

**CHAPTER IV**  
**BRIC'S CRITICISM TO G8's DOMINATION IN THE WORLD**  
**ECONOMY**

This chapter contains the discussion about all data provided in earlier chapters. The content of this chapter explains how policies, agenda, and programmes of G8 become useless and bias, the discontentment of G8 caused by BRIC, the critics of Brazil, China, and India toward G8, the joining of Russia in BRIC and G8, and is the collapse of G8 regime.

**A. The uselessness and bias of G8 policies and programmes**

Of all gatherings of world leaders, G8 seems more undeserving than the rest. Year after year, leaders from U.S., Canada, Britain, Germany, France, Italy, Japan and Russia gather to discuss economic policy and other political concerns. And over these years, to the dismay of citizens of the world, not much happens. Their annual summits hold incredible potential but each time, the meetings seem wasted.

For instance, in March 2002, US President, George W. Bush proposed the "Millennium Challenge Account," (MCA)<sup>91</sup> a US led program to end poverty in the developing world. The program competitively awards aid based on a list of specific criteria. The criteria judge countries based on three guidelines which are a

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<sup>91</sup> Ashley R. Notini, "The Millenium Challenge Account: Foreign Aid and International Development Programs of the Bush Administration", *student Pulse*, July 27<sup>th</sup> 2010.

just sovereignty, benefits for people, and freedoms in economy. Further, it will reward the best-performing nation. The program strives to incentivize countries which typically face corruptions and other structural barriers to grow, liberalize, and reform in order to become eligible for MCA aid. In 2004, 17 countries were eligible, but since then many more countries had made efforts to reform and receive MCA aid. However, the program had received mixed reviews in terms of its effectiveness. It is not entirely clear to what extent the Millennium Challenge account has “worked.”

Another case is there is a problem among developed countries; every country wants foreign aid to exist, but none of them wants to pay for it. They also disagree over who should be the recipients; the North American members would like to focus their aid on Latin America, while Europe would rather focus more heavily on African and Asian nations. This debate often leads to tension because there is financial motivation at work. The US and Canada would like Latin America to develop in order to be able to purchase their export products and have more markets for their own products, while Europe, being centrally located, would prefer an Afroeurasian development strategy to one focused on the Americas alone because those markets are more readily available to their industries. G8 members also disagree over the amount and form of aid. Most of the G8 is committed to AIDS reduction in Africa, but the goal of universal AIDS treatment access by 2012 has yet to be agreed upon by all member nations. There is also a usually unstated reluctance of the United States to participate as fully in

foreign aid as the other members of the G8, partially because it feels that it typically ends up paying the majority of the bill.

The case above shows that this group has not produced any tangible successes in recent era; every summer the leaders make the same empty promises. They pledge of billions of dollars in aid that never materialize. Many say that the program is not large enough, not focused enough, and not effective enough, but the strongest criticism is of the program's promotion of abstinence only education, which is attacked for adding a moral dimension. The group lack's of common priorities is partly to blame under achievement. At the one point the group was a forum for the world strongest industrialized democracies, but the addition of Russia has since undermined that premise. Because Russia is not an industrial country, but a military country. Only small parts of Russia are used for industrial aspect. This is very contradictory to the other seven countries. The existence of Russia in G8 actually did not give any significant benefit. Being a G8 nation is more a sign of status. Because of the membership does not confer special privileges or opportunities. There is little incentive to adhere to its policies.

Since they share little common ground, member states tend to act in their own self interest and merely pay lip service to the G8. For huge policies commitments and agreements from different member states every year, many see the G8 meetings as fruitless because they do not produce policy or because their commitments are never fulfilled

## **B. BRIC's actions to change the domination and regime of G8**

Over the last few decades the world economy has undergone a lot of changes in geopolitical and economic terms, and in the location and distribution of production. Therefore many developing countries or new emerging economies such as Brazil, Russia, India, India, and China have attained an important role in the world economy as producers of goods and services and receivers of capital. The four countries went through major institutional transitions and changes in their economic structure in recent era.

