

Great Decisions 2009

Foreign Policy Association

RISING GLOBAL POWERS: BRAZIL, RUSSIA, INDIA AND CHINA

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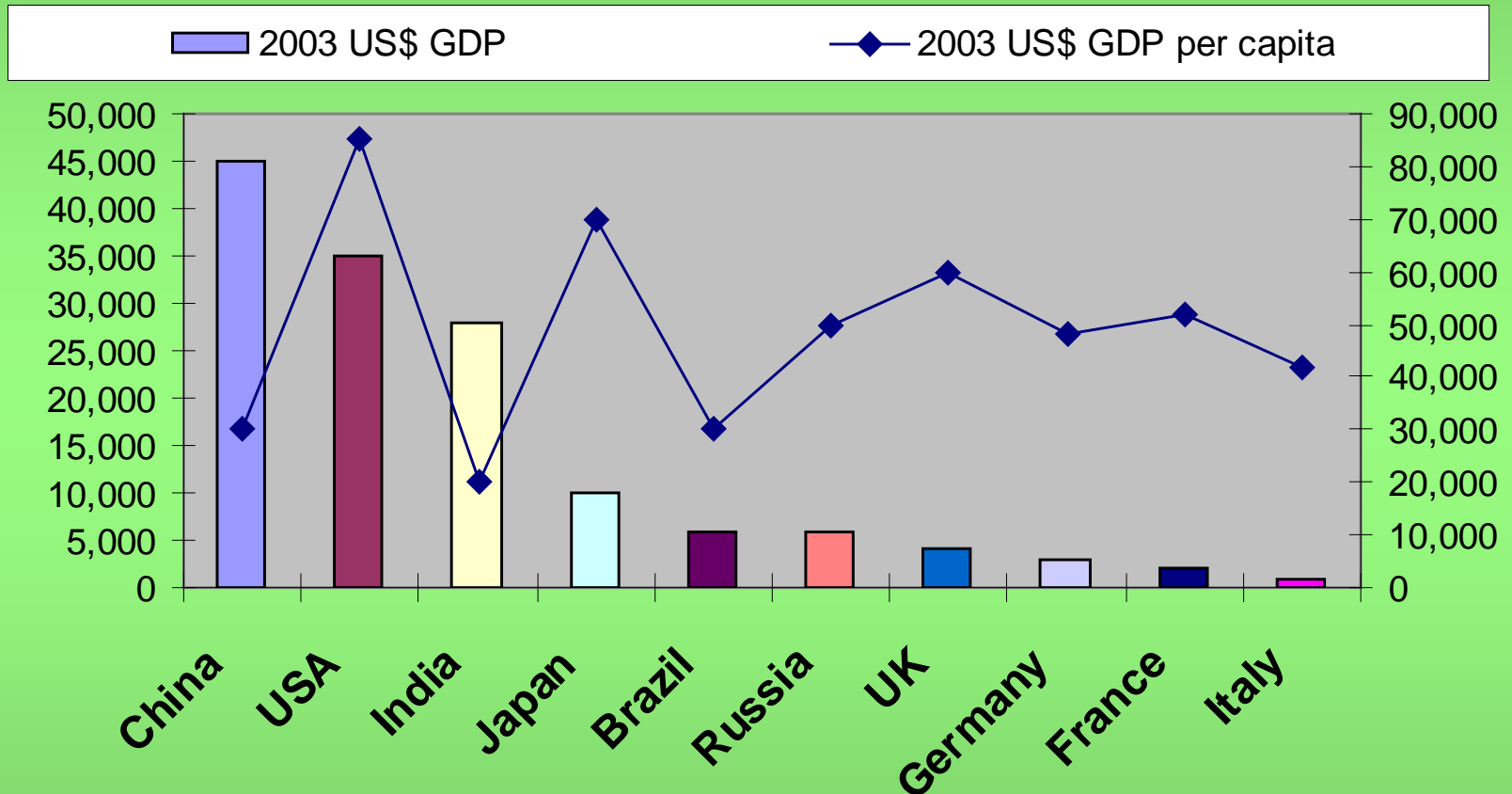
BRIC:

Brazil, Russia, India and China

- Term coined in 2001 by Head of Global Economic Research at Goldman Sachs
- Fundamental premise was BRIC countries could become a much larger force in the world economy over next 50 years
 - India's economy could be larger than Japan's by 2032
 - China's economy could be larger than USA's by 2041
 - Of the nations originally comprising the G6 (USA; Japan; Germany; France; Italy; and UK) only USA and Japan may be among six largest economies in 2050

BRICs

GDP Size and Relative Income per Capita



Source: Goldman Sachs BRICS Model Projections

Rising Global Powers: Brazil, Russia, India and China

What is a Major Power in the 21st Century?

