

The Impact of Emerging Economies in the International Political Context

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Abstract: *This article explores the impact of emerging economies in the international political arena. The arrival of the BRICS countries (Brazil, Russia, India, China, and South Africa) has changed the map of the global order and the strategies to project hegemonic power. Could the BRICS eclipse the economic power of the richest countries of the world? How could the BRICS influence a change in the social and welfare policies, in some developed countries? What are the main strategies of BRICS to project its soft power worldwide? These and other questions are analysed in this text, taking into account the new geopolitical scenario of the twenty-first century. The essay is presented as a result of some discussions with key leaders, journalists and academicians that observe a transformation in the economy, politics, international relations, and in the psychology of the westerners, as a sort of losing confidence in the Western model when faced with emerging economies. It should be pointed out that the text is a revision of the main arguments related to the consequences, in short and long term, of rising emerging markets for the West, such as an increase in unemployment, impoverishment, inflation, financial debt, and social depression, economical and technical dependence from the emerging markets. Not to mention the influence of BRICS in the reshaping of social and welfare policies.*

Keywords: BRICS, global order, *soft* power, financial crisis, West hegemony.

Cuvinte-cheie: BRICS; ordine mondială; putere *soft*; criza financiară; hegemonia Occidentului.

Introduction

The arrival of a new group of emerging economies grouped in the BRICS (Brazil, Russia, India, China and South Africa) has caused a change in the International scenario, not only in the diplomatic stakes, but also in the economic, political, cultural and social structure worldwide.

The power of the BRICS is present both in its economic growth and in its

concentration of land and population namely, more than a quarter of the world's land and more than 40% of the world's population is concentrated in the BRICS' area. The contribution of BRICS is more than 15.435 trillion dollars to the world's Gross Domestic Product (GDP) (*Goldman Sachs*, 2003), and by 2020, it is expected the BRICS economy will account for a third of the global economy in Purchasing Power

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Parity (PPP) terms and contribute about 49.0% of global GDP growth (Goldman Sachs, 2010, 2)

In this context, the impact of the BRICS becomes paramount for the shaping of the global political system. This essay seeks to analyse the following questions: How has the international scenario changed with the presence of the BRICS? Could BRICS eclipse the economic power of the richest countries in the world? What are the strategies of BRICS to project its soft power? Could BRICS influence a change in social and welfare policies in some developed countries?

The text attempts to reach the following objectives: 1) Study the role of the BRICS in the global political system. 2) Analyse the economic influence of BRICS in the international arena. 3) Describe the tactics implemented by BRICS to project its soft power, particularly China, and identify some effects of the rise of BRICS in policies of the welfare state.

The hypotheses set out in this text suppose that the international arena has changed after the arrival of the BRICS' countries, having more players dominating the global political system.

Also, it is assumed that the economic growth of BRICS could put in risk the leadership of the richest countries of the world. Finally, it is supposed that BRICS is creating a set of strategies to project its soft power around the world, such as creating schools, health care centres in Africa or Latin America, and promoting an international policy of non-intervention in "political issues" of any country, showing that it is possible to accomplish economic growth without a strong welfare state.

The text will be presented in three parts; the first one will expose the elements that reflect a new international context, in which the presence of BRICS countries have modified the global political system.

The second part describes the economic growth of the BRICS, and its risks for the richest countries of the world.

The third offers a general discussion of the strategies used by BRICS to promote its influence worldwide, in order to project their soft power, as well as presenting some consequences of the BRICS success for the welfare state, mainly in Europe. Finally, some conclusions are drawn that let us see how the West is in a fragile moment that could lead to its possible decline.

A new international context

In recent decades, the world has experienced multiple changes. New technologies have enabled faster communications; governments have changed laws that in the past restricted economic trade and a rise in the flows of capital, people and knowledge. In this context, new players or entities of representation emerge to take an important role in the foreign policies and in the global political system.

