Chapter 4

BRIC Foundations: New Kids on the Block and the Implications for Transcultural Communication

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Introduction

BRIC: THE ORIGIN OF THE CONCEPT

Going into the second decade of the twenty-first century, there is no escaping the acronym BRIC–Brazil, Russia, India, and China. In what sense could these economically and politically very different countries possibly belong together? The original reference to the BRIC countries comes from Jim O'Neill, the chief economist of Goldman Sachs. In November 2001, O'Neill wrote a succinct 11-page report that focused on the size and growth rates of what he termed "emerging market economies." According to O'Neill, the BRICs' share of global GDP would rise from 8 percent in 2001 to more than 14 percent within just a decade. Given their increasing importance for the global economy, he argued for a radical reform of the G-7, the group consisting of the United States, Canada, Japan, the United Kingdom, France, Germany, and Italy. O'Neill suggested that a new G-9 would make more (economic) sense. This grouping was to include the US, Canada, Japan, the UK, and "Euroland," plus the four BRICs (O'Neill 2001, 3, 10).

Interestingly, this first launch of the BRIC concept did not find much resonance—perhaps because public attention in the West was so focused on the aftermath of September 11. Yet, Goldman Sachs stuck to the notion and published a second, more detailed report on the potential of the BRICs in 2003. "Dreaming with the BRICs" did not dwell on the political implications of the BRICs' growth, but pointed out that "being invested in and involved in the right markets—particularly the right emerging markets—may become an increasingly important strategic choice" (Wilson 2003, 2). Unlike the first report, this one was quickly taken up by major media outlets. *The Economist* was skeptical, however, arguing that the Goldman Sachs forecast was "almost bound to be wrong" (*The Economist* 2003), while the first article on the BRIC countries in Forbes pointed out that social problems such as the infectious diseases still prevalent in the BRICs would cut into economic growth considerably (Egan 2004).

Yet, at the 2004 World Economic Forum in Davos, Goldman Sachs's Peter Weinberg found an audience more receptive to the notion of the quickly ascending BRICs. Other investment banks took up the concept and started to offer BRIC investment funds with promises of high returns. *BusinessWeek* jumped on the bandwagon as well, laying out investment possibilities under the heading "Four Countries You Must Own" (Farrell 2004). By 2004 at the latest, the business community had adopted the concept of BRIC, and business media reported on a variety of phenomena under this heading. São Paulo, Moscow, Mumbai, and Shanghai were hailed as the "powerbases of the future" (Aitken 2005). Readers were filled in on property prices and the lifestyle of "young and trendy executives" in those cities, and they were told about local business media (Aitken 2005).

While the business media were giddy with news of the economic opportunities that the BRIC countries offered, other commentators started to reflect on implications for the global political order related to the rise of the BRICs. Four years after Jim O'Neill had clearly called for the reform of international economic policy fora and demanded the inclusion of the BRIC states, International Affairs dedicated a special issue to the BRICs' foreign and economic policy strategies (Hurrell 2006). The BRICs' challenge to the status quo of international order has been a matter of constant discussion since then, and analysts have warned direly that "Western leaders would do well to recognize not only the economic significance of the BRICs but also that these countries want to be rule-makers, not just rule-takers" (Roberts 2010, 9).

The rise of the BRICs might have thrilled investors, but it also made some analysts apprehensive, as was evident in titles published even by established academic publishing houses, not to mention the popular press: "Challengers or Stakeholders: BRICs and the Liberal World Order" (Roberts 2010), *Rising States, Rising Institutions: Challenges for Global Governance* (Alexandroff and Cooper 2010), or *The War for Wealth* (Steingart 2008). As these catchphrases indicate, the rise of the BRICs has hit a nerve. It is not clear if the unease is more related to losing wealth, or more to the threat to liberal principles posed by China and India, or to the acceptance of undemocratic political orders in China and Russia.

Whatever the political misgivings and their own heterogeneity, the increasing presence of the BRICs in international markets cannot be denied. This chapter traces the rise of the BRIC states and BRIC transnational corporations. It shows how BRIC growth is tied up with emerging economic relations with established economies and what implications the growing importance of the BRICs has for transcultural contact in business and management.

The Rise of the BRIC Economies

Jim O'Neill's (2001) seminal paper is based on a projection of real (that is, inflation-adjusted) GDP growth from 2001 to 2010. On this basis, he predicted that the center of gravity in the world economy would move towards emerging economies. No longer would the world's richest economies also be its largest. Were O'Neill's projections far off the mark? Yes, in that they over- or underestimated growth rates, sometimes severely so (see Table 4.1). China, for example, grew 3.5 percentage points faster than predicted, despite the financial crisis of 2008, whereas the US grew 1.3 percentage points more slowly. But no, in that the shift of the relative economic weight towards the BRIC countries had turned out to be even more marked than O'Neill had predicted.

