Decline of the IMF & Rise of the BRICS New Development Bank

Paulo Nogueira Batista Jr. is a former Executive Director at the IMF (2007-2015) and the founding Vice President of BRICS' New Development Bank. Batista discusses how the IMF is used as a hegemonic instrument of power, and why the BRICS New Development Bank is more suited for the multipolar world. Follow Prof. Glenn Diesen: Substack: https://glenndiesen.substack.com/ X/Twitter: https://x.com/Glenn_Diesen Patreon: https://www.patreon.com/glenndiesen Support the research by Prof. Glenn Diesen: PayPal: https://www.paypal.com/paypalme/glenndiesen Buy me a Coffee: buymeacoffee.com/gdieseng Go Fund Me: https://gofund.me/09ea012f Books by Prof. Glenn Diesen: https://www.amazon.com/stores/author/B09FPQ4MDL

#Glenn

Hi everyone, and welcome back to the program. Today we’re joined by a very special guest, Paulo Nogueira Batista, who served as executive director at the IMF between 2007 and 2015. He was also a founding vice president of the BRICS New Development Bank, responsible for risk strategy. Thank you very much for taking the time.

#Paulo Nogueira Batista

It's a pleasure, thank you.

#Glenn

You have a very unique work experience that allows you to, I guess, compare the IMF with the BRICS New Development Bank. And some of the challenges that BRICS faces, as we know, come with great opportunities but also with difficulties—being undermined by the US, for example, and figuring out how to organize the bloc from within. However, I thought we could start with the IMF, since it’s a model that the BRICS New Development Bank, to some extent, had to use as a starting point for comparison. I was wondering, how do you see the IMF’s governance structure in terms of favoring some economies over others? And what kinds of reforms do you think were needed? Because one could see the BRICS Development Bank as a response to the failure, perhaps, to push through some of those reforms.

#Paulo Nogueira Batista

That's right, yeah. My experience at the IMF ultimately led me to believe that fundamental change in Washington-based institutions like the IMF and the World Bank is not really possible. We did make some progress back in 2008–2010, when the deep financial crisis on both sides of the North Atlantic led the advanced countries to be more amenable to changes. But since then, nothing has happened. Imagine—fifteen years, and the IMF has been frozen, as well as the World Bank, in terms of fundamental changes in governance. So, I would say, in a nutshell, it's like the IMF and its major shareholders—Europe and the United States, notably—are determined to keep the institution in the 20th century, whereas we, the BRICS and other developing countries, want to move into the 21st century. That means having institutions that are more representative, more inclusive, and less politically biased than the IMF and the World Bank are.

#Glenn

And how do you see, in the IMF, the informal power structures—the voting powers or the use of political conditionality? To what extent do you see this as, I guess, an enduring problem?

#Paulo Nogueira Batista

It's an enduring problem. It's getting worse, in fact, I believe, because not only has governance been frozen, but the West is also dealing badly with its own decay. By "the West," I mean essentially Europe and the United States, led by the United States. The Western bloc has been holding on to its privileges and power in the IMF and using it increasingly as a political weapon. You see, the West has weaponized everything—it's weaponized the dollar, the euro, the SWIFT payment system, the IMF, the World Bank. This means, of course, that first, the West is willing to do anything, and second, that it's willing to wreck the credibility and reputation of the institutions it created and controls.

So it's a very peculiar situation we're living in now. And that's why the BRICS have come together—first of all, as a group of countries, and second, to create institutions of their own, notably the BRICS Development Bank, of which I was a founding member. But Glenn Diesen says it's a very unexpected turn of events. When I first went to Washington in 2007, and when the BRICS started getting together around 2008, I never expected them to go as far as creating their own bank and their own monetary fund. But we did that. Why? Not because the BRICS were hostile to the Washington-based institutions, but because we realized around 2011 or 2012 that no fundamental changes would be forthcoming beyond those we had achieved in the 2008–2010 reform of the Fund, you see.

So actually, you're often involved—I've been involved too—in the annual meetings. I don't know if you remember, but last year I asked President Putin a question. I asked him, "How do you see the BRICS' role in de-dollarizing the world economy?" And he responded, "Look, let's take it easy, let's take it slowly," more or less in that sense. Because, he said, "We are not against the dollar. The dollar is against us." So really, I see the BRICS mostly on the defensive, and the West, you know, unaccustomed to decline, struggling and kicking and screaming all the way down. It's a very dangerous situation—very dangerous—because a super-power in decline may be more violent than in normal times.

