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The Creation of Clubs: The BRIC

Posted on [June 11, 2008](#) by [Arthur Stein](#)



In a previous post, I distinguished three bases for grouping countries. In this blog, I discuss the BRIC and its possible expansion to BRICSAM in that context.

The Creation of Clubs

States form international institutions self-consciously to achieve some objective(s). The institutions can be organized along areal or functional lines. They can be universal and include all members of some specified set or they can be clubs of subsets. Creating any institution then requires some agreement on purpose, membership, and procedure.

Most groupings emerge from the vision of political leaders and their political needs. The BRIC case was somewhat different.

Origins of the term in objective analysis

The term BRIC was coined in 2001 by Jim O'Neill, head of global economic research at Goldman Sachs. It was an example of an objective grouping. O'Neill's analysis pointed to these four high-growth countries as the top four economic powers by mid-century. By his estimates, these four would surpass the G-7 in GDP by 2050. Their high growth subsequently led to a revision in the year by which they would overtake the G-7, 2032. He was, in short, predicting a fundamental shift in the balance of global economic power.

These countries did not initially see themselves as a self-conscious grouping nor did they act as one. The main impact of the analysis soon took shape in the form of BRIC exchange-traded funds (of which there are now more than four dozen).

First came the RIC

The first instantiation of a grouping among some of the BRICSAM countries came with triangular meetings of China, India, and Russia. The three foreign ministers met annually on the sidelines of other meetings in the years 2002 to 2006. They then held standalone trilateral meetings in Vladivostok (Russia) in 2005, in New Delhi (India) in February 2007, in Harbin (China) in October 2007, and in Yekaterinburg (Russia) in May 2008. By and large these initial discussions focused on common regional and security concerns.

From RIC to BRIC

The first meeting of the BRIC, came in 2006, on the sidelines of the UN General Assembly session. This was followed by a similar meeting the following year. Last month's meeting, the third, in Yekaterinburg is the first stand-alone meeting of the group and followed a meeting of the RIC the day before.

Nevertheless, the BRIC is to be kept separate from the RIC. In the words of Russian Foreign Minister Lavrov, "the 'troika' [RIC] and the 'four' [BRIC] were formed in a natural manner. Russia, India, and China live in one region of the world and take part in the activities of a number of organizations created in the Asian-Pacific region. That is why it is quite natural that the format of the three largest countries of the region was established as a dialogue mechanism."

The BRIC is then a different grouping with a different logic and a different purpose. The foreign ministers are quite open about the origins of the idea for the BRIC.

In the words of a spokesman for the Ministry of Foreign Affairs of the Russian Federation, "The establishment of such a format has been prompted by the objective reality: as of now BRIC unites the major economic growth centers with more than a half of the world's population, the role of which in international affairs will grow."

Or as put even more pointedly by Brazilian Foreign Minister Celso Amorim, "It is really a group that first existed as a concept in the minds of analysts and subsequently came to exist as a practice between the countries." He went on to say, "The meeting is recognition of the fact that we are four big economies with a large influence in the world."

In short, an objective analytic assessment has been internalized by the countries and become the basis for the construction of a self-conscious grouping hoping to act in concert on common concerns.

From BRIC to BRICSAM?

But now that the BRIC has emerged as a functional grouping, its expansion is in the hands of original founders (see my previous posts on the different bases for international groupings). And they recognize the basis of its emergence and control its subsequent development. Asked about possible expansion of the BRIC, Lavrov characterized it as "an artificial issue." Just as he characterized the emergence of the troika

(RIC) as a natural phenomenon, he noted that “the BRIC group was established in the same natural manner: countries with the most rapidly growing economies created it,” and that it would evolve naturally in the future.

From IBSA to BRICSAM?

If the inference from the above is that the BRIC seems unlikely to develop into BRICSAM, perhaps a different institutional route is possible. In 2003, India, Brazil and South Africa (IBSA) initiated the IBSA Dialogue Forum. They formed as a self-conscious exercise in South-South cooperation and called for UN, especially Security Council, reform, and for continuing efforts at economic and social development. They have continued to meet regularly as a Trilateral Joint Commission.

Ironically, the south-south framework is an ill-fitting suit for including Russia (one of the G-8) and over time may separate the interests of Brazil and India from that of South Africa. In any case, there is no sense of a transformation of IBSA into something resembling BRICSAM.

Post-script on Goldman Sachs

And what of the originators of the BRIC idea? They are busy finding new investment vehicles for their clients. They have turned their spotlight on the Next 11 (dubbed “N-11”), populous countries whose economies could take off: Bangladesh, Egypt, Indonesia, Iran, South Korea, Mexico, Nigeria, Pakistan, Philippines, Turkey and Vietnam.

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