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THE RISE OF BRIC, THE 21ST CENTURY GEOPOLITICS AND THE FUTURE OF THE CONSUMER SOCIETY

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Abstract: The rise of "emerging powers" – a group that usually includes the so-called BRIC (Brazil, Russia, India, and China) but which sometimes is applied more broadly to include South Africa, Mexico and other nations – is reshaping the global economy and, more gradually, international politics. Growing much faster than the rest of the world, these economies are changing the structure of international production and trade, the nature and direction of capital flows, and the patterns of natural resource consumption. At the same time, the growth of these countries is beginning to shift the global distribution of power, forcing the great powers to come to terms with reality that they will need to share management of international rules and systems in the coming decades. During the last years, the world has been confronted with a series of unparalleled crises: from the environmental crisis, to the energy crises, the food crisis. In this context, we may raise the question of the role and the contribution of the countries belonging to BRIC in the approach to the resolution of the fundamental problems of the global international system. Will it put an end to the continuous growth of the crisis of these economies? Will the countries belonging to the BRIC manage to protect themselves from this global trend? Or this crisis represents an opportunity for them to decisively contribute to the stabilization and growth of the world economy?

Key words: geopolitics, new economy, consumerism, crises JEL Classification: E21, F43, F59, G18

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The future of the future is in the present. The future is already with us in varying degrees. The challenge is not of seeing the future but of seeing key aspects and events in the present and understanding the impact they could have tomorrow.

The first decade of the 21st century will go down as representing a strategic inflection point in the global economic landscape. For the first time in almost two hundred years, it is in this decade that the combined GDP of the emerging economies will catch up with and race ahead of the developed ones. China and India – the biggest contributors to world economic growth – are the flag bearers of this transformation. At the outset, it is important to remember that the rise of China and India is a case of renaissance, of re-birth. Other than economic historians, few people know that, for much of the last two thousand years, China and India were the two largest and, by the standards of those times, among the most scientifically and technologically advanced societies in the world. China invented paper, gunpowder, and the compass, among other revolutionary innovations. In turn, India brought to the world abstract mathematical concepts such as the number zero, negative numbers, decimals, and fractions. Barely a hundred years later, the tables had turned, and by 1950, the giants had become pygmies accounting for less than 10 percent of the world economy, even adjusting for Purchasing Power Parity (PPP).

Is the 21st century going to be the Asia century, as the 20th century was the America century and the 19th century was Europe's? Many economists and commentators agree that it might be, thanks to the contribution of China and India to the world's economic growth. Even if we take long-term forecast with necessary caution, Asia's path of economic growth over the last 25 years, if maintained, can considerably expand the region's economy or at least some of its components. In the last two decades Asia's economic growth has diverged widely from that of other developing regions such as Latin America and Africa. Since the mid-1980s, economic growth in emerging Asia has been much stronger than elsewhere. Such growth has benefited from more trade integration with the global economy. Although the conditions for robust economic growth were set more than 20 years ago, in the case of China, and some 15 years ago for India, it has only been since mid-1990s that these two countries have started to make their mark in the world economy (Subacchi, 2007, 2).

The last decades the world has experienced significant transformation in geopolitical and economic terms, and in the location, organization and distribution of production. For several reasons, large developing countries or emerging economies such as Brazil, Russian Federation, India, China, have acquired a most important role in the world economy as producers of goods and services, receivers of capital, or potential consumer markets given their common characteristics of having a big part of their large population still not integrated in the market economy. Although BRIC countries followed different trajectories in their integration into the globalizing economy all of them have acquired a more important role in the world system.

The rise of "emerging powers" – a group that usually includes the so-called BRIC (Brazil, Russia, India, and China) but which sometimes is applied more broadly to include South Africa, Mexico and other nations – is reshaping the global economy and, more gradually, international politics. Growing much faster than the rest of the world, these economies are changing the structure of international production and trade, the nature and direction of capital flows, and the patterns of natural resource consumption. At the same time, the growth of these countries is beginning to shift the global distribution of power, forcing the great powers to come to terms with reality that they will need to share management of international rules and systems in the coming decades.

