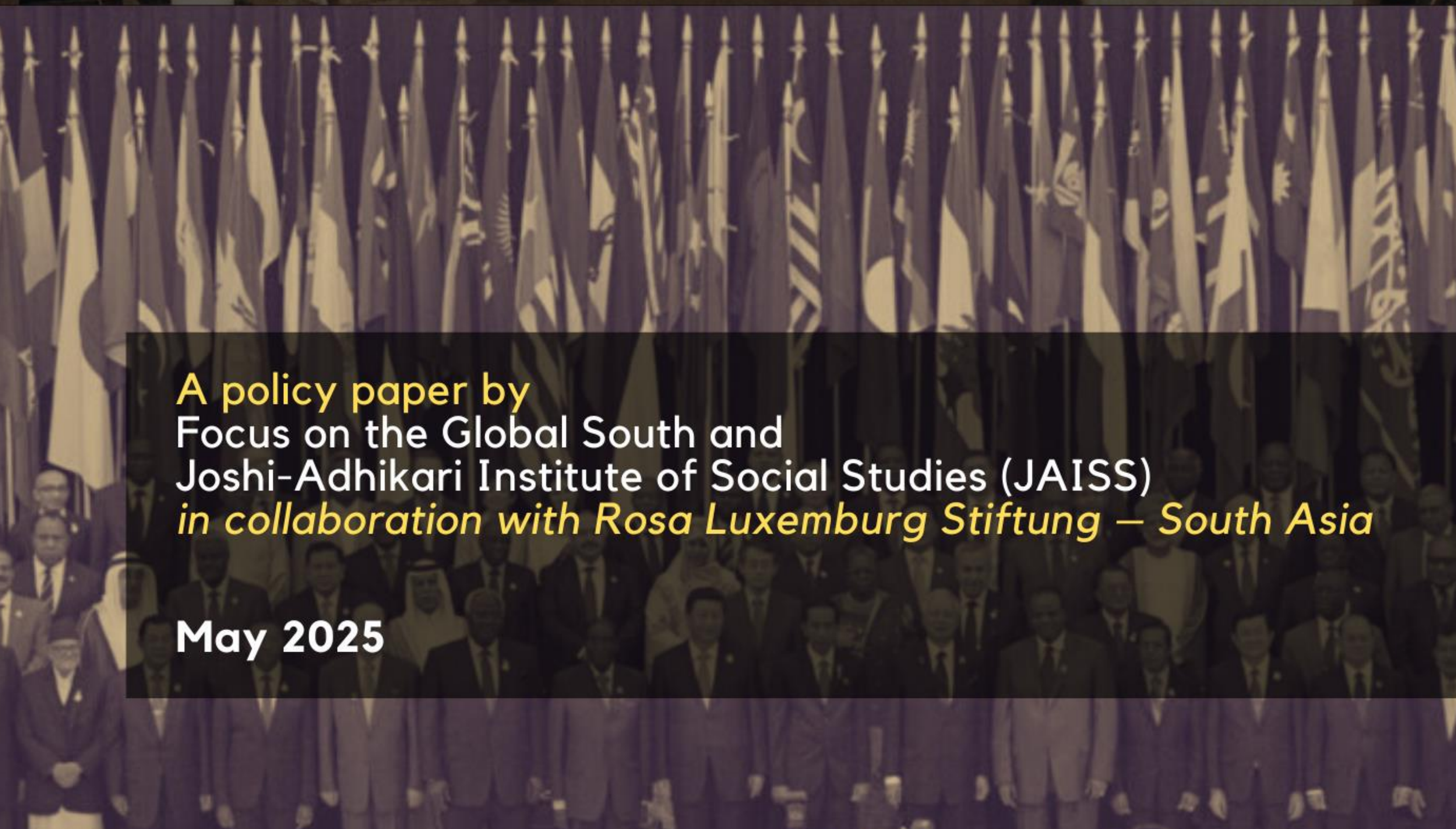
The struggle for Alternatives:

Possibilities of South-South Cooperation in a crisis ridden world



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INTRODUCTION

The Bretton Woods agreement, signed in 1944, delineated the post-war international monetary system. The primary objective was to prevent a repeat of the economic chaos witnessed during the interwar period. The developing countries, who were to get freedom from colonial rule, hoped that the new world order would provide them negotiating space to meet their special development requirements. The delegates from the developing world participated in the Bretton Woods conference with alacrity.

The new set of rules were, however, centered on the primacy of the United States (US) dollar as the US promoted its own strategic, economic, and political interests at Bretton Woods. The International Monetary Fund (IMF) established the US dollar as the reserve currency, pegging every countries' currency to the US dollar at a fixed exchange rate. The International Bank for Reconstruction and Development (IBRD) got engaged in the reconstruction project of Europe and showed little interest in the developing countries' demand for long-term developmental finance.The US was given a veto power in the functioning of these multilateral financial institutions.

In the 1950s, many more developing countries got political independence. Governments of these newly liberated countries realised soon enough that the economic order carved out by the Bretton Woods agreement imposed major constraints on their development trajectories. The first summit-level meeting of the leaders of Asian and African countries took place on April 18-24, 1955 in Bandung, Indonesia. The leaders present were Zhou Enlai from China, Jawaharlal Nehru from India, Abdul Nasser from Egypt, Sukarno from Indonesia and many others. The conference provided a base for south-south cooperation by offering concrete proposals in economic, political, technological, and cultural spheres. The setting up of the United Nations Conference on Trade and Development (UNCTAD) as a permanent body of United Nations (UN) in 1964, the formation of Group of 77 and the 1967 Arusha declaration of collective self-reliance, were all rooted in the continuing struggle of the global South to extricate itself from the domination of the North and the imperialist exploitation that continued after decolonisation.

The call for a "new and just world economic order" was given first by the Group of 77 at the first UNCTAD conference in 1964. Throughout the 1960s, the demand for a new international economic order grew louder and louder. In 1974, a special session of the UN General Assembly was called where there was a call for negotiations for a 'New International Economic Order' (NIEO). The thrust of the initiative was to break the international constraints imposed on developing countries' efforts at growth and industrialisation. The agenda included supervision and control of multinational companies, promotion of greater economic cooperation among developing nations and strengthening the policy autonomy of the developing world.

Unfortunately, by the late 1970s, international economic relations took a turn very different from what had been envisaged in NIEO. The metropolitan centre forcefully took the reins of the world economy, marking the dawn of the neoliberal era. The autonomy of the nation state was cut back, markets and free trade were announced as the panacea for all problems, capital was allowed to transcend national boundaries, and finally, finance capital reigned supreme in determining key aspects of the world economic order. The disintegration of the Soviet Union in 1991 further diffused the focus of the global South. The military and economic domination of the North culminated in the emergence of a unipolar world led by the US. European countries acquiesced to the changed geopolitical situation, and the 'Washington consensus' became a precondition for getting access to multilateral finance as well as private capital markets.

Delegations held a Plenary Meeting of the Economic Section during the African-Asian Conference in Merdeka Building, Bandung, on April 20th 1955. As one of the earliest collective efforts to build South-South solidarity, the conference laid the groundwork for alternative visions of cooperation beyond colonial and neoliberal frameworks. From [Wikimedia Commons](#).

Today, more than three decades later, the configuration of North-South dynamics has changed again. The neoliberal world order, orchestrated by the west, is in a permanent crisis mode. The dollar-centric financial architecture has become unsustainable, and the world of finance has attained a total disconnect from the real economy. The western dominated world order, which was built on the promise of free trade and free movement of capital, has imposed sanctions on as many as 56 countries. A large number of developing countries are immersed in an intractable debt crisis. The climate crisis is looming large on this planet and the geopolitical conflicts repeatedly threaten to make tactical use of nuclear weapons.

On the other hand, China has emerged as a global economic power — an unrivaled factory of the world, a huge market, and a major source of investible surplus and technology. Russia with its vast economic and strategic resources has made a close alliance with China. And the expanded BRICS promises robust economic and political strength.

The developing countries of Asia, Africa and Latin America are reassessing their relationship with the North and exploring the ways and means to attain or expand degrees of freedom available in strategic and economic policy making. At the same time, China and Russia find it in their interest to have closer strategic and economic alliance with the tri-continental South.

There is already ample evidence available to substantiate this. China's Belt and Road Initiative (BRI) has received a positive response from more than 150 countries. Similarly, a large number of applications are pending from countries wanting to join BRICS. The expanded ambit of the global South now includes China and Russia.

At present, the emergence of this alternative political and economic base of the global South is not contingent on the political nature of the current regimes in the global South, except the fundamental point that these regimes are interested in decreasing or ending the dominance of the North and getting policy autonomy in domestic as well as international spheres. India, irrespective of political biases of the government in office, has consistently shown its commitment to maintain policy autonomy in strategic and economic spheres. The past legacy and the contingent objective reality should ensure that the government in office will play an important role in consolidating the emerging political and economic base representing the global South.

A two-day dialogue was organised in Pune on 26-27 August 2023 to examine in detail the possibilities of South-South cooperation and challenges before it.

The sessions in the meeting were as follows:

1. How should the Global South Plan its Future beyond Neo-liberal Regime?: Prabhat Patnaik
2. Evolution of the Current System of Finance, the Crisis and the Way-out for the South: C. P. Chandrashekhar
3. Global Trade and Payments: Past, Present and Future: Sukumar Muralidharan
4. Southern Institutions: Which way?: Biswajit Dhar
5. Right to Food in the context of International Trade Law and policy: Michael Fakhri
6. Agriculture and Trade: A Southern perspective: Ranja Sengupta
7. Technology, Geopolitics and Alternatives: Bappa Sinha

This document is based on the canvas delineated in the meeting. Section One puts up a theoretical and practical frame in which South-South cooperation can be envisioned. It details an alternative international arrangement and a changed development paradigm for the countries of the global South. Section Two and Section Three discuss the current conjuncture of the world economy focusing upon two important features— one is the third world debt crisis, and second is the alarming state of food insecurity in countries of the global South. Section Four discusses the emerging new situation with reference to specific initiatives undertaken to lay the foundation of an alternative international arrangement.

