

## BRICS

**By Sitinga Kachipande | August 19, 2022**

The acronym BRICS comprises the nations of Brazil, Russia, India, China, and South Africa which represent the five major emerging economies; that is, the countries in the Global South which had the biggest potential for economic growth. According to 2019 World Bank data, these five countries collectively represent approximately 41% of the world's population, 30% of the world's geographic area, 24% of Gross Domestic Product (GDP), and 16% of international trade. The term was originally coined in 2001 by economist Jim O'Neill to describe the countries in the Global South that had the biggest potential for economic growth. His main thesis was that these nations would grow to dominate global growth. Realizing their potential to form a formidable economic bloc and strengthen the exchange of resources, technology, and skills, these countries moved to formalize their relations in 2006. The original acronym 'BRIC' excluded South Africa, which was added in 2010. Since establishing a formal coalition, the BRICS have swiftly strengthened financial ties, expanded diplomatic relations, and advocated for more prominent roles in global political economy. Their goals are to influence international affairs so that Global South countries can participate more equitably in global geopolitics and international markets. They have repeatedly positioned themselves in support of reforming global governance institutions such as the United Nations Security Council (UNSC) to give a greater voice to Global South nations. Therefore, they have come to symbolize the growing power of emerging economies to potentially impact the global economic and political order. Although the coalition is criticized for being too informal and heterogeneous for continual success, these characteristics are often represented as points of strength rather than an obstacle to future cooperation. The BRICS continue to embark on numerous joint initiatives to achieve their goals.

### **Origins of the BRICS**

***The Origin of an Idea.*** The concept of BRIC nations originated from a series of economic essays by Goldman Sachs economists. In 2001, Jim O'Neill identified Brazil, Russia, India, and China as countries in the Global South that collectively had the biggest potential for economic growth, thereby coining the term "BRIC" (O'Neill 2001, 1). The crux of his thesis was that these Global South countries were growing at such a fast pace that their economies would dominate global economic growth in 10 years. O'Neill anticipated that China and India would grow to be the dominant global suppliers of manufactured goods and services. He predicted that Brazil and Russia would supply raw materials to them, thereby making Brazil and Russia the dominant global suppliers of raw materials (O'Neill 2001). He added that with greater cooperation, the economic interdependence of the four countries would inevitably produce the first formidable economic bloc made up of Global South countries. In a follow-up 2003 essay, his colleagues Dominic Wilson and Roopa Purushothaman corroborated these projections, further suggesting that the BRIC economies would in fact surpass existing global economic powers' wealth by 2050, due to low labor and production costs. Whilst some

analysts criticized the Goldman Sachs papers as overenthusiastic projections, they did succeed in changing perceptions of financial analysts, investors, and policymakers worldwide about the financial strength of emerging markets (Pant 2013; Stuenkel 2015; Wilson and Purushothaman 2003).

**Shifting Economic Power.** The O'Neill (2001) and Wilson and Purushothaman (2003) economic papers compelled analysts to take note of the transition that was taking place in the global economy. The global world order that emerged from the meetings at Bretton Woods in the aftermath of World War II established the current international monetary system and supporting institutions such as the International Monetary Fund (IMF) and World Bank. Largely comprised of Global North countries, policymakers relegated Global South countries to the margins of global monetary system. The emergence of the BRIC economies at the start of this century pointed to a change in this status quo, in which economic wealth concentrated in the Global North was increasingly moving to the Global South (Cutrera 2020; Pant 2013). The Goldman Sachs papers projected that the increasing economic importance of the BRICs would consequently lead to their greater influence in international fiscal and monetary policies. Therefore, O'Neill's suggestion called for the current economic powers to progressively include the BRIC countries in global fiscal decision-making coalitions and institutions: "world policymaking forums should be re-organized and in particular, the G7 should be adjusted to incorporate BRIC representatives" (2001, 1). This recommendation underscored the inadequacies of an exclusionary Bretton Woods global world order long criticized in the Global South for serving the interests of powerful corporations and wealthy elites. Characterized by the promotion of free-trade, open-borders for investment, privatization of resources and an end to social safety nets, the current neo-liberal world order results in uneven and unequal trade. Its critics contend that this world order exacerbates global inequality, fails to mitigate extreme poverty, and leaves fate of the majority of the world at the mercy of the free-market system that serves the interests of wealthy elites and powerful corporations in the global North. The BRICs, positioned at the forefront of pending shifts in the balance of power thereby grew to represent the potential of the Global South to change the global monetary system and their marginalization within this system (Harvey 2005; Stuenkel 2015).

