

Brazil and Russia in the circle of BRICS: divergence of development ways and relevance of comparison

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The concept “BRIC”, meaning an abbreviation of Brazil, Russia, India and China as the new emerging powers in the world, propelled by analysts of Goldman Sachs (GS) at the dawn of the new millennium has rapidly become a subject of widespread political and quasi-scientific, scholastic speculations rather than a field of serious analysis. Moreover, this concept has begun capable of living by its proper life in a realm of ideas, independently on initial intentions of its creators. A consideration of BRIC, to which the letter “S” is added to signify South Africa, has turned into a kind of intellectual vogue among not very qualified journalists, political wizards and self-proclaimed prophets.

Meanwhile, forecasting about BRIC outputted from analytical departments of GS was originally the pattern of purely economic approach, the magic of quantifiable indicators and mechanistic treatment of the non-linear long-term processes. Recognising a definite value of the GS analysis and forecasting, it was necessary to take into account that this analysis was based upon extrapolation of the short-term trends into the future. It approved once more the banal truth: the contemporary global economy is so multi-dimensional and complicate thing that its study cannot be trusted to the economists only.

Furthermore, there are also political, historical, social and cultural factors that impact on the concrete configuration of relations within the group of BRIC (or BRICS) and its evolution. Indeed, it is difficult to imagine any alliance, particularly anti-Western or, at least, anti-American only, between China and India, remembering, at first, the XX Century history (two military conflicts in 1959 and 1962), unresolved problems of borders between them, and, secondly, obvious endeavour of the Indian ruling groups to tight contacts with the Anglo-Saxon world.

What concerns the relations between China and Russia, they are not as cloudless as the top officials in both countries perform. There is poorly hidden rivalry between two countries for domination and control of resources in the Central Asia. De-industrialising Russia with degrading structure of economy becomes a backward periphery for growing

Chinese economy with extending manufacturing industry. Respectively, the Chinese foreign policy makers perceive Russia as raw materials supplier, and, unfortunately, they are not far from the truth.

At last, it is necessary to mark the trade tensions between China and Brazil because the import of cheap manufactured goods from China afflicts Brazilian industry and threatens by de-industrialisation to Latin American giant.

Therefore, BRIC(S), being treated as a group of countries with big economies that apparently becomes an alternative to the old, West-centred core of the world economic system, is actually very amorphous community. It would be, at best, naively to construct any anti-Western economic and political block from parts of this community, as some Russian “strategists” hope to do, being affected by the cold war paranoia of anti-Americanism.

Nevertheless, it is worth to note that the mentioned countries have common important features, and it would be erroneous to reduce them only to a big size of their economies. What is more significant is heterogeneity of their economies that embrace various technological and social-economic sets. There are scientific-industrial centres at the most advanced level in all respects and the large spaces of internal periphery as well that can definitely be classified as backward. The countries of BRIC(S) face serious ecological problems. They have some common interests consisting in maintaining the global economic stability and can potentially contribute to preventing the world economy from sudden financial shocks. At last, they all support an idea of the multi-polar world (although it is another matter how this idea is realistic).

Thus, any interchange by political ideas, experiences of economic development, visions of the global processes, etc. among the BRIC(S) countries’ leaders and experts can be useful for themselves and other nations as well. In any case, it does not succeed in deteriorating the world situation as a whole. Nevertheless, it is hardly admissible to ignore not only the recent controversies between members of several couples within the given group (whereas those controversies, including the mentioned above, can be temporary and may be smoothed in the prospect) but more fundamental differences between them. These differences concern the long-term trends and strategies of development; they characterise their distinctive trajectories in the conditions of globalised economy. May be, the most clear differences of such type are seen while Brazil and Russia are compared with each other.

The both countries exceed China and India by the level of GDP per capita and human development index. They are comparable with each other by sizes of their economies and number of population. In the past, their development was uneven, resembling to a turning of square wheel, as Brazilian historian Nelson Werneck Sodré

said once about his country (and the same could be said about Russia, too). Either of both countries confronted serious difficulties in the 1980s because the model of accelerated industrialisation realised in each of them (despite many differences) came to the historical limit and exhausted itself. Both experienced the period of neoliberal reforms in the early-1990s, although this period lasted in Brazil about two years only and finished with the scandalous resignation of President Collor.

