

BRICS banking and the debate over sub-imperialism

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ABSTRACT: Notionally funded at \$100 billion each, the BRICS Contingent Reserve Arrangement (CRA) and New Development Bank (NDB) represent 'sub-imperial' finance, insofar as by all indications they fit into – instead of providing alternatives to – the prevailing world systems of sovereign debt and project credits. If in Africa, for example, the biggest project now underway – Inga Hydropower on the Congo River – is anticipated to cost \$100 billion alone and the Programme for Infrastructure Development in Africa requires \$93 billion in funding for new projects annually, vast sums could be lent. As for repayment, however, all such opportunities look much less attractive once lenders factor in the 2011-15 crash of commodity prices mainly due to slowing Chinese demand. This is just one reason for the negation of the prior years of 'Africa Rising' rhetoric. Balance of payments constraints for BRICS members will not be relieved by the CRA, which requires an International Monetary Fund intervention after just 30 percent of the quota is borrowed. In this context, the NDB would appear much closer to the Bretton Woods Institution model promoting frenetic extractivist calculations based on US dollar financing (hence more pressure to export), than to the opposite Bank of the South model whose core mandate by founder Hugo Chavez was to finance basic needs goods in a rational manner, using local currencies. The inability of African civil society to so far grasp the dangers is of concern, yet prolific protests against extractivism amidst a larger 'Africa upRising' do offer grounds for optimism that both imperialist and sub-imperialist development finance will not prove viable in coming years.

In defining imperialism just over a century ago, Rosa Luxemburg ([1913] 1968, 397) considered how capitalist crisis 'spurs capital on to a continual extension of the market,' today called 'globalization.' Her core insight – as distinct from those of Lenin, Bukharin, Hilferding, Hobson, and others of her era – was that 'capital cannot accumulate without the aid of non-capitalist' relations and 'only the continuous and progressive disintegration of non-capitalist organization makes accumulation of capital possible.' Evidence from South Africa, Namibia and the Democratic Republic of the Congo proved exceptionally helpful (see Bond, Chitonge, and Hopfmann 2007) as she argued:

Non-capitalist relations provide a fertile soil for capitalism; more strictly: capital feeds on the ruins of such relations, and although this non-capitalist milieu is indispensable for accumulation, the latter proceeds at the cost of this medium nevertheless, by eating it up. Historically, the accumulation of capital is a kind of metabolism between capitalist economy and those pre-capitalist methods of production without which it cannot go on and which, in this light, it corrodes and assimilates (Luxemburg 1968, 397).

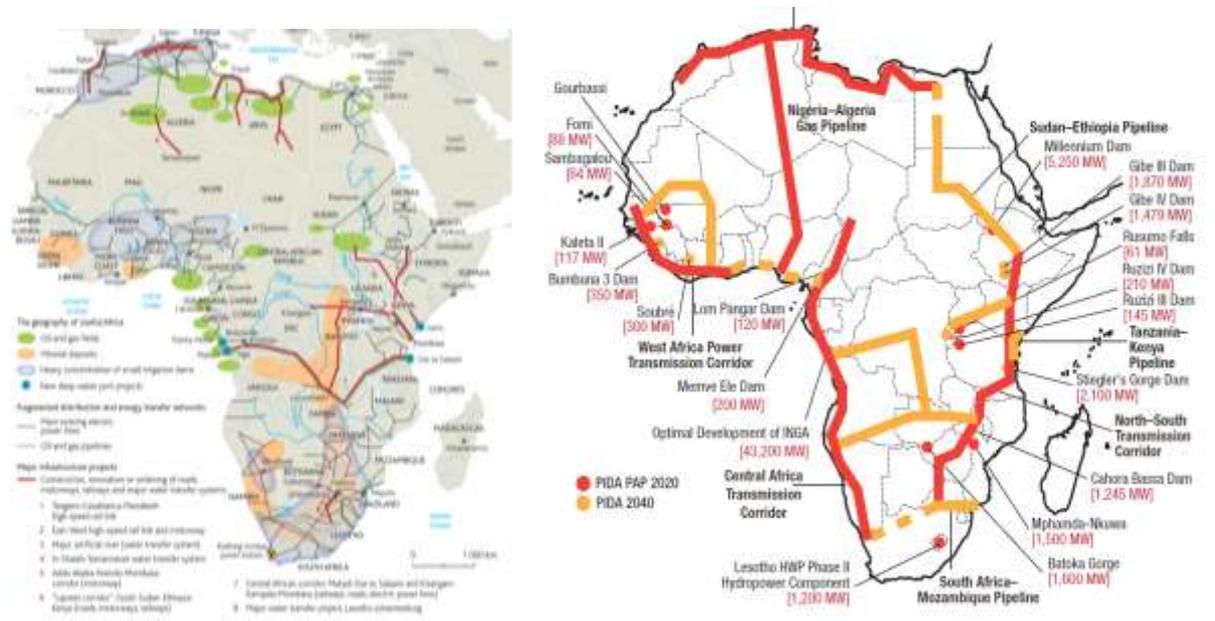
After the era of colonial power relations that facilitated this relationship, amplified in South Africa by apartheid (Wolpe, 1980), a new set of multilateral and interstate relations emerged for what were considered more efficient and legitimate modes of imperial accumulation, especially through the Bretton Woods Institutions. A half century ago, the concept of 'sub-imperialism' allowed Ruy Mauro Marini (1965, 22) to explain the Brazilian case in these terms: 'It is not a question of passively accepting North American power (although the actual correlation of forces often leads to that result), but rather of collaborating actively with imperialist expansion, assuming in this expansion the position of a key nation.'

In the last decade, the renewal of this process – crisis, extension of the market, amplified super-exploitative relations between capitalist and non-capitalist spheres, financialised economies, geopolitical rearrangements requiring collaboration with emerging powers – requires an understanding of a 'new imperialism.' Here, David Harvey (2003, 185-186) adds the layer later to be termed the BRICS:

The opening up of global markets in both commodities and capital created openings for other states to insert themselves into the global economy, first as absorbers but then as producers of surplus capitals. They then became competitors on the world stage. What might be called 'sub-imperialisms' arose... Each developing center of capital accumulation sought out systematic spatio-temporal fixes for its own surplus capital by defining territorial spheres of influence.

Such surplus capital needs outlets. By mid-2015, with a half-trillion dollars departing China over the prior 15 months notwithstanding firm exchange controls, the BRICS' overall capital outflows had become exceptional. Within Africa, South Africa's interests are defining the sub-continent ('Sub-Saharan Africa') as the territorial sphere of influence into which to channel its flows. Projects such as the 2001 New Partnership for Africa's Development and 2005 African Peer Review Mechanism reflected an earlier dedication to this effort (Bond 2005, 2009). But they suffered such huge contradictions and setbacks that today, much more explicit financial channels are needed to direct the surpluses into potentially profitable long-term outlets, including the 2012 Programme

for Infrastructure Development in Africa (PIDA). The PIDA energy routes are especially revealing, in tracing how closely Africa's neo-colonial accumulation agenda resembles colonialism's. To ensure that commodities move from plantation or mine to smelter to port, PIDA offers roads, railroads and bridges and especially energy transmission infrastructure.



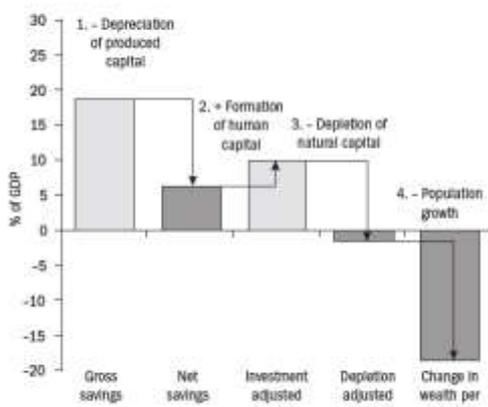
The amounts of funding being discussed in the African Union and United Nations are substantial, and include the \$100 billion Inga Hydropower Project on the Congo River which will, if all phases are complete, supply more than 42,000 MegaWatts of power (three times the capacity of China's Three Gorges dam). Mining and smelting are the logical beneficiaries, as is currently the case as a result of Inga's early stages under the Mobutu regime. This is only the largest mega-project in what PIDA anticipates could be \$93 billion worth of annual infrastructure investments.