Table 4.1 Predicted and *de-facto* GDP growth in the BRIC countries, 2001–10

	Annual Real GDP Growth (2001–2010)		
	prediction	de-facto	deviation
Brazil	4.0	3.6	-0.4
Russia	4.0	4.9	+0.9
India	5.0	7.5	+2.5
China	7.0	10.5	+3.5
USA	3.0	1.7	-1.3
Euro Area	2.5	2.0	-0.5
UK	2.5	1.4	-1.1
Japan	1.0	0.7	-0.3

Sources: O'Neill 2001 and IMF World Economic Outlook 2011

Adjusted for purchasing power, the BRICs had a 17.0 percent share of world GDP in 2001, whereas this stood at 25.0 percent only ten years later. This increase was largely driven by China, which increased its share of the world economy from 7.6 percent to 14.3 percent in this period, whereas Brazil's contribution remained virtually constant (IMF World Economic Outlook 2011). Figure 4.1 shows that in terms of total purchasing power, China is drawing close to the US and the EU and has logged remarkable growth rates for the past 30 years. Brazil and Russia, both rather resource-dependent economies, are on a considerably slower growth path. Russia's GDP shrinkage bottomed out towards the end of the 1990s and it returned to sustained growth in 1999, while Brazil had a somewhat lower overall growth rate.

A look at the statistics for GDP per person (Figure 4.2) reveals that there is still much catching up to do for BRIC countries in terms of individual wealth. GDP per person of the wealthiest BRIC country, Russia, is still less than half of that in the United States. What is more, total economic growth has not always translated into people becoming wealthier. China has done best in converting total growth into individual income increases, whereas Brazil has largely grown due to population growth and not because its population has become wealthier.

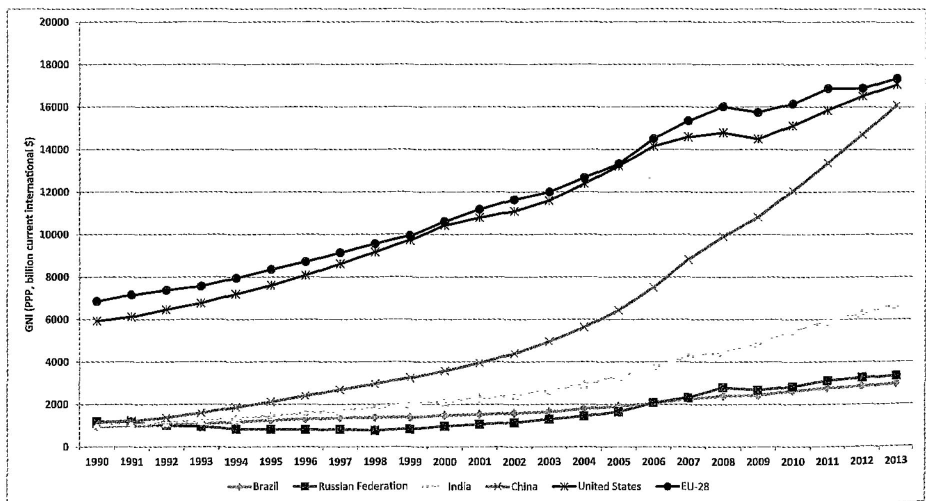

Figure 4.1 **Development of total GNI (Purchasing Power Parity, current international USD) in the BRICs from 1990 to 2013 as compared to the United States and the EU-28**

Source: World Bank

Moreover, a number of factors might moderate future increases in individual wealth. For one thing, the unequal distribution of income in countries such as Brazil (see Table 4.2) hamstrings the emergence of domestic demand as a significant driver for economic growth. For another, historic evidence seems to suggest that fast-growing economies often take a hit when GDP (PPP) per capita reaches a threshold of about USD 17,000—the so-called middle-income trap (Eichengreen et al. 2011). At this point, productivity improvements become harder as the supply of cheap labor dries up and the gains from importing foreign technology diminish. Russia reached this threshold in 2008, and although the financial crisis may have contributed to this, the country's growth rate has not rebounded to the 5 percent and more it had before the crisis. China, too, is bound to hit this ceiling before 2020 and, if this story repeats itself, experience a downshift in its growth rate.

