

The Logic of the BRICSAM Model for Global Governance: Do Acronyms Make Sense?

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The BRICs story is not just about developing country growth success. What makes the BRICs special is that they have the scale and the trajectory to challenge the major economies in terms of influence on the world economy. (O'Neill 2005: 7)

In the 'club model' of diplomacy, diplomats meet only with government officials...in the world of the 21st century, the 'club model' of diplomacy has given way to a flatter, less hierarchical 'network model' in which diplomats engage a vastly larger number of players in the host country... (Heine 2006: 4)

Introduction

The BRICs model, developed by Goldman Sachs in *Dreaming with BRICs: the path to 2050* at the start of the new century, has attracted considerable attention.¹ From an economic perspective, it has enormous appeal in focusing attention on four countries (Brazil, Russia, India, China) (the BRICs) that are dynamic global motors of growth. On the basis of GDP/Purchasing Power Parity China (4), India (6), Russia (11) and Brazil (12) are all in the top 12.²

Yet, looking beyond material resources to diplomatic logic and onto forms of 'soft power' like public diplomacy and cultural exports, the utility of this model declines considerably. For this group is highly differentiated in terms of their positioning in the international arena. It contains one member of the Permanent 5 (P5) member of the Security Council within the United Nations system (UNSC), one entrant into the Group of G7/8, and two traditional champions of the global South as expressed through the G77 and other forums.

This overview seeks to place a number of overlapping perspectives and discourses into context with relevance to both BRICSAM and 'global governance' with special attention to whether different formulations – combinations of states and partnerships - around BRICSAM have the most salience. In particular, it begins to examine whether BRICs and/or BRICSAM

¹ Dominic Wilson and Roopa Purushothaman, "Dreaming with BRICs: the Path to 2050," *Global Economics Paper*, no. 99 (October 2003). New York: Goldman Sachs. Available online: www.gs.com/insight/research/reports/99.pdf cf creation of BRIC acronym in earlier, 2001 paper on "The World needs better Economic BRICs" *Global Economics Paper* no. 66

² [CIA, The World Fact Sheet. 2006 estimates in <https://www.cia.gov/cia/publications/factbook/rankorder/2001rank.html>]

encourage the four or 12-15 members to focus ‘upwards’ towards the G7/OECD and/or ‘downwards’ towards traditional allies: the global South of the G77 (Shaw, Cooper and Antkiewicz 2007). It also contrasts the interrelated ‘club’ versus ‘network’ diplomacy debate; ie the degree to which such states talk to each other only or broaden their reach to a more diverse range of non-state actors such as private companies and civil societies; ie homogenous or heterogeneous, hierarchical or flatter partnerships (Heine 2006: 5)? It thus talks to the ‘varieties of capitalism’ perspectives, especially the rise of MNCs from the South, especially the BRICs (Goldstein 2007). In turn such matters are inseparable from issue area, level of interaction – regional or global – time period etc. Thus whether BRICs/BRICSAM are defined more narrowly or broadly matters to their formulation of and contribution to global governance, particularly G7/8 reform. So the subsequent mid-decade revisionism from Goldman Sachs about the N-11 – Next Eleven – impacts international relations as well as the global economy. Importantly and controversially, in asking ‘How Solid are the BRICs?’ Goldman Sachs excluded South Africa and also cautioned that, of the N-11, ‘only Mexico and perhaps Korea have the capacity to become as important globally as the BRICs’³. But, as this analytic framework suggests, economic ‘importance’ especially if limited by inter-state ‘club diplomacy’, may differ from political and strategic, cultural and diasporic ‘network diplomacy’ (Cooper and Legler 2007 especially 120-139, Heine 2006).

One reaction to the seemingly unwieldy nature of both BRIC and BRICSAM constellations is to narrow the focus by privileging ‘Chindia’; that is to say, restricting the catalysts to the two massive Asian drivers of the global economy, China and India (Enderwick 2007, Lloyd and Turkeltaub, 2006). Even this reductionist approach, though, has its conceptual deficiencies. The economic strengths of these two countries are quite different. China has been the recipient of far more Foreign Direct Investment (FDI), and is better connected to global supply chains. Its growth is based mainly on the trade in goods. By contrast, India’s growth in turn is more internally generated thanks to its large services trade.

And from a traditional, ‘club’ diplomatic perspective, China and India have as many dissimilar characteristics as they have features in common. To provide just the one obvious example, India has campaigned as part of the so-called Group of 4 along with Brazil, Germany and Japan to break into the UNSC. By way of contrast, China has exhibited the prerogatives of a status quo minded member of the P5 along with the US, Russia, the UK, and France. Further, in terms of club versus network diplomacy, India’s democratic, anglophone traditions equip it to advance heterogeneous network rather than limited club diplomacy whereas China has little capacity to transcend its club preoccupations (Cooper and Legler, 2007, Heine 2006).

BRICSAM for global governance?

The argument of this framework overview is that, instead of contraction from BRICs to Chindia, the former might be expanded to encompass the BRICSAM group⁴. This would allow coverage of not only the core BRIC countries but also Mexico, South Africa, and potentially a member of

³ Jim O’Neill et al “How Solid are the BRICs?” *Global Economics Paper*, no. 134 (December 2005). New York: Goldman Sachs, p.1. Available online: www.gs.com/insight/research/reports/134.pdf

⁴ For the purposes of this paper, the acronym includes Russia.

the ASEAN-4 (Indonesia) as well⁵. To be sure, the economic logic of this extended model is not as strong, as on the basis of PPP Mexico is ranked 15, Indonesia 17, and South Africa 24. But this slack is more than compensated by the convincing diplomatic-cum-regionalist or strategic logic for focusing on a BRICSAM group.