It should be pointed out that the term *foreign policy* is used according to Hill as the sum of official external relations conducted by an independent actor, usually a state, in the context of international relations. The independent actor refers to the inclusion of different entities into a huge body, such as the European Union, and external relations refers to the 'official' inclusion of outputs from all parts of the governing mechanisms of the state or enterprise, while also maintaining parsimony, with respect to the vast number of international transactions being conducted; the policy is the 'sum' of these official relations, because otherwise every particular action could be seen as a separate foreign policy, whereas actors usually seek some degree of coherence towards the outside world. Lastly, the term policy make reference to 'foreign' because the world is still more separated into distinctive communities than a single homogenizing entity (Hill, 2003, 3).

On the other hand, this text also uses the category of global political system in

terms of McGrew, who affirms that the world has a wide network of interaction that embraces not only states, but also other political players, both “above” the state and “below” it. Conforming to McGrew, the global political system has five distinctive characteristics: complexity and diversity; intense patterns of interaction; the permeability of the nation-state; rapid and cascading change; and the fragility of order and governance. The global political system, thus, embraces international organizations, bureaucratic fragments of governments, national government agencies, and a diverse ensemble of non-state bodies, from transnational corporations to individuals, including social and class forces, as well as global pressure groups and Non-Governmental organisations (McGrew, 1992, 313).

In this sense, McGrew indicates that the world is on the edge of a new historical period with the emergency of new axes of conflict and alignment, which go from regional to trans-national power (McGrew, 1992, 312).

The new historical stage also seems to be more complicated than in the past. Khanna points out to the collapse of the Soviet Union and the loss of the hegemony of the United States as an entity capable of deploying military power anywhere. It is no longer a “uni-polar power”, because now, there are other important players in the international arena, such as Europe and China, besides the increasing power of the second world (Khanna, 2008).

For Khanna, the second world is a zone of great potential, both actual and unrealized. They are countries in transition and they represent the most important emerging economies and potential markets including India, Brazil and Russia, because China alone is becoming a superpower (Khanna, 2008).

The configuration of the global political system has been modified with the presence of the BRICS, giving, as a result, a new emerging power which concentrates

12.8% of global trade. In this scenario, the power and influence of the BRICS cannot go unnoticed by the main worldwide organisations and international meetings, such as the G-20¹, G2², and the Organisation for Economic Co-operation and Development (OECD, 2007).

It is important to mention that the acronym BRIC was introduced by Jim O’Neill of the *Gold Sachs*, a Wall Street bank, in 2001, to describe the rapid economic growth of Brazil, Russia, India and China (*The Economist*, April 15, 2010), but on this text, it is used BRICS to include also South Africa that became in-member of the club of the emerging economies in 2011.

The accelerated economic growth of BRICS has caused not only a misbalance in the financial markets, but also a political fragmentation and conflict of interest between the richest industrialised countries and new emerging economies.

In this scenario, Montbrial indicates: “We are not prepared to face a new global scenario. The Westerners accept with difficulty to share the power with States that were called formerly “The Third World”. On the other hand, the new power poles, such as China or India, want to enjoy more sovereignty. The reconstruction of the world governance is a serious business that should engage the states of G20, the countries of the European Union and North America, in order to anticipate future conflicts” (Montbrial, 2010b, 11).

The increasing influence of BRICS is full of new tensions, as Khanna also notices, “Each power strives to attain the most advantageous position, while none are powerful enough to dictate the system by itself” (Khanna, 2008, 337).

Both the industrialised countries and the members of the BRICS need to compete for the natural resources in a single planet. For instances, the steel demand from BRICS economies are growing, as OECD noticed and may represent a source of conflict.

For example, Chinese steel consumption reached 318 million tonnes in the first nine months in 2007, up 30.8 million tonnes. Indian consumption is also increasing at a double-digit pace, though from a much lower level of around 45 million tonnes. In response to growing demand, India became a net importer of steel during the course of 2007. Brazilian steel demand is being fuelled by dynamic growth in steel-using industries, such as construction, mechanical machinery, and automotive manufacturing. In Russia, the booming oil and gas industry and growth in household incomes continues to stimulate demand for steel. Steel demand in these economies is expected to continue strong growth in 2008 (OECD, 2007). In this scenario, the natural resources become a paramount element to continue industrial and economic development in both BRICS economies and industrialised countries.