Of the emerging powers, the BRIC have the most potential to affect the global economy. This group is set apart from many other developing countries in having very large populations, significant land mass, and economies that are both diversified and anchored in potentially large internal markets. Each of the BRIC has or will soon have market power in particular sectors enjoying sufficient scale to move prices of these goods single-handedly. The BRIC are also the political and economic centers of gravity in their respective regions, and all four countries have strongly held aspirations to play a global role. The term 'BRIC' entered into business parlance in 2003 after Goldman Sachs global economist Jim O'Neill outlined his future worldview in an excellent economic research paper entitled "*Dreaming with BRIC: The Path to 2050*" (Goldman Sachs, 2003). He believed BRIC possessed the economic potential to become the world's four most dominant economies by 2050, which could be larger than that of the U.S. and Western Europe combined. The paper looks at the prospects for economic growth of the leading emerging market economies (Brazil, Russia, India and China) and compares and contrast this with the prospects of the G-6 (United States, United Kingdom, France, Germany, Italy and Japan). While most people are intuitively aware that the emerging economies of the world are growing faster than the developed world, this paper demonstrates how this growth differential will shift the balance of economic power. Using demographic projections and a model of capital accumulation and productivity growth, the paper models GDP growth, per capita income and currency levels for the BRIC economies through 2050. These projections are made relative to similar economic projections being made for the G-6 and are all in US dollars.

The key assumption underlying these forecasts is that the BRIC economies maintain progressive economic policies and are able to develop economic institutions supportive of growth. Each of the BRIC economies faces different challenges, but the study highlights the growth potential, if suitable economic policies remain in force. It is important to highlight also that the forecasts do not assume any miracle-economy type of growth, but just that these economies remain on a steady growth track.

The results are startling. Goldman Sachs conclusions fall under five main topics: 1) economic size; 2) economic growth; 3) incomes and demographics; 4) global demand patterns; and 5) currency movements. If things go right, in less than 40 years, the BRIC economies together could be larger than the G-6 in US dollar terms. By 2025 they could account for over half the size of the G-6. Currently they are worth less than 15%. Of the current G-6, only the US and Japan may be among the six largest economies in US dollar terms in 2050. In US dollar terms, China could overtake Germany by 2008, Japan by 2015 and the US by 2039. India's economy could be larger than all but US and China in 30 years. Russia would overtake Germany, France, Italy and the UK (Goldman Sachs, 2003, 2).

About two-thirds of the increase in US dollar GDP from the BRIC should come from higher real growth, with the balance through currency appreciation.

The shift in GDP relative to the G-6 takes place steadily over the period, but is most dramatic in the first 30 years. Growth for the BRIC is likely to slow significantly toward the end of the period, with only India seeing growth rates significantly above 3% by 2050. Despite much faster growth, individuals in the BRIC are still likely to be poorer on average than individuals in the G-6 economies by 2050, with the exception of Russia. China's per capita income could be roughly what the developed economies are now (about US 30,000 per capita). By 2030, China's income per capita could be roughly what Korea's income per capita is today. Demographics play an important role in the way the world will change. Even within the BRIC, demographics impacts vary greatly. The decline in working-age population is generally projected to take place later than in the developed economies, but will be steeper in Russia and China than India and Brazil. The BRIC' real exchange rates could appreciate by up to 300% over the next 50 years (an average of 2.5% year). China's currency could double in value in ten years' time if growth continued and the exchange rates were allowed to float freely. As early as 2009, the annual increase in US dollar spending from the BRIC could be greater than that from the G-6 and more than twice as much in dollar terms as it is now. By 2025 the annual increase in US dollar spending from the BRIC could be twice that of the G-6, and four times higher by 2050 (Goldman Sachs, 2003, 2). China and India have already nearly 40% of the world's population, and now account for almost 20% of global GDP (in PPP terms). As things stand, China and India are likely to become two relevant poles in the economic order which is emerging to replace the bi-polar order represented by the centre – the US – and the periphery.