#Glenn

Yeah, well, it's often said that institutions work best when they reflect the actual distribution of power. So, Aki, when all this power shifted to the East and, in general, diversified away from the political West, one would assume that for existing institutions like the IMF to maintain their relevance, they would have to reform and adjust to new realities. And failing to do so, one would expect new institutions to emerge and evolve. I guess that's a reasonable way of looking at the BRICS. Well, I pretty much agree with you. I get the impression from listening to different diplomats and economists that the goal isn't to sink America into the ocean. Rather, it's simply to diversify—to make other countries less reliant on an unreliable and weaponized dollar. But do you see it the same way? Is it the relative decline of the United States that's causing a lot of these preparations in the format of BRICS?

#Paulo Nogueira Batista

I think it's the relative decline of the political West more generally, Matt. You see, for them, all these institutions are still relevant. We often say they're increasingly irrelevant, for the reasons you mentioned—because we feel they're not representative, not inclusive. But for the West, the dollar system, the SWIFT system, the IMF, the World Bank—all these are, in fact, weapons in the struggle against the rising new powers, especially China, right? So I believe that what's really happening is that the West—this, I think, is the major factor in international economics and politics right now—the United States' willingness to use all instruments, in a harsh and sometimes violent way, to preserve the power it still has. That power is no longer as great as it was even 10 or 15 years ago, but it's still capable of doing a lot of damage, as we see right now in 2025.

#Glenn

Well, political economists often make the point that an economic hegemon, when it's dominant and confident, will want to build trust around its economic infrastructure—the institutions, the currency, the technologies, the supply chains. But a hegemon in decline will weaponize all these economic instruments of power to prevent the rise of rivals, which then ultimately intensifies the rejection. But you did mention the dollar, though. Why do you think it's become so dysfunctional?

#Paulo Nogueira Batista

Basically because, again, it's a weapon now, more than anything. In earlier times, the dollar was accepted and trusted, and there was confidence in it. Now this no longer holds. Why? Because the dollar has one major political enemy—and that enemy is the United States of America itself. It has undermined trust in the dollar. So now we have a very peculiar situation, which we wouldn't have expected, say, three or five years ago. The U.S. is trying to coerce other countries into using the dollar. That's a complete change from what we had since World War II, when the dollar was naturally accepted. You know, I don't want to idealize the previous situation. I mean, the U.S. was always a hegemon willing to use power to feud countries, topple governments, and so on.

But now, as you said, in times of decline, it's much more inclined to be violent and oppressive than it was before. And this is showing very clearly. You said it quite well: countries of the Global South—even allies of the United States—are increasingly realizing that they can't trust the United States anymore. Trust is lost. Even if, let's say, Trump is replaced in the future by a more amenable president, trust won't be regained easily. It's easy to lose trust and very difficult to recover it once it's gone, as we know in personal, political, and international relations. So I'm a pessimist about any attempts or chances of getting back to a relatively calm, peaceful situation in terms of geopolitical relations with the political West.

#Glenn

So, you have your finger on the pulse of many economies and governments around the world. How much sense do you get that the discussions now about seizing Russia's sovereign funds have, I guess, struck some fear into countries—not just China, but India as well? How widespread is this concern about this new, I guess, lack of reliability?

#Paulo Nogueira Batista

I think that's pretty widespread. It was always somewhat there, because the U.S. has been weaponizing the dollar—and in Europe too, remember—as well as confiscating gold reserves in London. So the West has always been somewhat prone to that. But I think the major change, the major decision that marked the reversal of confidence, was the decision to block, to freeze Russia's reserves in 2022 after the invasion of Ukraine—not only in dollars but also in euros. So distrust has also spilled over into the euro, since the euro has become a satellite currency of the West for geopolitical purposes.

So I think now the issue is that the West is no longer trustworthy. But the economic decline—which I think is what you're getting at—the economic decline in relative terms is more pronounced in Europe than in the U.S., and the rise is more pronounced in China than it is in Latin America. So when you look at global concepts like "Global South" or "Global West," that's not enough. You need to break down these groups and see who's getting stronger, who's getting weaker, who's stagnating. And I think the major thing, in my opinion, is the decline—not only in economic terms, Glenn. Let me tell you, I'm a Eurocentric person in political and cultural formation.