Extending our purview beyond a narrow focus on GDP reveals a number of fundamental differences between the BRICs (Table 4.2). India, for example, is a

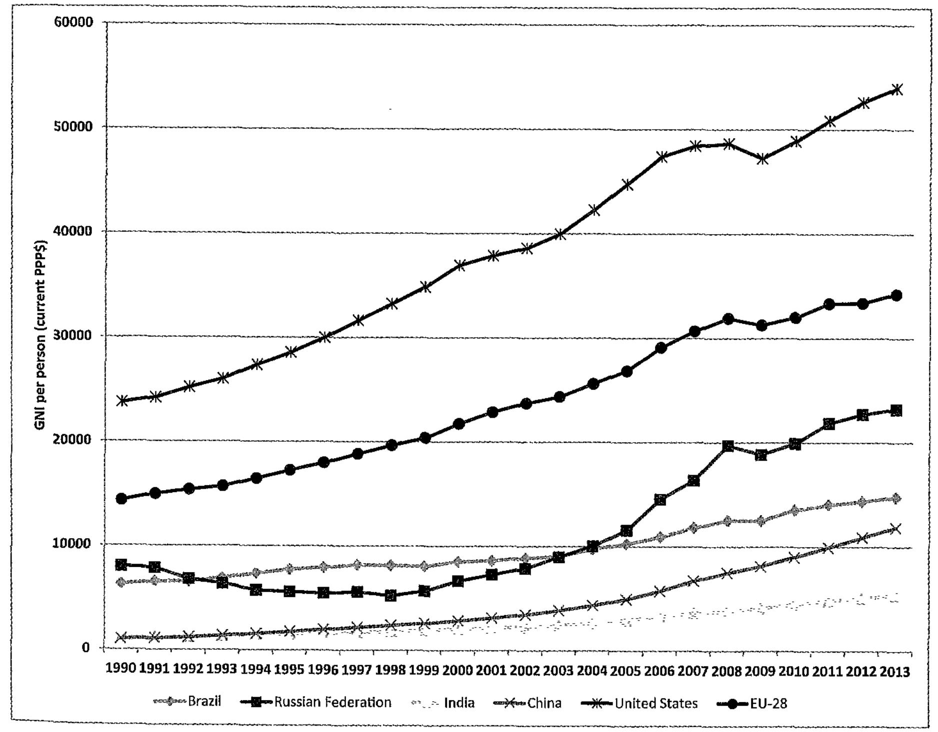

Figure 4.2 **Development of GNI per capita (PPP$) in the BRICs from 1990 to 2013 as compared to the United States and the EU-28**

Source: World Bank

Table 4.2 Key indicators of the BRIC economies (2012)

	Brazil	Russia	India	China
Socio-Economic Indicators				
Population [million]	200.4	143.5	1,252.1	1,357.3
Population (projection 2030)[†]	222.8	132.4	1,476.4	1,426.1
Population (projection 2050)[†]	231.1	119.8	1,620.0	1,351.1
GDP [trillion current USD]	2.24	2.10	1.88	9.24
GDP per capita [current USD]	8,230	14,611	1,192	6,807
GDP per capita, PPP [current USD]	15,033	24,120	5,410	11,903
Income level	upper middle	high	lower middle	upper Middle
External debt stocks [of GNI]	19.9%	19.8%	20.8%	9.1%
Current account balance [of GDP]	- 2.4%	- 2.4%	- 4.9%	2.3%
Inflation, GDP deflator	7.6%	7.5%	6.9%	1.7%
Agriculture [of GDP]	6%	4%	18%	10%
Adult Literacy Rate	91.3%	99.7%	n/a	95.1%
Poverty headcount ratio at national poverty line	9.0%	11%	21.9%	n/a
Income share held by highest 10%	42.9%	31.7%	28.8%	30.0% *(2009)*
Life expectancy at birth [years]	73.6	70.5	66.2	75.2
Internet users [per 100]	51.6	61.4	15.1	45.8
Urban population [of total]	85.1%	74.2%	32.0%	53.1%
Military expenditure [of GDP]	1.4%	4.2%	2.4%	2.1%
CO2 emissions [metric tons per capita] *(2010)*	2.2	12.2	1.66	6.19
Ease of Doing Business	116th	92nd	134th	96th
World Governance Indicators	[percentiles—higher is better]			
Voice and Accountability	61	20	58	5
Political Stability	48	21	12	28
Government Effectiveness	50	41	47	56
Regulatory Quality	55	39	34	44
Rule of Law	52	24	53	39
Control of Corruption	56	16	35	39

Table 4.2 *Concluded*

	Brazil	Russia	India	China
World Values Survey [year]	2006	2011	2006	2007
Feeling of happiness ["very happy"]	34.0%	14.8%	28.9%	18.8%
Aims of the country for the next ten years?				
Economic growth	57.4%	68.4%	40.2%	35.5%
Strong defence forces	9.1%	9.8%	11.6%	19.3%
People should have a greater say	27.9%	15.9%	11.3%	7.0%
Pride of nationality ["very proud"]	39.0%	28.6%	68.8%	22.4%
Men make better political leaders than women ["agree strongly"]	5.8%	19.9%	17.8%	8.3%

† US Census Bureau
Source: World Bank, unless indicated otherwise

member of the BRICs by virtue of the size of its economy but still has to grapple with major challenges in the area of human development. Adequate nutrition and basic education are still not the rule in some parts of the country. GDP per capita is less than one-tenth that of Russia. Only 15 out of 100 people are internet users, and most of its population lives in rural areas. For many people in India, the glitzy world of global business and investment opportunities that gave birth to the concept of BRIC is a far cry from daily reality.