To seed many of these projects, South Africa's Development Bank of Southern Africa (DBSA) was given an additional \$2 billion in capital in 2013-14 to enhance its cross-border expansion. The largest single infrastructure loan that the World Bank has ever made, for \$3.75 billion, went to South Africa's Eskom parastatal in several tranches starting in 2010, in order to pay for a 4800 MW coal-fired power plant whose cost escalation raised consumer prices dramatically, in turn causing countless community riots. But meanwhile, due to apartheid-era sweetheart deals renewed after 1994, the world's largest mining house, BHP Billiton, continued to receive the world's cheapest electricity (US\$0.01/kWh) from Eskom, a tenth what consumers paid (Bond 2014).

And yet even before the post-2008 commodities price crash – which began in 2011 and worsened dramatically in 2014 – debt repayment terms and returns on investment in Africa were not sustainable. This was a function of volatile world markets, to be sure, but also a result of extreme overhyping of Africa's growth prospects. Those establishment voices promoting 'Africa Rising' as a means of re-legitimizing the export-led primary-commodity economic model failed to consider that while incomes were rising in the range of 6 percent per annum, *so too was Africa's wealth decreasing by an equivalent amount* (as measured by the World Bank, 2011) for a simple reason: GDP measures extraction of non-renewable minerals as a credit and doesn't count 'natural

capital depletion' as a debit. By following the 2012 Gaborone Declaration (a natural capital accounting endorsement by ten African states, the World Bank and Conservation International), a more accurate recounting of Africa's economic well-being would reveal systemic, large-scale looting. In the Bank's (2014, vi-vii) language, 'aggregate gross savings and formation of human capital are not sufficient to compensate for depreciation of produced capital, depletion of natural capital and population growth. The result: the region is wealth depleting.' Only 12 percent of sub-Saharan African countries surveyed were *not* losing net wealth, at a time they were meant to be 'rising'. The period of the 2002-08 commodity price super-cycle boom was only the most pronounced moment of natural capital depletion.

Figure 1: Decomposing change in wealth per capita, Sub-Saharan Africa, 2010



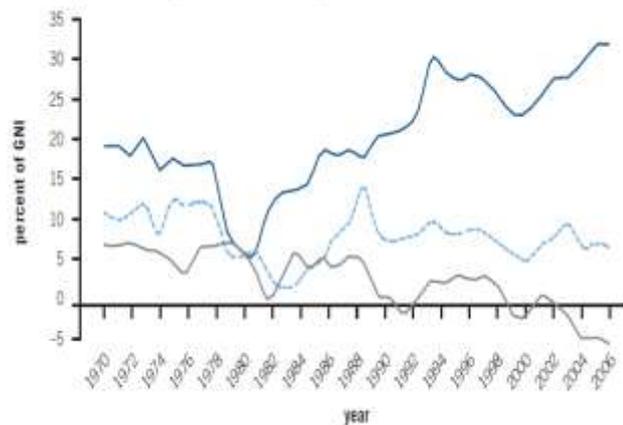
Source: World Bank, Wealth database, 2014.

FIGURE 1 Commodity price indices, monthly



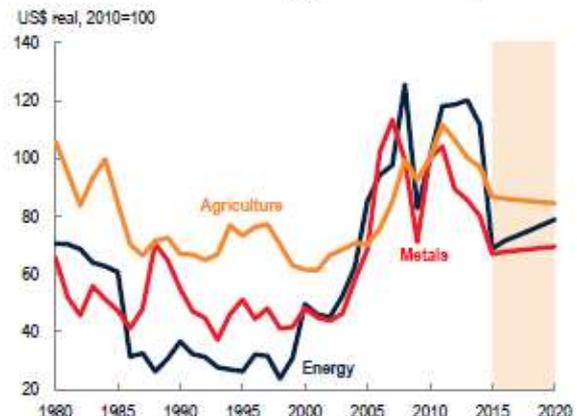
Source: World Bank.
Note: Last observation is June 2015.

Adjusted Net Savings as a Percentage of GNI for Selected Regions, 1970-2007



— East Asia and the Pacific — Latin America and the Caribbean — Sub-Saharan Africa

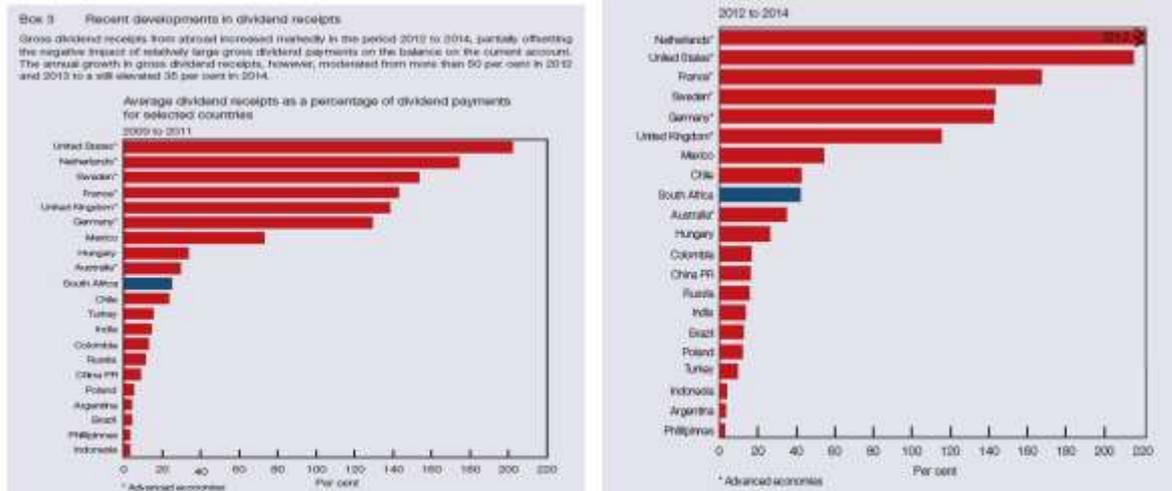
FIGURE 2 Commodity price indices, annual



Source: World Bank.
Note: Shaded area denotes price forecast.

Meanwhile, another kind of looting – 'illicit financial flows' from Africa – was confirmed at \$50 billion per annum, minimum, using a very conservative methodology, by the High Level Panel on Illicit Financial Flows (2015). The Panel was commissioned in 2012 by the African Union (AU) and United Nations Economic Commission on Africa (UN ECA), and was led by former South African president Thabo Mbeki. There are numerous ways that transfer pricing, misinvoicing and other modes of corrupt repatriation of profits occur, many of which Mbeki decried. But these should not blind us to the 'licit' financial flows – profits and dividends – due to Foreign Direct Investment (FDI). According to the South African Reserve Bank (2015, 39), the period of 2009-14 reflected dividend receipts only 20-50 percent as high as dividend outflows to