**Challenging Power Relations.** The Goldman Sachs economic papers determined that a shift in economic power would inevitably lead to BRIC countries having greater influence in international fiscal and monetary policymaking. This implied that that economic power would generate political power, thereby representing a significant change to countries currently dominating global governance institutions. They suggested that the real GDP growth in the BRICs would rival and eventually exceed those of the Group of Seven (G7), an informal political alliance of seven countries which comprise the world's strongest economies: Canada, France, Germany, Italy, Japan, the United Kingdom and the United States (US) (O'Neill 2001; Pant 2013). [1] These Global North countries grew to dominate the global political economy, in part due to the structure of the global monetary system that emerged from Bretton Woods. However, based on economic indicators like GDP growth rates, GDP per capita, and population size, the BRIC countries now stood to challenge their economic dominance, subsequently, their political influence. As such, the papers projected that the BRIC countries would eventually surpass the economic and political power of G7 (Wilson and Purushothaman 2003). This would signal a dramatic challenge to global geopolitics because the BRIC

countries would have greater influence in global governance institutions and international affairs.

For many, the BRICs represent a challenge to the dominance of US-led Global North coalitions on the international stage (Cutrera 2020). Analysts point to the declining capacity of the United States to provide stability on the global stage and the opportunity of the BRICs to fill this power gap (Cutrera 2020). However, critics remain skeptical of the BRICs capacities to fill any power gap. They contend that despite the ascent of the BRICs, they may not necessarily displace the G7, the institutions they dominate nor the neo-liberal policies they advocate. Noteworthy are arguments suggesting that the BRICs themselves are simply the new imperialists and will maintain an exploitive relationship with the rest of the South. In this vein, observers argue that the BRICs represent an alternative option to the current unipolar global governance system and a chance to make it more equitable, rather than a fundamental change to that system (Stuenkel 2015, 167; Wallerstein 2015). They further highlight that the BRICs have not indicated an intention to change the system of neo-liberal capitalist accumulation because they are dependent on it and strive to benefit from it, not overhaul it (Bond 2015). Therefore, critics contend that the BRIC's preference is to keep strategic relationships with the United States and other Global North countries. Regarding regional politics, critics question the respective regional leadership claims of the BRICS, including South Africa (Luce 2015; Pant, 2013,). Regardless of such misgivings, the BRICs have come to symbolize the growing power of emerging economies to potentially impact the global economic and political order.

### **Inter-State Coalition Forming**

**Consolidating Cooperation.** Realizing their potential for greater economic and political power through strategic cooperation at the start of this century, the BRICs moved swiftly to create a formal platform, facilitating the creation of an economic bloc. By 2006, their foreign ministers started holding meetings corresponding with the annual United Nations General Assembly with regards to crystallizing their role in the global economy (Cutrera 2020). Their inaugural high-level summit was held in Russia in 2009, where the heads of states of members agreed to strengthen financial ties, increase diplomatic relations, and advocate for more prominent roles in multilateral organizations. In a joint statement issued during this initial summit, they called for "a more democratic and just multipolar world order based on the rule of international law, equality, mutual respect, cooperation, coordinated action, and collective decision-making of all states" (BRIC 2009). In line with their desire for a representative alliance, they invited South Africa to join late in 2010, thereby coining the currently used acronym, "BRICS" (Stuenkel 2015). South Africa's inclusion underscores the broader political aspirations of the BRICS. While South Africa was not named in the original thesis, it was used as an example for Global South economies in Wilson and Purushothaman's original essay. South Africa's formal inclusion therefore represented the BRICs commitment to strengthening relationships throughout Africa. As such, the BRICS grew not only to symbolize a fairer, more equitable geopolitical system but also a formidable coalition. Collectively, they represent roughly 41% of the global population, 41% of its currency reserves, 30% of its geographic area, 24% of its GDP, and 16% of global trade (Ministry of External Affairs 2021; Ricceri 2015; Vanaik 2015). It is noteworthy that when O'Neill coined the term BRICs, it was not his intention to suggest that they institutionalize.[2] Unlike the