BRIC organize a critical juncture when the advanced industrial states which also form the core of the imperialist order or the G8 are bereft of legitimacy. The typhoon unleashed by the neo-liberal project has resulted in a total deregulation of the financial markets and is wracking the globe in the form of simultaneous crises from global financial collapse to worsening climate changes. It is plausible that the BRIC leaders decided to intensify their efforts at a time when the foundations of the G8 domination seem to be trembling. Hitherto, their attempts have been all too sporadic, either at the negotiation table of the now derailed World Trade Organization (WTO). BRIC aimed to face the reforms proposals in circulation or in the pipe line; largely put forward by the developed countries mainly represented by the G7, in the wake of current "crisis". As evident from the statements and deliberations, the purpose is not really to challenge the "regime" or to emerge as the new "regime" at least in the immediate future

There are several agendas published by BRIC to criticize the domination of G8. This effort was taken by BRIC member to reduce and yet erase the domination of G8 and the spreading of G8 regime. BRIC proposed that they would change the global financial system.

BRIC's first concerns, is about the global currency standard that was dominated by the US dollars. They want to change it because BRIC thinks that U.S. influence has dwindled everywhere with the financial crisis and the rise of other emerging powers. The US' is still dominating global regime, but a swiftly changing world situation is taking place as Washington's economic and political influence is declining, even as it remains the unmatched military superpower. America suffers from low growth, extreme indebtedness, imperial overreach, and virtual political paralysis at home while spending a trillion dollars a year on wars of choice, maintaining the Pentagon military machine, and on various other "national security" projects.

Second concern, is about the composition of votes in the IMF and World Bank. They must believe it must be changed from the domination of United states, Japan, European Countries, and of G8 in another global economic decision making process. BRIC need each country that joins in this organization has balance voting share in order to make and reduce the domination and the spreading of G8 members' regime. BRIC wants to increase its influence within this International organization. BRIC wants its commitments accepted and

*Commitment* means relations among social sites (persons, groups, structures, or positions) that promote their taking account of each other. Shared language, for instance, powerfully links social sites without any necessary deployment of coercion or capital.<sup>92</sup> In this context the commitment of local organization varies as dramatically as do structures of coercion and capital. Commitments can take the form of shared religion or ethnicity, trading ties, work-generated solidarities, communities of taste, and much more. To the extent that commitments of these sorts connect rulers and ruled, they substitute partially for coercion and capital. But commitment can also turn against a government, as in the indigenous highland communities. For BRIC countries the commitment of G8 every summit they held is not work effectively.

That is why the domination of G8 in some international organizations in recent world economy results in contention or debates. *Contention* in general includes any individual's or group's making of consequential claims on another individual or group. "Consequential" means the claims would, if realized, affect their object's interests.<sup>93</sup> Spouses may contend over spending money, visiting relatives, cleaning out closets, or any number of other issues. Contention becomes political, however, when the claims are public and collective, at least one of the parties is already a political actor, and a government is at least a party to the claims in the sense that successful pressing of the claims will involve government agents as monitors, regulators, guarantors, or implementers. Although contention

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<sup>92</sup> Tilly, Charles. *Democracy and Contention*. (The University of Chicago Press, 1998).

among political actors and contention between spouses resemble each other in some regards, this research singled out political contention. Political contention matters because it always has implications for a regime's future and engages the coercive power of governments.

The BRIC constitutes a challenge to the G8 as a competing actor in world affairs, and in particular to US leadership. Jointly, it has the power to do so. It represents 2.7 billion people, 40 percent of humanity, three times as many as the G8. Their combined GDP, expressed in purchasing power, is only half that of the G8 today, but by 2020 it is likely to have overtaken the G8. From a global point of view this is a salutary development, which had to take place sooner or later. Competition is always sounded, also in political affairs. The G8 has not invested enough in improving global governance; its bi-annual declarations sounded increasingly hollow.

Actually both groups should rapidly establish a productive working relationship. They have little choice to work together and form a sort of informal global governance. Jointly, they would be able to elaborate answers for some of the tough issues that humanity has to cope with in the coming decades, from nuclear proliferation to climate change and biodiversity.