All of the BRICSAM have demonstrated a global (if not yet quite globalist?) reach in terms of their diplomatic profile: from club to network diplomacy? The stretch of China's international influence has been well-documented. To give just one illustration, Beijing's concerted 'charm offensive' towards Africa has been conducted not only on a bilateral basis but also multilaterally through the convening of the impressive China-Africa Co-operation Forum in November 2006. India has become a hub of diplomatic interaction - network as well as club diplomacy? - as representatives of India's old and new (reflective above all of the new US-India strategic partnership) friends vie for attention and deals. Prime Minister Manmohan Singh was chosen to speak on behalf of the South in Bandung on the 50th anniversary of the creation of the Non-Aligned Movement (NAM). Brazil under President Luis Inacio Lula da Silva has run with a number of high-profile diplomatic initiatives, ranging from leadership on the G20 via the World Trade Organization, the proposal for a global fund against hunger, and the recent push on biofuel diplomacy using its sugar-cane based ethanol production vs. the American corn based industry. South Africa shares an innovative partnership with India and Brazil – IBSA - as well as playing a strong role in the G77, the African Union, and the New Partnership for Africa's Development (NEPAD). And Mexico has combined its membership in NAFTA with an ascendant role in the OECD.

Of more instrumental purpose for this conceptual paper, this cluster of countries coincides with the so-called G5 'outreach' or 'dialogue' countries that have been gradually albeit unevenly incorporated into the G7/8 summit process. The value of using the term BRICSAM therefore is that it recognizes the individuality of each member of this group of countries, while minimizing the sensitivities of hanging onto terms such as 'outreach' or 'dialogue' – problematic from the perspective of the global South, mainly due to its condescending connotation.

Nevertheless, the selection of this core group is certainly not without its own diplomatic limitations. By the standards of some far more ambitious conceptualizations of G7/8 reform this model is a step down. The best-known of these initiatives was the one pushed by the former Canadian Prime Minister Paul Martin for a Leaders' 20, or L 20. This builds on the success of the G20 or F20 of Finance Ministers developed as a consequence of the Asian/IMF crisis of 1997/98.⁶ As in the case of the F20, the L20 was intended to act as a bridge between the G7/8 positioned in the North and selective representatives from the global South. Another model of similar scope has been the proposal by Klaus Schwab, the executive chair of the World Economic Forum (WEF), for a P 21 (or Partnership 21 along the lines of the UNSC P5).

BRICSAM is also complicated by the presence of Russia in its midst, the rationale for putting Russia in but not entirely of the group. As opposed to the other members of BRICSAM,

⁵ ASEAN-4 encompass the original ASEAN members less Singapore; Indonesia, Malaysia, Philippines and Thailand.

⁶ [The F 20 concept is taken from Colin I. Bradford and Johannes Linn, "Summit Reform: Toward an L-20," in Colin I. Bradford and Johannes Linn, eds., *Global Governance Reform: Breaking the Stalemate*, Washington DC, Brookings Institution Press, 2007, 77-86]

Russia is already an established member of the G7/8 at the political level, as witnessed by its role as host of the 2006 St. Petersburg summit. Yet, this insider position should not be exaggerated. Russia still is excluded from the key economic discussions within the G7/8 process, including those on currency matters. It is still more accurate to talk of a hybrid G7/8.⁷

Normatively, the addition of Russia complicates the element of ‘we-ness’ contained in the traditional club model of the G7. On the one hand, it puts the onus on socializing from within, nudging and cajoling Russia to become a sustained champion of democracy. This was the rationale for the G7 to extend membership to Boris Yeltsin’s Russia in the late-1990s. On the other hand, an argument can be made that with the turn of President Putin’s Russia towards ‘managed democracy’ this criterion for membership is lessened.⁸ At St Petersburg Russia was courted not on the basis of its democratic credentials but because of its role as an energy superpower.

Consequently the question is opened up about whether or not Russia is (and should be) exceptional or not. If democracy is no longer the criterion for ‘we-ness’ is/should this criterion be replaced by other measures. One of these measures is economic bigness, that is to say, simply adjusting the G8 to a G13 or even an L20 simply by economic ranking (based on GDP/PPP or some other measures). *The Economist*, for example, has championed reform of the G8 along these lines many years ago (with the replacement of some existing members by countries with bigger economies).⁹ The other measure would be on a more subjective one of diplomatic weight, focusing less on structure and more on behaviour or agency.

The attraction of a limited, stable, and status equivalent group via the BRICSAM model is reinforced by its simplicity. Procedurally, this model cuts out much of the debate about membership for the L20 beyond a core grouping. Calls for rotational membership, or some form of delegation, are made moot. There are also design benefits of sticking to small numbers, in that consensus on complex issues (hard enough with a G13) would increase with an L20. The ability to solve crises – as the UN has often found out – is not enhanced by simply building a more inclusive decision-making process.

Operationally, the case for the inclusion of these core countries can be made on grounds of both efficiency and legitimacy. As noted at the outset all of the core BRICSAM members of the L20 configuration fit the profile of classic big emerging markets and/or regional powerhouses, all of which are becoming increasingly integrated into the world economy (Wilson and Roopa Purushothaman, 2003). And in BRICSAM the still-statist regimes of China and Russia with their Communist origins constitute a distinct minority: one of club rather than network inclination given their limits on non-state private capital and civil society.

