

The Contemporary Role and Perspectives of the BRIC States in the World-Order

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Abstract

The term 'BRIC states' is an acronym derived from the capital letters of the names of four large states: Brazil, Russia, India and China. This group of states represents a relatively new, but powerful and influential group of states in the world order. The contemporary international relations, global and regional, are unimaginable without these states, which are home to over 40 per cent of the world population. BRIC states are changing geo-economics of the world and indicate a gradual and evolutionary deflection of the relative economic power from the most developed states. However, BRIC states are not changing the world economic order quintessentially, since it is defined and ruled by globalisation and the neoliberal ideology. BRIC states are using neoliberal ideology to develop their economies and base their development on the economic growth and the rapidly increasing exploitation of the natural resources.

Key Words: BRIC states, geo-economics, world economic order, SWOT analysis

Özet

“BRIC devletleri” kavramı dört büyük devletin İngilizce adlarının baş harflerinin kısaltılmasından oluşmuştur. Bu devletler Brezilya, Rusya, Hindistan ve Çin'dir. Bu devletler dünya devletler sistemi içinde göreceli olarak yeni, güçlü ve etkili devletler grubunu temsil etmektedir. Günümüz uluslararası ilişkilerini küresel ve bölgesel ölçekte dünya nüfusunun yüzde 40'ından fazlasını barındıran bu devletler olmadan düşünmek zordur. BRIC devletleri dünyanın jeo-ekonomik dengesini değiştirecek güçtedir. Bu ülkeler aynı zamanda kademeli bir şekilde ekonomik gelişmelerini tamamlayarak gelişmiş sanayi ülkelerinin ekonomik gücüne meydan okumaktadır. Ancak bu durum dünya sisteminin küreselleşme ve liberal ideoloji tarafından belirlendiği bir dönemde BRIC devletlerinin dünya ekonomik sistemini temelden değiştirebileceği anlamına gelmez. BRIC devletleri kendi ekonomilerini geliştirmek için neo-liberal ideolojiyi benimsemekte, gelişmelerini ekonomik büyümeye bağlamakta ve doğal kaynaklarını hızlı bir şekilde kullanmaya çalışmaktadır.

Anahtar Kelimeler: BRIC Devletleri, Jeoekonomi, Dünya Ekonomik Sistemi, SWOT Analizi

What are the 'BRIC States' and why are they important in the International Relations?

The term 'BRIC states' (an acronym coined in 2001 by the Goldman Sachs analysts, represents the capital letters of the names of the following states: Brazil, Russia, India and China) refers to the four large states that are not amongst the most developed states in the world, but their size and importance (measured by area and/or population, volume and growth of the national economy, their position as super regional powers, military power and political influence) puts them in the rank of great powers.¹ In the future, their importance will grow and decrease the relative importance of the most

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¹ More in: Jim O'Neill *et al.*, *How Solid are the BRICs?*, Global Economics Paper No: 134 (New York: Goldman Sachs Economic Research Group, 2005).

developed states, which will continue to develop, but at a slower rate than the BRIC states. Therefore in absolute terms the most developed states of the world, the G7 members will continue to be extremely important, but in relative terms their importance will decrease. Their GDP per capita will be amongst the highest in the world, but their overall GDP will be overcome by the BRIC states in the next two decades.² BRIC states could be joined by several more important states whose economies are growing, such as Mexico, South Africa, South Korea, and Turkey. Regular meetings of the leaders of BRIC states³ held since 2009, show that there are common goals and points for cooperation, and complementarities of their economies (for example Russia and Brazil as exporters of raw materials, and India and China as importers) offer significant possibilities for the economic cooperation. Political cooperation is primarily concerned with achieving a truly multipolar world.

Besides explaining the fundamental characteristics of the BRIC states and the mechanisms of their cooperation, SWOT analysis of each of the BRIC states have been made. SWOT analysis is a well-known tool for auditing an organization and its environment. It was developed back in the 1960s primarily as a tool for analysing companies and their positions as well as their future perspectives in the markets. It is the first stage of planning and helps marketers to focus on the key issues. SWOT stands for strengths, weaknesses, opportunities, and threats. Strengths and weaknesses are internal factors. Opportunities and threats are external factors.

The importance of SWOT analysis lies in its ability to help clarify and summarise the key issues and opportunities which a business faces. Value lies in considering the implications of the things identified and it can therefore play a key role in helping a business to set objectives and develop new strategies. The ideal outcome would be to maximise strengths and minimise weaknesses in order to take advantage of external opportunities and overcome the threats. The best SWOT analysis will be more than a simple checklist. It will consider the degree of strength and weakness versus its competitors to determine how good that strength really is.⁴

As a subjective method of analysis, SWOT analysis is heavily dependent on its author and is therefore subject to changes. Although SWOT analysis are usually applied in business analytics for analysing firms and their positions on the market, they can also be applied for analysing the organizations in general, as well as territorial-political units of different size and importance. Therefore, SWOT analysis of each of the BRIC states,

² By the year 2020, BRIC states will be responsible for one-third of the world GDP (by purchasing power parity units) and for 49 per cent of the world GDP growth. Brazil's economy will overtake the economy of Italy. India and Russia will have economies that will be larger than Spain's, Canada's or Italy's economy. More in: O'Neill, Jim (ed.): *BRICs and Beyond* (New York: Goldman Sachs Economic Research Group, Goldman-Sachs, 2007).

³ At the meeting of BRIC states' leaders held in China in 2011, South Africa also participated, although it has not then already decided whether it will join BRIC. South Africa joined, so BRIC became BRICS. The problems tied to possible South African joining the BRIC are small population and volume of the economy in comparison to BRIC states. There is also concern that BRIC (particularly China) wants to tighten its grip on African states economies, especially natural resources that are being exploited for the booming Chinese economy. More in: *Xinhua*, "BRICS leaders gather for summit in China", *China Daily*, 14.04.2011, http://www.chinadaily.com.cn/china/brics2011/2011-04/14/content_12323530.htm, (14.04.2011).

⁴ For further definitions of SWOT analyses see: Terry Hill and Roy Westbrook, "SWOT Analysis: It's Time for a Product Recall", *Long Range Planning*, vol. 30 (1), Vienna, 1997, pp. 46–52; Anil Menon *et al.*, "Antecedents and Consequences of Marketing Strategy Making", *Journal of Marketing*, vol. 63 (2), Chicago, 1999, pp. 18–40.

showing their strengths and weaknesses, and opportunities and threats as products of their environment, have been made here. SWOT analysis is here transferred as a tool since BRIC states are mainly analysed through their economic power and their position and perspectives, heavily marked by the geo-economic paradigm and geo-economic relations in the international arena. SWOT analysis, as a method of analysis used in the business is here used as a method of analysing strengths and weaknesses of the BRIC states, as well as their opportunities and the threats which they face in their pursuit for the greater economic power that generates their greater political and military power. These postulates are mainly confirmed through explanations which contain data on the economic performance of the BRIC states. Finally, the question about the possibility of a new economic world order which would be mainly established by the BRIC states is posed and arguments supporting a negative answer to this question have been provided.

