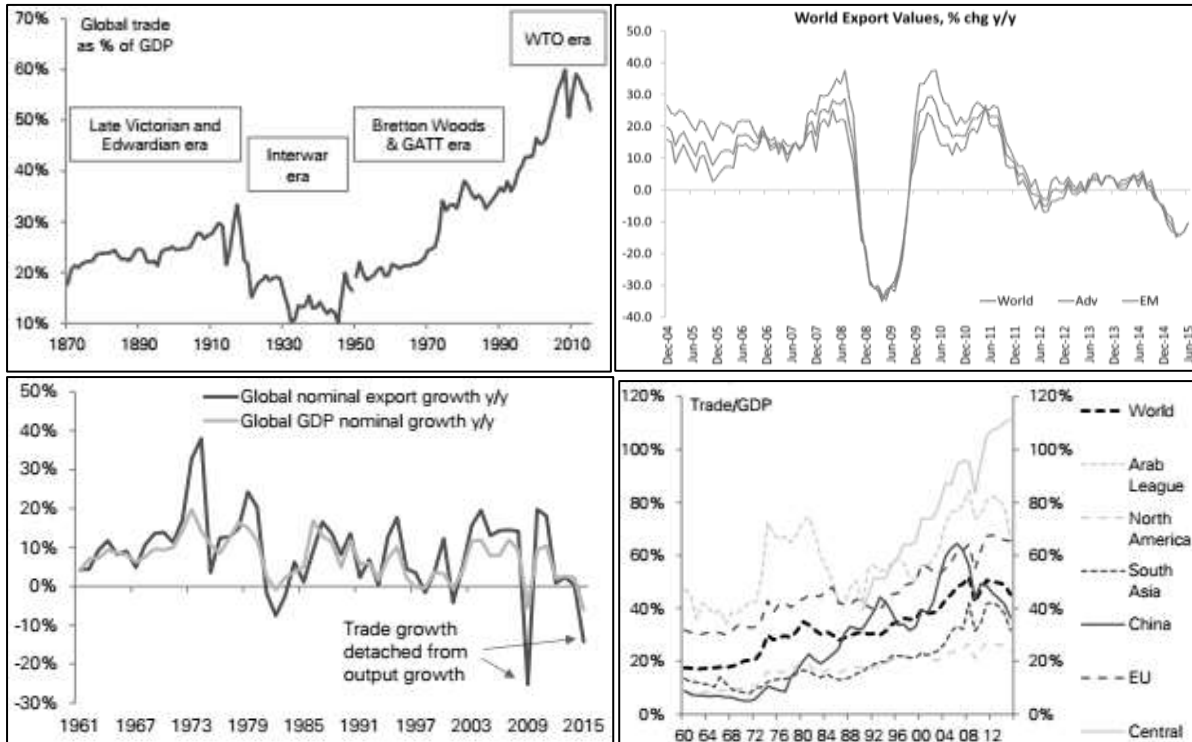
Source: World Bank

**Declining Foreign Direct Investment and cross-border financial assets as % of world GDP**



Source: UNCTAD and IMF, BIS

**Changes in trade volume, historically and since 2004**

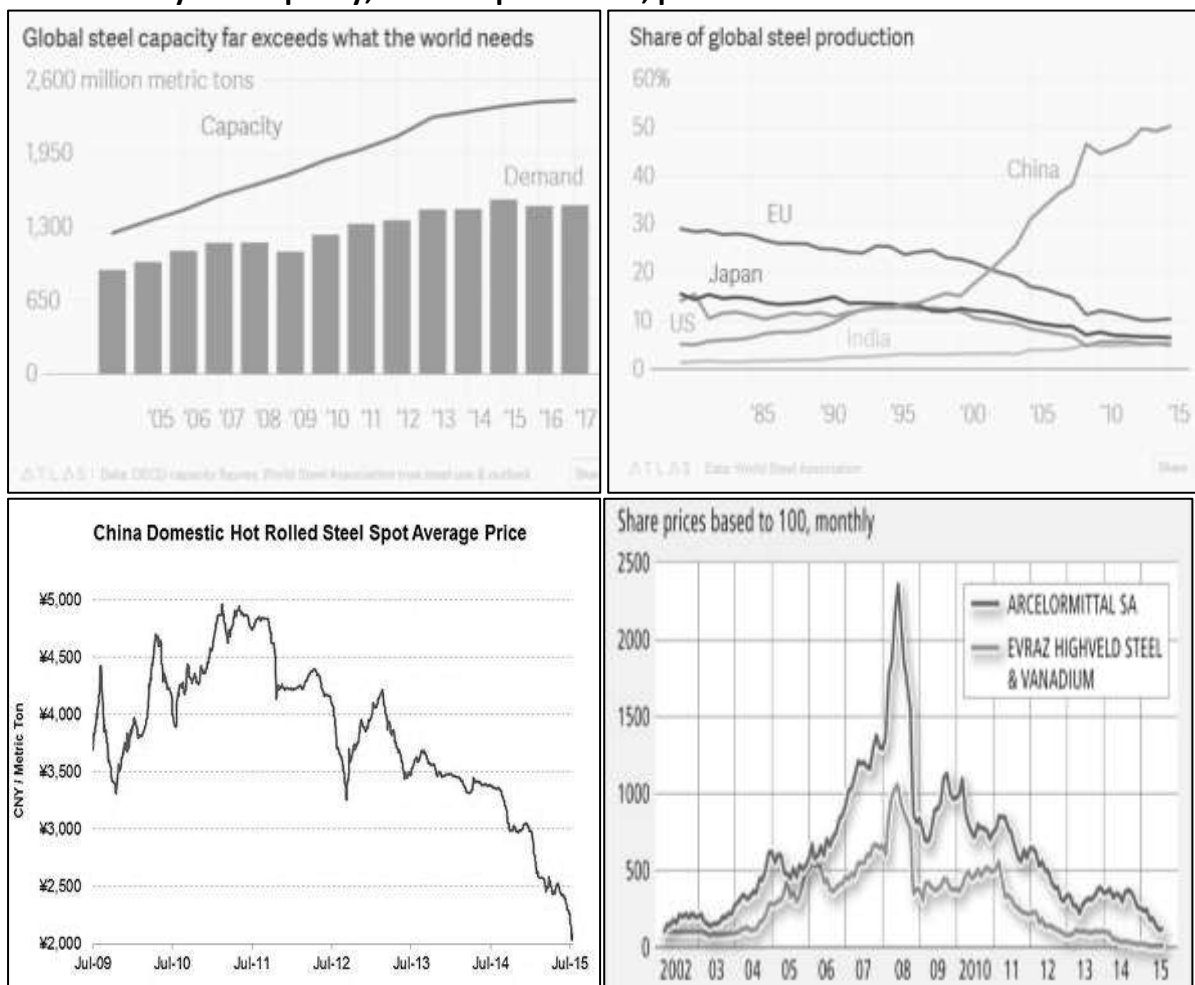


Source: Deutsche Bank, Haver Analytics

As noted earlier, a profound reason for the BRICS' lower profits and productivity is the prior era of overinvestment. Indeed one of the central problems for world economic management is the rise of excess industrial capacity across the world, as a result of the generalised overinvestment that was especially sharp in the run-up to the 2008 crash. Overinvestment in plant, equipment and real estate (capital expenditure) recorded by Goldman Sachs in 2014 was greatest in the energy sector, but other raw materials also faced a dramatic period of disinvestment.

Steel is most disturbing, because from 2004-16, the annual capacity to supply the market rose from 1.3 billion to 2.5 billion tonnes, while demand only rose from 900 million to 1.3 billion tonnes. Most of the new capacity was Chinese (from 15% to 50% of world production from 2000-15). With the rising gap between capacity and demand, the price of hot rolled steel fell by 60% from 2011-15. The share prices of the two main South African firms collapsed, with one (Evraz Highveld – owned by the Russian Roman Abramovich) shutting down and the other (Arcelor Mittal owned by the Indian Lakshmi Mittal) demanding a 40% protective tariff without which it too would face bankruptcy.

### Steel industry overcapacity, share of production, price and decline in South African steel



Source: *The Economist*

By July 2016, the G20 (2016) trade ministers diagnosed the crisis at their Shanghai meeting: “We recognise that the structural problems, including excess capacity in some industries, exacerbated by a weak global economic recovery and depressed market demand, have caused a negative impact on trade and workers. We recognise that excess capacity in steel and other industries is a global issue which requires collective responses.” With such excess capacity at the global scale, moves to cut Chinese output in steel and coal were marginal and merely ameliorative, as shown by the extremely serious threat to the entire South African industry, not from the West but from within the BRICS.

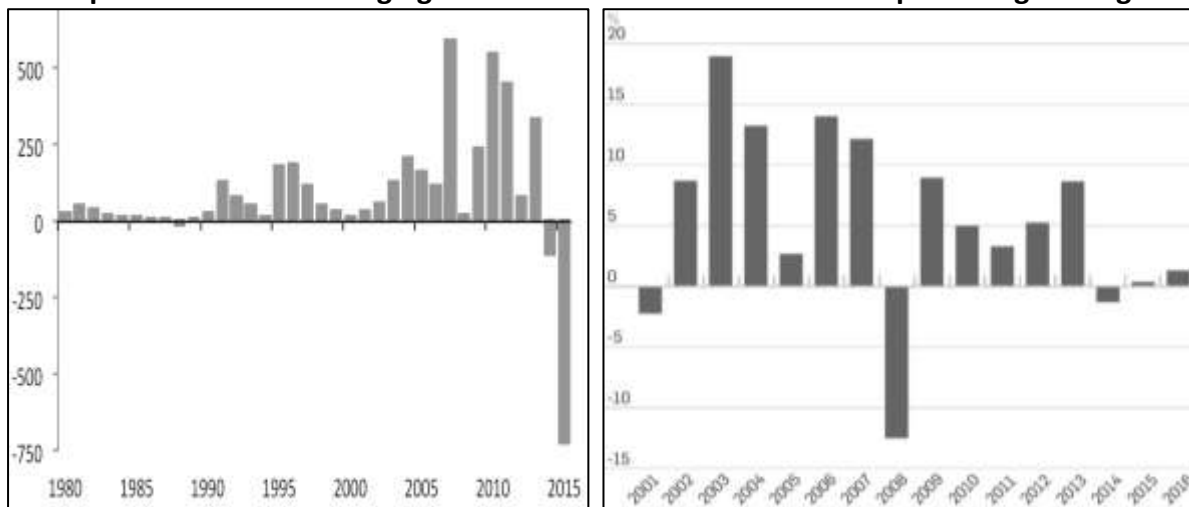
The tendency towards overproduction that is so apparent in steel can be delayed by artificial financial stimulation. But that strategy adds new contradictions. As explained by political economist Richard Westra in 2016, “With the disarticulating of production through globalisation, there existed no possibility for bloating funds to ever be converted into real capital with determinate, socially redeeming use. Instead, systemic rule changes empowered big banks, big investment firms and finance wings of giant corporations to unleash vast oceans of funds in a global orgy of money games.”

One reason is that loose monetary policy encouraged the reflation of financial bubbles, without generating genuine sources of wealth. By 2013, the president of the US Federal Reserve System’s Dallas bank branch, Richard Fisher, identified this contradiction in his Fed colleagues’ third Quantitative Easing (QE). Central banks in the US, EU, UK and Japan print money to bail out fragile financiers no matter how foolish the cause and corrupt the recipient bankers, or run a Negative Interest Rate Policy and devalue currencies to spur investment or compete with other economies. Though he described QE3 as “monetary Ritalin” on that occasion (losing the Fed vote by 1 to 11), Fisher had supported QE the first two times, in 2008 and 2012 due to the danger of financial meltdown. As he conceded to a stunned CNBC (2016) reporter, “What the Fed did, and I was part of it, was front-load an enormous market rally in order to create a wealth effect.” By 2014, according to Credit Suisse’s survey of global wealth, the impact of the artificial stimulation was exhausted and world wealth began shrinking.



The \$15 trillion in QE paper wealth loaded into the world’s largest banks only trickled upwards to the top 0.1% of the richest societies, i.e. to enterprises where speculation has replaced production. Thanks to the hollowed-out Western economy that resulted from the repeated QE fix, financial crisis is again brewing. “An uncomfortable digestive period is likely now” because “The Fed is a giant weapon that has no ammunition left,” Fisher remarked. The resulting indigestion ebbs and flows in what appear as unpredictable surges of capital to and fro. The December 2016 US Federal Reserve’s increase in interest rates may well backfire, as it again creates an outflow of funds from emerging markets into US markets, a problem which was already serious by 2015. And in the six weeks following Trump’s election, another \$18 billion fled these same markets.

**Net capital flows from emerging economies**      **Global wealth annual percentage change**



Sources: Institute for International Finance, Credit Suisse

Rising inequality plays a major role in assuring that the effects of such a slump will be resisted by the wealthier markets, and that the costs will be imposed on the poorer regions. BRICS are particularly susceptible to having large shares of their paper wealth devalued, especially in currency runs. There are defense mechanisms, to be sure, and the two most forward-thinking BRICS economic management teams – in China and Russia – began preparing for a coming collapse in several ways: tighter financial regulation (China ordering major international commercial banks to cease dealing in early 2016, for example); de-dollarisation (e.g. in their bilateral energy relations, although Chinese T-Bill holdings still exceeded \$1 trillion); purchasing gold (the world contains 35 000 tonnes of gold, of which China and Russia have together bought 5 000 in recent years); and shifting towards IMF Special Drawing Rights (especially China), which may become the global economic managers' next edition of the QE strategy (similar to April 2009 when \$750 billion were issued to spur global demand).

Until recently, China has been immensely functional to the Western-dominated economy, what with its banning of independent trade unions from transnational corporate factories, its rural-urban migration controls that cheapen labour supplies (much as did South African apartheid), and its local ecological despoliation. Together these shifted substantial costs of production to workers, to women left in the countryside, and to nature. Yet as Johns Hopkins University sociologist Ho-fung Hung argued in 2015, "Capital accumulation in China follows the same logic and suffers from the same contradictions of capitalist development in other parts of the world. To understand the recent booms and busts of Chinese capitalism, we first have to understand capital's international trends and cycles." In a 2015 London School of Economics lecture, City University of New York geographer David Harvey remarked on how China served the world economy during the last decade: "There is a tale to be told here about the overaccumulation of capital... and surplus capital and labour which had to be absorbed in order to keep stability within the global system of capital accumulation." Hung agreed that this is "a typical overaccumulation crisis, epitomised by the ghost towns and shuttered factories across the country."

China's lower growth rates, much-reduced commodity imports, aggressive exports (sometimes termed 'dumping') and stagnation of major new investment as a result of massive overcapacity became one of the world's main economic threats by 2014. The Chinese state, parastatal corporations and businesses today are far more vulnerable than in recent memory, having suffered:

- stock market crashes of 7%+ that caused 'circuit-breaker' panics on two days in the first week of 2016, with panicky trading forcibly halted within a half hour on the second occasion, after mid-2015 market crashes costing an estimated \$3.5 trillion over the course of a fortnight;
- capital flight that reduced China's peak \$4 trillion in foreign reserves in 2013 to \$3.3 trillion by 2016, at a pace rising to a record \$120 billion/month outflow by the end of 2015 (in contrast, the average annual 'illicit financial flows' from China were \$140 billion from 2003-14, according to a study by the NGO Global Financial Integrity);
- massive industrial and commodity overcapacity especially in coal, steel and cement, requiring a new round of subsidies to avoid massive local bankruptcies, and resulting in vast steel exports that threatened other countries' industries, including South Africa;
- an inability by many Chinese borrowers to repay the fast-rising \$27 trillion domestic debt, given the profusion of zombie companies and individuals who over-borrowed;
- such a saturation of commodities that the dependency generated elsewhere during China's import splurge is now the cause of many exporters' collapse;
- real estate overbuilding, resulting in a 20% crash in 2014-15, a problem far worse in the provincial cities (the ratio of real estate to GDP – 23% – in China had reached a level three times higher in 2016 than the US at its most property-bubbly in 2007);
- several attempts at devaluing the yuan – in late 2015 named an IMF 'reserve' currency – that could potentially start a currency war (e.g. with Trump's United States government);
- bouts of regulatory laxity and other evidence of corporate-captive policies, including extreme urban pollution,
- the rejection of worker rights, degraded occupational health and safety, the banning of non-authorized trade unions, a super-exploitative rural-urban migrant labour system, and (US-pioneered) marketing prowess to foist consumption of especially shabby products, whose planned obsolescence is even more rapid than US corporations have achieved; and
- a willingness to continue putting down citizen and worker uprisings with police violence and arrests of a couple of dozen key labour leaders here, a few hundred human rights lawyers there, thousands of environmentalists here, 15,000 internet activists there, and more hundreds of thousands of ethnic minorities.

These are some of the main socio-economic and environmental contradictions in just one BRICS country. In even the country with the most miraculous industrialisation record in history, a dangerous period of consolidation lies ahead that may defy China's careful planning. The One Belt One Road rail, road and maritime strategy of westward expansion is one source of new Chinese state infrastructural investment after the 2009-12 wave of city-building ebbed. But the overbuilding of shipping capacity and ports (leading to a cancellation of Tanzania's \$12 billion Bagamoyo construction) illustrate how tenuous this approach is during global stagnation, especially when climate crises also loom large.



#### 4.4 Ecological catastrophe nears

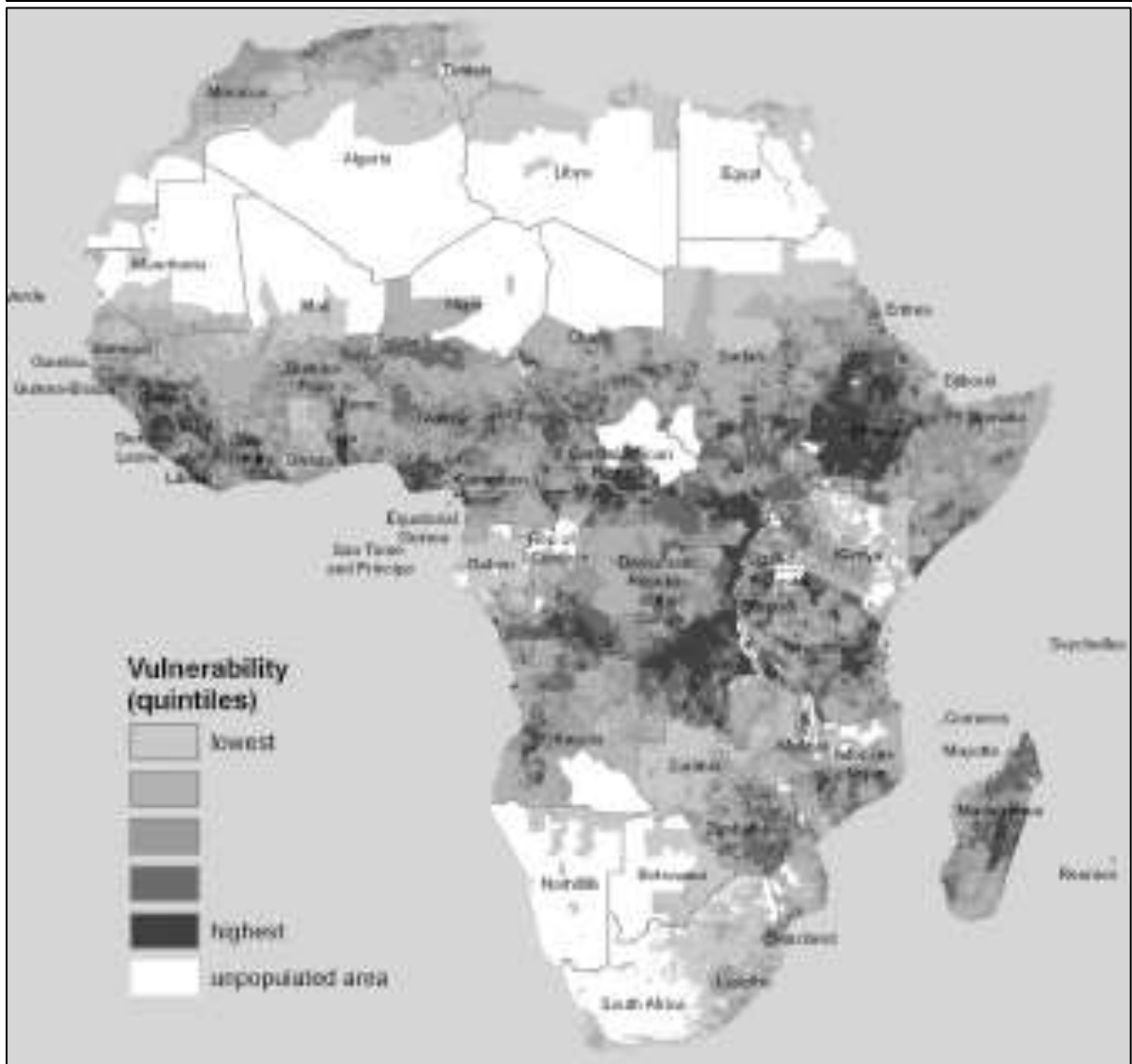
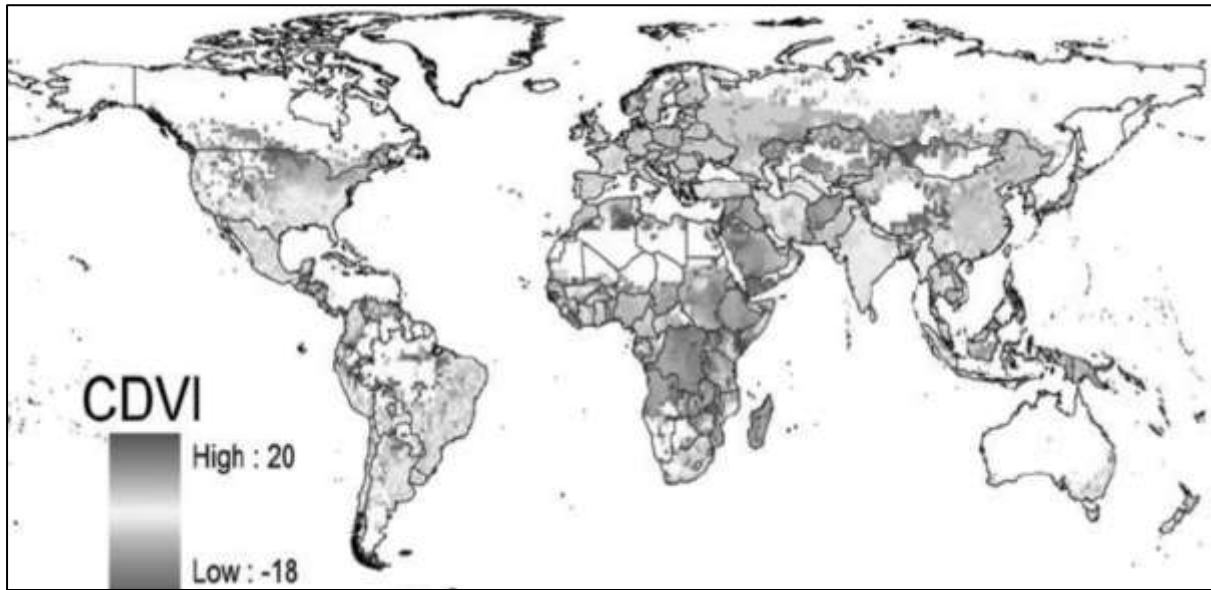
According to UN Secretary General Kofi Annan's Global Humanitarian Forum, already in 2009 more than 300 000 current deaths per year were attributable to climate change, mostly in the Global South. With the present trajectory of warming anticipated to break 4 degrees above normal by 2100, with inland Africa heating up by 6 to 7 degrees, not only are humans threatened, but so too is nearly every living species – biodiversity itself – reliant upon water and a stable eco-system. The world insurance industry is already facing a rise in annual liabilities associated with extreme weather events from \$10 billion during the 1980s to \$50 billion since 2000. Even the conservative Bank of England governor Mark Carney admitted, "currently modelled losses could be undervalued by as much as 50 percent if recent weather trends were to prove representative of the new normal."

