



**ISSN: 2349-5677**

**Volume 2, Issue 5, October 2015**

## **Is possible a bipolar world with China and the BRICS as a new center?**

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### **Abstract**

*Since the subprime crisis erupted in the US economy in recent years, the debate about where global power goes, was hearty. Will America preserve the unipolarism or are we at the beginning of a period in which power should be resigned? Will the BRICS, with China as a leader, be those who succeed in establishing a new center of power that confronts that established by the US? This paper seeks to answer these questions. The BRICS have seen an unprecedented evolution in several aspects that has changed its influence on the world stage in recent years, to such an extent that block formation occurred following the intent of these countries, led by China, to exploit this greater weight on the world stage to influence the overall management in different areas. The current geopolitics shows a rebalancing of forces, once passed the period when neoliberal policies supported by the Washington Consensus prevailed during the 90s and that led to severe crises in emerging economies. The findings of the study show that it is still remote the possibility of BRICS installing a new power center that disputes the hegemony of the US, since although the block has seen development in different fronts, including the economy, it still shows relatively weak in others such as the military. In addition to this, problems indoors observed in these countries appear as another strong element which supports this conclusion. However, progress can be seen in the establishment of South-South relations similar characteristics to those observed in established North-South relations. It can be expected that, in the event of the establishment of a new center of power, it replicates the practices of domination on the periphery, which can be seen in the current scenario.*

**Keywords:** BRICS, Unipolar power

### **1. INTRODUCTION**

When in 2001 the Goldman Sachs economist Jim O'Neill coined the term "BRIC" to bring together the major economies of the emerging markets, probably he did not imagine that a few



years later it would become an association of forces with specific objectives on the world stage.

The good performance of Brazil, China, India and Russia amid the outbreak of the international financial crisis, led to a change in global thinking where the emerging world began to be seen as the driver of global growth in a scenario where the developed world struggled not to deepen their fall. This greater role in the developing world led to major economies of the block, together with South Africa, to consider the need for greater representation in global decisions, despite of pretending to keep the control over decisions. The idea of bringing together the major powers in the developing world became a unit with the intent to leverage its global influence. The growth of BRICS has modified its influence in the international context, and projections for the coming years generate the following question: Will this block challenge the unipolar scenario that has USA as its center?

The loss of US hegemonic power was evident in that the last action exerted by the USA within the unilateral approach was in 2003 with its intervention in Iraq and from there it was ceding prominence and influence (Göksel, 2007).

This paper seeks to determine whether the world is moving towards a bipolar scenario with the US as one of the centers and China and the rest of the BRICS as the remaining, and infer how this new power center will behave in its relationship with the other force that opposes and also in relation to periphery. Part of this hypothesis has already been anticipated by the World Bank (2011) projecting that by 2025 the BRICS will represent the main group of economies that will contribute to global growth, which will increase its global power.

In the first part of the work BRICS dynamics is analyzed both individually and forming a bloc and its prospects for the coming years. A comparison between the block and the US as a relative force measurement is performed. The second part is devoted to the analysis of geopolitics today, identifying the main visions and what they anticipate about the future polar world to the region.

Then it defines what the term polarism means and it is analyzed if China on the one hand and the BRICS as a whole can create a new center of power. The third section will show how the world stage may be in the case that the BRICS may create a new power center. Conclusions are presented in the last section.

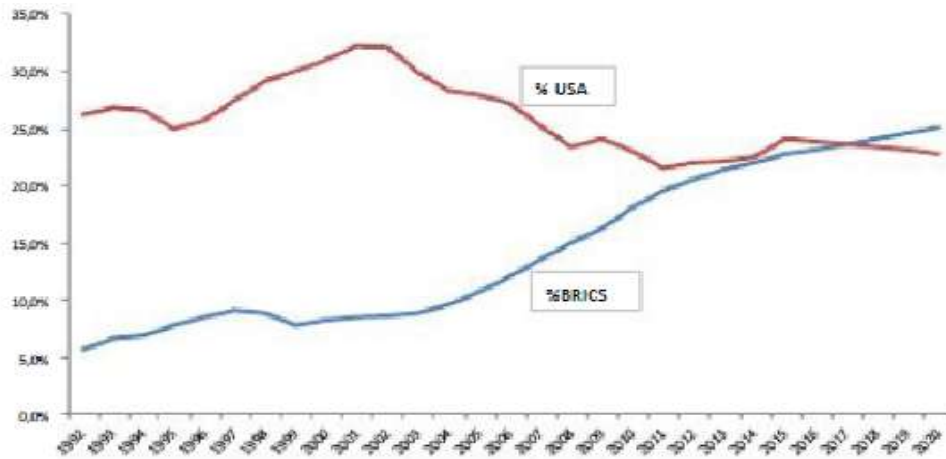
## **2. Representativeness of the BRICS in the world stage**

