



The BRICS ‘vector of human development’

By Elisa Barwick

22 Oct.— “The upcoming US presidential elections will not be the most important event of the year for the world community and will not determine the further course of history. No matter how much Washington would like it to be. The BRICS summit will be that event”, declared the head of Russia’s Federation Council (Senate) Valentina Matviyenko, writing on Telegram on 19 October.

“[T]he vector of human development”, she asserted, “will be established in Kazan, and not in the ‘wavering [United] States’”. The three days of the BRICS summit and the negotiations of the leaders of the world majority in the capital of Tatarstan will have a decisive influence on our future”.

It is too early to report conference outcomes, but the BRICS leaders’ summit being held in Kazan, Russia on 22-24 October could turn out to be “the largest foreign policy event that has ever been held in our country”, according to Russian Presidential Aide Yury Ushakov. His boss, President Vladimir Putin explained why: The centre of growth of the world’s physical economy has shifted to the BRICS nations, he told assembled media agencies after a Business BRICS Forum on 18 October, and that shift will only increase. But the BRICS process, he stressed, “has a universal character” which “will have an overall positive impact” on the world, not only BRICS members. (p. 10)

Thirty-two nations confirmed their attendance for the BRICS summit, with tens of thousands of participants making the journey to the Russian city. Some 34 nations are seeking membership or partnership with BRICS, which currently comprises Brazil, Russia, India, China, South Africa, Egypt, Ethiopia, Iran, Saudi Arabia and the United Arab Emirates.

New financial institutions

As the current global financial order fails, the expanding BRICS grouping represents the kernel of an alternative financial system—one that is multipolar, that is, not controlled by a single hegemon, and is anchored in people-centric economic development rather than profit-gouging.

Hot on the heels of the International Monetary Fund Conference, which took place in Washington, DC on 21-26 October, the BRICS forum will discuss alternatives to the Bretton Woods financial framework (and its institutions the IMF and World Bank) which was sidelined after the death of its key instigator, US President Franklin Roosevelt, and broke apart in 1971 when the USA unpegged the dollar from gold.

The year of Russia’s chairmanship saw countless deliberations on this topic, with over 200 meetings



The BRICS summit opens! Photo: brics-russia2024.ru

culminating in this week’s summit. Events preliminary to the summit included the 10-11 October BRICS finance ministers and central bank governors conference, and the Business BRICS forum on 18 October.

“The IMF and the World Bank are not performing their roles”, Russian Finance Minister Anton Siluanov told the finance gathering. “They are not working in the interests of BRICS countries.” It is necessary, he added, to form “new conditions or even new institutions, similar to the Bretton Woods institutions, but within the framework of our community, within the framework of BRICS.”

A report issued at the event, titled “BRICS Chairmanship Research: Improvement of the International Monetary and Financial System”, documented initiatives to protect payments systems from sanctions, including payments in local currencies; a BRICS central bank platform for payments, including potential for settlements in digital tokens (distributed ledger digital currencies); and BRICS exchanges for trade in key commodities including gold, oil, wheat and strategic metals. Another topic was the crushing debt burden imposed by the US dollar order on developing countries and the need for abundant cheap credit.

Speaking 18 October at the BRICS Business Forum, President Putin previewed the gathering as a signal moment in the fight for the economic sovereignty of nations. Describing BRICS as the “driving force of worldwide economic growth”, he provided a survey of the group’s achievements including flagship transport and logistics projects including the Northern Sea Route and International North-South Transport Corridor.

As Putin noted, total BRICS GDP “exceeds [US]\$60 trillion, and its overall share in global GDP easily surpasses that of the so-called G7. ... In 2023, our group of countries accounted for 37.4 per cent while the G7 for 29.3 per cent.”

“By the end of 2024”, Putin continued, “BRICS countries are forecasted to post 4 per cent growth, on the average. This exceeds G7 growth rates, which is only 1.7 per cent, and the global average, projected at 3.2 per cent.”