All such predictions were made in advance of Trump's presidency, which has already led to a spike in climate denialism and promises of soaring fracking, gas, oil and coal emissions. Trump will give oil/gas pipeline permissions, build high-carbon infrastructure (roads and airports), end subsidies for clean energy, destroy the Environmental Protection Agency (EPA) and walk out of the (weak) 2015 Paris deal. Cabinet appointments such as Rex Tillerson as Secretary of State, Scott Pruitt as Director of the EPA, Rick Perry as Secretary of Energy and Ryan Zinke as Secretary of the Interior confirm Trump's lack of environmental considerations as he attempts to kick-start the US economy by any means possible.

In addition to untenable greenhouse gas emissions, the future will see continued ozone layer depletion (although the Montreal Protocol of 1987 banned CFCs to slow this crisis), agricultural and timber monocultures, deforestation, overfishing, excessive freshwater withdrawals, destruction of coral reefs, bio-diversity loss and invasive species. Africa faces the worst of the climate crisis, with 182 million Africans dying early and unnecessarily this century due to climate-related diseases, according to Christian Aid's estimates a decade ago. The first 'climate war' is often said to be Darfur's conflict between water-starved peasantry and migratory herders backed by a brutal Sudanese government (with the ongoing Syrian conflict also partly a function of a drought that generated urbanisation pressures the Al-Assad regime could not mitigate, hence leading to social rebellion). African countries that had the least role in causing climate change are the ones already suffering the most.

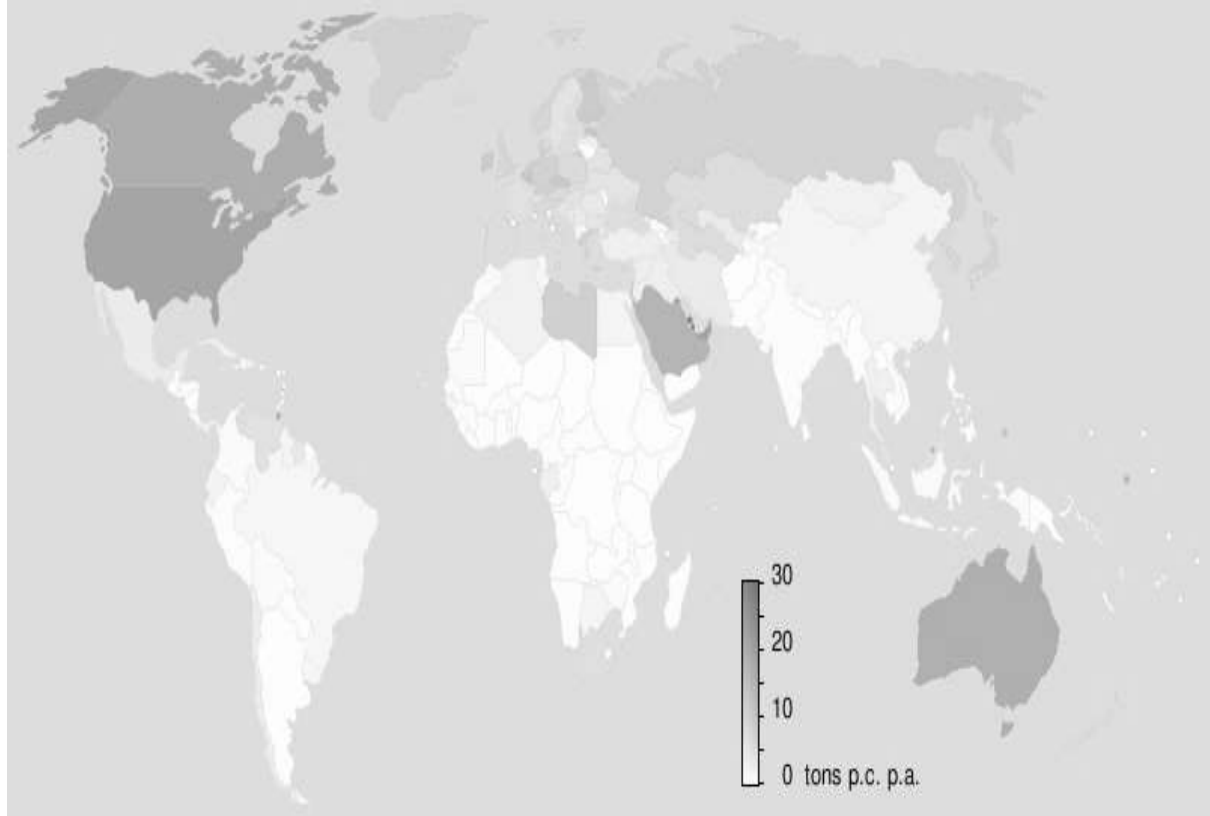
In short, global-scale political, economic and environmental systems are going through a period of extreme stress and danger. As a result, the BTUF and allies must continually reinforce the developmental, social and environmental values that are so vital to shared prosperity and the Decent Work agenda. In the context of these crises, the central question that arises for the BRICS' citizenries is whether it makes sense to continue to *join* global economic institutions and processes when – as argued below – it is evident BRICS reform strategies contribute to their problems (e.g. in trade, investment, finance and climate management), or whether there is a different route. This is an especially important problem in Africa, where transnational corporations and banks based in both the West and the BRICS have often been guilty of the most extreme abuses. Indeed the labour movements and allied civil society in all the BRICS are becoming even more vulnerable, the more the world economic crisis plays out, and the more that the weaker BRICS and African peoples are subject to global corporate plunder.

**World and African areas suffering greatest vulnerability to climate change**



Source: University of Texas Strauss Center

**Countries most responsible for climate change: greenhouse gas emissions per capita, 2000**



Source: Intergovernmental Panel on Climate Change

## 5. Growing vulnerability within BRICS and the African hinterlands

### 5.1 Can BRICS navigate global and local socio-economic crises?

Throughout the crisis of 2008-09, the BRICS were the world's economic engine. However, starting in mid-2013, the 'tapering' of US Federal Reserve 'Quantitative Easing' (i.e. slightly tighter monetary policy) lowered the value of four BRICS currencies (all aside from the yuan). Since then, while India has maintained the fastest growth of any major country in the world, its extreme uneven development threatens to leave the vast majority of citizens behind, in what will soon be the world's most populous country. Full-fledged recession has characterised Brazil and Russia since 2014, partly because commodity prices plummeted and partly due to sanctions. South Africa was pushed to the brink of recession in 2016. China's slowdown and vast debt load is generating enormous tensions, as discussed above.

This is nowhere more evident than in the BRICS 'current reputation amongst investors, for of the five countries that pay the world's highest interest rates for 10-year state bonds in international markets, three are Brazil, Russia and South Africa (between 9 and 11%). The originator of the BRICS meme, the New York mega-bank Goldman Sachs, illustrates these vulnerabilities. Goldman Sachs is the world's most influential financial institution, and since the era of neoliberalism began, the US Treasury Secretary has most often been drawn from its ranks, even under the Trump regime in which its former president Gary Cohn became the new administration's main economic manager. The bank's lead investment manager in 2001, O'Neill, coined 'BRIC' as the 'building bricks of the 21<sup>st</sup> century. After a 2003 Goldman Sachs report *Dreaming with BRICs* confirmed the 'rising powers' as investment destinations, he built up a specific BRIC investment fund that peaked at nearly \$900 million in 2011. But by 2011 as the commodity super-cycle peaked, O'Neill was advising clients that the next group he supported was the 'MINT' configuration of Mexico, Indonesia, Nigeria and Turkey, due to slowing growth in the BRICS. The BRIC fund's value crashed from 2011 and was shut down in November 2015. By early 2016, Goldman Sachs even led a currency short-selling raid on the South African currency, as it dipped from R13.5/\$ to R17.99/\$ at its low point the same week the bank's 'bet against the rand' was revealed.

#### The contradictory role of Goldman Sachs: from BRICS booster to investor to short-seller





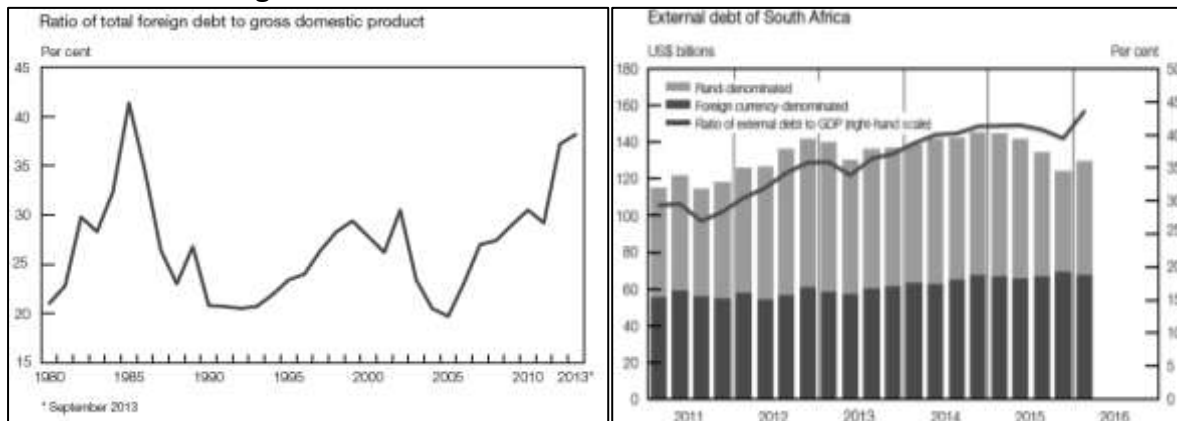
There is only one way to escape the attentions of Goldman Sachs and similar currency raiders, which is to impose exchange controls. Such controls assisted China and India in avoiding repeated Asian financial meltdowns starting in 1998. Indeed in early 2016, facing the second major run on its stock markets within six months, the Chinese strengthened exchange controls. The Brazilians did the same in 2013 under the Workers Party government. In South Africa, the power to make such a decision would rest with the Finance Minister. The man in that position from 2009-17 (with the exception of 2014-15) Pravin Gordhan, in October 2016 and February 2017 released budgets replete with deficit-cutting measures that denude the state of any Keynesian stimulation at a time private investment is sickly and corporations are hoarding cash. Gordhan felt compelled to adopt a deficit target for 2018 of just 2.5% of GDP (down from 3.9% in 2015 and 3.4% in 2016), so as to please Standard&Poors, Fitch and Moody's credit ratings agencies. These firms are nothing if not erratic, for in 2008 the agencies gave Lehman Brothers and AIG top ratings just as they declared bankruptcy, and in 2009 Moody's upgraded South Africa's national credit rating when Treasury's budget deficit rose from zero to more than 6% of GDP, because then the IMF was encouraging overspending to halt another 1930s Great Depression.

Periodic minor downgrades in 2016 – and the perpetual threat of going all the way to junk, which for Standard&Poors and Fitch occurred immediately after Gordhan was fired in March 2017 – reflected the ongoing capacity of the agencies to influence public policy. The agencies' power relies upon a ratings downgrade causing causing intense capital outflows and a resulting rise in interest rates, as the SA Reserve Bank (SARB) desperately attempts to attract funds back. The fact that the currency crashed by so much initially (R1.50 against the dollar) but bounced back impressively shortly after Malusi Gigaba took Gordhan's job during a major cabinet reshuffle, suggests a very high degree of financial sector pricing of junk expectations into the existing interest rates and exchange rate.

Tightened exchange controls would prevent this but ideological orientation in Pretoria prevents this strategy from being tried. Prior to the 2008 crash, the last such major episode was in 1997-98 when crises in Thailand, Indonesia, South Korea, Malaysia, Brazil and Russia caused flight from rand investments. That forced SARB Governor Chris Stals to raise interest rates by 7% within two weeks in mid-2008, amidst a 40% Johannesburg Stock Exchange (JSE) crash. For South African bankers, an even more frightening episode was in 1985 when with a foreign debt of \$13 billion coming due for repayment, PW Botha's *verkrampte* 'Rubicon Speech' catalysed a catastrophic reaction by international lenders like Chase Manhattan's

Willard Butcher. Botha's response was to temporarily shut the JSE and default on foreign debt, and most importantly, impose the 'Financial Rand' capital controls to keep funds from escaping. The FinRand stayed in place until March 1995. Still, today, institutional investors (mainly insurance companies and pension funds) must keep 75% of their funds invested in local assets. But with the South African rand now the most volatile major currency on earth (falling furthest since 2011 – when it was R6.3/\$, to a low of R17.9 in January 2016, but zigzagging back to R13.5 in November 2016), Gordhan and the SARB should consider the need to reduce currency vulnerability once junk is declared. One reason is foreign debt.

### South African foreign debt rises to record levels



Source: SA Reserve Bank

Just before Botha's 1985 crisis, the debt hit 42% of GDP, but today it is more than 51%, a modern national record. With foreign debt of \$145 billion and foreign reserves less than \$50 billion, if South Africa soon suffers another currency rout, the repayment burden will rise further. An emergency loan will be needed. Lending candidates include the IMF and the closely-related BRICS Contingent Reserve Arrangement (CRA), resulting in extreme austerity. (As noted below, after the first \$3 billion loan, the CRA requires South Africa to suffer IMF dictates in order to get the next \$7 billion in Pretoria's quota allowance.) Aside from repaying foreign debt, the most important outflows are to foreign shareholders of multinational corporations. Those regularly range from \$10-20 billion per year in licit (legal) profits and dividends, plus an average of \$20 billion in annual tax dodges known as Illicit Financial Flows. All five of the BRICS suffer huge volumes of illicit outflows.

### Illicit Financial Flows (net external), 2004-13 (nominal US\$)

Rank	Country	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Cumulative	Average
1	China, Mainland	81,517	82,537	88,381	107,435	104,980	138,864	172,367	133,788	223,767	258,640	1,392,276	139,228
2	Russian Federation	46,064	53,322	66,333	81,237	107,756	125,062	136,622	183,501	129,545	120,331	1,049,772	104,977
3	Mexico	34,239	35,352	40,421	46,443	51,505	38,438	67,450	63,299	73,709	77,583	528,439	52,844
4	India	19,447	20,253	27,791	34,513	47,221	29,247	70,337	85,584	92,879	83,014	510,286	51,029
5	Malaysia	26,591	35,255	36,554	36,525	40,779	34,416	62,154	50,211	47,804	48,251	418,542	41,854
6	Brazil	15,741	17,171	10,599	16,430	21,926	22,061	30,770	31,057	32,727	28,185	226,667	22,667
7	South Africa	12,137	13,599	12,864	27,292	22,539	29,589	24,613	23,028	26,138	17,421	209,219	20,922

Source: Global Financial Integrity

What can be done? A full set of ideas are explored in the Conclusion, but it is useful to immediately suggest a more fundamental reform to the world financial system, one that was proposed by capitalism’s greatest economist in 1944 at the Bretton Woods conference and written into IMF policy, until during the neoliberal era they were removed in most countries: capital controls (also known as exchange controls).

In October 2016, a Harold Wolpe Memorial Lecture at Wits University by Indian political economist Prabhat Patnaik confirmed that given globalisation’s failures, South Africa and similar countries should consider ‘delinking.’ For example, better insulating South Africa from world financial chaos could occur through imposing tighter capital controls. Patnaik cited the 1933 *Yale Review* endorsement of capital controls by John Maynard Keynes. As *Financial Times* columnist Wolfgang Münchau explained earlier this year, “The point is to prevent hot money flowing in during the good times, and to stop it from draining out in the bad times. This is not yet a subject of polite conversation among policymakers.” Yet as he concluded, “Free movement of capital surely cannot be sustained as a point of principle when the economic costs are so devastating. Capital controls were common in our pre-Thatcherite past. They might come back.”

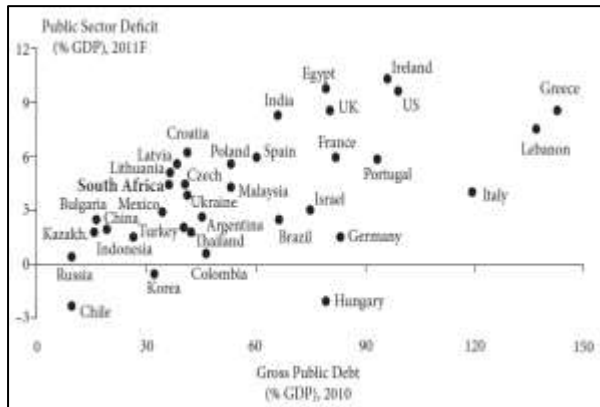
Over the past two decades, there were successful re-impositions of capital controls in sites as diverse as Malaysia (1998), Argentina (2001), Venezuela (2003), Cyprus (2013) and China (2016). The most important rationale of such controls is to slow corporate profit and banking outflows. As the *New York Times* reported in November 2016, this is now a hot topic even in Washington where (ordinarily pro-corporate) Democrats and Republicans agree: “An approach called deemed repatriation – in which untaxed foreign corporate profits are subject to immediate taxation – would provide a gigantic infusion to the Treasury and give corporations a significant incentive to move money home.” Delinking by itself won’t solve matters. According to Patnaik, “Delinking must be accompanied by an expansion of the home market through redistributive policies. Otherwise it could become merely a kind of ‘beggar-my-neighbour’ policy.”

An important reason why lowering the BRICS countries’ vulnerabilities using capital controls – and indeed this applies to all countries – is to lower interest rates and justify higher state borrowing for social programmes. The BRICS are extremely stingy in terms of social policy (even Brazil), and could easily increase their public deficit to ease the social crises prevalent in all the BRICS, were they not subject to credit rating agency attacks. In comparisons between the BRICS and other major countries’ economies using latest-available data, the public deficits are lower and social spending as a share of GDP also lower:

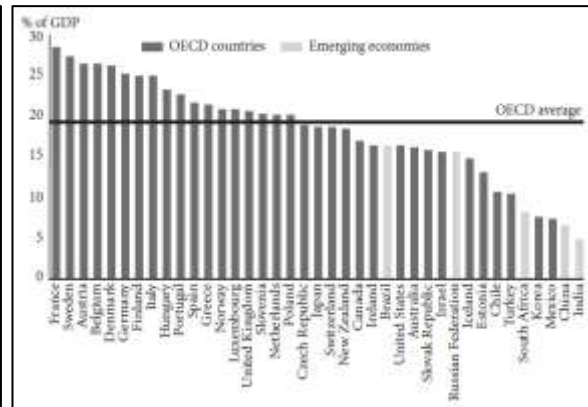
<b>BRICS Public Debt/GDP (2011)</b>	<b>BRICS Social Spending as % of GDP (2012)</b>
Russia 10%	Brazil 16%
China 13%	Russia 15%
South Africa 32%	South Africa 8%
India 68%	China 6%
Brazil 70%	India 4%

(note: dynamism is important, for South Africa’s public debt/GDP subsequently rose to 50%)

## Public debt burden and deficit pressures



## Social spending as share of GDP



Sources: Barclays Capital, Organisation for Economic Cooperation and Development

Not only has the unevenness of capital accumulation never been more obvious, so has extreme ecological damage risen, e.g. in Chinese and Indian cities to the extent that pollution-related health warnings are now commonplace. With China and India also representing the main threat to the world's planet due to growing greenhouse gas emissions – albeit at per capita rates far lower than the industrial countries – it has never been more important to reconcile capitalism and catastrophic climate change (and if that is impossible, then to reach beyond the former to prevent the latter). African countries (aside from South Africa) have done the least to create greenhouse gases yet are anticipated to be the ones that will suffer most from extreme weather, enduring droughts, flooding, sea-level rise and acidification, and coming carbon taxes that will lower exports. The inadequacy of the BRICS countries' inadequate Intended National Determined Contributions (INDCs) correlates to their role in global climate policy, which as codified in Paris cannot address the likelihood of catastrophic damage, with Africa the most adversely affected continent.

Political dynamics in the BRICS are diverse at the time of writing, with one head of state – Brazilian president Dilma Rousseff – evicted in an impeachment vote in 2016, followed by a resulting rise in dissent against austerity culminating in an April 2017 national strike of 35 million. Three others have strong mandates from democratic elections – Narendra Modi, Vladimir Putin and Jacob Zuma (albeit the latter suffered a frightening 8% decline in his party's electoral support between 2014 and 2016) – and one is a Communist Party dictatorship, led by Xi. The potential for solidarity between Brazil's Workers Party and other BRICS was dashed when the Indian foreign ministry immediately signaled that the 'coup' president, Michel Temer, would be perfectly welcome at the October 2016 Goa summit.

## 5.2 BRICS contribute to Africa's interminable suffering

Africa also suffers extreme political turmoil and occasionally this is reflected in tense BRICS relations. South Africa has the most active set of African interventions underway, as discussed below, but China's placement of troops in South Sudan is also a harbinger of the overlap between commercial and military interests. China's recent roles in the South African foreign affairs and finance ministries also undermine Beijing's advertised neutrality and non-interference, for Chinese officials regularly bragged about forcing the South African foreign minister to deny an entrance visa to the Dalai Lama. And the Chinese were allegedly



instrumental in reversing the appointment in December 2015 of finance minister Desmond van Rooyen (widely seen as a dangerously ill-equipped crony of Zuma), according to *Business Day* publisher Peter Bruce in early 2016: “I have reliably learnt that the Chinese were quick to make their displeasure known to Zuma. For one, their investment in Standard Bank took a big hit. Second, they’ve invested way too much political effort in SA to have an amateur mess it up. Their intervention was critical.” The overarching political importance of the BRICS to Africa is, unfortunately, often seen in the propping up of undemocratic regimes, just as do political leaders from the US, Britain, France and Belgium. The main difference is usually that the latter make ‘human rights’ part of the arsenal of pressures against weaker countries, no matter the hypocrisy.