In the early nineties, the BRICS represented only 5.6% of global GDP, while the US accounted for more than 25%. So that generation of American wealth almost quintupled the BRICS. But only 20 years later, these countries accounted for 20.5% with projection to account for a quarter of global output by 2020, and exceed the US GDP by more than two points.



ISSN: 2349-5677

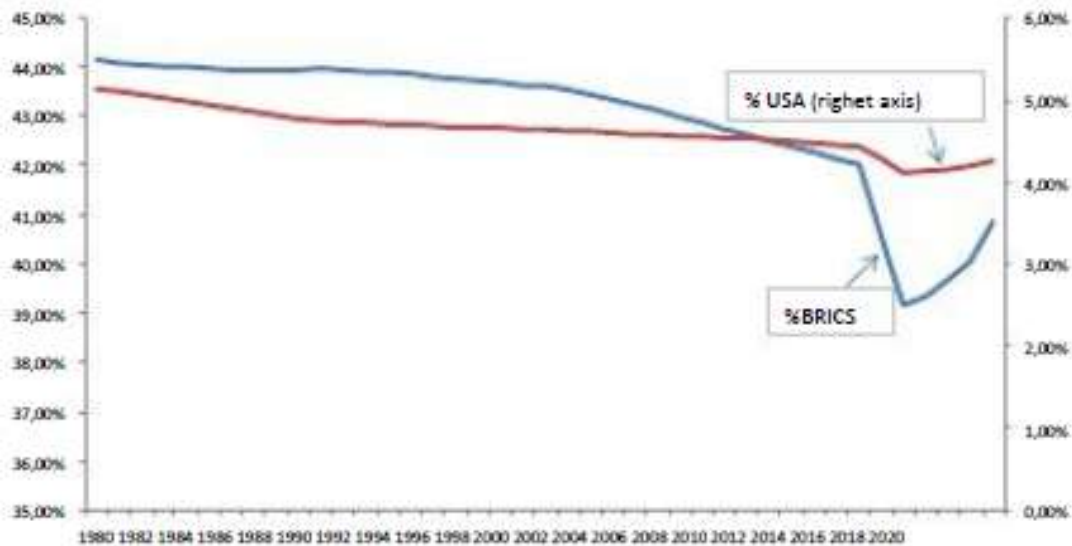
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Source based on IMF data

Figure 1. Share of the BRICS and USA in Global GDP

This participation increase of global GDP is due to the dynamism of the economies of China and India, then accompanied by Brazil and more backward, by the dynamics of Russia and South Africa, while in the US economy less dynamism was observed. In terms of population, BRICS account for about 44 % of the world population. USA is barely an eighth of the population mass of this block which means the relative strength within these terms.



Source based on world bank data

Figure 2 . Evolution of the population of the BRICS and US in world population



The block financial strength can be measured through changes in the level of international reserves, which rose from an average of US\$ 38,690 million in the 80's to US\$ 4.65 billion in the last five years, 120 times the level observed in the 80's. At the beginning of this period US stocks were more than three times of the BRICS ones, and in the period 2010-2014 stocks were a little more than a tenth in comparison with BRICS stocks.