I lived in Europe. I admire Europe. I've never seen in my entire life such a weak crop of political leaders as the ones we have now in Europe, with almost no exceptions. And the same goes for the

United States. The United States elected George W. Bush not only once, but twice. Elected Trump not only once, but twice. The Democratic leaders, like Biden, are very weak as well, and very prone to geopolitical bullying. So, I mean, it's really amazing—really amazing—to see a continent like Europe, a country like the United States, in such an embarrassing decline. I mean, the things that have happened, you would never believe them, huh?

#Glenn

Well, I often make that point as well—that one of the key problems of our time is these politically weak leaders: too ideological, incompetent, as we see in Europe, even incapable of doing very basic diplomacy, such as the recent Dutch adventure of first seizing Nexperia, this Chinese tech company, and then being flabbergasted by the consequences. And now they have to hand it back. I mean, it's just... it's very strange that this isn’t thought through properly, because they’re not even back where they started. Now, not just the Chinese, but the rest of the world will be very careful before putting anything of value—investments—in Europe.

Yeah, it's just extraordinary self-harm—that’s what I’m getting at. But in terms of the dollar, you mentioned before that Putin made this comment that Russia didn’t quit the dollar; it was the dollar that quit Russia, or rather, that put sanctions on Russia. But what is the process of de-dollarization? Because many people think it can be done almost overnight, but it’s not. Is it about the capability to diversify, or is it just a lack of intention? You know, the Chinese, for example, still have some incentive to keep using the dollar as well.

#Paulo Nogueira Batista

That's a crucial question, the one you're raising now, because ultimately what we have is the Western economy’s willingness to violate property rights in a major way—in this case, as you mentioned, with the Dutch, and also with the freezing of Russian reserves, and now all the talk about actually confiscating them. So the dollar is under threat because of all this. And de-dollarization has become a major issue. I've been writing on this since 2023 on a more or less systematic basis, and I've been making the point that de-dollarization ultimately means... well, that's a controversial one, by the way, this point I'm making now.

De-dollarization ultimately means moving toward new reserve currencies. For a number of reasons, I don't believe the dollar will remain as important—same with the euro—but they’re no longer as dominant as they once were; they’re in decline. International money is sort of a mirror of geopolitical circumstances. So if the United States and Europe are declining, their currencies will decline too, in terms of relative weight. Who’s going to pick up the slack that the dollar is leaving? Not the euro, not the other Western currencies. Will it be gold? Yes, that’s happening. The collapse in confidence has left major central banks with no choice but to turn to gold. Could it be the renminbi?

I just spent a few weeks in China and discussed this with a lot of Chinese experts. I came away with the impression—reinforced, really—that the Chinese are hesitating to put forward their currency as a replacement for the dollar, for many reasons we can discuss if you want. So if that's true, the only alternative would be to build a new reserve currency—not a global one, because you can't have a global currency with the geopolitical split we have in the world now. It would need to be a new currency sponsored by a group of countries, probably only from the Global South, and that would give us something truly new in terms of international money.

#Glenn

What are the reasons China wouldn't want to carry or hold the new reserve currency?

#Paulo Nogueira Batista

Well, China's torn between the pros and cons of having its currency play a bigger international role. The pros are well known: you get lower borrowing costs, protection against financial weaponization, and ultimately the ability to use that power yourself. But the cons, I think, are very serious for China, because to become a global currency, they'd have to accept some changes in their economic model that are doubtful, to say the least. They'd need full convertibility of their currency onshore, and they'd have to accept appreciation of the currency.

Why? Because who would demand renminbi as an international currency if you can't fully convert it into other currencies as you wish? That's number one. This leads to instability—major flows of capital in and out of the Chinese economy could disrupt the hard-won stability they've achieved. And then there's appreciation: if your currency is in widespread demand outside your country, it will tend to appreciate. Look at it from the point of view of the Central Bank of China. The RMB is being demanded outside China for use; demand increases, the currency appreciates. How can you counter that? You can, of course, allow it—but that has its own consequences.

You can also buy foreign currency and sell RMB to try to maintain its value. But then, look what happens: the Chinese central bank receives what? Dollars and euros that it doesn't want to accumulate for safety reasons, right? So China's last resort would be to impose capital inflow controls, which would distance their currency from any major international role and actually reverse the internationalization they've already achieved to some degree. I may be wrong about this, because it's a highly controversial issue. I sense it's controversial in China too. But I believe the Chinese will probably test the temperature of the waters.

