

Shedding Light on a Changing International Order: Theoretical and Empirical Challenges

Élise Féron, Marko Juutinen, Jyrki Käkönen, Karim Maïche (eds.)



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Dr. Tuomo Melasuo is Professor Emeritus of Peace and Conflict Research and the former Director of TAPRI at Tampere University, and Docent in Political History, University of Turku, Finland. He studied contemporary political history, political science, international relations and law in Finland and in France. Professor Melasuo has concentrated his studies on North Africa and the Mediterranean world, especially on Algerian history since the beginning of colonization. He has also worked on other Maghrebin and African countries as well as on political culture in Muslim societies. Since creating the TAPRI Mediterranean Studies Project, Tuomo Melasuo has been active in Euro-Mediterranean relations. He is or has been a member of scientific bodies such as the Advisory Council of the Anna Lind Foundation, the Academic Advisory Council at the Center for Mediterranean Dialogues at New York University, the steering committees of Femise and Sihmed, and he is also a member of EuroMeSCo. Professor Melasuo has served as the Vice-President of MOST (Management of Social Transformation) and as a representative of Finland in the Euro-Arab Task Force for Dialogue, both within Unesco. He has also been, for a number of years, board member and vice-chair in NSMES (Nordic Society for Middle-Eastern Studies). In addition, he has cooperated for several decades with CRESM-IREMAM-MMSH in Aix-en-Provence and was an associate research fellow in LIRESS, the Laboratoire Interdisciplinaire de Recherche et d'Etudes en Sciences Sociales, CNRS-Ecole Normale Supérieure de Cachan, Paris. Dr. Melasuo has published several books and articles in international and Finnish publications. Nowadays, he supervises doctoral students and continues his international scientific activities in peace and conflict research, especially in the area of Euro-Mediterranean relations.

Karstein Volle has created the eleven illustrations included in this book. Previously, some of them have been exhibited as a part of the “Regional Challenges to Multilateralism” project’s Pluralist World Order blog.

List of abbreviations

AAPSO	Afro-Asian People’s Solidarity Organization
ABD	Asian Development Bank
AfD	Alternativ Für Deutschland (Alternative for Germany)
AIIB	Asian Infrastructure Investment Bank
AL	Arab League
AMIB	African Mission in Burundi
AMU	African Monetary Union
APSA	African Peace and Security Architecture
ASEAN	Association of Southeast Asian Nations
ATTAC	Association pour la Taxation des Transactions financières et pour l'Action Citoyenne (Association for the Taxation of financial Transactions and Citizen's Action)
AU	African Union
AUC	African Union Commission
BCIM	Bangladesh, China, India, Myanmar Economic Corridor
BIMSTEC	Bay of Bengal Initiative for Multisectoral Technical and Economic Cooperation
BRICS	Brazil, Russia, India, China, South Africa
BRIC	Brazil, Russia, India, China
BRI	Belt and Road Initiative
CEGPL	Economic Community Great Lakes Region
CEN-SAD	Community of Sahel-Saharan States
CNDD-FDD	National Council for the Defense of Democracy – Forces for the Defense of Democracy
COMESA	Common Market for Eastern and Southern Africa
COMIFAC	Central African Forest Commission
COSCO	China Ocean Shipping Company
CPEC	China–Pakistan Economic Corridor
CRA	Contingent Reserve Arrangement
CRC, UNCRC	United Nations Convention on the Rights of the Child
DRC	Democratic Republic of Congo
EAC	East African Community
EAEU	Eurasian Economic Union
EAPP	Eastern Africa Power Pool
EASF	Eastern Africa Standby Force
EBRD	European Bank for Reconstruction and Development
EC	European Community
ECB	European Central Bank
ECCAS	Economic Community of Central African States

ECOWAS	Economic Community of West African States
ECPF	ECOWAS Conflict Prevention Framework
EEU	European Economic Union
EIB	European Investment Bank
EJVM	Expanded Joint Verification Mechanism
EMU	European Monetary Union
EU	European Union
FRODEBU	Front pour la Démocratie au Burundi (Front for Democracy in Burundi)
G7	Group comprising the seven largest world's economies
G8	Group of eight of the world's largest economies (from 2014 known as G7)
G20	Group of twenty of the world's most influential economies
G77	Group of Seventy-Seven of the world's least developed economies
GATT	General Agreement on Tariffs and Trade
GDP	Gross Domestic Product
IAEA	International Atomic Energy Agency
IBRD	International Bank for Reconstruction and Development
ICC	International Criminal Court
ICGLR	International Conference of the Great Lakes Region
IDA	International Development Association
IFC	International Finance Corporation
IGAD	Intergovernmental Authority on Development
IMF	International Monetary Fund
IMFC	International Monetary and Financial Committee
INGO	International Non-Governmental Organisation
INSTC	International North-South Transport Corridor
INTEX	Instrument in Support of Trade Exchanges
JCPOA	Joint Comprehensive Plan of Action
LTA	Lake Tanganyika Authority
LVBC	Lake Victoria Basin Commission
MAPROBU	African Prevention and Protection Mission
MDB	Multilateral Development Bank
MOU	Memorandum of understanding
NAM	Non-Aligned Movement
NATO	North Atlantic Treaty Organization
NBI	Nile Basin Initiative
NDB	New Development Bank
NGO	Non-Governmental Organisation
NIEO	New International Economic Order
OAU	Organisation of African Unity

OECD	Organisation for Economic Cooperation and Development
OIC	Organisation of Islamic Cooperation
OMIB	Observer Mission in Burundi
OPEC	Organization of the Petroleum Exporting Countries
PALIPEHUTU-FNL	Party for the Liberation of the Hutu People – National Liberation Forces
PPP	Purchasing Power Parity
PRC	People’s Republic of China
PS	Perussuomalaiset (The Finns Party)
PSC	Peace and Security Council
RCEP	Regional Comprehensive Economic Partnership
RMB	Renminbi
RN	Rassemblement National (National Rally)
SAARC	South Asian Association for Regional Cooperation
SADC	Southern African Development Community
SSC	South-South cooperation
SCO	Shanghai Cooperation Organization
SD	Sverige Demokrater (Sweden Democrats)
SI	Socialist International
UK	United Kingdom of Great Britain and Northern Ireland
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UPRONA	Union et Progrès National (Union for National Progress)
US, USA	United States of America
USSR	Soviet Union
IBRD	The International Bank for Reconstruction and Development
WB	World Bank
WSF	World Social Forum

Acknowledgements

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Introduction

Élise Féron, Marko Juutinen, Jyrki Käkönen, and Karim Maïche

This book is the final product of a research project funded by the Kone Foundation, called *Regional Challenges to Multilateralism* (2017-2020). The main objective of the project has been to examine the relations between emerging powers, new regional and intra-regional initiatives, and multilateral governance institutions. The gradual decline of the US leadership, the consequences of the 2008 financial crash and the ongoing global transformations and power shifts have been interpreted in multiple ways, and continue to be hot topics within International Relations scholarship, peace and conflict studies, as well as governance literature. The *Regional Challenges to Multilateralism* project offered a possibility to contribute theoretically and empirically to these debates.