But it is the economic logic that is most worthy of examination, given BRICS’ assimilation into the world economy and the adverse implications of that for the African continent. Burundian economist Leonce Ndikumana argued in 2015 that because of the unfavourable power relations, Africa is both “more integrated but more marginalised.” One example relates to land ownership, especially in cases where BRICS investments in Africa have been caricatured as ‘land grabbing.’ Amongst others, Thomas Ferrando has developed a database to track this, discovering extensive holdings especially by Indian and Chinese firms, as well as South African and Brazilian.



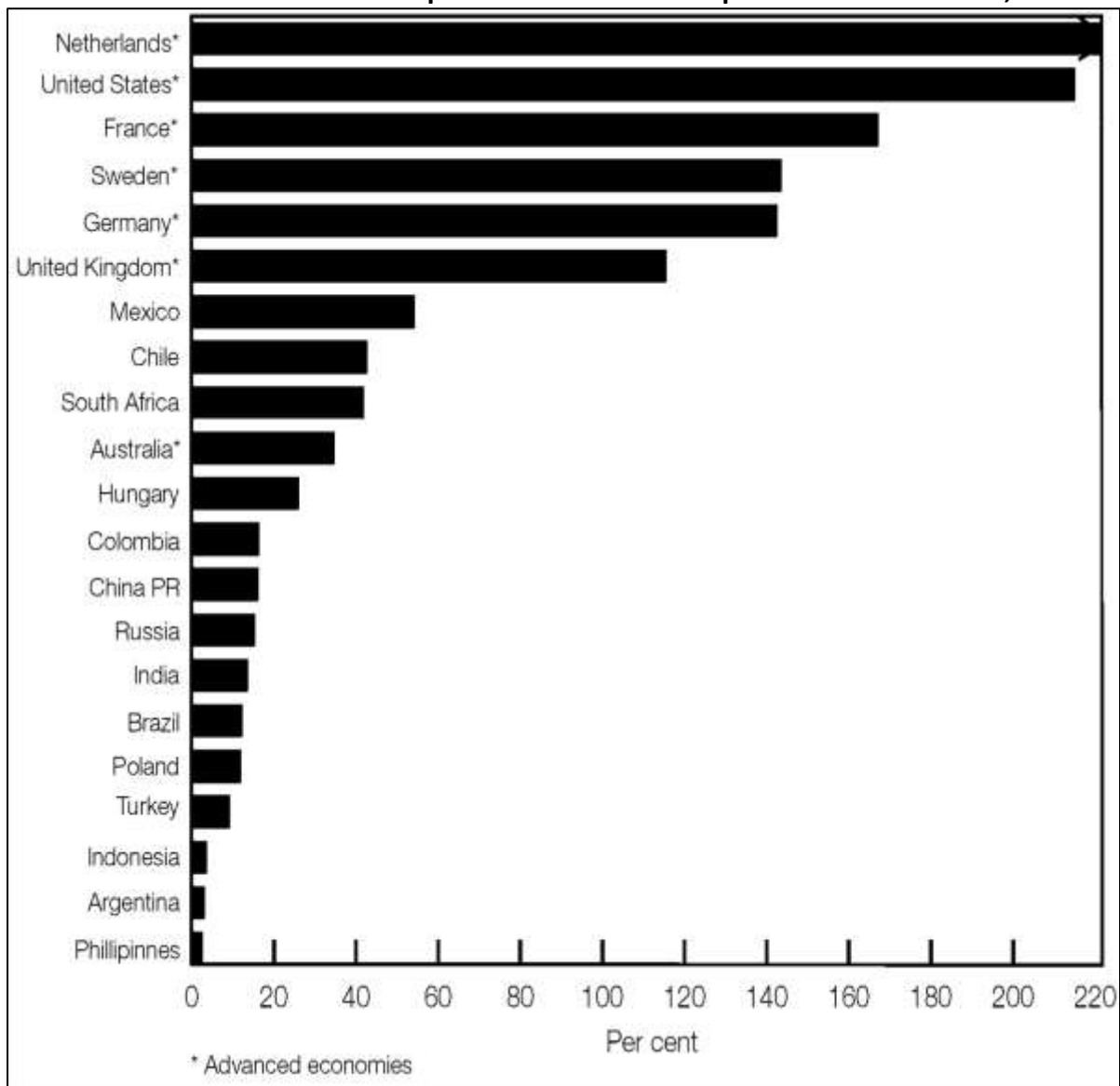
Source: UN Food and Agricultural Organisation, Thomas Ferrando

The marginalisation associated with Illicit Financial Flows is well established, and this occurs particularly when Western and BRICS corporations externalise profits from mining. The United Nations Economic Commission on Africa in 2013 showed how \$319 billion was transferred illicitly from Africa during the commodity super-cycle (from 2001-10), with the most theft in Metals, \$84 billion; Oil, \$79 billion; Natural gas, \$34 billion; Minerals, \$33 billion; Petroleum and coal products, \$20 billion; Crops, \$17 billion; Food products, \$17

billion; Machinery, \$17 billion; Clothing, \$14 billion; and Iron & steel, \$13 billion. This in turn exacerbated Africa's current account deficit.

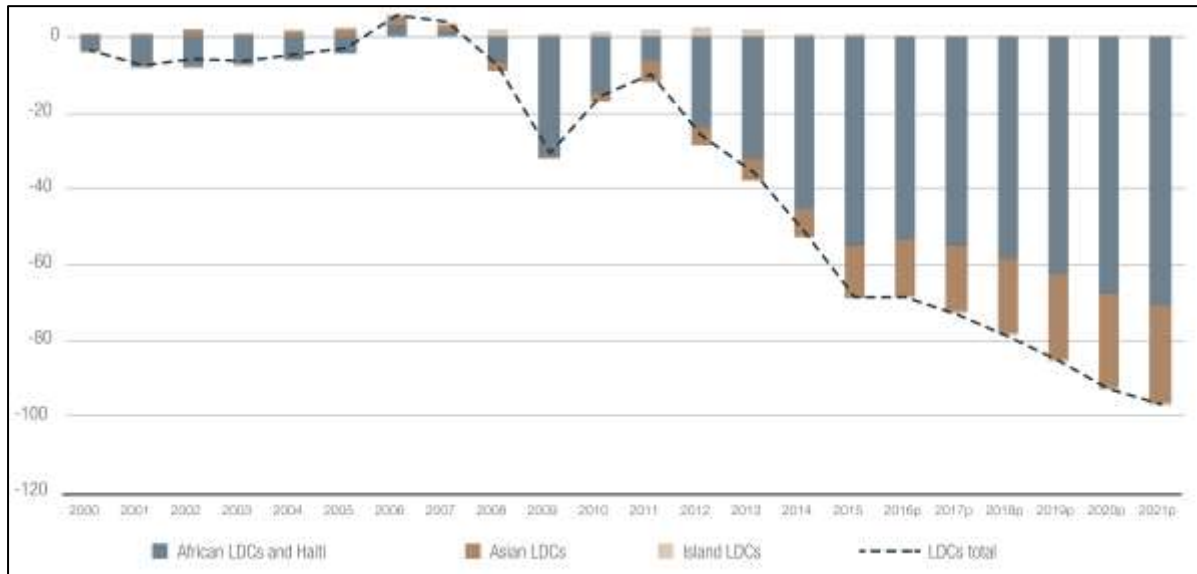
During this period, African Foreign Direct Investment fell from its \$66 billion peak annual inflow in 2008 to a level of \$50 billion by 2015. Still, each year, in addition to *illicit* financial outflows, there were licit flows in the form of profit and dividend repatriation and debt repayments that created extreme balance of payments deficits in many African countries. The main measure the SA Reserve Bank uses of this process is a comparison of repatriated profits from South Africa to the world, compared to inflows of profits to South African owners (e.g. shareholders in Anglo American, DeBeers, SAB Miller, Old Mutual, Investec etc), which in 2012-14 was 45%, in the same range as the other four BRICS. In contrast the US, British, German, French and Dutch firms that dominate the world economy all have a ratio above 100% (in the case of the US and the Netherlands, more than 200%).

**Profits returned home as share of profits sent to other corporate home countries, 2012-14**



Source: SA Reserve Bank *Quarterly Bulletins*

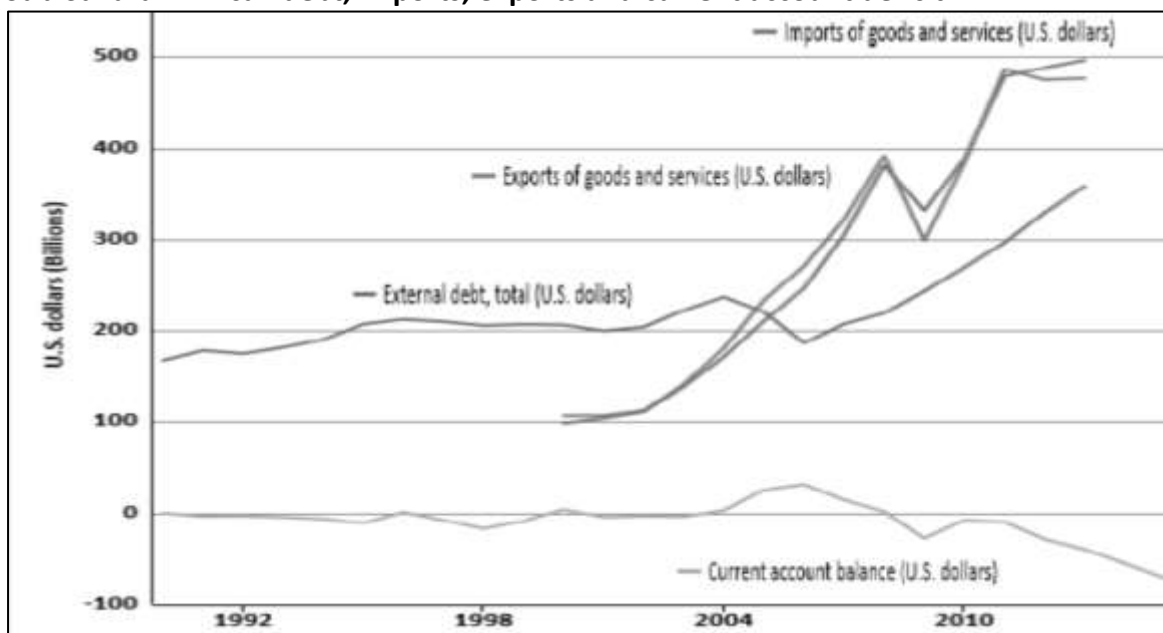
### Current account deficits of African, Asian and Island Less Development Countries



Source: International Monetary Fund

In addition to outflow of profits and dividends, repayment of interest also became debilitating in recent years. The three largest economies in Africa began experiencing serious debt crises in 2016, including South Africa, Nigeria which fell into a deep recession, and Egypt which required an emergency \$12 billion IMF bailout. Sub-Saharan Africa's foreign debt had fallen from \$240 to \$200 billion thanks to debt relief in 2006, but largely due to new Chinese lending the sub-continent's sovereign debt rose to \$350 billion by 2014 and much higher amounts today. The economies suffering with the highest 2015 current account deficits (combining outflows of legal profits, interest payments and trade deficits) included several that were once the most celebrated during the 'Africa Rising' era: Uganda, Malawi, Tanzania, Angola, Senegal, Equatorial Guinea, Burkina Faso, Zambia, Mali, Lesotho, Eritrea, Madagascar and Guinea-Bissau.

### Sub-Saharan African debt, imports, exports and current account deficit



Some of the deficits follow from debt repayment on mega-projects that failed to realise the returns that were promised. Chinese projects in particular have been criticised, e.g. Botswana's coal-fired power-plant failed, and Zambia's disastrous hydro-electricity expansion suffered allegations of sub-standard Chinese equipment that excessively reduced the Kariba Dam's water level. Other notorious mega-project failures, according to the *Wall Street Journal* (2014), include China Railways in Nigeria (\$7.5 billion) and Libya (\$4.2 billion), Chinese petroleum in Angola (\$3.4 billion) and Nigeria (\$1.4 billion), and Chinese metal investors in the DRC and Ghana (\$3 billion each). The renewal of the Forum on China-Africa Cooperation in December 2015 did nothing to assuage critics of the type of Chinese investment and credits, and their appropriateness in a post-commodity super-cycle environment.

Even though the soured deals should offer a warning, and though commodity prices began falling in 2011, Africa has recently witnessed a dramatic increase in infrastructural project investment – real and planned – to support extraction. It was logical for BRICS leaders to identify port, bridge, road, rail, hydropower, thermal coal, nuclear energy and other infrastructure projects for subsidised investment, given that their countries' corporations would benefit from the associated extraction of minerals, petroleum and crops. The Programme for Infrastructure Development in Africa (PIDA) was the coordinating system.

In 2016, the most ambitious of the PIDA projects included the Inga Hydropower Project in the DRC, which at \$100 billion will be the most expensive development project in history, if taken to fruition with 43 200 MegaWatts (MW) of electricity (compared to the second largest, China's Three Gorges Dam at less than half that). But with commodity prices crashing, even China attempted in mid-2014 – on the eve of Obama's summit with African leaders in Washington – to get US government co-financing support. (The Obama administration has regularly rebuffed such approaches, even foolishly attempting to sabotage membership in the Asian Infrastructure Investment Bank). Two years later, the World Bank withdrew its Inga financing, on grounds of the DRC's (and other project participants') failure to comply with socio-economic and environmental agreements. South African electricity parastatal Eskom is still anticipating to draw 2500 MW from Inga at some stage, but the company's orientation towards commissioning 9600 MW of coal-fired power (with construction now underway) and 9600 MW of nuclear (while Eskom it cuts back on renewable energy obligations) will leave South Africa with substantial over-capacity, as is also the case with other potential Inga power purchasers.

The BRICS' anticipation for mega-financing opportunities in Africa was palpable at the 2013 Durban summit, when South African parastatal Transnet borrowed \$5 billion from the China Development Bank to purchase coal-train locomotives for a new line running from the coalfields to its Richards Bay port (one of the world's main coal export terminals). But the South African and transnational companies engaged in coal mining for export – e.g. BHP Billiton, Glencore, Exxaro, AngloCoal as well as Oakbay (owned by the controversial Gupta family), Shanduka (formerly owned by SA Deputy President Cyril Ramaphosa) and Tendele (coal mining on the edge of the oldest game park in Africa), amongst others – have generated substantial opposition from communities, conservationists and climate activists.

Critics point to tendencies for this sort of BRICS corporate behavior to worsen local socio-economic and environmental conditions (notwithstanding substantial job creation in the extractive industries), as Western neo-colonial economic processes that impoverish Africa are renewed and extended. Examples of that behavior include:

- Chinese entrepreneur Sam Pa's 88 Queensway Group (the main partner in Anjin) in Marange, Zimbabwe where in 2016 Robert Mugabe alleged \$13 billion in diamonds extracted over the prior decade are unaccounted for (only \$2 billion of revenues were officially recorded by Harare authorities);
- Indian mining house Vedanta's purchase of Africa's largest copper mine (Zambia's Konkola) for \$25 million followed by at least \$500 million in externalised profits *annually*;
- AngloGold Ashanti's collaboration with Democratic Republic of the Congo warlords during a period in which five million civilians were killed;
- displacement by Brazil's Vale mining house of thousands Mozambican villagers during its search for coal;
- sales pitches for Russian Rosatom nuclear power plants to corruption-prone governments in South Africa, Zambia, Uganda, Egypt and Nigeria;
- tax-dodging in various African countries (using Mauritius as a hot money centre) by South Africa's cellphone giant MTN, as well as MTN's failure to cut off Boko Haram's Nigerian cellphone accounts in 2015 which led to a \$1.9 billion fine;
- the dubious roles of South African politicians Tokyo Sexwale and Khulubuse Zuma – both in league with Israeli mining tycoon Dan Gertler – in central African deals; and
- the 2013 South African National Defence Force armed intervention to support the authoritarian regime of Francois Bozize in Bangui, Central Africa (leaving more than a dozen fatalities but also more than 800 rebel and civilian deaths) on behalf of Johannesburg businesses.



There is even a new phrase for this process – sometimes described as a ‘new scramble for Africa’ – and it is widely understood to include South Africa, China and other BRICS countries.

Given the vulnerabilities within the BRICS and the African hinterlands outlined above, as well as many other sites of future crises (especially related to climate change), this could be an opportune moment for BRICS trade unions to more forcefully commit their resources to addressing the global-scale crisis conditions that create such local havoc within BRICS and especially within Africa. If so, then a critical assessment of the BTUF’s 2012-16 advocacy statements is also in order. Many of the multilateral reforms encouraged by BTUF and rhetorically adopted by the BRICS leadership – e.g. in relation to trade, finance and climate change – simply have not proven effective in satisfying the needs of those other oppressed forces in BRICS societies (or for that matter, workers). Seven main areas of advocacy within the BRICS structures will be considered next.

**PART TWO:  
BRICS TRADE UNION FORUM REACTIONS**

## 6. BRICS Trade Union Forum advocacy and assessment

The critical arguments about the dangers described above are well summarised in one of the BTUF statements (from 2015):

*“Rapidly progressing neoliberal globalisation leads to the destruction of jobs and of the Earth’s ecosystem. In 2014, 1% of the planet’s population owned 48% of the entire world’s wealth; by 2016, this golden 1% will own more than half thereof. A huge number of workers have no job security and are facing the highest level of inequality within the memory of living generations. Over the past two years, half of all working families have experienced either unemployment or underemployment, and 1.2 billion people live in abject poverty. According to an ILO report, in 2014 there were 207 million unemployed with a forecast of reaching 220 million. This economic model further deepens inequality, weakens democracy and undermines justice for all. We cannot accept that austerity measures, which have failed in Europe and in the United States, are a way out of the crisis.”*

Additional dangers are remarked upon, at the point of production (2015):

*“Rapid technological changes currently make it possible to reach new levels in automation, robotics, nanotechnology, new materials, energy consumption standards and organisation of production processes. It is certain, therefore, that this will boost production changes, concentration and centralisation of capital, competition in the sphere of monopolies and oligopolies, inevitably affecting employment and workers’ incomes everywhere.”*

BTUF expectations (in 2015) for the BRICS leaders to address these problems are ambitious:

*“BRICS is an emerging structure of the new global management. Its flexible mandate allows the most dynamic economies of the world to consider a much broader range of issues than, for example, in the UN Security Council, and to find answers to many economic and environmental challenges. Decisions adopted by BRICS have a multiplier effect because the key States which have joined it are in a position to translate solutions from BRICS into deliberations of other leading international agencies. BRICS countries are brought closer together by their consistent joint efforts in favour of reforming the international monetary and financial system.”*

But the question now, especially after right-wing forces have ascended to power, is whether the new global management is any different than the old. To explore that question, consider the BTUF’s 2012-16 statements about its agenda, which can be grouped into seven categories: institutional development; participation; vision; trade reform and regulation of transnational corporate investment; multilateral financial reform and innovation; climate change and environmental protection; and geopolitics. In each case below, the most explicit advocacy statements are provided (in quotation marks with date of statement in parenthesis) followed by a preliminary assessment of results. (Appendix 2 provides the full statements.)



## 6.1 Institutional development

The BTUF in 2012 “declared the setting-up of a BRICS Trade Union Forum” (2012) and has followed through each year with a meeting, discussions and a declaration. “Our representation in the BRICS Trade Union Forum will be broad, pluralistic, democratic and inclusive of working men and women of our nations” (2014). “We also aim at identifying common programs and activities that build on each other’s strengths and virtues, with research and policy cooperation as a key element of that effort” (2014).

This objective has been largely achieved, although as discussed below, the BTUF could be better empowered in terms of participation in the BRICS summits and have stronger alliances with other actors, in order to avoid the perception of a talk-shop. The need for research and policy coordination appears to have only begun; given that with perhaps one exception (Brazil’s IBASE), the leading BRICS Think Tanks are hostile to organised labour’s interests .

## 6.2 Participation

The BTUF has made a consistent request to the BRICS leaders to “include the issue of Social dialogue and of cooperation with Trade Unions” (2012), including through “national and global tripartite dialogue structures” (2013). The BRICS leaders should recognise the BTUF “as an institutional space within the BRICS official structure. We express therefore our expectation to have the same treatment as the Business Council, having our conference as part of the official program” and “be represented in the various task teams” (2014). “The model of interaction in the social triangle trade unions/business community/government structure has long proved its effectiveness at the national level in each BRICS country, and must find its logical extension into BRICS institutions” (2015). “We consider formal recognition of BRICS Trade Union Forum on an equal basis with BRICS Business Council as one of our priority objectives” (2016).

This agenda has not been achieved within the BRICS, although there were initial (apparently unsatisfactory) efforts by BRICS Labour and Employment Ministers to at least briefly discuss matters of participation with the BTUF in 2016, and a BRICS Working Group on Employment has been established. The problem lies not only in BRICS mechanisms, but in each country. For example, most Indian trade unions boycotted 2016 proceedings on grounds of differences with the Modi government, just a few weeks after the historic September 2 strike which witnessed 180 million labourers refusing to work. The two with the strongest records of dialogue structures and collaboration between ruling party and trade unions are Brazil and South Africa. The critique of Temer’s regime (as a corruption-riddled constitutional coup) reflects the breakdown in the former. The latter’s National Economic Development and Labour Council has not functioned well in recent years, and the Congress of SA Trade Unions warned in November 2016,

*“Government continues to boycott and undermine Nedlac by sending junior bureaucrats with no decision making powers, while big business continues to condescendingly treat Nedlac as a platform, where they think that they can go make*

*presentations and not engage. We will shut down Nedlac if these social partners keep undermining and undercutting it in this manner.”*

Further, the BTUF requested that “BRICS trade unions should be represented on the BRICS bank’s highest decision-making body” (2013). This request was ignored in the Fortaleza construction of the BRICS NDB, which resulted in a small (10-person) management and directorship without any high-profile voices that represent the interests of poor and working-class people, or the environment.

