



BRICS+ push alternative economic platform

By Elisa Barwick

A distant echo of the 1849 declaration by Abraham Lincoln's Chief Economic Advisor, Henry Carey, that "Two systems are before the world", could be heard in a 24 June report on the recent summit of the BRICS nations (Brazil, Russia, India, China, and South Africa). A *Global Times* editorial highlighted the contrast between imperial and collaborative orders coming into stark relief with the BRICS summit and G7/NATO meetings.

In his 1849 economic treatise *The Harmony of Interests*, Carey had succinctly pronounced the differences between British "free trade" and the economic development policies he would advise Lincoln to implement: "One is the English system; the other we may be proud to call the American system, for it is the only one ever devised the tendency of which was that of elevating while equalising the condition of man throughout the world." (Box, p. 7)

The Chinese English-language daily, *Global Times* had this take: "The future destiny of mankind depends to a large extent on the outcome of this historic race" between two competing systems. "The US and the West are forming small circles, building walls and establishing hierarchical camps, while emerging and developing countries are actively advocating the practice of genuine multilateralism, openness and inclusiveness, as well as cooperation and win-win results."

The short speeches by the leaders of all five nations opening the 14th summit of the BRICS nations, hosted virtually by China on 23-24 June, identified the collaborative spirit once exemplified by the American System. The theme of the forum was "Foster High-quality BRICS Partnership, Usher in a New Era for Global Development".

A "Beijing Declaration" was released at the Summit's conclusion, insisting that all developing and least developed countries must have a say "in global decision-making". The extensive statement addressed current global crises and challenges and reiterated the commitment to multilateralism according to existing international law, including the UN Charter which provides for "an international system in which sovereign states cooperate to maintain peace and security, advance sustainable development, ensure the promotion and protection of democracy, human rights and fundamental freedoms for all". Ahead of the summit, on 20 June, China issued a Global Development Report to share its experience of lifting 900 million people from poverty, as an example for how the world can reach its development goals.

In addition to the regular BRICS summit was a "BRICS+" meeting which included the Presidents or Prime Ministers of Algeria, Argentina, Egypt, Indonesia, Iran, Kazakhstan, Cambodia, Malaysia, Senegal, Thailand, Uzbekistan, Fiji and Ethiopia. Chinese President Xi Jinping had proposed the expanded BRICS format at the Xiamen Summit in 2017, which has developed over the past five years.

Defying the current order

Host Xi opened conference proceedings by calling for "a new journey of BRICS cooperation", because "Our world today is overshadowed by the dark clouds of Cold War mentality and power politics". Xi reported on recent BRICS initiatives including the Global Security Initiative, for cooperation based on "the philosophy that humanity is an indivisible

security community", and the Global Development Initiative, to "build a global community of development". He discussed specific cooperation programs to rectify supply chains, enhance trade and increase food security.

The "pioneering spirit" is critical to growth and development, said Xi, but "Those who seek to create monopoly, blockade and barriers in science and technology in order to disrupt other countries' innovation and development and hold on to their dominant position are doomed to fail." In conclusion, he said the meeting occurred at a "critical juncture of history" in which "what we do will have a significant impact".

On day two, in his address to the High-Level Dialogue on Global Development which included representatives of nine BRICS+ countries, Xi said development must be placed "front and centre on the international agenda" to ensure stability. He called for "a global development partnership" to be forged, to "accomplish big and great things with a far-reaching impact." In this process, he said, "no country or individual should be left behind." China is set to launch a global youth development plan and will add US\$1 billion to a Global Development and South-South Cooperation Fund, in addition to US\$3 billion already committed. China will set up an international development platform for experience and knowledge sharing, including a global development promotion centre and a global knowledge network for development, with a focus on poverty reduction and building capacity for food production. Xi cited an ancient Chinese saying: "Only when the granary is full will people learn etiquette; only when people are well-fed and clothed will they know honour and shame."

In the plenary session, Russian President Vladimir Putin spoke bluntly about "the critical situation that has emerged in the world economy because of the ill-conceived and selfish actions of certain states, which, by using financial mechanisms, are actually shifting their own macroeconomic policy mistakes onto the rest of the world. ... [T]oday, as never before, the world needs the BRICS countries' leadership in defining a unifying and positive course for forming a truly multipolar system of interstate relations based on the universal norms of international law and the key principles of the UN Charter. In this context, we can count on support from many states in Asia, Africa and Latin America, which are seeking to pursue an independent policy."

Putin announced to the BRICS Business Forum that BRICS is "exploring the possibility of creating an international reserve currency based on the basket of BRICS currencies." He noted the development of "reliable alternative mechanisms for international settlements. The Russian Financial Messaging System", he said, "is open for connection with the banks of the BRICS countries. The Russian MIR payment system is expanding its presence." Putin cited growing business interaction between Russia, India and China.



Xi hosts the 14th BRICS summit. Photo: AFP/Xinhua/Rao Aimin

Among other initiatives, the Beijing Declaration announced the establishment of the BRICS Think Tank Network for Finance, “for knowledge sharing, exchange of experiences and practices, and cooperation on finance issues amongst BRICS countries”. In his opening BRICS speech, Xi called for new members to join the BRICS New Development Bank and Contingent Reserve Arrangement. “We should also expand BRICS cooperation on cross-border payment and credit rating to facilitate trade, investment and financing among our countries”, he said.