However, if one wants to explain the position and perspectives of the BRIC states in the international arena, one has to start with a brief insight into the geo-economic paradigm, as a way of functioning characteristic for economically powerful, large states like BRIC states in the contemporary world.

Geo-economic paradigm as a path of functioning of the powerful states in the globalized world

In the contemporary, globalized world, defined by the dominance of neoliberal ideology and the struggles for natural resources, geo-economic paradigms are constantly being mentioned and accentuated as more appropriate and much more correspondent with the realities of the contemporary world than the traditional geopolitical paradigms, which are slowly being considered overcome. Definition of geo-economics can offer answers about the appropriateness of geo-economics for explanations about the realities of the contemporary world: Geo-economics is shorthand for a complex notion: the intersection of economics and finance with global political and security considerations. Simply put, geo-economics links the 'big picture' with the practical realm of markets.⁵

'It is the positioning of specific regions within global flows for which the label of geo-economics seems so well suited. It is useful in that it gets at the way in which a more or less geopolitical phenomenon (of imagining territory as a mode of political intervention and governance) is closely articulated with a whole series of economic imperatives, ideas and ideologies. Geo-economics, in other words, is useful as a term insofar as it allows us to name an array of quotidian assumptions and practices that emerge out of the context of free trade and the resulting force of borderless economic flows'.⁶

Edward Luttwak, who is generally considered to be the author of 'geo-economics discourse',⁷ claims that in the period of globalization, geopolitics represents an increasingly relict logic of global interchange. It is superseded by a global economic logic which transcends geopolitical calculations, even if the system of national states remains intact and powerful. For Luttwak, globalization represents the natural evolution of markets

⁵ More in: Harvey Kaufman, *Geo-economics injects new uncertainties into troubled markets* (New York: Council on Foreign Relations, May 2004).

⁶ More in: Matthew Sparke, "From geopolitics to geo-economics: transnational state effects in the borderlands", *Journal of Geopolitics*, vol. 3(2), 1998, pp. 62–98.

⁷ More in: Edward Luttwak, "From geopolitics to geo-economics: Logic of conflict, grammar of commerce", *The National Interest*, vol. 20, New York, 1990, pp. 17-23.

into larger and more powerful entities, and this increasingly occludes the power of propinquity and territory per se.⁸

Luttwak's recognition of geo-economics in 1990 actually represents his uptake of a third pass at a US-centered geo-economic globalism in place of a geopolitical world.⁹ If we accept Luttwak's claims, as a part of his 'geo-economics' discourse, the realities of the contemporary world could be explained through recognition of the importance of geo-economic paradigm, which serves primarily the interests of the U.S.A. and the global geo-economic dominance of large, developed states.

Where geopolitics can be understood as a means of acquiring territory towards a goal of accumulating wealth, geo-economics reverses the procedure, aiming directly at the accumulation of wealth through market control. The acquisition or control of territory is not at all irrelevant, but is a tactical option rather than a strategic necessity. To be sure, geopolitical calculation is always available when deemed necessary. The rise of geo-economic calculation is highly uneven temporally as well as spatially, it is episodic, and it can never fully supplant geopolitics.¹⁰

Indeed, in a world where territoriality and sovereignty, as a fundamental conditions of geopolitical world's existence are being conclusively 'redefined', and economic and information flows sometimes even 'cut' through state lines (with or without the consent of official authorities of states), geo-economic paradigms could be considered more appropriate for the explanation of complexities of that world. The world has become more complex than ever. The number of subjects is greater than ever, but the number of important paradigms is smaller than ever. This is the simplest description of the contemporary world, as an anarchical system.

Table 1: The differences in dominant ideologies, processes and ways of functioning between the Cold War geopolitical world and the contemporary globalized world.

Era	Dominant ideologies	Dominant processes	Dominant ways of functioning
Cold War, geopolitical world	Capitalism vs. communism	Geopolitical separation and mutual exclusion of capitalist ('First World') and communist ('Second World') bloc, with a struggle for the underdeveloped states, 'Third World'	Geopolitics (geopolitical functioning of states in the international arena, control of territories and mutually exclusive spheres of influence)
Contemporary, geo-economic, globalized world	Neoliberalism	Globalization, redefinition and decrease in importance of territoriality and sovereignty	Geo-economics (geo-economic functioning of powerful states and multinational corporations in the global capitalist economy)

Source: Petar Kurečić, Goran Bandov.

Table 1 shows the differences between the dominant ideologies, processes and ways of functioning of states in the Cold War period and in the contemporary world. In a

⁸ Ibid.

⁹ More in: Neil Smith, *American Empire: Roosevelt's Geographer and the Prelude to Globalization* (Berkeley: University of California Press, 2003).

¹⁰ Deborah Cowen and Neil Smith, "After Geopolitics? From the Geopolitical Social to Geoeconomics", *Antipode*, vol. 41 (1), 2009, pp. 22-48.

very simplified way, the differences between the two periods and 'worlds' are shown, which should not be understood exclusively.

Geo-economic paradigm existed in the Cold War, geopolitical world, but it was not dominant. Neoliberalism as an ideology is present since the 1970s and put into practice especially in the 1980s, after the crisis of 'Keynesian' capitalism,¹¹ initialized mainly because of the huge increase in oil prices. However, neoliberalism was not a dominant ideology in the Cold War period. Neither was geopolitical, Cold War world was not immune to the geo-economic ways of functioning in the international system, nor is contemporary, globalized, geo-economic world 'free' from the geopolitical rivalries and geopolitical state functioning mechanisms. These two ways of functioning are mostly interconnected, and while geopolitics tries to seize control and acquisition of territories, geo-economics seizes control of the markets and resources in particular territories, mostly without the need for actual territorial control or acquisition.¹²

In the contemporary world, dominated by the neoliberal economic ideology, subjects which hold the top of the world economic and political power want to keep their dominant position. Their challengers use that same economic ideology and geo-economic paradigm to exploit their comparative advantages over the most developed states (as well as over the weakest and poorest states), to gain as much power as possible, which would allow them to shift the quantum of economic and political power towards themselves. BRIC states are the challengers to the most developed states.