They're doing that already, allowing careful use of their own RMB outside China. But, you know, in Brazil we say—in football, in soccer—you don't change a winning team. So why would the Chinese change an economic model that's been so successful over the last decades? Any change would be very cautious. For example, appreciation. Do the Chinese really want to follow Western advice—

which is long-standing, as you know—to let their currency appreciate? Would they do that? I mean, no country in the Global South has prospered by following Western advice. I can tell you that from a Latin American perspective. We followed the Washington Consensus to a large extent, and we weren’t successful.

We liberalized the capital account. We allowed our currencies to appreciate. We deindustrialized, just like the United States and Europe. So I think the Chinese are very experienced people. They follow—without ever having heard of it—a maxim of Otto von Bismarck, who used to say, “I don’t learn from experience; I only learn from other people’s experience.” So you look at the experience of the United States, the experience of Latin America, what happened to the United States being a global monetary hegemon—they know all that. It’s not by chance that they’re so successful as a country. They’ve been very systematic in learning, studying other people’s mistakes and good decisions.

#Glenn

I like the Bismarck quote, by the way. But what about the BRICS? Is it in a position to facilitate an alternative? Many people have been talking about the prospect of a BRICS currency, but from another perspective, it seems less likely. It would probably face a lot of internal resistance as well—especially whenever I talk to Indian diplomats or ambassadors, they always say, “Oh no, we would never accept a common currency.” So, can you speak to that? Do you think there’s any pathway, or why would there be resistance to it?

#Paulo Nogueira Batista

Well, you know, right now I'm finalizing a paper called *A Pathway to a New Reserve Currency*. And there I recognize the point you just made, which is crucial. There’s no full-scale cohesion inside the BRICS on this matter. India is, of course, one resisting factor. The other one, less commented upon, is the stance taken by our central banks, which are very conservative and don’t like to think about or even envisage this sort of change—the creation of a new reserve currency. Even more modest steps are resisted by India and by our central banks. So it’s not an easy proposition. How do I respond to this in the paper I’m finalizing?

First, we should recognize that any new currency or any new initiative taken in the financial field should not be BRICS as a whole, but BRICS-centric—let’s put it that way. Most of the BRICS would be in, but not necessarily all. India might want to stay out and join later, perhaps. So we shouldn’t be paralyzed by the need to mobilize every single member. Just look at the BRICS now—ten countries. India may be reluctant, but also the United Arab Emirates may be reluctant for political reasons. Ethiopia and Egypt may be reluctant given their relations with the IMF. They’re dependent on the IMF right now, so they might be very cautious about joining any initiative that could touch on the raw nerves of the West, you see.

So definitely, if you look at the world, the global scene, any initiative of that sort would have to be BRICS-centric. But it could also come from countries outside the BRICS—partner countries or even others might want to join. So you would have not a BRICS group, but a BRICS-centric group, and of course China-centric. That's another point. One of the difficulties we've had in envisaging new multilateral initiatives is the overwhelming relative size of China in any group, in any conceivable set of countries you might put together for this sort of initiative. So there are many challenges.

I would say the prevailing view now, Glenn, which you may have heard already, is, "Oh, okay, we're settling our international transactions—that works well enough." That's what the Indians are publicly saying. But there's a major economic flaw in this argument that India uses. International transactions in your own currencies only take you so far, because this system doesn't allow the persistence of trade surpluses and deficits between countries. So what do you need? You always need money—trustworthy money. The dollar is no longer that, the euro is no longer that, the renminbi hesitates to play that role, and gold doesn't work very well. So you need some form of international money to de-dollarize more fully.

It's not by chance, Glenn, that Donald Trump has been very consistent and very cautious—exceptionally cautious—in the way he frames the matter. He says, "We will not allow the role of the euro as an international reserve currency to be threatened." So he's been well advised by his people: "Don't ignore this. The BRICS are trying to put a different act together. Warn them. Threaten them." And that's what he's been doing. He's very good at threatening—or was very good at it. Now he's losing his credibility a bit. This issue he raises is a very complicated international political economy issue, but it will stay with us, because I don't believe the dollar and the euro can recover their credibility. So we'll need to look for alternatives.