This structural strength goes hand in hand with diplomatic prowess. As suggested by John Humphrey and Dirk Messner in their innovative work on what they term “anchor

⁷ [It is for this reason that China has been reluctant to move by itself in becoming a member of the G9. See Yu Yongding, “China’s evolving global view,” in John English, Ramesh Thakur, and Andrew F. Cooper, eds, *Reforming from the top; A Leaders’ 20 Summit*, Tokyo, United Nations University Press, 2005, 187-200]

⁸ [Anders Aslund, “Russia’s Challenges as Chair of the G-8,” *Policy Briefs in International Economics*, no. PB06-3, Washington, DC, Institute for International Economics, 7]

⁹ *The Economist*. “There were seven in the box”. February 27, 1993.

countries”, the size of the economies of these hub countries must be blended with their capacity to “actively participate in global dialogue” that is crucial for this analysis.¹⁰

Responding to the Crisis of Legitimacy and Efficiency: A diffuse pattern of outreach

The legitimacy of the G7/8 has long been questioned. The greatest source of weakness (as well paradoxically as its strength in terms of club cohesion) has been its self-selected (and un-elected) status. To outsiders, especially in the global South, it was precisely this feature that demarked the G8 as an illegitimate body in contrast to the universal form of multilateralism via the UN system (with all its formalism).

What has made these tensions about a ‘democratic deficit’ into a crisis has been the increased inability of the G7/8 to be effective on an issue-specific basis. On many of its traditional economic concerns the G8 has shown itself to be stronger on words than on deeds, exhorting action from China on currency re-valuation with little or no impact. The same is true on foreign and security issues, with declarations on the Middle East but no tangible results. At the same time, however, the G7/8 has continued to expand its agenda. And it must be acknowledged that many of its perceived successes have come in the area not of economics or security affairs but on social/development issues such as debt relief and the creation of the Global Fund to Fight AIDS, Tuberculosis and Malaria.

Still, rather than ameliorating the need for reform these successes increase the normative need (and procedural momentum) for reform. A strong argument can be made that the global economy can no longer be managed – or globalization re-shaped – without the presence of the BRICSAM countries embedded in the G7/8 process. But this governance gap is magnified on the developmental/social arena. As India, China, Brazil and South Africa extend their own functional reach in these domains is it ethically or practically to leave the BRICSAM out!

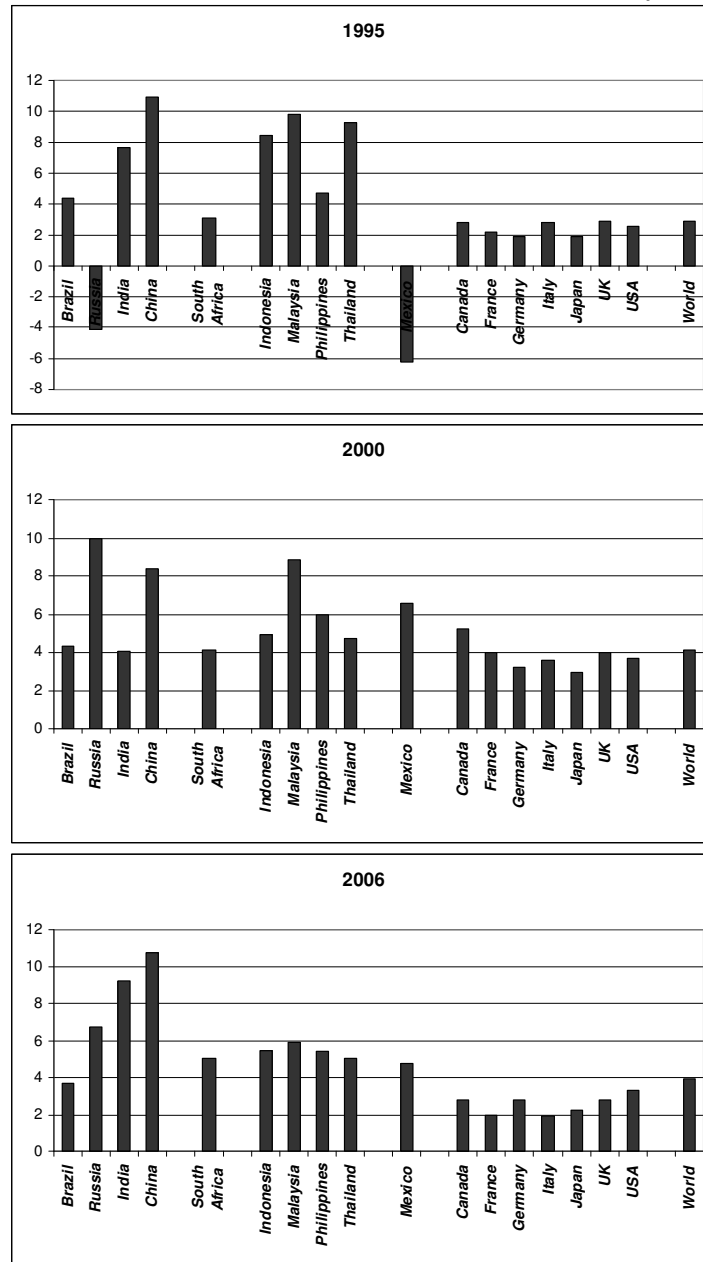
After all, different scenarios now predict that in less than 40 years the economies of BRICSAM will be bigger than those of the G7 (Wilson and Purushothaman (2003), Antkiewicz and Whalley (2005)) in US dollar terms. All G7 countries are currently ranked within the top 10 largest economies of the world. By 2050, China will lead the ranks, the United States will be the second largest followed closely by India and Japan, UK and Germany will be closing the top-10 list pushed down by Brazil, Mexico, Russia and Indonesia (GoldmanSachs 2007, 140). It is expected that Vietnam will overtake both Canada and Italy, and France will fall behind Nigeria. Certainly, the world economy and global governance will have changed radically by then.