- Ability to Project Force
- Ability to Project Your Values
- Ability to Project Your Culture

Does a nation have the ability to control or direct the agenda in one's own neighborhood and the power to conduct global diplomacy?

Rising Global Powers: Brazil, Russia, India and China

KEY FACTORS BEHIND MAJOR POWER STATUS:

- Size of Population, Education Levels and Territorial Reach
- Presence of National Resources
- Strength of Economy

Rising Global Powers: Brazil, Russia, India and China

KEY FACTORS BEHIND MAJOR POWER STATUS: (cont'd)

- Stability of Political System
- Military Strength
- Willingness of Others to Follow Your Lead

Rising Global Powers: Brazil, Russia, India and China

USA

- USA remains the dominant force in the world whether measured by economic, military or social indicators

Rising Global Powers: Brazil, Russia, India and China

USA

Size of Population, Education Levels and Territorial Reach

- 307 million people, with population growing at 0.975% a year

Rising Global Powers: Brazil, Russia, India and China

USA

Size of Population, Education Levels and Territorial Reach (cont'd)

- Children (17 and younger) will continue to outnumber the elderly (65 and older)
 - 2005 → Children: 25%; Elderly: 12%
 - 2050 → Children: 23%; Elderly: 19%
- 10% hold graduate degree; 27.5% hold university degree; and 84.5% hold high school degree

Rising Global Powers: Brazil, Russia, India and China

USA

*Size of Population, Education Levels and Territorial Reach
(cont'd)*

- Spans from Atlantic Ocean to Pacific Ocean
- Enjoys open border with Canada
- Until recently border with Mexico has been peaceful

Rising Global Powers: Brazil, Russia, India and China

USA

Presence of National Resources

- Abundance of oil, gas and coal; significant mineral reserves
- Ample food production for domestic consumption and foreign export

Rising Global Powers: Brazil, Russia, India and China

USA

Strength of Economy

- US economy has been world's largest since 1880s, accounting for almost 25% of world's output
- US GDP growth expected to be flat in 2009 (as contrasted with 1.1% (2008); 2.0% (2007); 3.1% (2006))
- Even as China's economy overtakes USA's economy (perhaps as early as 2013), when measured on a per capita GDP basis, will still be less than ½ that of USA

Rising Global Powers: Brazil, Russia, India and China

USA

Strength of Economy (cont'd)

- Open to foreign investment
- Advanced technological base
- Skilled workforce

Rising Global Powers: Brazil, Russia, India and China

USA

Stability of Political System

- Republic form of government with power dispersed across Executive, Legislative and Judicial Branches
- Two party system with generally free and open elections

Rising Global Powers: Brazil, Russia, India and China

USA

Stability of Political System (cont'd)

- Very stable; With exception of Civil War (1861-1865), USA has been able to address social and economic stresses

Rising Global Powers: Brazil, Russia, India and China

USA

Military Strength

- Expenditures of US \$515.4 Billion in FY2009 Budget for Base Budget and US \$70 Billion to fund Global War on Terror
- Nuclear power

Rising Global Powers: Brazil, Russia, India and China

USA

Military Strength (cont'd)

- Technologically advanced weaponry
- Ability to project and sustain military power around the world

Rising Global Powers: Brazil, Russia, India and China

USA

Willingness of Others to Follow Your Lead

- US leadership on critical issues such as AIDs in Africa; Reviving the global economy
- Undercut by Iraq War; Torture as interrogation tool; Guantanamo terrorist prison; Kyoto Protocol and Global Climate Change
- Permanent Member of United Nations Security Council