Russia, by contrast, stands out because of its exceptionally bad performance in governance—that is even true within the company of the BRIC economies, all of which are far removed from the liberal ideal. Although it is the only high-income country in the grouping, it scores worse than almost every other country on the World Bank's six governance indicators. Corruption and graft are rampant, and legal nihilism undermines the rule of law (see Chapter 8). In comparison to residents of the other BRIC countries, Russians also score worse on another major indicator of human well-being: happiness. According to the World Values Survey, Brazilians are more than twice as likely to feel very happy than Russians. Indians are also happier than Russians and Chinese, underscoring that material wealth does not equal spiritual well-being. What unites citizens of the BRIC states, nevertheless, is a strong preference for pursuing economic growth as the primary aim of the country over other aims such as more public participation.

Foreign Direct Investment and Transcultural Contact

As the BRIC economies are becoming more important in the world economy and their citizens are getting wealthier, we can also expect a growth in transcultural contact. Increasing wealth leads to increased outbound tourism, for example, and tourist destinations around the world have indeed experienced and will continue to experience a sharp upward trend in arrivals from BRIC countries (Conway 2010). While tourism results in mostly transitory transcultural contacts, migration is often a more lasting phenomenon. Migrant flows between some BRIC countries and established economies are already substantial, in particular where historical colonial links are present (India and Britain; Brazil and Portugal/Spain), but will become even more visible, in particular with labor and educational migration picking up speed.

In business, too, growing investment ties will lead to more transcultural contacts, both in negotiations with foreign partners and as expatriates are sent to open new or manage acquired foreign subsidiaries. This relationship works both ways. Savvy investors from established economies enter BRIC countries to do business and take advantage of growing markets. At the same time, companies from BRIC countries increasingly have the size and purchasing power to expand their interests abroad and invest in other economies (Jain 2006). Leaving tourism and migration aside, this section will examine in more detail the interpenetration of BRIC and established economies through foreign direct investment (FDI) and the related challenges for transcultural communication.

Foreign direct investment is the most significant channel of creating business ties that lead to long-lasting transcultural contacts. FDI now outstrips trade in its importance for delivering goods and services to foreign markets (Sauvant 2005). While trade represents a mode of economic exchange with rather limited transcultural contact, FDI—whether in the form of mergers and acquisitions (M&A) or of greenfield investment—comes with a stronger exposure to cultural difference as companies set up shop in foreign countries. While dealing with cultural differences in a corporate setting already poses a challenge within the familiar confines of North America and Western Europe (for example, Stahl and Mendenhall 2005), this situation is exacerbated as BRIC economies enter the field as major players. The case of Brazil's Vale acquiring Canada's Inco is instructive here (see Text Box 4.1).

TEXT BOX 4.1: CULTURAL CONFLICTS: BRAZILIAN VALE BUYS CANADIAN INCO

When Brazilian mining giant Vale bought Canadian miner Inco for USD 16.7 billion in 2006, the deal came as a surprise to many. Its size marked a milestone for BRIC companies acquiring stakes in established economies and underscored the financial prowess of BRIC corporations. It was Vale's first major deal abroad, and it should soon cause its top management major headaches. In a clash of organizational cultures, Vale's top-down management style conflicted with a more consensual approach at Inco, resulting in strained relations. A few weeks after the acquisition, a meeting between Vale and Inco top management came to an abrupt end with what the *Financial Times* describes as "one of the Brazilians losing his temper [and snapping] 'How come, if you're so smart, you didn't take us over?' … 'We're a culture of 'why?'" says a former Inco executive, referring to the constant exchange of ideas and decentralized decision-making that was encouraged by the former Canadian management. On the other hand, he says, "the Brazilians were: 'I told you to do this. Now do it.' … Hinting at the disdain that the Canadians felt towards their new bosses, one of the former Inco employees says that "to run an iron ore business [Vale's core business] is almost like a high school diploma. Nickel [Inco's core business] is a PhD" (Simon and Wheatley 2010).

