

“Does BRICS Have a Future Beyond Trading?”

A Report

The annual BRICS summit held in Brazil this year found itself at the centre of considerable attention, with the White House explicitly questioning the anti-American character and postures of the former. Such a development surely begged the question as to why BRICS was not being conceived as a transregional bloc but rather an anti-imperial and anti-colonial alliance. Closely intertwined was the question over the future of BRICS as and beyond a trading bloc. To answer such geopolitically charged provocations, the Calcutta Research Group had the privilege of hosting distinguished academic Anajan Chakrabarti for a webinar.

Chakrabarti reflected that the fusillade of attacks towards BRICS must not be viewed in silos, but in the backdrop of a terminal economic decline of the United States and European Union. Herein, Chakrabarti departed from a dominant school of thought that is dismissive of Trump's brusque choices - as personal whims. Instead he preferred to view the action as a well thought out and calculated strategy.

The terminal decline of America as mentioned above cannot be comprehended unless one locates the conventional nodes of its hegemony - financial, technological and military. The American polity inherited by Trump had an additional social dimension - white Christian supremacism. Herein, Chakrabarti noted the late 1980s was the inflection point for the emergence of a new global architecture with a much diluted state intervention - a process aimed at further augmenting the existing American power nodes. This was facilitated by institutional structures encouraging free trade, low inflation and macro-economic stability. The World Bank and the International Monetary Fund emerged as critical actors during this time - providing readymade structural cures for the rest of the world. Evidently, the rationale behind all these moves were to deepen the American hegemony in the world order.

But contrary to the pundits in Washington, the ensuing three to four decades culminated in the emergence of new global players, foremost among them being China and India. While the former was nowhere close to America during the beginning of the new global order, in a matter of three decades, it had covered a century worth developmental progress of the United States, well poised to overtake the latter within 10-15 years in some matrices. Niche fields like technology demonstrated a story no different, with China and India emerging as leading players.

The financial node of American power - traceable to its relatively unscathed entry in the post-Second World War order - equally went through its share of global churning over the last few decades. In the post-war consensus, as America started extensively trading with other countries, the dollar slowly emerged as the global common currency, while Washington implicitly became the world's primary creditor. This global capital took a body blow as the American adventurism in Vietnam erupted into a moral crisis. This was also compounded by an acute economic crisis which afflicted Washington. These twin developments eventually led to a shift in the nature of American economic power - from being an exporter with trade surplus to having trade deficits and huge surplus.

Having succinctly historicized the American experience and the manifold churning over the last few decades, Chakrabarti finally turned to BRICS and its potential for greater regional trade with alternative local currencies. Given the astonishing surge in trade-related growth within BRICS in Yuan, Ruble or the like, the increasing anxiety of White House, he maintained, was not at all misplaced. Moreover, with the creation of digital currency interfaces, the BRICS countries are well placed to take advantage of cross-border payment mechanisms. In fact, China had already been at the helm of developing Yuan as a currency swap for international debt settlement.

Notwithstanding the diversification of currency portfolios, it is also the case that the developed nations continue to maintain their dominance in the global financial architectures - with some like America having as much as 16.5% of the voting share in the IMF and World Bank. Such relative strength of the developed nations in these spaces is what makes alternative institutions like New Development Bank particularly more relevant. Over and above, the broad consensus amongst the BRICS member states to have equal voting power and no veto powers in such structures, becomes a powerful restatement of the normative shifts already envisioned by them.

In closing, Chakrabarti surmised that what remains at stake is less of BRICS and more the question of American hegemony. All of Trump's recent diplomatic moves - like unilateralism or tariff wars - were ultimately meant to prevent any further dilution of its international standing. So his recent hostility towards BRICS could be situated right within that framework as well. Within this flux, whether BRICS would crystallize into a cohesive alliance or continue to be a disparate grouping of nations - with contradictions of their own - remained much difficult to predict.

While it might be akin to crystal ball gazing, yet a pragmatic policy of multi-alignment can be a useful approach for the BRICS member states. For many of the rising economies, this might be a more instructive exercise than a 'mono-alignment' with China with respect to trade and investment reforms. A complementary direction that has already been initiated by the member countries, and must be further consolidated is translating the global perception towards BRICS from anti-Westernism and non-Westernism. Already evident in the latest summit, where conscious attempts were made, a more concerted strategy would be most welcome. More importantly, the BRICS can do well by downplaying hardcore geopolitical issues, and focusing more on transregional issues like sustainable development, global governance reforms, green transition, climate change and even food security - or as Kofi Annan had once pithily remarked 'problems without passports'. Such an approach must entail curating a diverse network of partnerships which are issue-specific in nature. The quest for a coherent and unanimous policy position on all the relevant questions of the day, might come off as unfeasible to the naysayers, but taking up questions of what gets conventionally dubbed as 'low politics' might not be a bad start. If the BRICS nations can skillfully develop a robust bureaucratic framework and enforcement mechanisms, then it can seamlessly emerge into a counter-space for development, sovereignty and global governance.

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