Chief banker of Russian bank VEB.RF, Sergey Storchak, told *Global Times* on 21 June that “The BRICS and other interested nations need to talk about setting up their own independent global financial system—whether it would be based on the Chinese currency or they will agree on something different.” They need to debate “setting up a parallel regional system, or maybe a global system”, he said. There are similar voices sounding from Brazil, *Global Times* reported, particularly given the confiscation of US dollar reserves from Venezuela, Iran and Afghanistan; India is also anxious for an alternative payment system.

Indicating the power of the proposition, Putin reminded the forum that “our countries are home to more than 3 billion people, and together account for about a quarter of the global GDP, 20 per cent of trade and roughly 25 per cent of direct investments, while the total international reserves of the BRICS countries (as of the beginning of 2022) amount to about 35 per cent of world reserves.”

In his BRICS+ speech Putin called for BRICS+ “to expand

cooperation with regional associations like ASEAN, the African Union, the Association of Caribbean States, the Gulf Cooperation Council and the Indian Ocean Rim Association. Of course, serious potential is opening up for cooperation between our states in the context of working in the integration processes between the Eurasian Economic Union and China’s huge One Belt One Road infrastructure and trade project. In general, we are convinced that many serious problems on the global agenda can and must be resolved only by pooling efforts, and this summit is an example of constructive work in this respect.”

In the plenary session, Indian PM Narendra Modi stressed the shared view of BRICS nations on governance of the global economy and called it “a matter of happiness” that other nations are joining the BRICS’s New Development Bank. BRICS has demonstrated that it is not just a talkfest, he said: “the lives of our citizens are getting directly benefitted from our mutual cooperation”. South African President Cyril Ramaphosa added: “Our combined economic strength should be a catalyst for sustainable global economic recovery... BRICS provides a valuable platform to address the key challenges of the global South in partnership with like-minded emerging markets.” He called the High-level Dialogue “an important opportunity to form a common vision of a more inclusive, just and stable international order”; at the Business forum, he said BRICS “must oppose attempts to shape global economic policies through unilateral sanctions and other coercive measures.” Brazil’s Jair Bolsonaro focused his opening speech on a call for reforming international institutions to give a greater voice to BRICS nations.

‘Two systems are before the world’

The following passage is from the conclusion of Abraham Lincoln’s economic advisor Henry C. Carey’s book, The Harmony of Interests, written as a polemic against the free trade destruction of the US economy in 1849. Carey documents the effect which changes in trade policy, from protection to free trade, had over the decades of the 1820-40s, summing it up as follows:

Two systems are before the world; the one looks to increasing the proportion of persons and of capital engaged in trade and transportation, and therefore to diminishing the proportion engaged in producing commodities with which to trade, with necessarily diminished return to the labour of all; while the other looks to increasing the proportion engaged in the work of production, and diminishing that engaged in trade and transportation, with increased return to all, giving the labourer good wages, and to the owner of capital good profits.

One looks to increasing the quantity of raw materials to be exported, and diminishing the inducements to imports of men, thus impoverishing both farmer and planter by throwing on them the burden of freight; while the other looks to increasing the import of men, and diminishing the export of raw materials, thereby enriching both planter and farmer by relieving them from payment of freight. One looks to giving the products of millions of acres of land and of the labour of millions of men for the services of hundreds of thousands of distant men; the other to bringing the distant men to consume on the land the products of the land, exchanging day’s labour for day’s labour.

One looks to compelling the farmers and planters of the Union to continue their contributions for the support of the fleets and the armies, the paupers, the nobles, and the sovereigns of Europe; the other to enabling ourselves

to apply the same means to the moral and intellectual improvement of the sovereigns of America. One looks to the continuance of that bastard freedom of trade which denies the principle of protection, yet doles it out as revenue duties; the other by extending the area of legitimate free trade by the establishment of perfect protection, followed by the annexation of individuals and communities, and ultimately by the abolition of customs houses. One looks to exporting men to occupy desert tracts, the sovereignty of which is obtained by aid of diplomacy or war; the other to increasing the value of an immense extent of vacant land by importing men by millions for their occupation.

One looks to the centralisation of wealth and power in a great commercial city that shall rival the great cities of modern times, which have been and are being supported by aid of contributions which have exhausted every nation subjected to them; the other to concentration, by aid of which a market shall be made upon the land for the products of the land, and the farmer and planter be enriched. One looks to increasing the necessity of commerce; the other to increasing the power to maintain it. One looks to underworking the Hindoo, and sinking the rest of the world to his level; the other to raising the standard of man throughout the world to our level.

One looks to pauperism, ignorance, depopulation, and barbarism; the other to increasing wealth, comfort, intelligence, combination of action, and civilisation. One looks towards universal war; the other towards universal peace. One is the English system; the other we may be proud to call the American system, for it is the only one ever devised the tendency of which was that of elevating while equalising the condition of man throughout the world.