Neoliberal ideology encourages globalization as a process which represents a means for fulfilment of its goals, and uses geo-economy as a way of 'doing business'. Neoliberalism presented market regulation of not just economy, but the whole society, as 'sanctity'. It sees an opportunity in the globalization which allows a continuation of strengthening the position of wealthy and powerful in the world and in each society as a unit. Globalization is not only changing the world, it is changing every society, as a product of the national state surrounded by its ever more porous borders. Therefore, globalization threatens the foundations of geopolitically constructed, on territoriality and sovereignty based geopolitical system that comprises our geopolitical world. In that sense, a geopolitical world is increasingly becoming a geo-economic world.¹³

The true alternative to that world, which is developing on the level of geopolitical and geo-economic actors (it is very difficult to classify states as actors, since they are geopolitical as well as geo-economic actors), although it exists for decades, simply cannot become relevant, not to mention dominant.¹⁴ States, as the most important geopolitical (and geo-economic) subjects, establish and define international economic organizations

¹¹ More in: Simon Phelps, *Capitalism and Keynes: From the Treatise on Probability to The General Theory* (New York: Columbia University Press, 2007); Robert Skidelsky, "The Crisis of Capitalism: Keynes Versus Marx", *The Indian Journal of Industrial Relations*, vol. 45 (3), New Delhi, January 2010, pp. 321-335.

¹² More in: Deborah Cowen and Neil Smith, "After Geopolitics? From the Geopolitical Social to Geoeconomics", *Antipode*, vol. 41 (1), Malden, 2009, pp. 22-48.

¹³ More in: Edward Luttwak, "From geopolitics to geo-economics: Logic of conflict, grammar of commerce", *The National Interest*, vol. 20, New York, 1990, pp. 17-23.

¹⁴ There are numerous examples, such as civil society organizations, anti-globalization and peace movements. The movements for the rights of indigenous populations in Latin America for example, also belong to this group. The line that sharply distinguishes these alternatives from different paramilitary and terrorist organizations is their relationship towards violence as a means of accomplishing political goals. However, all these alternatives belong to 'anti-geopolitics' or to a more appropriate term 'anti-geo-economics'.

and institutions, as primarily geo-economic subjects in accordance to their wishes and needs. States have a key influence on their goals, missions and actions.

Neoliberal futurists conjecture BRIC countries would gain in power, status, per capita income, strong currencies, market capitalization, high levels of education, rising middle classes, and the like.¹⁵

True, countries like India are favoured for corporate off shoring, due to high skills, but with a very low salary within their labour force. What really drives capitalists to outsource is the huge wage differentials, ratios over eight to one in salaries abroad. For instance, the U.S. Bureau of Labor Statistics (BLS) has shown that a Silicon Valley (California) worker earning \$78,000 is comparable to an Indian information manager/technologist paid about \$8,000. Yet the question of skills mismatch between countries obfuscates the fundamental problems of the global capitalist order.

Among the BRIC states, China and India are particularly attractive to the neoliberal global capitalist economy because of the significantly lower labour price. The price of labour is the key factor that explains such high and rapid economic growth of the BRIC states. It goes hand in hand with the policies of these states that are dedicated to attracting international investments, particularly the deregulation of the labour market. All of the mentioned is in accordance with the neoliberal economic ideology. This kind of economic development which, according to the neoliberals creates a new middle class in the developing states (especially the BRICs), at the same time generates income decline among the middle class in the developed states.

There are also opinions that it creates a general decline of the middle class that used to comprise a majority in European and North American societies.¹⁶

BRIC states: new and 'old-new' players in the global arena

BRIC states have been studied as a bloc of states in the world system for more than a decade. The term 'BRIC' was first coined in 2001. BRIC states have been compared with the G7, world's most powerful and most developed bloc of states. BRIC states are being compared to the U.S.A. and the European Union, as most dominant military-political and/or politico-economic players in the global arena. However, these comparisons are more problematic than the comparisons with G7, due to different levels of relations and cooperation between the states.

¹⁵ More in: Dominic Wilson and Roopa Purushothaman, *Dreaming with BRICs: The path to 2050*, Global Economics Paper No: 99 (New York: The Goldman Sachs Group, Inc., 2003).

¹⁶ But income decline among the middle classes is not confined to the North American experience alone. It is a global problem caused by advanced capitalism that destabilizes nation-states through trade imbalances. Multinational corporations favour strategies of flexible accumulation that feature production at the local or regional level, aided by information technologies and horizontal organizational models. Economic globalization has resulted in disinvestments in unionized labour markets in wealthier countries, for instance, leading to either mass unemployment or declining real wages. Developing nations are subject to loan practices imposed by the International Monetary Fund or World Bank that require structural adjustments from the neoliberal playbook. Witness the rise of offshore processing zones that entice multinational corporate investments but create rising wealth gaps, depletion of natural resources, and devaluation of agricultural lands. More in: Richard D. Lakes, "The Neoliberal Rhetoric of Workforce Readiness", *JCEPS*, vol. 6(1), London, 2008.

Table 2: GDP of BRIC states, United States and Mexico 2006-2050 (in 2006 billions of dollars)

Country	2050	2045	2040	2035	2030	2025	2020	2015	2010	2006
China	70.710	57.310	45.022	34.348	25.610	18.437	12.630	8.133	4.667	2.682
USA	38.514	33.904	29.823	26.097	22.817	20.087	17.978	16.194	14.535	13.245
India	37.668	25.278	16.510	10.514	6.683	4.316	2.848	1.900	1.256	909
Brazil	11.366	8.740	6.631	4.963	3.720	2.831	2.194	1.720	1.346	1.064
Mexico	9,340	7,204	5,471	4,102	3,068	2,303	1,742	1,327	1,009	851
Russia	8.580	7.420	6.320	5.265	4.265	3.341	2.554	1.900	1.371	982

Source: O'Neill, Jim (ed.): BRICs and Beyond, Goldman Sachs Economic Research Group, Goldman-Sachs, New York, 2007.