Brazil will gain a place as a significant player in the multipolar international system taking shape since the end of the Cold War simply on the basis of its economic size and material capabilities. However, its potential to influence international outcomes is likely to be determined more by the capacity of the country's elites to identify and harness qualitative assets associated with its stable and democratic governance than by any hard-power assets. Brazil is the quintessential "soft-power" BRIC (Sotero & Armijo, 2007: 43). "Soft power" in international relations derives not from the possession of superior military or economic resources, but rather from the ability to persuade others to do what you want. Soft power means shaping regional and global governance regimes in ways that one's own country finds congenital (Nye, 1990, 5). Among the four BRIC, Brazil is the only one positioned to become a potential environmental power in a world increasingly preoccupied with global warming. Brazil's most pressing problems, aside from the challenge of continuing growth, are tackling the country's enormous inherited inequalities in income and educational opportunity. Since Brazil is finally a genuine mass democracy, programs to reduce inequality have been popular electorally, and have begun to show incremental but very important positive results. Demographic trends give Brazil ample room for further gains in income per capita over the fifty-year period of the Goldman Sachs' projections. With its rate of population growth decelerating, the Brazilian Institute of Geography and Statistics projects that the country's population will stabilize at around 260 million in 2050 as the world's sixth largest, behind India (1.5 billion), China (1.3 billion), the United States (400 million), Pakistan (350 million), and Indonesia (300 million). At the same time, Brazil has pressing domestic problems which, if not attended to, could undermine the viability of its current economic recovery – and therefore also any aspirations to be a major power and global player. From 2000 to 2006 Brazil lost competitiveness in fourteen of twenty-four indicators. This negative trend was confirmed by the *World Economic Forum's Global Competitiveness Report 2007-2008*, which showed Brazil walking backwards from the sixty-sixth to the seventy-second position, behind China (34), India (48), and Russia (58), and losing ground even in Latin America. Although long a regional leader in innovation and entrepreneurship, Brazil is far behind the other BRIC in this crucial indicator of potential economic vigor (Sotero, Armijo, 2007, 66-67).

What used to be considered the developing countries of the Third World are quickly becoming the emerging economies of the next world. Brazil, Russia, India and China are four markets with unique characteristics, but are nonetheless tied together by the potential created after changes in their political systems unleashed the consumer demands of 43 percent of the world's population (Mizuho Research Institute, 2006, 3).

The so-called "next billion" (Doff, 2008: 1, http://www.atlantic-community.org/org/index/items/view/The_Consumers_of_the_Future/) consumers come from Brazil, China, India, Eastern Europe and even parts of Africa and Asia and represent the largest untapped consumer market in the world. The Boston Consulting Group estimates that these new consumers already spend over a trillion dollars a year although they have barely entered traditional consumer markets yet. The individuals who make up this new consumer market are neither especially affluent nor particularly poor, however most are young and economically active. They have growing salaries at their disposal and spend around a third of this on consumer goods. The following characteristics distinguish the "next billion" from other consumer groups:

- Fluctuating incomes. The monthly income of this group is fairly high; somewhere between 63 and 700 US Dollars (China: 63-375, Brazil: 100-700) however it is also volatile and customers are therefore more likely to hold back from purchasing non-essential items.

- Careful shoppers. With less money to throw around, these customers prefer to research and compare products before making a purchase.

- Ignorance. They are often new consumers and need comprehensive operating instructions. They will also shy away from advertising which doesn't explain a product's benefits.

- They look for trusted advice. The experiences of friends and family play a bigger role on the decision to buy a product than advertising.

- Familiarity and status. This new consumer group wants to show off their status by buying expensive but good quality products. They also prefer to shop in small neighborhood shops than in anonymous, intimidating supermarkets (Doff, 2008: 1, http://www.atlanticcommunity.org/org/index/items/view/The_Consumers_of_the_Future/).

The "next billion" does not represent a homogenous group. Requirements are largely based on country and even differ from culture to culture. Human cultures are numerous and diverse – and in many cases have deep and ancient roots. They allow people to make sense of their lives and to manage their relationships with other people and the natural world. Strikingly, anthropologists report that many traditional cultures have at their core respect for and protection of the natural systems that support human societies. Unfortunately, many of these cultures have already been lost, along with the languages and skills they nurtured, pushed aside by a global consumer culture that first took hold in Europe and North America and is now pressing to the far corners of the world. This new cultural orientation is not only seductive but powerful. Economists believe that is has played a big role in spurring economic growth and reducing poverty in recent decades. Even if these arguments are accepted, there can be no doubt that: "Consumer cultures are behind what Gus Speth has called the "Great Collision" between a finite planet and the seemingly infinite demand of human society. More than 6.8 billion human beings are now demanding ever greater quantities of material resources, decimating the world's richest ecosystems, and dumping billions of tons of heat-trapping gases into the atmosphere each year. Despite a 30-percent increase in resource efficiency, global resource use has expanded 50 percent over the past three decades. And those numbers could continue to soar for decades to come as more than 5 billion people who currently consume one tenth as many resources per person as the average European try to follow the trail blazed by the world's affluent" (The World Watch Institute, 2010: xvii). Nevertheless, none of these consumers should be under-estimated. They are increasingly sophisticated and well educated people and are certainly not ignorant about what products are available on the market. They will be a part of an increasingly larger global middle class and when you have a middle class you a have a society with hope. Thomas L. Friedman emphasized the importance of this issue in his 2005 bestseller *The World is Flat. The Globalized World in the Twenty-First Century* by quoting a senior Chinese government official who stated that: "*The existence of large, stable middle classes around the world is crucial to geopolitical stability, but middle class is a state of mind, not a state of income. That's way a majority of Americans always describe themselves as 'middle class', even though by income statistics some of them wouldn't be considered as such*". For Friedman: *'Middle class' is another way of describing people who believe that they have a pathway out of poverty or lower-income status toward a higher standard of living and a better future for their kids. You can be in the middle class in your head whether you make $2 a day or $200, if you believe in social mobility – that your kids have a chance to live better than you – and that hard work and playing by the rules of your society will get you where you want to go. In many ways, the line between those who are in the flat world and those who are not is this line of hope. The good news in India and China and the countries of the former Soviet Empire today is that, with all their flaws and internal contradictions, these countries are now home to hundreds of millions of people who are hopeful enough to be middle class. The bad news in Africa today, as well as rural India, China, Latin America, and plenty of dark corners of the developed world, is that there are hundreds of millions of people who have no hope and therefore no chance of making it into the middle class. They have no hope for two reasons: either they are too sick, or their local governments are too broken for them to believe they have a pathway forward*" (Friedman, 2005, 537-538).