In spite of some apparent similarities between two countries, the ways of their development in the conditions of globalisation began diverging just at that time when such similarities had seemingly reached their apogee, on the eve of the 1980s-90s. The main difference that predetermined the widening divergence of their development trajectories consisted not only in different starting points of reforms: Brazil had originally the market relationships in economy, though excessively regulated by the state in some respects, whereas Russia had to transit from centrally planned, command economic system to market economy as a whole. Instead, there were actually different approaches to the market relationships and, in addition, different (if not opposite at all) visions of the respective society's problems.

It is worth to mark four essential events, which, in our opinion, signified the starting point of profoundly different trajectories of the both countries under scrutiny in the epoch of globalisation, beginning from the second half of the 1980s.

1) Apart from the late Soviet and early post-Soviet Russian social scholars, the Brazilian social scientists and politicians (they have often been the same people because of very high brain-intensity of the Brazilian political life!) had come to conclusion that the main obstacle to their country's successful development is neither imperfect economic regulation nor mistaken monetary policy but existence of the large internal periphery – the spaces of mass poverty and backwardness. Hence, it should be necessary to eliminate poverty and, thereby, to overcome the permanent dualism of modernity and traditional, archaic structures inherent to Brazilian society since the colonial times before to pretend to the world status of developed nation. Unfortunately, when the Russian “young reformers” approached to market reforms by means of the so-called “shock therapy” they did not think about the structure of society at all or, probably, consciously ignored it.

2) The next historical point that signified the widening differences between Brazilian and Russian ways was the resignation of President Fernando Collor de Mello who was exposed in bribery and embezzlement of state funds. The parliamentary investigation and mass demonstrations compelled him to resign because of the threat of impeachment. This event meant that the civil society in Brazil successfully passed examination in social maturity and self-respect. Unfortunately, nothing similar happened then in Russia,

although a size of bribery and embezzlement hugely exceed that in Brazil.

3) The successful implementation of the Plano Real (1993–94) by Fernando Henrique Cardoso in quality of the Minister of Finance aimed at restraining run-away inflation symbolised the start of divergence between two countries in a sphere of economic development. It allowed quickly to improve the conditions of every-day life of ten millions of ordinary people, to begin creating the business-friendly environment, and had played very important role in election of Cardoso, the prominent sociologist, to presidency in October 1994.

4) The presidency of Cardoso marked the start of the new development stage in Brazilian history. The main principle of his social-economic policy consisted in recognition of the market economy's efficiency combining with the increased state role in resolving the social problems. A deliverance of economy from the excessive state regulation and an opening of the domestic market (together with privatisation of the public sector) went on hand in hand with the elevating expenditures for social needs. Thus, the fundamentals of new developmental model, social-developmentalism, were put up. The social modernisation, primarily improvement of mass education and poverty reducing, began to be treated as the main condition for economic and technological modernisation – in contrast to the previous technocratic approach which considered the social development, at best, as the effect of growth but not as the important premise for the latter. Later, under the rule of Luiz Inácio Lula da Silva and Dilma Rousseff, the emphasis on social problems was strengthening as the pivotal principle of that state policy as a whole. It contrasts with the situation in Russia where the expenditures for social needs have been treated by the ruling circles as the burdensome charges for budget. Since the Russian ruling groups worry mostly about their enrichment, they intend to minimise a size of such expenditures which are a kind of “inevitable evil” from their point of view.

Today, it is possible to evaluate some intermediate results of the two different social-economic policies in Brazil and Russia. One of the main effects of market reforms in the former USSR (and not only in the Russian Federation but in all other CIS countries) has been the rise of bureaucratic capitalism. The latter has the following immanent features: a) a unity of political/administrative power and property; b) an access to power is the main economic resource and condition for business success; c) an engagement of officials into business, whether directly or, rather, through relatives, cronies, etc. A corruption in these conditions is not a deviation from law (as it has formally been declared) but an important systemic element of the entire economy. It is not wonderful that Brazil and Russia occupy different positions in the world table of corruption index's perception (“index of honesty”). According to the last estimations of

Transparency International, Brazil is in the top half of this table (the 69-th - 71-st positions of 176, together with Macedonia and South Africa), Russia - in the bottom (sharing the 133-rd - 138-th places with such countries as Comoros, Honduras, Iran, and Kazakhstan). The case of mensalão, when the former head of the Presidential Staff (Casa Civil) José Dirceu and the ex-leader of the PT (the ruling Workers' Party) were sentenced to the long imprisonment for corruption (by the way, they did not take but gave bribes), underscores a decisiveness of the country's authorities to fight against this evil. Such case would be unthinkable in Russia today.

