

# BRICS Development Bank an Instrument for Globalization

K R BOLTON

**T**he establishment of a development bank by the BRICS association of Brazil, Russia, India, China, and South Africa is being described by both proponents and opponents of globalization as a rebellion against the hegemony of the U.S. dollar and a challenge to globalization by “emerging economies.” How accurate is this description? The concept of BRICS was mooted within the ranks of globalist big-player Goldman Sachs. The premises of the development bank seem close to globalist recommendations for world economic reform. Could BRICS be another avenue for global capital to penetrate the “emerging economies” behind the façade of “development assistance”? Is the bank a means of integrating Russia into a global economy by distorting the Russian vision of “Eurasia,” like the vision of “Europe” was manipulated by plutocrats?

## **BRICS and Goldman Sachs**

China has long figured in Goldman Sachs estimates for investment. China is regarded by Goldman Sachs as pivotal to a new world economic order. Goldman Sachs CEO Lloyd Blankfein recently told a conference hosted by the School of Economics and Management at Tsinghua Uni-

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Kerry R Bolton is a Fellow of the Academy of Social and Political Research (Athens), and the Institute for Higher Studies on Geopolitics and Auxiliary Sciences (Lisbon). He has doctorates in theological studies, Ph.D. h.c. and certifications in psychology and social work studies. He has been widely published by the scholarly and wider media on a variety of subjects.

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versity that China will become the underwriter of a “world economic order” and he welcomes China’s expanded role. Institutions such as Tsinghua University, which has a long and close relationship with Goldman Sachs, and from where GS interns are drawn, are part of a global interlocking relationship that transcends politics. Blankfein in his dialogue with Qian Yingyi, dean of economics and management at the university, refers to the unfortunate political roadblocks that have to be overcome in expanding this new “world order” (*sic*). One of the primary obstacles, to which Blankfein refers, is organized labor, which has tried to resist the de-industrialization of the West and the exporting the jobs.<sup>1</sup>

Mark Schwartz, vice chairman of Goldman Sachs and chairman of GS Asia Pacific, enthuses on China deregulating interest rates, liberalizing currency, “engaging globally,” and negotiating a bilateral investment treaty with the USA.<sup>2</sup>

The BRICS development bank contains the humanitarian elements that are often promoted as a façade for predatory international capital. China is as much part of predatory capital as the USA or Britain, with its stocks and bonds, and investments and sharemarkets, borrowing and lending, as any other major capitalist state. China is however still in a unique position to serve as the means by which international capital, as epitomized by Goldman Sachs, can reach into hitherto difficult economies, in the name of development capital. Hence so far from a “Eurasian union” acting as an autarchic bloc, which has been gaining influence in Russia, perhaps BRIC is the means of derailing such a concept and transforming it into an integral part of the “world order.” This is the reason why U.S. based interests had avidly promoted the European Economic Community and what has become the European Union. With Russia integrated into the scheme, might it not also be a means by which this perennial wild-card is brought to heel? Russia stood as a potential rival to international capital in Central Asia, but as part of BRICS, which in turn is part of the “world order,” it becomes a very junior partner.

The concept of BRIC was floated within Goldman Sachs in 2001 by Jim O’Neil, in his Global Economics Paper, “Building Better Global Economic BRICs”.<sup>3</sup> He called it the “BRICs dream,” in a 2003 paper, “Dreaming with BRICs: The Path to 2050.” So far from the BRICS development bank being in so-called “rivalry” with the International Mon-

etary Fund, the BRICS call for the reform of the IMF and the world economic system originates within the international financial system. BRICS's supposed rebellion in demanding reform had been floated by the globalists. O'Neil commented in 2007:

We regard these countries as a critical part of the modern globalized economy, and they are just as central to its functioning as the current G7 is. Indeed, as we have argued repeatedly, the role and purpose of the G7 (and similar global forums and institutions, including the IMF) are increasingly questionable. Today, six years after we first suggested the need for a change in the G7, it seems ludicrous that the G7 still meet and offer statements about the world economy without China, or the other BRICs present.<sup>4</sup>

During the 1970s the same push for reform of the IMF and the world financial system, with the "third world" as the focus, was being sold as a supposed initiative from the "developing economies." It was called the "new international economic order," and behind the façade of helping the "third world," the actual purpose was to have the developed economies assume the burden of debt accrued by the "third world" to the international financiers.

There will be a focus on Africa by the BRICS bank. Behind the facade of humane development, BRICS could be the means by which international capital can push further into the mineral rich continent. O'Neil stated of Africa in 2007:

Nigeria is one country that deserves a special mention, and is certainly a country that has captured my attention. With a population close to three times that of South Africa, Nigeria's ability to deliver on our 'dream' could be vital for the whole African continent. Let's hope the government's slogan, 'Top 20 by 2020', materializes; if so, we are in for an exciting second decade of the new millennium.<sup>5</sup>

There is every reason to believe that the BRICS bank will serve as the bridgehead for globalization in a manner similar to the way the ANC served as the bridgehead for the privatization and globalization of South Africa's economy in the guise of "black economic empowerment."

