

Chapter 8

BRICS:

The Archetype of 21st Century International Cooperation Alternative or Challenge?

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ABSTRACT

In this context, the aim of the study is to examine the role of the rising and expanding BRICS in shaping global financial norms and governance. The question “Does BRICS offer an alternative or a challenge to the leadership of Western institutions in the global financial system?” is the starting point of the study. It is aimed to understand the potential of the coordination provided by the members with their differences to act as a destabilizing force against the political and economic structure of the West. First, the BRICS establishment will be examined within the framework of its purpose and challenges. The second heading will reveal the economic and political capacity of BRICS. China's influence factor on BRICS will be explained under this heading. The last heading will discuss whether BRICS, through China, offers an alternative or a challenge to Western financial institutions and governance, in short, to the status quo. It will be understood that BRICS undoubtedly offers an alternative in the medium term; on this basis, it aims to challenge in the long term.

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INTRODUCTION

BRICS is a formation that refers to the economic cooperation established by Brazil, Russia, India, China and South Africa. Brazil, Russia, India and China held their first official summit in 2009. South Africa joined the union in 2010. Its members are quite different from each other in terms of regime, ideology, economy, foreign policy, religion and language. For this reason, BRICS is the archetype of 21st century international cooperation.

There are several effective reasons for the establishment of BRICS. The primary catalyst was the 2008 financial crisis. The 2008 crisis showed that the US could not manage the global financial system. It revealed the inadequacy of international financial institutions, the hegemony of the dollar and the imbalance of the global order. Thus, the 2008 financial crisis took its place among the primary catalysts of BRICS. In this direction, institutions that could correspond to organizations such as the World Bank and the International Monetary Fund were established. It was envisaged that the New Development Bank and the Contingent Reserve Arrangement (CRA) institutions could reduce reliance on inefficient financial institutions and increase global southern cooperation.

Another catalyst in the establishment of BRICS is the assessment that current international economic cooperation is dominated by Western countries. The desire of BRICS countries to channel their own economic power more into the system on a global scale has been effective. Thus, BRICS continues to expand as a strategic international economic organization representing the dominant economies of the global southern countries. Indeed, while the first catalyst in the establishment of BRICS was an external factor, the second catalyst was determined as an internal factor in line with the economic goals of the members.

Another “implicit factor” that was effective in the establishment of BRICS is China’s perspective on the global liberal order and its idea of global leadership. China, which wants to change the current status quo and financial order, presents a challenge or an alternative to Western states and their systems through economic organizations. In this direction, China also gives a political role to the economic organizations it has been effective in establishing. As a rising power, China demonstrates its stance against global US leadership by trying to implement a revision within the global system. It aims to change the global financial system by increasing its political power through the economic and political partnerships it establishes.

BRICS was established around several main objectives. It aims to coordinate the economic and diplomatic policies of its members, to establish new financial institutions and to reduce dependence on dollarization. It has determined multipolarity by reducing dependence on Western financial systems. Thus, it is aimed to create a potential geopolitical balance for the global south countries. BRICS,

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