The emerging economies enjoy significantly higher economic growth than the G7 and the global economy as whole (see Figure 1). In fact, the combined weight of the BRIC economies alone (not including South Africa, the ASEAN or Mexico) currently accounts for 15% of the global economy (GoldmanSachs 2007, 5). The G7 still accounts for more than half of world’s GDP; however a decline of 8% suggests an important shift in the global economy (see Figure 2C). A quick analysis of the relative size of the BRICSAM economies based on GDP at

¹⁰ John Humphrey and Dirk Messner, “The Impact of the Asian and other Drivers on Global Governance”, Available at: <<http://www.ids.ac.uk/ids/global/pdfs/AsianDriversGovernancepaper05.pdf>>.

purchasing power parity rates reflecting differences in the prices across countries (as opposed to current exchange rates quoted earlier) offer an even more remarkable picture (see Figure 2D). The difference between BRICSAM and the G7 in terms of the share of world's GDP is now only 7%, down from 22% in 1995. A direct comparison of both groupings shows that the combined size of BRICSAM is over 80% that of the G7. It is conceivable for the BRICSAM to overtake the G7 by mid-next decade (PPP basis). It is true that these simplistic projections do not take into account many factors that can potentially hinder the pace of economic growth of BRICSAM. Nevertheless, it seems preposterous for the G7 to discuss the global economy without any participation from the emerging powers at the table.

FIGURE 1. Growth Rates (BRICSAM, G7, World), selected years (%)



Source: World Bank, *World Development Indicators* online

The extraordinary increase of world trade in the second half of the 20th century¹¹ has allowed the G7 to increase their influence on the world. The emerging powers are no different. Notwithstanding the internal differences of the sources of economic growth in individual BRICSAM countries, it is clear that their ever closer integration into the global economy has played a major role in their economic success. China's exports are second only to those of Germany, already exceeding American exports by \$50-80 billion (various sources). On the imports side China has overtaken five of the G7 members, Germany and the USA being the last two exceptions (WTO 2007, 12). The combined share of BRICSAM in world's exports is 7%

¹¹ World exports increased ten-fold between since 1960s (World Bank 2007, 30).

higher now than it was in mid-1990s. During the same period, the G7 share fell by 11 points. Finally, BRICSAM merchandise exports are currently half of those of the G7, double that of 1995 (see Figure 2A). Similar comparisons can be made for imports (see Figure 2B).

Growing out of increasing exports, the foreign exchange reserves of BRICSAM are also a clear indication of their weight in global economy (see Figure 2E). Their combined reserves exceed those of the G7 by over \$800 billion and account for almost 40% of world's total. One consequence of such a significant rise of reserves over the first half of this decade is the recent ascend of state-owned sovereign wealth funds (even if tempered by falling equity prices in the Blackstone case). The Economist points that their increasing involvement on global and national financial markets may give them “a bigger direct stake in capitalism's future” (The Economist, “The invasion of the sovereign-wealth funds” January 17, 2008). This will likely bring the dominance of the US dollar to an end, tipping the balance in the global economy further yet.

FIGURE 2. BRICSAM Indices relative to G7 and World, selected years

A. Merchandise Exports	1995	2000	2005	2006
<i>BRICSAM/World</i>	12%	14%	18%	19%
<i>BRICSAM/G7</i>	24%	31%	46%	50%
<i>G7/World</i>	49%	46%	39%	38%

B. Merchandise Imports	1995	2000	2005	2006
<i>BRICSAM/World</i>	11%	12%	15%	16%
<i>BRICSAM/G7</i>	24%	25%	35%	37%
<i>G7/World</i>	47%	49%	44%	43%

C. GDP (current US\$)	1995	2000	2005	2006
<i>BRICSAM/World</i>	11%	12%	14%	16%
<i>BRICSAM/G7</i>	16%	18%	24%	27%
<i>G7/World</i>	66%	66%	60%	58%

D. GDP, PPP (current international \$)	1995	2000	2005	2006
<i>BRICSAM/World</i>	25%	27%	32%	33%
<i>BRICSAM/G7</i>	54%	60%	76%	81%
<i>G7/World</i>	47%	46%	41%	40%