To free developing nations from “negative foreign influences”, said Putin, BRICS is building upon relevant development platforms, financial systems, payment tools and mechanisms for sustainable and long-term investment. “Essentially, this is what economic sovereignty is all about: it amounts to a partnership between self-sufficient economies that expands their potential many times over and opens up new opportunities.”

“[T]he New Development Bank plays a pivotal role in the efforts to boost financial cooperation”, added Putin.

Putin previews BRICS summit: Make haste slowly

In a two-hour discussion with heads of leading BRICS media agencies on 18 October, Russian President Vladimir Putin previewed many of the central policy issues that will be on the agenda of the 22-24 October BRICS summit.

Asked about the significance of rapid global geopolitical changes, Putin laid out his perspective of the world: “The most important sign is the emergence of new development centres. ... According to experts, whom

I trust and whose opinions I heed, this development will be focused primarily in BRICS countries. This is the Global South, Southeast Asia and Africa. ... Regarding BRICS countries like China, India, Brazil and South Africa, it is evident that their expanding economic potential will lead to their bigger global influence.”

Putin noted also that expertise is being developed by BRICS countries in specialised and high-tech fields. “This is a natural occurrence, and there is nothing wrong with it. The world is always evolving, and new leaders continuously emerge. We should accept this calmly as a reality and focus on building our relationships with one another accordingly.”

BRICS wants to work with the West, said the Russian President: “What sets BRICS apart from many other international organisations? BRICS was never meant to be created in opposition to anyone. The Prime Minister of India put it best. He said BRICS is not an anti-Western alliance; it is simply non-Western. This distinction is very important and has great meaning. That is, BRICS does not set itself in opposition to anyone. It is a group of countries that work together, guided by shared values, a common vision for development, and, most importantly, by the consideration of each other’s interests.”

Asked about future prospects for BRICS, Putin continued on this theme: “As you see, we are not creating some sort of bloc as an opposition to someone’s interests. This is not a bloc organisation; it has a universal character and I think it will have an overall positive impact on global affairs, including the global economy. If these efforts help develop the global economy, they will also be beneficial for those countries that are not part of this BRICS group. ...

“I believe that the world economic leaders will

“With a solid, powerful and efficient structure, it boasts a substantial capital base, as well as a team of experienced professionals. As a development institution, the bank operates as an alternative to a vast number of Western financial mechanisms. Obviously, we will further develop it as an independent structure, without opposing it to anyone, and will expand its capabilities. We expect the New Development Bank to become a major investor in the largest technology and infrastructure projects in the BRICS space as well as the entire Global South.”



Putin met with media representing, he said, an audience of several billion people. Photo: Kremlin

ultimately benefit from this as well, even despite many of them now having to face certain problems. We are aware of the issues in the eurozone, which is generally balancing on the verge of recession. It will only serve for the benefit of these economies if they maintain proper and sustainable relations with BRICS countries.”

Asked by Chinese media about BRICS expansion, Putin noted that it is very important for all ten BRICS members “to respect the principles on which BRICS was created, and it was created by three countries. The first step was made by Russia, India, and China, we did it together. At that time, we created RIC in St. Petersburg—Russia, India, and China. Later, it started to expand. On the other hand, however, all countries in the group should also respect the new participants’ interests. ... It is clear that expanding the group was a positive and right decision. I am fully convinced that this will undoubtedly boost our influence and authority on the global stage, something we are already witnessing. ...

“I have mentioned many times before, around 30 countries have expressed interest in cooperating with BRICS in some form or participating in its activities. This is a clear and visible impact of our recent expansion. ... However, we need to carefully consider, alongside all BRICS countries, how best to approach further expansion.

“One thing is certain: we will not turn anyone away. The doors are wide open. The question now is how to structure this process.” Subject to discussions at the Kazan summit, he added, “we are developing such category as BRICS partner countries.”