Therefore, the conflict will be formulated between the traditional industrialised countries and the new ones, that are hungry for richness and power. In this sense, the western hegemony worldwide will be reshaped.

The new global political system, for the first time in history, establishes a multi-polar and multi-civilizational world, where there are more players, diverse interests and rivalries, and a large list of challenges and threats to keep a balance of power and global peace. The understanding of balance of power refers to a condition or a tendency towards equilibrium among states. It is useful as a rational basis for justifying policies that occur as a natural outcome of international politics in order to maintain an inherent systemic of equilibrium every time the balance is upset (Viotti & Kauppi 2006, 550).

Economic leverage of BRIC

The BRICS countries are the four largest economies outside of the Organisation for Economic Co-operation

and Development (OECD). They are the only developing economies with annual GDPs of over \$1 trillion (Indonesia's is only half that). With the exception of Russia, they sustained better growth than most during the great recession and, without them, world output would have fallen by even more than it did. China also became, by a fraction, the world's largest exporter. Meanwhile, the BRICS are also increasing their trade with one another: Chinese-Indian trade has soared and is likely to reach \$60 billion this year. China has also become the largest market for the fast-industrializing countries of East Asia. (*The Economist*, April 15, 2010)

The emerging market economies gathered in the BRICS are playing an important role in the worldwide economy, and the development of domestic economies. The most striking sign of the BRICS' significance to the world economy, though, is probably their share of foreign-exchange reserves. All four are among the ten largest accumulators of reserves, accounting for 40% of the world's total. China is easily the largest, with a staggering \$2.4 trillion. It is the world's second-largest net creditor after Japan (the net credit position takes account of equities, as well as debt). Russia's foreign-exchange reserves were virtually zero when it began market reform in 1992; now they stand at \$420 billion. If the BRICS were to set aside one-sixth of their reserves, they could create a fund the size of the International Monetary Fund (*The Economist*, April 15, 2010).

In terms of foreign assets, the BRICS is provided with cushions against the great recession which helped them turn into financial powers. Even as most Western countries struggle to rein in record budget deficits and soaring debts, the BRICS' public-debt levels are mostly modest and stable (India is a partial exception). Most investment banks offer BRICS funds. The world's top two banks are Chinese (*The Economist*, April 15, 2010).

In this vein, the western and industrialized countries are struggling to maintain economic growth and create jobs, which have moved to BRICS' area. As these economies develop, massive sums are being invested to improve infrastructure, such as power, telecommunications and transport systems, especially in India and China. (Lin Tee, 2010).

According to the *Goldman Sachs'* report "*Dreaming with BRIC: The Path to 2050*" presented in 2003, the BRICS economies together could become larger than those of the world's six most developed countries in less than 40 years. This means they would be larger than the Group of 6 (G6) in US dollar terms, in less than 40 years. Of the current G6, only the US and Japan may be among the six largest economies in US dollar terms, in 2050. G6 comprises Britain, United States, West Germany, Japan, Italy and France (*Goldman Sachs*, 2003).

Following to predictions of *Goldman Sachs* (2010) in terms of size, Brazil's economy will be larger than Italy's by 2020; India and Russia will individually be larger than Spain, Canada or Italy (*Goldman Sachs*, 2010, 1).

Goldman Sachs expects the economies of BRICS' countries to overtake the US economy in 2027, rather than 2035. According to the same report of *Goldman Sachs* (2010) BRICS economies will also take over that of the G6 countries by 2031. Many experts in international relations indicate that the BRICS' economic growth shows the decline of the western world. In this respect, Nial Ferguson says: "What we're witnessing is the decline of the west world. We sustained West predominance for more than five hundred years, from the XVth to the XIXth century. Since the XVth century, the western countries, mainly Europe, United States, Canada and Australia rose in power, and up to the XIXth century the west had dominated completely the world" (Ferguson, 2010).

