CHAPTER 16

Leadership for a Pluralistic Order? Assessing BRICS and Development Finance

MARKO JUUTINEN

Takeaways for Leading Change

The chapter discusses change on the macro level of the emerging world order through an analysis of BRICS development finance. It discusses BRICS as a new agent in global affairs, which responds to the leadership demands of a changing world order. Defined by pluralism and dispersion of power, the emerging world order necessitates a form of agency with a higher tolerance for difference. The focus of this chapter is on development. It seeks to assess BRICS agency particularly in this context through two competing hypotheses – BRICS as a challenger and BRICS as a constructive leader of change. The chapter first presents a critical perspective to development, then reviews scholarly perceptions and empirical evidence on BRICS. It concludes with a discussion on the hypotheses. Adopting a linear perspective to change, the chapter discusses the challenge of the BRICS to orthodox development finance, and sees no evidence of a challenge. However, the non-linear approach to change provides more nuanced insights into the agency and leadership role of the BRICS.

International affairs are undergoing significant changes. On one hand, the US has lost its predominant position in global governance. While still powerful, it is unable to influence decisively international organisations. At the same time, the influence of rising powers and the long-excluded majorities of the Global South has increased. Because of this ensuing cacophony of a growingly pluralistic world order, global governance on multilateral level, like the World Trade Organization (WTO), has been crippled with international cooperation shifting to regional and intra-regional groupings. Consequently, international affairs are increasingly characterised by fragmentation, pluralism, and competition.

> The purpose of this chapter is to examine how the BRICS initiative relates to global governance and leadership.

As a new institution of intra-regional and emerging power cooperation, BRICS presents us with a case study into these transformations. Are these changes making the world less governable and more conflict-prone? Or is governance just taking new forms to better reflect the inherent pluralism of the world? According to Amitav Acharya (2016), fragmentation of governance does not necessarily imply the end of governability and cooperation. In fact, he argues that fragmentation and pluralism might be a means for better leadership, more creative and responsive to particular contexts and special needs.

This chapter presents a case study on BRICS, founded in 2009 by Brazil, Russia, India, and China and joined by South Africa in 2011. The purpose of this chapter is to examine how this new initiative relates to global governance and leadership. This boils down to the question about BRICS' agency: what kind of agent is it? Two competing hypotheses frame this work: 1. BRICS is a challenger 2. BRICS is a constructive leader of change? The first hypothesis derives from the BRICS challenge theory, which proposes that BRICS seeks to challenge the current system and therefore promotes instability in global governance. This hypothesis defines the relation of new international organisations to global governance in terms of linear change.

The alternative hypothesis is based on a non-linear understanding of change, a key theme explored in this book. From a non-linear perspective, change may be conceived of as an inherently open process more akin to creative chaos than planned harmony. Change is not merely a reaction to something or a logical outcome of preceding causes. Instead, changes occur in contexts where input factors are uncontrollable, unknown and random. In an increasingly pluralistic world order, where dispersion and multiplication of political agency, authority and knowledge have broken linear continuities between them, the non-linear perspective offers a complementary way to understand change. Indeed, linear perspectives presuppose continuity where it does not necessarily exist. This makes it difficult to recognise changes that come, so to speak, from outside the box.

The second hypothesis is that BRICS is a constructive force in global affairs. From this perspective, BRICS is a response to or reflective of the emerging pluralistic world order. It can be analysed as a space maker for new alternatives of governance, promotion of pluralism as well as leadership in diffused power system. The particular focus of this chapter is on BRICS development finance initiatives. It sheds light on BRICS's relation to development both as a paradigm and practice. To the extent that BRICS creates space for new development practices and paradigm, and to the extent it takes leadership in solving development issues, it deserves the label of a constructive leader of change.

The chapter is organised as follows. The first section discusses development as a paradigm applied by international financial institutions, the World Bank and the International Monetary Fund. The second section discusses current debates and perceptions of BRICS and details the two hypotheses of the case study. The third section presents an empirical analysis of BRICS development finance initiatives, establishing the differences between BRICS institutions and the dominant multilateral financial institutions. It argues that while BRICS can only with difficulty be seen as a promoter of alternative development finance, it is nonetheless opening up a space for rethinking and unthinking the predominant ideas and practices of development finance.