Rising Global Powers: Brazil, Russia, India and China

Russia



Rising Global Powers: Brazil, Russia, India and China

Russia

Size of Population, Education Levels and Territorial Reach

- 140 million people, with declining life spans and estimated population growth rate of (0.467%)
- Estimated life expectancy at birth:
 - Male → 59.33 years
 - Female → 73.14 years
- Enrollment: Primary (85%); Secondary (90%); Tertiary (65%)

Rising Global Powers: Brazil, Russia, India and China

Russia

*Size of Population, Education Levels and Territorial Reach
(cont'd)*

- Immense size – Approximately 2 x size of USA
- Shared borders with numerous countries including China, Azerbaijan, Finland, Georgia, Kazakhstan, North Korea, Poland and Ukraine

Rising Global Powers: Brazil, Russia, India and China

Russia

Presence of Natural Resources

- World's largest producer of natural gas; Ranks 2nd behind Saudi Arabia in oil exports; many strategic minerals – but significant challenges due to climate, terrain and distance
- Willingness to use gas embargo against Ukraine

Rising Global Powers: Brazil, Russia, India and China

Russia

Strength of Economy

- Oil-driven economic boom has abruptly ended
- Foreign Exchange Reserves fell from a record of more than US \$580 Billion in September 2008 to approximately US \$380 Billion as of end First Quarter 2009

Rising Global Powers: Brazil, Russia, India and China

Russia

Strength of Economy (cont'd)

- 72% drop in RTS Index made Russia the worst-performing index among world's 20 biggest equity markets in 2008
- 21 “mini-devaluations” of the Ruble since November 2008
- Growth in industrial production dropped to 2.1% in 2008 from 6.3% in 2007; collapse has continued: 16% decline in January year-on-year and 13% in February 2009 relative to February 2008

Rising Global Powers: Brazil, Russia, India and China

Russia

Strength of Economy (cont'd)

- Escalating liquidity problems in banking sector and ensuing credit crunch and decline in consumption growth has resulted in rising unemployment (8.5% in February 2009)
- Fitch Ratings downgraded Russia's Sovereign rating to just two notches above junk status (BBB) focusing on low commodity prices, capital flight and rapid depletion of foreign exchange reserves

Rising Global Powers: Brazil, Russia, India and China

Russia

Strength of Economy (cont'd)

- World Bank has forecast a 4.5% contraction in 2009 (as contrasted with GDP growth of 5.6% (2008); 8.1% (2007); 7.7% (2006))
- The worst performance since 1998, when GDP contracted 5.5%

Rising Global Powers: Brazil, Russia, India and China

Russia

Strength of Economy (cont'd)

- Steps taken by Russian authorities to stimulate Russian economy were initially aimed at strengthening financial sector and businesses. On March 19, 2009 Russian Government announced new broad set of stimulus plans to provide for vulnerable persons, stimulate domestic demand and strengthen financial sector

Rising Global Powers: Brazil, Russia, India and China

Russia

Stability of Political System

- From 1922 until 1991 Russia was part of the Union of Soviet Socialist Republics and the Communist Party was the sole political party
- Following break-up of U.S.S.R. in 1991, Russia adopted a parliamentary form of Government

Rising Global Powers: Brazil, Russia, India and China

Russia

Stability of Political System (cont'd)

- In the years when Boris Yeltsin served as President (1991 – 1999), Russia suffered from political instability and unchecked raiding of the State Treasury with valuable state-owned enterprises auctioned off to powerful businessmen

Rising Global Powers: Brazil, Russia, India and China

Russia

Stability of Political System (cont'd)

- Election of Vladimir Putin as President in March 2000 marked end to unbridled democratic experiment as people sought more stability
- Parliament is now controlled by the Kremlin and Mr. Putin has eliminated election of regional governors, who are now presidential appointees

Rising Global Powers: Brazil, Russia, India and China

Russia

Stability of Political System (cont'd)

- President Dmitry Medvedev (Elected March 2008 with 70% of vote) and Premier Vladimir Putin lead the Executive Branch; President is elected by popular vote for a four-year term (eligible for a second term); Premier is appointed by President with approval of Duma (Lower house of Legislative Branch)

Rising Global Powers: Brazil, Russia, India and China

Russia

Stability of Political System (cont'd)