### **6.3 Vision**

The BTUF vision statements repeatedly stress the need to promote:

- “growth and sustainable development, along with food, and energy security,
- Green Economy in the context of Sustainable Development and Poverty Eradication” (2012);
- “attainment of the MDGs” (2012);
- “Decent Work, boost employment, secure a universal social protection floor and promote the transition from the informal to the formal economy” (2013);
- “industrialisation, environmental justice and human progress for equitable and fair growth models” (2013);
- “peace, security, human rights and global sustainable development” (2013);
- “social protection for young people and women” (2013);
- the distribution of wealth; as well as food and energy security for our nations, and enhance joint efforts of BRICS countries in the studies and research on labor market” (2013);
- “the need for accelerated growth and sustainable development, together with the promotion of food and energy security, poverty eradication, the fight against hunger and malnutrition, as well as measures for job creation” (2014);
- “respect for local communities, sustainable use of natural resources and the search for a low carbon, clean energy matrix” (2014);
- “accelerated growth and sustainable development, together with the promotion of food and energy security, poverty eradication, the fight against hunger and malnutrition, as well as measures for job creation needed to improve living standards” (2014);
- “promotion and inclusion of women and youth in the labor market, ensuring the protection of their labor rights, must be at the center of the BRICS employment policies” (2014);
- “trade unions are an effective force in defending democracy and in the fight for justice and ecologically sustainable future” (2015);
- “the BRICS countries should take a head start to focus the efforts of the peoples and States on technological breakthroughs in the interests of all strata of society in our countries” (2015);
- “promote agriculture and agro based industry” (2016);
- “de-monopolisation of the world market of software and IT-equipment, internet infrastructure management” (2016);
- “vigorously implement the proposals in the Recommendation No.204 of ILO on

- formalising informal sector” (2016);
- “make decent work an active ingredient in employment generation especially targeting women, youth, marginalised and other disadvantaged groups” (2016);
  - “maintain and improve social security and social protection systems” (2016);
  - “we demand the BRICS Governments vigorously implement [the 2030 Sustainable Development Goals] with the active participation of national trade unions so as to generate more employment, eradicate the wage gap in the existing jobs, and rectify all decent work deficits” (2016); and
  - “we strongly request the BRICS Governments to evolve an alternative developmental model which will be more people centric” (2016).

These vision statements are all appropriate as minimal common desires for labour, but it may be that a consolidation in the form of a manifesto would be ideal, especially if it draws explicitly on the constitutions and policy documents of the BTUF member organisations. Other such labour manifestos may be useful to consult with, including the earliest one (the First International of 1848), because traditions of international labour solidarity are vital for turning working-class values into practical cross-border collaboration. The big question, however, is whether these values can be implemented by BRICS governments which are in all cases quite explicitly hostile to the BTUF agenda. Several examples of this dilemma can be considered next, in the four categories of trade and corporate investment, multilateral finance, climate change and geopolitics.

#### **6.4 Trade reform and regulation of transnational corporate investment**

The BTUF argue that “policies should aim at supporting industrialisation” and BRICS leaders “should work with other developing countries towards the transformation of the world trade system” (2013). With respect to Foreign Direct Investment, the BTUF insists “that all multinational companies comply with core labour standards, and do not exploit unequal conditions between countries” (2013). “The time has come to establish real control over large-sized MNCs operating on our territories and to subordinate their activities to development objectives” (2015). “We must give support to the deserving people outside BRICS who are suffering extreme conditions of exploitation” (2016). Moreover, “BRICS governments should respect ILO Labour Standards and Recommendations as important part of all Trade and Services Agreements and take special measures to promote decent work in global supply chains” (2016).

Regrettably, the history of trade liberalisation has included *deindustrialisation* instead of promised new jobs. Much less expensive products have resulted, e.g. from the Walmart empire which outsources to China the cheap labour and pollution associated with its low prices. The main agent of trade liberalisation since the 1994 Uruguay Round was completed, is the World Trade Organisation (WTO). In December 2015, a ministerial summit in Nairobi achieved a breakthrough in negotiations to the great relief of Washington and Brussels officials. A vital feature was that three of the BRICS are in formal alliance with the US and EU as the ‘G5,’ the most important bloc. Throughout the negotiations, the G5 was generally opposed to what in 2003 formed as the trading-bloc G20, comprising the larger poor and middle-income countries which traditionally opposed the West’s power. The BRICS’ own divisions are legion, starting with Russia’s role as a ‘developed’ not developing economy. For

many years South Africa acted decisively in opposition to the interests of Africa, with Pretoria's trade minister Alec Erwin even nominated by *Foreign Policy* journal to become the WTO's leader after he performed to the North's satisfaction in various of the insider 'Green Rooms' and as a 'Friend of the Chair'. In 2013, after fruitless efforts by Director General Pascal Lamy to restart the stalled 2001 Doha Agenda, the WTO was given a new leader: the Brazilian negotiator Roberto Azevêdo, who pro-trade bias was just as strong.

Moreover, according to the (ordinarily pro-BRICS) Malaysian NGO Third World Network (TWN) in 2015, Brazil conspired with the United States and the European Union at the WTO to ensure *"that India did not get the language it proposed"* to maintain vital food subsidies, a defeat which in coming years will lead tens of millions of Indian peasants to suffer. As TWN's Chakravarthi Raghavan put it, *"on the eve of Nairobi, Brazil unilaterally abandoned the G20 alliance to join the US and EU, in trying to act against China and India,"* not to mention against the world's poor. Azevêdo and Kenya's hosting chairperson agreed, according to Syracuse University political scientist Horace Campbell in a 2016 commentary, *"to exclude 'African issues' from the agenda while simultaneously pushing through the Expansion of the Information Technology Agreement, which benefits US corporations."* The WTO thus became far more hostile to African interests thanks in part to a few of the BRICS countries' interventions.

Is there scope for change? In a 2015 powerpoint presentation South Africa's main WTO negotiator, Faizal Ismail, described world trade as *"a deeply asymmetrical system in favour of its main architects, the US and the EU [that] requires fundamental reform."* The WTO reform strategy favoured by Ismail (and his then trade minister Erwin) was the Doha 'Development' Agenda of 2001. But the Doha Agenda was soon a victim of the institution's overall paralysis. Indeed the "new trade narrative," according to Ismail, is: *"Doha dead! Emerging markets should 'graduate'... The emergence of Global Value Chains as a new reality of international trade where goods are no more manufactured in one country but are made in the world and the large share of intermediate goods exports provide a compelling reason for countries to have more open trade policies."* Ismail blames the strength of this narrative on US officials backed by business lobbies and Washington think-tanks. But he then blames a fellow BRICS ally: *"The Russian G20 Presidency has been persuaded to continue with the theme of Global Value Chains and to discuss its policy implications for Trade Liberalisation."*

Nevertheless, South Africa signed on to the Nairobi WTO deal. Reflecting Pretoria's tendency towards assimilation not opposition, Azevêdo remarked in March 2016 at the University of Cape Town,

*"South Africa remains a central player in the system today, as a leading voice in the African Group of WTO members, and in all aspects of our work. In fact, your current representative in Geneva, Ambassador Xavier Carim has recently been appointed as chair of the WTO's Dispute Settlement Body. This is one of the most prominent positions in the organisation... It stands testament to South Africa's leadership in the trade debate today."*

African reactions to the WTO debacle were muted, but at least in the wake of the mid-2016 Brexit vote by United Kingdom, there appeared to be increasing resistance to European Union neoliberal penetration in the form of Tanzanian and Ugandan state retraction of commitments to join the European's Economic Partnership Agreements. The other 2016 incident that showed a rethink of Africa's persistent trade deficit with a more advanced industrial power, namely South Africa, was a ban imposed on many imports that typically moved across the Zimbabwe border. The policy kicked in as Zimbabwe ran short on US dollars, so was less a strategic than desperation strategy to preserve the country's currency and reduce the trade deficit. As noted above, South Africa also came under pressure from both local steel companies and trade unionists to bloc steel imports from China (whose net exports soared from -35 million tonnes to 100 million from 2005-15 as China raised its share of world production from 30 to 50% over that decade), and as a result, trade minister Rob Davies imposed a 10% special tariff in 2015.

These were small initiatives by countries with highly erratic leaders known more for zig-zagging in diverse ideological directions than any consistent policy stance. Still, in opposition to the persistent ideology of free trade, such desperation-protectionism might in future years be repeated and become the basis of an import-substitution industrialisation strategy. But that in turn would require new governments opposed to neoliberalism, whereas the trends in the BRICS were basically in the other direction, especially in Brazil and India, with South Africa still obeying the dictates of the major credit ratings agencies more than its own people. The other important development in the wake of the post-Cancun WTO malaise was the rise of bilateral investment treaties (BITs). Ana Garcia's 2016 survey of the BRICS BITs clarifies how damaging these have been to Africa, especially where BRICS countries have dominance.

## **6.5 Multilateral financial reform and innovation**

The BTUF argue that the BRICS New Development Bank "should take a different form from the World Bank and the IMF. It should primarily developmental in character" and be "solely owned by BRICS, publicly funded, decisions on consensus, promoting trade based on own currencies of its member countries, with a core focus on infrastructure and development in consultation" (2013). The NDB and CRA should be "fundamental tools for the effective transformation of the current international economic architecture... and bring benefits to workers and promote sustainable development" (2014). The BTUF also aims to "stop the financial casino, but also to create mechanisms for taxing financial transactions, large fortunes and tax havens" (2014). NDB revenues should "be used to expand investment in the productive sector and infrastructure; in education, science and technology, training and professional qualification" (2014). The NDB should have "sovereign independence from the bankrupt Bretton Woods system" and "BRICS Governments should establish their own Rating agency and a Stock exchange... to influence world economy" (2014). "We expect that BRICS Governments will pursue more vigorously the reforming of the IMF and of the World Bank" (2015).

These hopes for a BRICS alternative multilateral financial agenda are ambitious but are not shared by either progressive critics (this author included) or the technocrats who designed the CRA and NDB. The latter repeatedly assured the international financial community that

assimilation and collaboration is the best approach, e.g. in the words of BRICS NDB Vice President Leslie Maasdorp: *“We will and should benefit from the long years and decades of experience of these [Bretton Woods] institutions.”* Indeed, when it comes to global finance, instead of establishing an alternative reality (e.g. as anticipated by Hugo Chavez’s Bank of the South, which Brazil sabotaged), the BRICS are financing the old one. Vast quantities of US Treasury Bills are held by BRICS countries (especially China) as their main foreign reserve holding. While the NDB may eventually move to financing projects in local currencies, the articles of agreement specify contributions in US dollars. The CRA is anticipated to be a dollar lender, since repayment of most foreign debts the BRICS countries have incurred will be in dollars.

To illustrate, while the first NDB loans – in April 2016 – promoted ‘sustainable’ energy, they were rife with contradictions insofar as the \$250 million (in dollars not rands) to expand Eskom’s grid so as to draw in more renewable energy, reflected the Independent Power Producers’ privatisation of electricity generation (long opposed by South African progressives who insist on state-supported renewables). Yet a month later, Eskom’s chief executive Brian Molefe announced he would no longer buy renewable electricity, as for long-term baseload supply especially to serve mining houses and smelters, Eskom would focus instead on nuclear. In mid-2015, NDB director Tito Mboweni had told Bloomberg news that the proposed \$100 billion South African nuclear deal, probably with Russia, *“falls squarely within the mandate of the NDB,”* in spite of enormous local controversy surrounding Zuma’s corruption-prone deal-making regarding not only Putin but the Gupta family, whose firm Oakbay would be the main uranium supplier.

Other items on Molefe’s BRICS Business Council (2015) project wish-list included new coal-fired generators, off-shore oil drilling, and Durban’s \$25 billion port-petrochemical complex expansion. These infrastructure mega-projects are all rife with social, economic, governance and environmental dilemmas, which South Africa does not have a strong history of resolving in the public’s interest. In another mega-dam project, what may be the world’s most infamous case of construction company bribery in World Bank lending history occurred in Lesotho, where more than \$2 million flowed from a dozen multinational corporations to the Swiss accounts of the leading dam official, Masupha Sole, who served 9 years in jail but was then, to everyone’s astonishment, reinstated thanks to his political influence. Lesotho’s dam water flows to South Africa, even in times (such as 2016) when the country faces ruinous drought. Although the World Bank debarred some of the most corrupt companies (in the process catalysing the bankruptcy of Canada’s once formidable civil engineering firm Acres International), nothing was done to punish the firms by Pretoria officials.

BRICS NDB Vice President Maasdorp discussed his own role at the helm of the institution responsible: *“I served for example as chairman of TransCaledon Tunnel Authority, which is a state-owned enterprise with a mandate to finance and implement bulk raw water infrastructure projects in South Africa, and played an oversight role from a governance perspective for seven years of large infrastructure projects.”* Several of the same construction firms that were implicated in Lesotho reappeared in notorious collusion cases involving white-elephant World Cup 2010 stadiums and other mega-projects in which billions of dollars were stolen from South African taxpayers. South African firms are obviously not alone; in 2014, the World Bank debarred the China Three Gorges

Corporation's subsidiary building dams in Africa after extreme corruption was identified in another African project.

In what is the most revealing case of BRICS assimilation into this system, in 2012 the IMF was recapitalised (through a credit mechanism) with \$75 billion from the BRICS: China gave \$43 billion; Brazil, Russia and India gave \$10 billion each; and South Africa gave \$2 billion. In return, in December 2015, four of the five received major increases in their voting power: China by 37%, Brazil 23%, India 11% and Russia up 8%. Yet the US still won't give up veto power – it is the only country with more than 15% required – and the BRICS' total vote is now just 14.7%. Worse, the restructuring deal that made this rise possible was detrimental to seven African countries which lost more than a fifth of their IMF voting share: Nigeria lost 41% of its voting power, along with Libya (39%), Morocco (27%), Gabon (26%), Algeria (26%), Namibia (26%) and even South Africa (21%). Appendix 3 provides the full listings of IMF reform winners and losers.

One facet of Africa's decline at the IMF is its inability to maintain currency strength in the face of the commodity crash. This was especially apparent in the period after mid-2011 when, as noted earlier, the South African rand fell from R6.3/\$ to R17.9/\$ in early 2016, although by mid-year it recovered to R13.4/\$. Other African currencies collapsed during 2014-15, with Zambia losing half the kwacha's worth, and the values of currencies from Angola, Namibia, Uganda and Tanzania down more than a fifth over 12-month period. But aside from the quantitative loss of power, the loss of African 'voice' (as it's known) at the IMF is important given the critiques often expressed about the institution's dogmatic neoliberal ideology and its qualitative power over Africa, dating back to the 1980s. Even Jacob Zuma voiced these concerns in mid-2015 in a *RussiaToday* interview: *"They want to dictate what you should do. You can't utilise that kind of assistance the way you want. So, in a sense, it has conditions that will keep you dependent all the time. That's what we're trying to take ourselves out of."*

Perhaps unwittingly, Zuma was reiterating the criticism offered by his nemesis, former Minister of Intelligence Ronnie Kasrils, of the IMF's \$850 million loan to South Africa six months before democracy dawned, in December 1993. Kasrils had in 2013 described this deal as *"the fatal turning point. I will call it our Faustian moment when we became entrapped – some today crying out that we 'sold our people down the river'."*

As a leading Transitional Executive Council member in 1993 and then Reserve Bank governor from 1999-2009, Mboweni had a central role in the IMF deal and subsequent neoliberal strategies such as record-high interest rates and exchange control liberalisation. Mboweni once explained that he knew *"the apartheid government was trying to lock us into an IMF structural adjustment program via the back door, thereby tying the hands of the future democratic government."* But, he claims, *"We did not sell out!"* Sampie Terreblanche, a former economist who worked in the apartheid government's highest echelons, firmly disagrees, arguing that the deal *"committed the Transitional Executive Council to the ideologies of neoliberalism and market fundamentalism."*<sup>5</sup>

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<sup>5</sup> Even personnel conditions were attached to the deal: Mboweni had to wait an extra five years to become central bank governor because IMF head Michel Camdessus insisted informally in a January 1994 meeting with

Also in mid-2015, just before the Ufa summit, hopes were raised in Greece that its *prime* minister Alex Tsipras could persuade BRICS to advance credit to the indebted country so as to avoid an IMF and EU austerity deal: budget cuts (especially on pensions), higher Value Added Tax on poor people's consumption, privatisation, labour casualisation and deregulation. Tragically, because of the vast Greek foreign debt, Tsipras had already agreed to privatise one of Greek's main ports to Chinese merchant capital (against the wishes of port workers), so there was hope for Beijing's support.

According to Greek Environment and Energy Minister Panagiotis Lafazanis, *"During my (May 2015) meeting with Russian Deputy Finance Minister Sergey Storchak, we secured the decisive Russian support to Greece's request for participation in the BRICS NDB... right after operations begin, it will be able to accept financial support."* However, at the crucial moment in July 2015, when BRICS credit would have been vital to Tsipras' potential survival outside the IMF and EU's power, the BRICS failed to provide an alternative credit line. As a result, Tsipras won a 61% "No" vote on the IMF/EU austerity plan, but without the alternative, the fear of the financiers' ability to immediately bankrupt Greece by freezing its commercial bank accounts with the rest of the world compelled an historic U-turn by Tsipras.

Instead of searching for an alternative to the IMF, the BRICS CRA actually empowers the IMF to impose conditionalities. According to the articles of agreement adopted in Fortaleza, a CRA member is in need of more than 30% of its borrowing quota, it must first go to the IMF for a structural adjustment loan and conditionality before accessing more from the CRA. For South Africa, as noted above, whose foreign debt rose from around \$30 billion in 2003 to more than \$135 billion a dozen years later – i.e. more than 43% of GDP, which puts it in the debt-crisis danger zone – this would mean that only \$3 billion is available from the CRA before recourse to the IMF would be necessary.

In sum, the BRICS strategy of assimilation has had a great many adverse consequences which strengthen many negatives aspects of multilateral finance and development banking.

## **6.6 Climate change and environmental protection**

BTUF's concern for the environment "presupposes respect for local communities, sustainable use of natural resources and the search for a low carbon, clean energy matrix," because "climate change is one of the greatest challenges... the BRICS may also be protagonists in the debates at the United Nations Climate Conference of the Parties" (2014). "We endorse the green concerns that the world shares including that of climate change and reiterate ensuring environmental protection through various measures including sustainable use of natural resources" (2016).

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Nelson Mandela that apartheid-era neoliberals Chris Stals at the Reserve Bank and finance minister Derek Keys be reappointed to their jobs (Bond 2014). Both Mboweni and Maasdorp then were hired by Goldman Sachs.



A third multilateral agreement in December 2015 was the Paris United Nations Framework Convention on Climate Change (UNFCCC) deal. According to Institute for Policy Studies analyst Oscar Reyes, seven fatal flaws in the agreement stand out:

- 1) the targets are ambitious, but unlikely to be met (hence serving as a greenwash)*
- 2) there are no legally-binding targets to cut emissions*
- 3) there was no new money promised to developing countries*
- 4) reparations are now legally off limits (no 'climate debt' can be sued for by victims)*
- 5) oil, gas and coal producers are not compelled to leave fossil fuels unexploited*
- 6) the deal opens the same carbon-trading loopholes that undermined prior climate deals*
- 7) sources of greenhouse gas emissions from international shipping and flights, and from military-related emissions, aren't included*

Summing up Paris, the world movement of peasants and landless people Via Campesina was clearest: *"There is nothing binding for states, national contributions lead us towards a global warming of over 3°C and multinationals are the main beneficiaries. It was essentially a media circus."* Concluded the world's leading North-South organisation committed to climate justice, Friends of the Earth International: *"The reviews [of whether INDCs are adhered to and then need strengthening] are too weak and too late. The political number mentioned for finance has no bearing on the scale of need. It's empty. The iceberg has struck, the ship is going down and the band is still playing to warm applause."* Reyes (2015) singles out the role of Brazil in combining forces with the EU — against Bolivia's courageous negotiator — to *"open the same carbon trading loopholes that undermined the last global climate deal."* Finally, not forgetting the voice of climate science, James Hansen (2015) bluntly described Paris, simply, as *"bullshit."*

Since 2009, the BRICS were vital participants in the degeneration of global climate policy, as four of their leaders ("BASIC," i.e. without Russia) were the original co-signatories (along with Obama) of the Copenhagen Accord. Perhaps by mistake, John Kerry (later US Secretary of State) labelled Zuma, Lula da Silva of Brazil, Wen Jiabao of China and Manmohan Singh of India the "four horsemen"; the tag is accurate, in terms of climate damage to Africa caused by the 2009 deal and its successors. The Copenhagen Accord was mainly authored by the US State Department and then, as leaks by the US military-intelligence whistle-blower Chelsea Manning in early 2010 proved, was adopted by many poor and climate-vulnerable countries in Africa only thanks to bribery and bullying by the State Department's Todd Stern.

Only one of the BRICS has hosted a COP, Durban in 2011, and Washington immediately claimed victory. As documented by WikiLeaks (after liberating Hillary Clinton's private email server), Stern bragged to Clinton that in relation to the Green Climate Fund, *"We left Durban with virtually everything we sought."* His team had destroyed the 'firewall' between rich and poor countries (the latter were not, in the 1997 Kyoto Protocol, required to make emissions cuts), so as he reported to Clinton in a memo worth quoting at length:

*The main action here was to beat back efforts to undermine the parallel structure of mitigation commitments for developed and developing countries that we negotiated in Copenhagen... The developing countries insisted on another Kyoto "commitment period," largely because Kyoto embodies the firewall. The EU was the only major*

*player willing to consider that, but insisted that the quid pro quo had to be assurance from other major emitters that they would commit to negotiate a legal agreement to follow the second Kyoto period. For our part, we said that we could not do that unless China and other majors also agreed, but prior to Durban they had never indicated any willingness to do so. So there appeared to be a stalemate. The open questions for us going into Durban were (1) whether the EU would stick to its guns in demanding a future legal agreement in exchange for a second Kyoto period, and (2) what the 'BASIC' group of China, India, Brazil and South Africa would do if the EU did hold firm.*

*As it happened, the EU hung tough, while the BASICs, evidently influenced by the intense push for a legal agreement from the poorest and most vulnerable countries, especially the small island states, showed unexpected flexibility. Brazil led the way on this issue for the BASICs, and we engaged intensively with them. Two long trilateral meetings (EU-US-BASIC) were held in the middle of the second week, which pushed the ball forward. The final two-page agreement, dubbed the Durban Platform by the South Africans, was negotiated over many hours Friday and Saturday in a group of around 35 countries, with the EU and the island states pushing hardest for strong language and the earliest possible start. The new agreement is to be completed by the end of 2015 and start to be implemented from 2020 onward.*

*The key points for us, each of which we insisted upon, are:*

- "Applicable to all Parties." This language is a singular breakthrough – the first time China and other emerging economies have agreed that they too would be bound by legal obligations.*
- The Bali Roadmap. The agreement sunsets the 2007 Bali mandate at the end of next year's COP. This is important because Bali is consistently read as enshrining the firewall and we thus could not allow it to become the basis for negotiating the new legal instrument.*
- "Common but differentiated responsibilities." This phrase is read (not by us, but by most developing countries) to denote the firewall, but the phrase is conspicuously absent from the Durban agreement.*
- 2020 implementation date. The 2020 date is also important. The EU and its small island allies pushed very hard to have the agreement take effect as early as possible. But this didn't work for the BASICs, who are determined to keep their Kyoto protection all the way to 2020; and it couldn't work for us to start earlier than 2020 if the BASICs did not, since such asymmetry would be lethal to developing political support in the U.S.*

*Taking all these points together, I think Durban amounts to a significant achievement.*

For Africa, the implications of ineffectual multilateral climate policies (even before the Trump withdrawal from emissions-cutting responsibility), amplified by BRICS/BASIC high-carbon assimilation, are catastrophic. According to UN Secretary General Kofi Annan's Global Humanitarian Forum, already more than 300 000 current deaths per year are attributable to climate change, mostly in the Global South. With the present trajectory of warming anticipated to break 4 degrees above normal by 2100, with inland Africa heating up by 6 to 7 degrees, not only are humans threatened, but so too is nearly every living species – biodiversity itself – reliant upon water and a stable eco-system. African scientists anticipate worsening weather chaos, not to mention 182 million Africans dead this century, early and

unnecessarily, due to climate related disease (as calculated by the London charity Christian Aid).