Many scholars believe that "*Chinese consumers have not only woken up and stood up but that in increasing numbers they are getting rich and starting to spend. The impact is likely to be felt in dramatically enhanced opportunities and challenges for consumer-facing companies worldwide over the next 10 years and beyond. The impact of Chinese consumers on these companies is likely to be as significant as the impact of Chinese producers on manufacturing and resources companies in the last 10 years. Indeed, on our base-case projections, the Chinese consumer is likely to have displaced the US consumer as the engine of growth in* *the global economy by 2014*" (Gardner, 2005, xiii). Friedman pointed out the massive impact of the "next billion" consumers on environment: "*If millions of people from India, China, Latin America, and the former Soviet Empire, who for years had been living largely outside the 'flat world', all start to walk onto the new flat-world-platform – each with his or her own version of the American dream of owning a car, a house, a refrigerator, a microwave, and a toaster – we are, at best, going to experience a serious energy shortage. At worst, we are going to set off a global struggle for natural resources and junk up, heat up, garbage up, smoke up, and devour up our little planet faster than at any time in the history of the world*" (Friedman, 2005: 570). In his classic work *Collapse. How Societies Choose to Fail or Succeed*, Jared Diamond points out that when thinking about the issue of sustainability, what counts is not just the number of people inhabiting the planet Earth but the impact that their particular lifestyle is having on the environment. If most of the world's six billion people today were in cold storage, neither eating, breathing, nor metabolizing, he argues, their impact on the environment would be minimal. The problem we now face derives from the fact that we are not in a deep freeze. We are consuming resources and generating waste. Diamonds writes that per capita impact – the resources consumed and the waste put out, by each person – varies greatly around the world: "*On the average, each citizen of the U.S., Western Europe and Japan consumes 32 times more resources, such as fossil fuels, and puts out 32 times more waste, than do inhabitants of the Third World. But low impact people are becoming high impact people*" (Diamond, 2005, 441).

In the future natural resources constraint will be a powerful threat to the flattening of the world. The 21st century will be the century of the "Great Collision" between a finite planet and the seemingly demand of human society and as Kale Lasn pointed out: "*The old political battles that have consumed humankind during most of the twentieth century – black versus white, Left versus Right, male versus female – will fade into the background. The only battle worth fighting and winning, the only one that can set us free, is the People versus The Corporate Cool Machine. We will strike by unswooshing America™ by organizing resistance against the power trust that owns and manages the brand. Like Marlboro and Nike, America™ has splashed its logo everywhere. And now resistance to that brand is about to begin on an unprecedented scale. We will uncool its fashions and celebrities, its icons, signs and spectacles. We will jam its image factory until the day it comes to a sudden shattering halt. And then on the ruins of the old consumer culture, we will build a new one, with a non-commercial heart and soul*" (Lasn, 2000: xvi). Kale Lasn's angry call to symbolic arms exemplifies a potent new global movement. A counter-culture is forming around the idea that the branding efforts of global consumer goods companies have spawned a societally destructive consumer culture. In North America, the burgeoning influence of Lasn's muckraking magazine *Ad-busters* (http://www.ad.busters.org), historian Tom Frank's books (1997, 2000) and sassy alt.culture journal the *Baffer* (http://www.thebaffer.com/), Eric Schlosser's best-selling *Fast Food Nation* (2001), the *Center for a New American Dream* (http://www.newdream.org/), and the *Utne Reader* together suggests that the antibranding movement is quickly becoming a dominant chromosome in the DNA of America's counterculture. In particular, Naomi Klein's book *No Logo: Taking Aim at the Brand Bullies* (1999) has spun together a global antibranding movement (see http://www.nologo.org/) that links firms' branding efforts to the central concerns – environmental issues, human rights, and cultural degradation – of those opposed to unchecked globalization. Standing in opposition to brands is no longer merely an antiestablishment badge for youth; it is a full-fledged social movement (*Economist* 2001)" (Holt, 2002, 70-90).