Table 2 shows that in 2050, BRIC states will be the world's first (China), third (India), fourth (Brazil) and sixth (Russia) economies. However, all these predictions have to take into account the demographics i.e. GDP per capita. When one brings in the demographic factor, it is clear that, despite much faster growth, individuals in the BRICs will still likely be poorer on average than individuals in the G6 economies in the year 2050. Russia is the exception, essentially catching up with the poorer of the G6 in terms of income per capita by 2050. China's per capita income could be similar to where the developed economies are now (about US\$ 30,000 per capita). By 2030, China's income per capita could be roughly what Korea's is today. In the US, income per capita by 2050 could reach \$80,000.¹⁷ On the other hand, opinions exist that the four BRIC countries have shown spectacular economic growth in recent years, doubling their share of world output from 7.5 percent in 1998 to more than 15 percent in 2008. Yet the structures of these four economies are very different, Brazil having specialized in agriculture, Russia in commodities, India in services and China in manufacturing.¹⁸

In the context of 'completely' new players on the global level, which could in the future alter the global relations and decrease the level of dominance of the U.S.A. in the global geostrategic relations, India and Brazil are usually mentioned. 'Old-new' players on the global level that already represent world's great powers are China and Russia. We declare these states as 'old-new' players because of their role and importance in the world, relative and absolute, which was increasing and decreasing for the previous four decades. Each of these very large states had its own path to the influence on the global level that was also connected to the influence of the U.S.A., as the most powerful part of the geostrategic triad at the top of the global power.¹⁹

Economic growth of China, followed by modernization of its military power and spread of geo-economic and geopolitical influence in other parts of Asia-Pacific region, as

¹⁷ These projections were based on two assumptions, one clearly stated and the other not. The first was that "the BRICs maintain policies and develop institutions that are supportive of growth," i.e., neoliberal policies and institutions. The second assumption was that current world financial and trade imbalances would not affect the growth patterns of the G6 or the BRICs in coming decades. The first assumed that neoliberal policies fostered growth and the second that the international environment was stable. Both were faulty. The configuration of the world economy determined growth prospects critically, as theories of imperialism and dependency always averred. Of course, the dominant discourses of development, for their part, always ignored or denied this. In assuming that no aspect of the international geo-economics configuration was likely to affect growth prospects, the BRICs report was merely carrying on a long and dishonourable tradition. More in: Radhika Desai, "Dreaming in technicolour? India as a BRIC economy", *International Journal*, Toronto, 2007, pp. 781-804.

¹⁸ Peter Kiss (ed.), *Think BRIC!*, (KPMG Utilities: KPMG Global Energy Institute Study, 2009).

¹⁹ Zbigniew Brzezinski, *The Geostrategic Triad: Living with China, Europe and Russia* (New York: Basic Books, 2000).

well as Sub-Saharan Africa, raises a growing concern of the most developed states, as well as China's neighbors which are forced to alter their strategies and form alliances against China's rising influence. Economic growth of India is heavily based on the new technologies and millions of educated, English speaking workers, whose work is much cheaper than the work of their counterparts in the most developed countries.

The economic rise of Russia at the beginning of the 21st century was mainly tied to rising oil prices as well as strengthening of the Russian state and its control over the vast natural resources of Russia. Rise and high level of oil prices insured the Russian capacity to pay its debts, raise the standard of living of its citizens and modernize its armed forces. Russia has made a true 'leap forward' and once again became a respectable world power.²⁰ Regardless of what the future developments may bring, the fact remains that China, India and Russia have become more powerful than they were a decade ago, in absolute and relative terms, and in economic, political and military sphere.²¹

The factor that could jeopardize the future role of BRIC states in the world, as well as their internal stability and prosperity, is their demographics. A very significant increase in population, especially in India, a significant increase in China and Brazil, and a very significant decrease in Russia are threatening the perspective and future of BRIC states. Obviously, the questions about the ability to satisfy the basic needs (which will be rising) of Indian and Chinese population in the future must be raised. Brazil is in a far better situation, since it has a population that is much smaller as well as abundant natural resources. Russia represents a complete opposite, since it has genuinely abundant natural resources, a small population (in comparison to its size and resources) and a shrinking and aging population that will at the same time represent a problem for the functioning of the economy and the society in general.²²

China: The strongest link among the BRIC states

China is the most populous country in the world, and home to about 20 percent of the world population, while India represents the world's second most populous country which contains about 17 percent of the world population. BRIC states in 2011 were home to more than 40 per cent of total world population.²³ Economic growth of China, unprecedented and lasting for more than three decades, has beaten all statistics and forecasts. It established new standards in the history of economic growth, which others try to copy but mainly without even close success. Despite the slowing of workforce growth (because of the aging population and one-child policy), the quality of Chinese workforce will help to raise the number of highly skilled workers, since the economic growth of China is followed by the growth of human resources.

The question of demographic development in the future, connected to mainly one-child policy per family is something that China will have to deal with in the future, since its population is rapidly aging and there is a significant inequality in numbers of male and female citizens. Chinese population is slowly entering the phase of demographic transition

²⁰ *Russian Foreign and Defense Policy*, World Posture Review, Special Report, Moscow, 2009.

²¹ More in: Gillian Tett, "The Story of the BRICs", *Financial Times*, London, January 15, 2010.

²² Over the next two decades, Russia's population is expected to shrink by 12 percent (over 17 million people). In addition, elderly population will continue to rise. By 2025, one person in every five will be over the age of 65. More in: World Bank Site Resources, Russian Federation, World Bank, Moscow, 2009.

²³ The countries' total population is 2.83 billion, which is 42% of the world's population. This quantitative data shows how much potential and power, as well as material needs exist in the BRIC states.

where restrictions are not going to be necessary. Economic and social implications are going to follow. When Chinese population becomes old, in 2027, GDP per capita could be about 10 thousand dollars (in 2005 prices).²⁴ The most optimistic scenario predicts GDP per capita of over 22 thousand dollars until 2030 (in 2005 prices).²⁵

The status of great power was de facto given to China even in early 1970s by the U.S.A., when Nixon and Kissinger, using the Sino-Soviet split, introduced triangular relations of global power. Cheap, yet skilled workforce and the efforts made by the Chinese state have established China as a great economic power. Besides economic power, political and military power of China continues to grow. Its economic power is projected in most of the world and has a global reach. Political power of China is projected into the neighbouring regions, and especially into Southeast Asia, Asia-Pacific region and Central Asia.²⁶

During the last quarter of 2010, Chinese economy became number two in the world.²⁷ China has managed to achieve a successful combination of autocratic regime with the market economy. It is engaged in the global capitalist economy, but economic liberalization is not followed by the political liberalization. Because of its size and power, China attracts considerable attention in the West, and especially in the U.S.A., which sees China as a main threat to its future hegemony in the world. The U.S.A. and China have been in a struggle for financial markets and currency 'wars' for well over a decade. They are also in a geo-economic struggle for resources, particularly oil, and precious and strategically important minerals.

In this geo-economic struggle, Broader Middle East region, Central Asia, Sub-Saharan Africa and the parts of Latin America have the utmost geo-economic values. Chinese influence is penetrating the regions where it was not present before, by pushing out the influence of the U.S.A. and the West.²⁸

²⁴ Jim O'Neill (ed.), *BRICs and Beyond* (New York: Goldman Sachs Economic Research Group, Goldman-Sachs, 2007).

²⁵ Ibid.