The research outcomes of the project are manifold. We have published two journal special issues, one in English in the *Third World Thematics: A TWQ Journal* 4, no. 6 (edited by Jyrki Käkönen) and one in the Finnish *Kosmopolis* (edited by Marko Juutinen and Karim Maïche). We have also published one scientific monograph, *Revisiting Regionalism and the Contemporary World Order: Perspectives from the BRICS and beyond* (edited by Élise Féron, Jyrki Käkönen, and Gabriel Rached, 2019) with Barbara Budrich Publishers. In addition, some independent journal articles have been published, such as in the *Journal of the Indian Ocean Region*, as well as working papers and blog texts with our institutional partners, in particular with the New Delhi based *Observer Research Foundation* (ORF). Moreover, we have produced mixed art and science projects led by a professional artist Karstein Volle, in cooperation with the academics.

We have also created an artistic blog, *Pluralist World Order*, where we popularize academic research and provide perspectives on current hot topics and illustrate the texts with caricatures. Finally, our project has organized a major international conference in September 2018 at Tampere University, which attracted a number of leading scholars from all over the world, as well as a panel during the Finnish

Political Science conference. Our individual researchers have of course also participated in numerous international conferences, as well as in the 6th and 7th editions of the Tallinn University SOGOLAS Winter School on International Relations. By undertaking all this, we have sought to cross geographic and disciplinary boundaries as well as the boundaries that separate scientific, artistic, and popularized forms of expression.

One of the starting points of this project has been what we see as a nuanced and multidimensional dissatisfaction with the liberal international order. One dimension of this dissatisfaction relates to the debates about the so-called Global North and South divisions, while another pertains to debates about decolonization of the international order. In contrast to the notion that the liberal international order is constructed upon generally approved norms and codes of conduct (and hence, the belief that international organizations do not rely on great power dominance but more on international norms and legitimacy), we took seriously the perceived dissatisfaction among the rising powers, as well as among the so-called developed countries. While our focus has been on the rising powers and new institutions, the shape shifting of US from a hegemon to a dissatisfied power has been an important puzzle in the overall scheme of our project.

Multilateralism has been one of the key concepts of the project. How multilateralism is realized in practice is, according our view, a major cause of dissatisfaction vis-à-vis the liberal international order. From a conceptual perspective, multilateralism has a strong normative underpinning. At the same time, it also pertains to the major constitutive and legitimizing discourses of global governance. Therefore, normative ideals and the reality of multilateralism in global governance integrate multiple discrepancies. As a normative concept, multilateralism can be defined as generalized principles of conduct ensuring that decision-making in international governance institutions is not based on particularistic interests of a few or of the most powerful players (Ruggie 1992: 571). Several scholars have sought to demonstrate that this postulate does not match with the experienced reality of the international order. John Ikenberry's concept of "hegemonic multilateralism" (2015) describes this situation, where the US as the former dominant power was able to influence multilateralism on the basis of its particularistic interests.

In *realpolitik*, the perceptions of dissatisfaction are not relevant unless means to transform sentiments of dissatisfaction into actions of change exist. Thus, to the extent that the thesis of liberal institutionalism does not hold, the ongoing power shifts imply some form of changes to the contemporary order. The agents of change, however, are not merely the rising powers. Today the international world order, whether understood as multiplex or multipolar, integrates a fragmentation of significant actors such as cities, multinational companies, non-governmental organizations, and different virtual communities enabled by new technological developments. One should also remember how cross-cultural individual encounters are shaping the cultures of agencies, increasing the fragmentation of an international or globalized environment.

What is more, the former dominant powers, including not only the US but also the EU, Japan, and Canada, show dissatisfaction with the redistribution of decision-making authority within the international institutions. The empirical focus of our original research plan was, nonetheless, primarily on the rising powers and some of their new institutional and cultural initiatives. We have thus studied how China and India relate to international affairs, how new initiatives like the BRICS and the New Development Bank relate to multilateral institutions, and to what extent and how can the concept of culture as well as indigenous traditions of the rising powers be conceptualized and used in scientific approaches.

Besides dissatisfactions about hard power, measurable influence in international institutions and expressed critique about division of power in global governance, another key dimension of perceived dissatisfaction with how things are in the world, one that also underpins this project is of ideational and epistemic nature. The aforementioned IR scholarship, peace and conflict studies, as well as governance literature have been challenged within the project by new and more global orientations, where the so-called non-western agencies, experiences, and contributions have been stressed. This means for instance a contemplation and critical renegotiation of ancient philosophical histories as well as a deconstruction of assumed past identities, myths, and narrations related to Huntingtonian kinds of generalizations such as “West”, “Asia”, “Africa”, and so forth. Nationalist tendencies have increasingly strengthened the thesis of the world’s divisions into competing civilizational cultures as if they had developed separately from each other.

The objective of discovering pride in one's civilizational history can easily become a process of distorting, reinterpreting, or remaking the past for the present political purposes, be it to serve the interests of a Hindu leader, to maintain the economic dominance of upper proprietary class in Brazil, or to strengthen the idea of an ethno-nation in Finland. One of the aims of our project has therefore been to challenge these reductive conceptualizations of the world's cultural developments, notably by shedding light on a networked view of the development of human kind. Through challenging certain usually circulating aforementioned concepts, we want to stress the more complex processes of the development of socio-economic premises, whether from post-structuralist, realist, or constructivist frameworks. Renaissance would not have happened without Arabo-Islamic contributions. Similarly, without India, China, and Sub-Saharan Africa, there would not be the Mediterranean culture with its cultural achievements related to Minoan, Phoenician, ancient Greece, or Hellenistic cultures.

In order to be able to approach international macro-scale phenomena, one also has to critically examine how concepts used in traditional scholarship within the aforementioned disciplines are understood. Concepts and theoretical frameworks produce and reproduce power relations. For instance, by studying multilateralism and regionalism as "obvious" configurations in the world order, aren't we silencing other types of regional and/or continental arrangements, in Africa for instance? Therefore, there is still much work to be done.