other groupings, they found it prudent to take ownership of the acronym, evolving into a diplomatic coalition.

**Creating Formal Governance Structures.** The BRICS signaled clear intentions to institutionalize their cooperation, albeit currently operating like a diplomatic partnership rather than a chartered organization. Creating formal structures meant that rather than the BRICS remaining an analytical concept, their aims would be implemented through a formal body facilitating South-South cooperation (Stuenkel 2015).<sup>[3]</sup> They maintain a physical headquarters, *BRICS Towers*, in Shanghai. Instead of the conventional permanent secretariat, general assembly, or staff, they operate a joint “virtual secretariat”: a website portal where they articulate their joint position statements, agreements, and goals from their meetings and summits (Ricceri 2018). <sup>[4]</sup> Since its inception, the BRICS have also consistently held meetings where they coordinate activities and set their collective agenda. These summits are chaired and hosted annually by member states on a rotational basis. In the early stages, many of the BRICS declarations focused on international trade, economic and financial cooperation with little sign of interest in cooperation in other areas. Increasingly, their declarations expanded to include cooperation in peace, security, development, and international affairs (Cutrera 2020). These broad interests reflect each member country’s contribution, as agenda-setting is largely contingent on the summit’s host country. Such flexibility in group-decision making and cooperation distinguishes the BRICS from traditional multilateral organizations primarily because it makes them easily accessible to regional organizations who relate to the group’s concern for transregional issues like international terrorism, organized crime, and cyber-security. The BRICS’ informal structure makes them flexible. which is important for a heterogenous group with diverse interests.

**The Challenges of Heterogeneity.** Although heterogeneity has its advantages, significant differences exist between the BRICS, which presents challenges to cohesiveness in reaching mutual goals. Critics argue that a lack of geographic, economic, and political cohesion undermines prospects of cooperation. As a transcontinental body, the absence of a regional focus limits the effectiveness of their cooperation as does geo-location due to physical distance (Cutrera 2020; Pant 2013). Critics have also pointed to the vast economic differences between member states, highlighting the unequal development rates and resources between member countries. For example, China and India’s growth vastly outpaces that of Russia, Brazil, and South Africa; surpassing predicted growth rates, China alone grew to become the world’s second largest economy by 2010. In contrast, South Africa’s economy is smaller relative to all other BRICS and several industries there have been decimated by low-cost Chinese exports (Pant 2013). Politically, critics point to the conflicting interests, values and power levels which makes cooperation challenging (Pant 2013). For example, conflicts may arise over how to reform the UNSC since China and Russia hold permanent seats. Critics argue that such nuances and lack of geographical, political, and economic cohesion means that they are doomed for failure (Pant 2013; Ricceri 2018). They also argue that basic political-economic incompatibility rather than organizational challenges will continue to present challenges for them to function as a truly powerful new force (Vanaik 2015). However, despite criticism regarding characteristics like heterogeneity and the informal nature of the coalition, these are also often presented as points of strength rather than obstacles because it allows for inclusivity and the potential to expand in new directions and into new areas. As such, the BRICS are also often treated as an epitome of twenty-first

century international cooperation (Cutrera 2020; Stuenkel 2015)

## **BRICS In Action**

Having evolved into a diplomatic coalition between members states on issues of common interest, cooperation between the BRICS has broadened in a variety of areas. This includes cooperation in health, trade, agriculture, statistics, technology, science, academia, judiciary, cultural festivals, and defense.[5]