²⁶ More in: Suisheng Zhao, "China's Global Search for Energy Security: cooperation and competition in the Asia-Pacific", *The Asia-Pacific Journal*, Tokyo, 2009; Wang Jisi, "China's Changing Role in Asia", in Kokubun Ryosei and Wang Jisi (ed.), *The Rise of China and a Changing East Asian Order* (Tokyo: Japan Center for International Exchange, 2004), pp. 3-21; Stephen Morrison, Gill Bates and Chin-Hao Hunag, *China's Expanding Role in Africa: Implications for the United States* (Washington: Center For International and Security Studies, 2007).

²⁷ Chinese GDP has grown 90 times since the 1970s and the start of market reforms. J. O'Neill, economic analyst from Goldman Sachs, predicts that Chinese GDP will surpass the GDP of the U.S.A. in 2027. <http://www.businessweek.com/news/2010-08-16/china-gdp-surpasses-japan-capping-three-decade-rise.html> (25.04.2011).

²⁸ More in: Saul Bernard Cohen, *Geopolitics – The Geography of International Relations* (Lanham, Maryland: Rowman & Littlefield, 2008), pp. 418, 421; Deborah Brautigam, "Africa's Eastern Promise. What the West Can Learn From Chinese Investment in Africa", *Foreign Affairs*, London, January 2010; Stephen J. Morrison, Gill Bates and Chin-Hao Hunag, *China's Expanding Role in Africa: Implications for the United States* (Washington: Center For International and Security Studies, 2007); Niklas Swanstrom, "China and Central Asia: a new Great Game or traditional vassal relations?" *Journal of Contemporary China*, vol. 14 (45), London, 2005, pp. 569-584; Ramakant Dwivedi, "China's Central Asia Policy in Recent Times", *China and Eurasia Forum Quarterly*, vol. 4 (4), Peking, 2006, pp. 139-159.

Table 3: SWOT analysis of China

Strengths	Weaknesses
Size of the population Cheap and skilled workforce Large internal market World's biggest foreign currency reserves Dominant position in the region Political stability Large and modernized military forces Production of goods with higher added value	Dependence on imported raw materials 'Overheated' economy and inflation Discrepancy between economic and political freedoms Demands of minorities for higher autonomy Aging population Ecological destruction of waters, soil and air Regional differences in development between Chinese coasts and the interior
Opportunities	Threats
Relative weakening of economic and political rivals	Rise of raw materials prices at the world market Stronger regional cooperation between the states of South East and South Asia

Source: Kurečić, Petar / Bandov, Goran

Russia – from a superpower via ‘super problem’ to a great power

Explication of Russia's role in the contemporary world and global geostrategic relations cannot be complete without the mentioning of a well known fact that Russia is a primary inheritor of a former superpower, the U.S.S.R., which was dissolved in 1991. Russia was the largest and most powerful state that emerged from the U.S.S.R. After the nuclear warheads from Ukraine, Belarus and Kazakhstan have been removed; Russia remained the only nuclear power from the former U.S.S.R. and took over the permanent seat in the U.N. Security Council. Russia is the only state whose nuclear arsenal can match that of the U.S.A. In April 2010, the presidents of the U.S.A. and Russia signed New START Treaty that commits both sides to a significant reduction of their nuclear arsenals. The Treaty was ratified by the U.S. Senate and the Russian Duma.²⁹

Table 4: SWOT analysis of Russia

Strengths	Weaknesses
Abundance of natural resources, especially oil and gas The dependence of neighbouring countries on Russian gas, oil and pipelines Large military forces	Low competitiveness of Russian economy Dependence on gas and oil exports and their prices on the world market High military expenditures Instability in border areas (Caucasus) Shrinking and aging population
Opportunities	Threats
More significant role in the world arms market Increase in energy resources prices Weaknesses of the neighbouring states, CIS members	Terrorism Decrease of energy resources prices Geopolitical pressure from the West

Source: Kurečić, Petar / Bandov, Goran

GDP of Russia has soared for more than 70 per cent between 1999 and 2008, after the fall during the Yeltsin era for 35 per cent. Its dramatic recovery began in 1999. The

²⁹ “The New START treaty was approved by the U.S. Senate in December after Obama pressed strongly for its passage. Russia ratified the deal last month.” Brent Jones, “U.S.-Russia nuclear arms treaty finalized”, *USA Today*, 02.05.2011, http://www.usatoday.com/news/world/2011-02-05-start-treaty_N.htm (02.05.2011).

economy of Russia has since then grown by an annual rate of seven per cent.³⁰ Huge credits for this development belong to the rise of oil and gas prices in the world market, Putin's political will that preferred a strong state, which once again established control over its natural resources and finances at the expense of private capital and oligarchs that made themselves very rich in the 1990s. Russia could become the biggest European economy before the half of this century. It is not a coincidence that Russia is an accessory member of G7 group, making it a G8. GDP per capita of Russia is predicted to grow 11 times from 2006 to 2050.³¹ It is believed that this amazing performance is possible, despite the projected decrease in population to only 109 million in 2050, and the projected decrease of GDP growth from 4.3 per cent in 2006-2015 to about 1.5 per cent in 2045-2050.³²

Positive and negative effects of economic globalization on India

India is the second most populous state in the world, with over one billion and 100 million inhabitants. Due to its rapid population growth, India will surpass China as the world's most populous country in 2030, with over one billion and 600 million inhabitants. Fareed Zakaria, author of the book *The Post-American World* claims that India is a 'natural' ally of the U.S.A. in Asia, because of the English language, spread among the Indian elite (and among the population in general), democratic political system (biggest democracy in the world), multi-ethnic and multi-religious character of the society and a developed private sector of the economy.³³ Indian economy is growing rapidly and claims huge results, which are still far below the results of the Chinese economy. It is interesting to note that India, as a parliamentary democracy, decided to push economic reforms and liberalization, and entered into global capitalist economy much later than China, in 1991.

Table 5: SWOT analysis of India

Strengths	Weaknesses
Size of the population Cheap and numerous workforce English language as lingua franca Large internal market Spread of India's economic influence into the neighbouring regions Dominant position in the region Large military force	Widespread poverty and overpopulation Continuous rapid growth of the population Unstable neighbourhood (Pakistan, Afghanistan) Highly inflexible labour laws Strong and continuous geopolitical regional rivalry with Pakistan Growth of internal instability Growing dissatisfaction amongst the lower classes of Indian society
Opportunities	Threats
Future development of 'global information society' and global communications Expensive labour force in the developed countries, especially in the IT sector A continuous improvement of the U.S.-Indian relations	Increase in food and raw material prices Instability in the neighbourhood A closeness of China, as a rival for a dominant position in Asia

Source: Kurečić, Petar / Bandov, Goran

³⁰ Anders Aslund, *The Russian Economy: More Than Just Energy?* (Brussels: Peterson Institute for Foreign Affairs, Testimony for the Committee on Foreign Affairs of the European Parliament, April 2009).