- In March 2009 elections, United Russia, Mr. Putin's party, won the majority of seats in all nine regions where local parliamentary elections were held; Communist Party came in distant second
- Television and many media outlets are largely tilted in favor of United Russia, and out of four parties in federal parliament, only the Communist Party offers real opposition to Mr. Putin

Rising Global Powers: Brazil, Russia, India and China

Russia

Stability of Political System (cont'd)

- Regional and Ethnic challenges to stability
 - Chechnya
 - Islamic Groups

Rising Global Powers: Brazil, Russia, India and China

Russia

Stability of Political System (cont'd)

- Small population in mineral rich areas near Chinese border
- In wake of deepening financial and economic crisis, rising levels of protest by Russian citizens over government policies

Rising Global Powers: Brazil, Russia, India and China

Russia

Stability of Political System (cont'd)

- December 2008: Moscow dispatched riot police to Vladivostok to quell riots over import tariffs on automobiles
- February 2009: Demonstrations around country to criticize Government's response to economic crisis

Rising Global Powers: Brazil, Russia, India and China

Russia

Stability of Political System (cont'd)

- World Bank projects that in 2009 number of poor will increase by 2.75 million people, resulting in a poverty rate of 15.5%

Rising Global Powers: Brazil, Russia, India and China

Russia

Military Strength

- Nuclear power
- Compulsory military service obligations for men of 1 year of service and reserve obligation to age 50
- Willingness to use Russian forces: August 2008 invasion of Georgian territories of South Ossetia and Abkhazia

Rising Global Powers: Brazil, Russia, India and China

Russia

Military Strength (cont'd)

- Russia has objected to US plans for a missile defense shield in Eastern Europe: Missiles in Poland and Radar Tracking Station in Czech Republic
- Considering basing of Russian Strategic Bombers in Cuba or on Venezuelan island

Rising Global Powers: Brazil, Russia, India and China

Russia

Military Strength (cont'd)

- August 2007 President Putin reinstated long-range patrols by nuclear-capable bombers. In 2008 Venezuela hosted Russian bombers and conducted joint navel exercises with Russia

Rising Global Powers: Brazil, Russia, India and China

Russia

Military Strength (cont'd)

- President Dmitry Medvedev in March 2009 announced Russia would undertake a “large-scale rearming” in 2011 in response to what he described as continuing threats to Russia’s security
- Noted encroachment by NATO as a primary reason for bolstering the armed and nuclear forces

Rising Global Powers: Brazil, Russia, India and China

Russia

Military Strength (cont'd)

- Specifics were not offered on how much the budget would increase
- In January 2009 Russia announced it was deferring plans to deploy missiles near the Polish border as U.S. was not pushing ahead with Bush Administration's proposal to deploy antimissile system in Poland and Czech Republic

Rising Global Powers: Brazil, Russia, India and China

Russia

Military Strength (cont'd)

- Strategic Arms Reduction Treaty (START-1) expires in December 2009

Rising Global Powers: Brazil, Russia, India and China

Russia

Willingness of Others to Follow Your Lead

- Successful in February 2009 in getting Kyrgystan, a former Soviet republic, to agree to close an American base used for supplying troops in Afghanistan
- Russians reportedly offered Kygystan more than US \$2 billion in loans and grants

Rising Global Powers: Brazil, Russia, India and China

Russia

Willingness of Others to Follow Your Lead (cont'd)

- European Union officials claim lapses in the rule of law and democratic norms remain major obstacle to improved relations with Russia
- Permanent member of United Nations Security Council

Rising Global Powers: Brazil, Russia, India and China

India



Rising Global Powers: Brazil, Russia, India and China

India

Size of Population, Education Levels and Territorial Reach

- 1.2 Billion people, with population growing at 1.548% a year
- Estimated life expectancy at birth:
 - Male → 67.46 years
 - Female → 72.61 years
- Enrollment: Primary (101%); Secondary (54%); Tertiary (7%)

Rising Global Powers: Brazil, Russia, India and China

India

*Size of Population, Education Levels and Territorial Reach
(cont'd)*

- Slightly more than one-third size of USA
- Shares borders with numerous countries including Bangladesh, China and Pakistan