### **C. The role of Russia between BRIC and G8**

Russia has certainly been the driving force behind the new coalition. It is presently the only country on earth that combines membership of the two most powerful international groupings, G8 and BRIC. Russia can hardly be a member

of both “clubs”. It will have to choose. It is likely to choose BRIC. G8 might therefore rapidly turn again into a G7, as it has been during the 1980`s. In Russia, the concept of BRIC appeared with the coming of Evgeniy Primakov, the celebrated scientist and statesman, to the position of Russian foreign minister in 1996. His naming alone represented an indication of a coming revision of Russian foreign policy, in great measure influenced by a change in the public mood of the country. This change was caused by disappointment with the rapprochement with the West, which did not bear the expected fruits, and dissatisfaction with Russia’s subordination to foreign interests.

From that point began the search for a more balanced formula for acting on the world stage. In that context, Primakov proposed the introduction of the Russia China India triangle as a strategic foreign policy position. Subsequently, during his Latin America tour in 1997, he initiated and promoted the establishment of closer relations with Brazil. A formula for strategic cooperation appeared in bilateral documents, and a Russo-Brazilian “great commission” was formed. The strengthening of Chinese economic power, on the one hand, and India’s modernization advances, on the other, provided increasingly convincing arguments to Russian scholars and analysts who were pointing to the necessity of an appropriate reorientation in the country’s external strategy.

Unfortunately, the inertia of market approaches and Russia’s economic weakness, which had not yet been totally overcome, did not favor an adequate perception of the topic of BRIC at the top of the Russian political hierarchy.



However, later on, the level of bilateral cooperation with China and India was substantially raised. Multilateral interaction within the Shanghai Cooperation Organization (SCO)<sup>94</sup> was deepened. In 2005, a precedent was made in the form of trilateral consultations at the foreign ministerial level, which are now being held annually.

Russia joined the Group of Seven to form the G8 in 1998, when it was more focused on its economic and other domestic problems. However, during Vladimir Putin's presidency (2000-2008), as the economy recovered due to increased revenues from high oil and gas prices, Russia became a net creditor, and foreign policy was used more systematically as a tool to further its economic goals and revive its great power status.<sup>95</sup> Aiming to fulfill these objectives, Russia began to participate in debt relief and other multilateral development assistance programs, particularly in Africa, to which the G8 had been paying a growing amount of attention.<sup>96</sup>

Actually the role of Russia between G8 and BRIC is as the moderator, the assume BRIC more easier deliver and realize their critics through Russia to G8 because Russia is also the member of G8. BRIC wants to change the domination of G8 in recent world economy. BRIC also needs G8 change its member composition because BRIC thought that G8 is not capable and acceptable to

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<sup>94</sup> Scheineson Andrew, Council on Foreign Relations, *The Shanghai Cooperation Organization*, (Council on Foreign Relations march 24<sup>th</sup> 2009).

<sup>95</sup> Adem, S. ,Emerging Trends in Japan-Africa Relations: An African Perspective.' *African Studies Quarterly* 5, No. 2 (2001); available from <http://web.africa.ufl.edu/asq/v5/v5i12a4.htm>.

<sup>96</sup> Alden, Chris and Garth le Pere. ,South Africa's Post-apartheid Foreign Policy: From Reconciliation to Ambiguity?' *Review of African Political Economy*, 100 (2004).

manage the economic world in recent era. It is impossible that these eight countries can manage and run the economic development effectively. It is shown from the economic crisis that happened in 2008. Even though there is no special duty for G8 to prevent the economic crisis, it becomes the responsibility for G8 indirectly to prevent the economic recession. Because G8 has pronounced that it is the biggest industrial economic development countries group, excluding Russia. It also has almost 50% voting share in IMF and World Bank. Actually the economic recession that happened in 2008 was because of one of G8 members, that is US.

That is why BRIC wants to change the G8 regime by urging the G8 to change the composition of its memberships. BRIC thinks that if BRIC also joins in decision making process in international organizations, it will make the economic development run well and effectively. It is because the contributor in decision making process is not only the developed countries but also developing countries. The number of developing countries is higher than developed countries, which is why it is very important to take attention toward the developing countries existence in recent world economy.

The domination of G8 in recent world economy is now changed by BRIC. G8 has no power to control and influence the decision making process in international organization. The emerging of BRIC and its critics to G8 make G8 realize that it cannot control and rule the whole economic development only by its eight member's powers. The contribution of developing countries in any decision making process is also very important in recent economic development. Finally

the regime of G8 now is replaced by BRIC, because of BRIC's contribution to

~~was G8 to not act selfish in any international organization~~