³¹ Jim O'Neill (ed.), *BRICs and Beyond* (New York: Goldman Sachs Economic Research Group, Goldman-Sachs, 2007).

³² Ibid.

³³ More in: Fareed Zakaria, *The Post-American World* (New York: W. W. Norton & Company, 2008).

Thomas Friedman, a genuine advocate of globalization and its benefits, claims that positive effects of globalization highly surpass its negative effects. In his book, titled *The World is Flat*, he explains the economic growth and development of India in detail. India's growth is mainly based on information technologies and industries, as economic activities that demand a highly educated, English speaking workforce that is prepared to work for much lower wages than their counterparts in the West.³⁴ India has already made a real economic progress since it has decided to liberalize its economy and privatize some of its previously state-run companies, Friedman claims. The 'godfather' of reforms and successes was the current Prime Minister M. Singh, who held the position of the economy minister at the beginning of the reforms, in 1991. The significance of Indian entry into the global capitalist economy is recognized as a key event for the globalization of the world economy, together with the fall of the Berlin wall, economic opening of China and the founding of the World Wide Web (www). These events opened the new markets and included the other, by then isolated half of the world population into the global capitalist economy, therefore accelerating the globalization. Information revolution was a catalyser that enabled even the migration of work processes in many sectors of the economy to the other parts of the world, where they can be done for much less money. India has managed to pull a few hundred million people out of poverty, because of its democratic political system, high quality education system and inclusion into the global capitalist economy. Although the severity of poverty in the rural areas of India is still worrying, there are visible improvements, contrary to Pakistan and Bangladesh.³⁵

It is presumed that the Indian government will continue to apply the policies that encourage economic growth. India will surpass the G7 states by the sheer volume of its economy and before 2050 it will surpass the U.S.A. and become the world's second largest economy, behind the economy of China. Indian GDP per capita will quadruple from 2007 to 2020. The growth of productivity will also continue, as well as raw material consumption, especially crude oil.³⁶

Rapid economic growth of India, as in the case of China, also generates strong political and military power. India and China have become the largest buyers of arms in the world,³⁷ and China at the same time has very strong arms production and exports its arms to some Asian and African states. Both of these large states develop its navies that have oceanic reach and capacities. China is striving to be actively present on Yellow, East China and South China Sea. It also shows tendencies for future presence on the borders of Indonesian archipelagic waters and even in the Indian Ocean. China is very interested in maintaining and controlling the sea lanes that tie it with Middle East region and Africa, because of the steady oil supply. Indian navy is highly present in the seas that ply Indian shores, but is also has a strong intention to become present in most parts of the Indian Ocean. India has a dominant position in South Asia, and it has managed to improve its position of dominance in the region over Pakistan in the past two decades. Pakistan's

³⁴ More in: Thomas Friedman, *The World is Flat* (New York: Farrar, Straus & Giroux, 2008), pp. 3-50.

³⁵ More in: Ibid, pp. 555-570.

³⁶ Jim O'Neill (ed.), *BRICs and Beyond* (New York: Goldman Sachs Economic Research Group, Goldman-Sachs, 2007).

³⁷ India has overtaken China to become the world's largest importer of weapons, according to SIPRI. 'India's defence budget for the coming year is 1.5 trillion rupees (\$32.5bn), a 40 per cent increase from two years ago. It imports more than 70 per cent of its weapons. The report said the vast majority of those imports - 82 per cent - come from Russia, which has long been India's supplier of choice.' <http://www.defencenews.in/defence-news-internal.asp?get=new&id=380> (04.05.2011)

nuclear arsenal and its relations with China (an ally of Pakistan) which is a traditional geopolitical rival of India, make geopolitical relations in South Asia and beyond its borders much more complicated. At best, this condition can be described as fragile stability. The region cannot be studied independently of its surrounding regions, even though it belongs to the Independent Geopolitical Area, as Cohen classifies it.³⁸

Brazil: making of a great power?

Brazil, the most populous and largest state of South and Latin America, has become more than a regional power (the position that it always had, due to its size, population and importance on the South American continent). Complex and numerous factors influenced Brazil's development and the growth of Brazil's importance. One of the factors was a continuous decrease in the U.S. geopolitical interest for South America, due to the end of the Cold War and increased U.S. interest in the other parts of the world.³⁹ That left Brazil with more opportunities and space to broaden its activities in South America, and become a regional economic hegemony without emphasizing its geopolitical and military power on other South American states. The reluctance to use political not to mention military power, and at the same, the decisiveness to use its geo-economic power, characterized Brazil's foreign policy for the last couple of decades. Brazil always had its primary role in South America recognized by the U.S.A., which considered Brazil to be a key ally on the continent, but expected subservience of Brazil to its own geostrategic and geopolitical interests. In the post-Cold War era, Brazil managed to become an independent player in the geopolitical and geo-economic arena and overcame the borders of the South American continent.⁴⁰ Mainly it was done due to the size and growth of its economy, through a rational economic policy of industrializing and using the abundant natural resources, such as mineral wealth (iron ore, precious minerals), crude oil reserves, forests of Amazonia and vast, productive agricultural areas. Brazil has managed to achieve self sufficiency regarding the consumption of oil (due to large off-shore oil fields as well as the widespread production and use of ethanol in transportation), which it even exports. Position of oil exporter increases Brazil's economic power as well as geo-economic and geopolitical influence. As the fifth largest and sixth most populous state in the world, Brazil is on its way to become the world's fifth largest economy by 2016.⁴¹ The intentions and interests of Brazil are mainly tied to keeping the dominant position in South America, spreading its influence on Middle America and connecting with other rapidly growing economies (other BRIC states!), not to mention the economic cooperation with the most developed states.

However, the economic predictions about Brazil's economic success, estimated about a decade ago have not yet been fulfilled. Since 2003, real GDP growth in China was 10.2 per cent, in India eight per cent, in Russia 6.9 per cent. Predictions were 4.9 per cent for China, 5.8 per cent for India and 3.5 per cent for Russia, respectively. Prediction for

³⁸ More in: Saul Bernard Cohen, *Geopolitics – The Geography of International Relations* (Lanham, Maryland: Rowman & Littlefield, 2008), pp. 351-353.

³⁹ *Ibid.*, p.163.

⁴⁰ More in: *Ibid.*, pp. 158-163 & 426.