For Ferguson, the World experiences an historical change. A rebalancing, a sort of equilibrium between west and east, and for the Asian countries this is a great news, because they had centuries of stagnation. The fact that they have growth rates ranging between 7 and 10 per cent, even in the times of the recession in 2008 and 2009, means that they have excellent economic growth. However, for the developed countries, the situation is exactly the opposite (Ferguson, 2010).

The influence of the emerging economies is growing, and conforming to Ferguson, BRICS' countries will pass soon from the manufacture to the innovation process, which can put at risk the strong areas of the industrialized countries. In this sense, Ferguson affirms that the Americans think that they have the intellectual property, the design and creation; they think that Chinese will continue doing manufacturing. It is true that the USA is still the best place in the world to make reality this idea and to turn it into business. In terms of innovation, they are still ahead. But nobody should assume that the USA will maintain for longer the monopoly on innovation (Ferguson, 2010).

The influential power of BRICS and other emerging economies are flourishing in the time of globalization and financial uncertainty, which is also creating a global political system more complicated to understand and predict, and the Washington consensus is no longer followed by the most important economies. The financial models from the World Bank and International Monetary Fund are not any more hegemonic institutions that can impose their recipes.

It is convenient to underline that the term globalisation is understood as the rapid integration and exchange of trade, culture, technology, telecommunications, goods, markets and labour force between the world's nations, which is not limited to

a country or a region, rather is a global and dynamic process (Donnellan, 2005, 12).

BRIC power projection

The economic performance of the BRICS' countries has encouraged different events, such as organising annual meetings and discussing major issues of the international agenda. The first BRICS' reunion took place in 2009, in Ekaterinburg, Russia, the second in Brasilia, Brazil in 2010, and the third one in Sanya, China in April 2011, when South Africa was adopted as a new member, and since then the BRIC became BRICS. The participation of BRICS in the major financial institutions, such as the World Bank and the International Monetary Fund (IMF) is remarkable, as well as their active role in the G20. Not to mention the new projection of the BRICS in terms of soft power.

The text refers to *soft power* as the indirect way to get what is wanted by admiring cultural values, emulating examples, seduction by the style of life, aspiring to a similar level of prosperity and openness. In other words, the soft power is to get something or to encourage somebody to do something through persuasion and conviction, rather than coercion. Soft power rests on the ability to shape the preferences of others and selling the attractiveness of the country model. The soft power is the opposite of the hard power, which is based on the military and economic coercion (Nye, 2004a, 5).

Joseph S. Nye coined the term *soft power* in the framework of world politics and international relations. For the professor at Harvard University the soft power was a key element to impose not only American authority in foreign diplomacy, but also to seduce worldwide population with "the American Dream". The ability to attract others by the legitimacy of US policies and admire their

values was fundamental for American hegemony.

For Nye, the decline of America and the rise of the emerging countries are due to an underestimation of the Bush administration to the relevance of soft power. In this respect, the Anti-Americanism has increased in recent years and the United State's soft power is in decline as a result (Nye, 2004b).

Nye also indicates that the recent decline in US attractiveness should not be so lightly dismissed. It is true that the United States has recovered from unpopular policies in the past such as those regarding the Vietnam War, but that was often during the Cold War, when other countries still feared the Soviet Union as the greater evil. The US after World War II, using soft power resources drew others into a system of alliances and institutions that has lasted for 60 years. However, the global scenario is now totally different (Nye, 2004b).

On the other hand, Dodd underlines that the emerging economies, particularly China, is using *soft power* to attract allies and supporters, in order to grow its influence in several parts of the world in the same way that the American model did. The Chinese government is promoting a wide range of events to project its soft power. The World Expo held in Shanghai from May to October 2010, and the Olympic Games in Beijing 2008 helped to promote an image of China as a welcoming and warm country with a political system different from the USA and UK. Also, China is setting up many institutions around the world to promote Chinese language, with more than 2000 schools and thousands of institutions. Not to mention, the promotion of Chinese culture: Tai Chi, philosophy of Confucius, medical treatments, art exhibitions, seminars, festivals and other activities (Dodd, 2010a).