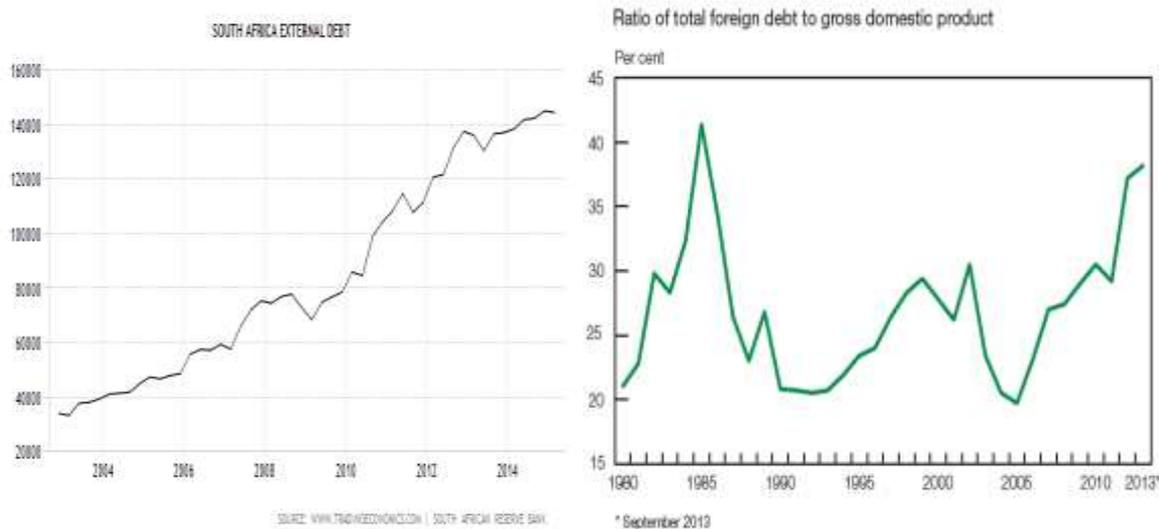
transnational corporations operating in South Africa. (The ratio for countries rich in corporate headquarters like the US and the Netherlands was typically above 200 percent in the same period.) The rest of the continent was far worse afflicted, since South African firms drew substantive profits from Africa as their main way of offsetting flows to the London, New York and Melbourne headquarters of the country's largest firms.



BRICS and the sub-imperial financial stance

While outflows of capital from Africa – including the main economic powerhouses of South Africa, Nigeria and Egypt – grew worse since the commodity boom began in 2002, quite substantial countervailing flows of surplus capital were directed into Africa in search of both Foreign Direct Investment (FDI) and ‘portfolio’ (financial sector) investments. These will soon be even more observable through an institutional arrangement not as excessively influenced by the West and its conditionalities. Starting in 2016, the BRICS – Brazil, Russia, India, China and South Africa – bloc will be lending through both a BRICS New Development Bank (NDB) headquartered in Shanghai and a Contingent Reserve Arrangement (CRA) for liquidity. Both were capitalized at \$100 billion notionally, though the NDB has only \$25 billion in immediate capital injections (\$5 billion each) and the rest ‘callable’, with the CRA simply moving forex reserves into a notional bail-out fund. Deliberations on the institutions were highlights of the March 2012 New Delhi, 2013 Durban, 2014 Fortaleza and 2015 Ufa summits of BRICS leaders.

At those summits and in between at many Bretton Woods Institution annual meetings and G20 summits, BRICS finance ministers regularly expressed dissatisfaction with the International Monetary Fund’s (IMF’s) governance, notwithstanding having collectively spent \$75 billion on the IMF’s recapitalization in 2012. To the surprise and disappointment of many BRICS supporters, however, the CRA actually empowers the IMF because, if a member country is in need of more than 30 percent of its borrowing quota it must first go to the IMF for a structural adjustment loan and conditionality before accessing more from the CRA. For South Africa, whose foreign debt rose from around \$30 billion in 2003 to nearly \$150 billion a dozen years later – i.e., more than 40 percent of GDP, which puts it in the debt-crisis danger zone – this would mean that only \$3 billion is available from the CRA before recourse to the IMF would be necessary. In 1985, the last time this debt ratio was hit, the then leader of apartheid South Africa found it necessary to default on \$13 billion in short-term debt payments coming due, to close the stock exchange and to impose exchange controls.



Moreover, both the CRA and NDB are US dollar-denominated lenders, instead of establishing a fusion mechanism for their own monies: the real, ruble, rupee, renmimbi and rand. As a result, it was not merely soothing rhetoric for the Chinese *People's Daily* (2014) to observe at Fortaleza that the BRICS 'are actually meeting Western demands' by arranging the NDB and CRA 'to finance development of developing nations and stabilise the global financial market.' Such BRICS subservience would, remarked financier Ousmène Jacques Mandeng (2014) of Pramerica Investment Management in a *Financial Times* blog, 'help overcome the main constraints of the global financial architecture. It may well be the piece missing to promote actual financial globalisation.' As Brazil's Ministry of Finance reminded in July 2015, the CRA 'will contribute to promoting international financial stability, as it will complement the current global network of financial protection. It will also reinforce the world's economic and financial agents' trust' (*BRICS Post*, 2015).

One of the CRA's objectives, according to South African Treasury officials, is to 'complement existing international arrangements' (Republic of South Africa, Department of National Treasury 2012). Two earlier attempts along these lines involving China – the Chiang Mai Initiative and Asian Monetary Fund – were similarly accommodationist, notwithstanding the extreme anger in Asia in 1997-98 when they were first promoted by elites insulted by whole-scale takeover of macroeconomic policy by IMF officials. And these were never deployed in any case.

Nevertheless, a great deal of the BRICS bloc's credibility amongst international political commentators rests upon aggressive rhetoric about potential global financial interventions. According to Horace Campbell (2014), 'Ultimately, in the context of the present currency wars, the CRA will replace the IMF as the provider of resources for BRICS members and other poor societies when there are balance of payments difficulties.' Mark Weisbrot (2014) argues that the CRA 'has the potential to break the pattern not only of US-EU global dominance but also of the harmful conditions typically attached to balance of payments support.' According to Walden Bello (2014), both the CRA and NDB 'aim to break the global North's chokehold on finance and development.' Radhika Desai (2013) argues, 'The BRICS are building a challenge to western economic supremacy.' And after the Ufa summit, according to Mike Whitney (2015) of *CounterPunch*, 'The dollar is toast. The IMF is toast. The US debt market (US Treasuries)

is toast... Ufa marks a fundamental change in thinking, a fundamental change in approach, and a fundamental change in strategic orientation.'

In reality, the CRA's provision that once the 30 percent quota on lending is breached an IMF agreement is required, is a means of empowering and relegitimizing the IMF. In reality, only CRA members (not other countries) get CRA access. Hence applause for the 'alternative' BRICS financial initiatives came logically from both Jim Yong Kim at the World Bank and Christine Lagarde at the International Monetary Fund. Likewise in 2015 more than 40 countries – including several from Europe including Britain – became founder-members of China's Asian Infrastructure Investment Bank, and it received endorsement from Kim (Reuters 2014), foiling Barack Obama's sabotage diplomacy.

In these respects, following Marini, the BRICS are 'collaborating actively with imperialist expansion, assuming in this expansion the position of a key' bloc, whose own interests also rest in sub-imperialist stabilization of international financial power relations, for the advancement of their own regional domination strategies. If this was not the case, it would have been logical for the BRICS to instead have supported the Banco del Sur (Bank of the South). Founded by the late Venezuelan president Hugo Chavez in 2007 and supported by Argentina, Bolivia, Brazil, Ecuador, Paraguay, and Uruguay, Banco del Sur already had \$7 billion in capital by 2013 (*Andes*, 2013). It offered a more profound development finance challenge to the Washington Consensus, especially after Ecuadoran radical economists led by Pedro Paez improved the design. Instead, it was repeatedly sabotaged by more conservative Brazilian bureaucrats and likewise opposed by Pretoria, which refused to join it during the Mbeki era.

Yet flaws in the global financial architecture remain vividly apparent and another world financial crisis is looming given how much unjustified liquidity the US, European Union and Japan have pumped into the world's banks, with so little new direct investment to show for it. The BRICS strategy – especially in relation to the expedited extraction of Africa's minerals, petroleum, gas, and cash crops – raises questions about how different its pro-corporate economic growth model will be, compared to the West's, and whether its role in world capitalism is limited to assimilation rather than what is needed: a rupture from existing orthodox models, such as a radically new approach to development finance. Nowhere is this more true than in Africa.