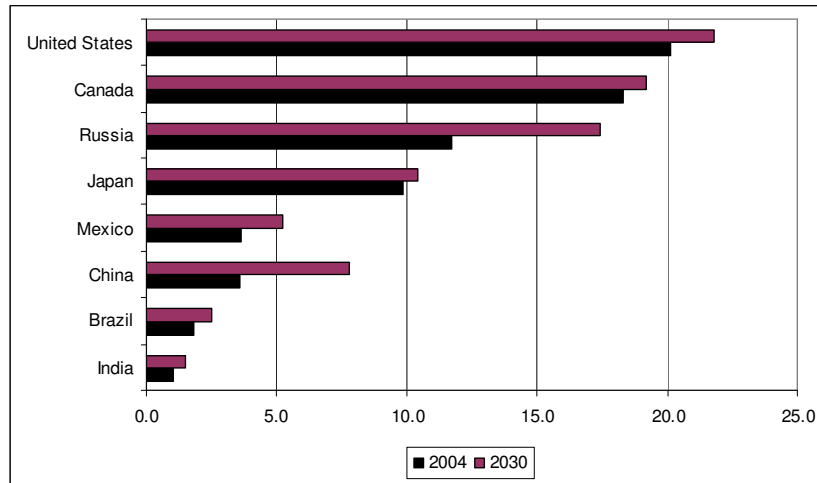
E. ForEx Reserves	1995	2000	2005	2006
<i>BRICSAM/World</i>	18%	21%	34%	38%
<i>BRICSAM/G7</i>	56%	68%	137%	172%
<i>G7/World</i>	31%	30%	25%	22%

Source: World Bank, *World Development Indicators* online and World Trade Organisation Database online, authors' calculations.

Outside of economic indices and forecast, the emerging powers are also increasingly important when it comes to issues related to environment, pollution and climate change. China, for example, is expected to overtake the US as the world's largest carbon dioxide (CO₂) emitter in nominal terms within the next decade. Indeed, looking at the CO₂ emissions per capita for selected G7 and BRICSAM countries, it is clear that the BRICSAM emissions will, on average, be growing faster than those of the G7. However, by 2030 China and most other BRICSAM countries will still be behind the biggest G7 emitters in per capita terms (see Figure 3). On the other hand, as long as the emerging economies' growth is concentrated in the energy-intensive

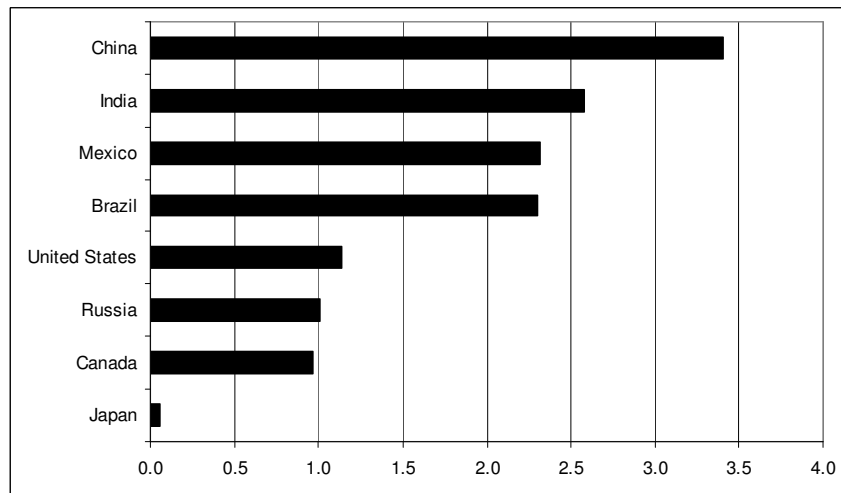
industrial sectors and transportation, their energy-related emissions will be increasing more rapidly than the G7 countries (see Figure 4). This is to be expected given the stage of the development of the BRICSAM countries and any suggested measures of curbing the CO2 emissions will have to take this into account. Clearly, any discussions within the G7 forum (or any other governance fora) related to environmental protection cannot take place without BRICSAM representatives at the table.

FIGURE 3. Carbon Dioxide Emissions per Capita, selected countries, 2004 and 2030



Source: Energy Information Administration (EIA), *International Energy Outlook 2007*

FIGURE 4. Average Annual Growth in Energy-Related Carbon Dioxide Emissions, selected countries, 2004-2030, %/year



Source: Energy Information Administration (EIA), *International Energy Outlook 2007*

Indeed, BRIC/BRICSAM have permeated the public domain becoming synonymous with economic growth, opportunities and change. Widely accepted as increasingly important drivers

of global economic growth, the emerging economies attract the attention of politicians, diplomats, economists, investors and civil society alike. The response by the G7/8 has been an opening up through a diffuse pattern of outreach. France chose to showcase members of BRICSAM – with the leaders from China, India and Brazil (along with those from other L20 potential members including Mexico and Saudi Arabia) at Evian in 2003. The UK, with a similar model in mind, invited the same core countries (albeit without Middle East representation) to discuss climate change at Gleneagles in 2005.

A similar framework was used in key ancillary bodies. Most noticeably, the G7/8 forum of finance ministers was opened up to the upper echelon of the BRICSAM group. The finance ministers from China and India, attended the two 2005 meetings, in St. Petersburg and London.

So entrenched did this hub approach become that it operated with little critical comment. At the societal level, protestors targeted many aspects for the G 7/8 for criticism but the outreach component slid under the radar. The main focus for reproach was not because of their inclusion but when this core group appeared to be excluded. French President Jacques Chirac publicly rebuked the United States, most obviously, for not being more inclusive to these regional hubs at the 2004 Sea Island summit: “We cannot discuss major economic issues nowadays without discussing these issues with China, with India, Brazil, South Africa”.¹²

If habit-forming at a generalized level the BRICSAM was applied quite unevenly on a specific basis. Italy and Canada – under former Prime Minister Jean Chrétien – took what might be termed an African-centric approach. The meetings they hosted – in Genoa and Kananaskis – picked a form of representation that put the primary emphasis on the attendance of leaders from the African continent and the implementation of the NEPAD agenda. Japan at the earlier 2000 Okinawa summit took a similar line, inviting Algeria, South Africa, and Nigeria into the mix (with Thailand added in as well). And Prime Minister Tony Blair played the African card as well at Gleneagles, combining BRICSAM participation on climate change with African participation on debt relief and development assistance.