With the South African population recording 47% awareness that climate change is the world’s greatest threat, according to the 2015 Pew Research Centre survey (i.e., the greatest international problem of local concern, ahead of second place “international financial instability”). Other BRICS countries have similar priorities. Turning that awareness into activism remains the only hope, given that the BRICS elites are unwilling to change course.



## 6.7 Geopolitics

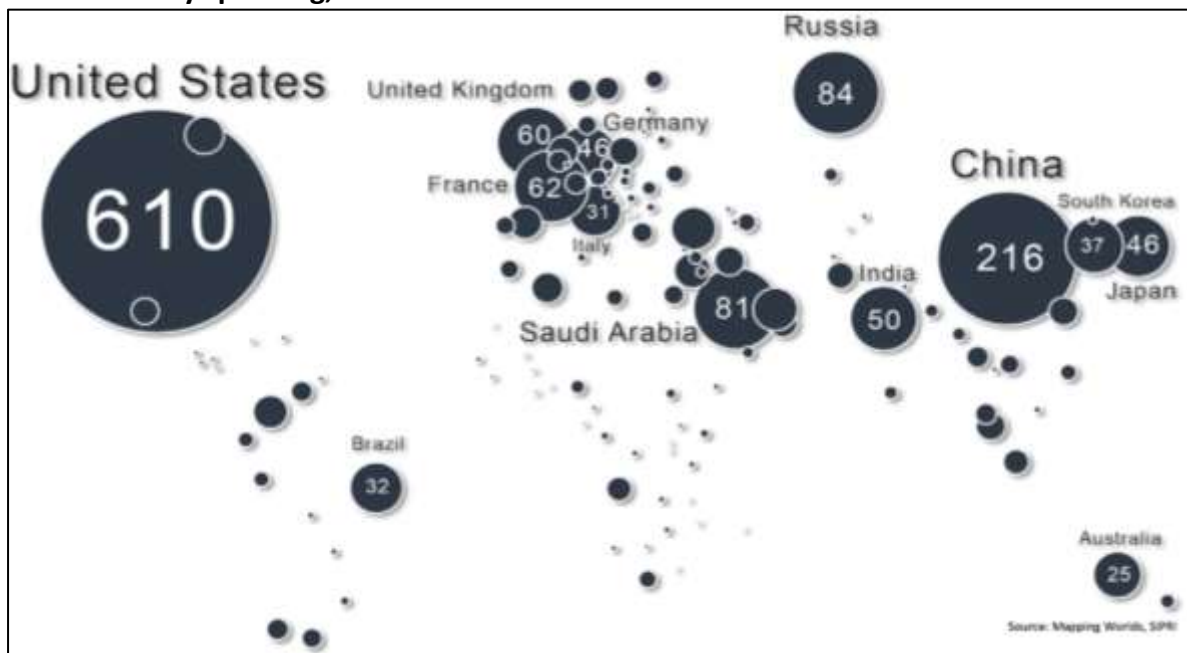
The BTUF demands “that the BRICS agenda does not isolate regional and continental counterparts, and will work to advance the interests of the developing world in general” (2013). Further, the BTUF asked “Governments of BRICS countries to do their utmost to reduce political tension in the world, to ensure global security and stability, cessation of hostilities wherever they occur, to contribute to an active and unconditional application of the rules of international law” (2015).

The need to reduce political tension, with a shoot-from-the-hip president of the United States taking power on 20 January 2017, cannot be overstated. And there can be little question that aside from non-state forces such as the Islamic State, Boko Haram, Al-Shabaab and other extremist Muslim groups, the main belligerent bloc of states catalyzing violence in the world today is centred on Washington. The most dangerous such state network includes Israel, Saudi Arabia and Qatar in the Middle East (the latter two of which split favours in

funding both Islamic extremists and the Clinton Foundation). But the Pentagon and State Department are themselves directly responsible for chaos in Libya, Afghanistan, Iraq and Yemen, through direct military interventions. Beyond the Middle East, it is always tempting for Western powers to provoke incursions in the BRICS' regional sites of accumulation and geopolitical influence. The North Atlantic Treaty Organisation's conflicts with Russia in Georgia, the Ukraine, Poland, Syria and Turkey, and the US with China in the South China Sea, have been most important in recent years.

Although the US dominates military spending, with \$610 billion in direct outlays in 2014 (and myriad other related expenses maintaining Washington's control such as US AID), four of the five BRICS also spent vast amounts on arms: \$385 billion in 2015 (of which 55% was China). There are various other sites of contestation, e.g. over Washington's (and its 'five eyes' allies') capacity to tap communications and computers through the internet. After revealing the US National Security Agency's (NSA) snooping capacity in 2013, whistle-blower Edward Snowden has an apparently safe Moscow exile, after fears of extradition to the US or worse. A few months later, Rousseff cancelled the first visit by a Brazilian head of state to Washington in 40 years, as a way to protest Snowden's revelation that the NSA was tapping her phone.

### World military spending, 2015



Source: Bank of America

But seen in these macro geopolitical terms, the Zuma government's initial endorsement of the NATO bombing of Libya in 2011 was the most egregious case of the BRICS' geopolitical role in Africa, against the African Union's wishes (and to be fair, Pretoria did reverse course and opposed further intervention). But behind the scenes, US journalist Nick Turse has identified the Pentagon's "war fighting combatant command" in dozens of African states. It soon transpired that there was a blunt division of labour at work between Washington and its deputy sheriff in Pretoria, as a strategist from the Africa Command (Johnny Cochran) explained in 2010 why they are training so many African militaries, including SA National

Defence Force soldiers: *"We don't want to see our guys going in and getting whacked."* At the conclusion of his 2014 meeting with Obama as part of a US-Africa heads-of-state summit, Zuma (2014) offered a chilling conclusion: "There had been a good relationship already between Africa and the US but this summit has reshaped it and has taken it to another level... We secured a buy-in from the US for Africa's peace and security initiatives... As President Obama said, the boots must be African."

Still, to those who believe BRICS could present an alternative to Western hegemony, Rousseff's impeachment in May 2016 confirmed a sustained attack on the bloc by Washington. According to *Counterpunch* commentator Eric Draitser, "what's unfolding in Brazil is a multi-pronged effort to destabilise the country via a variety of political and economic means, with the ultimate goal of bringing to heel a key member of BRICS." The former Assistant Treasury Secretary in the Reagan Administration, Paul Craig Roberts, wrote even more explicitly, "This is Washington's move against the BRICS. Washington is moving to put into political power a right-wing party that Washington controls in order to terminate Brazil's growing relationships with China and Russia." Venezuelan Vice President Vice-President Aristobulo Isturiz warned South African leaders during a May 2016 visit to Pretoria: "Obama is using his remaining time in office to destabilise all progressive countries and undermine their emancipation movements. It is [Washington's] intention to weaken the BRICS countries."

This latter remark coincided with revelations that a Central Intelligence Agency operative bragged about assisting the apartheid state's 1962 arrest and twenty-seven-year imprisonment of Nelson Mandela. (The US State Department kept Mandela on its terrorist watch list until 2008, and there was close collaboration between Washington and Pretoria throughout the 20<sup>th</sup> century.) African National Congress spokesperson Zizi Kodwa charged that the CIA *"never stopped operating here. It is still happening now. The CIA is still collaborating with those who want regime change."* Another version of the anti-imperialist framing was heard at the South African Black Consciousness movement's Black First Land First launch conference two days after Rousseff's impeachment: *"Brazil and South Africa are seen by the Western imperialist forces as the weak link in the BRICS chain. The strategy of imperialism is to get rid of presidents who support the BRICS process."*

Likewise, a founder of Brazil's Movement of Landless Workers (MST), João Pedro Stedile, was asked by *Il Manifesto* about why "a group of deputies from right-wing organisations went to Washington before the last elections." He replied, "Temer will arrange his government in order to allow the US to control our economy through their companies... Brazil is part of the BRICS, and another goal is that it can reject the South-South alliance." As WikiLeaks cables revealed, Temer was a mole for the US State Department a decade earlier, but merely playing what Washington considered to be an incompetent, ideology-free role as a political "opportunist."

But as concrete evidence of a US-led coup in Brazil, this evidence seems insufficient. Moreover, Rousseff herself denied the role of imperialism a week after the impeachment, during a *Russia Today* interview: "I don't believe external interference is a primary or a secondary reason for what's happening now in Brazil. It's not. The grave situation we see now has developed without any such interference." She repeated this when pressed by the

interviewer, so it was crystal clear that she blamed the old oligarchs for her downfall. This point was reinforced by subsequent revelations about the coup plotters' local motivations: the key men involved were aiming simply to derail the 'Car Wash' and other corruption investigations that threatened to sweep a large share of the Brazilian legislature into jail.

Nevertheless, insisted widely-read Brazilian geopolitical analyst Pepe Escobar in 2016, "The most important angle as far as I'm concerned is the global angle. What will happen in that next BRICS meeting in four or five months, and what happens to the BRICS projects, including the development bank that features collaboration between Brazilian, Russian, and Chinese executives?" The answer came the day after the coup from Indian Ministry of External Affairs spokesperson Vikas Swarup, who said Temer was welcome and the summit would "take place as scheduled." Indeed it did.

As a result, the opportunity to identify trilateral opportunities within the BRICS is fading, as BRICS state and BRICS Business Council leaders put far more priority on backing each others' strategies than potential identifying social contracts with labour or civil society. As a result, an alternative strategy for the BTUF is to now identify as many other oppressed allies as possible (not simply gazing upwards in search of tripartite relationships which have proven so disappointing thus far). Making alliances with these social forces would expand the BTUF field of vision to more explicitly incorporate the interests of poor and working people, women, students and youth, environmentalists, the LGBTI community, and social movements across so many other issue areas. (The BRICS counter-summits in Durban, Fortaleza and Goa had such 'brics-from-below relationships emerging, in contrast to government-sponsored 'Civil BRICS' which was largely uncritical in Russia and India.)

## 7. Conclusion: Ways forward for the BTUF

### 7.1 The need to test an alternative approach

The BTUF has, from 2012-16, attempted to reach out to the BRICS leadership with reasonable principles, a suitably critical analysis of the current world disorder, feasible strategies, moderate tactics and an upward-oriented alliance strategy in which tripartism has been requested – and mainly denied. Therefore, the following three strategic options will be considered and should be debated:

- An action plan or other measures to give effect to the issues addressed in the declarations.
- A comprehensive programme for the BTUF in Africa to take forward the aspirations in the Declarations.
- Proposals on how BRICS trade unions should collaborate with each other at regional and global levels.

It is useful, at this five year mark, to assess whether the BTUF principles, analysis, strategies, tactics and alliances ('PASTA') require revision. The next pages argue that a different kind of pasta can be conceptualised, cooked and consumed. Ordinary people should be the chefs; Appendix 4 shows extensive evidence of the dissatisfaction with the existing menus being displayed by both BRICS working classes and their logical allies in even difficult sites such as the African hinterlands. This evidence is drawn from even the most hostile sources (the World Economic Forum on worker militancy, the African Development Bank on reasons for protests, and the University of Sussex Pentagon-funded conflict database), so as to illustrate that the world elites are increasingly concerned about uprisings from unexpected quarters.

In this context, it is vital to first acknowledge that the most important reasons for BRICS' and Africa's prone position in the world economy are not the fault of the current BRICS leaderships – which simply amplify pre-existing problems instead of offering alternatives – but of Western elites' multilateral power. The latest manifestation of Western interests in Africa is indicative: when the World Economic Forum (WEF) came to Kigali in May 2016, the organisation highlighted "Fourth Industrial Revolution cyber-physical systems" as central to Africa's future: the continent is "the world's fastest growing digital consumer market" (though fewer than four Africans in ten have electricity). For good measure, the WEF's main speaker, Tony Blair, celebrated the authoritarian rule of his host Paul Kagame. At the same time, the IMF's *Regional Economic Outlook for Africa* suggested that "a substantial policy reset is critical in many cases... Because the reduction in revenue from the extractive sector is expected to persist, many affected countries also critically need to contain fiscal deficits and build a sustainable tax base from the rest of the economy." This is the Western solution: a policy reset that represents more of the same.

There are always contingencies, and the Chinese geopolitical and economic strategy is known to shift dramatically from generation to generation. Still, under Xi, the tendency of talking left while walking right will continue. The alternatives are obvious, but so far the main BRICS have only begun to exert defensive mechanisms – e.g. banning certain foreign exchange transactions (especially China in early 2016) and imposing desperately defensive

tariffs – while the bigger-picture reforms attempted by others remain essentially unexplored:

- default on unpayable, unjustifiable debt – taken out by corrupt elites – as did Argentina and Ecuador in 2002 and 2009;
- impose exchange controls against elites, as did Malaysia (1998), Venezuela (2003), Cyprus (2013), Greece (2015) and China (2016);
- establish new common currency in order to avoid US\$ transactions;
- provide solidarity financing for governments resisting financial domination, as was offered (by Russia's deputy finance minister) to Greece but then never materialised;
- adopt socially- and ecologically-conscious financing strategies tied to compatible trade (like ALBA), such as were proposed and seed-funded by Venezuela in the still-born Bank of the South.

The best example is indeed within the BRICS, dating back 15 years: the economic attack against Western pharmaceutical corporate patents by two governments – Brazil and India – subsequently aided by South African HIV+ activists in the Treatment Action Campaign and their allies. Those patents were the basis for \$10,000/year AIDS medicines costs, making them unaffordable to nearly all Africans. By opening a state-supported generic industry and ignoring international property rights, the Indians and Brazilians assisted progressive South Africans who overthrew the denialist AIDS policy adopted by former president Thabo Mbeki. That policy overthrow resulted in nearly 4 million South Africans receiving free AIDS medicines, and the life expectancy rising from 52 in 2004 to 61 a decade later. The combination of decommodification and deglobalisation of capital, and the coalition between progressive governments and radical community activists was decisive. Can that same alignment be repeated, and can it serve as the basis for an entirely different approach to BRICS, fusing states and people in the public interest?

Regrettably, as the pages above showed, the BRICS have chosen the course of undergirding multilateral agencies (the WTO, Bretton Woods Institutions and UNFCCC) whose role in commodifying all aspects of life and globalising capital is disastrous for poor and working people within the BRICS as well as for Africa. What that means for BRICS in the years ahead, it is fair to predict, is more top-down scrambling within Africa, and more bottom-up resistance. Where African governments emerge that have more patriotic instincts, there will be scope for campaigning on matters of economic justice: e.g. against mining and petroleum extraction, IFF (and *licit* financial flow) extraction, and illegitimate debt. With the profits of so many Western firms in Africa hitting new lows and their share value nearly wiped out (e.g. the 2011-15 cases of Lonmin, Anglo and Glencore, which each lost more than 85% of value), there are precedents for what BRICS firms now may find logical: yet more extreme metabolisms of extraction and more desperation gambits to keep BRICS-friendly regimes in power, at the expense of the reproductive needs of society and nature.

But resistance is already evident. For example, the BRICS People's Forum counter-summit in Goa in October 2016 included a call by Indian social movements and labour for a People's Forum, based upon the critical analysis reproduced below in Appendix 5. Further alliances of a horizontal nature are also obvious, not only with civil society – especially trade unions –



and not only reaching out far into Africa where BRICS has had a destructive or constructive impact, but also with other trade unions across the world.

To illustrate the hopes for such solidarity, International Trade Union Congress President João Felício argued at a July 2015 Ufa BTUF plenary that “The BRICS have an opportunity to establish a de facto different political discussion on the direction of the economy, finance and the world of work. The new financial institutions of the BRICS cannot share the neoliberal rationale of the Troika, which puts the interests of big business above the rights of workers and the well-being of citizens in their countries.”

But that opportunity was lost – as witnessed by the three choices made in December 2015 – and will probably not arise again. Indeed it is ever more likely with the turn to Trump, with difficult economic conditions continuing, and with growing official hostility to trade unions in especially Brazil, India and South Africa, that the interests of big business will prevail even more in the years immediately ahead. Felício remarked, “It is necessary to put solidarity before austerity, rights before profits, democracy before the market. If the BRICS succeed in becoming at least part of this process, it will create a political and economic frame of reference for other bodies, such as the G20, the IMF or the World Bank and even national governments.” The likelihood that the BRICS will *oppose* these values has been demonstrated above. Hence, Felício concluded, “politicising the debate was the only way to combat the deepening of inequality, fight for better salaries, promote collective bargaining and reverse the downward trend in unionisation rates.” Further politicisation is evidently necessary.

## **7.2 Action plan for BTUF ambitions within BRICS, Africa and the world**

An action plan to defend the seven-topic agenda described in section 6 above should begin with a frank assessment of opportunities for institutionalisation and participation.

**Institutionalisation:** First, if summit denials of “formal recognition of BRICS Trade Union Forum on an equal basis with BRICS Business Council as one of our priority objectives” continues, as anticipated, then a second track of BTUF institutionalisation and participation should be urgently considered for 2017 implementation: joint meetings with more critical forces in the BRICS People’s Forum or even Civil BRICS processes. That way options for BTUF could be kept open, and a more effect set of pressure points developed.

**Participation:** Second, if as anticipated, there is no progress in BTUF persuasion that “BRICS trade unions should be represented on the BRICS bank’s highest decision-making body,” then the BTUF should take on a much more active external watchdog role, along with others in civil society who are doing the same. This external watchdogging, combined with the use of the BTUF’s insider opportunities, could also address other BRICS institutions (the Summits and various sectoral meetings, the CRA and a potential credit ratings agency).

**Vision:** Third, the BTUF vision – which stands for solidarity not profits and hence will not get more than rhetorical support from BRICS leaders based on the present balance of forces – should logically be expanded and perhaps articulated more forcefully alongside allies in other trade unions (especially in African countries affected by BRICS) and other civil society

organisations. An articulation of the BRICS People's Forum vision and ambitions can be found in Appendix 5.

**Trade reform and regulation of transnational corporate investment:** Fourth, as noted above, the tendencies to overproduce in the sphere of world capital have led to a decline in trade and investment, and instead the potential for localisation and balancing. This is especially important insofar as intra-BRICS trade is often extremely destructive for China's partners, insofar as huge overcapacity has been built up which threatens trading partners. The case of South African steel – in which a Russian-owned plant was shut in 2015 and Indian-owned foundries are likely to be, as a result of cheaper Chinese imports – is illustrative of the need to localise. In that case, the adjustment of South Africa's import parity pricing which puts steel out of the price range affordable to many local buyers is another consideration.

This is one of those instances – as was also the case with mining houses in early 2016 – in which the London share prices of the major transnational corporations have fallen so low that outright nationalisation would make economic sense. From 2015-16, four huge firms – Lonmin, Anglo American Corporation, Arcelor Mittal and Glencore – suffered a loss of share values by as much as 99.4% from peak to 2016 trough, in Lonmin's case, and as high as 87% for the world's largest commodity trader, Glencore (with the other two inbetween). Nationalisation of South African assets became eminently affordable, but there are major differences in vision that separate BRICS leaders from the workers (e.g. Cosatu and Nactu in South Africa) who have traditionally made this call.

**Multilateral financial reform and innovation:** Fifth, since attempts by BRICS heads of state to shift power relations within the multilateral institutions have had the opposite impact as desired by the BTUF (making the world financial and trading systems *more* unfair), it makes sense for the unions to continue to both advocate inside and generate pressure points outside, especially when it comes to the World Bank. There, the international union movement was at its most sophisticated, especially in raising alarms at the Bank's anti-labour agenda in both macro and micro policy advice and conditionality. Minor changes were achieved, but one lesson to be learned from that was certainly that stronger tools are required to wield real power. One such tool is the 2000-03 World Bank Bonds Boycott strategy for divestment, which was used by progressive civil society including the faith community, to punish the Bank by successfully dissuading major institutional investors to buy its bonds. (The world's largest fund, TIAA-CREF, and the US West Coast's major financial centre, the municipality of San Francisco, both endorsed the boycott.)

**Climate change and environmental protection:** Sixth, the most threatening problem to humanity, and one that BRICS leaders have failed to address aside from through the 2015 Paris Accord, is climate change. The urgent need for decarbonisation – with most emissions halted by mid-century – is also an extraordinary opportunity to change carbon-intensive production systems, energy, transport, agriculture, urbanisation, consumption and disposal. The need for a pro-labour 'Just Transition' is obvious, so that jobs in the post-carbon economy will have at least the same pay and benefits as those lost as society decarbonises. The 'Million Climate Jobs campaign' in South Africa is one example of a strategy that may be pursued across the BRICS, alongside similar work by civil society allies.

**Geopolitics:** Seventh, given the elite fracturing now underway (partly as a result of Trump – but tensions were already rising due to the India-Pakistan conflict on display at Goa and Temer’s ascendance to the Brazilian presidency), the ability of civil society internationalism to fill that vacuum is vital. There are numerous ways that this internationalism has worked between BRICS trade unionists and both BRICS and non-BRICS social forces, such as in ending apartheid in part through international sanctions pressure. Offering solidarity to Africans who may be victims of both Western and BRICS geopolitical and economic hostility is one place to begin considering modalities.