**Political Sphere.** The BRICS have repeatedly acted in concert regarding issues of international affairs such as global security, US dominance, and prioritizing socio-economic development. Although they largely support the central role of global organizations such as the UN in global decision-making, they have repositioned themselves to reform these institutions. For example, signaling their aspirations to play a greater role in international peace and security, the BRICS countries positioned themselves to all hold seats in the United Nations Security Council in 2012 (Cutrera 2015; Pant 2013). They have also stood in opposition of international interference in the domestic affairs of sovereign countries. For example, they opposed the Global North's intervention in Libya in 2011 and US airstrikes against Saddam Hussein in 2003 (Pant 2013). As such, they are often regarded as representing the Global South. They have initiatives actively aimed at engaging with regional organizations in Africa, Asia, and South America such as the BRICS Outreach and BRICS Plus (Cutrera 2019; Ricceri 2018).

**Economic Sphere.** The catalyst for the BRICS cooperation was reforming the global economic system, and they have made strides towards redefining it. They have jointly blocked policies detrimental to the economic growth of emerging economies such as fighting environmental emissions caps, promoted by the Global North, in 2009 (Pant 2013).[6] They are also becoming a new source of international economic growth, trade, and investment flows. This includes establishing initiatives like the BRICS Business Council in 2013 to facilitate business investment between member countries. Their major accomplishment is forming the New Development Bank (NDB) in 2014 to address challenges that Global South countries face in receiving infrastructure and development project financing necessary for increasing economic growth. Creating the BRICS Contingent Reserve Arrangement (CRA) in 2014 to provide safeguards to for potential short-term liquidity pressures for member states is another notable development (Stuenkel 2015).

**Social & Human Development Sphere.** Contributing towards socio-economic and human development projects is a core goal of the BRICS; notably, the NDB was created to provide funding for sustainable development projects. However, they have been recognized for building a fairer development system through other ways as well (Ricceri 2018). They have cooperated by working together on mitigating climate change, public health concerns, injustice in the legal system, food insecurity and other human development projects. This is mostly guided by supporting global initiatives like the UN's Sustainable Development Goals (Lobato 2018; Stuenkel 2015). Other notable projects include launching a BRICS Film festival (2016), academic forum (2009), and BRICS Think Tank (2013), which creates a network of experts to develop and assess policy options. Despite these strides, the persistence of inequality in the Global South, particularly within South Africa and Brazil, continues to cast doubts as to whether the policies put forth by BRICS are progressive enough to translate to

real change (Vanaik 2015).

The BRICS have been lauded for these and other projects, which help strengthen their position in the Global South and the international political economy. Other achievements that have been commended include inclusion in global economic alliances, such as the G20, a grouping of the twenty most powerful economies. They have also delivered on some economic objectives, such as developing the NDB and CRA, which provide tangible goods to the Global South as an alternative to Global North financing (Stuenkel 2015). Critics contend that despite this, the BRICS have made little progress towards achieving their goals and are failing to make a meaningful impact. They point to the BRICS failure to realize substantive structural reforms and policies. Additionally, they highlight their low trade integration, lack of coordination concerning priority issues, relationships with neighboring countries, and their missed opportunity to structure strategic cooperation agreements (Wallerstein 2015; O'Neil 2021; Prashad 2015). For example, they argue that despite G20 membership, the BRICS were unable to influence equitable distribution plan for vaccines during the COVID-19 pandemic, which overwhelmed healthcare systems throughout the Global South (as in the Global North). Many attribute this to the BRICS embrace of neoliberal capitalism, which rejects social welfare programs, arguing that it hinders them from achieving their social and human development goals, which in turn impact their economies (O'Neil 2021; Vanaik 2015).