Other countries took a divergent track. As mentioned, the US did things its own way at Sea Island, moving from an approach that downplayed outreach altogether to one that placed the emphasis on the Middle East. The response rate, however, proved low for this invitation: Afghanistan, Bahrain, Iraq, Jordan, Tunisia, Turkey and Yemen said yes. But Saudi Arabia, Kuwait, Pakistan, Egypt and Morocco said no. So the Bush administration scrambled in the last six months to bring together a blend of African states to Sea Island.¹³

Notwithstanding all its limitations, the BRICSAM has a good number of advantages over the other models not only on the logic of economics but diplomacy. The behavioural/functional range of each of BRICSAM on the diplomatic axis is far greater than the other potential members of an L20. To give just the most obvious illustration, the G20 or F 20 of Finance

¹² “Press briefing by French President Jacques Chirac”, Sea Island documents, G8 Information Centre, University of Toronto, 9 June 2004.

¹³ On this initiative see Princeton N. Lyman, *Freedom, Prosperity, and Security: The G8 Partnership with Africa: Sea Island 2004 and Beyond*, Special Report (New York: Council on Foreign Relations, May 2004).

ministers established by the G7 in the aftermath of the Asian/IFI crisis in 1997/8 included the bulk of the potential members of the L20, although a few more could be added on. Yet the diplomatic status among the G20 countries was not equitable. Some countries (most notably Argentina and Turkey) were included less because they were seen as problem solvers but because they were themselves problem cases. Another (Indonesia) was chosen not on its own merits but because another candidate (Malaysia) had imprisoned its former finance minister. And still other countries, although not without impressive economic assets (Saudi Arabia and South Korea), are commonly judged not to possess the geographical/functional range of diplomatic credentials held by the BRICSAM countries.

Confirmation of the elevated status accorded the BRICSAM countries came out in the rotation of the presidency of the G20. India was tasked with this role in 2002, Mexico in 2003, China in 2005, and South Africa in 2007, with Brazil taking over in 2008. A top tier of countries with the G20 constellation has thus been credentialized, with implications for the summit in Canada in 2010.

If attractive by design there are also benefits by default, as the BRICSAM model provides the most appropriate form of compensation for failure on what for many observers is the first best option: universalistic reform via the UN. Almost all the leading candidates for a permanent seat on the SC would be accommodated in this model (most notably, India and Brazil). Likewise there is room for a number of alternative UNSC possibilities (Indonesia, for example) and for some strong blockers (above all, Mexico which opposed Brazil's bid to join the UNSC).

Targeting the BRICSAM as the G7/8 plus group

The refinement of the diffuse pattern of outreach has been pushed by both the UK government of Tony Blair, in the aftermath of its presidency of the G8, and by members of the coalition German government, in the lead up to Heiligendamm in June 2007. Blair made his call for G8 reform at the 2007 World Economic Summit at Davos with a specific targeting on what he termed the 'Outreach 5' or 'O5.'¹⁴ The number of negatives associated with this initiative cannot be ignored. In terms of language, Blair's call signalled the limits as much as the boundary-spanning dynamics of the initiative. For offering 'outreach' status was still very different than equitable partnership. In terms of operation, it still left the modalities of this outreach up in the air. Would this core group be invited simply for breakfast or lunch on an ongoing basis? If so, the asymmetrical nature of the G8 plus would be emphasized not reduced.¹⁵

In other ways, it is the positives that stand out. If not completely novel, the Blair initiative advanced the reformist drive both in terms of process and selection. In terms of previous model to outreach it is the differentiation between the G7/8 and the G7/8 plus group that stands out. UK G8 watchers, such as the former sherpa Sir Nicholas Bayne had long recommended that leaders should maintain the practice, begun at Okinawa in 2000, of inviting a group of leaders from

¹⁴ < www.weforum.org/en/events/AnnualMeeting2007/index.htm >

¹⁵ [See Paul Martin's criticism in his keynote address at the 2006 Annual Meeting of the Development and Peace Foundation, Dresden, Germany www.paulmartin.ca/speech-20060608-1.html]

developing countries to meet them before the summit proper. He argued that the admission of new members to the G8 itself, however, should be approached with caution. He characterizes the G8's great merit as the fact that "it is small and compact enough for the leaders to have a direct exchange around the table. This quality would be lost if extra members were added in the interest of making the G8 more widely representative."¹⁶

In terms of membership, Blair's initiative makes a clear choice on a permanent outreach group very different from the ad hoc approach adopted since 2000. Blair's rationale for picking what is effectively BRICSAM is not made explicit. But one close observer suggests that the pick was made on as much diplomatic as economic criteria: "There is a general consensus concerning the regional and global role of China, India, and Brazil. South Africa gets the nod because of its active global-governance policy...although there are major reservations on the continent of Africa concerning South Africa's claim to a leading role. Mexico's claims are less obvious. Presumably US interests come into play here: the USA wishes to provide its neighbor with a leading position in the global hierarchy. Having said that, by virtue of its OECD and NAFTA membership Mexico is suitable for a bridging role between North and South and in addition has strategic significance as a major oil exporter."¹⁷