SECTION ONE: ENVISIONING A THEORETICAL AND PRACTICAL FRAME[1] FOR SOUTH-SOUTH COOPERATION

South-South cooperation must be envisioned in an alternative international arrangement, which would require a changed development paradigm for the countries of global South. To delineate the alternative framework, it is necessary to understand what trade means in the neoliberal framework and what it entails for the countries of the global South that are integrated into the world economy on the basis of an export-oriented growth strategy. With a people-centric viewpoint, we appraise the ensuing gain or loss from trade in terms of employment space available to labour and the share of wages in the country's GDP.

The Ricardian advocacy of free trade and the neoclassical trade theory assumes that there is always full employment of all factors of production in every country. When two countries enter trade, both are at their production possibility frontier— before and after trade. Trade induces greater specialisation in both countries according to their comparative advantage. This produces a larger output of goods and services, and both countries are better off after trade has taken place. This is then a cooperative venture between two countries.

However, in the capitalist world, there is never full employment of all factors of production. The capitalist economies are essentially “demand constrained”, requiring an exogenous stimulus for growth, investment, and employment. When trade takes place between two “demand-constrained” economies, and when there is no exogenous stimulus to expand the aggregate demand, then the total employment of the two economies together will remain constant, before and after the trade. Normally, trade would result in a trade surplus in one country and trade deficit in the other. The employment in the trade surplus country would increase and at the same time the employment in the trade deficit country would decline. Hence, in the real world, trade does not refer to cooperation. In fact, the institution of trade becomes a tool for a “beggar thy neighbour” policy.

An attempt by the country in deficit to correct the deficit either requires taking credit from another country or depreciating its currency. For exchange rate depreciation to correct the trade deficit, it would be necessary to cut down the share of wages in the country. On the other hand, managing the trade deficit through credit would lead the country towards an intractable debt crisis.

There is one more example of trade between two countries, which refers to the colonial pattern of international division of labour. In this case, one country is demand constrained but the other is supply constrained in its export sector. The output of primary commodities exported by the colonies could not be increased in response to the larger demand by the colonial masters. This led to deindustrialisation in the colonies. It also resulted in changing the cropping pattern and depriving colonies of their food sovereignty resulting in repeated famines. Trade between two unequal partners became a means of oppression.

[1] This section draws from the paper - How should the Global South Plan its Future beyond Neo-liberal Regime? by Prabhat Patnaik.

Export-oriented Growth in the Neoliberal World Order

The neoliberal economic order is characterised by the dominance of global financial flows. Every constituent economy is open to cross-border financial flows. In a demand-constrained economy, exports and government expenditure are considered as two autonomous factors, which can induce growth in demand and growth in the economy. The presence of external institutional finance in the economy severely constrains the policy autonomy of the country. The strict conditionalities that institutional finance imposes ensure that the government is not able to tax the rich and increase its expenditure. Neither can it increase the fiscal deficit to incur the necessary expenditure. The fiscal deficit as a percentage of GDP is restricted by enacting a law to that effect. Under these circumstances, exports remain the only autonomous factor to induce growth in demand and output. Therefore, an export-oriented growth strategy becomes unavoidable for the vulnerable economies of the global South.

The capitalist world economy denominated in US dollars has not succeeded in reviving itself after the 2008 financial crisis. It has now gone into the phase of secular stagnation[2]. When the world economy as a whole is stagnant, it is not possible that all the countries on export-oriented growth trajectories will get autonomous stimulus through exports. The countries will compete fiercely with each other. There will be few winners and many losers with trade deficits. Free trade advocated by Washington consensus is not a cooperative venture. It induces cutthroat competition among countries who are all in a vulnerable situation.

If there is a widening of the current account deficit because of some exogenous reason — owing to the impact of pandemic, war or recession in the importing economy — the country expects to tide over the deficit with the help of external institutional finance stationed there. But just when this finance is needed, it flies away, because it fears currency depreciation. If sufficient finance is not available and the country opts for currency depreciation, then finance outflows increase rapidly. The vicious circle thus formed rapidly pulls down the economy. As a last resort, when the country's government goes to the IMF for retrieving financial stability, the latter imposes its Structural Adjustment Programme (SAP). This may further deteriorate the living and working conditions of people and threaten the political and social stability of the country. This familiar script has recently been played out in Sri Lanka, Pakistan and Bangladesh.

Alternative Growth Paradigm and Alternative International Framework

As an alternative to the export-led growth strategy, a country can choose an inward-looking growth trajectory that focuses on domestic markets and minimises dependence on external finance and imports. The government controls cross-border flows of finance and commodities. The autonomous growth stimulus for this economy is obtained from government expenditure, which is not circumscribed by the caprices of global finance.

In the current conjuncture, when secular stagnation afflicts the world economy, an inward-looking economy with controls on capital flows and trade can generate greater employment

[2] Secular stagnation is a long-term stagnation caused by the failure of the capitalist economy to revive itself.

space for labour than an economy that depends on an export-led growth strategy. If a higher level of activity generated by government expenditure increases the volume of required imports, then this requirement can be met through curtailment of non-essential imports. Restricting the imports of consumer goods may generate disquiet among the elites and a conflict may arise between increasing employment space and providing a better basket of consumption to the better off sections. To select a self-reliant development trajectory, which enhances the employment space, a sustained active support of the majority working people will be required.

In short, to get freedom from the clutches of global finance and attain policy autonomy, the countries of global South must choose the dirigiste development paradigm based on a Keynesian model. The process of delinking from dollar-denominated financial flows will require delinking also from dollar-denominated trade. The countries will be required to minimise their import requirements and produce maximum possible output domestically.

Finally, a transcendence from neoliberalism to a dirigiste development paradigm must also entail a novel mode of empowering the working people. In this context, a constitutional guarantee of fundamental social and economic rights (right to employment, right to education, right to healthcare, right to old age pension) must constitute an integral part of the alternative development paradigm.

Even in this dirigiste development trajectory, trade requirements will be there. There are bigger countries in the global South that can produce most of the required output mix. Even then, import of some essential goods and services may be necessary. These essential imports should be procured as far as possible through bilateral agreements among the countries of the South and avoid dollar-denominated trade. Apart from big countries, there are many small countries in the South, which are not capable of fulfilling their requirements with domestic resources. These small countries must get together with other countries in their neighbourhood to form regional economic unions. These unions, as collectives, can produce a major portion of the goods and services needed. What needs to be imported by a union can again be negotiated on a bilateral basis with big countries or other unions of small countries belonging to the global South.

This international arrangement emerging from the changed development paradigm is the prerequisite for envisaging meaningful South-South cooperation. In this alternative international arrangement, trade will acquire different ethics — where cooperation will replace competition. It would be possible for big and successful economies to help out small and less developed economies without any pre-conditions. Collective self-reliance of the global South will be free of imperialist exploitation and oppression.

SECTION TWO: IMBALANCES IN THE GLOBAL FINANCIAL ARCHITECTURE AND THIRD WORLD DEBT CRISIS

In April 2022, Sri Lanka defaulted on its external debt service commitments. It became the first country in over two decades to default in the Asia-Pacific region. Sri Lanka had launched its economic liberalisation programme in late 1970s under the diktats of the IMF. It became chronically dependent on foreign finance to cover its current account deficit and the need for external loans increased with time. A significant portion of fresh borrowings, of course, went for servicing past debt obligations. As its debt requirements increased, new debt became available on more onerous terms. The crisis in Sri Lanka precipitated with the COVID-19 pandemic, slashing down its foreign exchange earnings to near zero. The situation worsened with the Russia-Ukraine war leading to a rise in fuel and food prices. When a country is dependent on foreign finance, it can get ruined in a flash due to developments which are entirely beyond its control. Sri Lanka landed in an unmanageable energy crisis. The unending power cuts threw businesses, homes and public services into complete disarray.

Anti-government protest in Sri Lanka on April 13, 2022 in front of the Presidential Secretariat. From Wikimedia Commons.

Sri Lanka is not the only country in the global South facing a sovereign debt default. Argentina defaulted on payment of its international sovereign bonds in May 2020, Lebanon did not make payments due on the Euro bond maturity in March 2020, Ghana defaulted on most of its overseas debt in December 2022, among other examples.

The debt accumulated by countries of the global South has increased rapidly since 2010. In 2023, many low-income and middle-income countries found themselves trapped in unpayable debt commitments. According to UNCTAD’s Trade and Development report (2023), while a systematic debt crisis — in which a growing number of countries simultaneously move from distress to default — is still contained, a development crisis is already unfolding in a large segment of the global South. The situation brings back the memories of the debt crisis of the 1980s, which resulted in two lost decades of development for the countries of Latin America and Africa.

As in the 1980s and so in the 2020s, the third world debt crisis is not a narrative of specific countries like Mexico, Sri Lanka or Ghana. It is the narrative of the entire region that is being repeated in history. The genesis of the debt crisis is embedded in the inherent imbalance of the international financial system. When the Bretton Woods agreement fixed the exchange rate of world currencies in terms of the US dollar, it made global trade, investment, and growth dependent on one country's national currency. Instability, inequality, and imbalance became essential ingredients of international finance.

Dollar as the International Reserve Currency and Third World Debt Crisis of 1980s

On 15 August 1971, US President Richard Nixon unilaterally suspended the convertibility of the US dollar into gold. In order to maintain the status of the US dollar as the international reserve currency, even without gold backing, and to maintain the dominance of US capital, the US government further enhanced dollar liquidity in the world economy. Two developments in the early 1970s helped enhance dollar liquidity. One was the floating exchange rate system, which gave rise to currency speculation and the market of financial assets like derivatives and options. The other development was the rise in oil prices, which led to OPEC[3] countries depositing petro-dollars in the western banking system. The commercial banks in the global North were flush with dollars and went on a lending spree in the 1970s. Loans were disbursed among domestic investors and consumers, but dollar balances required a larger domain. The credit network of commercial banks was extended to the emerging market economies and frontier market economies of Latin America and Africa. It was the first time that developing economies got access to private finance. They considered it a great opportunity to fulfil their developmental aspirations. But the supply of credit by private commercial banks to the global South was not long-term development finance. These were commercial loans — the financial asset of the metropolitan banking system.