### **7.3 The need to test an alternative approach in Africa**

Developing a comprehensive programme for the BTUF to take forward the Declaration’s Africa aspirations can probably only come from experiences – both good and bad – in which African workers, communities and environmentalists have direct understandings of BRICS. Some such experiences are related to the ways BRICS trade unions link up within the global assembly line that has developed (e.g. in the auto industry), which sets the stage for potential collaboration that serves all worker interests.

These collaborations may well take the form of corporate campaigning aimed at reform from below, given that several major BRICS firms have extremely controversial Africa operations, as noted above. Such campaigns might well allow the best faces of BTUF members to face Africa: when expressing concern that the BRICS-based transnational corporations have acted extremely badly in the continent, requiring punishments of such firms following the build-up of trust by BTUF members in African unions and civil society, and vice versa. BTUF could set up test-case corporate campaigning that links as many BTUF members with labour movements in Africa, as well as affected communities, consumers, environmentalists, women, youth and other constituencies that have grievances with the companies in question. Because many of the existing campaigning networks – e.g. against the Brazilian company Vale – already stretch into other countries (e.g. Mozambique and South Africa), and because so many internecine battles between BRICS firms are now playing out (e.g. in the steel industry where Chinese exports threaten Russian, Indian and South African firms), these could become high profile sites for a much richer version of tripartism than currently exists. Such tripartism would be based much more upon a sense of social anger and the power of labour-community alliances – a bottom-up strategy to give the BTUF’s top-down tripartism much more durability.


However, to illustrate the importance of active solidarity and social sensitivity in this regard, the role of Africans in standing up for their own interests against South African firms has often been recorded, especially in Nigeria where MTN has faced persistent critiques. Also, at the time of anti-immigrant xenophobia in 2015, South African firms were subject to social protests in several African settings, most notably Sasol’s Mozambique operations. The latter case is most poignant, for it led to semi-skilled oil sector workers being forced to return to their homes in the Wentworth area of South Durban, just a few kilometers north of the site where the 2015 xenophobic attacks were catalysed (in Isipingo). In this instance, the enormous potential was lost, for linking up the region’s working-class people across borders to fight for immigrant rights and oppose economic exploitation. This struggle has existed

since the 19<sup>th</sup> century when formal immigration recruitment for the mines began, and corporate coercion (such as the infamous Hut Tax) drew men from across the region to work in South Africa. The labour internationalism exhibited within the 1920s Industrial and Commercial Workers – as Clements Kadalie recruited members across Southern Africa – is desperately needed once again.

One force holding back solidarity is the often extreme versions of anti-African racism in each of the BRICS. Some of this racism is used, as did Western companies for decades, to sell products. Some appears hard-wired, drawing on the role of slavery as a mode of production central to the first stages of large-scale capital accumulation in Brazil and South Africa, and then adjusted for 20<sup>th</sup> and 21<sup>st</sup> century economies in which black people remain economically oppressed.

### Ongoing racism in Brazil, Russia, India, China and South Africa

**'We'll Wash Away All The Black!' – Another Racist Russian Marketing Ploy Targets Obama**




There was the yellow board and in the central Russian City of Kazan displaying Barack Obama with the face of a monkey.

There was the solar image projected onto a Moscow apartment building showing Obama eating a banana.

Here is the growing list of public reactions regarding the U.S. president, and that a car wash located in the far Eastern city of Khabarovsk.


**The lack of black faces in the crowds shows Brazil is no true rainbow nation**  
Felipe Araujo

The World Cup was supposed to show Brazil's cultural diversity. All it's really exposed is the country's deep-rooted prejudices.




**Being African in India: 'We are seen as demons'**

*'I speak Hindi and always laugh. But when I offer biscuits to the neighbours' children, they don't accept.'*




**Black man is washed whiter in China's racist detergent advert**

*Qiaobi Detergent Ad Might Be The Most Racist TV Commercial Ever Made*



**SA's xenophobia shame: 'burning man' case shut**

BEAUREGARD TROMP | 18 February, 2015 15:30



Ernesto Alfabeto Nhamuave was beaten, stabbed and set alight in Ramaphosa

**Mbeki says attacks on foreigners not xenophobia**

The attacks on foreigners in the "dark days of May" were not xenophobia, but "naked criminal activity", President Thabo Mbeki said in Pretoria on Thursday.

"What happened during those days was not inspired by possessed nationalism, or extreme chauvinism, resulting in our communities violently expressing the hitherto unknown sentiments of mass and mindless hatred of foreigners – xenophobia," he told a gathering at the City Hall.

Speaking of a tribute to the victims of the attacks, Mbeki said the violent mazes had been driven neither by antipathy nor a hatred of foreigners.

While some might say he was in denial of "our reality", no one would hear ordinary South Africans saying they would attack immigrants or hated them because they were foreigners.

"I heard it said insistently that my people have turned or become xenophobic ... I wondered what the accusers knew about my people which I did not know.

"And this I must also say—none in our society has any right to encourage or incite xenophobia by trying to explain naked criminal activity by cloaking it in the garb of xenophobia."

Anti-African racism correlates, as well, to ethnic and caste systems of discrimination in other BRICS countries. Some appears to be correlated with defensive working class attitudes, such as South African xenophobia. But the essence is that unless BTUF strategies for engaging BRICS also address the scourges of racism, caste, gender and other forms of discrimination, it does not appear that BRICS leaders will take these seriously. It is in these respects that a brics-from-below approach has great potential to advance internationalism, in the way that so many of the struggles of working-class peoples in the BRICS countries have done so, for generations: in campaigns against Brazilian dictatorships before 1985; in the 1917 Russian and 1949 Chinese revolutionary solidarity; and in anti-colonial and anti-apartheid struggles in India culminating in 1947 and South Africa with the 1994 liberation.

#### **7.4 Collaborations with unions and civil society**

Finally, BRICS trade unions should increase their collaboration with one another and with allies at regional and global levels. Instead of the BRICS meetings offering only fitful and often unfruitful ceremonial opportunities for the BTUF, it may be worthwhile to devote resources to much stronger strategic sessions. Some of these could be aimed at prodding the BRICS leadership into pro-active positions; one example is the need for a carbon tax or some form of economic sanctions against the United States, as Trump prepares to sabotage any semblance of global climate policy. There are many other sites for multilateral critique and alternatives, as spelled out in the sixth section, given that the insider approach by BRICS leaders has mainly amplified the world power structure's inequities. Some opportunities for collaborations will arise in 2017, if the BTUF considers piggy-backing elite events:

- The World Economic Forum's annual Africa gathering will be in Durban in early May; the 2016 event in Kigali was notable for its endorsement of Fourth Industrial Revolution rhetoric (anathema to the interests of the unskilled and semi-skilled working class). Hence some counter-summit options in alliance with civil society should be contemplated. In Durban, such events are usually coordinated by the University of KwaZulu-Natal Centre for Civil Society, and in 2017, the 'People's Economic Forum' is hosted by the Durban University of Technology Urban Futures Centre, Oxfam and the South Durban Community and Environmental Alliance are also hosts.
- The G20's "L20" and "C20" process is another such opportunity, parallel to the G20 gathering in Hamburg in early July. A counter-summit will occur just beforehand, hosted by the global justice campaign network Blockupy.
- The next BRICS heads-of-state summit is in Xiamen, China, and an alternative civil society summit is being planned for Hong Kong, probably to be hosted by the Globalization Monitor group (which hosted the 2005 WTO counter-summit).
- In Bonn, the November COP23 climate summit will also be an opportunity for BTUF members with interests in the world's most pressing problem, to conjoin with civil society allies known as the Climate Justice movement.

These are just four of the upcoming 2017 events at which the BTUF could link more actively to regional and global actors both in the trade union movement and across civil society. It is likely that when labour and allies are confronted with elites at these events, and when it is abundantly apparent that BRICS leaders are not genuinely committed to social justice, then

there will spring up more organic strategies for social change. Instead of merely critiquing the elites, as this paper has mainly done, new avenues will emerge that allow the construction of a new world – to replace the increasingly dangerous one on the horizon.

## **Appendix 1: BRICS Leaders' Summit Performances, 2009-16**

### **"A Broad But Shallow Success": The BRICS Goa Summit 2016**

by Courtney Hallink, Research Analyst, and Alissa Wang, Chair, Summit Studies, The University of Toronto BRICS Research Group, October 31, 2016

(Excerpts)

The Goa Summit successfully broadened the agenda into new issue areas and the outreach to BIMSTEC countries was a significant step forward. However, there was a notable decrease across most dimensions of performance, save for domestic political management as measured by communiqué compliments. India's attempt to further its domestic agenda by rallying the unwilling BRICS partners against Pakistan could explain the decreased amount of time spent on other aspects of the agenda, and thus explain the overall decrease in performance. Despite India's efforts, Pakistan was not explicitly mentioned in the official documents and only a general condemnation of terrorism was made. At Goa, the focus on domestic agendas and the incompatibility of BRICS members' foreign policies seemed to diminish from the group's usual and generally rising success.

The Goa Summit's broad but shallow success is seen in its specific results in both the traditional BRICS agenda areas and in Goa's newer ones. In the traditional areas, Goa's highlights started with its welcoming the Paris Agreement on Climate Change, supporting "a wider use of natural gas as an economically efficient and clean fuel to promote sustainable development as well as to reduce the greenhouse emissions," reiterating the BRICS health ministers' commitment to "achieve the 90-90-90 HIV treatment target by 2020," and advancing cooperation and action on HIV and tuberculosis. They extended to advancing the progress of the BRICS Network University and the BRICS University League, establishing the BRICS Agricultural Research Platform, condemning recent terrorist attacks, and creating the new BRICS Joint Working Group on Counter-Terrorism.

Goa's newer areas broadened the BRICS agenda and actions. For the first time, the BRICS discussed the common challenges brought by urbanisation and advanced cooperation between cities. The declaration recognised that the BRICS is home to 43% of the world's population and "among the fastest urbanising societies" and thus are facing "multi-dimensional challenges and opportunities of urbanisation." The BRICS affirmed its engagement in the UN's New Urban Agenda and called for cooperation in "strengthening urban governance, making [cities] safe and inclusive, improving urban transport, financing of urban infrastructure and building sustainable cities." The leaders also addressed biodiversity and the protection of endangered species by welcoming South Africa's 17th Conference of the Parties to the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).

In addition, the Goa Summit advanced the outreach agenda "in order to reach out and enrich [its] understanding and engagement with fellow developing and emerging economies." To this end, the leaders announced that the BRICS would hold an outreach summit with BIMSTEC members. Pakistan was thus excluded here.

	Domestic Political Management		Deliberation		Decision Making	Delivery		Development of Global Governance	
	Attendance	Compliments	# words	# documents		Compliance	# Commitments assessed	Internal	External
2009 Yekaterinburg	100%	2	1,844	2	16	1	1	2	13
2010 Brasilia	100%	8	2,436	1	46	0.13	3	16	34
2011 Sanya	100%	11	2,253	1	38	0.48	8	12	28
2012 Delhi	100%	7	4,415	2	32	0.28	5	32	43
2013 Durban	100%	5	4,789	2	47	0.48	5	26	51
2014 Fortaleza	100%	10	21,907	3	91	0.40	8	58	253
2015 Ufa	100%	11	19,047	3	130	0.56	9	93	96
2016 Goa	100%	21	8,939	2	46	N/A	N/A	33	58
Total	N/A	75	65,630	16	446	N/A	39	272	576
Average	100%	9.38	8,099	2	57.14	0.46	5.57	34	72

Notes: Only documents issued at a summit in the leaders' name are included.

- Domestic Political Management refers to participation by BRICS members. Compliments are references to members in summit documents.
- Deliberation refers to the documents issued in the leaders' name at the summit.
- Decision Making refers to number of commitments as identified by the BRICS Research Group.
- Delivery: scores are measured on a scale from -1 (no compliance) to +1 (full compliance, or fulfilment of goal set out in commitment). Figures are cumulative scores based on compliance reports.
- Development of Global Governance: internal are references to G20 institutions in summit documents; external are references to institutions outside the G20.

<http://www.brics.utoronto.ca/analysis/research-report-go.html>



## **Appendix 2: Statements by Brics Trade Union Forum, 2012-16**

- **Declaration of the BRICS Trade Union Forum  
Moscow, December 11, 2012**
- **Declaration of the Second BRICS Trade Union Forum  
25 March 2013, Durban South Africa**
- **Fortaleza Declaration, 3<sup>rd</sup> BRICS Trade Union Forum  
Fortaleza, Brazil, July 15th 2014**
- **Ufa Declaration of the IVth Trade Union Forum of BRICS countries  
Adopted on July 9, 2015 in Ufa, Russian Federation**
- **BRICS Trade Union Forum Joint Communique  
New Delhi, 26<sup>th</sup> -27<sup>th</sup> September, 2016**

**Declaration of the BRICS Trade Union Forum  
Moscow, December 11, 2012**

Trade unions of the Federative Republic of Brazil, the Russian Federation, the Republic of India, the People's Republic of China and the Republic of South Africa, uniting over 200 million organised workers, welcome and actively support the processes of the BRICS crystallisation – establishment of a new structure of global governance and cooperation.

Today BRICS represents 25 per cent of the world GDP, the second, the fourth and the eighth world economies, and 30 per cent of the Earth's surface. During the last seven years, over 50 per cent of world economic growth has been due to the BRICS member States. Now and for foreseeable future, they are the locomotive of the world economic development.

BRICS trade unions, which represent the largest workers' unions of Asia, Africa, Europe and Latin America, cannot stay on the margins of new transcontinental partnerships at the inter-State level. They see their task in conferring to these partnerships a progressive social dimension aimed at defending the legitimate interests and rights of working people.

Trade unions of the Federative Republic of Brazil, the Russian Federation, the Republic of India, the People's Republic of China and the Republic of South Africa endorse the statement of the Delhi Declaration of the BRICS Summit that BRICS is a platform for dialogue and cooperation amongst countries that represent 43% of the world's population, for the promotion of peace, security and development in a multi-polar, inter-dependent and increasingly complex, globalising world.

Like the leaders of our States, we envision a future marked by global peace, economic and social progress and enlightened scientific progress. We stand ready to work with others, developed and developing countries together, on the basis of universally recognised norms of international law – and, first and foremost, on the basis of the standards and principles of the International Labour Organisation (ILO) - to deal with the challenges and the opportunities before the world today. Strengthened representation of emerging and developing countries in the institutions of global governance will enhance their effectiveness in achieving this objective.

We believe that it is critical for advanced

economies to adopt responsible macroeconomic and financial policies, avoid creating excessive global liquidity and undertake structural reforms to lift growth that create decent jobs and sources of incomes for millions of workers and for their families.

For us, as for the State leaders who signed the Delhi Declaration, accelerating growth and sustainable development, along with food, and energy security, are amongst the most important challenges facing the world today, and central to addressing economic development, eradicating poverty and child labour, and combating hunger and malnutrition in many developing countries. Creating decent jobs needed to improve people's living standards worldwide is critical. Sustainable development is also a key element of our agenda for global recovery and investment for future growth. Together with the Governments of our countries we owe this responsibility to our future generations.

We consider that sustainable development should be the main paradigm in environmental issues, as well as for economic and social strategies. We acknowledge the relevance and focus of the main themes of the Green Economy in the context of Sustainable Development and Poverty Eradication (GESDPE) as well as the Institutional Framework for Sustainable Development (IFSD).

Trade unions are ready to take up their place in these processes, and above all in the area of creation of decent jobs, protection of labour, defense of workers' interests and attainment of social justice.

We underscore our commitment to work together in the UN to continue our cooperation and strengthen multilateral approaches on issues pertaining to global peace and security in the years to come. In doing so, we single out the special role of the ILO, the custodian of workers' interests in the multilateral system; we stand ready to contribute to progressive actions of BRICS members States in this as well as in the other UN specialised agencies.

The Millennium Development Goals remain a fundamental milestone in the development agenda. To enable developing countries to obtain maximal results in attaining their Millennium Development Goals by the agreed time-line of 2015, we must ensure that growth in these countries is not affected. Any slowdown would have serious consequences for the world

economy. Attainment of the MDGs is fundamental to ensuring inclusive, equitable and sustainable global growth and requires continued focus on these goals even beyond 2015.

On the basis of the above-stated principles, we declare the setting-up of a BRICS Trade Union Forum as a means of dialogue and cooperation among our peoples, striving to confer to BRICS a social dimension underpinned by the ILO Decent Work concept.

We suggest to the BRICS member States to include the issue of Social dialogue and of cooperation with Trade unions in the Delhi Action Plan as a new area of cooperation (consistent with Paragraph 17 of the Action Plan).

As a first step in this direction, we proclaim our readiness to participate in the future BRICS Youth Policy Dialogue (paragraph 17 (iii) of the Action Plan).

We declare furthermore our willingness to make a constructive contribution to the discussion of issues touching upon workers' interests in the framework of the preparation and holding of the next BRICS Summit in 2013 in South Africa.

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**Declaration of the  
Second BRICS Trade Union Forum  
25 March 2013, Durban South Africa**

#### Introduction

In the spirit of international solidarity, working class unity and trade union co-operation, the BRICS trade union movement gathered in Durban, South Africa on 23rd-25th March, 2013 to reflect on the critical challenges facing the working class in today's changing global political economy and how it impacts on workers' rights, human dignity and sustainable development for all.

Gathered under the auspices of the BRICS Trade Union Forum, we sought to build on the foundations laid by the Moscow Declaration, which was adopted at the 1st BRICS Trade union Forum in Russia in December 2012. This declaration correctly located the cooperation resulting in the emergence of BRICS in the context of the historic prevailing global power relations which favours the interests of developed countries to the exclusion of the developing countries.

We wish to express our profound solidarity and support to all workers involved in struggles in defence of their rights, dignity, health and safety, against poverty, inequalities, unemployment, environmental degradation and for a world based on peace, justice and gender equality.

We affirm the right of all the peoples of the world to determine their own economic policies free from current imposition by the Bretton Woods institutions. Amongst others, we discussed the global capitalist crisis, which is increasing inequalities and underdevelopment in several parts of the developing world. Given the location of this year's Summit, we paid special attention to the conditions facing the working people of Africa, who suffered colonial dehumanisation and still suffer extreme conditions of exploitation. This is a consequence of the persisting structures of neo-colonial patterns of accumulation, unfair trade and exclusion in global governance systems.

The significance and concrete meaning of BRICS to workers under the current global conditions should be positioned as an alternative model of inclusive development that serves the interests of the majority in society.

In this regard, we emphasise in one voice the need for the effective and full participation of the working class in all institutions of BRICS. Only in that way will BRICS be different from existing multilateral institutions.

We identified and dealt with four thematic areas relating to the fast-paced developments in the BRICS bloc of countries and the importance of workers' views on its meaning to the struggle for social justice and development for all.

1. On BRICS trade patterns and what they mean for working class solidarity today? Towards a just and fair world trade system We note that trade within the BRICS countries is centred mainly on commodities and very little on value-added goods. We believe that trade policies within the BRICS countries should aim at supporting industrialisation. The key objective should be the realisation of mutually beneficial trade amongst BRICS countries and amongst all countries of the world to address the imbalances between the north and the south. In addition, BRICS countries should work with other developing countries towards the transformation of the world trade system.

2. On the development of alternative sources of

Development Finance - Our perspective on the BRICS Development Bank We acknowledge that we are in an era marked by the rise of the financialisation of the economy, which has resulted in the domination of finance capital in many developing countries and the rest of the world.

We cautiously welcome the proposal of a BRICS development bank. We strongly believe that this bank should take a different form from the World Bank and the International Monetary Fund (IMF). It should primarily developmental in character.

We envisage the BRICS development Bank solely owned by BRICS, publicly funded, taking all decisions on consensus, promoting trade based on own currencies of its member countries, with a core focus on infrastructure and development in consultation and approval by all stakeholders, inclusive of the community and trade unions.

BRICS trade unions should be represented on the BRICS bank's highest decision-making body and its various task teams.

3. Building working class power for workers' rights and an end to inequalities, unemployment and poverty for decent work and inclusive development We recognise that without a coordinated approach within the trade unions, workers' interests may not be taken forward.

In defending and advancing workers' rights, we commit to ensuring that all multinational companies comply with core labour standards, and do not exploit unequal conditions between countries, driving down wages and eroding workers' rights by playing workers against one another.

In addition, we recognise the importance of national and global tripartite dialogue structures, and pledge to defend these as a key site for advancing the decent work agenda and ensuring the protection of workers' rights, particularly those of vulnerable and migrant workers.

We will struggle to ensure that the BRICS agenda does not isolate regional and continental counterparts, and will work to advance the interests of the developing world in general.

4. On the position and role of BRICS trade unions in shaping the agenda in the interest of social justice and people-centred development It is our considered view that the emergence of BRICS

presents the potential to organise it into a progressive force around which various struggles can be coordinated. However, we continue to call for a further decisive shift in the current political and economic outlook of BRICS.

In order to enhance our co-operation, we will establish a coordinating mechanism consisting of representatives from all trade union federations based in each of the BRICS countries. The immediate task is to implement this and previous declarations, including preparations for the next Trade Union Forum in Brazil in 2014.

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**Fortaleza Declaration,  
3<sup>rd</sup> BRICS Trade Union Forum  
Fortaleza, Brazil, July 15th 2014**

01 - We, trade union leaders from the Federative Republic of Brazil, the Russian Federation, the Republic of India, the People's Republic of China and the Republic of South Africa, representing the workers of our nations, have met in Fortaleza, Brazil, on July 15th 2014, while the Summit of Heads of State and Government of the BRICS countries also took place. We have organised the III BRICS Trade Union Forum in order to discuss and contribute with the efforts to consolidate this important intergovernmental mechanism.

02 - In this opportunity, building on our previous Declarations, we reaffirm the following key principles and commitments of the BRICS Trade Union Forum: - Work on the basis of the standards and principles of the International Labour Organisation (ILO) to promote Decent Work, boost employment, secure a universal social protection floor and promote the transition from the informal to the formal economy.

- Defend the legitimate rights of the working class within a progressive social dimension; promoting a development agenda that puts industrialisation, environmental justice and human progress for equitable and fair growth models at the centre of our common commitments; - Establish a dialogue and cooperation to promote peace, security, human rights and global sustainable development; - Strengthen the social protection for young people and women.

03 - We recognise that the BRICS countries have played an active role as engines of the global economic growth, while seeking to promote social inclusion domestically. We consider of vital

importance that the BRICS further advance public policies that favor the distribution of wealth; as well as food and energy security for our nations, and enhance joint efforts of BRICS countries in the studies and research on labor market.

04 - The consolidation of the BRICS is a key element in the democratisation of international relations and in the deepening of multipolar political arrangements that have been made in the post-World War II period. We consider the New Development Bank of the BRICS and the Contingency Reserve Agreement (CRA) as fundamental tools for the effective transformation of the current international economic architecture. These new institutions should aim to bring benefits to workers and promote sustainable development.