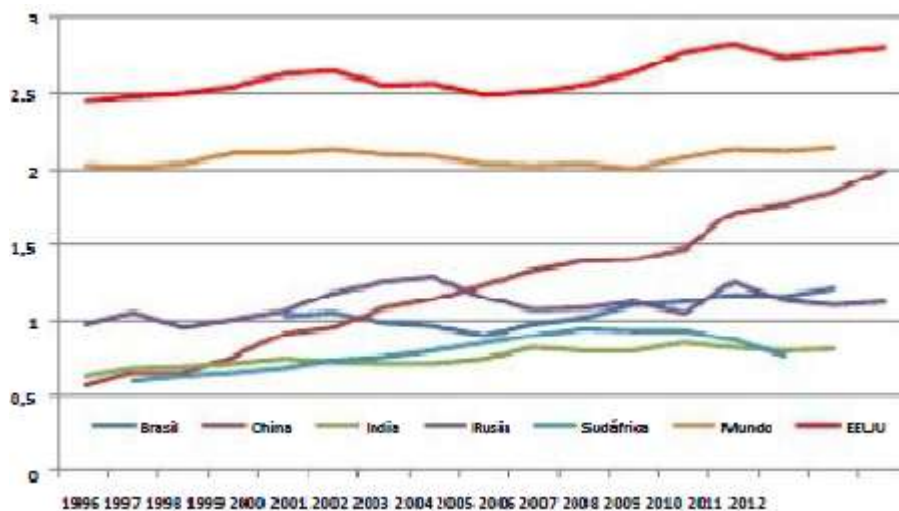
Table 1: Annual average tenure of International Reserves

Annual average tenure of International Reserves  
In millions of US\$

Country	Annual Means			
	1980-1989	1990-1999	2000-2009	2010-2014
BRICS	38.690,04	153.860,39	1.444.549,90	4.649.540,12
USA	139.909,51	156.205,11	217.576,97	496.677,82

Source based on IMF data

Another key variable is the innovative ability and this is reflected in the percentage that these countries spend on R&D. Figure III, these countries are at levels below the world average, and well below the level of spending on R&D in the US. Only China has a higher dynamism than the American economy.



Source based on world bank data

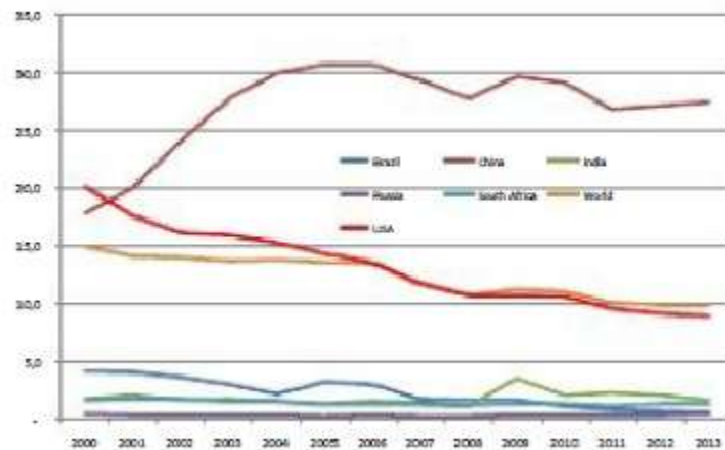
Figure 3 : Expenditure on R & D (% of GDP)



ISSN: 2349-5677

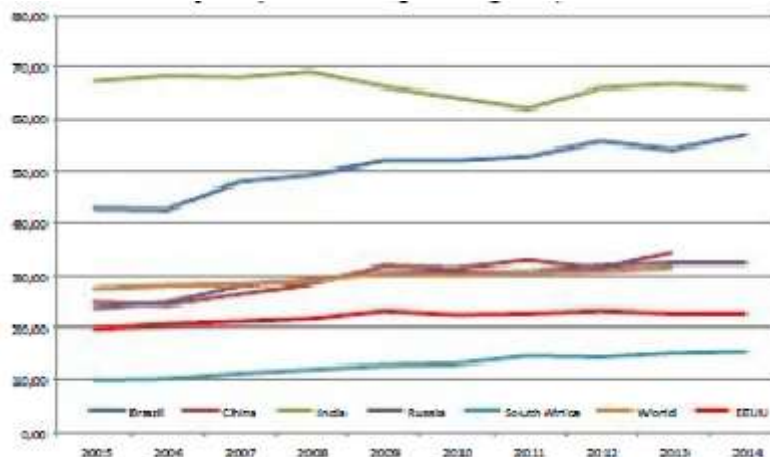
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Innovative capacity is inferred in the component of technology products incorporated in its exports such as shown in figure number IV. Except for China, the rest of the countries of this block do not exceed the world average and the US average in the percentage of ICT products exported out of the total. Despite this, a narrowing of the gap is observed by the drop in global average share of ICT products in world exports of goods. A significant part of Chinese technology exports are US companies settled in that country. ICT service exports, only South Africa is below world average and the USA's, India being the country that leads the group with a percentage share of ICT services over total services exports that double the world average, albeit with Brazil shrinking this distance with India in recent years.