Rising Global Powers: Brazil, Russia, India and China

India

Presence of Natural Resources

- Fourth largest coal reserves in world; iron ore; natural gas; petroleum

Rising Global Powers: Brazil, Russia, India and China

India

Strength of Economy

- Outsourcing accounts for less than 10% of economy
- 22% of India's economy is export-related
- Growth for 2009 is estimated to be 5% (8.5% in 2006; 9.0% in 2007; and 7.3% in 2008)

Rising Global Powers: Brazil, Russia, India and China

India

Strength of Economy (cont'd)

- World-class technology sector; increasingly, Indians educated in United States with advanced degrees in science, technology, engineering and mathematics returning home
- Youthful population; domestic demand from growing middle class (50 million people); and business innovations are key drivers of India's economy

Rising Global Powers: Brazil, Russia, India and China

India

Strength of Economy (cont'd)

- Population size presents major social, economic and environmental problems
- Highest rates of malnutrition – Nearly double that of Sub-Saharan Africa. One of the highest percentages of undernourished children in the world. Undernutrition is particularly important issue as it impedes productivity, economic growth and poverty reduction

Rising Global Powers: Brazil, Russia, India and China

India

Stability of Political System

- World's Largest Democracy
- Two Critical Challenges Facing India:
 - How to maintain stability in the face of persistent Pakistani instability?
 - How to address grievances of India's 150 million Muslims?

Rising Global Powers: Brazil, Russia, India and China

India

Stability of Political System (cont'd)

- Prime Minister chosen by parliamentary members of majority party; current Prime Minister is from Congress Party: Manmohan Singh

Rising Global Powers: Brazil, Russia, India and China

India

Stability of Political System (cont'd)

- General Elections started yesterday and continue through to May 13
- Battle between Congress Party-led coalition and leading opposition Bloc, headed by the Bharatiya Janeta Party (BJP)

Rising Global Powers: Brazil, Russia, India and China

India

Stability of Political System (cont'd)

- Currently expectation is that no party will emerge with a clear majority, which could mean weeks or months of political uncertainty as parties negotiate for power

Rising Global Powers: Brazil, Russia, India and China

India

Military Strength

- Nuclear power
- Voluntary service
- American and Indian militaries have increased joint exercises
- World's third-largest military (behind USA and China)

Rising Global Powers: Brazil, Russia, India and China

India

Military Strength (cont'd)

- Opened air base in Tajikistan – first Indian military air base overseas

Rising Global Powers: Brazil, Russia, India and China

India

Willingness of Others to Follow Your Lead

- In Afghanistan, Indian Government has been active in an array of development projects including building highways, training Afghan police, diplomats and civil servants and support for health, education and other sectors

Rising Global Powers: Brazil, Russia, India and China

India

Willingness of Others to Follow Your Lead (cont'd)

- Influence of Bollywood movies in spreading India culture
- Weakening of Non-Aligned Movement in Post-Cold War era

Rising Global Powers: Brazil, Russia, India and China

China



Rising Global Powers: Brazil, Russia, India and China

China

Size of Population, Education Levels and Territorial Reach

- 1.3 billion people, with population growing at 0.655%
- Fertility Rates in China are well below the replacement level of 2.1 births per woman

Rising Global Powers: Brazil, Russia, India and China

China

Size of Population, Education Levels and Territorial Reach (cont'd)

- Worker population likely to peak within next decade
- Estimated Life Expectancy at Birth
 - Male → 71.61 years
 - Female → 75.52 years

Rising Global Powers: Brazil, Russia, India and China

China

Size of Population, Education Levels and Territorial Reach (cont'd)

- Enrollment: Primary (106%); Secondary (73%); Tertiary (7%)
- China is roughly size of continental United States
- Shares Borders with numerous countries including Afghanistan, Burma, India, North Korea, Russia and Vietnam

Rising Global Powers: Brazil, Russia, India and China

China

Presence of National Resources

- Coal, Iron Ore, Petroleum, various other minerals
- Significant effort by China to secure key raw materials needed for its economy
 - Coal and iron ore from Australia
 - Various minerals from African nations
 - Oil from Saudi Arabia, Angola, Iran and others