05 - At the present time we continue in a deep economic crisis that highlights the importance of integrated action among BRICS inside the G20, reaffirming the eThekweni Declaration (2013), as a vital element not only to stop the financial casino, but also to create mechanisms for taxing financial transactions, large fortunes and tax havens. We cannot accept failed austerity policies put in practice in Europe and the U.S. as a solution to the crisis. Revenues would be used to expand investment in the productive sector and infrastructure; in education, science and technology; training and professional qualification, as a way to generate more jobs and better wages.

06 - We appreciate the objectives contained in the BRICS Delhi Declaration (2012) regarding the need for accelerated growth and sustainable development, together with the promotion of food and energy security, poverty eradication, the fight against hunger and malnutrition, as well as measures for job creation needed to improve living standards. The promotion and inclusion of women and youth in the labor market, ensuring the protection of their labor rights, must be at the center of the BRICS employment policies.

07 - The purpose of the economic development will be of little use if it is not well anchored in the environmental development, which presupposes respect for local communities, sustainable use of natural resources and the search for a low carbon, clean energy matrix. By recognising that climate change is one of the greatest challenges and threats to achieve sustainable development, the eThekweni Declaration (2013) points out that the BRICS may also be protagonists in the debates at the United Nations Climate Conference of the

Parts (COPs).

08 - We agree that our representation in the BRICS Trade Union Forum will be broad, pluralistic, democratic and inclusive of working men and women of our nations, coinciding with the principles and objectives of this Summit.

09 - We also aim at identifying common programs and activities that build on each other's strengths and virtues, with research and policy cooperation as a key element of that effort.

10 - Union cooperation constitutes a vital part of extensive people-to-people exchange in the BRICS countries, and we urge the Heads of State and Governments to recognise our Forum –the BRICS Trade Union Forum - as an institutional space within the BRICS official structure. We express therefore our expectation to have the same treatment as the Business Council, having our conference as part of the official program of the future Presidential Summits.

11 - We consider that the BRICS Trade unions should be represented in the various task teams, including the BRICS Development Bank, to ensure that the participatory social dimension of the BRICS is strengthened. We believe that through the formalisation of a labor space it will be possible to formulate propositions and commitments on relevant policy topics of the intergovernmental action plan, working in line with the Sanya Declaration (2011) regarding the dialogue around social protection and decent work.

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**Ufa Declaration of the IVth Trade Union Forum of  
BRICS Countries  
Adopted July 9, 2015 in Ufa, Russian Federation**

1. We, trade union centres of Brazil, Russia, India, China and South Africa, uniting hundreds of millions of workers, are convinced that it is of paramount importance for developed economies to implement responsible macroeconomic and financial policies and to undertake structural reforms that create decent jobs and sources of income for the working people of the world.

2. Rapidly progressing neoliberal globalisation leads to the destruction of jobs and of the Earth's ecosystem. In 2014, one% of the planet's population owned 48% of the entire world's wealth; by 2016, this "golden One%" will own

more than half thereof. A huge number of workers have no job security and are facing the highest level of inequality within the memory of living generations. Over the past two years, half of all working families have experienced either unemployment or underemployment, and 1.2 billion people live in abject poverty. According to an ILO report, in 2014 there were 207 million unemployed with a forecast of reaching 220 million. This economic model further deepens inequality, weakens democracy and undermines justice for all.

3. We cannot accept that austerity measures, which have failed in Europe and in the United States, are “a way out of the crisis”. Revenues should be used to increase investment in real productive sector, infrastructure projects, health, education, science and technology, research and development, vocational training and skills upgrading: investments should be used to create decent jobs and higher wages. Long-standing, chronic and deepening inequalities are by no means the result of natural laws of economics. They are a production of the policies applied, and they can be overcome if these policies are changed in the interests of the overwhelming majority of citizens.

4. Fundamental rights of trade union representation and collective bargaining are under threat in some states, and subject to direct attacks in others. In a number of countries employers are trying to undermine the right to strike, thus putting in jeopardy this fundamental workers’ achievement that is recognised by the ILO.

5. Trade unions are an effective force in defending democracy and in the fight for justice and ecologically sustainable future. Trade unions of BRICS countries are ready to take their rightful place in this fight and, first and foremost, in the field of decent jobs creation, occupational safety and health, protection of workers’ interests – including those of women and youth – in order to achieve social justice and sustainable development.

6. Strengthening of BRICS plays a key role in promoting democratic international relations without violation of sovereignty and the right of peoples to self-determination, in improving a multipolar world political architecture without dictate and discriminatory economic sanctions. Workers of our countries see in BRICS a more equitable model of global relations, which should be built beyond and above traditional East-West

and North-South watersheds.

7. BRICS is an emerging structure of the new global management. Its flexible mandate allows the most dynamic economies of the world to consider a much broader range of issues than, for example, in the UN Security Council, and to find answers to many economic and environmental challenges. Decisions adopted by BRICS have a multiplier effect because the key States which have joined it are in a position to translate solutions from BRICS into deliberations of other leading international agencies.

8. BRICS countries are brought closer together by their consistent joint efforts in favour of reforming the international monetary and financial system. All BRICS countries are interested in economic growth underpinned by the development of modern technology and human capacity building. This can become a real and common driver of future growth that is supported by the active participation of millions of workers, who are interested in a fair distribution of income and wealth.

9. Civil society structures – and trade unions as their broadest representatives – are to exert a constructive pressure upon leaders of their States, public authorities and employers in order to encourage them to establish effective mechanisms for a more stable economic and financial world order. We are all interested in an accelerated modernisation of our economies and of our societies at large.

10. When we speak of a free and prosperous State, we imply complex concepts that closely intertwine economic, political and social components. The same approach can be applied to the group of countries whose individual historical peculiarities brought them all to the sovereign decision to join BRICS, one of the largest economic and political entities that modern history has ever known.

11. Sustainable development, social justice and human rights provide BRICS Member States – and other countries which could join them at a later stage – with a solid foundation for a systemic advancement on the path of progress for all citizens of that association and of mankind as a whole.

12. For the formation of sovereign independence from the bankrupt Bretton Woods system, the BRICS countries can fully exploit reserves of the New Development Bank and the Contingency

Reserve Arrangement, whose overall capacity (200 billion dollars) is equal to that of the IMF. Trade unions do support these efforts and recommend that BRICS Governments establish their own Rating agency and a Stock exchange. This would create efficient leverage to influence world economy.

13. We expect that BRICS Governments will pursue more vigorously the reforming of the IMF and of the World Bank. The time has come to establish real control over large-sized MNCs operating on our territories and to subordinate their activities to development objectives. Trade unions have a role to play in this process. For this aim, we have a tripartite ILO Declaration of principles concerning MNCs and social policy.

14. The past year 2014 has seen further development of the Third industrial revolution. Rapid technological changes currently make it possible to reach new levels in automation, robotics, nanotechnology, new materials, energy consumption standards and organisation of production processes. It is certain, therefore, that this will boost production changes, concentration and centralisation of capital, competition in the sphere of monopolies and oligopolies, inevitably affecting employment and workers' incomes everywhere.

15. Against this backdrop, we witness active development of flexible forms of employment and production organisation, fundamentally new forms of interstate partnerships. It is important therefore that the BRICS countries "take a head start" in this process and focus the efforts of the peoples and States on technological breakthroughs, on issues of creation and transformation in the interests of all strata of society in our countries.

16. The Third industrial revolution should be matched by adequate socio-economic relations. That is why trade union centres of BRICS countries, grouped in the Trade Union Forum, strongly advocate for their appropriate place within BRICS structures, on an equal footing with employers' organisations. The model of interaction in the social triangle "trade unions/business community/government structure" that has long proved its effectiveness at the national level in each BRICS country, must find its logical extension into BRICS institutions as well. For nearly 100 years, such an "integrated model" has been working effectively on a global scale within the ILO – a leading organisation of the UN system: this model is called tripartism. Any political and economic decisions of States and of their

associations have direct implications for the world of work, and its legal representatives should participate in preparation and prior discussion of such decisions. The ILO insists on this approach through its Decent Work paradigm, based on a set of labour standards and supervisory mechanisms: the workers' representatives of BRICS countries do insist on that.

17. The IVth BRICS Trade Union Forum is taking place in the Russian Federation in the year of the 70th anniversary of victory over fascism and the end of the Second World War.

The time elapsed since those events will not erase from our memory the grief and pain suffered by the peoples subjected to military aggression. We call on the Governments of BRICS countries to do their utmost to reduce political tension in the world, to ensure global security and stability, cessation of hostilities wherever they occur, to contribute to an active and unconditional application of the rules of international law for the settlement of regional and local conflicts.

18. We are all at the strategic crossroads of civilisation, and we must be worthy of the historical responsibility that is bestowed upon us.

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#### **BRICS Trade Union Forum Joint Communiqué New Delhi, 26<sup>th</sup> -27<sup>th</sup> September, 2016**

Venue: India Habitat Centre, Lodhi Road, New Delhi, India

BRICS Trade Union Meeting held on September 26 – 27, 2016 at New Delhi, India along with the BRICS (Brazil, Russia, India, China, South Africa) Labour & Employment Ministers' meeting and BRICS Employment Working Group meeting unanimously makes the following statement:

1. We congratulate all Government representatives in BRICS Employment Working Group which held its meeting at Hyderabad on July 27-28, 2016 for taking decision to formally invite the Trade Union Delegates in the official meeting of the BRICS Labour & Employment Ministers. This is recognition of the demand in our 2015 declaration that "Tripartism must find its logical extension into BRICS institutions as well" and to have the same treatment as that of the Business Council.

2. BRICS Trade Union Forum represents nearly half of the working population of the world. Engaging of social partners in official BRICS meetings will strengthen the tripartite spirit and social dialogue advocated by ILO. We hope this is going to be a precedent in the future for all the ensuing BRICS meetings as well as in the G20 Labour and Employment Ministerial Meetings.
3. We reiterate the importance of promoting agriculture and agro based industry in the BRICS economies. A large number of agro-industrial MNCs that violate workers' rights in these areas that are weakly unionised. The traditional production and processing of agricultural products, food security aspect of development, jobs creation and eradication of poverty and income disparity, technological up gradation of agriculture activity and agro based industry, agriculture based developments like infrastructure, converting agriculture and related sector into one of the main occupations, attracting youth towards this sector through labour intensive trade policies, subsidies etc., better wage system, continuity of work (mostly in case of seasonal farming), labour mobility for agricultural activities etc. are some of the measures to be undertaken amongst BRICS economies.
4. We reiterate the importance in the most modern era of information technology which is an advanced area of the new technological revolution. The concerns of IT employees who work without sufficient labour protection or working conditions are to be addressed with adequate legal frameworks. We endorse the concerns raised in the meeting of the BRICS Ministers of Communication and Information Technology in Moscow 2015, where they discussed the de-monopolisation of the world market of software and IT-equipment, internet infrastructure management, and adoption of a communiqué on expanding cooperation in the field of communication.
5. We look with great expectations at the 2030 agenda for sustainable development set by the UN. ILO has incorporated decent work at the heart of it. We demand the BRICS Governments to vigorously implement them with the active participation of national trade unions so as to generate more employment, eradicate the wage gap in the existing jobs, and rectify all decent work deficits. We also demand the Governments to constitute permanent tripartite body to monitor the decent work agenda in the 2030 sustainable development program.
6. Since BRICS countries represent nearly half of the global population, we strongly request the BRICS Governments to evolve an alternative developmental model which will be more people centric. Benefits of growth, trade and commerce should not be confined to a privileged section of the society, but it should be inclusive directed to reach the last person in the country. We strongly feel that the paradigm represented by the forces of globalisation could not yield results in this direction.
7. A large working population of the BRICS countries belongs to the informal sector characterised by decent work deficits. We urge the National Governments to vigorously implement the proposals in the Recommendation No.204 of ILO on formalising informal sector, with active technical assistance of ILO. Global supply chains are identified as a major area which requires decent working conditions and formalisation.
8. We endorse the green concerns that the world shares including that of climate change and reiterate ensuring environmental protection through various measures including sustainable use of natural resources.
9. We must give support to the deserving people outside BRICS who are suffering extreme conditions of exploitation.
10. We welcome ILO Director General Mr. Guy Ryder who is attending the Labour Ministerial meeting. We also welcome the active association of ILO officials in the BRICS Trade Union Forum meeting.
11. We endorse fully the ILO paradigm that equally weighs labour welfare as well as sustainability of enterprise. This is brought into practice through its standard setting and supervisory mechanisms as well as International Labour Standards. We demand the Government in the BRICS countries to fill the entire lacuna in actively



- implementing labour standards and vigorously ratify those ILO Conventions which are yet to be ratified by the respective countries.
12. We demand that the BRICS governments respect the ILO Labour Standards and Recommendations as important part of all Trade and Services Agreements and take special measures to promote decent work in global supply chains.
  13. We reaffirm the issues raised and policy statements made in the declarations of the previous meetings of the BRICS Trade Union Forum held for the last four consecutive years.
  14. We appreciate the agenda of the meeting of the Labour and Employment Ministers and their good efforts. We demand them to make decent work an active ingredient in employment generation especially targeting women, youth, marginalised and other disadvantaged groups. Jobs generated should be quality decent jobs. Hence bridging decent work deficit needs to be a priority in any activity in the world of work. At the same time we demand to maintain and improve social security and social protection systems as a priority of BRICS Governments.
  15. We urge the Labour and Employment Ministers to seriously pursue all the above
- issues in the broader interest of the world of work. We also need to deliberate on creating tripartite structure and departments for continuous social dialogue so that BRICS trade unions can seriously contribute to the betterment of our economies and the working population in cooperation with other organisations and establishments that share similar concerns.
16. We welcome the establishment of the BRICS Working Group on Employment and believe that the development and strengthening of social dialogue within BRICS should be one of the pillars of its activity.
  17. We consider formal recognition of BRICS Trade Union Forum on an equal basis with BRICS Business Council as one of our priority objectives. This format of cooperation has proven to be functional and effective within the G20, where the Labour and Business 20s have successfully engaged in a constructive manner over past several years. We believe that such equal partnership is viable within BRICS and serves our common interests.
  18. We wish the Labour and Employment Ministers' Meeting fruitful deliberations and assure you of our readiness for an active participation in the Working Group on Employment.

## Appendix 3: Winners and Losers from IMF Vote Restructuring, 2015

### Countries that **Benefit** from the 2010 Reform

	Presingapore	As March 2, 2011	Post 2008 Reform	post 2010 reform	Change 2008 vs 2010
China * (vi)	2.928	3.651	3.806	6.071	37%
Turkey *	0.453	0.547	0.607	0.953	36%
Luxembourg *	0.139	0.137	0.195	0.291	33%
Syrian Arab Republic *	0.148	0.143	0.167	0.249	33%
United Arab Emirates *	0.292	0.286	0.328	0.488	33%
Singapore *	0.406	0.399	0.588	0.801	27%
Ireland *	0.395	0.388	0.528	0.713	26%
Kazakhstan *	0.179	0.176	0.199	0.259	23%
Colombia	0.366	0.359	0.338	0.435	23%
Brazil *	1.402	1.377	1.714	2.218	23%
Korea, Republic of *	0.76	1.328	1.364	1.731	21%
Angola	0.143	0.14	0.143	0.178	19%
Mexico *	1.196	1.43	1.467	1.796	18%
Iceland	0.065	0.064	0.078	0.093	18%
Equatorial Guinea *	0.026	0.026	0.05	0.061	18%
Vietnam *	0.162	0.159	0.212	0.258	18%
Poland *	0.638	0.627	0.699	0.841	17%
Spain *	1.408	1.383	1.624	1.919	15%
Iran, Islamic Republic of	0.697	0.685	0.623	0.736	15%
Qatar *	0.132	0.13	0.149	0.175	15%
Estonia *	0.041	0.041	0.067	0.078	14%
Azerbaijan	0.085	0.084	0.093	0.107	13%
Lebanon *	0.104	0.103	0.135	0.155	13%
Lithuania *	0.077	0.076	0.102	0.117	13%
Slovak Republic *	0.175	0.172	0.199	0.228	13%
Turkmenistan *	0.046	0.045	0.068	0.077	12%
India *	1.916	1.862	2.337	2.629	11%
Oman *	0.1	0.099	0.123	0.137	10%
Indonesia	0.964	0.947	0.854	0.951	10%
Thailand *	0.507	0.498	0.6	0.666	10%
Latvia *	0.07	0.068	0.088	0.095	9%
Greece *	0.388	0.381	0.466	0.511	9%
Bahrain *	0.073	0.072	0.099	0.108	8%
Ethiopia	0.073	0.071	0.082	0.089	8%
Russian Federation	2.734	2.686	2.386	2.587	8%

**Countries that are Adversely Affected by the New Reform**

	Presingapore	As March 2, 2011	Post 2008 Reform	post 2010 reform	Change 2008 vs 2010
Tuvalu	--	0.0121	0.0301	0.0299	-1%
Costa Rica *	0.087	0.085	0.104	0.103	-1%
Croatia	0.179	0.175	0.174	0.172	-1%
Marshall Islands	0.0131	0.0128	0.0308	0.0304	-1%
Palau *	0.0129	0.0126	0.0308	0.0304	-1%
Japan *	6.108	6	6.225	6.138	-1%
United States *	17.023	16.723	16.727	16.479	-2%
Congo, Republic of	0.05	0.049	0.063	0.062	-2%
Pakistan	0.485	0.476	0.439	0.432	-2%
Micronesia, Federated States of	0.0138	0.0135	0.0314	0.0308	-2%
Cyprus *	0.075	0.074	0.092	0.09	-2%
Honduras	0.071	0.07	0.081	0.079	-3%
St. Lucia	0.018	0.018	0.035	0.034	-3%
Grenada	0.017	0.017	0.034	0.033	-3%
Samoa	0.017	0.016	0.034	0.033	-3%
St. Kitts and Nevis	0.0155	0.0153	0.0329	0.0319	-3%
St. Vincent and the Grenadines	0.0152	0.015	0.0327	0.0317	-3%
Dominica	0.0152	0.0149	0.0327	0.0317	-3%
Tunisia	0.143	0.14	0.143	0.137	-4%
Finland	0.59	0.58	0.53	0.507	-5%
Italy *	3.242	3.185	3.154	3.018	-5%
Belize	0.02	0.02	0.037	0.035	-6%
Vanuatu	0.019	0.019	0.036	0.034	-6%
Antigua and Barbuda	0.018	0.017	0.035	0.033	-6%
France	4.929	4.842	4.286	4.024	-7%
United Kingdom	4.929	4.842	4.286	4.024	-7%
Hungary	0.487	0.478	0.441	0.414	-7%
Panama	0.106	0.104	0.111	0.104	-7%
Austria *	0.868	0.854	0.867	0.808	-7%
Sweden	1.108	1.089	0.979	0.907	-8%
Germany *	5.968	5.863	5.803	5.308	-9%
Denmark *	0.764	0.75	0.779	0.711	-10%
Israel *	0.437	0.429	0.45	0.41	-10%
Malta	0.058	0.057	0.07	0.063	-11%
Swaziland	0.035	0.034	0.05	0.045	-11%
Belarus	0.188	0.185	0.183	0.164	-12%
El Salvador	0.09	0.088	0.097	0.088	-13%
Romania	0.483	0.475	0.438	0.388	-13%
Mongolia	0.035	0.034	0.05	0.044	-14%
Kosovo	--	0.038	0.053	0.046	-15%
Canada	2.928	2.876	2.554	2.214	-15%
Fiji	0.044	0.043	0.057	0.049	-16%
Barbados	0.042	0.042	0.056	0.048	-17%
Bosnia and Herzegovina	0.089	0.087	0.086	0.082	-17%
Netherlands	2.375	2.334	2.076	1.761	-18%
Switzerland	1.595	1.567	1.4	1.173	-19%
Suriname	0.054	0.053	0.066	0.055	-20%
Armenia	0.054	0.053	0.066	0.055	-20%
Mauritius	0.058	0.057	0.07	0.058	-21%
South Africa	0.867	0.852	0.77	0.634	-21%
Moldova	0.088	0.087	0.078	0.064	-22%
Cameroon	0.096	0.095	0.103	0.084	-23%
Bahamas, The	0.071	0.07	0.081	0.066	-23%
Georgia	0.08	0.079	0.089	0.071	-25%
Namibia	0.074	0.073	0.084	0.067	-25%
Bolivia	0.09	0.088	0.097	0.077	-26%
Algeria	0.586	0.576	0.527	0.418	-26%
Gabon	0.082	0.081	0.091	0.072	-26%
Morocco	0.281	0.276	0.263	0.207	-27%
Brunei Darussalam	0.11	0.108	0.115	0.089	-29%
Jamaica	0.137	0.134	0.138	0.105	-31%
Argentina	0.981	0.964	0.869	0.661	-31%
Trinidad and Tobago	0.165	0.162	0.162	0.123	-32%
Uruguay	0.152	0.149	0.151	0.114	-32%
Ukraine	0.64	0.628	0.573	0.428	-34%
Sri Lanka	0.201	0.197	0.193	0.144	-34%
Serbia	0.226	0.222	0.215	0.158	-35%
Bulgaria	0.305	0.299	0.283	0.207	-37%
New Zealand	0.421	0.414	0.384	0.278	-38%
Saudi Arabia	3.21	3.154	2.799	2.01	-39%
Libya	0.526	0.517	0.475	0.341	-39%
Iraq	0.556	0.546	0.501	0.359	-40%
Kuwait	0.644	0.633	0.577	0.413	-40%
Nigeria	0.814	0.8	0.724	0.518	-40%
Venezuela, R.B. de	1.229	1.207	1.084	0.787	-41%
Belgium	2.12	2.083	1.855	1.3	-43%