Problematising the Orthodoxy of Development

The concept of development means evolution in a state of being or a gradual rise from being underdeveloped to being developed. The concept is *descriptive* in the sense that it refers to a process of becoming something. While there is no strict classification of developed countries, this group of countries includes the usual suspects: the US, Canada, most of Western and all of Northern Europe, Australia, South Korea, Switzerland, and Israel. All these countries are liberal democracies. According to some scholars (e.g., Ferguson, 2011; Fukuyama, 1992), it is the practice of free markets, competition and individuality that defines liberal democracies and explains their advancement. Liberal democracies, according to this view, have found the paradigm and the formula for development. In this sense, development can be framed as a *normative* concept.

From an epistemological standpoint, development is like any other normative concept: it is of a fundamentally subjective nature. There is no God of development – seen and heard by all of humanity – who could lay down, explain and teach the paradigm of development. From a philosophical standpoint, development is a pluralist concept. While its actual form and substance varies from place to place, from people to people, no one can claim universality for their subjective ideas. Nonetheless, development has its high priests and armies, like most other subjective truths of political importance. Indeed, it was not so long ago that the Washington-based international financial institutions (IFIs), the World Bank Group and the International Monetary Fund (IMF), dominated the politics of development. The orthodoxy which emerged from these institutions was the idea that market forces were the best mechanism for development. This is usually referred to as the Washington Consensus or free market fundamentalism (e.g., Stiglitz, 2002).

This orthodoxy of development was based on the idea that private market forces were the best available mechanism for development and that the state of being developed was equivalent to an unfettered market economy. It was not merely an ideology. It was a political practice by international financial institutions financing development projects expected to step in when states need financial assistance (acting, for example, as a lender of last resort). In practice, the Washington Consensus meant that any country in need of financial help from the IMF and the World Bank had to commit itself to political reforms. These included privatizations of public property, cuts in public spending on infrastructure, education and health, trade liberalisation and the deregulation of foreign exchange (Babb, 2013; Glinavos, 2008; Saad-Filho, 2010; Williamson, 2004).

There are several instrumental reasons for the rise of a singular paradigm of development above all others, two of which stand out. The first is the former hegemonic position of the USA, which contributed to the universalisation of this singular paradigm. The second is the epistemic foundation in mainstream economics that combines subjective preferences and normative values with universality. One of the leading figures in making this combination was the Austrian economist Ludwig von Mises. According to Mises (1949, p. 21), the backbone of social and economic development is the individual choices repeated day after day in free markets and mediated by prices and money. For von Mises, this fundamental subjectivism of free markets is the foundation of scientific objectivism: instead of norms and values, objectivist science studies market preferences. This provides the only scientifically verifiable norm for a good society: liberty to choose and free markets. Von Mises (1949, p. 21) writes:

> [I]t is in this subjectivism that the objectivity of our science lies. Because it is subjectivistic and takes the value judgements of acting man as ultimate data not open to any further critical examination, it is itself above all schools of dogmatism and ethical doctrines, it is free from valuations and preconceived ideas and judgments, it is universally valid and absolutely and plainly human.

Sustainable use of natural resources is one of the problems of this perspective to development, particularly that developed countries have polluted the earth so that life-giving radiation from the sun does not escape the earth as it used to. Instead, it shines ever warmer on the plastic garbage islands (larger than some countries) surfing the oceanic streams, which are in jeopardy due to melting polar ice caps. This model of development, as Peruvian diplomat and author Oswaldo de Rivero (2010, p. 2–3) argues, "operates in the same way as a cancerous cell that goes on destroying the organism off which it lives." The most ardent proponents of free market fundamentalism argue that the rise in our material well-being through the availability of cars, mobile phones, McDonalds and, most importantly, the decline in child mortality, are clear indications of a true global development. However, economic development has been paralleled with ecological disaster. From the only universally applicable perspective, that is, the preservation of our common earth, economic development has also brought about a rapid degeneration of the natural environment.

Another set of problems related to the development orthodoxy are social in nature. Only a minority of the global population, even in developed countries, enjoys economic independence, which is a key aspect of free market competition. Without it, market-related choices are less about individual preferences and more about power. Even more importantly, one should not forget the millions of people born to life at a subsistence level, without individual or communitarian control over their living environments and subjected to the force of hunger and the money that serves global markets (Alvaredo, Chancel, Piketty, Saez, & Zucman, 2018, p. 10–14; FAO, IFAD, UNICEF, WFP, & WHO, 2017, p. ii).