Indeed as a result of turbulence in financial markets in 2013 (affecting four out of five BRICS) and crashing mineral and oil prices from 2011 and especially 2014 (hurting especially Brazil, Russia and South Africa), not to mention the 2014-15 financial squeeze on Russia for geopolitical reasons, the risk of relying upon commodity export strategies was unveiled. The \$100 billion CRA would quickly be exhausted in the event of a more serious financial meltdown. Perhaps those sums can be increased in coming years, because at present they are incapable of warding off emerging-market financial melting of the sort witnessed since the mid-1990s, when numerous countries have needed a \$50 billion package overnight so as to halt financial disinvestment in the form of herd-instinct runs, including Russia's record mid-1998 \$57 billion bailout (Bond 2003).

Aside from halting the bombing of Syria in September 2013 and promoting Russia's geostrategic interests in relation to Crimea, the strategies advocated by BRICS leaders have so far had no discernible effect on the world's economic and ecological crises. Within the IMF, for example, Chinese voting power has risen substantially but left no genuine change in the institution's agenda. As for the World Bank, its presidency was taken by Obama's nominee Kim in 2012 without a united response from the BRICS nations (Fry 2012). The Brazilians nominated a progressive economist, Jose Antonio

Ocampo; the South Africans nominated neoliberal Nigerian finance minister Ngozi Okonjo-Iweala; and the Russians supported Kim. As for China, the reward for not putting up a fight was getting leadership of the bank's International Finance Corporation for Jin-Yong Cai. An Indian, Kaushik Basu, was made World Bank chief economist. In the IMF, while China's voting share increased, Africa's decreased. Yet the increase has not permitted China or other BRICS any genuine leverage, for the US Republican Party in Congress consistently refuses to codify a full set of adjustments to power relations, leaving BRICS financial leaders furious but impotent.

Sub-imperial financiers

Since Karl Marx prefaced *Das Kapital* with a concern that 'Individuals are dealt with here only in so far as they are the personifications of economic categories, the bearers of particular class-relations and interest,' we might consider biographies of such men as a useful exercise. Relegitimization of world financial order was, after all, explicitly reflected in Pretoria's two new appointees to NDB leadership in July 2015:

- NDB vice president Leslie Maasdorp was the main privatiser of South Africa's state assets and also worked in the local leadership of Bank of America and Barclays – both charged with currency manipulation worth billions of dollars; and
- NDB board director Tito Mboweni, who in 2001 was *Euromoney's* 'Central Bank Governor of the Year', regularly bragged of learning from the US Federal Reserve's notorious free-marketeer and financial-liberaliser, Alan Greenspan. From 1999-2009, Mboweni was the most conservative central banker in modern SA history. He not only loosened exchange controls dozens of times, but as a result then had to push interest rates to painful highs while local bank profits soared to amongst the world's highest rates.

The two South Africans deployed to the NDB have long enjoyed leadership and key advisory roles at the Johannesburg office of Goldman Sachs, the New York investment bank partly responsible for the 2007-09 global financial meltdown thanks to rampantly illegal lending practices. Its managers first got bail-outs and then faced multi-billion dollar fines but were spared criminal prosecution thanks to carefully cultivated revolving-door relationships in Washington, Pretoria and many other capitals. Goldman's lead strategist Jim O'Neill had coined the 'BRIC' meme in 2001 to argue that imperialism in the form of the G7 should incorporate the emerging powers. In South Africa, Goldman's local chief executive Colin Coleman (2014) regularly articulates a pro-government stance, for example, writing in the *Financial Times*, 'As one of the five BRICS, South Africa will play a decisive role in global economic development in the coming decades.' According to Maasdorp, 'decisive' is actually ameliorative:

When it comes to the design, engineering and financial packaging of new projects I suspect we will work very closely with the Development Bank of Southern Africa, African Development Bank, the World Bank and others. We will and should benefit from the long years and decades of experience of these institutions... As international adviser of Goldman Sachs from 2002, I played a leading role in expanding the reach of the firm into new market segments

including the public sector and the rest of the continent. (Mnyandu 2015)

Maasdorp also witnessed the highest-profile corruption in African infrastructure finance, not only because his South African big business allies are considered to be the 'world champs' of money-laundering, bribery and corruption, procurement fraud, asset misappropriation and cybercrime. 'I served for example as chairman of TransCaledon Tunnel Authority (TCTA), which is a state-owned enterprise with a mandate to finance and implement bulk raw water infrastructure projects in South Africa, and played an oversight role from a governance perspective for seven years of large infrastructure projects.' (Mnyandu 2015)

TCTA pipes run from Africa's highest dams in Lesotho to Johannesburg, which led to what was the world's most infamous case of construction company bribery in World Bank lending history. More than \$2 million flowed from a 'dirty dozen' multinational corporations to the Swiss accounts of the leading Lesotho dam official, Masupha Sole, who served 9 years in jail but was then, to everyone's astonishment, reinstated thanks to his political influence. Although the World Bank debarred some of the most corrupt companies, thus catalysing the bankruptcy of Canada's once formidable civil engineering firm Acres International, nothing was done to punish the firms by Pretoria officials, including Maasdorp at the TCTA. Several then reappeared in a construction collusion case involving white-elephant World Cup 2010 stadiums and other mega-projects in which billions of dollars were ripped off.

Mboweni had a central role in the IMF's 1993 financing deal, one of South Africa's historic capitulations to neoliberalism. As Mboweni (2004) explained, he knew that 'the apartheid government was trying to lock us into an IMF structural adjustment programme via the back door, thereby tying the hands of the future democratic government... We did not sell out!' But the \$850 million loan came with severe economic policy and even personnel conditions attached. Former ANC Minister of Intelligence Ronnie Kasrils (2013) termed this deal 'the fatal turning point. I will call it our Faustian moment when we became entrapped – some today crying out that we "sold our people down the river".'

Then as SA Reserve Bank governor, Mboweni braved similar controversy to the IMF's repeated applause, especially with extreme interest rate increases (Bond 2014). As he left, the only major economy with higher rates was Russia's, and shortly after that, the only one amongst SA's trading partners where capital cost more was Greece. Keeping inflation low – since banks hate the devaluation of their main asset, money – was the main reason for Mboweni's policies. Yet self-interestedly, on the eve of the 2008 world financial meltdown he rewarded himself a 28 percent personal pay raise at a time his institution had declared a 6 percent maximum inflation target. Remarked business e-zine *Moneyweb* (normally fans of neoliberalism), 'The high-living governor already has a reputation for excessive ego, after attempting to censor what pictures of him are released into the public domain' (Cobbett 2008). The reference is to Mboweni banning photographers from the Reserve Bank because they were 'taking pictures when I was wiping off my sweat.'

Mboweni joined an elite group of IMF reform advisors in 2006, including Greenspan, and simply shifted some of the deck chairs (as noted, China thus got more voting power and African countries less – and no penalty was imposed on the sole member able to sabotage, the US). Ironically, at the time Durban hosted the BRICS summit in early 2013, Mboweni used a speech to regional business elites to attack the NDB as 'very costly. I would rather take that money and build the Coega Petro SA oil

refinery here in Port Elizabeth' (Matavire , 2013). Mboweni also chairs a local oil company. And as for the NDB's alleged commitment to 'sustainable' infrastructure, the BRICS Business Council's (2014) South Africa project wish-list has since 2014 included new coal-fired generators, off-shore oil drilling, and Durban's \$25 billion new port, all hotly contested by environmentalists. As Mboweni told Bloomberg (2015), the proposed \$100 billion Russia-South African nuclear deal 'falls squarely within the mandate of the NDB.'

Will men like Maasdorp and Mboweni fight the poverty, ecological destruction and climate change, privatisation and corruption, illicit financial flows and Resource Cursing associated with current global lending, or will they amplify these features? One danger is the BRICS' role in renewed carbon market strategies to address climate change, an explicit case of sub-imperialism (Böhm, Misoczky, and Moog, 2012). Given the South African BRICS bankers' backgrounds, it is reasonable to ask whether Pretoria was ever serious about challenging the Bretton Woods system, dollar hegemony and other structures of global power.