The year 1979 witnessed an abrupt end to the easy lending policy. Paul Volker was appointed as the chairperson of the US Federal Reserve in October 1979. He embarked on a programme of steep hikes in interest rates to combat the inflation in the US economy. The tightening monetary policy precipitated a debt crisis in the developing world. Many countries found themselves burdened with loans that could not be repaid.

This third world debt crisis was resolved with the IMF imposing Structural Adjustment Programmes on the entire region. The IMF programme restricted public expenditure, devalued currencies, massively increased exports and removed all restrictions on cross-border financial flows. This neoliberal programme was a programme of de-development.

The rescheduling of debt and renegotiations were carried out with the objective that the creditors were not subjected to any loss. The debt distress of the global South enabled the global North to get an uninterrupted supply of cheap primary exports and a net outflow of finance from the South to North.

[3] Organization of the Petroleum Exporting Countries.

Financialisation of the US economy

Incidentally, along with countries of the global South, the Volker shock also caused distress to the US working class. Sky-rocketing interest rates sent the US economy into a deep recession. There was a simultaneous political offensive on trade unions. A large section of industry was wiped out and millions of jobs were lost. This attack on industrial capital and productive labour laid the ground for a new regime of accumulation in the United States, a regime that was based on expansion of finance capital.

The financialisation of the US economy was greatly facilitated by the disintegration of the Soviet Union, as well as China's entry into the world market. Cheap manufactured goods from China kept the inflation rate down and allowed the Federal Reserve to maintain low interest rates. A sustained supply of cheap credit helped build-up of asset bubbles. Whenever an asset bubble burst and created a crisis, the US Federal Reserve's job was to help build up a fresh bubble. Even after the financial crisis of 2008, which resulted in the implosion of the real economy globally, the US government spent all its resources to rebuild and sustain the elaborate and complex financial structure, which became increasingly disconnected from the real economy and development priorities. The strength and dominance of the US dollar as the world currency is anchored on this financial structure.

Global Debt Accumulation

The financialisation of the US economy and world economy resulted in an enormous growth of debt world over. The total debt in the world, which includes debt accumulated by governments, households, financial corporations and nonfinancial corporations, is estimated to be 300 trillion US dollars, which is three and half times the global GDP. According to UNCTAD's publication A World of Debt, the government debt alone is 102 percent of the global GDP, which is 92 trillion dollars. The share of developing countries in the total public debt is 30 percent. If China and India are excluded, then the share of developing countries in the global public debt is less than 15 percent. However, poor people in developing countries pay a huge price for this small share in the global debt.

Debt Crisis of the Global South in 2020s

The third world debt crisis of the 2020s roughly followed the same trajectory as that of the 1980s. It began with substantially increased liquidity in the metropolitan financial sector from 2010 onwards, and a supply side push of credit from the global North to global South. The COVID-19 pandemic brought a sudden slump in their export earnings and acute shortage of foreign reserves. This was followed by tightening of monetary policy by the US Federal Reserve. The countries of the global South found themselves burdened with unpayable debts. However, the identity profiles of creditors as well as debtors have changed in four decades.

Creditors' Profile:

The identity of creditors has changed. The supply push for credit in the 1970s came from the commercial banks of the global North. It was private finance, but it operated within the regulatory boundary of the government. In 2010, private credit was offered to the low-income and middle-income countries by the non-banking financial sector (shadow banking system). The complex web of financial assets that evolved was orchestrated by asset management funds, private equity funds, insurance companies, pension funds among others. This market of finance capital operates outside the regulatory boundary of government. The US Federal Reserve maintained low interest rates and a highly accommodative monetary policy towards the financial corporations in this deregulated market. The shadow banking sector, which caused the 2008 financial crisis, was bailed out in a short span, and already in 2010, it controlled huge quantities of savings and surpluses.

Debtors' Profile:

Many developing countries in the 1970s had got political freedom after long years of enslavement. They valued very much the policy autonomy attained and had development aspirations. Access to dollar-denominated loans eased their current account constraints and promised a fulfilment of development goals. In 2010, these were countries who had gone through two decades of neoliberal assault in the form of the Structural Adjustment Programme. The governments had largely lost their policy autonomy. Most countries had taken to an export-oriented growth path removing all restrictions on the cross border flow of finance.

After the debt crisis of the 1980s and two decades of de-development, the IMF and World Bank offered a partial debt relief to developing countries. The programme for Heavily Indebted Poor Countries (HIPC) was introduced in 1996. It was followed by the Multilateral Debt Relief Initiative (MDRI) in 2005. This offered new vistas of debt investments to the shadow banking sector.

This time, the developing countries took loans to increase export earnings, to meet essential and non-essential import requirements and for servicing debt commitments of earlier loans. True, China and India, which are part of the developing world, registered high growth rates between 2000 to 2010. But both the countries had already built up a huge domestic potential for growth, and had retained controls (at least partial) over cross-border flows of capital.

From 2010 to 2021, public debt of developing countries increased rapidly from 35 percent of GDP to 60 percent of GDP. The external public debt increased from 19 percent of GDP to 29 percent of GDP during this period. The share of external debt to exports increased from 71 percent to 112 percent, and debt service as a share of exports increased from 3.9 to 7.4 percent. The creditors' profile for developing countries also changed during this period. In 2010, the developing economies received 30 percent of their debt from multilateral agencies, 22 percent through bilateral agreements and 47 percent from private creditors. In 2021, the share of multilateral and bilateral credit declined to 24 and 14 percent, respectively. And, the share of private sector credit increased to 61 percent. In the case of Latin American countries, the share of private sector credit increased to 74 percent of the total external debt. A large section of the private sector credit is available through sovereign bonds issued by the governments. In 2021, the share of bondholders in external debt from the private sector was 80 percent.

Private Investors and Sovereign Bonds:

Acquiring loans through the issue of dollar-denominated bonds is not really a good option for the countries of the global South. The creditworthiness of these countries is poor and therefore, the interest rates promised on the bonds will be high. Thus, the average interest offered on bonds issued in Germany is 1.5 percent, in the USA it is 3.1 percent, in Asia it is 6.5 percent, in Latin America it is 7.7 percent and in Africa it is 11.6 percent. Secondly, when bonds with high interest and with higher risk of default are issued, they are bought by investors in search of high profits. The asset management funds of wealthy individuals in Wall Street or other financial centres are interested in these high-interest high-risk bonds issued by frontier market economies. These speculative investors can withdraw their investments in the bond market at the slightest sign of uncertainty. This can trigger a downward slide in bond prices resulting in instantaneous debt distress. Finally, when a country defaults on interest payments on bonds, the investors sue the country in US courts and demand heavy compensation for non-payment. In one such case in 2014, the US Supreme Court ruled in favour of the suing hedge fund and forced the government of Argentina to pay many times more than the original face value of the bonds. Bondholders have filed similar cases against the Sri Lankan government.

Debt Distress and Restructuring in the IMF Format

The rapid accumulation of developing countries' debt, which was also asset acquisition for the financial corporations of global North, came to a sudden halt with the onset of COVID-19 pandemic. Supply chains broke down across the world. The exports of most countries plummeted instantaneously and so did remittances from abroad. The COVID-19 pandemic was followed by the Russia-Ukraine war and sanctions on Russia. The fuel prices and food prices increased substantively, and foreign exchange requirements of developing countries increased. Finally, the Federal Reserve increased the interest rate from 0.25 percent in March 2022 to 5.25 percent in December 2023. With the rise in the federal reserve rate, the institutional finance stationed in the peripheral countries immediately rushed back to its home base, further accentuating the foreign currency crunch. Third world debt distress precipitated like it did with the Volker shock in the 1980s.

The crisis this time is much bigger and more complex.

When a country defaults on its debt commitment or is on verge of a default, it approaches the IMF for emergency liquidity support. To get approval of support from the IMF, the country is required to fulfil two conditions. The country must get an assurance from its bilateral creditors that they would accept debt restructuring as per the norms of IMF's Debt Sustainability Assessment (DSA) criteria. And the country must start implementing austerity policies, which would strengthen its debt repayment capacity. When the two conditions are fulfilled, the IMF offers a small emergency loan through its Extended Finance Facility. For example, the IMF offered USD 2.9 billion to Sri Lanka when the total external debt was more than USD 50 billion. The token IMF loan is supposed to instill confidence among creditors that the country will fulfil its obligations. The other creditors would then come forward to restructure the outstanding debt.

The restructuring envisaged in the IMF format is ridiculously unfair. According to the format, multilateral creditors cannot accept any "haircut" as it would spoil their creditworthiness. So far as private creditors and bondholders are concerned, the debt is dispersed and can change hands. The private creditors can only be persuaded to negotiate a “haircut,”[4] they cannot be compelled. The entire responsibility of debt restructuring then falls on the bilateral creditors and country’s austerity measures. This is unfair and insufficient. The share of bilateral credit in the total debt is small. Further, even when bilateral creditors are ready for restructuring, they are not ready to accept DSA criteria prescribed by the IMF. The negotiations take a long time and often break down.

Meanwhile the country continues to undertake austerity measures like abrogating all subsidies, increasing indirect taxation, increasing interest rates and so on. The Sri Lankan government increased electricity charges to such a high level that 500,000 consumers defaulted on electricity bills and got disconnected from electricity supply.

Development Crisis in countries not yet at the Default Stage

Even when countries are not coerced into taking austerity measures by the IMF, the debt servicing burden is large enough to constrain the government’s capacity to undertake necessary investments and incur necessary social expenditures. According to the UN Global Crisis Response Group, 3.3 billion people live in countries that spend more on interest payments than on health or education. There are 45 countries whose expenditure on health is less than that of debt servicing and 19 countries with less expenditure on education.

The international financial system is unable to resolve the debt crisis of a few countries, who have approached the IMF for support. How can it be expected to resolve the developmental crisis, which has engulfed a large section of the population living in the global South.