The occurred transformation of the former Soviet system into the bureaucratic capitalism afflicted the Russian industry inherited from the past. The well-known domination of gas and oil industries in Russia's output and exports has the reverse side - the shrinkage in manufacturing branches of economy. In particular, the output of machine-tools and equipment in Russia had fallen from 74.2 thousand units in 1990 to 8.9 - in 2000 and to 2.0 - in 2010. The output of tractors declined from 92.6 thousand in 1990 to 6.9 - in 2000 but increased to... 12.7 thousand in 2011; for comparison: the Brazilian industry manufactured 71.8 thousand tractors in 2010. The total number of all motor vehicles (cars, trucks and buses) produced in Russia in 2010 was 1,403 thousands, in Brazil - 3,538 at the same time. At last, it is worth to compare the aircraft industries' achievements in the both countries in our focus. Russia assembled 12 civil aircrafts in 2010; the number of aircrafts manufactured only over 10 months of 2012 has increased to... 15 units (the newer data are not yet available while I am writing this text - V. Kr.). In its turn, the Brazilian aircraft corporation "Embraer" lessened the output from 246 aircrafts in 2010 to... only 205 in 2012; however, it is necessary to note that "Embraer" has begun assembling aircrafts of new models, 190 and 195, which are comparable with some modifications of Boeing-737 by its size and technical parameters.

The processes in either of two countries cannot but impact on the conditions of people's life. In particular, the life expectancy at birth in Russia now is lesser than in 1965-66: then it was 69.5 year in average, had fallen to 64.6 - in 1995 and began slowly increasing to 67.2 in 2010. This indicator is worse than in Guatemala, one of the poorest countries in Latin America (70.8 in 2010). In Brazil, the average longevity of human life increased from 58.4 year in 1965-66 to 72.9 in 2010 and was expected to exceed the frontier of 73 in 2011.

The state expenditures for social needs in Russia were equal to 22.6 per cent of GDP in 2010, in Brazil - to 25.4 per cent. These data are apparently comparable with each other; however, the Brazilian consolidated budget is more socially oriented: the same expenditures in Brazil weighted 74.0 per cent of all budget expenditures, in

Russia – only 57.5 per cent. Brazil steadily overtakes Russia on the expenditures for education and healthcare. In 2010, the former were 5.5 per cent of GDP (about 16.0 per cent of budget) in Brazil, 4.2 per cent (10.8 per cent of budget) – in Russia. Brazil expended 5.0 per cent of GDP for healthcare, Russia – only 3.8 per cent at the same time. The Brazilian authorities plan to elevate the expenditures for education to 10.0 per cent of GDP by the end of this decade (to 2020), pretending, thereby, to be the world champion not only in soccer (football) but also in mass education. The Russian government, on the contrary, decided to cut the education expenditures, proceeding to commercialise this sphere. Indeed, the state that exports gas and petroleum only does not need to have a lot of educated people because it is very difficult to rule over them and, moreover, they can require democracy.

Indeed, democracy is mortally dangerous to any authoritarian–cleptocratic regime, and the recent regime in Russia is not exclusion from this rule. Hence, any comparison of Russia with Brazil from the point of view of political processes and democracy has none reason at all. Nevertheless, the main problem is not a lack of democracy in Russia but an existence of all Russian political, legal and administrative institutions as a sham. The so–called “power vertical” seemingly built up in Russia over the last years is nothing but window dressing and cannot function in appropriate manner. It has been approved, in particular, by the last visit of Dilma Rousseff to Moscow in December 2012. It is very meaningful event in its own way. The Brazilian President arrived in Moscow with a broad set of proposals, including the programme of intensive collaboration in science and technologies “Ciência sem Fronteiras” (“Science without Borders”). However, the Russian leaders were ready neither to accept Brazilian proposals nor to make their own counter–proposals because they are capable of discussing only how to export gas and oil by hole–ridden pipelines but cannot think in terms of the globalisation epoch. In essence, such an inadequacy of the top country’s politicians to the contemporary challenges and their astonishing incapability of seeing an inch beyond own nose means that the regime headed by such people has hardly whatever future prospect. It can collapse at any moment, and this collapse can occur not because of the rising mass protests but on the cause of the proper power’s degradation.

In essence, the Russian state today can be categorised as the failed or, at best, semi–failed state. It allows us to doubt in the global sustainability of BRIC(S) as a single block of the emerging powers, independently on the processes evolving within all other countries of this grouping. Hence, may be, it is not occasional that some scholars speak today about BIC or BICS instead of BRIC or BRICS. But BIC or BICS, without “R”, has to be subject of another research.