The ability to attract Chinese supporters is reinforced through technical cooperation

and financial support to poor countries for implementation of development policies and social protection for their populations, such as building schools and hospitals in Peru, Ecuador, Africa, and of course, in the same BRICS area, that means Brazil or India.

Furthermore, Chinese investment is present in the tourist industry, buying up hotels, restaurants and resorts, and in the construction of ports and railways in Brazil and other South American countries, territory considered in the past by the “Monroe doctrine” as lands under American control (BBC, 2005).

The economic progress of China has been accompanied by its expansion of soft power in similar fashion as the US did during the Cold War, even in the way to attract foreign students from all over the world to promote its cultural exchange.

Inside of BRICS’ countries, mainly in China, according to *Goldman Sachs* (2010), it is observed a rise of the new BRICS middle class with income between \$6,000 and \$30,000. This new middle class in BRICS countries has already grown by hundreds of millions in the last decade, and is set to grow even more in the coming decade. In China, it is expected that the number of people entering the middle class to peak during this decade. Meanwhile, middle class growth in India is also increasing in this decade. China and India have more middle class than the rest of the BRIC countries, due to the rise of income in both countries (*Goldman Sachs*, 2010, 1-2).

The rise of middle class also means that there will be a rise of “upper class” in the next decade (people with incomes higher than \$30,000) (*Goldman Sachs*, 2010, 2) leading to competition for resources, environmental pressures, jobs, market performance, capacity of traveling around the world, empowerment of their country position, and projection of their soft and hard power.

For Ferguson, China is doing a sort of altruism without conditioning countries, which is quite interesting for them: “The message is clear. The Chinese government in Africa is saying we will build up roads, and certain facilities for you, but you make sure that we will have access to the commodities and primary sources. As to your domestic politics and human rights, you do whatever that you like. So, it seems to me that in terms of soft power, China is making rapid progress in building strong allies. China’s influence worldwide is growing and in some parts of the world is greater than the USA” (Ferguson, 2010).

In agreement with Joseph Nye (2004), the ability to establish preferences tends to be associated with intangible assets, such as attractive personalities, culture, political values and institutions, and policies that are seen as legitimate or having moral authority. In this sense, China is creating an image to promote not only a positive attitude, but also a new system of allies, attracting countries that do not buy the idea that Western culture is the only model to follow.

Montbrial mentions that the BRICS’ countries try to increase its power, through the extension of membership to other strategic countries, such as Turkey or Egypt. At the same time, new countries can be attracted to be part of BRICS, which can introduce unpredictable political changes inside of the North Atlantic Treaty Organisation (NATO). The action of BRICS suggests that the relation of forces in medium and long term can tip over into the international arena, in favour of a club of states that do not share the same history, the same feelings and values of/(as) the western countries (Montbrial, 2010a, 2).

For Dodd, China is showing that it is possible to modernise without westernising a country: “This is a very attractive message for 1.2 billion Muslims that in the past rejected modernisation for accepting “westernisation”, so China showed them

that it is possible to be modern and not to be western” (Dodd, 2010 b).

Dodd considers that Western and American credibility is under real threat by the BRICS, mainly after Guantanamo, Irak, Afghanistan. Therefore, the western soft power has been damaged, and the crisis of 2008 has undermined this power: “The interference of the USA in other countries has also weakened the American soft power. The damage is so severe that it can damage the Western countries and democracy itself. Now USA has one billion enemies in the world and China has not. If China continues growing in the region and in the rest of the world, democracy becomes less important” (Dodd, 2010b).

The current financial crisis, which started in 2008–2009, places the West in a decline of their values and provides China with a better opportunity to show that democracy is less relevant than economic growth, and that Chinese rule is more efficient than Western governance, particularly regarding social Welfare.