The main evidence of continuities not change is China's ongoing financing of Washington's massive trade deficit by continuing to hold more than \$1.5 trillion of US Treasury bills. Indeed, at the very time the Fed's monetary policy signaling was helping to tear apart the BRICS grouping in mid-2013, China was increasing its T-bill holdings at a record rate. In the first half of 2015, there were a few indications of deleveraging based on the forced sales of US Treasury bills of about \$100 billion (out of \$3.7 trillion in Chinese foreign exchange reserves) (Durden 2015) as well as 600 tonnes of gold purchases over the course of a month. This was, though, a consequence of dramatic capital outflows, amounting to \$280 billion in the first half of 2015 and to \$520 billion going back a further three quarters. As the *ZeroHedge* blogger 'Durden' (2015) remarked,

A capital exodus of that pace and magnitude would suggest that something is very, very wrong with not only China's economy, but its capital markets, and last but not least, its capital controls, which prohibit any substantial outbound capital flight (at least for ordinary people)... China is *forced* to liquidate US Treasury paper even though it does not want to, merely to fund a capital outflow unlike anything it has seen in history.

Notwithstanding rhetoric about increasing use of BRICS currencies or barter trade, not much more is being done to end the destructive system in which the US dollar has world seigniorage – i.e., it is the world's reserve currency, no matter how badly Washington officials abuse that power. If China really wants the renminbi to one day take its place, the pace at which this is happening is agonizingly slow, with only a 2014 energy deal between Russia and China hinting at future post-dollar trade. Even if the renmimbi is assimilated with the dollar, euro, yen and pound as an IMF-approved world currency, in the meantime, as mid-2013 financial chaos showed, the other BRICS countries' economies paid the price.

The BRICS experiment won't stand or fall on narrow grounds of development finance. But the most critical aspects of the world economy operate through finance, for financiers still pull the strings in most national contexts, including in South Africa. Given the context of such extreme need for change, it is worth examining South Africa's particular stance, given its own record of having so dramatically moved from one kind of sub-imperialist power – a rogue regime hated by all civilized people – to another

kind, one with enormous legitimacy in 1994. And the ordinary people and natural environment of the entire continent of Africa are the primary victims of the routing of development finance to the continent through South Africa.

Sub-imperial South Africa in Africa

As argued earlier in *Third World Quarterly* (Bond 2013), the broader economic context for South African sub-imperialism is crucial because Johannesburg firms' expansion into African markets was a logical aspect of geopolitics. Put simply but accurately by the Texas intelligence firm Stratfor (2009) in an internal memo (as revealed by WikiLeaks in 2013),

South Africa's history is driven by the interplay of competition and cohabitation between domestic and foreign interests exploiting the country's mineral resources. Despite being led by a democratically-elected government, the core imperatives of South Africa remain the maintenance of a liberal regime that permits the free flow of labor and capital to and from the southern Africa region, as well as the maintenance of a superior security capability able to project into south-central Africa.

Concretely, Stratfor (2009) argues,

Angola and the Democratic Republic of the Congo (DRC) are prime areas of interest. South Africa has long held an interest in those two countries' diamond mines, but it has been unable to develop lasting control over them. South Africa has had a little more success with mining operations in the DRC, which it accesses through Zambia's Copperbelt province. Angola and the DRC are anxious to develop diamond concessions in the remote interior of their respective countries, where mining operations so far remain largely artisanal. South African technical and financial know-how can be used to develop the largely untapped diamond riches in those two countries, and the ANC government knows that it can bring its influence to bear to present South African companies favorably to gain mining concessions.

In other words, according to Nairobi-based journalist Charles Onyango-Obbo (2013),

South Africa put on its suit, picked up its fat briefcase, and stepped out into the continent. Imperial expeditions have not changed over the ages. They always require that the generals, princelings, and businessmen earn some silver and gold from it, if they are to continue cultivating elite and ruling class support for it back home. Places like the DRC, where there is plenty of silver and gold will therefore always be the logical and rational destination – whether the imperialist is Asian, European, American, or African.

With capital pushed and pulled to and from the region the 'silver and gold' earned were increasingly important to shore up South African firms' balance sheets. The earlier opening of South Africa to the world economy was a vital prerequisite, however, introducing its own intense contradictions. In late 1993 as apartheid walls tumbled, Mandela authorized agreements binding on the first democratic government to repay

apartheid-era debt, to give the South African Reserve Bank insulation from democracy and to take up an IMF loan with standard structural-adjustment conditions. In 1994 South Africa acceded to what became the World Trade Organization, at great cost to its uncompetitive manufacturing industries and their workers, and in 1995 the financial rand-exchange-control system was entirely lifted, thus allowing wealthy South Africans permission to export a much greater share of their apartheid-era wealth (Bond 2005).

Repeated exchange-control relaxation by the SA Reserve Bank subsequently prioritized South African corporate investment in the Africa region. But by 2000 the financial headquarters of what were formerly Johannesburg- and Cape Town-based corporations – Anglo American Corporation, DeBeers, Gencor (later BHP Billiton), Old Mutual and Liberty Life insurance, South African Breweries (later merged with Miller), Investec bank, Dimension Data IT, Mondi paper, etc. – escaped the continent entirely. These largest of South African firms are now primarily listed in London, New York, and Melbourne. The resulting outflows of profits, dividends, and interest after 2000 are the main reason South Africa has had a persistent current account deficit that has left the ratings agency to downgrade the sovereign rating to very near junk level. And in order to cover the hard currency required to facilitate the vast capital flight, which apparently peaked at 23.4 percent of GDP in 2007 (Mohammed 2010), vast new foreign-debt obligations were taken on.

During this period of increasing economic desperation, the regional hinterland was shifting, especially because of the commodity super-cycle that rose especially quickly from 2002 to 2008. The African continent expanded its rate of trading with the major emerging economies – especially China – from around 5 to 20 percent of all commerce in the post-apartheid era (1994–2012). By 2009, China had overtaken the United States as Africa’s main trading partner. Soon after that, rationalizing and facilitating tighter continental economic relationships with BRICS countries became one of Pretoria’s leading objectives. As South African foreign minister Maite Nkoana-Mashabane observed, ‘In 2012, South Africa invested in the rest of Africa more than any other country in the world’ (Mataboge 2013). In 2010, seventeen out of Africa’s top twenty companies were South African, even after the capital flight a decade earlier (Lavery 2011). As Ernst & Young’s *Africa Attractiveness Survey* (2013) recorded, thanks to predictable mining houses and MTN cellphone service, Standard Bank, Shoprite retail, and Sanlam insurance, South Africa’s foreign direct investment in the rest of Africa had risen 57 percent since 2007.

The results were mixed, however. Central African Republic (CAR) investments, for example, followed the forging of close ties between several individuals at the top level of the ANC and its Chancellor House investment arm, in search of a diamond monopoly facilitated by a well-known CAR fixer, Didier Pereira. In 2006 these deals were codified by presidential-level relations involving Mbeki. But contradictions emerged and intensified as France dropped its traditional support for the CAR’s dictator Francois Bozizé. He then visited Pretoria to request urgent military support (Amabhungane 2013). In January 2013 Zuma sent hundreds more SANDF troops to Bangui for a five-year commitment whose cost was officially estimated at R1.28 billion. ‘We have assets there that need protection,’ according to deputy foreign minister Ebrahim Ebrahim (Patel 2013). Tragically, the day before BRICS dignitaries arrived for the Durban summit, on March 25, 2013, more than a dozen corpses of South African soldiers were recovered in Bangui after a two-day battle in which hundreds of local fighters and bystanders were killed. Two hundred SANDF troops were apparently trying to *guard the South African assets* against the Chad-backed Seleka rebel movement. Bozizé fled to

safety and Seleka invaded his presidential compound, taking state power that day in spite of resistance from the SANDF men they labeled ‘mercenaries.’ Two *Sunday Times* reporters (Hosken and Mahlangu 2013) offer quotations from interviews with SANDF troops who made it back alive:

Our men were deployed to various parts of the city, *protecting belongings of South Africans*. They were the first to be attacked. Everyone thought it was those who were ambushed, but it was the guys outside *the different buildings – the ones which belong to businesses in Jo’burg*... We were lied to straight out... We were not supposed to be here. We did not come here to do this. We were told we were here to serve and protect, to ensure peace. (emphasis added)¹

This tragic episode could potentially have led to the ‘Vietnam syndrome,’ in which after a humiliating military experience, popular support waned for other US government attempts to protect its corporate allies’ assets. Zuma approached the quandary with fortitude, however, calling for ‘decisive intervention: an African Standby Force for rapid deployment in crisis areas’ (Msimang 2013).