Source based on world bank data

Figure 4. ICT goods exports (% of total exports of goods)



Source based on world bank data

Figure 5. ICT services exports (% of total exports of goods )



In its military power, in the percentage of its GDP allocated to military spending, only India and Russia have seen levels above the world average, with Russia increasing the share of military spending in terms of GDP in the last years (but the poor performance of Russian GDP in recent years) surpassing even the US in recent years. In China, the limitations in military spending are also a unilateral decision to avoid confrontation.

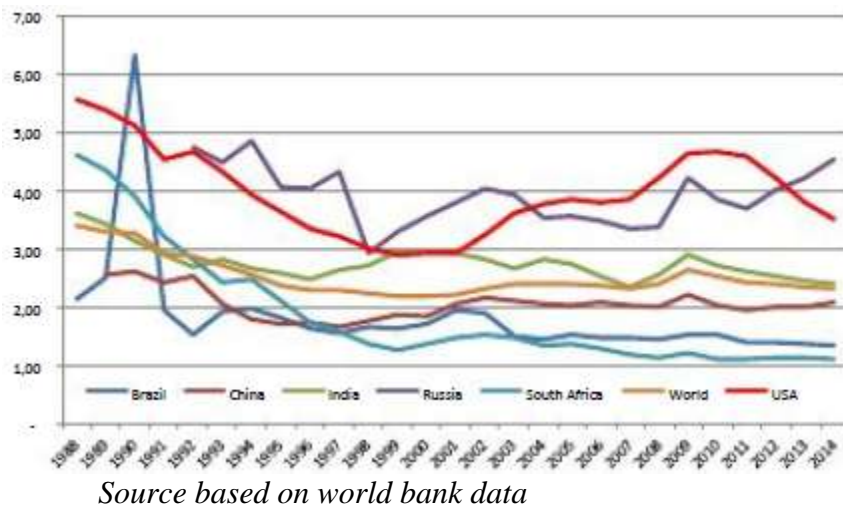


Figure 6. Militar Expenses (% of GDP).

### 3. The current geopolitics

The current situation is the result of specific transformations in the nineties and current counter rebalancing. The first period, known as neoliberalism, was characterized by the rule of liberal ideas supported by the Washington Consensus after the fall of the Berlin Wall and the dissolution of the USSR. The source of this doctrine, was centered in the United States, which was at the pinnacle of international power after the collapse of the former USSR. Abeles and Kiper (2010) show two polar approaches: the hegemonic and cooperative. The hegemonic approach accepts that the creation of the G20 and the incorporation of the emerging world to the negotiating table respond to the logic of US domination and the developed world in general, that call for the new forum to legitimize decisions. The cooperative vision understands that the creation of the G20 is a more profound change in the structure of international governance and involves an instance of mutual influence and better balance in decision-making. Battaleme Martinez (2008) understood that the world was entering a stage of redefinition characterized by a higher level of independent initiative of state agencies, a phenomenon still strongly influenced by the United States, whose effect is based on the level of complexity of its economic and productive national structure and on its political-military capacity to manage international



influence. Although a process of redistribution of international power may be seen, it is still premature to talk about multipolarity.