With the current financial crisis and the decline of the West, the welfare state, understood as a concept in which the state plays an important role in the economic and social well-being of citizens, and the state assumes the financial cost for public services, such as healthcare and education, as well as protecting individuals through benefit funds in housing and financial maintenance (Barr, 2004), is highly criticized by politicians and economists as the main cause of the financial downturn.

For instance, some experts consider that Europe’s welfare state is dangerously overspending, and can no longer afford to maintain it. The rise of BRICS and its economic success contributes to reduce credibility and legitimacy of the welfare state.

Many countries in Europe and the US have implemented programs of austerity, as a policy of deficit-cutting, based on reductions of benefits and public services, and increase of taxes. In Europe, Portugal,

Ireland, Italy, Greece and Spain, not to mention France and England have already implemented some measures to reduce their public spending, unemployment and national debts.

In the US, for example, the national debt is a real threat for the American hegemony, and between 2000 and late 2009 the total debt owed by the US government, households and companies rose from 180% to about 240% of Gross Domestic Product (GDP). During this time, debts owed by American financial companies rose from 65% to almost 120% of GDP. That’s means that, in less than a decade, the US national debts rose by as much as it had done in the previous two decades. Total government debts, including that owed by other government departments, stood at \$12,900 billion at the end of 2009, or roughly 90% of GDP (Magnus, 2011). In this context, the status of the US as a financial model has been seriously damaged and the credibility of the “American Dream” is no longer a soft power to attract the rest of the world, particularly when many Americans lose their homes, their incomes fall and their jobs disappear every day.

Certainly, the decline of the West has been accelerated by the financial crisis, in opposition to the BRICS, whose financial power becomes stronger and better organised. The economic growth in emerging countries has been significant for their inhabitants who have experienced a rise in their standard of living, and many of them have lifted out from the extreme poverty.

A case in point, since 1990, the income per capita in China trebled to about \$1000 in the decade to 2000, and trebled again to \$3000 in the following years up to 2008. The current prediction is that per capita income will reach \$9000 by 2020, \$20,000 by 2030, and \$33,000 by 2050 (Magnus, 2011).

In addition, China is creating more jobs than the whole West together, making up a

new manufacturing powerhouse for the world, and it is predicted that 70% of all clothing will eventually come from China, and the consumer electronics and automotive industry will establish in that country. The research and development investment also will be setting up there. "Companies like *Siemens*, for example, are already not only manufacturing all their standard phones in China, but have as well put all *Research & Development* investment into China. The standards will be set there, and the consumers will decide on what applications they want to have – the Chinese consumers, not the Germans" (*BBC*, 2005).

There is also a new trend in jobs, which reinforces the Chinese power projection, in the past people used to migrate from developing countries to developed countries in search of work. Nowadays, says Jim O'Neill, the *Goldman Sachs* economist who first publicised the BRICS theory, "We are seeing some reversal of that. We are seeing now college graduates around the world applying for jobs and moving to locations like Bangalore. So I think a lot of interesting opportunities and interesting times are ahead" (*BBC*, 2005).

According to Jim O'Neill, if the trend continues moving industries and jobs into China, the future of Europe will become a tourist destination for wealthy Chinese, Indians and others, "and –Europe– won't have anything else going for it other than being some great historic place to visit for a vacation" (*BBC*, 2005).

The financial projection of the BRICS is already present in the new order. The BRICS, including South Africa, hold a combined \$4,450 billion in foreign exchange reserves, but \$3,200 billion of that, 72 per cent, belongs to China, and if the BRICS agree, they could launch a bail out to rescue the euro-zone in crisis, and underline their power. However, China's reserves are managed under a set of relatively strict criteria and do not represent

a piggy bank that Beijing can dip into at will, even if the other members are in position to do it (Leahy and Anderlini, 2011).

Nevertheless, BRICS have already a considerable percentage of European and American bonds. A case in point is China, which is the major owner of US treasury bonds. In October 2008, China had \$684.1 billion, in 2009, \$938.3 billion, and in 2010, \$906.8 billion. This explains China concern over the US debt (Kranke, 2011). Even recently, in August of 2011, China called the United States "addicted to debt" and has demanded to do more to reduce its budget deficit (Pratley, 2011).