#Glenn

Well, the first rule of economics seems to always be predictability, which makes sense—different countries want slow, gradual changes based on testing, as opposed to doing anything revolutionary that disrupts markets. But without a common currency, is it possible—or maybe more likely—to have a basket of currencies? Because after the Second World War, there were some ideas pushed, especially by the British, who, instead of relying solely on the U.S. as a reserve currency, favored special drawing rights based on a basket of currencies. The IMF did move significantly forward with that, but is there any similar thinking in BRICS, or are they going down a different path?

#Paulo Nogueira Batista

It's important to understand, Glenn, that the BRICS are not a revolutionary force. They never have been. I can tell you from my experience inside the BRICS process, the BRICS are very cautious—always very careful. Oh, and even Russia. Russia is effectively at war with NATO, and even Russia is very cautious. So it's a reformist force. By the way, let me make one thing clear: nobody on the side of the BRICS is thinking of a common reserve currency like the euro. We're thinking of parallel international currencies, limited to international transactions among the countries. And this could take the form—exactly like you said—of a basket of currencies, an SDR-like basket, not a euro-like currency. That's the major distinction that must be made. The SDR was a good idea.

It was created in my hometown, Rio de Janeiro, in 1969, at an international meeting of the IMF. But it never became an international currency. Why? Because the U.S. never accepted it. The U.S. never supports anything that could rival the dollar. You can see that throughout history—it was very hostile to the euro. Remember, the U.S. was systematically hostile to the euro. All American economists who spoke about the chances of the euro working were negative—excessively negative, as it turned out. But they control the IMF, so they won't allow it. They have veto power over decisions governing the SDR, the special drawing rights, and they use that veto power. I remember, during my eight years in Washington at the IMF, I tried—several of us tried many times—to strengthen the role of the SDR. The U.S. never allowed it.

It didn't even come to a vote in the board, because the U.S. director was always signaling that it would be vetoed. So what's the purpose of bringing it up for discussion? The U.S. board is firmly opposed to it, so it's difficult. My Indian colleagues—I always say to them, look, what is the alternative to a reserve currency that we might build? It's China. It's the Chinese currency. Do you want that? They don't have a response to that, because they're hostile to China but at the same time afraid of provoking U.S. displeasure. This may change, Glenn. Trump is always helping us a bit, and he stabbed India in the back with high tariffs. So the special relationship that India thought it had with the United States may not really exist—and perhaps they realize that now.

#Glenn

Well, if de-dollarization is, to a large extent, driven by hedging against the growing risks of the U.S. taking on unsustainable debt and weaponizing its currency, then it could be forced upon the BRICS countries to take stronger action. I mean, if the dollar is less reliable, then sticking to the status quo isn't going to deliver much predictability. We see, for example, with Trump, that he warns whoever tries to de-dollarize will be sanctioned. There's a built-in contradiction there, because it's the constant threat of sanctions and economic coercion that's actually incentivizing countries to de-dollarize. It's a bit like threatening to bomb Iran if they develop nuclear weapons—you're only going to encourage it. And I was wondering, do you see the dollar possibly going into a death spiral, or heading toward an implosion, in which BRICS would have to take a more daring, revolutionary step?

#Paulo Nogueira Batista

I agree with the way you framed the issue before your question, which is a crucial one. I've been making the point, including in this paper I'm finalizing, that the U.S. is in a slow relative decline—and so is Europe, though Europe's decline is a bit faster. But we may reach a kind of tipping point, which could be a new international financial crisis originating in the United States and Europe, something similar to what happened in 2008–2009. Now, don't forget this: at the time of the Lehman crisis, the U.S. dollar was still seen as a safe haven.

So we have the paradoxical effect of a crisis originating in the financial system of the United States, provoking a flight to quality—quality being the dollar, you see. Now, I believe, and I may be wrong, but I believe the U.S. dollar will no longer play that safe-haven role. If a crisis erupts—say, the bubble in stock markets and assets in the United States bursts, as has happened many times since the 1980s in the Western financial system—what will happen? You'll have a decline in the U.S. dollar, with people fleeing the United States toward gold, toward the RMB. And then China will have to ask itself a question.