The present book includes various articles from the project team members that tackle the question of change from unorthodox ideational and epistemic perspectives. In his tracking the past in the Chinese and Indian regional cooperation initiatives, **Jyrki Kähkönen** studies Indian and Chinese perspectives. The centre of gravity of the world economy and politics is moving back to Asia and the Indian Ocean region in Eurasia where it was until early eighteenth century. In Asia, China and India are the most influential rising powers of the global order. Tensions between these two civilizations have at least a 2500-year history. Both have expressed a strong interest in becoming core actors in the continent and further within the global order. The competition between these two states is demonstrated in their initiatives for regional cooperation in Asia and beyond. Although China and India cooperate for instance in the BRICS context, they construct their own regional forums like BRI and BIMSTEC. In the article, the idea is to evaluate initiatives of both states for regional cooperation and how signs of the pre-

colonial structures are present in those initiatives. At the third level, the interest is to track whether the elements of the traditional Chinese (*tianxia*) and Indian (*mandala*) approaches are present in Chinese and Indian attempts for regional cooperation.

Marko Juutinen focuses even more on Indian traditions and particularly the Kautilyan political science as a means to rethink international relations in a pluralistic order. Juutinen argues that the concepts of multiple and overlapping *mandalas* as well as the idea of transnationally intertwined state factors as a key concept in understanding the modern state provide a potential new source for foreign policy scholarship and the development of Global IR. He brings his theoretical analysis to the field of empirical policy analysis by applying Kautilyan perspective on taking stock and interpreting some of the dilemmas presented by the BRICS. Building on the so-called BRICS paradox (Käkönen and Juutinen 2020), Juutinen's starting point is that BRICS is little bit of everything and that it thus is a challenge to understand. For this reason, Juutinen construes and tests an alternative way to assess and examine BRICS.

Karim Maïche reflects whether Muslim-majority countries such as Indonesia, Turkey, Iran, or Egypt among others, could become BRICS member-states in the future? BRICS lacks member from the Islamic world in its explicit struggle to strengthen the role of the developing world in the multiple international political arenas. While the manifold strategic orientations of the BRICS are highlighted in the analysis, Maïche stresses the plurality of the Muslim world in general challenging the reductive understanding of its use as compact singular entity. In addition, he challenges certain ideas related to development of capitalistic production into inherently "European", stressing the socio-economic development as the more important dimension instead of political cultural explanations that are often reproduced in various research methodologies.

By looking at regional mechanisms of conflict management in one of the world's most turbulent regions, the Great Lakes Region of Africa, **Élise Féron** draws our attention to difficulties related to the presence of, and overlap between, a plethora of regional organizations and actors. She shows that military and political conflicts can put regional organizations in a competitive situation, and that concerned individual states can strategically play regional actors against one another, in order to further their specific national interests. At the same time, examining

conflict management practices in Sub-Saharan Africa highlights on the one hand the increasing role that regional organizations play in maintaining the world's peace and security, and on the other hand, the existence of oft-overlooked practices, such as ad-hoc regional alliances for conflict resolution.

Giovanni Barbieri approaches BRICS from an empirical perspective. He studies BRICS and its new initiatives like NDB and AIIB as alternatives to liberal blends of development finance. He shows that the underlying idea behind the construction of the NDB and the AIIB is not intended at directly challenging the International Liberal Order nor at substituting an institutional hegemony, that of the USA, with another, that of China. Instead, it shows how the contestation is limited to the specific issue area of development finance and how these two institutions tend to integrate an alternative set of core norms into the existing world order through cooperation and competition between new and existing multilateral institutions. In the end, the confrontation reflects the existing tension around the core values animating the actions of the current International (Liberal) Order's institutions, and not the existence of an International Order per se.

Terry McDonald examines the consequences of the Greek crisis and how it contributed to opening the door for China into the EU. More specifically, the chapter seeks to explain the origins of the Greek crisis up until the beginning of 2017 and drawing lessons from this analysis, and apply those on studying China's influence. The author shows how inaction on the part of Greece's western creditors opened a door for China to get a foothold in Greece, and through it to Europe itself. Finally, it touches on the lessons for other small states—from classical Realist theory, from critical World Systems theory, and from a modern Financialization approach—in order to show that the contemporary small state faces dwindling options for insulating their economies from irrational action in the face of ever-increasing international financial flows.

In the present volume, **Yana Leksyutina** takes a different perspective and studies the motivation behind the creation of the NDB and the AIIB. She argues that multilateral development banks (MDBs) occupy a place of strategic importance in global economic governance. Since the creation of the first multilateral development bank—the International Bank for Reconstruction and Development—MDBs have emerged in three waves, each time as a result of the major changes in the world arena. The creation of the New Development Bank (NDB) and the

Asian Infrastructure Investment Bank (AIIB) represents the third and latest wave of MDBs. These new development banks have arisen as a consequence of an historic shift in global economic power from developed countries to emerging economies and more specifically the increase in China's economic might. Leksyutina focuses on explaining the motivation of the founding countries in establishing these two financial institutions, and the historical landscape that enabled the developing countries to create new financial bodies despite some skepticism and criticism coming from western audience. The author identifies major factors underlying the creation of the AIIB and the NDB. Since both the AIIB and to a much lesser extent the NDB are China-promoted financial bodies, the chapter also seeks to reveal what national interests and objectives Beijing pursues in creating and promoting these two financial institutions.

In some realists' interpretation, the idea is that BRICS is a block of unsatisfied countries with an increasing global influence that thus form some kind of agent for change. Yet, it is difficult to precisely define the challenge that BRICS pose for the current international order. Indeed, in the project we have confirmed the assumption that while regional institutions can challenge the US hegemonic multilateral conduct of power, they are simultaneously in favor of multilateralism. Therefore, the question lies in what kind of multilateralism, *qui bono*? How will the conditions of multilateralism be shaped in the near future? The case of BRICS demonstrates that the rising powers are not dissatisfied with the idea of multilateralism as a form of governance. Rather, they are dissatisfied with the disproportional influence in global institutions of the US and the EU, as well as with the practices embedded in international institutions that are labeled and represented as multilateral. For a number of years, the rising powers together with developing countries have sought to shift the practice of multilateralism closer towards the ideals of multilateralism. Yet, this has not been a success story. The US has been naturally reluctant to diminish its role.

This process has been stalled because of the logical reluctance of former dominant powers. In addition, economic challenges, or even the crisis of the current capitalist economic system, as well as globalization, have all strengthened nationalist tendencies around the world, from the US to Brazil, Hungary to Scandinavia, India to Philippines and so forth. Populist leaders are elected to power and the rhetoric they use challenges the normative grounds of the liberal international order. Therefore, its crisis is not only related to a strengthening of rising powers, but

also to internal state factors. As a result, the US since the election of President Donald Trump have withdrawn and rejected multilateralism, most recently resigning from the Paris climate agreement. The US has in fact gone so far as to practically freeze the operations of the WTO by crippling its dispute settlement system.