The German approach has been more fragmented. Chancellor Angela Merkel's own view at the outset of the German presidency was that Heiligendamm should be a 'back to basics' summit in terms of site, agenda, and participation.¹⁸ This perspective has been twisted out of shape by both international and domestic circumstances. At the international level several of the original agenda items pushed by the Germans have proved an awkward fit with the G7/8 process, most notably initiatives on hedge fund reform. Here, it is worth noting the ever more popular BRIC funds offered by a host of asset management companies (from HSBC to GoldmanSachs to Schroders) present prospects of high returns despite their often volatile nature. For example, the Templeton BRIC fund reported that an investment made at the beginning of 2006 would have grown by 51% at year end as compared to 5% in 2005 (Templeton 2007). Many, however, question the recent BRIC fund euphoria pointing to little economic cohesion of the grouping and arbitrary exclusion of other emerging markets such as Mexico and Indonesia (FT 2007).

Alternatively, developmental/social issues reminiscent of Gleneagles have proved to be attractive. This widening out approach has in turn reinforced the need for outreach, especially with the BRICSAM countries. The most noticeable characteristic of the G7/8 process in 2007 has been the embedded nature – and high level of participation – of the relationship between the G7/8 members and the BRICSAM countries. Within the framework of the G8, all of these countries were invited to the meeting of finance ministers at Essen, Germany in February. And

¹⁶ Sir Nicholas Bayne, "Concentrating the Mind: Decision-Making in the G7/G8 System", presentation to the *Promoting Conflict Prevention and Human Security: What Can the G8 Do?*, conference of the G8 Research Group, University of Toronto, 16 July 2001, Available at: <<http://www.g8.utoronto.ca/conferences/2001/rome/bayne-conflict.pdf>>; See also Sir Nicholas Bayne, "Prospects for the 2005 G8 Gleneagles Summit", presentation to the G8 Research Group, University of Toronto, 22 November 2004.

¹⁷ [Thomas Fues, "Global Governance Beyond the G8: Reform Prospects for the Summit Architecture," IPG 2/ 2007]

¹⁸ [Simon Morgan, "Germany wants G8 to 'go back to roots,' to tackle world's economic problems," Agence France Presse, December 28, 2006]

the sherpas for the G7/8 summit have closely engaged their counterparts from the BRICSAM countries including developing issues (where in addition to sherpas, the Indian finance minister attended). To reinforce this point, Bernd Pfaffenbach, State Secretary in the Federal Ministry of Economics and Labour, and Chancellor Merkel's Personal Representative (sherpa) for the summit, put into the public domain the planned permanent integration ('the Helligendamm process') of the big 5.

Domestically, the coalition nature of the German government has been an important source of fragmentation. The Social Democratic Party Finance Minister Peer Steinbrück has been a vocal champion of G8 reform, with the summit being extended to include select members from the North and South. After making his views known at the November 2006 G20 meeting in Melbourne Australia, Steinbrück repeated them to a home (and increasingly attentive) audience at the Essen meeting of Finance Ministers.¹⁹

As in the case of the Blair initiative Steinbrück's shift was not entirely unanticipated. With the push by the Canadian Prime Minister Paul Martin for an L20, German Finance Minister Hans Eichel (a key actor with Martin in the establishment of the Finance G20), expressed some sympathy: "There is a need to reinforce the growing sense of responsibility of all members for their respective regions and for the world economy as a whole. On this basis policy co-operation could be broadened as well. This applies both to the number and frequency of meetings and to the division of labour by subject matter. If the G 20 continues to develop along these lines and becomes even more effective, I think we could in theory expect to see a G20 comprising the Heads of State and Government set up at some time in the future."²⁰

The fundamental distinction between the two German Finance ministers was on timing. Whereas Eichel was still looking well into the future, Steinbrück urged that the G7/8 be reformed "Not next year, but in two or three years."

Constraints on the BRICSAM Model for G7/8 Reform

If there is an opening for the BRICSAM countries to be the model for G7/8 reform, there continue to be severe obstacles to progress along these lines whether compatible with either club or network diplomacy genres. Inside the G7/8 there remains some considerable opposition to any major reform. One of the major functional initiatives of the UK government during its presidency was the creation of a 'G8+5' process connecting the ministers of energy and environmental ministers of the G7/8 and the G5 outreach group. The potential of this initiative is still ready to be captured. However, Russia during its time as president of the G7/8 did not nurture this process, marginalizing it at the St Petersburg summit. What space this initiative still has will be played out in an autonomous manner.

In all likelihood Japan will also downplay the role of the G5 outreach group in 2008. Japan

¹⁹ ["G 20 warnt vor steigender Inflation; Industrie- und Schwellenländer aber nicht einig über Rezepte," Frankfurter Allgemeine Zeitung, 20. November 2006]

²⁰ [< www.InternationalePolitik.de, October 2004> See also the G20 Official Website for the Berlin meeting of G20 Finance Ministers, November 2004>

highly values its participation in the G7/8, and is unlikely to place pressures for greater legitimacy over its club mentality. This bias is reinforced – in a similar manner to the US – by the sense that democracy is essential to ‘we-ness’. On this premise, the candidate-ship of China (by economic as well as diplomatic criteria at the top of the list for entry into the G7/8) is nixed: novel network diplomacy is still overshadowed by more established club forms?