## Challenging Wall Street?

A comment in the *Huffington Post* is typical of the assumptions being expressed about the BRICS New Development Bank: "The new bank is seen as a strong push by the BRICS against the World Bank and the International Monetary Fund, which the developing world has long complained it far too U.S.- and European-centric."<sup>6</sup>

While pundits claim that the BRICS bank will challenge Wall Street and attempt to redistribute global influence towards BRICS, international capital does not see this as a threat. BRICS is pursuing recommendations that have long been advocated by international capital. It is a misnomer to refer to "American" capital or "European" capital. It is "global" or "international" capital. A globalist elite has been forming for centuries. It is nomadic and is no more fixed to place than the money and credit it digitally shuffles across borders. For centuries the oligarchs operated through the European empires, then scuttled those empires in very short order when they became restrictive. Woodrow Wilson's "Fourteen Points" and Franklin Roosevelt's "Atlantic Charter," with their anti-imperial premises, determined that the post-war world would be based on "free trade." These oligarchic nomads are what G Pascal Zachary, a proponent of globalization, called "the global me."<sup>7</sup> To the globalists it does not matter what nation-state is paramount, but only how a nation-state might serve international capital. Goldman Sachs, Rockefeller and Soros interests have long been proponents for China. Goldman Sachs stated of the supposed "threat to Wall Street" from BRICS:

If the world continues to evolve broadly in line with our BRICs projections, it seems highly likely that capital markets outside the US will develop more quickly. In this regard, both London and Hong Kong have natural advantages that New York lacks. This would not spell the end of New York as a global financial center. Capital markets

growth is not a zero-sum game. Growth in global markets would probably stimulate activity in New York, in absolute if not relative terms.<sup>8</sup>

The globalist attitude is cogently stated:

Much of the growth of financial markets outside the US is due to the spread of US capital market culture. We would expect US-based but globally-minded firms—both intermediaries and investment banking companies—to benefit from further growth in any global capital markets.<sup>9</sup>

... Just as we project that the world economy will look significantly different in just two decades time, thanks to the BRICs, so too may global capital markets.<sup>10</sup>

Significantly, Goldman Sachs pointed out that the emergence of BRICS will provide a windfall for those globalists positioned adequately:

So, is Wall Street doomed? Certainly not. The depth of the US domestic market, the fact that it is the home market for many of the world's leading companies, the tradition of innovation and the deep equity culture all point to a continued future as one of the world's key financial centers. But the long-standing dominance of the US markets is likely to continue to fade as the global equity culture spreads. We see this as a not-surprising aspect of the rise of the BRICs economies, and one that should be welcomed. At the very least, many US-based firms are likely to profit from this trend including financial intermediaries, lawyers and accountants.<sup>11</sup>

There is nothing magical about Wall Street or any other locality, nation or government, whether called Left, Right or Center. Goldman Sachs has referred to London and Hong Kong as being better placed than New York as centers of international finance. International finance is what the term implies—international; and globalization is global. The

nomadic elite of international finance as G Pascal Zachary pointed out, can relocate across the world according to corporate requirements. There is no attachment to a nation, a government, an ideology, or a culture other than what is money-driven. Wall Street does not exist to serve the USA or anything else other than money.

BRICS has also been seen as a challenge to the hegemony of the U.S. dollar in world trade, the assumption being that this also is a worry for the globalists. Again, international finance, as its name should indicate, does not have a commitment to any national currency any more than a commitment to any national state. Soros has been in the forefront of the globalists stating that the eclipse of the U.S. dollar is not troublesome to them. Rather, the aim is for a new international currency. The call by the globalists for a new international reserve is in line with BRICS aims. Economist Joseph Stiglitz stated in 2011 that “The world economy needs a new global reserve currency to help prevent trade imbalances that are reflected in the national debt of the U.S.” Stiglitz was attending a conference at Bretton Woods, organized by the Institute for New Economic Thinking.<sup>12</sup> This is called Bretton Woods II, initiated by Soros to reorganize the world financial system. The Institute for New Economic Thinking was founded by Soros in 2009. Stiglitz is one of the advisers. Among many other positions he is chair of the Commission of Experts of the President of the United Nations General Assembly on Reforms of the International Monetary and Financial System.<sup>13</sup> The Institute for New Economic Thinking links with other globalist think tanks such as the Centre for International Governance Innovation.