The ongoing struggles against various forms of dominance, whether political, cultural, economic, or military, are still playing important role within the changing international world order. When stressing the heritage and ongoing processes of European colonial rule around the world, it is equally important to contextualize the multiple forms of dominance as processes that can be traced back to various historical times. Witnessing new forms of dominance, whether practiced by China, India or newer and older multinational entities cannot be done without contextualizing and connecting them to more ancient forms of dominant practices. These include ancient religious forms of governance and their institutions (e.g. Hindu, Islamic and Christian), European colonialism, US and cold war period practices of power, and other multiple forms related to authoritarian governance as a result of the decolonizing processes of the twentieth century.

Regional organizations are no less related to these multiple forms of dominance than multilateral or global ones. They reflect similar, and different, patterns accumulating into various realities, experiences and narrations that form the framework where international, domestic, and multinational agencies operate. Communities that are exerting these powers are also supranational and consequently it is rather challenging to categorize the use of power according to national, religious or ideological premises. Even the nature of regional trade agreements (RTA) that include arrangement of international power relations has changed from a *made here-sold there* basis to a *made everywhere-sold there* one (Baldwin 2014: 5). Considering these ongoing changes, it has become clearer to us that new regional and intra-regional initiatives, as well as states, do indeed appear to change the current order. We are inclined towards rejecting the idea of a challenge, because there is no direct animosity between them and multilateralism. Thus, instead of reforming the current order, they seem to be increasing pluralism and fragmentation within global governance. Given these changes, our project has increasingly sought ways to understand how international cooperation in the new context can be conceptualized and whether the predominant understanding about stability and continuance can encapsulate the ongoing changes.

Tuomo Melasuo uses wider perspectives on his contemplation regarding regional and multilateral processes “shedding light” to the evolution of the world’s economic and political structures and systems from the Second World War until 2019. Concentrating on the decolonization and the cold war, he argues that the dismantling of the five centuries old European colonial empires, which took place in four main phases, can probably be regarded as the most important phenomenon of the twentieth century. Firstly, Melasuo analyses how the hegemonic and dominant centers constructed new institutions, such as Bretton Woods and the United Nations, in order to reshape their power positions. This process instigated forms of counter resistance within the Bandung conference and later on within the Non-Aligned Movement (NAM) that opened concerted arenas for the former colonial states to operate, e.g., under auspices of the UN structures. Secondly, multilateral organizations such as Organisation of the Petroleum Exporting Countries (OPEC) were established alongside with the development oriented connotations after the independence of the majority of African countries to counterweight the New International Economic Order (NIEO) in the 1970s. Thirdly, in the next decade “the Empire” struck back when multinational companies managed to spread their domination and reconquer the former colonies with new performances of global governance. Finally, since the end of the cold war the former power structures are starting to scatter simultaneously with the emergence of new social movements around the globe challenging the hegemony of the contemporary economic order. These movements often integrating important amount of the youth can pave the way towards future configurations.

Preceding and following these contributions, the book also includes illustrations by the project’s professional artist, **Karstein Volle**. These selected illustrations, produced between 2017 and the end of 2019, aim at stressing the popular dimension of our project, by combining art with academic outputs.

We are well aware of the fact that our project displays many limitations. We have sought to critically approach power-related methodological and conceptual research frames, but we found, and are still finding multiple restrictions within our ability to contemplate the world political, cultural, and economic policies and processes. In addition, our expertise related to environmental dimensions are apparently lacking, while we totally agree that climate change is generating implications to our daily lives increasingly in the forms of collapsing systems, eroding global governance, and increasing local violence transforming our futures in an

ever more unpredictable way. The fragmented international order, challenged by mass immigration and the rise of populism, yields serious risks to peaceful coexistence in our societies. Therefore, these biophysical factors should not be disregarded any longer and joint interdisciplinary efforts, especially crossing the North-South or East-West divisions, in the fields of research are vital as we enter the new decade, often defined as “crucial” for humanity.

Perhaps the most valuable contribution of this project is after all not in its empirical findings but more in its attempts to foreground alternative perspectives to global changes, and to help examine the world with tools that are not only unorthodox, bold, but also novel, at least to current generations of IR scholarship. Indeed, we argue that a holistic and pluralistic take on global change is paramount for the human kind to be able to find peaceful solutions in front of the dark times ahead. Considering that climate change is actively changing the planet, that scarcity of the necessities of life increases along with competition among those few who control the means of life, we stand face to face with an unpredictable and threatening tomorrow. For this reason, the work that started with this research project should be brought onwards to the fields of futures studies as well as policy research, in order to further tackle each of the identified problems.

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1. Tracking the Past in the Chinese and Indian Regional Cooperation Initiatives

Jyrki Käkönen

Abstract

The gravity of world economy and politics is moving back to Asia and Indian Ocean region in Eurasia where it was until early eighteenth century. In Asia, China and India are the most influential rising powers of the shifting global order. The tension between these two civilizations has at least a 2500 years old history. Both have expressed a strong interest to become core actors in Asia and further within the global order. The competition between these two states is demonstrated in their initiatives for regional cooperation in Asia and beyond. Although China and India cooperate for instance in the BRICS context, they have constructed their own regional forums like BRI and BIMSTEC. In this article, the idea is to evaluate initiatives of both states for regional cooperation, and how signs of the pre-colonial structures are present in those initiatives. At the third level, the interest is to track whether the elements of the traditional Chinese (*tianxia*) and Indian (*mandala*) approaches are present in Chinese and Indian attempts for regional cooperation.

Keywords: tianxia, mandala, regional cooperation, historical trade routes, Indian Ocean

Introduction

Many scholars (Amin 2006; Acharya 2014; Tharoor 2012; Mahbubani 2008; Kumar 2014; Jacques 2012; Boswell and Chase-Dunn 2000; Tammen et al 2012; Juutinen and Käkönen 2016) have argued that world politics is undergoing a transition with the gravity in economics and politics gradually moving to Asia-Pacific region. It is expected that this process will cause the reconstruction of the international order. China and India shall have an essential role in the transition process. Both countries aspire to be leading powers of the future international order. And it is likely that their strategies and policies for the future will be based increasingly on their own worldviews and values (Saran 2017; Liu 2015). In the Chinese case this aspect was strongly present in the Chinese President Xi Jinping's introductory presentation for the party congress in 18 October 2017 (Xi 2017).

Marko Juutinen and Jyrki Käkönen (2016) have argued that the Chinese and Indian interests to change or at least to reform the existing international order are demonstrated for instance in their membership in BRICS. Both countries have a key role in success or failure of BRICS. They also cooperate currently in the context of SCO. However, cooperation in BRICS and SCO has not eliminated tensions and the mutual competition between the two countries. This is because neither of the countries wants to see the other as a future leading power in Asia or in the global order. Chinese and Indian initiatives for regional cooperation in Asia demonstrate the mutual competition.