BRIC, consumerism and crises

As opposed to what happened during the last decade, when the most important characteristic of the countries belonging to the BRIC was the cheep labor force, nowadays we witness the rapid growth of consumerism in these countries. Although the consumers from the BRIC countries are mostly poorer then the ones from the western countries, their growing appetite for consumption of the last years has contributed to the increase in the global demand similar to what has happened in the United States. We should mention that the rate of consumption in GDP is already over 45% in the BRIC countries as compared to 71% in the United States which shows the significant evolution of demand in these countries (Batson, Solovieva, Bellman, 2008).

During the last years, the world has been confronted with a series of unparalleled crises: from the environmental crisis (the most serious up to the moment) to the energy crises (the rapid growth in the price of oil land gas), the food crisis (a real 'tsunami' with long time consequences)and the financial crisis: the fall of the real estate market, the freeze of the credit markets, the failure of the investment banks, the economic collapse of several countries, the bankruptcy of several important corporations etc..

In this context, we may raise the question of the role and the contribution of the countries belonging to BRIC in the approach to the resolution of the fundamental problems of the global international system. Will it put an end to the continuous growth of the crisis of these economies? Will the countries belonging to the BRIC manage to protect themselves from this global trend? Or this crisis represents an opportunity for them to decisively contribute to the stabilization and growth of the world economy?

The environmental crisis, the most serious so far, has been mentioned firstly. This crisis is due to the today's economy of consumption which engenders a lot of waste as well. The continuous concern, up to a point natural, for welfare of the individual, his tendencies towards expansionism as compared to the environment and, not lastly the excessive consumption of goods and services of some large populations from the civilized world, through thousands and thousands of hypermarkets, which appeared almost over night in metropolis all over the world, it accumulates on the long run, an invoice of the natural resources which exceeds the planet's capacity for regeneration (Stanciu, 2008). The index of life of the planet, calculated on the base of the average global dynamic of biodiversity, shows that the humankind has started to degrade the global ecosystem at a rate which overlaps the natural possibilities for renewal of the Earth, starting with the 1980's (World Wide Fund for Nature, 2006).

Moreover, according to the group of experts in the field of Climatic Changes and Durable Development (GECCDD), the present level of consumption of the populations from the developed countries can be sustained, under the conditions of continuous performances of the management of the planet's resources for no more than two billion people. Or, the world's population has already reached this number since 1920, in present it exceeds 6.65 billion inhabitants. As a consequence, two more planets at the same size with the Earth will be necessary to offer life conditions similar to those from the developed countries to all people (The Nielsens' Website, 2006).

Based on the results of its research, GECCDD argues that the opportunity to take over the control over the climatic changes will be lost soon (2015-2020). The potential solutions to settle down the climatic crisis and to stop the exhaustion of the natural resources, strategic from the point of view of development suppose the reduction in the dioxide carbon emission in the atmosphere, the demographic stabilization, the responsible usage of the land and potable water, the exit from the energetic crisis by using non polluting methods and the eradication of the extreme poverty. These problems are interrelated none of them can be resolved for a durable time span, without the assuming of the common effort to solve all the other problems.

The 4th IPCC Report (Intergovernmental Panel on Climate Change, http://www.ipcc.ch/), published in 2007, gives detailed information on the recent results of the various causes of the climatic change, as well as the impact on short and long term depending on the analyzed scenario. According to this Report, the average global temperature of the air has risen with approximately 0,74ºC in the last 100 years (1906-2005) as opposed to 0.6 º C during 1901-2000 (Report IPCC, 2001). More, 11 out of the 12 years were among the hottest from the series of data recorded after 1850. The quantity of precipitations has grown considerably in the north hemisphere and in the southern hemisphere the drought periods have become more frequent. The phenomenon of global heating has led at the same time to the increase in frequency of the extreme events, for instance more and more frequent situations here including waves of heat, climbing of drought in some regions, excessive precipitations in other regions, the melting of glaciers and the artic ice area as well as the increase of the level of water of seas and oceans. The same report concludes the possibility of the increase of the average global temperature with 4,3 up to 6,3°C till 2100, as well as the increase in frequency and intensity of the extreme meteorogical phenomena (storm, tornadoes, hurricanes, waves of heat, drought, floods), with space and temporal differences at global and regional level.