## **BRICS New Development Bank**

At a New Delhi summit in 2012 the BRICS states declared their intention of forming a “new development bank.” This was reaffirmed at Durban in 2013. The predicate is the “market economy.”<sup>14</sup> Hence market economics is the model that will be carried into “developing economies” and presumably reshape the economies of the member states; particularly India, Brazil and Russia, states which the Goldman Sachs reports happen to insist require market reforms. In this respect, the BRICS bank principles sound like those of the IMF.

The first principle of the bank states that it will work with “developing economies,” “complementing the existing efforts of multilateral and regional financial institutions for global growth and development.”<sup>15</sup> In a word: *globalization*. The developing economies, which have historically been suspicious of “Western” capital, are—it seems—going to be opened up through the back door. It will be the BRICS bank rather than the IMF imposing the same types of economies. Article 1 further states: “It shall also cooperate with international organizations and other financial entities, and provide technical assistance for projects to be supported by the Bank.”<sup>16</sup> This sounds more like the BRICS bank as a complement to the IMF and international finance than an alternative, let alone a rebellion.

An annex on the purpose and functions of the bank states: “to cooperate as the Bank may deem appropriate, within its mandate, with international organizations, as well as national entities whether public or private, in particular with international financial institutions and national development banks.”<sup>17</sup> Given that the financial institutions whether “public or private,” are generally based on debt to international finance, the BRICS bank sounds like a guarantor of debtor states to international finance. Will Greece, for example, where Goldman Sachs has invested particularly heavily, get a “bailout” from BRICS? Such a nexus between the BRICS bank, IMF and international finance is indicated: “The Bank may co-finance, guarantee or co-guarantee, together with international financial institutions, commercial banks or other suitable entities, projects within its mandate.”<sup>18</sup>

The BRICS bank could be the foundation of an autarchic trading and geopolitical bloc, if based on barter agreements and an internal currency and credit created by the bank. The Soviet bloc worked towards this. However, again the indication is that the bank will, like other central banks, serve as a medium for borrowing from international finance, and as a middle-man to secure and guarantee debts on behalf of global capital. The bank is authorized to “borrow funds in member countries or elsewhere, and in this connection to furnish such collateral or other security therefore as the Bank shall determine ...”<sup>19</sup>

At the same time Russia is pursuing another direction, the Eurasian Economic Union, comprising Russia, Belarus, Kazakhstan and Arme-

nia. Will BRICS be promoted by the anti-Russia globalists as a way of derailing the Eurasian Economic Union, which could become a genuine challenge to their hegemony? The *New York Times* reports that the issue of Ukraine joining the Eurasian Economic Union “was key to inciting protests that eventually drove Ukraine’s Russia-friendly President Viktor Yanukovich from office in February. Ukraine has since signed an agreement to deepen ties with the EU.”<sup>20</sup> Soros, and the usual gaggle of globalist fronts such as the National Endowment for Democracy, have a strong interest in ensuring that the Ukraine remains detached from Russia.<sup>21</sup> BRICS has the potential to hamstring Russia’s revival and push her into the global economic system, while giving the impression that Russia is pursuing an assertive course.

### **Reform of the International Monetary Fund**

The BRICS bank has been portrayed as a “rival” to the IMF. With the focus of the BRICS bank on globalization and co-operation with existing international financial institutions, the “rivalry” seem more like augmentation. BRICS could serve as the means of penetrating the “developing economies” of states that have suspicion and resentment towards the IMF.

BRICS have alluded to the need for the IMF to reform vis-à-vis the “developing economies.” This call for reform was being made during the 1970s when it was called the “new international economic order.”

It is assumed that the BRICS call for IMF reform is a revolt against globalization. Rather, global capital has long been calling for such reforms. Here too BRICS and the globalists seemed to be in accord while the assumption is made that they are at loggerheads. The BRICS declaration at Durban in 2013, referred to the need for updating the international financial mechanism, in accordance with, not against, globalization:

The prevailing global governance architecture is regulated by institutions which were conceived in circumstances when the international landscape in all its aspects was characterized by very different challenges and opportunities. As the global economy is being reshaped, we are committed to ex-



ploring new models and approaches towards more equitable development and inclusive global growth by emphasizing complementarities and building on our respective economic strengths.<sup>22</sup>

The BRICS Durban declaration calls for the IMF to be more representative of the “developing economics.” This is consistent with the aims of global capital.

