BRICS AND THE GLOBAL GOVERNANCE

Renato G. Flôres Jr.
TECHNICAL SESSION 9: BRICS AND THE GLOBAL GOVERNANCE

Note by Professor Renato G. Flôres Jr.¹

(preliminary; March 10, 2014)

In times of a slow but systematic decline of the US world supremacy, giving way to tensions of all sorts-on the rule of the seas, monetary instability, uncertainty over other possible poles or centres of political gravity-, local rearrangements and attempts try to ascertain regional rights and identities but find an ever increasing lack of governance. Also at the local, and intra-national levels, diffuse and diversified social demands-with or without political representativeness-heighten tensions in many countries.

The US still has a considerable innovation capacity and holds the largest and most powerful (military) destructive potential in the world—transition of power will be neither easy nor very smooth-, but is being progressively undermined by budgetary incontinence and mismanagement, and cumulative lack of funds to answer the domestic needs and those of both the Pax Americana and the Americanische Innovationsführung.

The European Union (EU) needs natural resources and energy from abroad, to be paid with high technology goods and services, but funds for covering the innovation costs are becoming scarcer. European goods are becoming “over-branded”, some close to saturation, and chances are that the EU will globally have a lesser important role (strengthening the European Parliament seems a key tool for assuring better internal cohesion and a more constructive and credible position outside).

¹ Professor, EPGE; Special Aide to the President and Head of the International Intelligence Unit of the Presidency; FGV, Rio de Janeiro, Brazil. E-mail: renato.flores@fgv.br. The author is solely responsible for the ideas and opinions in this Note.
The creation of semi-autonomous, alternative currency areas may, within 5-10 years be a major blow to the US dollar. A renminbi area is likely to come true (Singapore already acts as a clearing house for the renminbi; a “duty-free” area has recently been created in continental China) and, with the ASEAN+3 trade agreement further boosting commercial ties and incentives for renminbi-denominated transactions, considerable changes may be expected in the international monetary architecture.

Technological developments –particularly in materials science, automation and advanced robotics (human and man-made), cloud computing & storage, and 3D printing- will further change the international division of labour and production. Apart from the case of natural resources endowment, comparative advantages will continue to lose importance vis à vis innovation capacity, flexibility and wise insertion in (global) value chains.

Notwithstanding, there is a lot of exaggeration about a “new economy” and a “new order”. Actually, classical, main Bretton Woods (multilateral) agents still grab a considerable amount of power and changes –already and irresistibly in motion- will be slow, though ‘jumps’ (=crises) will occur from time to time.

Opportunities are present nearly everywhere, though, of course, in different shapes and modalities. Higher intra-national inequality requires nevertheless caution as regards investment style, format and rhetoric in each specific venture –the sustainability narrative, in spite of often vapid, will ever more become a must.

In a philosophical mode, with the failure of the Marxist-socialist alternative, and the nowadays declining faith in the US and related (American or European) democracy styles, nations are actually without a major model framework for organising their socio-economic complex: a lot of trial and error will still take
place, and a lot of internal social tension may be expected. Global governance, oftentimes, becomes a lesser priority.

Within this dynamic setting, where no consensus or infallibility is claimed on the above -but change for sure sets the tune-, how can the BRICS act in the global governance (GG) sphere?

One question must be posed from the start: *In which way do the BRICS want to participate in the world governance system?*

The answer conditions the broad lines of their interaction and contribution to the international order.

They may opt for a progressive, more inclusive and vocal role, within the established institutions. This would amount to a pledge for a bigger role in multilateral organisations like the IMF –something which already took place in a half successful way-, the World Bank, the post-2015 Millennium Development Goals, the official climate change debates and conferences, and a variety of other existing arrangements, more or less institutionalised.

A second route would be to set up –without necessarily conflicting with the established order- own BRICS institutions, pacts and agreements, that would pursue both the group’s interests as well as global objectives. In this case, a ‘side world order’, reproducing more or less closely the existing institutions, would be created, under direct control of the five members.