A few weeks later he sent another 1,350 SANDF troops to the resource-rich eastern Democratic Republic of the Congo, making up nearly one-half of a UN force, alongside Tanzanian and Malawian troops. It was the first known UN peace-keeping mission that was authorized to go on the offensive, and immediately after South Africa’s formidable helicopter firepower (three Rooivalks and five Oryx) flew five sorties, the M23 rebel movement surrendered in October 2013. According to *Jane’s Defense Weekly* (Heitman 2013b), ‘the Rooivalks were extremely effective, firing 70 mm rockets with great accuracy at M23 defensive positions.’ In observing that the helicopter was originally designed to fight Cuban troops defending Angola from apartheid, industry analyst Simon Shear (2013) ruefully remarked, ‘We should not forget that the Rooivalk, as with so many of the country’s advanced weapons, was conceived and designed in the service of brutal wars fought by an illegitimate regime.’ The DRC battlefield was, notably, not far from where Zuma’s nephew Khulubuse had bought into a \$10 billion oil-extraction project at Lake Albert, with the apparent assistance of Pretoria, as DRC president Joseph Kabila personally approved the concessions for the ‘Zuma family’ (Pauw 2014).

So with the hubris of renewed sub-imperial ambitions and capabilities, it was now time, said Nkoana-Mashabane, to do business:

¹ The survivors had more to say about the SANDF modus operandi:

We were told these rebels were amateurs. We were told there was nothing to worry about – that the thousands of Central African regional troops along with CAR government soldiers would help us... But they were the first to run... When those first shots were fired they disappeared... When the sh*t really hit the fan the very okes [men] we trained started killing us... They [the Seleka rebels] were not stupid... They knew we had no support . . . they had intelligence on us . . . they knew our movements, our numbers, our capabilities . . . everything about us... It was only after the firing stopped that we saw we had killed kids... We did not come here for this . . . to kill kids. It makes you sick. They were crying, calling for help . . . calling for [their] moms.

However, according to Helmoed-Römer Heitman (2013a) of *Janes Defense Weekly*, ‘This was one of the hardest-fought actions that the South African military have ever experienced, and the soldiers fought well, even outstandingly’, as their ten tonnes of munitions used killed 800 CAR fighters on the scene and hundreds later thanks to untreated wounds. One of the most effective weapons was apparently the 19 kg rocket that fires up to 8 km, described by Heitman as ‘Chinese weapons originally captured in Angola and kept in service, mainly with the Special Forces,’ an unintended consequence of pre-BRICS, apartheid-era technology transfer from China.

The new South Africa is 19 years old, but we're always confronted with this history of the 101-year-old political movement [ANC]. The 101-year-old grandfather wants to go around making peace everywhere. The 19-year-old has got to look at every aspect of a relationship, needs to be impatient, and say: *'Hey, we need to make our people get the peace dividends' . . . South African companies need to be more aggressive, but we can do better if we are co-ordinated.* This 19-year-old who's beginning to discover that there's no place overseas where we can go and make money, but that *we can make money in our own neighborhood,* needs to move faster. (Mataboge 2013; emphasis added)

A few weeks before, Zuma himself had made a public appeal to South African corporations to become more active on the continent: 'It is always good to get there first. And if we don't get there as African business then people from far away get there first, then we complain later to say they are interfering with us' (De Wet 2013). South African capital's drive to accumulate up-continent was already moving at a rapid rate, as Johannesburg business sought out new opportunities, especially in mining, retail, banking, breweries, construction, services, and tourism. The largest South African corporations benefited from the African financial liberalization that Pretoria strongly promoted (Mminele 2012), so they could repatriate profits with increasing ease. However, most of the money did not stop in Johannesburg, as was the case prior to 2000. The financial flight went mainly to London, as noted above.

How would BRICS affect these relations? On the one hand there would be even more intense competitive pressures transmitted through trade, finance, and investment. These became so severe in mid-2013 in relation to import of chickens from Brazil, as one example, that South African trade minister Rob Davies imposed an 82 percent import tariff, throwing into question whether in reality BRICS was a genuine bloc of like-minded allies. By 2015, the additional problem of BRICS interpersonal exchanges was raised again when South Africa's extreme new restrictions on immigrants and visitors alike (and complicated, privatized processing procedures) dramatically reduced Chinese and Indian tourism to South Africa. Indeed South African Airways (SAA) ran such high losses on the routes from Johannesburg to Beijing and Mumbai that both direct intra-BRICS flights were summarily canceled in 2015. To fly to Russia on SAA requires a stopover in Frankfurt or London, leaving only the decades-old Johannesburg-Sao Paulo run as a direct reflection of BRICS air traffic as seen from South Africa.

Sub-imperial development finance for the hinterland

There are two exceptions to the overall story of over-hyped intra-BRICS collaboration: the utilization of South Africa as a base for African investment – thanks to the 2014 introduction of new intra-BRICS elite business visas lasting ten years – and the prospects for greater flows of infrastructure finance reaching the continent via South Africa. Yet in some respects, South Africa was out of step with the other BRICS countries when it came to global finance. Mminele (2012) acknowledged in November 2012 that Pretoria stood alongside Washington in *opposing global regulation* such as the 'Robin Hood tax' on financial transactions that was supported by more-enlightened countries, including those from Europe being roiled by global financiers. The squeeze of poorer countries through South Africa's financing power has been a long-standing problem, as Johannesburg became the continent's premier hot-money center (Kganyago 2004).

As any visitor to Sandton can testify, this was accomplished by the time, in 2012, that Mbeki (2012) – expelled from the presidency in a 2008 palace coup – was reinventing himself as a leading critic of illicit capital flight from Africa. In 2015 he issued the AU-ECA report entitled *Track it! Stop it! Get it!* The High Level Panel on Illicit Financial Flows (2015) bottom line: ‘Currently, Africa is estimated to be losing more than \$50 billion annually in IFFs. But these estimates... often exclude some forms of IFFs that by nature are secret and cannot be properly estimated, such as proceeds of bribery and trafficking of drugs, people and firearms.’ Or such as secret deals in minerals and oil; South Africa’s ruling party (under Mbeki’s leadership) made dodgy payments to shady characters in Nigeria, Texas and Saddam-era Iraq. Or tax giveaways by politicians; Mbeki’s 14 years as South Africa’s deputy president (1994-99) and president (1998-2008) witnessed corporate tax rates falling from 48 percent to 28 percent. Or exchange controls against capital outflows; Pretoria dropped its main exchange control mechanism – the financial rand in 1995 – and let the largest Johannesburg firms relocate to London in 1999, causing a massive increase in South Africa’s current account deficit due to ‘licit’ offshoring of profits. These are, of course, unmentionables in his report.

Also rarely considered in proper detail is the question of whether South Africa’s Development Bank of Southern Africa (DBSA) is equipped to serve as a model for a BRICS bank operating in Africa. One reason is the distinct gap between the DBSA and the Southern African Development Community (SADC), as acknowledged in the 2012 National Development Plan: ‘South Africa is critically under-represented in organizations like the African Development Bank and SADC. The latter is critical as South Africa is a major funder of the group... To fulfill South Africa’s obligations in the BRICS and in the region, the DBSA should be strengthened institutionally...’ (Republic of South Africa, National Planning Commission 2012). The strengthening took the form of a \$2 billion recapitalization in 2013-14.