Rising Global Powers: Brazil, Russia, India and China

China

Strength of Economy

- Deng Xiaping launched transformation of China's rural, agrarian economy and state-controlled enterprises in 1978 with encouragement of market-oriented reforms ("Socialism with Chinese characteristics") and in 1980 with the creation of China's first "special economic zone" to experiment with foreign investment and export manufacturing
- China's government has focused on creation of heavy industry and on exports

Rising Global Powers: Brazil, Russia, India and China

China

Strength of Economy (cont'd)

- China now has world's third-largest economy (behind USA and Japan)
- Since May 2008 China has become World's second-largest importer of crude oil (behind USA); imports in excess of 53% of its oil

Rising Global Powers: Brazil, Russia, India and China

China

Strength of Economy (cont'd)

- Reforms instituted by Deng and subsequent Chinese leaders have raised millions of people out of poverty, improved domestic stability and increased China's influence in international affairs
- Communist Party had been beneficiary of economic progress

Rising Global Powers: Brazil, Russia, India and China

China

Strength of Economy (cont'd)

- Conversely, economic challenges → rising unemployment, civil unrest → has potential to weaken grip on power held by Communist Party
- Rapidly aging population → estimated that population of 146 million senior citizens will increase to 290 million by 2025

Rising Global Powers: Brazil, Russia, India and China

China

Strength of Economy (cont'd)

- Environmental degradation threatens China's economic development
 - Increasing levels of cancer and respiratory diseases
 - Tremendous air and water pollution
 - World's largest emitter of greenhouse gases

Rising Global Powers: Brazil, Russia, India and China

China

Strength of Economy (cont'd)

- Estimated that Chinese economy needs to expand at least 8% each year to promote jobs for the 20 million people who annually join the work force
- Consumer spending in China accounts for approximately 35% of GDP – contrast with more than 75% in USA

Rising Global Powers: Brazil, Russia, India and China

China

Strength of Economy (cont'd)

- China's Growth in 2009 is expected to decline to 6.5%; (as contrasted with 9% in (2008); 11.4% (2007); 11.1% (2006))

Rising Global Powers: Brazil, Russia, India and China

China

Strength of Economy (cont'd)

- China's reserves stand at US \$2 trillion
 - US \$652 billion in U.S. Treasury securities
 - US \$376 billion in U.S. Government-sponsored enterprises like Fannie Mae and Fannie Mac

Rising Global Powers: Brazil, Russia, India and China

China

Strength of Economy (cont'd)

- In November 2008 Chinese Government announced a US \$585 billion Stimulus Plan
- Package adopted in part to address loss of factory jobs by 20 million migrant workers who were forced to return to rural areas

Rising Global Powers: Brazil, Russia, India and China

China

Strength of Economy (cont'd)

- Exports plummeted 25.7% in February 2009
- Social safety net largely lacking in China; result is very high rates of saving and this in turn makes it difficult for Chinese Government to stimulate domestic consumption

Rising Global Powers: Brazil, Russia, India and China

China

Stability of Political System

- Communist state since October 1949: no meaningful political opposition groups
- President Hu Jin Tao (since March 2008); Premier Wen Jiabo (since March 2003); President is elected by National People's Congress for five-year term (eligible for a second term); Premier nominated by President and confirmed by National People's Congress

Rising Global Powers: Brazil, Russia, India and China

China

Stability of Political System (cont'd)

- Inability of Chinese leadership to address popular protests on wide range of topics: Sichuan Province earthquakes and allegations of shoddy construction of schools; Melamine in China's milk supply; Internet restrictions; Corruption at local and provincial levels
- Tensions with ethnic Tibetan and Uighur minorities

Rising Global Powers: Brazil, Russia, India and China

China

Military Strength

- People's Liberation Army (PLA) controls army, marines, navy and strategic missile forces
- Selective compulsory military service obligations for men of 24-month service obligation; All officers are volunteers; 18-19 years of age for women high school graduates

Rising Global Powers: Brazil, Russia, India and China

China

Military Strength (cont'd)

- PLA is described by U.S. Department of Defense in 2009 Annual Report to Congress as transforming from:

a mass army designed for protracted wars of attrition on its territory to one capable of fighting and winning short-duration, high-intensity conflicts along its periphery against high-tech adversaries

Rising Global Powers: Brazil, Russia, India and China

China

Military Strength (cont'd)