Concern with the social effects of economic development is not new. It was raised by the founders of both liberalism and communism. Karl Marx's (1887/2010, p. 313) critique of the English factories, where the worker becomes "a living appendage of the machine," is still applicable to the sweatshops of Indonesia, China, India and other parts of the emerging and developing world. Adam Smith (1776/2005, p. 637–638) worried about the effects of long hours of stationary factory work on the intellectual and emotional abilities of workers. He wrote that the high productivity and economic gains for the owner may come with heavy costs for the worker, "to be acquired at the expense of his intellectual, social, and martial virtues." It is equally questionable whether it is proper for millions of people in developed societies to live in poverty through both unemployment and minimum wage employment, while a wealthy minority acquires the majority of the income (Ehrenreich, 2001; Shipler, 2005).

Thus, the problems of this old paradigm are many, and it has been objected to critique from academia, from developing countries as well as from within multilateral institutions (e.g. Rodrik, 1996; Stiglitz, 2002; Mendes Pereira, 2016). As a result, the international financial institutions have sought to better take into account problems of poverty and social exclusion, employing the concept of inclusive growth to describe shift away from the old orthodoxy (Mendes Pereira, 2016; Saad-Filho, 2010).

Yet, many scholars have argued that these changes do not amount to a change in the paradigm itself and that, in spite of some reforms, the Washington Consensus remains without an alternative. (Babb, 2013; Glinavos, 2008; Saad-Filho, 2010).

Against this background, BRICS has elicited debates on how it relates to the Washington Consensus and whether BRICS offers alternatives to the old development paradigm (see e.g., Ban & Blyth, 2013; Gray & Gills, 2016; Bond & Garcia, 2015). This chapter seeks to relate BRICS to global governance through the international financial institutions and in particular through the orthodoxy of development.

BRICS: A Challenger or a Constructive Leader?

BRICS scholarship has mostly operated within linear or evolutionary perspectives on change. In other words, the focus has been on a potential rupture with the past or a gradual improvement of it. The BRICS challenge theory can be divided into two main hypotheses: a) that BRICS poses a challenge to the hierarchy between states in the current multilateral system or b) that it seeks to challenge the system. Challenging the hierarchy between states is relevant for a state-centric analysis of international relations, and particularly for the US and its allies (e.g., Tammen et al., 2000). From an institutionalist perspective, international relations are mostly understood in terms of rules and norms, whereby decision-making takes place in international organisations between many states (e.g. Ikenberry, 2001). From an institutionalist perspective, it is relevant to study BRICS relations in terms of the current institutions, rules and norms.

In the global trading and financial system, BRICS has already engendered some changes. In response to the US dominance in international financial institutions, BRICS launched two new financial institutions in 2014: the New Development Bank (NDB) and the Contingent Reserve Arrangement (CRA). Three BRICS members of the World Trade Organisation (WTO), Brazil, India and China, played a crucial role in upsetting the former balance of power at the WTO by increasing the influence of the developing world (Hopewell, 2016). In its summit declarations, BRICS calls for a greater voice for the developing world and demands democratic reforms at the United Nations (UN), World Bank and IMF (see Stuenkel, 2013; Thakur, 2014). What exactly have been the effects and objectives of these changes? Is BRICS promoting a new kind of economic and social development and a new type of multilateralism, or is it simply seeking a greater level of influence; i.e., seeking to change the hierarchy between states?

The BRICS are not the best promoters nor appliers of market-oriented regulatory systems, fiscal austerity and comprehensive trade liberalisation (Babb, 2013; Fourcade, 2013; Schmalz & Ebenau, 2012). They have instead retained varying measures of direct or indirect state control over their markets (Nölke, ten Brink, Simone & May, 2014; Stephen, 2014), most notably China (Jiang, 2014; McNally, 2012; van der Pijl, 2012). Moreover, in the UN, China and Russia – both members of the Security Council – have used their veto power in support of either their strategic interest or the fundamental values of national integrity. An example of this is the US-led humanitarian intervention in Syria and regarding the application of the Responsibility to Protect (R2P) commitment (Stuenkel, 2014).

The fact that the BRICS economies differ from liberalised Western economies does not, however, validate the hypothesis of systemic change. Internally, the BRICS countries are very different in terms of their economic structures implying that they have no shared economic vision or a challenging economic alternative to offer. Russia is heavily dependent on its oil and gas exports and has a poorly diversified economy. India has a booming services sector, but about half of its population survive on small-scale agriculture. There are as many poor Indians as there are Europeans altogether, but there are also as many rich Indians as there are Germans. China, however, is the most important trading partner of all world powers, and while many are dependent on China, China is dependent on only a few. Interestingly, China's economic ties are much closer to the EU and the US than, for example, to India or other BRICS countries. Moreover, China's economic (and military) clout in South Asia (India's neighbourhood) has intensified the already deep-seated conflicts between the two.