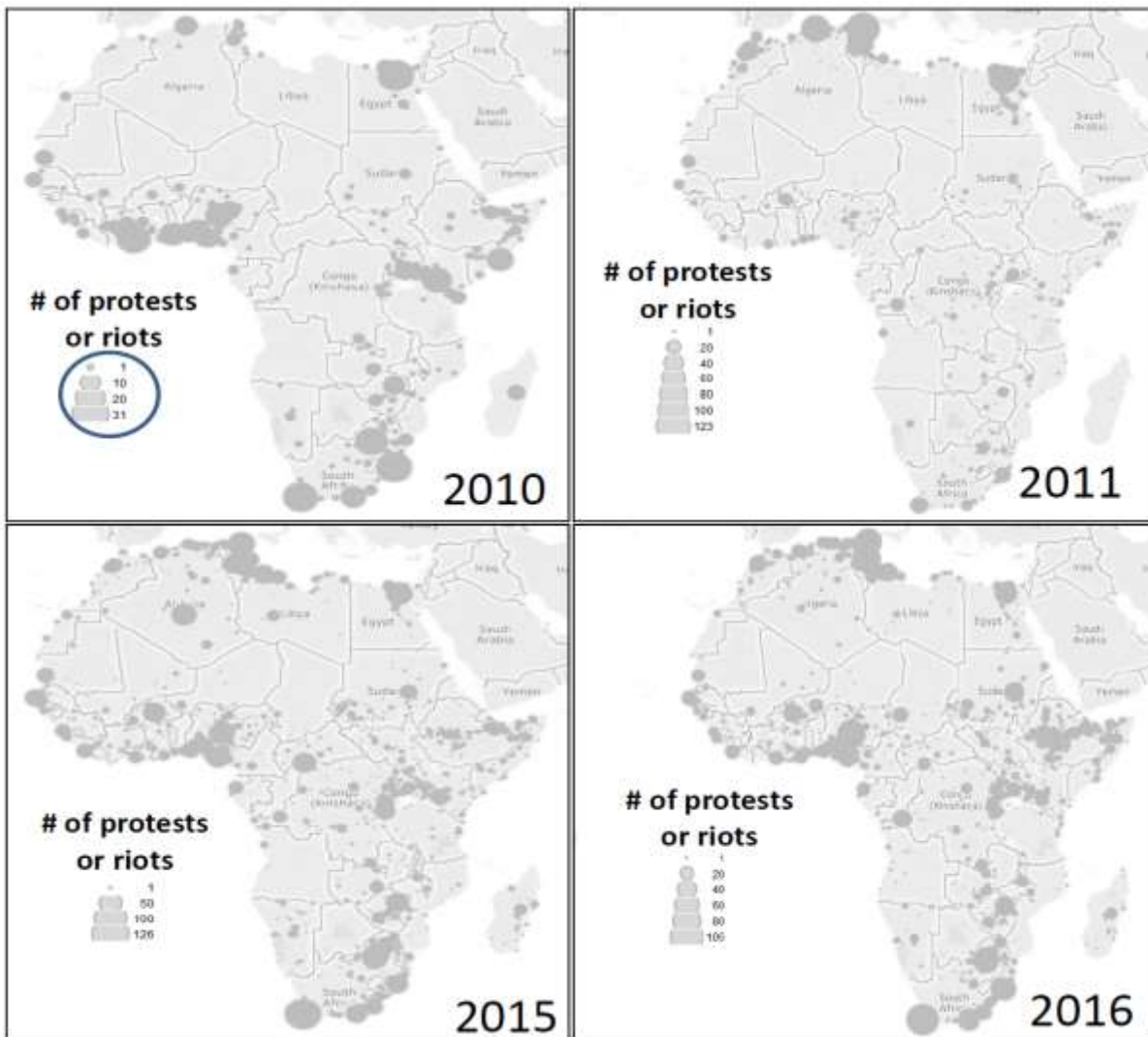
## Appendix 4: Labour and social protest in the BRICS and Africa

Labour militancy of national working classes, measured by reputation among corporations

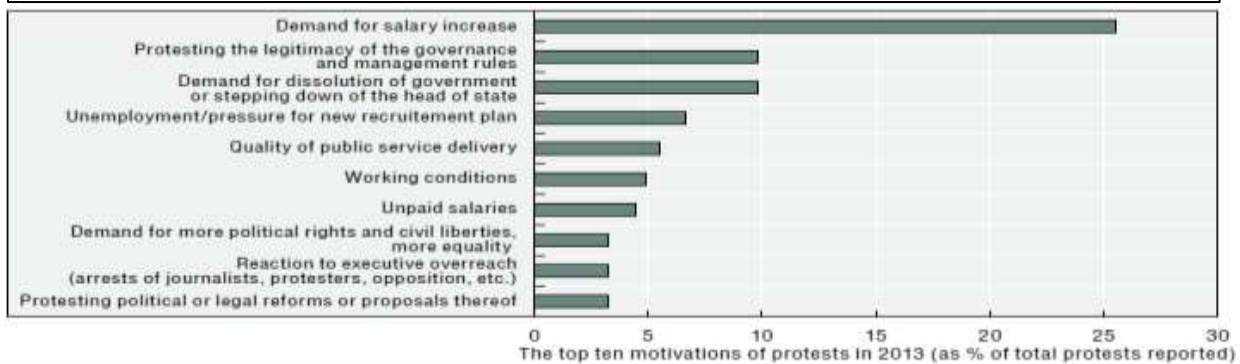
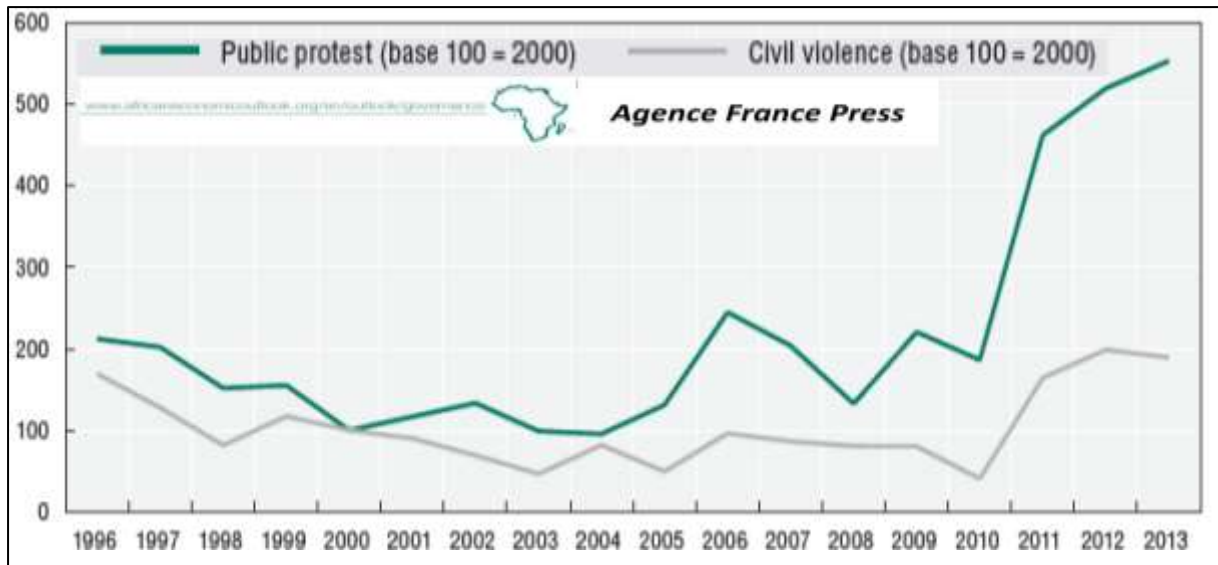
In your country, how do you characterize labor-employer relations? [1 = generally confrontational; 7 = generally cooperative]		
<b>Rank</b>	<b>Country</b>	<b>Score</b>
1	Norway	6.2
2	Switzerland	6.2
3	Singapore	6.2
4	Denmark	6.1
5	Sweden	6.1
6	Netherlands	5.9
7	Japan	5.8
8	Austria	5.7
9	New Zealand	5.7
10	United Arab Emirates	5.7
11	Luxembourg	5.6
12	Iceland	5.6
13	Qatar	5.5
14	Hong Kong SAR	5.5
15	United Kingdom	5.4
16	Taiwan, China	5.4
17	Malaysia	5.3
18	Rwanda	5.3
19	Ireland	5.3
20	Canada	5.2
21	Bahrain	5.2
22	Finland	5.2
23	Estonia	5.2
24	Costa Rica	5.2
25	Germany	5.1
26	Bhutan	5.1
27	Philippines	5.1
28	Guatemala	5.1
29	Albania	5.1
30	United States	5.0
31	Israel	5.0
32	Malta	4.9
33	Saudi Arabia	4.9
34	Latvia	4.8
35	Mauritius	4.8
36	Thailand	4.8
37	Belgium	4.8
38	Honduras	4.8
39	Armenia	4.7
40	Panama	4.7
41	Jordan	4.7
42	Brunei Darussalam	4.7
43	Tajikistan	4.7
44	Czech Republic	4.7
45	Indonesia	4.7
46	Lao PDR	4.6
47	China	4.6
48	Colombia	4.6
49	Uganda	4.6
50	Azerbaijan	4.6
51	Portugal	4.6
52	Mexico	4.6
53	Sri Lanka	4.6
54	Australia	4.6
55	Oman	4.5
56	Kuwait	4.5
57	Chile	4.5
58	Côte d'Ivoire	4.5
59	Ghana	4.5
60	Kazakhstan	4.5
61	Lithuania	4.5
62	Namibia	4.4
63	Mauritania	4.4
64	Ecuador	4.4
65	Cyprus	4.4
66	Gambia, The	4.4
67	India	4.4
68	Mongolia	4.4
69	Botswana	4.4
70	Cambodia	4.4
71	Nicaragua	4.4
72	Dominican Republic	4.4
73	Zambia	4.3
74	Slovenia	4.3
75	Peru	4.3
76	Barbados	4.3
77	Senegal	4.3
78	Paraguay	4.3
79	Vietnam	4.3
80	Spain	4.3
81	Macedonia, FYR	4.3
82	Hungary	4.3
83	Jamaica	4.3
84	Mali	4.2
85	Lebanon	4.2
86	Nigeria	4.2
87	Slovak Republic	4.2
88	Congo, Democratic Rep.	4.2
89	Georgia	4.2
90	Ukraine	4.2
91	Bangladesh	4.2
92	Bulgaria	4.2
93	Poland	4.2
94	Madagascar	4.2
95	Kenya	4.2
96	Egypt	4.1
97	Moldova	4.1
98	Gabon	4.1
99	Kyrgyz Republic	4.1
100	Cameroon	4.1
101	Benin	4.1
102	Malawi	4.1
103	Russian Federation	4.1
104	Sierra Leone	4.1
105	Greece	4.0
106	Romania	4.0
107	Cape Verde	4.0
108	Zimbabwe	4.0
109	El Salvador	4.0
110	France	3.9
111	Italy	3.9
112	Montenegro	3.9
113	Yemen	3.9
114	Burundi	3.8
115	Algeria	3.8
116	Tanzania	3.8
117	Ethiopia	3.8
118	Brazil	3.8
119	Turkey	3.8
120	Lesotho	3.7
121	Argentina	3.7
122	Morocco	3.7
123	Mozambique	3.7
124	Iran, Islamic Rep.	3.7
125	Bosnia and Herzegovina	3.7
126	Serbia	3.7
127	Liberia	3.7
128	Tunisia	3.6
129	Venezuela	3.6
130	Chad	3.5
131	Nepal	3.5
132	Croatia	3.5
133	Bolivia	3.5
134	Pakistan	3.4
135	Korea, Rep.	3.4
136	Uruguay	3.4
137	Trinidad and Tobago	3.2
138	South Africa	2.5

Source: World Economic Forum *Global Competitiveness Report 2016-17*

**African protests rise dramatically starting in 2011, led by labour**

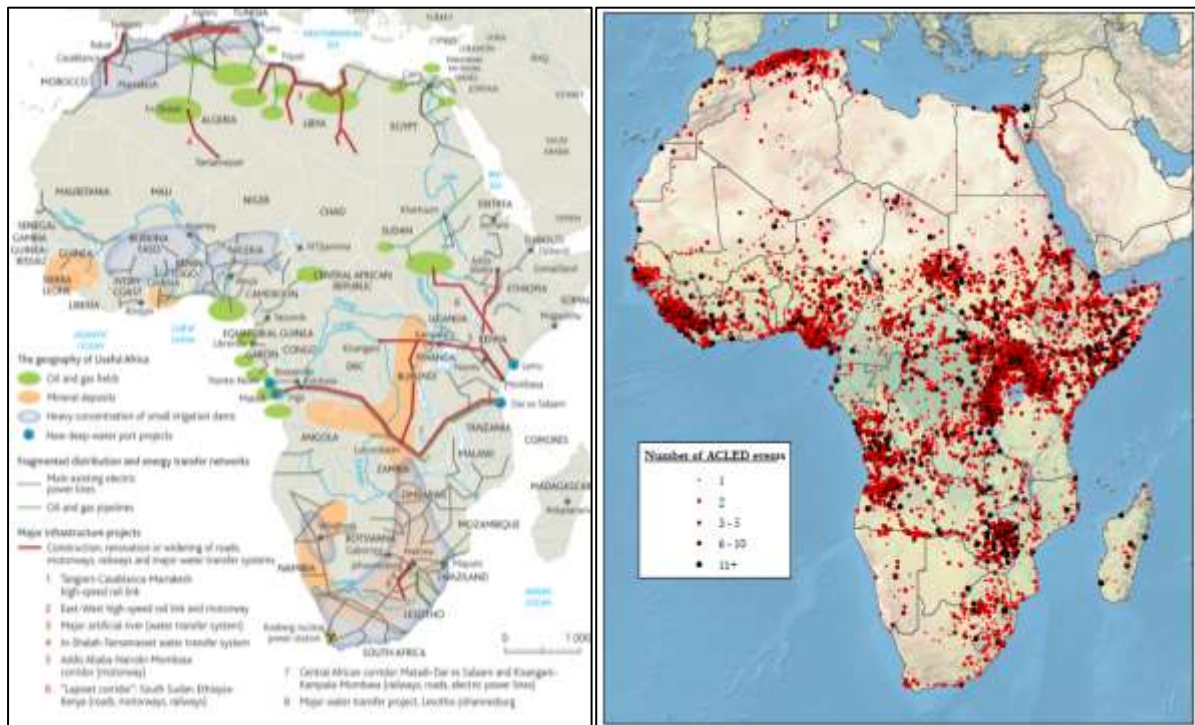


Source: Sussex University Armed Conflict Location and Event Data (ACLED) Project



Source: African Development Bank *African Economic Outlook*

### Africa's resources and conflicts



Sources: *Le Monde Diplomatique*, Armed Conflict Location and Event Data

## APPENDIX 5: Analysis by the BRICS People's Forum, Goa 2016

The 8<sup>th</sup> BRICS (Brazil, Russia, India, China and South Africa) Summit will be held in Goa, India from 15-16 October 2016. Set up in 2009, in the aftermath of the 2008 global financial crisis, with four countries and then expanded to South Africa in 2010, the emergence of the BRICS was seen in many circles as a concrete step towards constructing a multi-polar world. This was soon underlined with the setting up of the BRICS New Development Bank (NDB), the China-led Asia Infrastructure Investment Bank (AIIB) and the Contingent Reserve Arrangement (CRA) that were supposedly direct challenges to the hegemony of western dominated institutions such as the World Bank, Asian Development Bank (ADB) and International Monetary Fund (IMF).

However it was soon evident that these new initiatives, while allegedly eroding the dominance of the Bretton Woods Institutions, would in reality work in a complementary and collaborative fashion with the latter. For example, during a balance of payment crisis, the CRA forces a borrowing country to go to the IMF for a neoliberal structural adjustment programme after getting just 30% of its quota in CRA loans. BRICS' Transnational corporations (TNCs) that extract valuable resources from the world's poorest regions are reported to be just as brutal in accumulating capital as northern TNCs. The BRICS' record at the World Trade Organisation (WTO), Free Trade Agreements (FTAs) and at the United Nations Climate negotiations has also been one of strategic accommodation with the global north.

Given this continued adherence to a largely neo-liberal development model and an export-led growth trajectory based

on cheap labour, rising inequality, financial speculation and multinational corporate exploitation, with little consideration for social and ecological costs, the expectation that the BRICS would usher in a shift in the world economy was soon debunked. Nevertheless, the BRICS have, on occasion, taken progressive positions on geo-politics; in opposing unilateral military intervention in Syria (prior to the Russian intervention in 2015) and calling for a just solution to the question of Palestine. Russia and China have played a key role in containing NATO, albeit due to expansionary geopolitical tendencies of their own. India and Brazil kept alive hopes for inexpensive life-saving medicine by rejecting Intellectual Property monopoly, helping South African AIDS-treatment activists beat their own government ten years ago, leading to a 10-year improvement in life expectancy. At best, the BRICS is a contradictory forum posing immense challenges with some opportunities for critical engagement.

The 2016 BRICS India Summit is being hosted by the NDA Government in the midst of multiple global and national crises. The world continues to struggle with the impacts of the 2008 global economic crisis and conflicts in West Asia and the Arab world show no signs of resolution. Despite the unravelling of 25 years of neo-liberal policies in India, the NDA Government continues to push privatisation of essential services, promote large scale infrastructure projects such as mega industrial corridors, nuclear parks and mega-ports and de-regulate labour, land and environmental laws in the interests of capital. Any resistance against this by students, labour unions, academics, writers and peoples

movements is often crushed by the Government, by labelling them as 'anti-national'. In May 2016, **Brazil's** democratically elected President Dilma Rousseff was ousted through a constitutional coup, with no objection from her BRICS allies. The rightwing interim President Michel Temer is now actively pushing for the potential privatisation of state companies, such as Petrobras, electricity utilities, ports and airports. We unequivocally condemn the coup and stand with Brazilian groups that are challenging the ouster of President Dilma. In **South Africa**, the adoption of neo-liberal policies by the ANC Government has led to tens of thousands of protests by labour unions and community groups. South Africa has one of the highest unemployment rates in the world (close to 40%), and an employment-income inequality Gini coefficient of 0.77, the world's highest. While **Russia** occasionally adopts stances against Western imperialist projects such as NATO, President Putin has pushed an authoritarian capitalist model that has seen rising inequality, declining real wages of the working class and a consequent deterioration of living standards. Much has been written about **China's** extraordinary success as a global power and its supposed challenge to western hegemony, but evidence is also mounting on how the growth of Chinese capitalism is resulting in dispossession and pauperisation of the disempowered and destruction of the environment, while facilitating immense wealth accumulation by the elite.

It is critical that we situate the 2016 BRICS summit within this global, regional and national context. The idea behind the People's Assembly is to provide a space for progressive trade unions, social movements, academia and civil society

from various BRICS countries to share analysis, struggle notes and build solidarity in the resistance against neo-liberalism and corporate globalisation. It will also be a space to put forward and discuss alternatives for a just and equitable world that are emerging out of people's struggles.

Broad themes proposed for discussion at the Forum include:

**Imperialism, Peace & Security | Finance, Investment & Trade | Corporate Power | Food & Agriculture | Natural Resource Governance | Industry, Economy & Labour | Knowledge, Science & Technology | Public Services & Privatisation | Civil and Human Rights | Climate, Energy & Infrastructure | Race, Caste & Ethnicity | Alternatives |**

The People's Forum will be held in Goa, on the western coast of India. Goa has been an active site of struggle against neo-liberalism with vibrant movements for labour rights, women's empowerment and environmental justice. Groups from Goa, alongwith other Indian organisations will jointly host the event which will include plenaries, self-organised workshops, cultural events and films.

We invite all likeminded groups from across India and BRICS countries to come, join us in Goa. We look forward to welcoming you in October.

#### **ENDORSED BY**

Adivasi Moolvasi Astitva Raksha Manch | All India Trade Union Congress (AITUC)-Goa | All India Union of Forest Working People (AIUFWP) | All India People's Science Network (AIPSN) | All India Secular Forum | All India Forum of Forest Movements (AIFFM) | Bailancho Ekvott –



Goa | Bailancho Saad –Goa | Beyond Copenhagen Collective | Centre for Finance Accountability (CFA) | Citizen's Forum for Mangalore Development | Citizens for Peace and Justice | Centre of Indian Trade Unions-Goa | Centre for Responsible Tourism – Goa | Council for Social Justice and Peace-Goa | Centre of Science and Technology For Rural Development (COSTFORD) | Darshan Organisation | Delhi Forum | Delhi Science Forum (DSF) | Delhi Solidarity Group (DSG) | Domestic Workers Union | Dynamic Action| FIAN India | Focus on the Global South | Forum Against Disastrous Projects in Konkan | Forum Against FTAs | Garment Labour Union | Gomantak Mazdoor Sangh | Green Brigade –Goa| Human Rights Law Network –Goa | Goa Bank Employees' Association | Goa Domestic Workers' Movement | Goenchea Ramponkaranchi Ekvott (GRE)-Goa | India Climate Justice Collective | Indian Christian Women's Movement (ICWM) | Indian Social Action Forum (INSAF) | Intercultural Resources | India Palestine People's Forum | Jan Jagran Shakti Sangathan | Jan Sangharsh Vahini | Joshi Adhikari Institute of Social Studies | Jharkhand Mines Area Co-ordination Committee (JMACC) | Kisaan Sangharsh Samiti | Khudai Khidmatgar | Kosi Navnirman Manch | Lok Shakti Abhiyan | Manabdhikar Suraksha Mancha (MASUM) | Matu Jan sangathan | Nadi Ghati Morcha | Nagpur Municipal Employees Union | National Alliance of People's Movements (NAPM) | Narmada Bachao Andolan | National Fishworkers Forum (NFF) | National Hawkers Federation | New Trade Union Initiative (NTUI) | Niyamgiri Suraksha Samiti | Partners in Justice Concerns | Paryavaran Suraksh Samiti | Peoples Media Advocacy & Resource Centre (PMARC) | People's Movements Against Nuclear Energy | Posco Pratirodh Sangharsh Samiti |

Programme Against Custodial Torture & Impunity (PACTI) | Peoples Front against IFIs | People Tree | Programme on Women's Economic, Social and Cultural Rights (PWESCR) | Public Finance Public Accountability Collective (PFPAAC) | Rashtra Cheneta Jana Samakhya (RCJS) | Sahas-Goa | Social Justice Action Committee- Goa | Solidarity for Sustainable North East | South Solidarity Initiative | South Asia Dialogues for Ecological Democracy (SADED)| Toxics Watch Alliance (TWA) | Unorganised Sector Workers Federation | Video Volunteers | Vasudhaiva Kutumbakam | Vasudha Foundation | VIBGYOR | Yuvasamiti –Kerala Shastra Sahitya Parishad (KSSP) |

## **INTERNATIONAL ENDORSEMENTS**

ANGIKAR Bangladesh Foundation | Asia Pacific Movement on Debt and Development (APMDD) | Campaign for Climate Justice, Nepal | International Network of Catholic Social Justice Organisations (CIDSE) | Globalisation Monitor, China | Institute for Globalisation Studies and Social Movements (IGSO) | Instituto de Estudos Socioeconomic (INSEC) | NGO Forum on ADB | Brazilian Network for People's Integration (REBRIP) | South Asia Alliance for Poverty Eradication (SAAPE) | Transnational Institute | Third World Forum-Senegal |

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**Issued by: National Organising Committee of the People's Forum on BRICS**