A third, more challenging possibility is, when actually interfering with instances of global governance, to find out ways that would bring either a different approach to known problems, or exploit opportunities and niches until then unattended.
In this note, backed by the scenario briefly described in the introductory part, I favour a combination of the first and last options and, in the following lines, I shall try to support and exemplify my point.

At the root of my argument lies also the fact that the BRICS still are an odd animal, always risking –like the Unicorn in the medieval fable- “to be so weird that they will pass unnoticed”. Their full existence and ever increasing recognition (and clout) will only come by a wise combination of joint actions in existing forums with novel and innovative contributions to global governance. Moreover, this will ensure them a more comfortable and discretionary position in the big transitions taking or to take place.

Common positions and actions in the present GG units is not a panacea, a universal medicine that could be regularly and uniformly swallowed by all the five countries. It is not easy either. Notwithstanding, there are fronts –like the (standard examples) IMF and the World Bank, or selected organisms of the United Nations- where much can and still waits to be done. Focus on such segments, out of a well-designed common agenda, seems feasible, and is a pursuit that should not be discarded.

In the more innovative side, a deeper analysis seems to be required. One thing is to make general statements regarding the world order, at the end of each annual BRICS Summit. This indeed makes a point, and has diplomatic (and marketing) value, but remains distant from actual, impacting measures.

A few areas to be discussed in this Academic Forum –also present in previous ones-, seem ripe for more concrete steps. I refer to sustainable development goals, rapid and gigantic urbanisation and their related phenomena, internet governance and security, models and templates for poverty and inequality reduction.
At their side, two subjects claim for a BRICS co-ordinated effort.

The first is the whole galaxy of international rules and standards making –for manufactures, commodities and services. Leadership of this effort is with the European Union and the US, in a clear trend to turn their common regulations and standards universal. This is neither good nor bad in itself. However, given the huge impact that it has in nowadays trade and investment flows –in particular in the evolution, spread and eventually transformation of the most important clusters of global value chains\(^2\)- it is high-time that a harmonised BRICS platform in this domain be conceived and implemented.

The other subject is more ticklish but must be addressed. It has to do with the geostrategic importance of the BRICS group. Without any intention of disruption or conflict with the present scenario, a BRICS Strategic and Defence Dialogue should be implemented. Issues ranging from the Atlantic to the Pacific, passing through security in Africa, the borders of the European Union and hot Asian spots involve BRICS countries. A more concerted dialogue on them, and the mutual encouragement of regional initiatives conducive to peace and stability should be at least tried.

In all these instances, the most unfortunate first concrete step to be avoided would be one towards bureaucratic solutions, quickly leading to another international stumbling monolith. Networks, targeted groups and commissions, specific task forces, with light and flexible secretarial help, should set the path towards common, intelligent proposals and actions. These, in many cases, could be implemented through specific government organisations in each country, while co-ordinated by a small, BRICS-level committee. The committee would have among its tasks the diffusion of the procedures/rules/decisions, and the engagement of other nations in the same or similar lines. In other cases –like

\(^2\)See the introductory part.
defence and security- meetings and debates should take place at a top national level, involving those directly responsible for foreign affairs or they close aides.

None of the endeavours is trivial, and all compete with daily problems of all sorts –mostly of national, some of regional character- that easily lead to putting aside, if not forgetting, the beautiful ideas discussed in a Forum or Summit. There are no illusions about this harsh reality. Nevertheless, to accept these ideas and examples as a target –how far away doesn’t really matter, in a sense- helps to keep focus and, out of the many possibilities outlined, choose a few to actually come true.

Such an effort would neither be bilateral nor multilateral, but a plurilateral one where the weight and geographical range of the BRICS would heavily count for their success. It is this range that assures an Asian/Eurasian, African and South American voice to them.

The future, undoubtedly, lies in the areas above. The group needs a clear and strong positioning in them, in a not so distant horizon. This will be the most effective way to constructively contribute to the coming changes in global governance.