What do I do with these massive portfolio inflows coming from people fleeing the dollar to my currency? If you allow them in, you'll get an appreciation of the currency and potential volatility of capital that may fly out in the near future—exactly what we saw in Latin America. I don't think the Chinese will accept that. So the point I've been making in debates about this is: look, people, we may be risking a crash—a major crash. Let's put the ideas on the table now. You know, Radhika Desai, our colleague in Baldi, the Indian scholar, in a debate Baldi promoted recently, said that quite clearly: look, there may be a crash in the United States, and we all over the world will be scrambling for alternatives. So why not discuss the alternatives now, you see?

Because people will be surprised to see what damage can arise from a major crash in the United States or Europe under the present circumstances, when the U.S. and Europe are already very weak. "Very weak" is an exaggeration, but they are in relative decline. So I think we need to brace ourselves for difficult times. And I know that the BRICS are somewhat timid, contrary to what popular perception—and Donald Trump's aggressive rhetoric—may suggest. I think Trump overestimates the BRICS in the sense that he believes they're in a conspiracy to dethrone the dollar. In fact, we are very cautious—too cautious, in my opinion. We need to take courage and realize that, if you look at the world, there's no other place to run to except the large emerging market countries, which are mostly BRICS countries.

#Glenn

Yeah, well, whenever one speaks to generals and different military leaders, they always make the same point: they have war plans for almost every scenario. In case there's a war tomorrow, you don' t want to be caught off guard. It would make sense if economists also had some plans. I mean, if you do see the U.S. dollar exhausting itself, it could reach a real tipping point, as you phrased it—so there should be some plans. One doesn't have to commit to them, but at least have possible roadmaps for where to go. But what do you make of Trump's threats, though, to destroy BRICS? You said he called BRICS a conspiracy.

I think that was actually the word he used as well—that it was a conspiracy against the U.S. But he's also made some comments about wanting to destroy BRICS. He's made some very strange claims that countries were leaving BRICS in large numbers because of his great threats, though he didn't give any examples. On the other hand, he once suggested that Spain was part of BRICS, so maybe he thinks Spain quit BRICS—I'm not quite sure. But the desire to break up the BRICS and cause internal divisions seems quite real, and there would be a lot of political force behind that in Washington. Do you see any of this actually being played out? And what is it that the U.S. can really do to drive these countries apart?

#Paulo Nogueira Batista

Well, you know, the U.S. under Trump is actually driving those countries together, because the U.S. is hitting at its traditional allies—hitting at Europe, hitting at Canada, hitting at India. And India used to be the country more linked, or perhaps still more linked, to the United States. So I think there's a disconnect, Glenn, between Trump's rhetoric and his stated goals, and the actual actions he takes, which are not in line with those goals. You see, if the U.S. were more realistic about its own power nowadays, it would try to join forces with its traditional allies against the supposed threat of the BRICS, and notably of China and Russia.

But it's the opposite. It undermines relations with the West—Europe, Canada. You can see maybe Canada now looks more amenable, and Europe is trying to please Trump. But we know—you know better than I—that Europeans deeply resent what Trump has done since he came into office again. The same goes for Canada. The same goes for Mexico, another country close to the United States. So I think Trump is shooting himself in the foot all the time. All the time. Coming back to the issue we mentioned before, the incompetence of leadership in the West makes it very difficult for the West to resist.

You see, theoretically, again, we could have a scenario where the United States gets its act together—Europe too—and there's a reversal in the decline. That's happened before in history, in recent history. Remember, in the 1970s, the U.S. was in decline, and then in the 1980s, under Volcker and Reagan, they recovered their relative position. But two things: first, the U.S. is no longer what it used to be; and second, China was not a rival then. China has become a major rival, and Russia has become much stronger. So they can't play the same trick again. I don't think, in short, that Donald Trump is a second coming of Ronald Reagan. So the decline will continue, and it may become even more precipitous if a financial crash occurs in the United States.

#Glenn

Now, in public, the European leaders call Trump "daddy" and think he's the greatest thing since sliced bread. But as soon as they come back to Europe, they loathe him. Well, it's not a secret. But before, you mentioned that one of the challenges within BRICS was the disproportionate power of China. Indeed, one could suggest that the institution would be more stable if there were a better internal balance of power within the group. Of course, this could improve as they bring in large countries like Indonesia—more giants inside the same bloc.

