Project Syndicate

A BRICS Revival?

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WASHINGTON, DC – There was a time when everyone was talking about a group of fast-growing emerging economies with huge potential. But the BRICS – Brazil, Russia, India, China, and South Africa – struggled to transform themselves from a promising asset class into a unified real-world diplomatic and financial player. Is this finally changing?

The story of the BRICS begins with a November 2001 paper by Jim O'Neill, then the head of global economic research at Goldman Sachs Asset Management, called "The World Needs Better Economic BRICs" (the original grouping did not include South Africa). At a time when the world was dealing with the fallout of the dot-com bust and the September 11, 2001, terrorist attacks, O'Neill highlighted the BRICs' vast potential, noting that their GDP growth was likely to accelerate considerably in the ensuing decades.

At the time, China and India were experiencing rapid economic growth, and Russia, aided by booming commodity prices, was recovering from the post-Soviet meltdown of the 1990s. Growth in the BRICs was outpacing that of the advanced economies so significantly that O'Neill predicted in 2003 that their collective GDP could overtake the then-Group of 6 largest developed economies by 2040.

While the world expected the BRICs to thrive economically, few expected them to form a united grouping. After all, they represent a mix of unsteady democracies and outright autocracies, each with its own distinctive economic structure. And two of them – China and India – have long been locked in a border dispute, with no sign of resolution.

But the BRICS saw their economic alignment as an opportunity to expand their global influence by creating an alternative to West-led international institutions. And, for a while, they seemed to be making progress.

The addition of South Africa – then Africa's largest economy – in 2010 lent the grouping greater heft. By 2014, the BRICS Development Bank – now the New Development Bank – was formed as an alternative to the World Bank. The next year, the BRICS created the Contingent Reserve Arrangement, in order to support members experiencing short-term balance-of-payments pressures.

Economically, the BRICS continued to thrive, at least in the aggregate. Though China is the only BRICS economy that has sustained solid growth, the group has surpassed the G7 in terms of relative contribution to global GDP (based on purchasing power parity). Moreover, bilateral trade among its members is rising rapidly. But progress toward the BRICS' broader ambitions seemed to stall.

Recent developments suggest renewed momentum. Lately, members have been talking of "de-dollarizing" trade, with some raising the prospect of a new shared BRICS currency. While calls for de-dollarization are nothing new, some experts believe that a BRICS currency "has the potential to usurp" the US dollar, or at least "shake [its] place on the throne."

Moreover, the BRICS seem to be making a comeback as a platform for cooperation on a range of issues, including climate change, global governance, and development. In fact, 19 countries, including Argentina, Turkey, and Saudi Arabia, have expressed interest in joining the BRICS – bids that will be discussed at the group's August summit in South Africa.

Though the group's institutional framework remains underdeveloped, the motivations that led to its creation have not diminished – and are unlikely to any time soon. In fact, the BRICS and their supplicants appear to be both united and driven by one thing: grievance.

Developing economies are angry about the burdensome conditionality that has been imposed on them by Western-dominated institutions. They are sick of what they perceive as double standards on vital policy matters, such as the green transition. They are unwilling to tolerate efforts to "constrain" their economies through conservation demands or limits on technology sharing. Perhaps most important, they regard Western norms and values with suspicion as a fig leaf for Western countries' self-interested behavior.

The West's inability – or unwillingness – to reform global governance so that emerging economies like China and India have greater influence has compounded these grievances. Calls for reform have, after all, been growing louder for decades – since around 1999, when the G20 was formed. In the aftermath of the 1997-98 Asian financial crisis, finance ministers and central-bank governors began holding regular high-level meetings, and non-Western representatives wanted to be heard.

With the West's pledges to pursue reform having come to nothing, potential alternatives – from development banks to currencies – look increasingly attractive to those who feel left out. The BRICS are attempting to build a new world order, "bric by bric," and the appeal of their cause among other disgruntled countries is growing.

One must wonder what would happen if countries like Argentina or Saudi Arabia joined this project. Even the "BRICS-Plus" embraced by China could go a long way toward advancing an alternative worldview and institutional system – goals that China is also pursuing with its massive transnational Belt and Road Initiative (BRI).

To be sure, the BRICS' ability to realize its ambitions remains far from certain. None of its members is going to stop putting national interests first, though that is precisely what has long held the BRICS back. Even China's BRI has been likened to a "new form of imperialism" – hardly the best way to win long-term friends.

But the resurgence of the BRICS is disquieting, not least because the grouping has not demonstrated a capacity for genuine global leadership. Shared grievances about the West – legitimate or not – cannot support a rules-based world order. A coherent narrative for global governance, underpinned by clearly articulated values, is essential. And the BRICS have offered no such thing.

For the West, the BRICS' growing influence holds an important lesson. If the current international order is to remain relevant, the institutions that comprise it will have to change.

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