Currently, at worldwide, over 800 million people (many living in Western consumerist world) live in a severe hungry or die because of malnutrition, and over 2.4 billion people (twice the population of developed countries) suffer from water scarcity (The Nielsens' Website, 2006). As submitted by the UNCCD (United Nations Convention to Combat Desertification, 1994), one third of the world's surface is arid land. The dry areas cover 40% of land area, which is inhabited by about 15% of the world's population (1 billion people). It is estimated that approximately 25% of the land is affected by various processes of land degradation and the desertification is evident on about 47% of agricultural areas. The areas affected by desertification in Africa occupy 36%, 25.4% in North and Central America, the rest being distributed in Europe and Australia. In total, at global level are affected more than 110 countries on all continents, including 10 EU Member States. The verdict of the experts is clear. This crisis can be stopped only by a limitation of consumption.

Then we talked about the energy crisis whose cause is ever found in excessive consumption. The demand for raw materials increased not only for energy but also for the manufacture of various products.

The production and the consumption of the energy resources pass through a maximum (this high point was named after the geologist who first calculated the "Hubbert Peak"). It produces approximately when half of the amount of existent resources (oil, gas, etc.) was extracted. The peak of production was reached worldwide in 1995 – forecast which is likely to have been delayed by about 10-15 years. So far, most countries have reached or passed this peak. Once the peak is reached, production cannot only decrease, which means soaring prices.

In this context, the statement of Henry Kissinger in an article in June 2005 from "The Financial Times entitled" Kissinger Warns of Energy Conflict, "is eloquent: *The amount of energy is finite, and until today was able to meet demand, but the competition for the access to energy can become a matter of life and death for many countries*".

The natural result, an energy crisis that has raised prices for gas, electricity and oil to levels hardly bearable (the price of oil rose from U.S. $ 65 in April 2007 to nearly U.S. $ 150 in 2008, in the context in which it provides yet 43% of the global consumption of fuel, of which only 95 percent in transport) (U.S. Energy Administration, 2008).

Oil demand knows and has known a growth of 2-2.5% annually - and they are not likely to alleviate, since countries like China and India (over one third of the world population) have a policy of industrialization and a rate of oil demand growth of 8-9% per year. In recent years, the oil prices have exploded based on an offer overburdened by the continuous rising of the demand. China is one of the economies responsible for these developments. China's oil requirements doubled between 1985 and 1995, from 1.7 million barrels per day to 3.4 million barrels/day, doubled again by 2005, reaching a level of 6.8 million barrels / day. In 2003, China became the second largest consumer of oil after the U.S., and it was also the third global importer. If China's oil demand in 2006 was 91 million tones/year, it is estimated that in 2020 China will import nearly 1860 million tones (i.e., an increase of 1940 %).

In this context, Russia became one of the great winners of the crisis. Russia's economic rise is largely due to increased exports of oil and gas. According to the data published by the Central Bank of Russia, between 1999 and 2007, Russian exports have increased by 400 %, moving from 75.5 billion dollars to 355 billion dollars. The deliveries of oil and gas accounted for 67% of the total exports. The massive increase in exports led to increased reserves on which the Russian state has them abroad from 12.5 billion dollars in 1999 to over $ 500 billion in 2008.

For Brazil, the economic progress, although recent, cannot be denied and the economic growth is coupled with the energy self-sufficiency achieved in 2007. Brazil has invested, since the time of military governments (1964-1985), in alternative energy, producing ethanol made from sugar cane and using it as a substitute for oil, especially in the car industry. The recent discovery of underwater oil joined the alternative energy crops and projected a further transformation of the role of Brazil as a high energy player on the world market.. All this time the food crisis has worsened.

As to the specificity of the agricultural sector it is essential to understand that the production of agricultural goods is a fixed cycle, annual (or twice a year, biennial crops). The wheat, the corn, the soy or the rice is harvested in autumn / spring and then placed in the processing and production. Food supplies should last until the next harvest, so it is essential that food to have a real fair price and to avoid over-consumption, otherwise they will cause food shortages.