BRICS has no common agenda for change. Indeed, Babb (2013) has shown there is no such thing as a BRICS consensus that opposes the old Washington Consensus. Duggan (2015), in contrast, has argued that BRICS is changing the rules and norms of globalisation with a new agenda of global economic governance. His conclusion was based partly on the antipathy of BRICS towards internal reforms and partly on the discourse of development in BRICS Summit declarations. Nevertheless, Duggan does not prove the existence of an actual agenda. Instead, he simply demonstrates the existence of a discourse that deviates from established views on development. True, as Mielniczuk (2013) has argued, new or alternative discourses can have long-standing effects on the ideational construction of global governance through creation of shared purposes. This, however, is also not the same as an agenda nor does it necessarily lead to a formation of new or alternative agendas.

The scholarly debate around BRICS does not render support for the BRICS challenge theory, in the sense that BRICS is actively promoting systemic change. In contrast, the Trump administration clearly views China and Russia in particular as challengers of the US-led international system. These states, according to this view, do not only seek to overturn the hierarchy between states, but also challenge the dominance of the liberal democracies in international affairs. The recent US National Security Strategy (Trump, 2017, p. 25) and the National Defence Strategy (Department of Defense [DoD], 2018, p. 2) declared that great power competition has returned and that challenger states seek "to shape a world consistent with their authoritarian model – gaining veto authority over other nations' economic, diplomatic, and security decisions."

It is indeed true that BRICS countries have used their position to challenge the US and developed country agendas at the UN and WTO. However, that does not mean that they would not have played by the rules. Disagreement is fully acceptable. Moreover, democratic decision-making among peers is much more difficult than managing a hierarchical system. Governance of the UN and WTO is today much less about hierarchy between states that it was during the post-Cold War unipolar moment (e.g., Ikenberry, 2015; Hopewell, 2016). It is much more about democratic decision-making among peers. Thus, governance is bound to be more prone to disagreement, shifting alliances and timely negotiations, but this is something that comes with pluralism and evidences the viability of cooperation instead of its demise. BRICS has indeed underlined its support for global institutions and multilateralism:

> We emphasize the importance of an open and inclusive world economy enabling all countries and peoples to share in the benefits of globalization. We remain firmly committed to a rules-based, transparent, non-discriminatory, open and inclusive multilateral trading system as embodied in the WTO (BRICS, 2017, art. 32).

> Upholding development and multilateralism, we are working together for a more just, equitable, fair, democratic and representative international political and economic order (BRICS, 2017, art. 2).

At least within the BRICS grouping, the so-called authoritarian states, Russia and China, are demanding the democratization of international affairs. It is, however, the leading democracy in the world that flouts the rules: Putting its protectionist rhetoric into practice, the Trump Administration has imposed a unilateral 25 per cent tariff on metal imports – in violation of global trade rules. He has tweeted that "trade wars are good, and easy to win" (Rushe & Haas, 2018). It appears that the challenge to the multilateral system is coming from the West rather than the rest. The transformation from international cooperation to great power competition is perhaps a suitable description of how the current US administration relates to multilateral governance rather than how BRICS or China does. This situation is known as the Thucydides Trap. The expression originated from the fear felt by the Athenians regarding the rise of Sparta; a fear that contributed to the long Peloponnesian War (Zhang, 2015, pp. 176–177).

There is insufficient evidence to confirm the BRICS challenge theory that BRICS poses a) a challenge to the hierarchy between the states in the current system or that it seeks to b) challenge the entire multilateral system. Hierarchies between states are constantly evolving. From the perspective of dominant powers wishing to retain their dominance, the rise of new powers poses a challenge. If, however, the rising powers are constructive players, willing to cooperate within established institutions, changing the hierarchy between states does not represent a challenge against the system. Thus, scholars tend to dismiss the likelihood of a systemic challenge. This leaves the BRICS challenge theory poorly equipped to understand change because the absence of a challenge does not equal a lack of change. This is where the dynamic conception of change outlined in the framework chapter of this book comes in.