We call for the reform of International Financial Institutions to make them more representative and to reflect the growing weight of BRICS and other developing countries. We remain concerned with the slow pace of the reform of the IMF. ... The reform of the IMF should strengthen the voice and representation of the poorest members of the IMF, including Sub-Saharan Africa. All options should be explored, with an open mind, to achieve this. We support the reform and improvement of the international monetary system, with a broad-based international reserve currency system providing stability and certainty. We welcome the discussion about the role of the SDR [Special Drawing Rights] in the existing international monetary system including the composition of SDR’s basket of currencies. We support the IMF to make its surveillance framework more integrated and even-handed.<sup>23</sup>

Leftist and liberal critics of globalization assume such declarations for equity between the so-called developed and developing economies to be indications of defiance and rejection. Such anti-globalists assume that “Western” capital functions in a neo-colonialist mode as a development for the old colonialism of the European empires. The assumption is naïve and passé. As G Pascal Zachary explained with approval in his book *The Global Me*, the globalist is not rooted to place, but is transferable according to the needs of international capital. Zachary, the globalist ideologue at Goldman Sachs in their position papers, Mayer Amschel Rothschild, whose international dynasty was founded on five sons go-

ing to the five centers of capital, George Soros, et al., are not “American,” “German,” British,” “French,” or “Western” “imperialists.” While global capital might use the military wherewithal of the USA, NATO, the UNO, and others, to crush reticent states like Serbia, Iraq and Libya, globalization has long displaced the old notions of imperialism. Where the Left sees the BRICS call for the reform of the IMF to supposedly reflect the needs of the “developing economies” as a defiance of a long gone imperialism, global capital is in agreement with such proposals. Like the BRICS concept itself, the call for a more rationalized approach to the “developing economies” by the IMF emanates from the globalist corporations. The Durban declaration of BRICS is an invitation for a more consistent policy on globalist exploitation of the resources of the African continent, in the manner by which South Africa was opened up to predatory capital behind the façade of “Black economic empowerment.”

Compare the Durban declaration comments on the IMF, with those of the Brookings Institute paper funded by Soros and Rockefeller interests. The two opening passages read:

There is almost universal agreement that the International Monetary Fund (IMF) is in need of reform. The IMF is in dire financial straits, which undermines its effectiveness in monitoring international financial stability, addressing key economic issues, and in providing technical expertise to finance ministries and central banks. Many countries are reluctant to work with the IMF, because they regard it as doctrinaire, responsive mainly to its largest shareholders, and a political liability. Yet, in a world of globalized financial markets, the IMF’s role and functions are more crucial than ever.

To restore the effectiveness and legitimacy of the Fund the IMF needs to reform its governance structure and operational approach. The debate over the specific content and methodology of any reform package, however, has been centered in Europe and North America—the IMF’s largest

shareholders. By contrast the developing countries, holding over half the world's GDP, people, and reserves, have had little voice and input to the process...<sup>24</sup>

The focus of this report is on better integrating Africa, Latin America and Central Asia into the world economy via the IMF. Given the similarity between this report, funded by Soros's Open Society Institute, the Ford Foundation and Rockefeller Brothers Fund, and the Durban and other BRICS declarations on international finance, one might ask whether BRICS has been founded to act as the proxy in "developing economies" where the IMF has been increasingly resisted? The author, Dr Domenico Lombardi, has served on the executive boards of the IMF and World Bank, and as a Fellow of the Brookings Institute, among other positions,<sup>25</sup> including The Bretton Woods Committee.<sup>26</sup> Both the IMF and BRICS bank promote these policies with the loftiest moral intentions, but so have most globalist initiatives, whether in bombing Iraq or fomenting "color revolutions." In this case, it is being done behind the façade of assisting the "developing economies" to achieve parity. Who better to lead this than China, the totalitarian capitalist state *par excellence*, still posing as the champion of the "third world" against the "West."

Given the character of the IMF and the BRICS bank in including the leading financial advisers and bureaucrats of the member states of both, there are naturally shared personnel. Hence, when Greek prime minister Alexis Tsipras met with representatives of the BRICS bank in St. Petersburg in June 2015, the delegation of the latter included IMF executive director (2007-2015), Paulo Nogueira Batista Jr., who assumed the vice presidency of the BRICS bank.<sup>27</sup> Batista has stated that the BRICS bank "may establish the formal mechanism of interaction with existing financial organizations, such as the World Bank and the Asian Bank..."<sup>28</sup> which, as indicated by the previously cited BRICS principles, certainly seems to be the intention.

## Conclusion

Nothing about the BRICS New Development Bank suggests a challenge to international finance or to globalization. On the contrary, the BRICS

declarations suggest the bank will serve as another avenue for globalization, and a means by which global capital can enter the “developing economies.” The BRICS bank can proceed without the distrust and resentment that is attached to the IMF and World Bank, acting as a proxy. BRICS opens the backdoor to Central Asia and Russia, Goldman Sachs now serving as a primary investment adviser for the latter, as it long has for China. Nothing about the BRICS recommendations for global financial reform challenge the international plutocracy; indeed what is being suggested has already been mooted by the world oligarchy.

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