Crisis in the Creditor Countries

Incidentally, the developments that led to the precipitation of the debt crisis in the periphery, have also destabilised the centre. The neoliberal solution for the demand-constrained economy is debt induced consumption. This has been the standard policy option in the US economy for a long period. The low interest rates increased the consumer loans from USD 9 trillion in 2005 to USD 17 trillion in 2023. While a large part of this debt is in the form of mortgages, credit card loans and auto loans have also exceeded USD 1 trillion.. The student loans are around USD 2 trillion. The COVID-19 shock resulted in a steep decline in the household worth of working people in the US. Notwithstanding the fiscal and monetary measures undertaken for normalising the economy, the recovery is still incomplete. At this stage, a rise in interest rates has subverted the debt-induced trajectory of consumption. The credit card interest rate has risen to 20 percent resulting in an unprecedented large number of defaults on credit card bills. Same is the case with auto loans and student loans. Economic insecurity of the masses and resulting political instability is a matter of concern.

[4] In finance, a 'haircut' is the difference between the current market value of an asset and the value ascribed to that asset for purposes of calculating regulatory capital or loan collateral. When a bank takes a haircut, it means it accepts less than what was due in a particular loan account.

The economic fallout of the COVID-19 pandemic and the rise in interest rates have also destabilised the commercial real estate at Wall Street and other financial centres. The prices of commercial real estate are on a downward slope and some sources are expecting a major fall. If the commercial real estate gets fractured, it will pose a serious threat to the local economy surrounding it, the local governments (who collect revenue from it) and, of course, the banking sector. Real estate mortgages have a central place in the asset portfolios of local and regional banks.

In 2023, the US economy registered three major bank failures. The government treasury has (partially) bailed out the banks and taken precautions to preempt such failures in future.

The capitalist system has tremendous spontaneity, and no one knows when the next crisis will be triggered. Meanwhile, it is also possible that the core sector in the metropolitan centre will get stabilised soon and will ward off the crisis. And if a sustained stability of the dollar system demands management of the debt crisis in the periphery, that will also be realised eventually.

Course of Action for the Global South

During the debt crisis of the 1980s, Cuban President Fidel Castro campaigned very forcefully for Latin American countries to come together and collectively demand a fair resolution of the crisis. Castro was clear that the debt could not be paid and had to be cancelled. But debt cancellation had to be followed by a systemic change in the world economic order — a new order free of imperialist exploitation and with fair terms of trade. Castro argued that developing countries must think, unite, and seek solutions regardless of their political stand and ideology, as an elementary matter of survival. In the 2020s, when the debt crisis is much bigger and much more complex, can we hope for the global South to unite and collectively delink from the dollar-centric exploitative world order?

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SECTION THREE: GLOBAL GRAIN MARKETS AND FOOD INSECURITY IN THIRD WORLD

War in Ukraine and Food Crisis in Africa

As the Russia-Ukraine war began in 2022, there was a dramatic rise in world oil prices and world food prices. The COVID-19 pandemic had left developing economies in a fragile state. The additional disruptions in supply chains and rise in food prices naturally brought many more households in the ambit of a livelihood crisis and food insecurity. According to the Food and Agricultural Organization (FAO) report State of Food Security and Nutrition in the World, 2023, the number of people facing food insufficiency reached 811 million in 2022. Africa suffered most, with the number of people facing food insufficiency in African countries reaching 282 million.

Russia and Ukraine are big players in agri-food markets. Together the two countries account for 53 percent of global trade in sunflower oil and seeds, and 27 percent of global trade in wheat. The African countries' dependence on wheat and sunflower oil imported from Russia and Ukraine is substantive. For the continent as a whole, 32 percent of wheat imports come from Russia and 12 percent from Ukraine. There are 25 African countries who import more than one-third of their wheat from Russia and Ukraine, and 15 countries who import more than half of their wheat from Russia and Ukraine. Egypt imports more than 80 percent of wheat from these two countries, and Somalia and Benin import 100 percent.[5]

This level of dependency implied that even a short break in wheat supplies from Russia and Ukraine would destabilise the staple food equilibrium of many households. It is not possible to compensate for the import deficit created by the war through local intra-African trade. Production of wheat in the African continent is small, transport infrastructure is poor, and grain storage capacity is limited.

Incidentally, the shortfall in wheat supplies from Russia and Ukraine did not destabilise the demand and supply equilibrium in the global grain market. At the global level, shortage in one region is often compensated by increased supply elsewhere. According to the FAO's Agricultural Market Information System, between July 2021 to June 2022, the period in which wheat prices peaked, global production of wheat increased by 5 million tons, trade volume increased by 3 million tons and wheat stocks increased by 3 million tons. During the period July 2022 to June 2023, global supply exceeded demand. The global supply and demand trajectories of wheat did not warrant any price increase or volatility. The global index of wheat prices, however, increased rapidly in the first half of 2022, reached a peak and then started declining from June onwards. In December 2022, the price index had dropped to pre-war levels. This volatile behavior of the wheat price index was the result of speculative fervor in the grain market orchestrated by the oligopolist grain traders.

[5] The Impact on Trade and Development of the War in Ukraine, UNCTAD Rapid Assessment, 16 March 2022.

The global grain market operates as an oligopoly with four big grain traders — Archer Daniels Midland, Bunge, Cargill and Louis Dreyfus[6]. These grain traders are also big players in the financial arena of commodity futures. The war in Ukraine provided a big opportunity for investment and speculation in the virtual grain markets. Consequently, while children in Somalia and Sudan went hungry to bed, the grain traders and those operating hedge funds made huge profits worth billions of dollars.

When the global price index of a commodity rises, the import costs for that commodity increases, and so do regional prices of the commodity in the importing countries. When the global price index of the commodity comes down, the regional prices do not follow the pattern. They remain high. Most of the time, the reason is the devaluation of the importing country's currency in the wake of rising import prices. Therefore, although the global price of wheat declined after June 2022, the wheat prices in Ethiopia and Egypt continued their upward trend.

The obsession of agribusiness with amassing profits to the exclusion of all other considerations is also reflected in the execution of "Black Sea Grain Initiative (BSGI)" agreement between Russia and Ukraine. The agreement between the two countries was mediated by the United Nations ostensibly to provide relief to the poor countries suffering from food insecurity. Russia agreed to lift the blockade on Ukraine's grain exports from the Black Sea. Between July 2022 and July 2023, more than 1000 ships left Ukrainian ports carrying 33 million tons of grain. Interestingly, the grain exported from Ukraine did not reach the low-income countries of Africa. Eighty one percent of grain exported from Ukraine reached China, Turkey, Spain, and Italy. The BSGI agreement was actually geared to protect and enhance Ukraine's export earnings. The agri-business in Ukraine that produced the grain and the traders who marketed it, had no concern for food insecurity faced by countries in Africa.

Russia pulled out of the agreement in July 2023 and Putin promised free shipment of grain to poor countries in Africa. The Russian agriculture minister announced that shipments of grain were sent to six countries. The extent to which Russia was able to alleviate the situation in Africa is difficult to assess.

The story of war in Ukraine and food insecurity in Africa raises two questions. First, why is Africa — a tropical, agriculturally rich region — dependent so heavily on imports for its staple food? And second, why is the global market of food commodities handed over to corporate oligopolies, which function beyond all regulatory boundaries?

Tropical Agriculture and Agricultural Division of Labour

The developing countries are situated in tropical zones. They are rich in biodiversity and mineral wealth. It is possible to cultivate the land throughout the year with short breaks. Before colonial rule, trade exchanges in these countries were based on surpluses and diversity. The income generated from trade was taxed by the kings and chieftains who used it for administration and development of the region.

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[6] Archer Daniels Midland and Cargil are US companies, Bunge was setup in Switzerland but has its headquarter in USA and Louis Dreyfus is a French Company.

The imposition of colonial rule changed the character of trade. The colonised countries were forced into exploitative trade arrangements. The tropical countries' natural wealth was extracted to meet the raw material and consumption requirements of colonial rulers. Their agricultural production profiles were restructured. This restructuring adversely affected the livelihoods of peasantry, created unemployment among artisans, and compromised the food security of poor households. The countries of Africa were forced to grow coffee, cocoa and exotic foods for their colonial masters and in this manner, their staple food production suffered.

The extractive trade pattern and lopsided agricultural division of labour was retained even after the colonies obtained political freedom. The debt crisis of the 1980s enforced the IMF dictated SAP on most countries of Africa and Latin America. The SAP was designed to compel developing countries to increase their agri-exports at the cost of curtailing necessary domestic consumption. The incomes of these countries shrunk under SAP, and consequently domestic consumption demand was restrained. This decline in domestic consumption demand released resources for producing more exports. The developing countries had similar agricultural products for exporting to the developed world. They competed for the elite markets of developed countries, and this resulted in a steady supply of cheap agri-imports to the developed world.

From the 1970s, the US began producing staple grain in bulk and started exporting it. The European Union followed the trajectory soon after. Agribusiness from the US and Europe entered the agricultural world market in a big way. The multinational companies supervised and controlled production and marketing of developed countries' agri-exports. At the same time, small farmers growing food crops for local consumption in the US and Europe got completely wiped off. The staple food now arrived to the developing countries as imports from the developed world through the agency of multinational grain traders.

In 1995, the World Trade Organization's (WTO) Agreement on Agriculture (AoA) came into force. The trade rules were formulated with the central objective of establishing a market-oriented agricultural trading system. And, such a system was to be achieved by progressively reducing, and ultimately ending, all provisions of agricultural support and protection. Instead of advancing a trade policy that would promote development and protect small farmers and localized marketing in the developing world, the AoA privileged the rich countries of the global North and giant size agribusinesses. Europe and the US came to an understanding regarding how much subsidy, and in what form, would be allowed for their domestic agriculture. Together, they forced developing countries to open their borders for flow of finance, for transfer of agricultural goods and services, and for trade related investments. The developing countries were also asked to curtail subsidies and protection to their farmers. The policy autonomy of third world governments was further compromised under WTO discipline.

La Via Campesina calls on States to exit the WTO and to create a new framework based on food sovereignty. From [La Via Campesina](#).

Oligopoly of Grain Traders

Until the 1980s, the governments in developing countries played a dominant role in agricultural production and exchange. They provided seeds, irrigation facilities, credit facilities, extension services and various other inputs to the farmers. There were commodity boards, government shops and public provisions to stock grains. The presence of foreign investors (the remnants of colonial rule) was confined to export enclaves such as plantations of rubber, tea, cashew or fruits. In the 1980s, the debt crisis and SAP resulted in governments withdrawing from the support structure and private companies occupying this space. When international agribusiness entered the production and marketing space of tropical countries, they established a powerful oligopolist structure with vertical and horizontal integration.