⁴¹ The country's labour minister expects to create a further 2 million jobs in 2010 and, as a result, President Luiz Inacio Lula da Silva, said Brazil will become the world's fifth largest economy by 2016. More in: Kay Mitchell, "Brazil to become fifth largest economy within five years", *Finance Markets*, 29.12.2010, <http://www.financemarkets.co.uk/2010/12/29/brazil-to-become-fifth-largest-economy-within-five-years/> (29.12.2010)

Brazil was 3.7 per cent, but its growth was lower. At the same time, Goldman Sachs analysts claim that Brazil's economy could grow at an annual rate of five per cent.⁴²

Table 6: SWOT analysis of Brazil

Strengths	Weaknesses
Dominant position in South America Self-sufficiency in oil Abundant natural resources Rapidly growing economy Large internal market Access to South American markets Numerous workforce Developed industry of consumer goods	The continuation of significant population growth Further increase in inequalities in the Brazilian society 'Overheated' economy and inflation Current level of exploitation of natural habitats and resources (Amazonian rainforest) Insufficiently developed infrastructure Insufficient educational structure of the population Widespread urban violence and organized crime
Opportunities	Threats
Increase in the prices of raw materials in the World market (iron ore, oil, wood etc.) Increased investments in the infrastructure The absence of real rivals in the neighbourhood Stronger ties between the South American states and the continuous development of MERCOSUR Geopolitical orientation of the U.S.A. to the other parts of the world	Global warming Destruction of natural habitats (especially Amazonian rainforest) Renewed U.S. geopolitical interest for South America

Source: Kurečić, Petar / Bandov, Goran

SWOT analysis of the BRIC states

After having completed the SWOT analysis of the four BRIC states, one can provide certain basic conclusions about the strengths, weaknesses, opportunities and threats that are tied to the BRIC states. Each of these states has its own specific characteristics, stemming from within, and the perspectives (opportunities and threats) influencing the states from the outside i.e. the international arena. Demographics is a factor that has different implications for each of the states. It is most probably India's and Russia's biggest threat, although producing quite the opposite set of problems. The threat for China lays in its still growing but rapidly aging population. Brazil is a BRIC state that has the least amount of problems with the demographic issues, as well as the least amount of weaknesses and threats (because of its geographic position in the part of the world that is not of the utmost geostrategic importance and the contemporary relations in South America) in general. However, these facts have not so far given Brazil a growth ratio which is present in the other three BRIC states. Nevertheless, Brazil is a colossus of South America, a country which will in the future be ever more important and its relations with the U.S.A. will in the future, opposite to the situation in the past, be based on the relationship of equality.⁴³ Figuratively speaking, we could say that China is 'a motor' or hardware of the BRIC states, India is the software, Russia is the powerhouse and Brazil is the raw material and food provider. China and India gain most of their strength in the economic relations through their abundant, yet significantly educated workforce and the cheap price of labour which enables them to develop a consumer products industry. Russia

⁴² Jim O'Neill (ed.), *BRICs and Beyond* (New York: Goldman Sachs Economic Research Group, Goldman-Sachs, 2007).

⁴³ More in: Juan de Onis, "Brazil's Big Moment: A South American Giant Wakes Up", *Foreign Affairs*, vol. 87 (5-6), Tampa, USA, 2008.

gains its economic strength primarily through the abundance of raw materials that it possesses, since its industry is technologically outdated and non-competitive at the global market (except for the military industry). Brazil possesses raw materials, agriculture and important consumer goods industry. The economies of Russia and Brazil, as raw materials exporters, and China and India as raw materials importers are therefore mutually compatible. However, China and India are becoming economic competitors in the future in their quest for raw materials and in the struggle for positions in the low-cost consumer goods market. Russian, Chinese and Indian positions in the international arena are mainly determined by their geostrategic position and the fact that all three states are nuclear powers with large military forces and number of potential issues that jeopardize their security. Each country has minorities which inhabit their frontiers and border areas and have shown significant secessionist tendencies. Each country also has a number of unsolved territorial issues with its neighbours, especially India with Pakistan.

In their quest for the continuous economic growth, BRIC states possess significant advantages over the most developed states and have certain opportunities they can use. However, their weaknesses (especially Indian and Chinese demographic situation) are lowering their chances for 'catching up' with the most developed states. Economic perspectives of India and China seem completely different when they are measured per capita, and not in absolute terms.⁴⁴ Notwithstanding, the BRIC states, as units in the international arena, represent the second most important grouping of states (after the G7) and their role in the global economic and political relations will be even more important in the future.

BRIC states and the possibility of a new global economic order

The key question that one could pose with regard to the BRIC states is whether these states will be able to transmit their economic cooperation into the political and even military sphere. This question could be crucial for the future 'resetting' at the top of the pyramid of power in the world, since the states involved are the true great powers. BRIC states are continuously and significantly changing the geo-economic relations in the world. Their growth shows a continuous shift of economic power from the most developed states to other states in the world. However, the shifts in economic power amongst the states do not mean that the values and characteristics of the global economic order are changing. It is marked by the rising inequalities in the economic development and living standard between the most developed and under developed states. BRIC states are not fundamentally changing the global economic order. They are using the experiences of the current most developed countries to develop their own economies and base their development on the economic growth and the destruction of natural resources that are as high as possible. China leads the way in accepting neoliberalism, which exists in parallel with the absolute communist party control over the political arena and a close control over the economy. Neoliberal policy is increasing the inequalities in the Chinese society and regional differences in the level of economic development between the regions, especially between coastal and interior China. The air, water and soil pollution is in some parts of China so drastic that even the Chinese authorities, completely ignorant of these developments until recently, are making efforts to improve the situation and are investing

⁴⁴ More in: Radhika Desai, "Dreaming in technicolour? India as a BRIC economy", *International Journal*, Toronto, 2007, pp. 781-804.

billions of dollars into 'green' energy.⁴⁵ In its relations with underdeveloped states, especially in Sub-Saharan Africa, China is using the same logic as the developed countries, and is becoming the main rival of the U.S.A. in a geo-economic struggle over precious metals, strategically important minerals and crude oil. So, the hegemonic geo-economic position of the most developed states is being threatened by some of the BRIC states, mainly China. This does not present a fundamental change in the nature of the global economic order. It presents only a gradual shift of economic and political power.

The question of a highly likely increase of oil and gas prices and its influence on the foreign and economic policy options and relations of the BRIC states has to be posed. Chinese and Indian economies and societies in general are highly dependent on oil imports. Brazil has reached self-sufficiency regarding oil, and Russia is one of the top exporters of oil, which exports a significant part of oil into China. Are China and India on the path to becoming true rivals in their quest for oil? The future scopes of cooperation between the BRIC states depend on many variables and it is doubtful if their cooperation can be achieved in a significant number of areas over the long term period.