Outside the G7/8, one main type of resistance is on principle in that any move towards reinforcing the legitimacy and efficiency of this self-selective group is detrimental to universalism as embodied by the UN. Another is on selectivity. One point of controversy remains the presence of South Africa as the sole African member of BRICSAM. Although in South Africa the notion has begun to grab some positive attention,²¹ as the UNSC contest revealed (in that three African countries – South Africa, Nigeria, and Egypt viewed openly for two potential spots) this ownership will not be uncontested.

The other point of controversy is the absence of one Islamic country. This mode of participation was at the core of the US’s approach to outreach at the Sea Island summit. Even with the dual approach of the Blair government – with both core BRICSAM and African representation – the UK found itself in a position where it had no major Islamic representation at Gleneagles (a missing element that was made more glaring by the July 2005 London bombings).

Notwithstanding these deficiencies there are solid counter-arguments why the model of G7/8 reform should not be stretched too far to gain additional representativeness. Paul Martin contemplated adding either Egypt and/or Nigeria to the L20 model. But the concept he was convinced was right built on the G20 model, with Indonesia and Saudi Arabia along with Turkey in and Nigeria and Egypt out. On the basis of diplomatic logic, Indonesia would appear to be the best country to add to BRICSAM group, in that it is a large majority Islamic country, a member of OPEC with an emergent democratic culture, as expressed well through its support for democratic values through the new ASEAN charter, and a long standing member of the NAM and the G77. In addition, by 2030 Indonesia will most likely be the sixth largest economy in the world and the largest Islamic country. If Indonesia engaged more with the other Islamic countries (especially those in the Middle East), it could potentially play an active role of a Muslim bridge-builder (see BBC News, 2008).

The remaining flaws of the BRICSAM model appear to pale as well by contrast with those offered in alternative designs. The International Task Force on Global Public Goods, if commendable in other ways, suggests an expanded version of the L20 that is over-crowded with a Global 25. An L27 also has the deficiency of tilting the balance towards legitimacy at the expense of efficiency.²²

Big Bang to Incrementalism

²¹ [Brendan Vickers, “Heading towards the G-8 St. Petersburg Summit: What’s in it for Africa?” *Global Insight*, no. 63 9July 2006), Institute for Global Dialogue, 4]

²² <[14](http://www.gpgtaskforce.org/bazment.aspx?page_id=268#bazAnchor_></p></div><div data-bbox=)

Paul Martin laid out his model of the L 20 for all to see. This was highly commendable as a model of global governance. The intellectual endorsement of this approach is impressive. Yet, in terms of an immediate diplomatic impact, this initiative has fallen short of its ambitious aims.

Incrementalism – if far less attractive as a normative device for reform – appears under current circumstances to be a far more productive vehicle. It allows different champions, whether Tony Blair or Angela Merkel to hand off some elements of ownership as they move out and in of the presidency of the G7/8. It also avoids direct confrontation with the resisters. Instead of trying to address all of the detailed issues of modalities, the focus is a neo-functional one with an emphasis that reform is required if the major questions of the day (whether energy, climate change, health, development, or global economic imbalances).

If incrementalism does continue to progress it seems predictable that the BRICSAM countries will be the big winners. The L20 has many advantages over this more parsimonious option, not the least that it encompasses the G or F20 model. But parsimony has its virtues from a diplomatic perspective. It is very difficult to argue that any of the BRICSAM countries do not belong in a reformed G8 on diplomatic grounds, notwithstanding their political and economic differences. All of these countries are necessary ingredients for unblocking issues both as constructive demandeurs and as countries that have been blockers themselves.

The top-down orientation of this dynamic of multilateral reform will linger as a basic feature of this type of reform process. Nonetheless, the means of bringing about changes in the G7/8 will at least in governmental terms bubble up from below. The sherpa process will be an important component of this dynamic. For example, will sherpas of the BRICSAM countries be invited in coming years to attend by the G8 as a club as opposed by individual countries which hold the presidency? On top of this question there is the issue if and how ministers from BRICSAM countries will be involved in the elaborate web of meetings associated with the G7/8. Here as in the case of the meetings of energy and environmental minister the barometer will be on how seamless this process becomes?

Other possibilities of both reform scenarios and rejection are available for sure. Still, the BRICSAM model for G7/8 reform seems to have become the best bet for movement. It allows a sizeable degree of reform without either tipping the balance away from the G7/8 or raising the bar of expectations too far for other countries. An adjustment will in all likelihood be added sometime in the future, in the way of another African country and/or an Islamic country but the core group has been established. The increasingly strong impulse towards enhancing legitimacy and efficiency at the heart of the global governance architecture brings with it a recognition that the BRICSAM are an integral – if not complete or exclusive – means to this end. We return in conclusion to the revisionism of Goldman Sachs (2005: 3) on the N-11 who created the BRIC acronym in very early this century:

Since we began analysing these countries, each has grown more strongly than our initial projections. Our updated forecasts suggest that the BRICs economies can realise the ‘dream’ more quickly than we thought in 2003. The case for including this group directly in global economic policy making in a systemic way is now overwhelming.

Likewise, it is crucial that the BRICs along with parallel discourses about types of

diplomacy and varieties of capitalism be brought into the theory and practice of IR/IPE/development studies even if some of our colleagues still display considerable reluctance to so recognise and include even in the second decade of the 21st century as Canada hosts the G7/8 for the fourth time (Shaw, Cooper and Antkiewicz 2007, Shaw 2004).

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