The four grain traders that we mentioned — Archer Daniels Midland (ADM), Bunge, Cargill and Louis Dreyfus (commonly known as ABCD companies) — constitute the core of the modern agri-food systems. These trading companies have a long history. All four of them are more than 100 years old and have evolved with time. The ABCD companies control more than 70 percent of grain trade in the world. They are highly diversified, and their vertical and horizontal reach is vast. As originators of bulk commodities, they are directly in contact with producers. They decide what is to be produced and how. They determine the price stability or volatility. They decide how the output is shared and the returns which accrue to producers. The business model of these companies begins with providing healthcare facilities and house mortgages to farm workers, and it extends all the way to the orchestration of the complex web of commodity exchange in the high world of finance.

Financialisation of Food Commodity Markets

Linkages between food and finance have a long history. Agricultural futures-trading markets were established in the UK and US in the middle of the 19th century. Speculation in commodity futures and hedging risks enabled participants to make profits without bothering about the physical movement and distribution of the commodity, as such. Incidentally, the ABCD companies were among the first participants in these markets.

A series of financial deregulations in the 1990s, and evolution of complex derivatives, have made the links between food and finance much more intricate and also made the bubble of finance many times bigger than the actual volume and value of the commodity. The actors in the world of finance who invest in commodity exchange are not bound by domestic or international regulatory authorities. The derivatives which are sold and bought are not just related to the food commodities. Often, they bundle up food and non-food commodities together. Each of the ABCD firms has three or four branches offering financial services in the commodity markets. As these firms have insider knowledge of the commodities movement, the financial services offered by them are much in demand among the investors. Billions of dollars are invested, and profits worth billions of dollars are made by the investors and the finance branches of the ABCD firms.

Apart from the financial orchestration in the commodity exchange sphere, there is financialisation in the sphere of direct production. There is a new form of investment in agricultural production, processing, and distribution. The investment management funds, pension funds, private equity consortia are investing in agricultural land and farming. ABCD firms put in their own contribution in the financialisation of production activities in agriculture. Apart from their own investments in production and related enterprises, the financial services set up by ABCD facilitated investments of other players in this domain. At the turn of the 21st century, organised and centralised retailing of food made a grand entry in the developing world. The consumption baskets of the better off sections were transformed and livelihoods of millions engaged in local retail infrastructure were wiped out.

The WTOs AoA — which is so concerned about not allowing the governments of developing countries to intervene in “smooth market operations” and therefore, does not allow subsidies and support in agriculture — puts no constraints on the operations of private monopolies or oligopolies and distortions of markets thereof.

The world of high commodity finance is very remote from the reality of the vast majority of those who earn their living from agriculture. The small landholders and tenant farmers and agricultural wage workers constitute 80 percent of the agricultural workforce in the developing countries. Their concerns are procuring seeds, protecting the crops from natural disasters, getting credit on reasonable terms, and getting decent wage work without having to migrate out. It is difficult for them to assimilate the fact that the context in which they operate is determined or is torn apart by the fast-changing world of finance and its control over local resources and local markets.

The 2023 UNCTAD report on food commodities has discussed the unfair advantage of ABCD firms in the financial sphere and given suggestions for regulations in this respect. One wonders if the behemoth of dollar-centric finance can be contained in any regulatory frame. Those of us who care about human dignity, and realise the urgent need to take care of peoples' basic requirements, can only suggest severing off links from the world of finance and winding down the AoA. In 2024, on the occasion of the 13th ministerial meeting of WTO at Abu Dhabi, peasant organisations from Asian countries and other concerned organisations, have put up a proposal for "An Alternative International trade framework based on Food Sovereignty".

We put down below a few points regarding what such an arrangement would mean.

International Arrangement on Principles of Food Sovereignty

The alternative international arrangement must be structured around the principle of guaranteeing food security to all and enabling food sovereignty to every country/region. Food sovereignty is the right of people to get healthy and culturally appropriate food produced in an ecologically sound and sustainable manner. It is people's right to define their food and agriculture system. Food sovereignty means that food and agricultural systems and policies are based on the aspirations and needs of those who produce, distribute and consume food, and not according to the demands of elite consumers of imperialist countries and profits of agri-business.

To plan an international arrangement which would enable food sovereignty to every country/region is an ambitious target. It would mean reversing the injustice inflicted on the developing world during colonial rule. The lopsided agricultural division of labour—instituted during the colonial period, sustained in the post-colonial period through export-oriented growth (or degrowth) trajectories and finally institutionalised by the rules of AoA—would have to be corrected. And this is no simple task.

To begin with, the geographical boundaries were arbitrarily drawn when the countries were freed. This was especially the case in Africa. It may be difficult to envision food sovereignty within the boundaries of the country. In such cases, unions of countries in the neighborhood will have to be considered as one regional entity which should plan food sovereignty.

Attaining food sovereignty implies attaining complete policy autonomy by the country's government, not just with respect to agricultural policy but also with respect to land policy. If attaining food sovereignty requires replacing export crops with food crops or raw material for domestic production, then it may require a change in land ownership patterns. Especially, since there is foreign ownership of land in many developing countries, changing land ownership will be a challenging task. But redefining land-labour relations will be an essential part of the restructured division of labour. People may choose to have small individual farms or people may choose farm cooperatives. But concentration of land with big business or with investment management funds cannot be accommodated in the food sovereignty agenda.

The new initiative in farming should be developed on a sound ecological basis. The industrial model of agribusiness guided by profit accumulation is a major contributor to the environmental/climate crisis. According to FAO, the share of agrifood system's emissions in the total emissions was 31 percent in 2020. The greenhouse gas emission is through actual farmgate production, through pre- and post-production processes and through land use change. There is sufficient scope to make a transition to more environment-friendly cultivation practices. This transition will be the cardinal feature of the food sovereignty agenda.

A serious consequence of the restructured agricultural division of labour will be that it will sever off the exploitative dollar-denominated trade links of the country. There will be major fallouts. The country may not be able to procure essential imports, or it may not be able to service its debts and so on. In short, alternative arrangements will not be limited to agricultural commodities alone. It will be an alternative arrangement in entirety. Obviously, transition to food sovereignty must be a collective programme of countries of the South. The programme will require rigorous preparations, cooperative effort and major support from the resource-equipped countries in the South.

Finally, the agenda to attain international trade and investment arrangement based on food sovereignty is a peoples' programme. And there lies its strength. Any redressal from historical injustice and radical restructuring can be translated into government policy only with the support of peoples' movement. One such movement is 'La Via Campesina' that was founded in 1993 and has 182 peasant organisations from 81 countries.

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SECTION FOUR: EMERGENCE OF AN ALTERNATIVE

The status of the US dollar as the reserve currency of the world economy has anchored the world imperialist edifice for eight decades. To break this edifice, the countries of the global South will have to delink their trade and investments from the dollar empire and create an alternative space for cross-border economic interactions. A movement in this direction is clearly discernible, but it is difficult to predict at this stage how soon the process will gather sufficient momentum and — when that happens — what will be the geopolitical repercussions. Nevertheless, developments in this direction need to be carefully followed, and challenges faced by the countries advancing de-linking need to be identified.

In the wake of widespread sanctions imposed on Russia by the global North, Russian President Vladimir Putin launched a robust initiative to work out trade and investment deals with countries who were ready to sidestep the US dollar and operate in local currencies. The response was promising. The west has imposed sanctions against many countries such as Iran, Venezuela, Afghanistan, North Korea, Libya, Syria, Cuba and so on. In fact, sixty percent of the poor countries are subject to the unilateral sanctions by the US. These countries are on the lookout for alternative spaces.

There are others (China for instance), who are ready to defy the sanctions and continue their trade and investment interactions with the sanctioned countries.

When explicit sanctions are not involved, sidestepping the US dollar and making trade and investment deals in local currencies is welcomed by many countries in the global South. It eases their foreign exchange constraints and allows greater access to necessary imports at favourable terms. The shift away from the US dollar in the sphere of trade and investments has grown rapidly in the recent past.

The Russian led Eurasian Economic Union signed a full-fledged Free Trade Agreement (FTA) with Iran. Russia also signed a long-term deal with China for supplying gas for 30 years in which the payment will not be made in dollars. India's rupee trade with the Soviet Union began in the 1950s and has continued with Russia. India is now planning bilateral agreements in local currencies with Brazil and South Africa. Brazil and China made a trade deal to settle massive transactions in local currencies. Recently, India and UAE signed agreements promoting trade in local currencies. In 2023, more than 50 percent of China's cross-border transactions were carried out in RMB and not in US dollars. Russia reported that about 90 percent of transactions between Russia and China are carried out in Ruble and RMB.

However, individual bilateral agreements in trade and investments, which sidestep the US dollar, do not by themselves constitute a sustainable alternative domain for de-dollarisation.

First, between the two countries, it is not possible that trade is always balanced. Country A requires what country B produces and can fulfil its requirements through imports. But country A may not be in a position to fulfil country B's import requirements. Trade imbalances are bound to build up over time. Since the Russia-Ukraine war, India signed an agreement with Russia where crude oil would be imported from Russia and payment would be made in rupees.

This rupee trade of crude oil resulted in Russia accumulating one billion dollar worth of rupee surplus every month. Every quarter, the imbalance generated the equivalent of $2 billion to $3 billion that Russia could not use, according to Bloomberg Economics. The amount would add to an estimated $147 billion in net foreign assets built up abroad over the course of 2022.[7] Fortunately, in this case the rupee balance has been used by Russia through multiple avenues, which include increase in Indian exports to Russia, investments in infrastructure projects, investments in equity markets and purchase of government securities. Such imbalances can crop in any bilateral deal and a settlement may not be possible every time. A multilateral solution needs to be evolved to sort out such imbalances in the alternative trade domain.