- Nuclear power
- China's ability to sustain military power at a distance is limited, but efforts in nuclear, space and cyber warfare have important implications that influence Asia-Pacific military balance and ramifications beyond the region

Rising Global Powers: Brazil, Russia, India and China

China

Military Strength (cont'd)

- Military build-up across straits from Taiwan; Antagonism at Bush Administration for approval of \$6.5 billion arms sale to Taiwan
- Limited transparency in China's military expenditures and PLA's evolving capabilities gives rise to potential uncertainty over China's military intentions and related implications for regional security and stability

Rising Global Powers: Brazil, Russia, India and China

China

Willingness of Others to Follow Your Lead

- Various Bilateral and Multilateral counterterrorism exercises by China with Russia, India, Pakistan and Thailand, and maritime search and rescue exercises with USA, Australia, Great Britain, India and Pakistan
- Peacekeeping missions in Lebanon and Darfur and Humanitarian assistance and Disaster Relief in Asia-Pacific region

Rising Global Powers: Brazil, Russia, India and China

China

Willingness of Others to Follow Your Lead (cont'd)

- USA has sought China's support in negotiations with North Korea over nuclear weapons
- Significant foreign aid/economic development in large number of Sub-Saharan African countries
- Permanent member of United Nations Security Council

Rising Global Powers: Brazil, Russia, India and China

Brazil



Rising Global Powers: Brazil, Russia, India and China

Brazil

Size of Population, Education Levels and Territorial Reach

- 199 million people, with population growing at 1.199% a year
- Estimate life expectancy at birth:
 - Male → 68.43 years
 - Female → 75.73 years

Rising Global Powers: Brazil, Russia, India and China

Brazil

Size of Population, Education Levels and Territorial Reach (cont'd)

- Largest country in South America; Shared borders with numerous countries including Argentina, Paraguay, Bolivia, Peru, Columbia and Venezuela
- Slightly smaller in size than USA
- Enrollment: Primary (166%); Secondary (102%); Tertiary (15%)

Rising Global Powers: Brazil, Russia, India and China

Brazil

Presence of Natural Resources

- Extensive supply of bauxite, gold, iron ore, timber
- Leader in supply of sugar cane utilized in alternate energy, Ethanol
- Huge oil reserves, including off-shore

Rising Global Powers: Brazil, Russia, India and China

Brazil

Strength of Economy

- Large Agricultural, Mining, Manufacturing and Service sectors
- Dominant economy in South America
- GDP growth of 1% - 4% estimated in 2009; 5.1% (2008); 3.7% (2007); 2.3% (2006)

Rising Global Powers: Brazil, Russia, India and China

Brazil

Strength of Economy (cont'd)

- Sovereign Debt of Brazil attained Investment Grade Status in early 2008
- Global Financial Crisis has had major impact on Brazil's stock market – Bovespa: (41%) in 2008 and significant devaluation of Real (from 1.55 Reals = US \$1.00 on August 1, 2008 to 2.1995 Reals = US \$1.00 on April 14, 2009)

Rising Global Powers: Brazil, Russia, India and China

Brazil

Stability of Political System

- In 1985 military regime transferred power to civilian government
- Republic; Multitude of political parties
- President Luiz Inacio Lula Da Silva (Elected January 2003); President and Vice-President elected on same ticket by popular vote; four-year term → Lula Da Silva was re-elected in October 2006 with 60.83% of the vote

Rising Global Powers: Brazil, Russia, India and China

Brazil

Stability of Political System (cont'd)

- Highly unequal income distribution
- Very high crime rates, especially in major urban areas; murder 4x more prevalent than USA

Rising Global Powers: Brazil, Russia, India and China

Brazil

Military Strength

- Not a Nuclear power
- Compulsory military service obligation of 9 to 12 months for men; women have been allowed to serve in the military since 1980s.

Rising Global Powers: Brazil, Russia, India and China

Brazil

Willingness of Others to Follow Your Lead

- Brazil plays major role through its members in various multilateral organizations, including trade (Doha Development Round) where Brazil has been instrumental in articulating goals of developing countries

Rising Global Powers: Brazil, Russia, India and China

MAJOR POWER STATUS

- * China
- * India/Russia
- * Brazil