From a dynamic perspective, changes in open systems are not necessarily planned from above but emanate from through multiple channels from below, above and from between. Changes in multilateral governance may thus arise from a situation where developed countries no longer have a dominant position. Barma et al. (2009) have suggested that while emerging economies may not seek to overturn multilateral institutions, they may be constructing new webs of interaction that sideline developed countries. The result of this process would be a world "without the West". This interpretation builds on the idea that by increasing cooperation and diminishing the centrality of the US and its allies, BRICS and the rising powers may not actively change world order or seek to challenge its former hegemon, but they nevertheless do instigate some change. Instead of actively promoting change, transformations occur through a constantly intensifying cooperation. The emerging powers thus create new webs of interaction with new central nodes, diminishing the importance of old nodes. As a consequence, even if BRICS does not actively challenge the global system, it can nevertheless be seen as a force of change.

Thus, a competing hypothesis to the BRICS challenge theory is that BRICS is a constructive force in global affairs, which promotes change by creating a space for alternatives. To be a constructive leader in the case of development finance, BRICS should fulfil the following conditions: 1) cooperate with multilateral financial institutions, 2) develop alternatives to liberal development policies and 3) promote open debates and formulations of development policies. The following sections assess BRICS development finance initiatives from this perspective.

Assessing BRICS Development Finance

The BRICS policy of development finance culminates in its two institutions, the NDB and CRA, both launched in 2016. The NDB was established to mobilise resources for infrastructure and sustainable development projects in BRICS and other emerging and developing countries. The CRA provides a financial safety net for BRICS countries through the establishment of a currency reserve. These tasks overlap with those of the World Bank and IMF.

Since its first summit in 2009, BRICS has demanded reforms at the IMF. The object of the group's dissatisfaction were the IMF voting quotas, giving veto right to the US and disproportionate influence for the developed countries. IMF development policies was not the focal point of critique. BRICS did not act alone in its demands. In fact, BRICS adapted its reform agenda from a previous agreement among major powers reached in 2008 (under the auspices of the G20 Summit). The US congress, however, did not agree to reform the voting system, which would have ended US dominance in the institution. Thus, at the UFA Summit in 2015, the BRICS leaders declared, "[w]e remain deeply disappointed with the prolonged failure by the United States to ratify the IMF 2010 reform package, which continues to undermine the credibility, legitimacy and effectiveness of the IMF" (BRICS, 2015, art. 19).

International democracy is one of the fundamental values of BRICS. While multilateral development finance institutions are run on the basis of one dollar one vote, BRICS institutions are run on a basis of one country one vote. In the NDB, decision-making power is equally divided between the five BRICS member states. Yet, while the NDB is open to all UN members, the principle of country voting is reserved only for the BRICS members. According to the founding agreement of the NDB, the voting power of the five original members shall not fall below 55 per cent of total votes, whereas the maximum voting power of any new member state shall not exceed seven per cent. The NDB will thus remain dominated by BRICS, even if its membership expands. In this regard, it is similar to the IMF and World Bank, where developed countries still retain disproportionate influence compared to their role in the global economy through the voting rules that reflect the past share of developed countries in global economy, not the current one (NDB, 2014, art. 5, 6, 8, 11; IMF, 2018).

The NDB and CRA have the financial means to make an impact. The initial authorised capital of the BRICS bank and the CRA was one hundred billion US dollars (100,000,000,000) respectively. For comparison, the capital of the International Bank for Reconstruction and Development (the World

Bank Group) is 230 billion. For the IMF, the total amount of special drawing rights (i.e., an artificial currency instrument used by the IMF, comprised of a basket of important national currencies) was in 2015 approximately 240 billion units, which converts to about 340 billion US dollars.

Two additional factors contribute to the financial relevance of the NDB and CRA. First, as they are open to new members and as, for example, Turkey, Indonesia and Mexico have already shown interest in joining, the financial power of the NDB and CRA has growth potential. Moreover, BRICS countries are better positioned to invest in development finance, as their share of global savings is larger than the combined share of the US, the EU and Japan (ORF, 2015). How does BRICS use this financial leverage?

The purpose of the NDB is to channel funding for development and infrastructure projects in emerging and developing countries, "complementing the existing efforts of multilateral and regional financial institutions" (NDB, 2014, art. 1). Rather than being a challenger, the NDB is complementary to the World Bank and IMF. The key difference is that BRICS financing has been delinked from the policy reforms and conditions that the traditional institutions are known for. This is clearly stated in the NDB's strategy:

> National sovereignty is of paramount importance to NDB in its interactions with member countries. NDB's mandate does not include prescribing policy, regulatory and institutional reforms to borrowing countries (NDB, 2017, p. 11).