Second, any persistent trend towards de-dollarisation, even if it covers a small segment of the world trade and investment canvas, will reduce the demand for the US dollar as a reserve currency and will consequently lower the US dollar's exchange value. A decline in the value of the US dollar will not matter to countries like Russia, Iran and Venezuela whose reserves have been illegally confiscated by the US. These countries have nothing to lose. Decline in the value of the US dollar will also not matter to countries that are burdened with a dollar debt. In fact, decline in dollar value will lessen their debt burden. But there are countries in the global South who have current account surplus vis-à-vis the United States. China, for instance, holds massive claims on the US in terms of dollar. There are other oil producing countries in this category. It is not clear how the direct loss of these countries will be compensated when the de-dollarisation movement picks up momentum.

Finally, de-dollarisation is not an economic project. It is a political project with serious military ramifications. If the project picks up momentum and undermines the hegemony of the dollar regime, it will destabilise the entire imperialist world order. In the past, the US has reacted very strongly if any country made an attempt to replace the dollar with the euro or yen. It has been reported that a plausible reason for the US attack on Iraq was Saddam Hussain's decision to sell Iraq's oil in euros and not in dollars. The US was not prepared to allow petro-dollars moving away to any other currency. Currently, US President Donald Trump is repeatedly threatening a 100 percent tariff on countries who would attempt to sidestep the US dollar in any cross-border endeavour.

Because de-dollarisation is a political project, countries of the global South must proceed in this project collectively on a carefully planned trajectory within a concrete organisational setup. In this context, we examine the potential of two concrete steps taken by the countries of the global South— formation of BRICS and China's "Belt and Road Initiative (BRI)."

BRICS

In 2001, Jim O'Neill, an economist at Goldman Sachs identified Brazil, Russia, India and China as emerging market economies which should be accommodated in G7 to make the global North more inclusive. It is ironic that BRICS – the group formed by the emerging market economies has evolved as an anchor providing alternative domains of trade and development to the countries of global South.

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[7] India-Russia trade imbalance: Moscow's Rupee trap is adding to $147 billion hoard abroad, The Economic Times, 02 June 2023.

The first formal summit of BRIC (Brazil, Russia, India and China) was held on 16 June 2009 in Yekaterinburg (Russia). In December 2010, South Africa became the 5th member and the organisation became BRICS. Formed in the aftermath of the 2008 financial crisis, the first summit of BRIC demanded that the emerging market economies and developing countries must have a greater say in the international financial institutions. The other emphasis was on establishing a transparent, inclusive, equitable and rule-based multilateral trade system. The demands made by BRICS countries could not be accommodated by Bretton Woods financial institutions and the trade authority WTO, which were designed by the global North to facilitate imperialist exploitation.

BRICS countries then decided to set up independent institutions to provide financial resources to the countries of the global South. In the 2014 summit at Fortaleza (Brazil), agreements were signed to set up a New Development Bank (NDB) and a Contingent Reserve Arrangement (CRA). The NDB was set up to support infrastructure and sustainable development projects in BRICS countries and other countries of the global South; and CRA was to provide contingency loans to tide over current account deficits. Since 2015, the NDB has started functioning but CRA is yet to become functional.

The New Development Bank is indeed different from the existing development banks. It is a multilateral development bank free of any assistance or domination from the global North. It is a development bank headed by a group of emerging market economies of the global South. The membership of the bank is open to all members of the United Nations. Apart from the founding members, Bangladesh, Egypt, United Arab Emirates and Uruguay became members of the NDB.

The initial authorised capital of the NDB is USD 100 billion divided into 1 million shares. The initial subscribed capital is USD 50 billion, equally divided among 5 founding members. The agreement on NDB specifies that every member will have one vote and no member will have veto power.

The central focus of the NDB is on supporting infrastructure and sustainable development projects in BRICS countries, other emerging market economies and developing countries in general. Loans offered by NDB are dollar denominated and also denominated in local currency of the borrowing country. By 2022, finance worth USD 30.23 billion was approved for 71 projects submitted by founding member countries. Subsequently, a number of projects submitted by Bangladesh were financed. Bangladesh became a member of NDB in September 2021. During COVID-19, the NDB made provisions for emergency loans to help countries.

The BRICS countries are considering devising a system of single settlement currency. This would enable central banks of member countries to sort out current account imbalances arising from surpluses and deficits in bilateral trade arrangements in local currencies. The details have still to be worked out.

In the historic Johannesburg BRICS summit of 2023, the group expanded and six new members were included. These were Argentina, Egypt, Ethiopia, Iran, Saudi Arabia and the United Arab Emirates. Unfortunately, Argentina's President Javier Milei later decided that

Argentina would not join BRICS. Saudi Arabia is also hesitating. It has yet to respond to the invitation given by BRICS.

In the Kazan summit of 2024, BRICS did not offer full membership to any country. Instead, thirteen countries were invited to become BRICS partners. These partner countries are Algeria, Belarus, Bolivia, Cuba, Indonesia, Kazakhstan, Malaysia, Nigeria, Thailand, Turkey, Uganda, Uzbekistan and Vietnam. Later, in January 2025, Indonesia was given full membership at BRICS. The expansion is obviously not going to stop here. According to official sources there are many more countries who have shown interest in joining BRICS.

BRICS member states family photograph during the 16th BRICS Summit at Kazan Expo Center, in Russia on October 23, 2024. (from left) Prime Minister of Ethiopia Abiy Ahmed, President of Egypt Abdel Fattah el-Sisi, President of South Africa Cyril Ramaphosa, General Secretary of the Chinese Communist Party Xi Jinping, President of Russia Vladimir Putin, Prime Minister of India Narendra Modi, President of the United Arab Emirates Mohammed bin Zayed Al Nahyan, President of Iran Masoud Pezeshkian and Foreign Minister of Brazil Mauro Vieira. From Wikimedia Commons.

The expanded BRICS after the Johannesburg summit, represents 45 percent of the global population, 37 percent of global GDP (measured according to purchasing power parity) and 45 percent of global oil production. The group is geographically well spread out and technologically well equipped. In material terms, BRICS does offer a robust institutional base for the countries of the global South. Organisationally, BRICS is an institution with a difference. Countries of the global South are of different sizes and of different political, cultural, economic and technological backgrounds. To form a group with such heterogeneity and function democratically, insisting on consensus in most matters is no small accomplishment.

In the Kazan summit, delegates came from 36 nations and six international organisations including the United Nations. The multilateral and democratic character of BRICS is its strength. It is also its weakness. All the founder members are not ready to take confrontation with the US led imperial financial structure. In many cases, government functioning is dictated by the business interests of the country. The oligarchs have their interest directly tied to dollar-centric financial infrastructure. No wonder, from the beginning, BRICS has not formally projected itself as an alternative to the western financial institutions. In an inclusive manner, it has consistently demanded reforms in the international financial institutions and trade architecture. All the same, the member countries know that the imperialist institutions can't reform themselves and therefore, BRICS has gone ahead with alternative structures like NDB and the CRA. It is progressing slowly but steadily. Even the business interests in bourgeois governments realise that the western financial infrastructure is in deep crisis, and it is safe to have an alternative space. The road to a radical platform is long, winding and thorny but the onward march of the global South is certain.

Belt and Road Initiative (BRI)

September 2023 marked the 10th anniversary of China's Belt and Road Initiative. President Xi Jinping first announced the concept of the "Silk Road Economic Belt" on 7 September 2013 in Astana, Kazakhstan, and then the 21st century "Maritime Silk Road" in October 2013 in Indonesia. The idea was to revitalise the ancient overland and maritime silk routes that joined Asia with Europe. Thus, the "Belt and Road Initiative" came into being.

There were two reasons for China to take up this initiative. One reason was that China needed independent trade routes for her exports to Europe. The trade routes which would stay clear of US interference. The other reason was China's search for new markets. After the 2008 financial crisis, China followed an inward-looking policy. Fiscal and monetary stimuli were given to expand domestic demand and to build productive capacity (especially in state enterprises) to meet this demand. This inward-looking growth trajectory soon reached an impasse. China's massive buildup of productive capacity required new markets beyond its borders. These new markets were to be found in the global South. There were many countries, especially in Africa, which were deprived of basic infrastructure facilities like roads and electricity.

The overland cross-border roads, railways and pipelines were to pass through Central Asia. And the maritime silk route was planned connecting China, Southeast Asia, Africa and Europe. Pakistan was considered a crucial link in this sea route. The initiative designed to construct new trade routes translated into an ambitious programme of infrastructure development in the countries situated in Asia, Africa, Eastern Europe, Latin America and the Caribbean. China invited partners for building roads, railways, ports, maritime and inland water transport, aviation, energy pipelines, electricity and telecommunication networks. President Xi summed up the initiative: "The primary intention and highest goal of the Belt and Road Initiative is to allow each member to jointly address global economic challenges, find new growth opportunities and drivers, achieve a win-win situation and keep moving towards a community with joint destiny".[8] The BRI was included in the Chinese Communist Party's constitution in its 19th congress in 2017, making it a cardinal feature of the foreign policy framework, till 2049 — the centenary year of the People's Republic of China.

China offered project-based loans to the partner countries. It offered machinery, technology, and training. Although China is offering more and more loans in its own currency, the emphasis is not really on sidestepping the US dollar. The Belt and Road Initiative aims at a much more

[8] Xi Jinping's speech on the final day of the Belt and Road Initiative Forum for International Cooperation, 14-15 May 2017, Beijing, China. Xi's wild geese chase the Silk Road gold, Pepe Escobar, Asia Times, 15 May 2017.

meaningful transition. It is a transition from the world of finance to real economy. So, when a country joins BRI, it is delinking itself from the world of finance and entering a new world which consists of actual production of goods and services.

Chinese leadership clearly stated that China was ready to share its experience with the partner countries, but China would not interfere in the internal affairs of partners. Neither was China interested in exporting its development model to partner countries. There would be no encroachment on a partner country's policy autonomy.

The response from the countries of the global South has been overwhelming. Ten years hence, 156 countries and 30 international organisations have signed more than 200 agreements with China; and China has invested more than one trillion dollars in BRI projects. The industrial, commercial and social landscapes in many developing countries of Asia and Africa have been transformed in the past one decade. Basic infrastructural facilities have improved, trade opportunities are enhanced, the employment canvass has expanded, and common prosperity has increased. BRI has opened new vistas for China's global trade, but it has also increased trade opportunities for the partner countries among themselves.