There is a general understanding that BRICS hardly can be a strong international actor due to the conflicting China–India relations. The western-centric IR theories support this assumption. According to the theories on international cooperation or integration, a strong internal cohesion is required for an institution to be effective; BRICS lacks this cohesion (Brütsch and Papa 2013: 5-7). However, the diversity within BRICS has not prevented it from developing into an institution for plurality and to establish a New Development Bank to at least compensate the World Bank in international financing.

This article aims to examine whether China–India cooperation for changing the international order matters in their initiatives for regional cooperation. Or whether both countries have their own initiatives for organizing regional cooperation in Asian part of Eurasia. It goes on to analyse whether with the help of those initiatives they will be able to achieve leading position in Asia or at least prevent the other to rise into a leading position. I also intend to find out whether in their initiatives it is possible to track features of the past, i.e. historical connections in Eurasia from the time before European hegemony in the international system.

The point here is not about how history would legitimize Chinese and Indian initiatives. Rather, current Chinese and Indian world politics is problematic to understand without knowing how the history can be seen from their perspective (Saran 2017; Datta-Ray 2015; Jacques 2012; Gesher 2015). Another epistemic challenge is that understanding Chinese and Indian external policies may also require the knowledge and understanding of their ancient civilizational worldviews and classical theories of international politics. This does not, however, mean that western-centric IR theories would be incapable of explaining Chinese and Indian world politics; but interpretation of their foreign policies in the context of their

classical indigenous theories might give a different understanding about the intentions of those two countries in world politics.

The following analyses cover three different levels. First, I present an interpretation about Chinese *tianxia* and Indian *mandala* theories. I give only a brief presentation about what those theories can say about world politics. At the second level I track how India and China were connected to the world before European expansion to Asia. The brief presentation of the historical perspective enables us to estimate whether current Chinese and Indian initiatives for regional cooperation in Asia reflect the past.

In this connection it is also worth pointing out that as state formations of China and India did not exist in the historical period covered here. As concepts, China and India here refer more to civilizations than to states. Historically these civilizations were represented by various states, dynasties and empires.

On the third level I examine some crucial current Chinese and Indian initiatives and already functioning projects in regional cooperation in Asia. This section is mainly based on the information these projects provide on their web pages. My intention is to explore whether it is possible to track signs of *tianxia* and *mandala* theories as well as features of the past in those projects. Simultaneously I try to answer the question, how China and India are possibly constructing international order in the image of their historical experiences and classical theories.

Indigenous Chinese and Indian theoretical approach

The origins of *tianxia* and *mandala* theories go more than 2000 years back in Chinese and Hindu civilizations. *Tianxia* (all under the heaven) theory has its roots in Confucian philosophy and in the historical experiences of Chinese dynasties since the so-called warring states period. There does not exist, at least not yet, single generally acknowledged *tianxia* theory. In current Chinese discourse different versions have been presented. In this essay I present one interpretation and apply it to examine Chinese initiatives for regional cooperation in Asia.

Mandala (rings of the kings/states) theory has its roots in Vedic literature and ancient Hindu philosophy. In the fourth century BC Kautilya presented a coherent *mandala* theory in his study *Arthashastra* (Käkönen 2017: 23-38). Here I present

a short summary about the theory and apply it to present Indian initiatives for regional cooperation in Asia.

In this context, I would like to make it clear that my intention is just to pick up some aspects regarding both of the theories instead of reconstructing complex theories. The point is that both the theories are more nuanced than it appears from their brief summarization below. However, various aspects presented are based on those theories. And in case those aspects are to be found somehow present in the Chinese and Indian initiatives for regional cooperation, it is justified to conclude that the ancient world views are present in those initiatives.

Tianxia theory

Tianxia is a complex concept and it refers to a system that includes within its scope geography, politics and culture or even to morality in the sense that the issue concerns the satisfaction of human needs (Xiao 2010: 111-112). William A. Callahan has indicated that at least for 2000 years the concept defined how China understood itself and its relations to others in the system build around it (Callahan 2008: 749).

As a concept, *tianxia* has its roots in the Confucian worldview. According to Luke Clavill, Confucius believed that the whole universe formed one totality, whose ideal state is order, peace and harmony (Clavill 2010: 329). As a system, *tianxia* refers to a China-centric world system. The issue at hand is to understand how China organized its relations with the world based on this concept (Chisen 2011: 34). Jyrki Kallio extends this understanding further by saying that in *tianxia* China and the world are understood as one and the same (Kallio 2012: 8).

Whether *tianxia* is understood in a wider or more limited sense, the issue is always about a China-centric system (Xiao 2010: 103). In this system there are three concentric circles. China and the Chinese civilization form the centre of the system. Next circle is formed by the states in tributary relation with China and which may be converted into the Chinese civilization. The third circle is formed by barbarians and potential threat to Chinese civilization comes from there (Callahan 2008: 755; Xiao 2010: 106-107; Kallio 2012: 12).

The China centrality of the system was legitimized by Chinese moral and cultural superiority, at least from the Chinese perspective (Kallio 2012: 14; Zhang and

Buzan 2012: 25). It was further backed by Chinese economic prosperity. From the Chinese perspective the world was organized around China, which provided an option to Sinocize rest of the world (Zhang and Buzan 2012: 14).

A vital idea in the *tianxia* theory is that states around China voluntarily seek access into the system. Getting in and belonging to the system opened the gates into the Chinese markets. But it also obliged them to pay a tribute to China as well as to accept the Chinese predominance. In fact, the unconditional approval of Chinese superiority was the initial precondition for opening relations with China (Feng 2009: 550).

However, the relationship with China was not unilateral. According to Ren Xiao and Kallio, China committed itself to protect the states within the system (Xiao 2010: 111; Kallio 2012: 8). This means that being within the tributary system gave economic advantages and security, but it also reduced potential threats to China (Yan-kang 2012: 148). According to Callahan (2008: 756), through this system peace could be established in China's neighbourhood and made peaceful Chinese expansion possible. In this connection one should not forget that in some interpretations of the Confucian philosophy the ultimate goal of politics was the unification of the world (Xuetong 2011: 84).

According to Callahan, it is possible to understand *tianxia* as a system that converts a foe into a friend; no occupation of territory was needed for this (Callahan 2008: 752). As long as the centre is attractive the system remains peaceful and leadership is not challenged (Kallio 2012: 12-13). Therefore, China had to rule the centre virtuously and make it attractive to others. While peace benefitted everyone within the system, it primarily served Chinese interests. China imposed the rules of the system and defined how to act with China (Yan-kang 2012:130).