So China will still be the leading economy, but with less ability to dominate. I think this would have a soothing effect on the other members. But I always make the same comment: all the other BRICS members recognize that China is the leading engine, that it drives BRICS forward simply because it has the capabilities. Yet, because everyone wants this to be a multipolar club—not another IMF run by either America or China—they don't want the Chinese to be dominant. But how do you see this playing out, for example, in internal discussions about voting power within the BRICS New Development Bank? Is that a key friction there, or…?

#Paulo Nogueira Batista

No, I think you made the point very well, but not there. I mean, there's no friction over voting rights within the New Development Bank, because this was established by treaty back in 2014. The five founding members—Brazil, Russia, India, China, and South Africa—have equal voting power, around 18% now, since some countries have joined the bank beyond the original five. But the main point you're making is totally relevant. It's really the crucial question for BRICS, you see. Because let's see how this plays out. Let me put it this way: I often watch your debates with prominent figures in the West. Let me summarize—just check if I'm correct.

If you look at a scholar like John Mearsheimer, he would say that China is going to play the usual great-power game—geopolitics, dominance, egoism, and so on. Jeffrey Sachs, on the other hand, believes that China can play a different role based on its history, on Confucianism, and so forth. So the question I ask myself all the time is whether China will stick to its traditional policy of peaceful relations with other countries, not imposing its will, or whether, as its power grows, it might go to its head, so to speak, and China will become a second United States. We hope for the best, but prepare for the worst.

I mean, countries like Brazil are large enough—Brazil, India, Russia—to realize that we don't want to exchange six for half a dozen, which would be trading U.S. hegemony for Chinese hegemony. No. For example, if we move forward in the discussion of a new reserve currency, we need to make sure that China's role in a new monetary system is not overly dominant. Otherwise, we'd be back to zero in terms of international relations. So the issue is whether China can be constructive in the sense of realizing that it's powerful, but it shouldn't try to crush the interests of other countries, right? I believe there's a chance that China might be different, but let's see whether it's Mearsheimer or Sachs who's discussing the issue more appropriately.

#Glenn

I just got back from China yesterday, where I gave a few lectures at universities, mainly about Russian geoeconomics. But I was also making the point that how China is accommodated largely depends on whether it becomes a hegemon or essentially the first among equals in a multipolar system. Countries like India want multipolarity, and they know they need China for that. But if China becomes hegemonic, that undermines it—it flips the whole thing.

And even the Russians, who consider China their main ally, their most important partner state—if the Chinese were to become another America, seeking to dictate—then, you know, that would strike fear in the hearts of the Kremlin. They would not accept that. And even for the United States, one gets the impression that one of the key concerns about China is that the rhetoric is organized around this idea: should we be the hegemon, or should China be the hegemon? But if there's a third option—if the Chinese are facilitating a multipolar system—well, that would be very different for the Americans, because then they could retreat a bit back across the Atlantic and the Pacific.

They could recover their strength. They can rebuild their economy. I mean, the whole world would benefit from a U.S. that's a bit more economically, socially, and politically stable. So I think the whole world would look very favorably toward a China more dedicated to multipolarity, while a hegemonic China might even have its key friends turn on it. So it's a very important distinction to make—being the first among equals or being dominant. But it appears they're leaning into the multipolar system for the time being, though.

#Paulo Nogueira Batista

Yeah, for the time being, their rhetoric is exactly that. They see themselves, they present themselves, as members of the Global South. I think they don't use the phrase you just used, but it's a good way of putting it—whether China will be the first among equals or a new United States, right? I'm not sure, looking at these two options you laid out, which one China will choose. But I believe the U.S. is not willing to accept a balanced geopolitical landscape. It still wants to be number one. The U.S. is addicted to being number one.

I have to tell you, when I was in the IMF and also in the G20 process as a Brazilian delegate, the one thing that struck me, Glenn, is that it's not easy to work with the Americans, even when you agree with them. They're so arrogant, so full of their own position, that they don't allow diplomacy to really work. So it's a very strange situation. The country is completely addicted to being the world's hegemon. And why do they look at China so uncomfortably? Because China is clearly the main source of rivalry they face in the world. And China is very different from the rivals it had before. Take the USSR—it was militarily strong but economically weak.