It is true that the success of BRI has upset the global North. The BRI has been criticised by the west as an attempt by China to entangle developing countries into a debt trap and then unscrupulously take control of their strategic resources. To cite an example, everyone accused China of taking control of Hambantota port in Sri Lanka. China's explanation is that it only took operational control of the port and gave much required foreign exchange to Sri Lanka. The ownership of the port remains with the Sri Lankan Government. Sri Lanka needed foreign exchange to service its debt which it had taken from different sources from the west. This explanation is contested by scholars of the west.

There is documentation of the adverse impact of big projects on local occupational groups and on ecological equilibrium. Cases of local corruption have been cited in Malaysia and some African countries. There is also mention of the city of Duisburg in Germany. China made huge investments in this city because of its strategic importance and the large inland port. After the Ukraine war, Chinese companies moved out. The disruption in the local economy was huge and was difficult to handle. The unemployment rate in Duisburg rose to 12.5 percent. These are issues which are bound to crop up in a project as big as BRI. They have to be sorted out by case specific investigations and rectifications. There are reports from Africa that in most cases China is cooperative and is ready to take up the required corrective steps.

Finally, a serious concern is that unlike BRICS, the BRI is not a multilateral project. It is one country's initiative and the 155 partner countries in this initiative are no match for China in terms of material resources, technological knowhow, or political strength.

However, the role of 155 partner countries can perhaps be viewed from a different perspective. Individually, a small country in Africa may appear as a recipient member who has little to offer to the rest, but nevertheless it is an integral part of the project and therefore its role is vital. The future trajectory of the initiative will be determined by conditions and circumstances on the ground. This would include for each project, coordination from respective countries in the matter of policy and finance. Then 155 partner countries have a complementary and not a subordinate role in the initiative. It remains to be seen if the BRI's new trade routes will rewrite the rules of global trade. One hopes that The new trade and investment arrangement will be based on cooperation, surpluses, diversity and dignity of each member. And the partnership of the countries will transcend mere commerce.

Chinese Premier, Xi Jinping described the coveted ‘new trade order’ in a metaphor: “Wild Swan Geese (A large, rare and wild bird found in Asia but not in Europe) are able to fly far and safely through winds and storms because they move in flocks and help each other.”[9]

Sustainability and Robustness of Emergent Alternative in the Fast-changing Technological Domain

The de-dollarisation movement is not just a movement to sidestep the US dollar in the execution of international transactions and facilitate trade and investment options for countries on whom sanctions are imposed and/or countries which are facing acute foreign exchange shortage.. The substructure provided by BRICS, SCO[10] , BRI and the Eurasian Economic Union promises a far more radical pathway. It offers the possibility of building an alternative to the dollar-centric neoliberal world order. It is too early to draw the contours of the emerging alternative. It will acquire a shape as it evolves with time. However, one feature of the alternative is marked out by BRICS and BRI without any ambiguity. The policy paradigm of the alternative will reject financialisation and will focus on building concrete infrastructure and producing real goods and services. This has attracted many countries in the global South and fractures in neoliberal world order are clearly visible to all.

The polarisation is not sufficiently sharp yet and there is no clean division between the dollar-centric developed North and the global South. In fact, it is difficult for most countries of the global South to sever off links from the global North at one stroke.

There are century-old trade and production linkages with the erstwhile colonial powers that were retained even after attaining political freedom. To break these linkages, much preparation is required. The entire production structure must be altered and, in the process, new linkages will have to be established. As already mentioned, the other arduous obstacle arises because the governments in many developing countries are controlled by oligarchs whose interests are directly linked to the dollar world. Further, the countries of the global South often have border related and other conflicts among themselves. These conflicts introduce cleavages in the alternative bloc and make it vulnerable to imperialist manipulations. Therefore, a clean break from the dollar world is not possible on an immediate basis.

Further the imperialist bloc is by no means a passive observer to the changes that are taking place on the geopolitical scene. The economic warfare against China attempts to engineer coups and install pro-US regimes in various parts of the world and the conflicts in Europe and Asia reflect the desperation of the western world.

Notwithstanding the challenges, the alternative is gathering momentum and growing stronger by the day. While the evolution and robustness of the alternative will be determined primarily

[9] Ibid.

[10] Shanghai Cooperation Organisation.

by the political and ideological commitment of member countries, its sustenance and growth also demands material strength in terms of economic advancements and technological competence.

China has played a cardinal role in preparing the material base which imparts strength and resilience to the emerging alternative.

China’s Economic Strength and Technological Advancements

China’s rapid economic growth and technological advancement is unprecedented in economic history. In 1949, the People’s Republic of China was a deprived and underdeveloped agricultural economy with life expectancy as low as 32 years. Today, the life expectancy in China is 78 years.

In the 2020s, China has emerged as the world's second largest economy, next only to the US, in terms of nominal GDP. If GDP is expressed in terms of Purchasing Power Parity, then China is the largest economy in the world. It overtook the USA in 2017. According to the OECD (Organisation for Economic Co-operation and Development) database, China’s share in world’s gross production of manufactures in the year 2023 was 35 percent — greater than the combined production of the next nine largest manufacturers. China is the world's pre-eminent manufacturing superpower.

China’s transition from being one of the poorest economies to becoming the largest economy in the world covered three different phases of development. The post-revolutionary period, led by Mao Zedong, witnessed extensive agrarian reforms and prepared the ground for industrialisation as per the socialist model with state owned or cooperative enterprises. In 1978, Deng Xiaoping introduced market reforms. China introduced private ventures in the domestic economy and invited foreign investments. It joined the IMF and World Bank in 1980, and the WTO in 2001. But China entered the neoliberal world economy in a “managed” manner. The market reforms were carried out on the solid base prepared during the socialist planning period. And planning was not abandoned when China entered the global market economy. Detailed five-year plans were formulated and executed by the state even during the Deng era. The commanding heights of the economy and natural monopolies were kept with state owned enterprises. Foreign investment was allowed only for setting up production units. Special Economic Zones (SEZs) were carved out to provide necessary infrastructure facilities and smooth functioning, but joint ventures were prioritised. Technological transfer through foreign firms was the focus and technological upgradation was carried out at a rapid rate in the entire domain of manufacturing.

After the financial crisis of 2008 and continued stagnation of the world economy, China revised its development trajectory. Subsequently, Xi Jinping revised the entire concept of development and modernisation. There is no longer an exclusive focus on the development of productive forces. The distortions, which emerged during the Deng era, are being corrected. The Chinese state carried out a massive poverty alleviation programme. The wages of Chinese workers have increased. New trade routes are built which prioritise cooperation with countries of the global South. Xi Jinping brought into focus the concepts of shared prosperity, a win-win situation and ecological civilisation. In the past decade and a half, China has revised the development paradigm of the domestic economy and at the same time, it has prepared a base for an alternative "World Economic Order".

China's massive manufacturing capability is built on a base created by rapid advancement of technology in multiple sectors and its extensive diffusion at all levels. In the digital era, information and communication technology (ICT) is of strategic importance. Manufacturing, marketing and logistics of all goods and services are dependent on compilation of data, communication, and networking. China has secured a special place for itself in the ICT domain, in parallel with the US.

Digital Data Storage: China's response to US Hegemony

A few big tech companies like Amazon and Google own almost the entire digital infrastructure or cloud capital. In the modern digitalised economy, data analytics obtained from this infrastructure is an integral part of every activity, be it agriculture, manufacturing, or marketing. The vendors who sell their products on Amazon pay more than fifty percent of their revenue to Amazon. Manufacturers feed their data into the cloud which enriches the digital infrastructure and then pay fees for the data analytics, they receive for innovations in the product or in process. The main cloud computing service providers are Amazon Web Services (AWS), Microsoft Azure, Google cloud etc. The payment to these service providers is made in dollars.

In India, we do not have any regulatory guidelines to protect our data. So, we lose data sovereignty and pay the US firms heavy charges in dollars. This is the case with all the developing countries and even the European union. The monopoly of US tech corporates enables extraction of data from almost entire globe and at the same time fetches large revenue.

China is the only exception. When China noticed that the US tech companies were expanding their digital infrastructure rapidly, the Communist Party of China banned their functioning. China decided to independently develop alternatives to Google, Facebook and Amazon. In place of Google, China has the search engine Baidu. Instead of WhatsApp, China has WeChat. China has TikTok as a platform which is popular in global South. For Youtube, they have Youku, for Twitter, they have Weibo, for Instagram, they have RenRen as their alternatives. In short, China has its own digital infrastructure. China's data is not freely available to the US companies, and it does not pay rent to them for having monopolised the infrastructure. China has indeed dented the digital hegemony of US corporates.

WeChat can also be used for financial transactions. And with China's digital currency Renminbi (RMB), government to government business transactions are possible through WeChat without paying any extra charges. This superhighway for business transaction attracts many countries in South, especially after imposition of sanctions on Russia.

The Harvard Kennedy School of Harvard University, in a research paper covering 6 frontier technologies — Artificial Intelligence (AI), 5G spectrum, quantum computing, semiconductors, green energy and biotechnology — found that except for semiconductors, China was ahead or at par with the US in every other technology. Similarly, the Australian Strategic Policy Institute tracked 44 technologies in a year-long project and found that China leads in 37 out of 44 technologies. Noting the massive investment made by China in research and development, the report points out that in the case of some technologies, all the top ten research institutes are based in China, and they collectively bring out many high impact research papers.

Environment friendly technologies

China has taken a great leap forward in the domain of clean energy products. It specialises in the production of lithium batteries, new energy vehicles and solar and wind power. Chinese products are technologically superior to those produced in US and Europe. In the year 2023, Chinese electronic vehicle company BYD overtook Tesla Motors of US. Elon Musk is now asking theUS government to restrict import of BYD cars. China has become the biggest producer of electric vehicles.

In the field of renewable energy also, China's record is unbeatable. By the year 2023, China had installed solar panels with 610-gigawatt capacity. This was more than solar power energy installed by US in its entire history.

Reduction of carbon emissions is the greatest requirement to check global warming. According to Paris Agreement in 2015, countries should put all efforts to achieve the goal of limiting the global temperature increase well below 2 degrees Celsius and even further to 1.5 degree Celsius. The Paris agreement estimated the peak in carbon emissions will reach before 2025 and then there will be reduction in carbon emissions but China's carbon emissions are reaching their peak already in 2024. Now there will be a fall in carbon emissions.