### **The Future of the BRICS**

Although analysts will continue to debate whether, in its current iteration, the BRICS have the potential to make a significant political, economic, and social impact that will displace the current world order, many do agree that they have managed to seriously weaken it and lay the foundation for a multipolar world order (Stuenkel 2015; Wallerstein 2015). For example, during Russia's invasion of Crimea in 2014, the shift to a multipolarism became evident through Global North's efforts to condemn and isolate Russia. China, Brazil, South Africa and India abstained from publicly endorsing a United Nations (UN) resolution condemning Vladimir Putin's Ukraine policy, instead, calling for a peaceful resolution without sanctions. BRICS members often decry the use of economic sanctions as a coercion tool and the unequal application of the principles of state sovereignty which they accuse of being tilted towards Global North interests. The BRICS have also been very critical of the Global North's unwillingness to intervene in some situations and eagerness to intervene in others. For example, South Africa has been very critical of North Atlantic Treaty Organization's (NATO) 2011 military intervention in Libya. Additionally, many of the BRICS all have separatist movements within their borders such as Kashmir (India), Tibet (China), Xinjiang (China) and Western Cape (South Africa). The BRICS' refusal to isolate a member state served as an example that although supporting state sovereignty, rather than simply accepting U.S.-led Global North hegemony, they would no longer be co-opted to supporting U.S. strategic interests (Stuenkel 2015; Weisbrot 2011).

It is unclear what Russia's 2022 invasion of the rest of Ukraine means for the future of the BRICS alliance as the events are still unfolding. Thus far, the BRICS have avoided directly censuring Russia though a UN resolution condemning the invasion: China, India and South Africa abstained from condemning the Russians; Brazil voted in favor of the resolution but objected to economic sanctions. Due to the economic costs of the war for all, however, it is uncertain if Russia's unprecedented financial isolation will eventually break their alliance. At

the time of writing, the group was exploring alternate channels for continued trade and finance with Russia, signaling a potential renewed commitment towards ensuring a multi-polar global financial system (Binder and Payton 2022). Regardless of their uncertain future, the BRICS began as an economic grouping for the purposes of investment projections at the start of the century, and the group quickly took ownership of the name, evolving into a formidable diplomatic coalition by the end of the first decade. Therefore, they will continue to represent a new era in South-South cooperation, North-South cooperation, as well as an irreversible shift in the global world order.

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**[1]** Historically, Russia has had the dual role of being an emerging economy as well as a member of the Global North and was thereby a member of the G8. Russia joined the G7 in 1998, and it was known as the G8 until 2014, when Russia's membership was suspended indefinitely, and the group reverted to its original name. Lamb, Zachary 2014. "The Group of 8 Industrialized Nations." New York: Council on Foreign Relations. Accessed September 1, 2021. <https://www.cfr.org/backgrounder/group-eight-g8-industrialized-nationsb>

**[2]** The BRICs was an analytical concept much like other acronyms used to describe other fast-growing emerging markets coined by O'Neill such as MINTs, (Mexico, Indonesia, Nigeria and Turkey) or MIKTs/MISTs – (Mexico, Indonesia, South Korea and Turkey). Pant, Harsh V.



"The BRICS Fallacy." *The Washington Quarterly* 36 no3 (2013): 91-105. <http://dx.doi.org/10.1080/0163660X.2013.825552>

[3] South-South cooperation refers to cooperation among developing countries in the Global South through exchanging resources, technology, knowledge in areas such as agricultural development, human rights, urbanization, health, climate change, etc. It is often presented as a positive exchange, yet it is also a contested term because such positive associations imply an assumption that South-South cooperation is absent of exploitation. Stuenkel, Oliver. *The BRICS and the Future of Global Order*. Lanham, MD: Lexington Books, 2015.

[4] The BRICS joint website is: [www.infobrics.org](http://www.infobrics.org).

[5] As articulated in their position statements, the BRICS wish to cooperate in "the sociopolitical, economic, scientific, cultural and youth sphere" and they have indeed made steps towards such cooperation (BRICS 2015b).

[6] At the 2009 Copenhagen Summit on climate change, the BRICS blocked Global North countries from implementing limits on emissions that would be detrimental to countries trying to grow their economies. Pant, "The BRICS Fallacy", 93

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