In the course of the integration, the majority of Inco's senior management and key engineers were replaced. Vale's unilateral attempt to restructure the bonus system and to switch from a defined-benefit to a defined-contribution pension scheme resulted in a prolonged strike by miners. Culture was at the center of the heated disputes. One union representative was quoted as saying: "Vale can go and get stuffed. We are sick and tired of foreign capitalists coming in and undermining the Canadian way of life" (Wheatley 2010). "They are not going to change our culture" (Tayti 2009).

Statistical evidence bears out the perception that mutual investment ties are intensifying. The World Investment Prospects Survey 2013 to 2015 put China, India, and Brazil in the top five of the most attractive economies (UNCTAD 2013). In 2012, the BRICs attracted almost one-fifth of the global FDI inward flows (China 9.0 percent, Russia 3.8 percent, India 1.9 percent, and Brazil 4.8 percent), roughly matching the relative shares in global output and topping the table of FDI inflows to emerging and developing economies. The share of FDI in the world economy was equal to that of the EU. All BRIC countries experienced a dramatic surge in inward FDI in the middle of the 1990s, with China receiving the largest investments (Figure 4.3). Towards the end of the 2000s, the financial crisis led to a moderation of inward FDI between 1 and 3 percent of GDP. Figure 4.5 shows that China had the largest absolute inward FDI stock, but Brazil had the largest stock relative to the size of its economy.

By contrast, outward FDI from the BRIC countries only started to become significant in the early 2000s, but at the beginning of the 2010s at least matched if not exceeded levels of inbound FDI (Figure 4.4). China was the most active investor among the BRICs, with outward FDI now far surpassing inward FDI. Russia, too, is actively investing abroad, whereas Brazil and India have, in fact, reduced their exposure.[1] Still, the share of BRIC outward FDI in global FDI stood at only about half that of the inflows in 2012 and at about half that of the EU (10.2 percent). As a result of the growing FDI outflows, outward FDI stocks, too, have jumped up sharply (Figure 4.6). China has overtaken Russia in recent years, but each of the BRIC states has experienced sharp increases since the early 2000s.

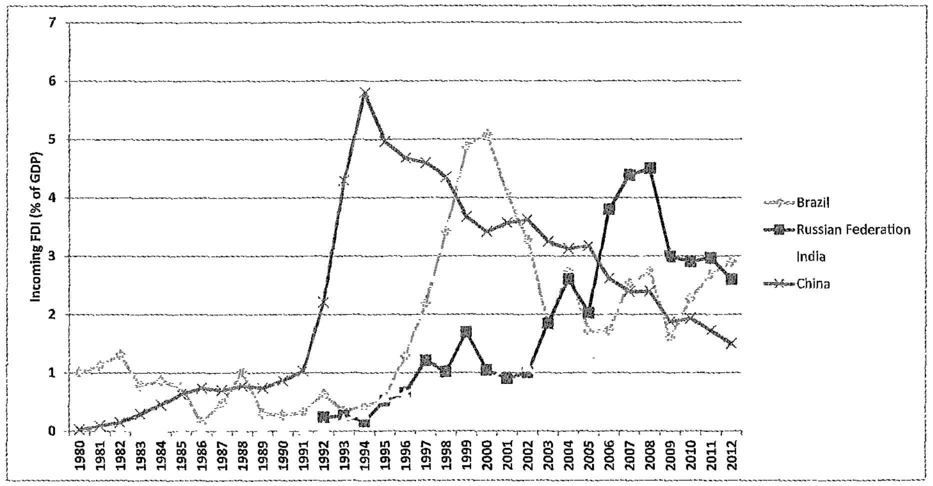

Figure 4.3 Development of inward foreign direct investment (% of GDP) in the BRICs from 1980 to 2012

Source: UNCTAD FDI Database

1 Note that these figures are inflated due to the common practice of round-tripping, that is, the transfer of capital to offshore locations for tax purposes and then investing back into the home economy as opportunities arise. Through this process, capital of home origin is nominally converted into FDI. Estimating the percentage of round-tripping capital is difficult due to the absence of adequate statistics.

