

Explain the origins of
the term brics



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THE ORIGINS OF THE BRICS

Introduction

Jim O’Neill coined in 2001 a new acronym that could threaten the established world order after the Cold War suggesting that four emerging economies will dominate it by 2050. These countries are Brazil, Russia, India and China shaping the word BRIC and, from 2011 South Africa, added an S to the term and becoming BRICS. The aim of this essay is to bring the reader closer to the creation of this aforementioned block so discussed in the past decade. I will argue that although in the beginning could be understood as a term merely associated with investment in the countries mentioned above, it had been changed into a block of cooperation with a common objective: have a stronger voice in the world’s politics. In the first paragraph, I will explain the origin of the term BRIC by Goldman and Sachs, in the second I will do a brief analysis of the first summit of the group and the relevance of it and finally, in the third one I will argue that BRICS are not only meant for trade but also politics.

Discussion

The term BRIC appears for the first time in 2001 to refer to the emerging economies of Brazil, Russia, India and China in a paper called “ Building

Better Global Economic BRICs”[2]written by Jim O’Neill and published by the American investment bank Goldman Sachs. In the text, Jim O’Neill argues that we cannot underestimate the countries mentioned below because those will be the future world powers. These countries were selected because its impressive economic growth, therefore they will be crucial in world’s GDP. According to the author, China and India will become the suppliers of services and technology while Brazil and Russia would do the same for raw materials. In fact, even in the more pessimistic scenario (extrapolating the growing rate of 2000 in future years), in the following 10 years, the BRICs would reach a 12% in world’s GDP, pushed by China that will be the fifth largest economy in the world. For this reason, BRICs must have more representation in international forums and reach a representative voting, in special in G7 (Germany, Canada, United States, France, Italy and the United Kingdom) suggesting that they should change in a G9 in order to guarantee a correct representation. Two years later, in 2003, Goldman Sachs published another paper called “ Dreaming With BRICs: The Path to 2050”[3]claiming that BRICS would have a larger GDP than the G6 by 2050. However, the BRIC’s hypothesis has critics that claim that the term was created to promote the emerging countries as solid economies for long-term investment through a new classification: from just developing countries to BRIC in the same way that is more attractive to say “ Asian Tigers” than the name of the four countries themselves.[4]Even the acronym suggests the image of a brick: solid, compact and heavy that it is aligned with the title of the first above mentioned paper. The title of the second paper “ Dreaming with BRICS: the path for 2050” also suggests that readers imagine the potential profit for the emerging economies of BRICs[5]. It shows the interest of Goldman Sachs in <https://assignbuster.com/explain-the-origins-of-the-term-brics/>

their own business, that its sell financial services. Probably we will not know for sure if it was just a way to promote their products of emerging countries, but is it undeniable that it was used as a catalyser for the economies involved.[6]

Although the Goldman Sachs' paper was published in 2001, the first BRIC's summit was not held until 2009 in Yekaterinburg (Russia), despite the dialogue started in 2006 in New York[7]. It was attended by the leaders Lula da Silva (from Brazil), Medvedev (Russia), Singh (India) and Jintao (China). It is relevant the year, in the middle of the financial crisis they needed to show strength, stability, and confidence as President Lula claimed " We stand out because in recent years our four economies have shown robust growth.

Trade between us has risen 500% since 2003. This helps explain why we now generate 65% of world growth, which makes us the main hope for a swift recovery from global recession" (Lula da Silva 2009). It is not difficult to understand why even if we would think the forecast of Goldman Sachs was not realistic it was highly relevant the first summit if we consider the data of the countries involved. First, there are big countries, they represent the 40% of the surface area of the world and lastly, there are in strategic positions. Second, there are countries with dense population, in fact, they are the largest countries by population having a 50% of the world's population. Third, regarding economics there contribute with a 22% of the world's GDP, being relevant the impressive growth rates, especially the case of China that did reach almost a 15% of growth in 2007[8]. It is also to highlight the third summit in Sanya (China) in 2011 in which South Africa joined the BRICs, adding an S to the acronym and becoming BRICS.

However, we cannot forget how different these countries are, as a matter of fact, they do not even share the same political ideology and they have some very diverse perspectives on topics such as nuclear weapons. Then, why would they want to cooperate? Cooperation creates less dependence of the West in terms of trade, especially because they were no longer indulgent with the previous agreement of the World Trade Organization that shows the influence of the United States and European Union[9]. Cooperation also promotes the trade between the members, in 2001 was 21 million dollars in contrast to 280. 000 million in 2014, it is to say that the trade rose more than 13 times.[10]Also, together they have much more bargaining power to balance the hegemony of the West, the representation on the financial institution such as World Bank or International Monetary Fund is very low[11]. In fact, the reform of the IMF's quotas in 2010 could be seen as a direct success for the BRICS although it became effective in 2016.[12]Others scholars believe that the real goal of the BRICS summit was a call for cooperation between the countries due to the similarities of their issues (poverty, health care or food security) that is to say the transition towards a middle-income status.[13]It is undeniable that the relationship between them is at least singular because they think that the BRICS is meant for cooperation and not for conflict, the guiding principles are non-interference and national sovereignty[14]. For instance, Brazil did not criticise Russia's annexation of Crimea showing to the world a united front[15]. As evidence shows it is much more than an intra-cooperation, the Russian president said " The global problems... cannot be effectively solved without the involvement of the BRICS countries"[16]which give an idea of the

political relevance that they wanted to achieve. The advantages of cooperation are not just relative to trade but also politics.