But did the DBSA deserve the funding? Here is a well-grounded complaint by SADC deputy executive secretary João Samuel Caholo:

There is resentment towards the DBSA in certain quarters because it is in South Africa, and South Africa is the only shareholder. SADC has no say in what the DBSA does and although the bank does work on a bilateral level with SADC countries, we need our own bank... The name of the DBSA is misleading, as it was established by the apartheid government that saw Southern Africa as consisting of apartheid South Africa and the former homelands. (*CityPress* 2012)

After leaving his job, Caholo renewed his criticism in October 2013, arguing that the DBSA ‘only exists in name,’ while in contrast, ‘a regional bank is supposed to have regional representation of all SADC member states, or at least the participating members in the governance structure. This is still not the case for DBSA’ (cited in van Hove 2013). Just as it was deployed to become Pretoria’s core representative as the BRICS bank was being conceptualized, the DBSA fell into disrepute within South Africa for recording more than \$40 million in net losses in 2011–2012, based on (unspecified) investments. Around 14 percent of its assets were in the region outside South Africa, with future SADC lending anticipated at \$2.3 billion, of which \$400 million would be in semi-privatized infrastructure. In late 2012, the new DBSA CEO, Patrick Dlamini, announced a ‘new restructuring process, staff would be retrenched [from 750 to 300] and corruption would not be tolerated. We can no longer allow the DBSA to be

associated with shoddy work' (Mungadze 2012). Dlamini's prior job was as an executive with the Air Traffic and Navigation Services company, and he had no prior development-finance experience (Barron 2013).

In late 2013 the complaints and confessions were the same. In a *Sunday Times*, interview (Barron 2013) Dlamini stated, 'We have huge room for improvement. Our job is to fund infrastructure development at municipal level, but if you look at this space you see a serious collapse of infrastructure.' His own infrastructure had also collapsed, for Barron's sources noted 'the departure of staff members with valuable information technology, project management and other skills . . . [who] have been snapped up by the big commercial banks, which will be competing with the DBSA to provide infrastructure funding.' As Barron pointed out, 'Hard-earned taxpayers' money was invested in Sol Kerzner's One&Only hotel... It lost a fortune on five-star luxury hotels, platinum jewellery and other such projects instead of investing it in boring things like water-treatment plants, roads, schools and hospitals.' The loan and investment amounted to nearly \$320 million, or 7 percent of the portfolio.

Yet in addition to managers of inappropriate investments, the entire social and environmental division was dismissed, including leadership of an important fund to promote employment. Moreover, as Carol Paton (2013) of *Business Day* remarked,

When it comes to project work, the bank will be in the same position as most state departments: it will need to put out to tender. There is also another problem. The business model of the bank remains tenuous . . . it does not take deposits and so does not have a source of cheap money, the capital injection provided for in this year's budget being a rare event.

The man tasked with ensuring the revitalization of the DBSA in the region was Mo Shaik, who trained as an optometrist but became the leading spy in the Zuma government prior to numerous internal crises in the National Intelligence Agency. One problem was his revelation of important and highly embarrassing political secrets to US embassy officials, which in turn were published by WikiLeaks (Rademeyer 2011). Shaik's forced resignation from the security services in 2012 was followed by studies in a brief Harvard executive course, after which he was controversially appointed the DBSA's main liaison to the region (Molatlhwa 2012).

By early 2015, Shaik was fairly open about the limitations of his brief. In a talk to the main strategic leadership of South Africa's foreign ministry (at which this author took notes), the Department of International Relations and Cooperation (Dirco), he conceded that in the rest of the continent, he sometimes 'felt like an economic hit man... [selling] projects they don't need and they can never pay for, but my job is to sell them these projects.' He ran through a list of the main failures he was witnessing at the time:

- growth in Africa not translating into deeper quality of life
- big problems are facing Inga – who would invest \$80 billion in the DRC?
- projects in Ghana, Kenya, Senegal are failing and DBSA suspended finance for a pipeline in Ghana when double-deficit problems emerged
- Gulf countries sent rebels the weapons to topple Gaddafi but though we applauded that in terms of the Arab Spring, the weapons now went through Mali and Niger over to Boko Haram, leaving an African crescent of 'catastrophic convergence'

- In southern Africa, Mozambique disbursements didn't happen – elections were contested – while progress in Namibia was slow. In Zimbabwe there are continued governance concerns. And the DRC-Zambia border project suffered a \$20 million [DBSA] investment that needs to be resolved, while in Tanzania a drought made the hydro-energy strategy vulnerable, which in turn led to an investment in 300 MW from gas, but then a corruption scandal broke out, with five ministers leaving, and in the DRC, the main Inga borrower (SNEL) has insufficient institutional capacity
- As for oil exploration investments, the price is unsustainably low
- In West Africa, a huge investment track was suspended because of Ebola
- Those are my problems, I didn't predict them in the beginning of the financial year. That speaks to how things happen in our continent. There is unpredictability of deep risk that can pop up without warning.

Conclusion

The warning recently offered by William Robinson (2015:1) in *Third World Quarterly* is worth reiterating:

Global integration and transnational capitalist class formation have advanced significantly in the BRICS. BRICS protagonism is aimed less at challenging the prevailing international order than at opening up space in the global system for more extensive integration and a less asymmetric global capitalism... By misreading the BRICS, critical scholars and the global left run the risk of becoming cheerleaders for repressive states and transnational capitalists in the South. We would be better off by a denouement of the BRICS states and siding with 'BRICS from below' struggles of popular and working class forces.

Given the NDB and CRA positioning and personnel discussed above, it is foolish and perhaps dangerous to invest hope in the BRICS 'alternative' to Bretton Woods. A genuine replacement of imperialist finance would be based upon

- the sort of default on unpayable, unjustifiable debt that Argentina managed to accomplish in 2002;
- exchange controls that countries like Malaysia (in 1998) and Venezuela (in 2003) imposed on their elites (as did Greece in mid-2015);
- new regional currency arrangements such as Ecuador's proposed sucre;
- solidarity financing for South governments resisting imperialism, as was cruelly suggested (by Russia's deputy finance minister) might be available to Greece in July 2015 but then never transpired; and
- socially- and ecologically-conscious financing strategies tied to compatible trade (like ALBA) such as were once proposed and seed-funded by Chavez in the stillborn Bank of the South.

For the most part, the BRICS eschew these until it is too late, as witnessed in China's desperation regulation of its stock market in July 2015, only after more than \$3 trillion had evaporated. The need for dramatic changes to global financial governance is more than obvious, yet the gumption to make these changes has not been generated from political movements either from above or below. From the vantage point of South

Africa, one of the ‘fragile five’ emerging markets that began suffering sharp currency crashes in mid-2013 as the US Federal Reserve’s Quantitative Easing was tapered, the dangers of ongoing financial turbulence should be obvious. Yet in its 2013 world public-opinion survey, the Pew Research Center’s Global Attitudes Project (2013) found that only one-third of South Africans identified ‘international financial instability’ as a major threat (third highest, after climate change and Chinese economic competition) compared to 52 percent of those polled across the world (for whom it was a close second, after climate change at 54 percent).

Priority given by polled population to global threats, 2015: percent ‘very concerned’

	Brazil	Russia	India	China	South Africa	World
Climate change	75	22	73	19	47	46
Economic instability	60	43	49	16	33	42
ISIS	46	18	41	9	26	41
Iran’s nuclear threat	49	15	28	8	25	31
Cyber-attacks	47	14	45	12	28	30
Tensions with Russia	33	NA	30	9	18	24
China territory disputes	28	8	38	NA	22	18

Source: Pew Global Research (2015)

Two years later, the level of South African awareness about global economic instability was the same, with slightly lower consciousness registered on climate change. This ongoing ignorance is a shame, because since South African freedom was won in 1994, the rand has collapsed seven times by more than 15 percent within a few weeks. The crash from 2011 through 2015 was more than half against the US dollar. (The other laggard on public consciousness in 2015 was China, with only 16 percent of those polled ranking economic instability a major concern, in the months prior to the mid-2015 crash of the main stock markets by more than \$3 trillion in just three weeks.)