Then Japan came in as a supposed threat—politically weak, militarily weak, but economically strong. Now China holds both of those strengths: economically strong and militarily strong as well. So the United States has never faced such a challenge, and they're facing it at a time when they are internally weak—politically, economically, and socially. So I believe, and I agree with you, it would be so much better for the world if the U.S. realized the world is changing. It won't go back to the unipolar moment anytime soon, or maybe never. And they should do their part in bringing about peaceful, harmonious cooperation. It largely lies in the hands of the United States—but they won't take it, though.

And the Chinese, I believe, are at a juncture where they look both ways, you know. When I was living in China, I was struck by a comment made by the spokesperson of the foreign ministry, a woman. The press asked her, "What is China's view of leadership in the world?" And she answered, "No, no, it's not leadership, it's duty." That was the old way of China—keeping a relatively low profile, focusing on win-win cooperation and the Global South, truly, not just rhetorically. Because if it moves away from that and starts acting like a new United States, then of course the whole world would resist—Russia, as you said, India, Brazil, and other countries in China's neighborhood.

So I think China would be well advised to take a very soft and cooperative stance toward the rest of the world. Especially because—no illusions—the United States will not give up attacking China in different ways. I hope they've lost this illusion, because they've been so moderate vis-à-vis the United States, Glenn, that at some points in the last 15 or 20 years, I had the impression they wanted a G2 process with the United States and China, balancing the cards. But I think with Trump, they finally realized that this is not possible, and they've been successfully resisting the attacks the United States is making or threatening to make against them.

#Glenn

It's a bit of a wasted opportunity they had there, going after China in this manner. My last question, though, is just about—well, actually, first, I have a quick comment. I think it has always been about arrogance. If you have a Western-centric world for 500 years, it does fuel some big heads and arrogance. But I think after the Cold War, the hubris took this to a whole new level, because I spent a lot of time in Europe and in Russia, and there the impression is that after the Cold War—well, during the Cold War at least—you would sit down with the Soviets as somewhat of an equal. You would recognize their concerns, you would seek some diplomatic solutions through compromise. But after the Cold War, it all went out the window.

Instead of empathy, compromise, and mutual understanding, it was all replaced with the language of ultimatums and threats. So it's not about making peace with you or finding compromise. We have the superior values. We have the power. Diplomacy means you do as you're told, effectively. I think that's part of our problem today—in Europe as well as in the US—that the unipolar world is gone, but the unipolar mindset is still there. That's why you end up in a situation where the Dutch can seize a Chinese company and then act surprised when the Chinese respond. It should be the most predictable thing in the world, but I think this is the main problem.

They have no problem putting sanctions on other countries, but once the sanctions come back to them, there's this furious anger. The assumption is that economic sanctions are the prerogative of the political West—that we have the legitimacy to do so, but not you. So it's a very strange thing. Sorry, my last question was about the Europeans. They're now talking about seizing Russian assets, or they want to legalize using them as guarantees for a loan. There are a lot of different framings to make it legal to take these assets, which has never been done before. How do you see the likelihood of this going through, and what would be the consequences?

#Paulo Nogueira Batista

I don't know about the likelihood. You may know better than I do what the chances are, but if it happens, it would be the culmination of what's already been going on. The freezing of Russian assets is already a violation of property rights. And if you confiscate them—legally or illegally—and use them to support Ukraine, you'd be taking this to a new level. Again, what the West is doing is undermining its own philosophy, its own basic principles: rule of law, private property, respect for property rights. It's doing the opposite of what it always preached. You know, in Latin American countries that were temporarily or permanently dominated by left-wing governments, when they confiscated U.S. assets, there was an outcry in the West, in the U.S.—"Oh, this goes against property rights."

We don't accept this. Expropriation is unacceptable. Now, the West does that with a straight face. Correct me if I'm wrong, but I believe the Dutch expropriated without compensation, right? We're trying to change the leadership—yeah. What is this? Crazy. Completely crazy. It shows the decay of Western leadership, that they think they might want to do that. And second, they do it without assessing the consequences, without thinking, what's the next step? What if China does this? So I really believe we're in a dangerous world now, because the still very important powers of Europe and the United States do not behave in a constructive manner—to make an understatement. And we, and the rest of the world, need to brace for that, because it's going to be turbulence all the way. We have to tighten our seatbelts, because it won't be easy for anyone.

#Glenn

Great. Well, thank you so much for letting me pick your brain. I know you have a busy schedule ahead, so thank you very much.

#Paulo Nogueira Batista

Thank you, Glenn. It was a pleasure.