According to Bresser-Pereira (2008), the result of successful capitalist neoliberal model is globalism so; all countries follow the model of Western countries or bear the costs of disconnection with the system. But there are different models and varieties of capitalism and various national economic development strategies, such as those of nationalist development, called new developmentalism, that have been successful in countries that have adapted, opting for strategies of long-term growth by means of domestic saving and a balance between the state and the market, more macroeconomic discipline. This implies a move away from the US hegemonic ideology, which depends on the degree of social cohesion and the alienation of the ruling elites on the developed countries. These countries are those Asian countries with a middle-income such as China, India. According to Cuevas (2012), even when the existence of different colors regimes is shown, their economies and political structures have a very similar cut: they are dominated by the Washington Consensus, showing its effectiveness despite its failure to "save" the system global capitalist influencing behavior patterns, the scale of values, the aspirations of the people; causing a 'cultural revolution' that would disrupt society as a whole. At least for now, Tamames Gomez (2009) raises the difficulty that the US ceases to be the axis as the dominant power. The world is moving to a new order and defines a new future global currency as a potentially beneficial instrument but anticipates a world with several poles with a better balance in terms of power. The representativeness of the G8 to G20 strengthens its position.

With regard to the strategic issue of new regionalization and South-South cooperation, there are too many examples in the political and economic relations between the new "emerging" and "developing" countries, which reproduces the North-South patterns, despite they seem to be or are more convenient in the short term. The current Chinese cooperation in Africa is an emblematic case, but not the only one (Benzi, 2009).

#### **4. Polar, bipolar or multipolar world? Defining Polarism**

The international political organization consists of three different types of determinations (Anderson, 1983): a) the international systems of states as institutional instances of balance and resolution of common problems between sovereign states by means of diplomatic relations, international treaties and global and regional organizations; b) the hegemonic state systems as integral relationship of forces between (economic, geopolitical and military, cultural) states that determines the institutional system; c) the (non-governmental) international relations between societies, which affect the course of world (political-ideological international, churches, or NGO networks today) events. These instances give rise to the so-called world order, as global governance systems and institutionalized power relations between states and societies.

The global difference between core countries and the periphery ones was proposed by Raul



Prebisch (1950), who defines the periphery as nations that are characterized because of their production plays a peripheral role, with exporting economies, the flow of resources is directed, in large part, to the center. They are regions whose economy is specialized in the production of raw materials and / or minimally processed manufactures, with coercive forms of control and low wages. As regards the settings, they are weak nation-states in an inferior position in the international arena.

The center exhibits an industrial development in which production is made thanks to raw materials from the periphery and technological monopoly. The capital and profits of capitalist production are concentrated, they boast of technology development, produce complex manufacturing, purchasing materials and cheap goods from the periphery and sell those produced by these countries at high prices due to the higher value added, they are societies of high consumption, the way they control work is by means of capital and labor ratio, they are politically strong nation-states. Wallenstein introduces the concept of semiperiphery for regions that lie between the center and the periphery that have the acceptance of the center for the production and industrialization but they still belong to the periphery, since they are exporting economies. Economic and political role is above the periphery as it is self-conceived in a superior position to those countries and in a lower scale than the core countries.

## **5. Fundamentals of the BRICS to challenge the unipolar US**

Can the BRICS, challenge the unipolar world in which the US currently appears as the center or they may only resign themselves to be a semiperiphery where they only have authority over other weaker nations? While the international financial crisis has led to changes in the international economic and financial scenario, with a weakening of the developed world which is still facing a scenario of problems because of the crisis and an emerging world with China in the lead, gaining prominence beyond current setbacks, a few years ago it was becoming clear that a shift in the balance of global forces was taking place. But for such a change to might involve the emergence of a new center of power to change the current unipolar scenario, it must sustain that power on multiple fronts, such as military, economic and technological Nayyar (2008), but they are only some main fronts.

## **6. China, the BRICS and their economic growth and trade relations**

In the economic context, we have seen the growing importance of China leading BRICS with regard to global wealth generation. Moreover, a channel by which China has been increasing its global power is the commercial channel, which, in recent decades, the Asian giant has increased its influence on many countries through the power of their demand for products. This dependence has led several developing countries to be more than lenient in different agreements that have been concluded with China in recent years.





Another key aspect is the financial aspect, the imposition of a global currency. The Yuan is on track to become a global currency in a scenario where the end of the hegemony of the US dollar (Saccomanni, 2010; Lin & Dailami, 2011) is looming. It has already managed to be considered as a possible member of the SDR currency (means of payment of the IMF) and it has increased its use in world trade of agreements hand-driven by China with its trading partners. And while thinking that prevails is that the Yuan will be part of a group of global currencies, Roubini (2010), has gone further to anticipate that in the next 20 years, the Chinese currency will be able to replace the dollar as international reserve currency.