One result of the low level of public awareness and discussion is that ten positions have formed which appear to be solidifying, in terms of political standpoints to BRICS: three associated with BRICS elites; three with BRICS intellectuals; three ‘from below’, as Robinson anticipates; and the loudest being BRICS critics from above.

TEN IDEOLOGICAL STANDPOINTS IN RELATION TO THE BRICS

1. *BRICS from above* – heads of state, corporates and elite allies
 - o 1.1 BRICS as *anti-imperialist*: foreign ministry *rhetoric* – ‘Talk Left, Walk Right’ – based upon national-liberation traditions, with some concrete actions (such as opposition to Intellectual Property applied to medicines, especially for AIDS, safe haven for US spy whistleblower Edward Snowden and hostility to the proposed US bombing of Syria in 2013)
 - o 1.2 BRICS as *sub-imperialist*: re-legitimation of ‘globalisation’, lubricating neoliberalism in – and exploiting – BRICS hinterlands, intensifying structural exploitation of poor/workers/women/nature on behalf of global/local capital, ensuring maximum greenhouse gas emissions alongside BASIC/US no matter the local/continental/global consequences, and even sometimes playing a ‘deputy sheriff’ role to world hegemons
 - o 1.3 BRICS as *inter-imperialist*: potential new internet delinked from the US; promotion of Putin v Obama in September 2013 at G20; and backing Russia in Crimea/Ukraine conflict

2. Brics from the middle – BRICS Academic Forum, intellectuals, trade unions, NGOs
 - o 2.1 *pro-BRICS advocates*: most of Academic Forum, most establishment ‘think tanks’, the ‘Civil BRICS’ initiated by Russia, and others (including leftists) claiming BRICS will increasingly challenge global injustices
 - o 2.2 *wait-and-see about BRICS*: most NGOs and their funders – as well as most ‘Third Worldist’ intellectuals – who wish for BRICS to become ‘anti-impis’ in the UN and Bretton Woods Institutions, using the New Development Bank and Contingent Reserve Arrangement, etc.
 - o 2.3 *critics of BRICS*: those associated with BRICS-from-below networks who consider BRICS to be ‘subimpis’ and sometimes also ‘inter-impis’
3. BRICS from below – grassroots activists whose visions run local to global
 - o 3.1 *localist*: stuck within local or sectoral silos, including myriad momentary ‘popcorn protests’ (even some against BRICS corporations or projects) that are insurgent, unstrategic, at constant risk of becoming xenophobic, and prone to populist demagoguery
 - o 3.2 *nationally bound*: most civil society activists who are vaguely aware of BRICS and are hostile to it, yet who are so bound up in national and sectoral battles – most of which counteract BRICS’ agenda – that they fail to link up even in areas that would serve their interests
 - o 3.3 *solidaristic-internationalist*: ‘global justice movement’ allies providing solidarity to allies across the BRICS when they are repressed and jointly campaigning for human and ecological rights against common BRICS enemies (such as Vale, the China Development Bank, DBSA, Transnet/mega-shipping, fossil fuel corporations and other polluters, and the coming BRICS Development Bank)
4. pro-West business – most organic intellectuals of business connected to Old Money, multinational-corporate branch plants, northern-centric institutions and political parties, all increasingly worried that BRICS may act as a coherent anti-Western bloc some day (a phenomenon mainly evident in South Africa given its important unpatriotic bourgeoisie)

In 2013, in *Third World Quarterly*, I wrote that there dangers that BRICS would

- prop up the IMF’s pro-austerity financing and catalyse a renewed round of WTO attacks;
- launch a BRICS Development Bank to exacerbate World Bank human, ecological and economic messes;
- make Africa a new battleground for internecine conflicts between sub-imperialists intent on rapid minerals and oil extraction (as is common in central Africa);
- join the US to sabotage climate negotiations or to try offsetting emissions through (ineffective) carbon markets; and
- promote home corporations’ exploitation of hinterlands (Bond 2013:267-8).

These dangers are just as intense two years later. I concluded that ‘building a bottom-up, counter-hegemonic network and then movement against both imperialism and BRICS sub-imperialism has never been more important’ (Bond 2013: 268). The task remains, but the co-optation problem associated with BRICS-from-the-middle NGOs and intellectuals has grown more substantial. As noted at the outset, normally critical commentators (Bello, Campbell, Desai, Weisbrot and Whitney) endorsed the new BRICS financial institutions albeit without trying to confront the contradictions. In contrast, former South Centre director Yash Tandon (2014) did engage, alleging that ‘Bond and his colleagues are inventing a category that simply does not exist. It is a distraction from real issues of concern to progressive forces everywhere.’ (Slightly less critical is Bill Martin, 2013.) Worse, according to Vladimir Shubin (2013), ‘The criticisms of BRICS from the left come from those who occupy a “perfectionist” stance. However it is naïve (at the best) to expect the very existence of BRICS to radically change the world.’

There is similar angst about the critique of sub-imperialism within the collection of several dozen 'BRICS-from-the-middle' NGOs and even BRICS-from-below social movements. After two counter-summits highly critical of BRICS were held by civil society groups in Durban (2013) and Fortaleza (2014), a Moscow 'Civil-BRICS' (2015) conference was convened through official catalysts with the explicit aim of granting legitimacy to BRICS elites at the same time those same governments were clamping down on dissidents internally.

At the same time, a different brics-from-below project – tourism – was being foiled. In the case of a dozen well-heeled South African, Indian and British tourists to western China in July 2015 – Muslims who in their hotel roomed watched an historical video about the region – police carried out arrests and a week-long detention justified by bizarre accusations of 'terrorism' and then claimed the tourists had 'confessed' and 'repented' so therefore justified release. Official hostility was also revealed in Pretoria through new South African visa requirements (a privatised service requiring an in-person visit to a consular office) applied especially to China and India. Chinese tourist routings to South Africa fell from 2014 levels by one third in the first half of 2015, with Indians not far behind (Maqutu, 2015). South African Airways cancelled its non-stop flights from Johannesburg to Beijing and Mumbai. In contrast to these mundane relations between BRICS citizenries, the BRICS-from-above business leaders lobbied successfully for a ten-year multiple entry visa to facilitate contact.

A genuine BRICS-from-below strategy is possible but not yet in place (Bond and Garcia 2015). Because of the way that, as Luxemburg pointed out, capitalism needs to 'eat up' pre-capitalist relations, such resistances will necessarily build on the myriad of anti-extractivist politics emerging across Africa. The African social protests recorded by Agence France Press (for the African Development Bank *et al*, 2015) have soared since 2010 and what might have been a 2011 blip was in fact succeeded in 2012 and 2013 by even higher levels, with a slight decline in 2014. The protests include a variety of socio-economic grievances but what may be of use in future is more attention to the ways that the combination of global capitalist crisis – especially fast-falling commodity prices – and bottom-up resistance make it less profitable for transnational corporations of whatever origin to operate on the continent (Bond and Garcia, 2015).

With greater protest aimed at reasserting the logics of poor and working people's needs, the BRICS project could indeed have much to recommend it. But the balance of forces would have to shift so dramatically, that the alternative strategies for financing spelled out above might see the light of day, for example. Without such a shift, and if the governments of Dilma, Putin, Modi, Jinping and Zuma continue as seems likely for at least several years ahead, and if the BRICS corporations and financiers address their overaccumulation crises by exporting capital in much the same manner that imperialists have always done (since Luxemburg pointed out the relationship to imperialism a century ago), then the BRICS will deserve to be considered a sub-imperialist bloc.

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