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Introduction

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INTRODUCTION

*Kathleen B. Cooper**

INCLUDED in this volume are papers from a conference entitled *Economic and Political Leadership from the Emerging World: A Focus on the BRICs*. The conference was held on March 28-29, 2012, at the Meadows Museum, Southern Methodist University in Dallas. The conference was sponsored by the John Goodwin Tower Center for Political Studies, the Law Institute of the Americas, and the Department of Economics at Southern Methodist University and was funded primarily by the Jno. E. Owens Foundation.

The conference brought together scholars and policy experts to discuss the current state of thinking on whether emerging markets would be able to continue carrying world growth to higher levels and whether emerging markets' new leadership roles might lead them to open their regulatory and other market structures as they develop toward advanced economy status. The conference highlighted the BRIC countries of Brazil, Russia, India, and China due to their importance in the world economy. Questions and issues addressed included (1) reviews of economic and political developments over the past five years and whether those and other important changes would persist over the coming five years; (2) the potential for continued rapid further convergence toward advanced economy income levels; and (3) the concern that advanced economies depend too much on the continued growth and opening of these emerging economies.

Anne Krueger's overview paper provides a very useful recounting of the rise of emerging markets over the postwar period, including some of the bumps along the road and the "might-have-beens." She argues that the rise of these particular countries – Brazil, Russia, India, and China – was not predictable and that other countries will certainly come along to seize growth-leading roles in future years. She compares them with the rise of the four East Asian Tigers from the 1960s to the 1990s, highlighting their open economy strategy that encouraged others to try the same policy mix. Krueger also discusses the implications for these and other rapidly growing economies for the global economy and its institutions.

The second set of papers addresses the specific development progress in Brazil and Russia and a comparative look at development progress in China and India. Peter Kingstone raises the specter of Brazil's uneven past performance and whether the country might replay some of its past.

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He focuses on the importance of its political institutions and, over the last decade, the importance of its market-oriented policy decisions and the boost from strong commodity prices. He makes the crucial points, however, that Brazil's recent performance has been especially good relative to its more distant past but that it is not a high-growth country compared with China and that it needs significant investment to be able to maintain its place among its competitors.

Richard Ericson discusses the many differences between Russia and the other BRICs. High oil prices have played a critical role in Russia's development over the past decade, pushing it to the sixth largest economy in the world on a PPP (purchasing power parity) basis. Unlike the other BRICs, it has undergone a recentralization of power under a strong president after initially opening some of its institutions. Russia was very hard-hit by the financial crisis. Given its recentralization, will Russia be able to generate the kind of growth it experienced in its early more open phase? Ericson raises important questions about whether Russia will be able to return to the higher growth needed to meet its ambitions, given the closed economic system built by Putin since 2005.

The final paper in this section was provided by Devin Joshi and focuses on comparing human development issues between China and India. Joshi proposes that major differences in ideology and state capacity are important in explaining why India has fallen behind China. The analysis suggests that these relatively hidden political factors play a major role in transforming and advancing human development. For example, India has not yet succeeded in replacing the pervasive ideology of caste and social stratification, whereas China has neither a caste system nor the degree of gender discrimination present in India. This difference has resulted in a Chinese labor force that is more skilled, literate, and mobile than in India. His findings also support the notion that public investment in the capabilities of women and children have significant social and economic payoffs in both the short and long run.

The papers in the third section deal with trade and investment issues in the BRICs. Thomas Osang's paper examines the absolute and relative contributions by Brazil, Russia, India, and China to world trade and foreign direct investment over the past three decades. In addition, it briefly discusses major achievements as well as remaining shortcomings of the international trade and foreign investment policy reforms that were implemented by the BRICs over the same period. Empirical estimates of the long-run equilibrium relationship in exports between the BRICs and the G3 (US, Japan, and Germany) as well as the role of the BRICs' economic performance within a larger cross-section time-series data framework are also presented. That relationship over the past decade lends credibility to the view that the BRICs will be the world economy growth engine for years to come.

The focus of Keith Maskus's paper is the BRICs' use of innovation and technology in their development. He reminds us that over long-term ho-

rizons the driving forces behind growth are demographic trends, educational attainment, trade liberalization, deregulation, and the ability to innovate and adapt technologies. The BRICs have registered different performance records on these basic factors. Some have succeeded in moving unemployed labor and capital to more efficient uses (China, India). Others have taken advantage of increasing commodity prices (Brazil and Russia). Some have invested heavily in education and infrastructure (China), while others lag behind (Russia, Brazil, India). The BRICs all share some features and successes in their technological catch-up processes, but their experiences have been quite varied in terms of industry mix, capital markets, R&D, and public policy. Maskus argues that potential roadblocks remain but can be overcome in the long term with appropriate policies and vision.

The fourth group of papers focuses on energy use and policy in the BRICs. David Arseneau first analyzes data from a broad cross section of countries to assess differences in energy consumption profiles. His work confirms that, as an economy develops, it transits away from a heavier reliance on traditional fuel sources (such as wood, waste, and peat) towards higher use of modern commercial energy sources. He also confirms that, as countries transform from an agricultural base to industrial and then service, energy use patterns change and more efficient use develops. Interestingly, however, the patterns of energy consumption and generation in the BRIC economies are importantly different from those of other economies and from one another, implying that understanding global energy market developments requires a more intense focus on developments at the country-and industry-specific level.

Carlos Rufín focuses on Brazil's energy industry, where he notes the three transformations that have shaped its development in Brazil. The shift towards the use of modern energy supply in Brazil began with the effort to harness the country's huge waterways as sources of electricity, an effort that continues until today, although with increasing acrimony and difficulty. The second great transformation was Brazil's success in turning its vast land mass into the world's most advanced biofuel supply complex. The third and newest transformation is due to the discovery and ongoing development of major oil deposits in very deep waters off the coast of Brazil.

I would especially like to thank Thomas Osang and James Hollifield for their significant contributions to the conference's success by identifying and attracting key participants. Other faculty members of the Political Science Department assisted as well. In particular, Hiroshi Takeuchi provided helpful suggestions and outreach to attract important speakers. Thanks are due as well to Tower Center staff—especially Noelle McAlpine (before her return to France), Carole Wilson, Jieun Pyun, and Ray Rafidi—who helped make this conference a success from an organizational standpoint.

Articles

