



## Have the BRICS Outlived Their Usefulness?

*Arvind Subramanian says that Brazil, Russia, India, China, and South Africa (BRICS) seem to be struggling to find a common purpose at their latest meeting.*

*Transcript of interview recorded March 29, 2012. © Peterson Institute for International Economics.*

Steve Weisman: China, Brazil, Russia, South Africa and maybe other countries are meeting this week in India to discuss whether or not they should adopt some common agenda, sometimes called the BRICS agenda. Arvind Subramanian, senior fellow at the Peterson Institute is here with me, Steve Weisman. Arvind, what are they accomplishing in New Delhi?

Arvind Subramanian: Steve, this is becoming a kind of yet another event on the summitry circuit, as it were. This time, ostensibly, they're meeting to start a new development bank that might lend to other countries. That's the big item on the agenda.

Steve Weisman: Is that a good idea?

Arvind Subramanian: To be really candid, I would say it's a bad idea. I would say it's a rotten idea, because it's not obvious what gap there is out there that is being filled by these countries, and it's not obvious why these countries should not do it through existing institutions.

Steve Weisman: How much are you impressed that they've cooperated in the last couple of years, especially through the global financial crisis?

Arvind Subramanian: It's a very good question. Not impressed at all, because if you think about it, there's one, now there are two occasions where they could have come together. The [Christine] Lagarde nomination for the IMF [International Monetary Fund] and now the successor to [Robert] Zoellick [president of the World Bank]. If really there were some kind of BRIC solidarity and a kind of common voice against the status quo, that should be exercised in relation to the successor to the World Bank. But I don't think they're going to do that, and I don't think they're going to support the alternative candidate, or the two alternatives, of the two emerging market country alternatives.

The deeper question is what do these countries have in common? They really have very little in common, except Goldman Sachs said that they had something in common.

Steve Weisman: That's right; [BRICS] was their term.

Arvind Subramanian: Exactly. As I like to say, Goldman Sachs has given the world whatever it did through its actions in the financial markets, but now it's also flooding the world with its ideas, and I'm not sure that's such a great idea for the system.

Steve Weisman: What used to be called the "non-aligned movement" is now evolving into this?

Arvind Subramanian: Well, no. I think we're far away from the non-aligned. I think people have learned their

lessons from the non-aligned summit. I honestly don't know what is going to keep this group together, because they're so divided by history and contiguity. It's not obvious to find what's common to them. On the other hand, I can find a lot of things that actually have created tensions between them.

Steve Weisman: For example, between India and China.

Arvind Subramanian: India and China, exactly.

Steve Weisman: Where the meetings have been disrupted by anti-Chinese protests by supporters of Tibet.

Arvind Subramanian: Yes. So I think this is going to be more summits, more institutions created. But to what bigger objective, what deficiency in the world system that this is addressing, is not obvious.

If there is a kind of a critique that institutions are dominated by the status quo, the United States and Europe, presumably there's an alternative voice out there, but then they have to act as one. So far, they haven't shown any real solidarity acting as one.

Steve Weisman: Thank you, Arvind.

Arvind Subramanian: Thanks, Steve.