According to UN, over the last five years, people have consumed more food than it has been produced. Until now, the food shortage was resolved by eating stocks gained in the most prolific years, but the problem becomes more serious, given the fact that in 1999, the global cereal stocks have halved in 1999, the stocks could provide food for the world 116 days, now they can hardly do for 57 days.

Under these conditions, surface-to-man ratio acquires a special significance for the development of the world agriculture. Today, every inhabitant of has about 1.1 ha of agricultural land of which 0.3 hectares of arable land (FAO, 1980, Annual).

In 2050, the demand for agricultural products will be 3 times than today's. In addition, in the last three decades the growth rate of production was reduced from 3 % in the 1960s to 2.4 % in the 1970s and 2.2 % in the 1980s.

At the beginning of 2009, the supply and demand in the agricultural markets, has emerged strongly from equilibrium. The world faces a catastrophic drop in food production and massive price increases. According to data produced by the World Bank, the price of basic foodstuffs rose by 85 % in 2005; both wheat and rice are some of the most affected by the crisis. The price of cereals in general also increased between 40 and 120 % during 2009.

Why have food prices risen? The increases in the period 2007-2009 have resulted from a joint action of several factors: (i) a growing demand for basic foods, particularly in the developing countries such as China, Brazil and India, (ii) higher prices for energy, which increased the price inputs (fertilizers, pesticides, fuels), and the costs of processing and transport, (iii) decreased cereal production for some producers, because of the lack of investment in recent years, (iv) adverse weather conditions which led to unusually poor harvests for major producers and exporters (Australia, European Union, the United States and Canada but in countries like Russia, Brazil or China, (v) reduction of cultivated land due to desertification (vi) the use of the agricultural land exclusively to produce biofuels in a bid to alleviate the energy crisis.

Thus, in Brazil for example, The Amazon is likely to be destroyed in order to be created instead plantations to produce bio-ethanol, the damage would be huge because we will run out of the "Lungs of the Planet" (v) stock speculation. Regarding this last factor we should mention only that the American stock of goods, the Chicago Board of Trade (CBOT), prices of futures contracts such as those on wheat and rice have reached historic levels – and largely due to speculation. Their quotes have increased in a way more spectacular than that of oil, some even with 300%.The countries belonging to BRIC, in an effort to keep their economic growth, have unleashed the domestic consumption which had been long constrained by fears about inflation, and the demand for raw materials, especially food, exploded as the Chinese and Indian consumers acquired the more and more Western style of over-consumption, spurred by a lot of cheap loans and loans easily accessible. It is obvious that 70 % of the U.S. economy is based on the consumer spending, at least 20 % of it directly related to retail and real estate. Less than 10 % of the U.S. economy is related to the production of goods and services. This type of economy cannot withstand a drop in the consumer spending. As the dollar loses more of its value, the economies in America were much reduced, same with the consumer spending in real terms. The lost purchasing power of America was transferred to the exporting nations with large foreign reserves, countries like Russia, China, Brazil, India still claiming a massive increase in consumption.

In this context, during 2009, the top two global manufacturers of rice - China and India and one of the top producers of wheat in the world - Russia, have announced that they will cease their exports on the grounds that production can only cover the consumption needs of internal market.

An interesting aspect that is worthy of consideration is livestock for meat (pigs) at the expense of great cultures. We mean that grain have begun to be used increasingly more to feeding livestock. In China, the two corn-growing nation in the world, no longer produced enough grain to feed most of the difference being covered with soybeans imported from the U.S. and Brazil - one of the few countries that could expand the areas planted – often through rain forest deforestation.

And prospects are not too optimistic. When in China will be 1.5 billion people, sometime in the next 20 years, some experts estimate that it will take another 20 million pigs just to maintain the current consumption. And that's just in China. According to estimates, the global meat consumption will double by 2050. This means that we need much more grain.

Brazil is presented often as an agricultural superpower, the next provider of world food resources; the only possible impediment to achieve this is the climate change. The problem facing Brazil is the consumption; the increasing demand for food, feed and biofuels is a major cause of deforestation in the tropical forests. Between 1980 and 2000, more than half the cultivated areas in the tropics have been snatched from virgin forests of Brazil.

Then the financial crisis came.

The late 2008 and early 2009 were marked by a historical event: the world economy was affected by the most serious crisis augmented by a dangerous collapse of the developed financial markets, the epicenter of global storm being the United States. This financial shock, caused by failure of the mortgage market led to the global economic downturn with the alarming rates (reduced by 6.3% in the last quarter of 2008, compared with growth of 4 % a year ago).