From what emerges from the study of economic growth and trade relations, it can be said that China and the BRICS as a whole represent an economic force of significance on the world stage that has produced a change in distribution of power in the world economy (Huw McKay and Ligang Song, 2010). As a counterpart of the progress of China and the BRICS, the US has been the big loser of global economic power.

The population issue is another key element in which it is clear that the demographic variable plays in favor of China and its allies, as it was previously discussed and that is also a generator of demand for products and services from the rest of the world which generates a great strategic value.

A limiting factor is the US trade balance which has been in deficit for several consecutive years ago. The US has also lost influence as seeking global goods from the displacement generated by China and subtracts relative influence among emerging countries.

## **7. China, the BRICS and its influence on the centers of power**

China's rise has also been produced from a strategic side (Chan, 2008). It is that China, along with Russia and India, are geopolitically strategic countries. It is in this sense that China has boosted, since the late 70s, their participation in international organizations, whether intergovernmental or non-governmental ones. Along with this, a greater commitment to global governance has been seen in China. And amid the international financial crisis, China and other BRICS have been observed seeking greater influence through its participation in the G-20.

For China, a bloc with the BRICS, can be used to channel their interests in multilateral areas (Nayyar, 2008). Thus, China would break with the pre established policies that have governed the world for several decades. In relation to the previously said, China has proposed to build a multilateral structure in the world to check and balance the measures promoted by the power of the United States on the world stage (Chan, Lee-Pak and Chan, 2008). The emergence of the G-20 was a clear sign of this wider dissemination of global power where the BRICS will have an important role in showing in multilateral instances, the interests of the emerging world, limiting



the hegemonic power of the developed (Tamames Gómez, 2009).

With increasing participation in international areas, China is showing signs of an attitude in favor of a multilateral approach to participate in international affairs and actively participate in international forums that involve different intergovernmental organizations (IGOs) and non-governmental organizations (NGOs). Thus acquires a political strategy to adapt to reap the material benefits of economic globalization and achieve a hedge against global governance dominated by the United States in a non-adversarial manner while building a multilateral structure or a multi-polar world system in order to control and balance the unilateral measures taken by the United States (Chan, Lee-Pak and Chan, 2008).

## **8. China, the BRICS and its ability to challenge US military power**

The issue of security is not a minor issue. China has chosen not to challenge US military power so far. And even if it would have wanted, the differences between them are abysmal. The military power of the United States is such that it ensures that the US remains the country's only international power that dominates "the global commons": air, sea and space, to project power internationally for many years.

The continuity of US as a global military leader is reflected in several aspects: the United States spends more on defense than the 14 countries that follow it in combination. 50% of global military spending is generated by the USA, which also has a level of spending on research and development for defense higher than the rest of the world combined that since that do not represent a substantial fiscal burden (4.1% of GDP), it says it may continue in time beyond the problems that may arise in the American economy.

Another key element for the US is that, unlike its supposed competitors, exerts an insular power, which gives it some immunity and ability to delegate to third parties the resolution of the conflict and geopolitical competition. Moreover, both China and the emerging powers have a geographical location where they have potential rival and emerging powers, which make them difficult to project their power internationally. Despite the US military power, in the short term it cannot exercise its power, which creates an opportunity for emerging powers revisionist vocation to act. Russia beyond not being a military power at the level of the US, it is in terms of nuclear capabilities that have been of the USSR. But beyond its nuclear capabilities, Russia has territorial disadvantages that hinder the expansion of its military power. In this sense, Russia is a geographically difficult to defend territory (for the lack of oceans, mountain ranges and rivers that surround it).

Given the limitations on the military side, Russia's strategy to boost participatory activism on the international agenda, fostering cordial relations with the European powers and the United States, but under Russians own terms, and not on Western categories. As a strong point, Russia is a key



player in the international energy geopolitics, being the largest providers in Europe, its military role here is influenced by its large stocks of nuclear weapons (one of the largest in the world), being the second fleet of ballistic missile submarines, and the only country, besides the United States, with modern strategic bombing forces.