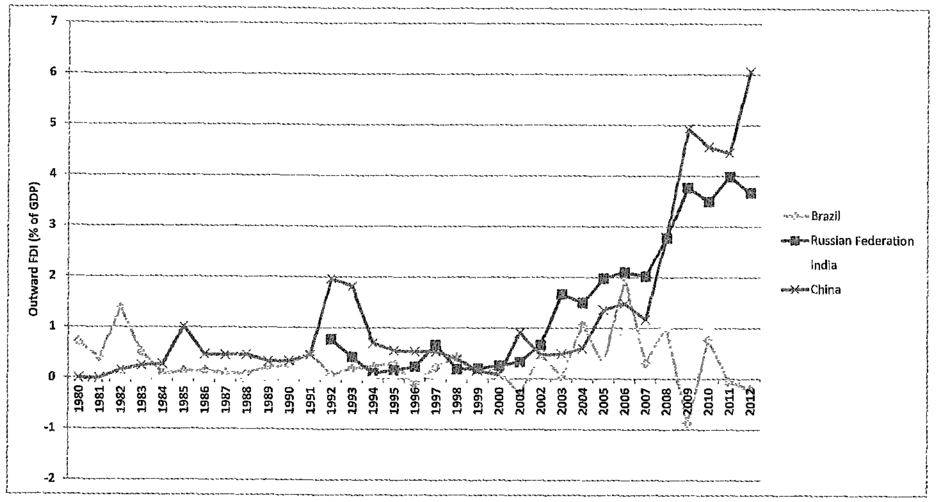

Figure 4.4 Development of outward foreign direct investment (% of GDP) in the BRICs from 1980 to 2012

Source: UNCTAD FDI Database

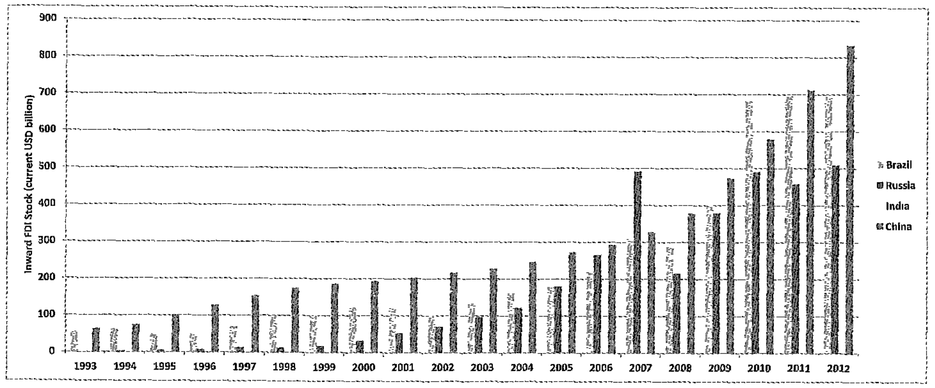

Figure 4.5 Development inward FDI stocks (USD billion) in the BRICs from 1993 to 2012

Source: UNCTAD FDI Database

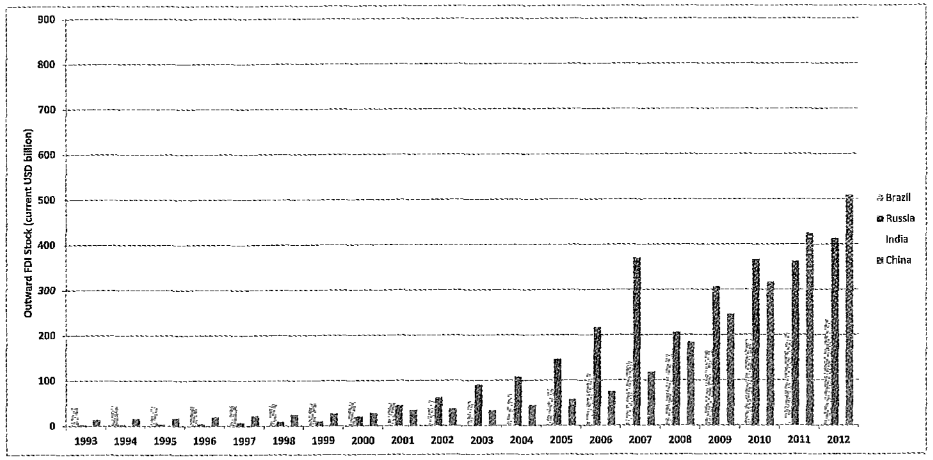

Figure 4.6 Development outward FDI stocks (USD billion) in the BRICs from 1993 to 2012

Source: UNCTAD FDI Database

The characteristics of outward FDI vary among the BRIC countries with no clear patterns. For Brazil and Russia, the major destinations are established economies; India has a roughly equal balance of established and emerging economies, whereas China predominantly targets developing economies. In Russia, the primary sector dominates as a target of outward FDI, in India it is the secondary sector, and in China and Brazil it is the tertiary sector (Davies 2010b; Lima and de Barros 2009; Panibratov and Kalotay 2009).