China's leadership in frontier technologies is indeed a big asset for the global alternative but by-itself it does not ensure a robust technological base for the countries of global South. A robust and democratic technological base requires diffusion of technology at multiple levels and extensive social control on its dissemination and application at macro and micro level.

Diffusion of Technology among Countries of Global South

In abstract terms, one expects development of science and technology to bring greater freedom and prosperity to human society. But in the capitalist and imperialist world, development of science and technology has been associated with domination of one section of society over the other. Control over technology has enabled the imperialist world to impose exploitative production and trade patterns on the developing world.

The neoliberal world order has commodified knowledge. The regime of "intellectual property rights" conferred legal ownership of research and innovations to corporations. The corporations make huge profits and the world witnesses 'Tech Wars' between companies and between nations.

However, the 'alternative', which talks of shared prosperity and a win-win situation for every participant, must set different norms for controlling and sharing the progress in science and technology.

Buenos Aires Plan of Action (BAPA)

On 12 September 1978, the United Nations conference on 'technical cooperation' among the developing countries was held in Buenos Aires, Argentina. One hundred and thirty-eight countries (UN member states) participated in the conference. The Action Plan established a framework for cooperation among the countries of the South and laid down basic principles of relations between sovereign states — respect for sovereignty, non-interference in internal affairs and equality of rights. The Plan of Action for Promoting and Implementing Technical Cooperation among Developing Countries (TCDC), adopted at the conference, recommended establishing a legal framework and financing mechanism at national, regional, and global level for facilitating meaningful South-South Cooperation.

After forty-six years, in 2024, the technology has changed, production possibilities have changed, geo-politics has changed and the character of the 'South bloc' has also changed, but the basic principles and recommendations laid down by BAPA are still relevant. The UNCTAD report on science and technology, in 2012, noted that the emerging economies like India, China and Brazil were growing fast and had caught up with the frontiers of technology, but the least developed countries of Africa and Asia have been left out. People continue to live and work in primitive conditions. Since then, China's Belt and Road Initiative has made special efforts to reach out to the countries of Africa and Asia.

Sharing of Technology under Belt and Road Initiative

In May 2017, during the first Belt and Road Initiative Forum for International Cooperation, China announced the Science, Technology, and Innovations Cooperation Action Plan. The Action Plan included Joint Laboratory Initiative, Science Park Cooperation Initiative, and Technology Transfer Initiative. Since then, China has established more than 50 Joint Laboratories with partner countries in the field of agriculture, healthcare, information, new energy and basic research. China has set up a Joint Laboratory with Kenya for crop molecular biology, with Egypt for renewable energy, with Laos for railway engineering, and with Serbia for natural products and drug discovery. China also established a Joint Laboratory with Portugal, integrating China's space technology with Portugal's marine research. A joint laboratory was set up with Austria that integrates China's research in AI and advanced manufacturing with Austria's traditional manufacturing.

China-Africa digital technology collaboration:

In August 2021, China-Africa partnership plan on digital innovation was signed. Accordingly, China promised to share digital technology with African countries and promote digital infrastructure and connectivity and internet access. Chinese high-tech firms have offered support to upgrade the technological level as per the requirements of specific regions. Partnership in digital upgradation is titled as the 'digital silk road.'

There are countries in Africa, where communication facilities are so poor that people in remote areas are unable to make even phone calls and there is no internet access. The habitations in these areas are scattered, electric supply is irregular and topography is undulating. Traditional iron tower stations, common to telecommunications infrastructure, are not suitable for these remote areas. The Chinese company Huawei spent considerable time and resources to resolve the connectivity issue in these areas. The engineers designed a base station that could be built on a wooden pole. The base station is given the name 'Rural star'. It has its own power supply and consumes very little power. The base station has been widely used in Ghana, Nigeria and in other countries plagued with low connectivity. Huawei's innovation, 'Rural star', has enabled many households in remote areas of Africa to connect with the outside world.

In North Africa, the middle-income countries are economically and technologically more advanced. The degree of internet penetration is high in Egypt, Algeria, Tunisia, and Morocco. There are a growing number of young techno savvy graduates in these countries wanting to upgrade the level of ICT. The 'digital silk road' of China is perceived by the North African governments as an opportunity to accelerate digital transformation, create employment for the educated youth and move on to a higher degree of development and prosperity. Huawei has played an important role in bringing about a digital transformation in North Africa.

In Tunisia, a broadband network was deployed by the company and thousands of engineers were given training in ICT. In Egypt, Huawei's project set up Africa's first system for cloud computing and artificial intelligence. In Algeria, Huawei opened its first mobile phone company in the continent. It is important to mention that it is a joint venture with Algerian tech company AFGO-TECH. Huawei has given extensive training to the company's staff, subcontractors and to university graduates, not directly associated with the company.

China's technological cooperation with African countries has followed the norms set by Buenos Aires Action Plan. It respects the sovereignty of the participant country. The negotiations for technological support are always done on a government-to-government basis. The Chinese high-tech companies involved in the projects are either state-owned or state-controlled. In most cases, China willingly grants Intellectual Property Rights licenses to their partners. And as mentioned, China does not interfere in the internal matters of the participant country. So far as the principle of equality is concerned, one must admit that between China and other countries of the global South, the interdependence is asymmetric. But 'interdependence' it is. Moreover, the African countries' experience in project cooperation conforms to the promised win-win outcome.

Although China has taken a lead role in diffusion of technology through the BRI, the other members of BRICS — India, Russia, Brazil, and South Africa— are also engaged in upgradation and diffusion of technology through South-South Cooperation. Russia works closely with member countries of the Eurasian Economic Union. Russia, China, Iran and North Korea have entered into strategic alliances with each other.

Cooperation in Science and Technology initiated by BRICS

The first ministerial meeting on cooperation in the field of science, technology and innovation among the BRICS members took place in 2014 at Cape Town, South Africa. A memorandum of understanding (MoU) was signed in 2015, establishing a strategic framework for cooperation among member countries in the sphere of science, technology, and innovations. The basic principles underlying the cooperative venture were — voluntary participation, mutual benefits, equality, and reciprocity. Three platforms facilitate collaborations: BRICS young scientist forum, BRICS young innovator prize, and BRICS science academies meetings and conferences. Thirteen thematic working groups have been set up to collaborate in different areas. These include - astronomy, biotechnology, information and communication technology, renewable energy among others. In 2018, the BRICS Technology Transfer Centre was opened in Kunming city in Yunnan province of China. The Technology Transfer Centre has established a cooperation mechanism with 35 technology transfer agencies in BRICS countries.

In November 2015, the education ministers of BRICS countries signed an MoU to establish BRICS Network University. It is a union of higher education institutions of BRICS countries. The Network was to primarily enhance cooperation among the member countries in the field of higher education and research.

The domain of cooperation is now extended to countries which are not BRICS members. A BRICS university is proposed for Venezuela. The Venezuelan President Nicolas Maduro announced that a national science university with international dimensions will soon open in Venezuela. The university will have 300 students and 15 courses geared to the development needs and aspirations of the country. Professors from BRICS countries will teach young Venezuelan students. Venezuela has huge oil reserves and plenty of agricultural land. It is expected that knowledge of science and technology given to the students will contribute towards making the best use of the natural resources available in the country.

The brief overview of progress in frontier technology and efforts put in for diffusion of technology among the countries of South promise a progress towards attaining a robust technological base for the 'alternative'.

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CONCLUSION

A robust resource base and access to advanced levels of technology is, of course, a necessary condition for sustenance of the emerging alternative. However, the trajectory along which the alternative will evolve will be traced out by political will and ideological commitment of the countries representing the global South. The first necessary step for the alternative to acquire an independent identity is to delink the countries of the global South from the exploitative dollar centric monetary and financial system. BRICS and BRI have made concerted efforts in this direction. Trade and investment interactions among the developing countries, which bypass the use of the US dollar and bypass the trade routes (physical as well as digital) controlled by the imperialist countries, have grown significantly in the recent past.

The 16th summit of BRICS held at Kazan (Russia) in 2024, discussed at length the hegemonic character, unfair practices, and overall inefficiency of the existing international monetary and financial system and emphasized the need to transform the system fundamentally. The Russian government prepared a background note that proposed a detailed alternative financial architecture which would be inclusive, just, democratic, and more efficient. China's digital RMB cross border payment system using blockchain technology is much quicker and much cheaper than the conventional SWIFT system. Overthrowing the hegemony of the dollar and providing alternative routes to settle cross border transactions is indeed a great leap forward. However, to ensure that trade patterns among the countries of the global South are based on equity, sovereignty, diversity and cooperation, additional safeguards that entail radical restructuring would be required.

In a heterogenous group with countries of different sizes and different levels of development, cross border trade and investments naturally create imbalances. There are countries with perpetual deficits in their trade balance and others accumulate surpluses. The Bretton Woods system puts the responsibility of correcting these imbalances on the deficit countries. The deficit countries exercise austerity, devalue the currencies, take debts on onerous terms, and end up in development and debt crises. Imbalances do not get corrected.

In Bretton Woods negotiations, John Maynard Keynes had proposed that the responsibility of correcting trade imbalances should be shared by the trade surplus countries also. It was proposed that surplus countries could invest their surpluses in deficit countries. And in any case, after a specific period, the surpluses should be written off. Keynes' proposal was not accepted in Bretton woods. Eighty years hence, the alternative financial architecture proposed by global South can consider Keynes' proposal favorably. The responsibility of correcting trade imbalances can be shouldered by the trade surplus countries. A condition like this will reduce inequality among the countries of the global South and will protect the sovereign rights of the deficit countries. Most importantly, it will change the domestic development paradigm of the global South. countries. The surplus country would correct the imbalance either through additional imports from the deficit country, or by expanding domestic demand and reducing exports to the deficit country. It could also invest the surplus in the deficit country. These initiatives would result in enhancing employment and output in the deficit countries, and would directly benefit the working people in the developing world.

If the rules of international investment, trade and finance are so framed that they translate directly into benefitting the working people in developing countries then South -South cooperation will become peoples' agenda and the emerging alternative will evolve into a new civilizational order with a promise of shared prosperity.