Regarding what might be achieved at Kazan, Putin expressed the belief that “any rush would be inappropriate. We are proceeding incrementally, step by step”.

Noting various initiatives such as trade settlements in national currencies, an expansion of New Development Bank capital and use of digital currencies in the investment process, he proclaimed it is time they all become “real working tools rather than declarations”, going beyond mere words.

He assured listeners: “We will not rush, but we will move as fast as we can.”

“As for the BRICS common currency”, he replied to another questioner, “we are not considering this issue. Its time has not come yet. We need to be very careful and act gradually, without any rush.”

Financial expert pushes pilot for new reserve currency

The Brazilian economist who served as vice president of the BRICS New Development Bank (NDB) from its founding in 2015 until 2017, Paulo Nogueira Batista, has proposed a BRICS sub-group to pilot a new reserve currency at a China-initiated BRICS seminar held 23 September in Moscow, Russia.

Nogueira is an advocate for a new international financial architecture, including a new reserve currency with which to issue directed credit to foster physical-economic development. We excerpt here a paper that served as the basis for his speech at the BRICS Seminar on Governance & Cultural Exchange Forum 2024 in Moscow.

Nogueira summarised the urgent need for alternative international financial arrangements: “First, the [US] dollar, the euro, and the Western payments system have been dramatically misused as political and economic weapons. Second, the fiscal and financial fragilities of the US economy raise legitimate doubts about the feasibility of continuing to rely on the dollar as the hegemonic international reserve currency.”

Nogueira reviewed the geopolitical backdrop, noting that “the US is ready to blacklist any country or even person that truly works to create alternatives to the dollar in a practical and effective manner.... This is essential to the full understanding of the political economy of BRICS monetary and financial initiatives. China, Russia and Iran are probably immune to these pressures. The same cannot be said of other countries of the BRICS. Even China may hesitate to pick a fight with the US on such a hot topic.”

Regarding the technical advances necessary for a new financial architecture, Nogueira reported the formation of a group of independent experts under Russia’s BRICS presidency, including himself and economist Jeffrey Sachs, and the BRICS Executive Directors group—both led by Russia’s Executive Director at the IMF, Aleksei Mozhin.

Advances on trade settlement in national currencies and construction of alternatives to the SWIFT payment system are “most welcome”, said Nogueira, but simply by-passing the US dollar and SWIFT network is limited. De-dollarisation without “an alternative reserve currency” is tricky because “only accidentally will there be an

equilibrium in the balance of transactions in national currencies among countries. An alternative international reserve currency is needed to allow countries to register surpluses and deficits over time.” Otherwise, countries will fall back into some sort of barter, such as using excess currency for a local investment, or back into using the US dollar.

Battista sketched out “the most promising route to a “new reserve currency” (NRC). It “would be a parallel currency designed for international transactions. The national currencies and central banks would continue to exist in their current format, as normal currencies and normal monetary authorities.”

The NRC would be digital, not printed as physical currency. A “New Reserve Monetary Authority—could be established jointly by the participating members. The NRMA would be in charge of creating NRCs and also bonds—let’s call them the NRBs, new reserve bonds—into which NRCs would be freely convertible. The NRBs would be fully guaranteed by the National Treasuries of the members. ...

“A first step, that has been advocated for some time by Russian economists, could be the creation of a unit of account for the NRC, an SDR-like basket in which the weight of the national currencies of the participating countries would correspond roughly to their share in the GDP of the group.”

The hold-up with this plan, says Nogueira, appears to be the effort to gain consensus among all of the diverse BRICS nations. Perhaps, he suggests, “The NRC could be created by a sub-set of the BRICS. The others would join later.” Such action would be a global “game changer”, he assured, emphasising that the entire “Global South” is counting on BRICS to go beyond slogans and proclamations.



Economist Paulo Nogueira Batista Jr. Photo: nogueirabatista.com.br