In this sense, China, as a major foreign holder of US treasury bonds, could use its position, as the biggest investor in US debt, in political and economic leverage, as well as demanding the US to safeguard bond values, even if that means reducing public spending. The decadence of the titans of global finances is not only in economic terms, but also in psychological effects for the West, which is a clear sign of the decline of the empowerment of the Western mentality, as well as the time to question the cost of the Welfare State in Europe and the US.

Conclusions

The world of the twenty-first century seems to be more complex and unpredictable than even before. Multiple poles of power, along with multicultural realities are the new variables that can define this new century.

The world has changed irrevocably, and the West is experiencing not only one of the most serious financial crises in recent years, but also a weakness on its soft power, and its credibility of the welfare state. Therefore, financial and global power, including soft power, no longer belongs to one single country, and the BRICS is a new reality that we need to

study deeply. The tragedy is that many western countries do not want to accept the changes of a new international reality, where they do not have a hegemonic position anymore.

It is also observed that the BRICS are creating a new consensus among emerging economies and attracting more and more dissidents from western and non-western countries worldwide, which is causing a new imbalance of power. Not only inside of the West, but also around the world.

In this scenario, BRICS take an important role, and the US will probably never recover their superiority in soft power, more than the hard power. China is advancing quickly, and taking the strategies of the American soft power to place its country at the top of the table and appealing to the rest of the world to admire their “economic miracle”, in the same way that “the American Dream” one day was the dream of the world.

Certainly, the economic development and the power projection of BRICS have been favoured by the era of the globalisation, which make possible to project their soft power easier and instantaneously worldwide: Internet, satellite telecommunications, mobile phones are part of the current landscape.

While Western power has dominated for 500 years, now China and other emerging economies are developing their global influence in just a few decades. The projection of the Chinese soft power has also been accelerated by the techniques of marketing and control of information. On the one hand, China has been seriously criticised by the lack of civil and human rights, however the whole world cannot see images and reliable information of human rights abuses, in contrast to other parts of the world. Thus, China continues appealing to more and more people willing to learn more about Chinese culture, and close their eyes to human conditions.

Chinese diplomatic missions are springing up all over the globe with embassies, consulates and cultural institutes.

The values of free market and democracy seem to be less important, even for the westerners, who face high unemployment rates. Not to mention the taxpayers that complain about the way how their taxes are allocated. The welfare state became an “expensive luxury” for the westerners and “hot potato” for politicians and economists from both the Right and the Left.

Perhaps it is not surprising that Spain, ruled by the Left under Zapatero’s government, or France, led by the right, with Nicolas Sarkozy, or England, under the coalition government composed of the Liberal Democrat – Nick Clegg – and conservative party – David Cameron-, have based their economic programs on reducing public spending.

The new global scenario becomes also more competitive, the markets can move easily from one country to another, the jobs can be created or disappeared instantaneously. The social welfare is no longer a driver to alleviate poverty in developed countries, and the State is not any more a support to rely on.

The current globalisation seems to create winners and losers, and unfortunately for the West, their hegemony is in agony, and Asia is progressing to recover its supremacy from the 15th century.

The rise of the BRICS has changed not only the priorities of the political agendas of Western governments, but has also created new conflicts in social policies, labour markets, logic of production, strikes and social movements.

In this context, the geopolitics of the world has profoundly changed. No more the Washington Consensus, nor leadership of the World Bank, either the International Monetary Fund. No more assurance of democracy and freedom of expression as condition of economic development. Therefore, more challenges and risks

should be confronted, both for the West, and the BRICS, and for the whole world.

Notes:

¹ G20= Group of Twenty Finance Ministers and Central Bank Governors

South Africa, Argentina, Brazil, México, Canada, United States, China, Japan, South Korea, India, Indonesia, Saudi Arabia, European Union, France, Germany, Italy, Russia, Turkey, United Kingdom, Australia.

² G2= United States and China.

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