Callahan and Chang Chisen stress that the system was legitimized from the people's perspective in that it was supposed to satisfy the needs of the ordinary people (Callahan 2008: 756; Chisen 2011: 31). In fact, according to Confucian principle a political system has to produce welfare for the widest possible population (Xuetong 2011: 51). In the Confucian philosophy this refers to the whole humankind. Therefore, *tianxia* could be a theory about Chinese hegemony of the entire world (Chisen 2011: 29).

It has been indicated above that the expansion of the China-centric system did not mean explicitly conquering new territories. The issue was much more about the expansion of the Chinese civilization and through this securing access for China into the resources of others (Yan-kang 2012: 133). Yongjin Zhang and Barry Buzan have argued that one objective of the system was to establish peace in China's frontier regions (Zhang and Buzan 2012: 7). While China's neighbours defended themselves, they provided security for China (Xiao 2010: 103). Although China had a dominant position within the system the tributary states maintained their autonomy in internal and external policies (104).

Raja mandala theory

Kautilya's *mandala* approach is a theory about the international system and how states and especially the so-called conqueror should act within the system. Here conqueror refers to a state that is supposed to unify South Asia into a unified state espousing Hindu civilization (Gautam 2015: 89; Boesche 2002: 34; Rangarajan 1992: 2-3). Since any state in the system could be the potential conqueror it is possible to take *mandala* theory as a general theory of foreign policy in the historical context of the South Asian international system.

In addition to the conqueror, there are two main categories of states within the system: enemies and friends as potential allies of the conqueror. Further, in the system there was a middle king or state that is the neighbour to both the conqueror and its natural enemy. There is also a neutral state, which is the strongest one within the system (Rangarajan 1992: 517; Gautam 2015: 55; Mishra 2016: 91).

Mandala is a system of concentric circles. In the middle, there is the potential conqueror. Around it there is the circle of enemies and beyond that the circle of enemies of the enemies of the conqueror and therefore potential allies of the conqueror. However, the system is not deterministic, and the geography is not the only factor to define amity and enmity (Rangarajan 1992: 506-508; Gautam 2015: 99-100). According to Malay Mishra, the nature of the relations between the states within the system is also defined by balance of power and intentions (Mishra 2016:79). The object of the conqueror is to become a universal power. As long as the conqueror is weak, its interest is to prevent any potential competitor to become a universal power. Therefore, alliances are made to become stronger than the competitor or to prevent the competitor to become a universal actor (Rangarajan 1992: 510; More 2015: 17).

In the *mandala* theory as in *tianxia* theory, the object of the state is to provide welfare for people. According to Roger Boesche and Bruce Rich, for Kautilya the ultimate goal of politics is to secure peoples' happiness and prosperity (Boesche 2002: 30; Rich 2010: 68). How well a state is successful in realizing this goal legitimizes its existence. Further, according to Rich, in the *mandala* system state's responsibility was to maintain the population and to manage sustainably the resources for welfare (Rich 2010: 68). Foreign policy had to be conducted so as to provide welfare for the people. Alignment was a means to increase one's own prosperity and power (Mishra 2016: 87).

In the Kautilyan *mandala* system war was a natural tendency in politics. However, states were committed to seek peace and harmony within the system. Peace is a major precondition for people to enjoy their life and results of the fruits of their labour. War destroys those fruits and does not generate welfare that gives the legitimacy for the existence of the state (More 2015: 31; Gautam 2015: 76). Therefore, states should aim for peace rather than for war.

Strong economy and rational alliances increase one's own power in relation to a potential enemy (Kangle 2014: 255). The state's own power had to exceed the power of potential competitor, either alone or with the support of an allied state. Alliances are for increasing the state's own power and to realize its own interests. It is possible to increase one's power also by conquest. However, conquering a territory is not enough; one has also to win the hearts of conquered people. For that the conqueror has to respect the customs and culture of the conquered people (Set 2015; Kangle 2014: 261).

Historical connections in the Indian Ocean and Asia

As indicated above, both *tianxia* and *mandala* theories emphasize economic connections as factors in providing welfare for people. Economic connections also increase one's own power. The role of economy and commerce is not limited to production of welfare and prosperity. They also create networks, which already 3000 years ago connected empires and civilizations in Eurasia across the seas and land. In those networks India had a crucial position in connecting China into the western periphery of Eurasia.

Western sea routes

In the Indus valley the Harappan civilization had intensive transaction with Mesopotamia and Arabian Peninsula since 2600–2000 BC. One of the ancient world's biggest and major Harappan ports was close to Indus delta (Gilbert 2017: 1). Sea routes in the Indian Ocean connected India's west coast harbours to Egypt since 2000 BC. Among the major Indian export products were cotton and textiles (Sanyal 2016: 48, 57). Coastal vessels transported goods from India to Arabian Peninsula and Egypt (Alpers 2014: 2). India also traded with Mediterranean Europe since 3000 years ago.

According to Edward Alpers, ancient Greek geographer Ptolemy knew just two major seas: the Mediterranean Sea and the Indian Ocean (Alpers 2014). This demonstrates the importance of the Indian Ocean in the ancient world. Phoenician merchants played a crucial role in the commercial transactions between the Mediterranean world and India (Gilbert 2017: 5). According to Alpers (2014: 6), during 100 BC international trade connected the Roman Empire to Indian west coast. Trade between the Roman Empire and India was at its peak in the first and second centuries.

During the early Roman Empire, Greek seafarers and merchants had a central role in connecting the Roman-Hellenic world from Egypt and the Red Sea to South Asia (Gilbert 2017: 36). The situation changed after the invasion of Egypt. Since then connections from the Mediterranean region to India intensified and Roman vessels sailed from the Red Sea to Indian harbours. Simultaneously commercial connections from the Mediterranean were extended to Chinese harbours (Frankopan 2015: 15-16; Alpers 2014: 28).

In the western-centric history, Roman Empire has an important role and it is often presented as an almighty actor. Less attention, however, has been paid to the fact that the state of Roman economy and welfare was in good or bad condition depending on trade across the Indian Ocean (Gilbert 2017: x). Rome imported, for instance, textiles as luxury products from India and its import was paid in gold and silver (36).

When the ancient world in the Mediterranean region was breaking down and Islam expanding in the Mediterranean as well as in Central Asia the situation changed gradually also in the Indian Ocean. The trade in the western part of the

Indian Ocean was taken over by Muslim merchants and seafarers. By the eighth century, Muslims occupied a central role in the western Indian Ocean as well as in harbours on the western coast of India. In the tenth century, Muslim merchants were already involved in trade between India and China (Sen 2016: 173). This change meant that Arabic became the common language of commerce at least in the western Indian Ocean (Alpers 2014: 41).