Conclusion

The BRIC was an acronym coined by Jim O'Neill to refer to the emerging economies of Brazil, Russia, India and China. Although there is evidence that the term could help to promote financial products, it was also a catalyser for the economies involved. Although it took 8 years for the idea behind the BRICs to make true and another two years to become BRICS with a capital S standing for South Africa, the five countries have impressive figures in terms of population, GDP and growth which lead to a very successful cooperation. Despite that they do not share some core values (for instance, ideology) they cooperate showing to the world a united front thanks to the principle of non-interference. Together, they have the tools to promote trade between them but also to reach more bargaining power in order to balance the West in world's politics. The BRICS is not only a coalition for promoting trade or discuss domestic issues but also a way to make sure that their voice is heard.

[1]Assignment Requirements

1. Each participant is expected to submit a 2,000 word essay.
2. The written piece should include a rigorous analysis of key issues raised and their validity; the text should be clear, readable, and follow standard academic publishing conventions, including appropriate quoting, footnoting and bibliographic referencing.

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3. Your essay can contain around 10% more or less words of the required word counting, i. e: around 100 words more or less than 2000.
4. The following is a suggested format that you are expected to use:
 - Font type and size: Arial at 11 point;
 - Line spacing: 1.5;
 - Alignment: Fully justified.
5. Prior to typing in/pasting the contents of your assignment on page two of this document, please ensure that your text has been formatted in accordance with the above requirements as you won't be able to format it within this document.
6. Prior to submission, please name the finalised and formatted document in accordance with the following pattern: Surname Name – Module 1 – Final Essay, e. g.: Doe John – Module 1 – Final Essay
7. The deadline for submission of written piece is Thursday 23rd March before 17: 00.
8. Please submit your assignments via LSE GDP 2017 Custom Programme Moodle webpage.

[2] Jim O'Neill, "Building Better Global Economic BRICs" Global Investment Research, Goldman Sachs, 2001 Available at: [http://www. goldmansachs. com/our-thinking/archive/archive-pdfs/build-better-brics. pdf](http://www.goldmansachs.com/our-thinking/archive/archive-pdfs/build-better-brics.pdf)

[3] Dominic Wilson, Roopa Purushothaman "Dreaming With BRICs: The Path to 2050" Global Investment Research, Goldman Sachs , 2003. Available at: <http://www. goldmansachs. com/our-thinking/archive/brics-dream. html>

[4]Leon Wansleben, “ Dreaming with BRICs”, *Journal of cultural Economy* 6, no. 4 (2013) p. 4 doi: 10. 1080/17530350. 2012. 756826.

[5]Ibid.

[6]Ibid., p. 6

[7]Oliver Stuenkel, “ Emerging Powers and Status: The Case of the First Brics Summit.” *Asian Perspective* 38, no. 1. p. 3 <http://vex.com/vid/emerging-powers-status-brics-summit-494287502>.

[8]Data IMF. “ World Development Indicators” Accessed 10 March, 2017 <http://data.worldbank.org/datacatalog/world-development-indicators>

[9]Zaki LaÅdi, “ BRICS: sovereignty power and weakness” *International Politics* 49, no. 5 (2012): 614-32., p. 5 doi: 10. 1057/ip. 2012. 17.

[10] WTO database “ Datos Comerciales y Arancelarios” Accessed 10 March, 2017 Available at: https://www.wto.org/spanish/res_s/statis_s/its2015_s/its15_highlights_s.pdf

[11]Michael Cox, “ Towards a BRIC world?” Lecture, London School of Economics Custom Programs, 7th march 2017

[12]Stuenkel, “ Emerging Powers and Status” p., 2

[13]Stuenkel, “ Emerging Powers and Status” p., 11

[14]Pedro Morazán et al., “ The role of BRICS in the developing world” p., 5 (Luxembourg: EUR-OP, 2012)

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[15]Stuenkel, Oliver. " Why Brazil Has not Criticised Russia over Crimea." *The Norwegian Peacebuilding Resource Centre* . [https://www. files. ethz. ch/isn/180529/65655a04cd21b64dbcc9c8a823a8e736. pdf](https://www.files.ethz.ch/isn/180529/65655a04cd21b64dbcc9c8a823a8e736.pdf).

[16]Oliver Stuenkel, " *Brics And The Future Of Global Order*" Lanham: Lexington Books, 2016.