Despite the BRICs' quick growth in outward FDI, BRIC transnational corporations (TNCs) still show a low degree of foreign assets, sales and employment when compared to TNCs in established economies. Only four TNCs from BRIC countries are listed among the world's 100 largest TNCs in terms of foreign assets. Three them are Chinese state-owned companies, while the other is Brazil's mining giant Vale. The investment company CITIC Group is ranked 36th, just ahead of Norway's Statoil, Vale is ranked 66th just ahead of Samsung, China Ocean Shipping 73rd just behind British retailer Tesco and China National Offshore Oil 98th, just before Philips. Of the largest BRIC TNCs, a vast majority operate in resource-based sectors such as oil and gas, mining, and metals (Table 4.3). Knowledge-based and tertiary sector industries are still rare, although China's Lenovo and India's Bharti Airtel have made it into the emerging top 50 in the past years. A significant proportion of these companies are state-owned or state-controlled, such as all Chinese TNCs in Table 4.3, Petrobras of Brazil, Gazprom of Russia, and the Oil and Natural Gas Corporation of India.

Table 4.3 Ranking of BRIC TNCs among the top 50 non-financial TNCs from developing and emerging economies by foreign assets (2012)

Rank	Origin	Logo	Corporation	Sector	Foreign		
					Assets [million USD]	Sales [million USD]	Staff
2			CITIC Group	Conglomerate	78 602	9 561	25 285
5			Vale	Mining	45 721	38 326	15 680
6			China Ocean Shipping	Shipping and Logistics	43 452	19 139	4 400
7			China National Offshore Oil	Oil and Gas	34 276	21 887	3 387
9			Lukoil	Oil and Gas	31 174	113 801	18 144
17			Gazprom	Oil and Gas	23 425	92 016	27 400
20			Tata Motors	Automobile	21 575	26 519	20 379
24			China National Petroleum	Oil and Gas	19 284	11 296	31 442
29			Petrobras	Oil and Gas	16 927	14 071	7 640
30			Gerdau	Metals	15 684	11 677	19 211
32			Bharti Airtel	Telco	15 153	4 442	10 514
33			Tata Steel	Metals	14 994	17 658	37 638
35			Sinochem	Petroleum	14 704	55 555	9 828
44			Lenovo	Electronics	11 962	19 335	8 092
47			Hindalco	Conglomerate	11 325	11 249	11 618
50			Oil and Natural Gas Corporation	Oil and Gas	10 930	3 233	3 908

Source: UNCTAD Word Investment Report 2014

With the rapid growth of outward FDI in the past years, however, BRIC TNCs are likely to make further inroads into the global top 100 TNCs and become more active abroad. Among the largest deals in the past have been the 2007 acquisition of Corus Group of Britain by Tata Steel of India for USD 13.5 billion, the 2006 acquisition of Inco of Canada by Vale of Brazil for USD 16.7 billion (see Text Box 4.1), and the 2013 acquisition of Canadian Nexen by China Offshore Oil for USD 15.1 billion. But big deals are also closed with other BRIC economies and developing countries: Sinopec's 2010 acquisition of a minority stake in Repsol's Brazilian operations for USD 7.1 billion and India's Bharti Airtel's acquisition of Nigeria's Zain Africa for USD 10.7 billion are likely to mark only the beginning of a larger acquisition and investment spree fuelled by strong growth of corporate revenues and profits in the BRIC economies.

Notwithstanding the rapid expansion of TNCs from BRIC economies, inward investment from TNCs headquartered in established economies still dominates the game in BRIC economies. Liberalization, deregulation, and other improvements in the investment climate have driven part of the inward FDI growth in the BRIC economies. With China's accession to the WTO in 2001 and Russia's entry in 2012, barriers for FDI are being progressively removed. The EU is the main source of inward FDI for Brazil and Russia, with more than half of the capital inflows originating there. The figures for India and China are much lower, which is partly attributable to the significant intra-regional investment flows in Asia, but inflows from the EU still outstrip the inward flows from both the US and Japan. Even though the EU is a major investor, the share of BRIC holdings in total FDI stocks has only been growing slowly. This can be partly attributed to attractive investment opportunities elsewhere, specifically in Eastern Europe, and the continuing dominance of established economies in the FDI market (Hunya and Stöllinger 2009).

The sector distribution of inward FDI into BRICs is somewhat uneven. In India and Brazil, the service sector attracts the majority of FDI, whereas it is manufacturing in China, and oil and gas in Russia (Davies 2010a; Kuznetsov 2010; Satyanand and Raghavendran 2010). All BRIC countries boast a significant presence of wholly or partly owned foreign subsidiaries. Large recent M&A deals have included Spain's Telefonica buying a USD 10.5 billion stake in Vivo, the largest Brazilian mobile phone operator, and PepsiCo purchasing Wimm-Bill-Dann, a Russian dairy and fruit juice company, for USD 3.8 billion.