Eastern sea routes

In the eastern Indian Ocean maritime connections developed early. Here commercial and cultural transactions were closely combined. Already before the Common Era Buddhism and Hinduism were well established in South East Asia (Sanyal 2016: 86). By then, Indian culture expanded beyond South Asia. Around 100 BCE in the Mekong delta there was a kingdom with strong Hindu elements (83). In the fifth century, most of the Javanese population were Hindus (106-107).

In the second century BCE Indian cotton textiles were exported to Southeast Asia and Indian merchants traded in Greek and Roman goods to South East Asia. In the other direction, Indian merchants also traded in Chinese silk and Indonesian spices (Sanyal 2016: 86). This means that Indian ports had an essential role in commercial transactions between China and the Roman Empire (Sen 2016: 169). After the Roman Empire collapsed, the Indian ports maintained their central role through seventh and eighth centuries in the trade between China and Byzantium.

By the sixth century, trade between China and India was so well established that the Chinese commercial ports had permanent Indian settlements (Sanyal 2016:107, 111). Indians had such a strong position in the eastern Indian Ocean that Buddhism and Hinduism still expanded there while Islam expanded in the western Indian Ocean (Alpers 2014: 46). In the end of the first millennium, Chola Empire ruled most of the southern India and around 1000 AD trade in the eastern Indian Ocean was controlled by Chola merchants (Sanyal 2016: 131-134; Alpers 2014: 4, 47).

In the eleventh century the Chola Empire had intensive trade connections with China and had a strong presence even in the South China Sea (Sen 2016: 231-232). The impact and presence of the Chola Empire from Indian east coast to South China Sea provided stability for the system on the seas. This made it possible for commercial connections between China and Europe to advance further

(166-168). Due to strong Chola influence in Southeast Asia, a number of states with strong Hindu features emerged in the region, i.e. Khmer Empire in Champa in South Vietnam and at least two more in Sumatra and Java (Sanyal 2016: 127).

Around AD 1000, Muslims gradually entered the eastern part of the Indian Ocean. This brought Muslim settlements into the Chinese harbour towns (Sen 2016: 164). On the other hand, the expansion of the Chinese Empire made China a visible actor in eastern Indian Ocean in the early second millennium (Alpers 2014: 42). In the twelfth and thirteenth centuries, Chinese merchants sailed to India, occupying a place in commercial networks in the Indian Ocean (Sen 2016: 237). According to Tansen Sen, Chinese merchants sailed to the African east coast in the thirteenth century and marginally threatened the strong position of Muslim merchants in the western Indian Ocean (238-239).

Chinese naval great power policy began in the Indian Ocean with the Ming dynasty 1368. Admiral Zheng Hen's seven expeditions in 1405-1433 made Chinese presence apparent in the Indian Ocean. Those expeditions extended to African east coast (Sanyal 2016: 153-156). However, China withdrew from the seas by 1433 (Alpers 2014: 65).

Continental trade routes from China to the west

In the early third century BCE, the Chinese Han dynasty aimed to control the trade routes from China to India. The dynasty expanded to Pamir and that opened land routes to northern India (Sen 2016: 2-3). Those routes had an important role in the expansion of Buddhism from India to China from the time of Mauryan emperor Ashok in the third century BCE. Buddhism became a factor that connected China and India. It was also a factor that increased commercial relations between India and China (159).

Trade routes through Central Asia connected ancient China to the Roman Empire. Those were the so-called Silk Roads (Gilbert 2017: 37). From early fourth century till ninth century Sogdian trading houses controlled continental trade routes from China to India as well as from China to Europe (Sen 2016: 170). However, there was a short period in the sixth century when Huns blocked the Silk Roads (Gilbert 2017: 47). In the eighth century Kashmir became a Chinese tributary state and for a while provided security along the East–West trading routes; simultaneously Kashmir defended China against the threat from the west (Sen 2016: 28-29).

In the thirteenth century, Mongol Empire created by Genghis Khan dominated Eurasian trade routes. The prosperity of that empire was based on controlling the trade routes. Therefore, it invested in maintaining the infrastructure. Although in Europe Mongols were seen as a threat the aim of the empire was not to conquer Europe but to control trade from Pacific Ocean to the Mediterranean. The empire provided secure transactions over vast Eurasian continent. The Mongol Empire was a factor that formed bases for trade between Europe as the periphery of the existing world system and prosperous China (Frankopan 2015: 167, 169; Sen 2016: 212; Weatherford 2004).

Indian Ocean before the European expansion

In the thirteenth and fourteenth centuries, Indian Ocean was the centre of world trade. The Indian Chola Empire had an important role in connecting China with world economy. Indian ports had an essential role in commerce between the Mediterranean world and China (Sen 2016: 165, 169). Then Indian Ocean was divided into two different cultural spheres: the Islamic realm from Central Asia and Indian west coast to the east coast of Africa down to current Mozambique and the Indian or Hindu realm from Afghanistan and Indian east coast to Vietnam in Southeast Asia. East and North from Vietnam there was a Chinese realm (Sanyal 2016: 141).

With the expansion of Islam, Indian Ocean gradually became the zone of strong Muslim influence. Muslim traders connected the western and eastern markets (Sen 2016: 175). In fact, with spread of Islam in Asia and North Africa all meaningful trade routes between Europe and China came under Muslim control (Frankopan 2015: 90-93). Mongol expansion in Eurasia and expansion of Islam marginalized the role of Indian mariners and merchants in the Indian Ocean in the early fourteenth century. Their place was taken by Chinese and Muslim merchants (Sanyal 2016: 144-145).

After the collapse of the Mongol Empire, the Chinese Ming dynasty became interested to increase Chinese presence and influence in Southeast Asia and the Indian Ocean (Sanyal 2016: 153-156). Zheng Hen's expeditions were the expression of this interest. After China withdrew from the seas, Indian Ocean was left open for Portuguese under Vasco da Gama (163). When the Portuguese vessels entered the Indian Ocean, it was controlled by merchants of the Ottoman Empire

but the Empire itself had a weak presence in the region. Ottoman as well as Mughal military presence was not enough to prevent the European expansion.

Chinese and Indian competition in Asia

The brief historical narrative presented above demonstrates that Eurasia formed a world system before the European invasion. In the system crucial actors changed in the course of history and Europe had just a marginal role in shaping the system. The interaction within the system was not just commercial but in a wide sense cultural too. This conclusion is supported, for instance, by Michael Scott (2016) and Barry Cunliffe (2017). Although empires rose and perished, the commercial networks remained for centuries and China and India had a crucial role in those networks until European colonialism marginalized them. Now China and India have risen again and simultaneously have begun to look for their civilizational roots and reconquer their historical place. This is reflected in their external policies, which may again elevate Eurasia's Asian part into a central position in world politics.