Since we have accepted the claim that the economic and political rising of the BRIC states is not bringing a new global economic order, we conclude that the BRIC states do not pose an alternative to the current global economic order. They are being pulled into that same order and are fortifying their positions, using similar methods as the most developed states and their strengths and opportunities that give them a better position against the most developed states.

A neoliberal system of values that claims that globalization is much better than the alternatives, de facto accepted by the BRIC states is highly being put under criticism. David Harvey, American neo-Marxist geographer, refuses and strongly criticizes neoliberal ideology and economic 'dogma', as he refers to it. In the book titled 'Cosmopolitanism and the Geographies of Freedom', he gives a strong critic of neoliberal ideology, a dominant ideology of the contemporary world, which he calls 'utopia'. He gives a completely different view of the world, showing the successes of neoliberalism and globalization in a way that suits those that have huge benefits from the neoliberal economic policy. Three billion people (one-quarter of that represents a natural population growth in the least developed part of the world) that have entered the now mainly neoliberal economy, since the beginning of the 1990s have not become richer. On the contrary, they were pulled into the capitalist mode of production and financial flows without whom they normally lived before. Social inequalities in these states are continuously increasing. Until they fell into the trap of neoliberalism, people had to work less; they were not in debt and enjoyed much higher level of social security. Neoliberalism equally favors only the rich people, without exceptions, evenly in the most developed, developed, under developed and least developed countries of the world, Harvey claims.⁴⁶

Harvey supports his claims with examples of 'redistributions' of national wealth and the increases of social inequalities mainly manifested through widening the gap in profits of the richest people and the overwhelming majority of people that is in relative

⁴⁵ "For the first time, China's investments in renewable energy throughout the year 2009 surpassed those made by the United States. China dedicated approximately \$34.6 billion to wind power, solar energy and other forms of renewable energy; nearly doubling America's \$18.6 billion." in: China Surpasses U.S. in Renewable Energy Investments, Green / Renewable Energy News, 29.03.2010, <http://www.renewable-energy-news.info/china-surpasses-united-states-renewable-energy-investments/> (10.06.2011).

⁴⁶ More in: David Harvey, *Cosmopolitanism and the Geographies of Freedom* (New York: Columbia University Press, 2009), pp. 122-138.

terms becoming poorer, in almost every society. The richest people are even having their taxes cut (U.S.A. is the best example) while the middle and lower classes are staggering under the burden of increasingly privatized health insurance and already market-based energy and food prices. A constant increase in the number of millionaires and even billionaires in the under developed countries and even recently (Russia) or currently (China) communist countries shows that ever larger portions of national wealth are being transferred into the hands of smaller and smaller numbers of rich people. Huge economic 'successes' of China, India, Russia, Brazil, Mexico and the 'Asian tigers', should be studied in a relative, and not absolute terms. These 'successes' are being followed by the increase in social inequalities, decrease in the level of social security, and in some cases privatization of natural resources (and even so called 'natural monopolies') and public services (health care, welfare, public transportation etc.).

When these 'successes' of the BRIC states and other propulsive economies are put on that kind of a test and studied in the relative terms, with the accent on social stratification and widespread and accelerating environmental degradation, the successes are really becoming 'successes', since they are not so impressive at all. By disavowing a crude economic logic, it is becoming more visible that the future of these states, as well as the future of the world in general, is not so optimistic. There are many reasons to be worried, because of the cumulative effect of destruction of non-renewable energy resources, global warming and population pressures in the underdeveloped countries.⁴⁷

Conclusion

BRIC states represent a relatively newly classified (since 2001) group of large states, whose cooperation and grouping is mainly governed by the economic criteria. Rapid economic growth and large, increasing volume of their economies are the key criteria by which the BRIC states are defined. It is a loose grouping of states, whose economies are growing rapidly and becoming more important factors in the global economic order. China and Russia were also great political and military powers much before they grouped into the BRIC states. BRIC states are not a regional grouping or a regional organization since they are located on three continents and Brazil is located on the 'other part' of the world from Russia, India or China.

Each of the BRIC states has its own comparative advantages and opportunities that can in the future bring them increase of influence in the geo-economic and geopolitical relations and new opportunities of engagement in the international community. India and Brazil, with their size, population and their influence have deserved to become permanent members of the UN Security Council.

In the relations between the U.S.A. and the BRIC states, a concern for the future role of the U.S.A. as the only global power exists in the U.S.A. Although this concern is formally military-political, in practice it is mainly economic-political. U.S. economy is highly incompetent to deal with the competition from the BRIC states and it is also dependent on the raw material and crude oil imports. Huge foreign debt of the U.S.A.

⁴⁷ "Today, 95 per cent of population growth occurs in developing countries. The population of the world's 50 least-developed countries is expected to more than double by the middle of the 21st century, with several poor countries tripling their population over the period. By contrast, the population of the developed world is expected to remain more or less steady at around 1.2 billion, with population increase in the US but stagnation or even declines in most European countries." Bo Malmber, *Global Population Ageing, Migration and European External Policies*, Final report, Brussels / Stockholm, November 2006, p. 4.

(China is the main creditor) decreases the U.S. economic power and the overall dominance of the dollar, the main guarantor of the U.S. position in the world economy. The main source of concern for the future economic (and overall) position of the U.S.A. in the global relations could be a tighter connection of China, India, Russia and even Brazil, and their economic, political and military cooperation. The key question is what long-term position the U.S.A. will take regarding the continuous growth of the BRIC states, now when even the ruling elite in the U.S.A. has probably realized that the global and complete U.S. world hegemony is not possible.

The future increase of influence and power of the BRIC states will not provide the new global economic order to the world. BRIC states, while officially denouncing US-originated neoliberalism are implementing neoliberal economic policies to boost their own economic growth. The majority of the state-governed companies in the BRIC states have been privatized and tens of millions of people lost their jobs since the 1990s.

The rise of the BRIC states will not bring the new economic world-order bring the redistribution of economic power through the existing system, since the BRIC states have in general accepted (not all of them in the same degree) the neoliberal economic ideology and applied neoliberal economic policies or some of its aspects. Rapid economic growth and destruction of natural resources are putting the sustainable development out of the ruling agendas. China has joined the U.S.A. in leading the world when it comes to pollution and warming of the atmosphere, while Russia is also near the top of that list. India and Brazil are also responsible for much of the pollution. The fact that India (especially) and Brazil are polluting much less per capita than Russia is not changing the overall situation which is extremely serious.

Rapid and continuous economic growth of the BRIC states will not benefit the world. It is the incapability for a change of paradigm of much of the most developed states, which is based purely on economic growth, highly responsible for the decisions of the BRIC states to continue in the same way and use their economic advantages over the most developed states. This will lead to a continuation of environmental degradation, destruction of natural habitats and resources and probably the acceleration of a climate change.

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