The emerging shift from "cozy" M&As within Western Europe and North America, which for the time being are still the home markets for big deals, to M&As between companies from BRIC and established economies has so far

received little attention from scholars. What is sometimes called the second wave of globalization underscores the necessity of dealing with challenges associated with corporate integration and transcultural communication. Sauvant (2008a) emphasizes that "the bottleneck in this respect is often not so much finance or even technology, but human resources with the experience of managing regional or global production networks and risks associated with that" (9). The expectations of the new partners are often divergent, not least because they operate in different institutional environments. In addition to issues of organizational culture, geopolitical sensitivities can also intervene, as demonstrated by the case of Rio Tinto and Chinalco (Text Box 4.2). This highlights the attractions of an approach that takes a broader look at the institutional and historical foundations of cultures instead of focusing only on organizational cultures. For, as in the case of Rio Tinto and Chinalco, companies are embedded into particular institutional environments that shape their scope of action in unique ways.

TEXT BOX 4.2: OPPOSITION TO M&A BIDS FROM BRIC ECONOMIES—THE CASE OF RIO TINTO AND CHINALCO

While greenfield investments propose to build new production capacities and create new jobs, M&A bids are often received with some apprehension because of potential downsizing of the workforce and shutting down of operations that sometimes come with the realization of synergies. In the case of BRIC TNCs' bidding for corporate takeovers, there has frequently been fierce opposition nurtured by fears of the culturally alien which has resulted in deals being postponed or shelved altogether (Goldstein 2008). The controversy surrounding the bid by Chinalco, a Chinese mining firm, for an almost USD 20 billion stake in the Anglo-Australian corporation Rio Tinto, one of the world's largest mining companies, in 2009 is an instructive example. Senior management initially welcomed the bid as a means to provide additional liquidity to refinance existing debts in the midst of the financial crisis. But the Australian government and regulators were very apprehensive of growing Chinese influence in a strategically important sector. This fear was even stronger as the Australians considered state-owned Chinalco a pawn of the Chinese government in the game to secure the supply of iron-ore in what had been a seller's market. Rio Tinto eventually spurned the deal and China retaliated with the arrest of four Rio Tinto staff on charges of bribery and cartel formation, which temporarily soured relationships between Australia and China (see also Yao et al. 2010). In this case, the mix of cultural reservation and geopolitical concerns created an explosive cocktail that brought down the proposed investment.

Conclusion

BRIC-À-BRAC: IMPLICATIONS FOR TRANSCULTURAL COMMUNICATION

The French term bric-à-brac refers to a collection of random curiosities. Indeed, if we look at the BRIC countries from an economic perspective, there are few commonalities between their economies. We have resource exporters as well as importers, some with trade deficits, others with surpluses. Beyond the economies, we find even more pronounced differences: the BRICs' political systems range from established democracies to autocracies; India and Brazil are former colonies, whereas Russia and China were imperial powers. BRIC is, at most, convenient shorthand for the four largest emerging economies. But what gives the concept staying power, especially in Europe and the United States, is that it conveys and constructs a challenge to the economic supremacy of the "advanced economies" and raises the specter of a swing in the global order and the move towards a multi-polar world. What started out as a list of countries offering profitable opportunities for investment has turned into a controversy about "major powers" in the international order of the twenty-first century. The notion of BRIC countries has taken on geopolitical meaning, making it politically controversial. Discussions about the BRICs imply discussions about the status in the international system, about playing a global role in politics. That became even truer after the protracted financial crisis started in 2008, which saw the established economies reel from economic turmoil and questioned the long-term viability of the existing economic world order.

In its heterogeneity, the BRIC concept epitomizes the transcultural metaphor of the rhizome: distinct parts connected at some ends and loose at others. This veritable bric-à-brac is a heterogeneous assemblage of countries with different values, different levels of economic development, and different political systems, growing roots and tubers, concluding alliances, and developing partnerships. But despite the outward heterogeneity, the rapid rise of the BRIC states has shaken up Western complacency regarding the global order. The economic power and sheer size of the BRIC countries has raised important questions about global governance, and though the BRICs are a diverse group, they do share the overall political goal of revising the global order—powerful newcomers who wish to see their rising status reflected in the makeup of global institutions.

In this geopolitical vision of challengers and defenders, conflict scenarios are frequently invoked. And indeed, if the case studies of Brazil's Vale in

Canada and China's Chinalco in Australia tell us something about the future, it is that interactions between the new kids on the block and the stalwarts of the old world order might often end badly in the absence of a large measure of mutual understanding as well as adaptation. Given that these interactions are expected to grow rapidly, nurturing transcultural communication is crucial to finding a *modus vivendi* beyond the paralyzing repetition of the binaries of new and old, challenger and defender, self and other. Just as the mangrove grows in salt water and in brackish water, its roots constantly wandering, we will have to learn to establish a transcultural space of communication that means moving out of the comfort zone for every one of the participants. To be sure, this is a tall order. But given what is at stake—is it not worth the effort?

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