## **9. China, the BRICS and their strength from the innovative**

With imported technology from Japan, France, Canada and Germany, China has been able to develop, in record time and not without controversy because of the dubious respect for intellectual property, a national network of enormous magnitude elevating it to another demonstration of its new global status.

However, the US still has an economy with strong bases of competitiveness, dynamism, flexibility and international weight to sustain its leadership. For example, in the field of nanotechnology, the United States has more nano-centers than the three countries that follow it combined (Germany, Britain and China) and has more patents than the rest of the world combined, so the US will lead the most decisive discoveries in the area for the next 50 years in this field and also in biotechnology, two fronts of great importance in the future of economies.

Human capital, the US spends about 2.6% of its GDP on higher education, well above China and the rest of the BRICS. In fact, countries that follow the US in this regard are European countries that invest 1.2% and Japan 1.1%. The U.S.A. has 7 or 8 of the ten most prestigious universities in the world and 48% and 68% of the top 50 universities in the world and India as a country with high levels of exports of ICT services, graduates being 35 and 50 Ph.D. in computer science per year, US graduates 1,000 per year.

While production in the United States no longer dominates manufacturing, Asian manufacturing must be understood in the broader context of a global and interdependent economy, where the real power is concentrated on the design and distribution stages rather than on manufacturing, stages where the US holds sway. Moreover, the penetration of Chinese goods in the US has caused a reaction in American industry that has moved towards a reorientation towards the production of more sophisticated goods or changing its intensity of use (Alvarez and Claro, 2008). However, there has been a certain retreat in the process of relocation of the US industry from of Chinese progress in the management of strategic stages that risks the leadership of the USA.

China is also a major recipient of FDI but it will be essential to understand if this current situation has firm roots to sustain itself in the future.

In the ranking of global competitiveness 2014-2015, the US ranks third, while the BRICS occupy the following positions: China ranked 28th, Russia 53rd, South Africa 56th, Brazil 57th, India



71st. Clearly this bloc noted poor indicators in terms of competitiveness (World Economic Forum, 2014)

## **10. Internal problems in the economies of the BRICS**

Beyond the conditions observed in the BRICS to become a center of power, this bloc has problems inside their borders that put a stop to this particular objective. In the case of China, potential social conflicts mainly by over-exploitation of its workforce (Petras, 2008), the need for a change in the growth model, financial difficulties of subnational governments and the emergence of bubbles in various sectors ( stock market, housing market, among the most prominent ), are issues of particular concern .

The transition of the Chinese economy towards the market was supported by an increase in unemployment, intensive exploitation, the decline of health services and education, and price volatility. Thus, the growth of productivity has its source in the emigration of rural, unproductive workers to urban areas where they are used in more productive activities, which subtracts sustainability to it and is a future focus of conflict as this resource is exhausted. Russia has a fragile economic structure, a weak banking sector, a manufacturing structure backward and highly dependent on exports of energy resources, metals and wood which generate about 80 % of foreign currency and 30% of fiscal resources (IMF, 2010).

In Brazil, the issue of corruption which threatened the current government, hides other not minor issues as fiscal and trade balance deficits that slow down economic growth and have accelerated the flight of FDI. India for its part has an economy with great social and religious instability imbalances that poses a latent risk of crisis. The scarcity of resources, internal corruption and political fragmentation are other elements that hinder the development of India. Similarly, South Africa has deep problems of poverty and inequality, high unemployment and educational deficit, potential elements of conflict that limit its development.

## **11. Conclusions**

In this paper we analyzed the growing influence of BRICS with China as a leader in the international arena. This growth has taken place in part by these countries own strength, and partly because the US has ceded power and global leadership due to its internal problems where the economic factor, triggered by the subprime crisis, has been its Achilles heel.

While recognizing the increased influence of the BRICS in the global concert of nations, it is still far from forming a center of power that transforms the world into a bipolar one, not to mention a new unipolar world with them in the center.



There are several aspects that the block should still develop to be considered as a serious candidate to become a center of power. And the problems that these countries have indoors make this growth to make a pause that will last a long time.

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**ISSN: 2349-5677**

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