In the consumer rush, more people have turned to loans encouraged by the greed of banks that offered risky loans to people who had very little means to repay. There was only one step to the economic crisis because the increase in the cost of lending reduced the demand and thus limited the production.

According to some analysis (Sapir, 2008), the consumer credits, especially real estate in recent years, have become the engines of economic growth in the U.S. It is estimated that in 2000-2007 the average income in the U.S. increased by approx. 2.5 % annually, while the average wage of only 0.1 % annually. To counteract this trend and to maintain consumption at a high level, including people with low incomes, the U.S. administration has prompted real estate and consumer loans. The level of household indebtedness has reached a threshold peak in 2007, approx. 93 % of GDP (representing only 77 % mortgage loans), while the savings rate tended to decrease, according to the IMF, from 18% of GDP in 2000 to 13.6 % in 2007.

Initially, the financial institutions (in this case, U.S. mortgage companies) have won hundreds of billions of dollars from granting loans to persons with a history of questionable payments. These debts were then converted into bonds and sold to other financial institutions around the world, which they resold to pension funds and hedge funds (Raudall, 2008).

The overheated housing market and the excesses of the American consumer have started to show in 2007, the negative effects on the entire U.S.

economy, in a crisis that rocked the global financial system. After several years of real estate boom, the United States began to emerge the first signs of "fatigue". The situation has affected the investment funds, the hedge funds and also the stock exchanges. This crisis has had a massive impact on Americans with mortgages at risk, bringing them to the inability of repayment of loans, the insolvency leaving them without their homes, in the end. Over 3 million Americans have lost their homes this way.

Obviously, the countries belonging BRIC have not remained free from the financial shock and were badly hit by the crisis. For example, when the Dow Jones in October 2008 the U.S. has fallen by 25% in three months, China's Shanghai index fell by 30 %, that of Brazil - BOVESPA - with 41% and that of Russia - RTSI - 61 % (Stephens, 2008). The emerging economies have suffered severely due to reduction of exports and from private capital reflux.

However, the countries belonging to the BRIC group were placed in a situation much better than other countries, including the developed countries. The growth rates have significantly outpaced those of developed economies serving as a generator for global economic stability. IMF explains the resistance of the BRIC economies to the crisis with reference to their two main sources of support, "an impressive increase in productivity arising from their continued integration into the global economy and gains achieved as a result of significant improvements in their macroeconomic policies" (http:// www.imf.org/external/ pubs/ft/weo/2008/01/pdf/text.pdf).

A large surplus of savings resulted, "wall of money" kept in the reserve of the central banks of these countries (in China, these reserves were caused mainly by undervalued exchange rate, in Russia by the boom in oil prices, natural gas and other energy resources) which has turned them into major exporters of capital and generated a flow of investment in the U.S. and other advanced countries (The Economist, 2008).

China's foreign exchange reserves today are impressive, in 2008 reaching almost 2,000 billion. Part of this amount went to SWF (SWF - Sovereign Wealth Funds) and, if necessary, may replace the liquidity crisis of the Western financial system. The U.S. National Intelligence Council predicts that over time, government investment funds controlled by the BRIC economies will come in emerging markets to pump more money than the IMF and World Bank together.

This surprising reverse of capital flows - exports from the countries belonging to BRIC by rich countries - demonstrates the viability of the emerging markets. The painful lessons of the crisis in Asia and Latin America have prompted these countries to protect any large and rapid outflow of capital and create an "excess" of foreign currency reserve to ensure the normal functioning of the banking sector. While in the rich countries the foreign currency reserves represent about 4 % of GDP, in the emerging markets that rate has increased five times - over 20 % of GDP. More than that, because of the underdeveloped domestic financial markets and the lack of opportunities for profitable investment of these reserves in their countries, the countries belonging to BRIC have no reasonable alternative but to invest the surplus of capital in advanced economies.

Thus, the emerging markets have transformed themselves rapidly in capital funding sources for the developed world. Over the past few years, the most important of them have evolved from net external debtor status to the net external creditor.

CONCLUSIONS

In the coming years, we will witness the phenomenon of global expansion of the countries belonging to BRIC, representing today around 20 % of global GDP - equivalent of the U.S., and by 2035 these countries together will exceed the G7 group in their overall share (O'Neill, 2009).

But it will be important to explore and to use these markets at their fair value potential. At the same time, it is equally important not to over-assess this potential and to take account of the dangers caused by excessive consumption. We should bear in mind the fact that these economies are still too poor and too dependent on exports to serve as real buffer for the global economy in the coming years. More the environmental, energy and food issues with which these countries will confront should not be underestimated.

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