Moreover, instead of embracing an ideology of development, the NDB seems to invite discussions and debates on development. This is an important inference because it implies that the NDB may be seeking to distance itself from the prevailing development paradigm of the predominant IFIs. The NDB's General Strategy states:

> The bank will constructively engage the international community as an independent voice on development trends and practices. As a new institution, NDB has much to learn from the wealth of experience of multilateral and bilateral development institutions, as well as civil society and academic organizations (NDB, 2017, p. 11).

The NDB thus seems to fulfil the three conditions of a constructive leader of global change. Conversely, the CRA is organically linked to the IMF and its reform policies. The objective of the CRA is to provide a safety net against potential shocks in global financial markets and the possible resulting balance of payment problems. So far so good, but if and when any BRICS country or other (future) member of the CRA has to rely on its lending, and when this country needs more than 30% of its borrowing quota, it must first seek structural adjustment loans from the IMF before it can receive additional support from the CRA.

It is thus possible that the CRA evidences BRICS approval of the prevailing ideology of economic development, which led to the so-called lost decade in Latin America in the 1980s and is currently causing similar levels of destitution in Southern European euro-countries. The lost decade refers to economic and social dislocation caused by privatisation, the dismantling of social infrastructures and soaring unemployment (see Bond, 2016; Stiglitz, 2002).

From the perspective of BRICS as a challenger of liberal development policy, the CRA's linkage to IMF policy reforms poses an analytical dilemma. This serves as an apparent contradiction between rejecting conditional development finance, on one hand, *and* being committed to structural adjustment, on the other. In a way, BRICS gives with one hand and takes with the other. A possible solution to this dilemma comes from the understanding of the group's role in development finance as a space maker instead of as a challenger. Its rejection of conditionality does not emanate from a conviction that structural adjustment policies are wrong and evil, but from a conviction that it is not the only truth or comprehensive perspective on development. BRICS may thus be willing to continue to cooperate with the IMF, even by subjecting its members to structural adjustment, while simultaneously constructing development without the same conditions.

Discussion

This chapter has analysed the BRICS agency in development finance through the lens of two competing hypotheses (for broader discussions on BRICS, see Juutinen & Käkönen, 2016a; 2016b). According to the first hypothesis, BRICS is a challenger, while the second posits that BRICS is a constructive leader for change. There is little evidence in the case of development finance to suggest that BRICS is a challenger of the old paradigm of development or of multilateral institutions of financial governance. There is increasing literature arguing that, instead of providing for alternative paradigms, BRICS development policies are of a rather conventional nature (Bond, 2016; Gudynas, 2016). Surely, for the future of global cooperation, this is good news.

This chapter has also sought to demonstrate that BRICS development finance has some special characteristics. While not suitable as a challenger, these characteristics befit a discussion on BRICS as an opener and leader of innovative and constructive change. These characteristics relate to the ability and willingness to 1) cooperate with global financial institutions, 2) break Western intellectual and practical dominance at the multilateral level or any type of singular development paradigm and 3) promote open debates and formulations of development policies.

Consequently, there is space to argue that to some extent BRICS has made it possible to provide alternative views about development finance. Through its financial heft and, indeed, its new financial institutions, the NDB and CRA, it also demonstrates the increasing pluralism of the post-hegemonic world order. As Acharya (2016) has argued, this pluralism does not necessarily pose additional threats to global cooperation. What the NDB and CRA can accomplish is to provide tailored development finance – defined on the basis of particularistic and local needs and requirements. As a result, the two institutions may contribute to the strengthening of global governance instead of its delegitimization.

At the same time, while rejecting the ideational dominance of the development policies by the IMF and World Bank, BRICS welcomes them as one among many other agents of development. Indeed, BRICS demonstrably supports structural adjustment to some extent – without endorsing it as the only alternative or the leading principle of their own development finance. In addition, Patrick Bond (2016) has argued that BRICS is as much about resource extraction, environmental degradation and capitalist power asymmetries as any developed country and much more than any of the Northern countries. As a result, it appears that the structural and ideational continuities of capitalism bind BRICS to the old. In this sense, BRICS is indeed not a challenger but also hardly a leader of change.

Even though it appears that BRICS is a new type of actor on the global stage, this interpretation thus has serious limitations. BRICS is new in the sense that it builds on and promotes pluralism by breaking the ideational predominance of the orthodoxy of development. Yet, while BRICS has created a space for discussion about alternative development models, there is little evidence of BRICS actually taking the lead in this discussion. Perhaps the BRICS promise is yet to materialise.

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