Now both China and India present initiatives for Asian networks, which have a strong historical flavour. These initiatives stress on the increasing importance of Asia in world politics, either by excluding European actors or just giving them marginal role in the western peninsula of Eurasia. Below, I will introduce some Chinese and Indian initiatives for regional cooperation in Asia. The presentation is based mainly on the information from the official websites of those projects.

Chinese initiatives

In introducing Chinese initiatives, *tianxia* theory has a guiding role. This means that attention is paid to possible China centrism, Chinese attraction and China providing welfare also for the partners in those initiatives. Another aspect is how those initiatives provide resources as well as peaceful context for continuous growth of the Chinese economy.

The most prominent of the Chinese initiatives is “The Belt and Road Initiative” (BRI).¹ Xi Jinping presented the idea for extensive Eurasian regional cooperation in 2013. It was then called “Silk Road Economic Belt” and “21st -century

¹ See <http://english.gov.cn/beltAndRoad> for the full report.

Maritime Silk Road". As the names indicate, the issue was about the creation of continental and maritime networks of cooperation. The action plan for realizing the initiative was presented on 28 March 2015.² In the autumn of 2017, the Chinese Communist Party congress gave the initiative a crucial role in Chinese foreign policy (Xi 2017).

For China, the aim of the initiative is to build a multipolar world, to advance globalization and cultural diversity. The final goal is to reach an open and balanced regional cooperation. An additional aspect in the initiative is to convince the rest of the world that China takes global responsibilities and acts for the prosperity of the entire humankind. The idea is to make China's prosperity benefit the whole world. The concrete object is to increase interaction of Asia with Europe and Africa. Transactions are also expected to increase mutual understanding between civilizations.

Ideally the initiative contains at least three economic corridors: China-Mongolia-Russia, China-Central Asia-West Asia and China-Indochina economic corridors. As actual projects China-Pakistan and China-Bangladesh-India-Myanmar economic and development corridors are already running. In these projects, China invested resources on infrastructure for connectivity. In addition to infrastructure, the issue is energy and construction of resource-based production chains.

As a regional undertaking BRI will cover 63 per cent of world population. As financiers, China wants to connect into the concrete projects of Asian Infrastructure Investment Bank (AIIB), Shanghai Cooperation Organization's development bank, the Silk Road Fund as well as New Development Bank (NDB) of BRICS. In all those institutions, China has a central role. One aspect of BRI is the protection of cultural heritage what connects the initiative to the historical past.

There is no doubt that in its functioning the initiative connects China with other regional economies as well as into the global economy. Thus, it is possible to conclude that it connects Eurasia as well as Indian Ocean tightly into the China centric system. However, from a Chinese perspective the issue is about construction of a system of harmony and peaceful cooperation in Eurasia and Indian Ocean.

² For the full text of the Report, see http://english.gov.cn/archive/publications/2015703/30/content_281475080249035.htm

As the eastern development corridor, the China-Bangladesh-India-Myanmar (BCIM) initiative is older than BRI. The BCIM had its origin in 1999. Its aim was to advance trade, transport and tourism cooperatively. For China, an important aspect in the initiative was to connect the landlocked Yunnan province into Bay of Bengal and further to the Indian Ocean. On an ideal level, the aim was to connect peripheries into global economy. On a more practical level the project would open natural resources of the region for growing Chinese economy.

China-Pakistan economic corridor (CPEC) is BRI's western development corridor. This is important for China since it connects land-locked Xinjiang province to the Arabian Sea and further to Indian Ocean. An important component of this project is the development of the Gwadar port in Pakistan. In addition to that, China has invested at least billion dollars in constructing three roads connecting Gwadar to China. It has been estimated that the total costs of the project shall be 46 billion dollars. One of the financiers is the AIIB.

The original bilateral project has already expanded with Russia joining the project in 2017 as well as the Eurasian Economic Union (EAEU). Therefore, the project has complicated traditionally strong Russia-India relations. From an Indian perspective, an elementary problem in CPEC project is Gilgit Baltistan region through which the development corridor passes. In Indian view, the area belongs to India and Pakistan has occupied it since the 1947 war. Therefore, the whole initiative violates Indian sovereignty and India opposes the whole BRI (See for instance, Nag 2017).

A maritime component of BRI is the twenty-first century maritime Silk Road initiative. It aims to connect Chinese ports with Africa and Europe (in the first case to Athens). This project would bring China as a meaningful economic, political and even military actor into the Indian Ocean, the *Mare Nostrum* of India. It would also strengthen China-ASEAN relations. A sensitive aspect of this initiative is the South China Sea, where several ASEAN states have territorial claims overlapping the Chinese claims.

Indian initiatives

Indian initiatives will be presented in the context of *mandala* theory. The issue is much about getting allies, which can strengthen India's capabilities as a potential conqueror. It is also important to evaluate how China as a natural enemy of India

and potential conqueror can be kept outside effective networks or how its strong position in the Asian system can be undermined.

South Asian Association for Regional Cooperation (SAARC) has connected South Asia already for years. However, India-Pakistan conflict has made the association ineffective. In the wider Indian Ocean context, Indian Ocean Rim Association has been a forum for regional cooperation. Both organizations have a role in India's external policy. However, in this connection focus is on initiatives, which clearly compete with Chinese initiatives and construct India centric networks on historical bases.

One of India's new initiatives is the so-called "International North-South Transport Corridor (INSTC)."³ This project was launched in 2000 by Russian initiative. It was supposed to be trilateral Russia-Iran-India effort. The founding document was signed in 2002. In a historical context the project is based on trade routes used intensively during the Safavid dynasty from sixteenth to eighteenth centuries. However, those networks are much older, and they connected Northern Europe down to India already during the Viking period (Korpela 2014).

For India, this project is important since it would connect India with its neighbourhood and to Central Asia bypassing Pakistan. Furthermore, the project will provide for India a passage to Eastern Europe and to Arabian Peninsula (Singh Roy 2015). In addition to the three founder states, Azerbaijan, Armenia, Kazakhstan, Kirgizstan, Oman, Syria, Turkey, Ukraine and Belorussia have all joined to the project while Bulgaria has an observer status in it.

From an Indian perspective, an important element in this project is a good maritime connection from Mumbai to Iran. In Iran, there are two port options, Bandar Abbas and Chabahar, from where land and partly Caspian Sea routes would lead to Moscow and St Petersburg. The construction of Chabahar port has been a part of the project since 2002. India has expressed that it is ready to invest at least 8 billion dollars in construction of the port. This indicates that the project is important for India. In case the project is realized, it would provide a role for India in Central Asia and even beyond it in Eurasia (Singh Roy 2015). At the same time the project would provide India with an access to Central Asian energy resources as well as open a link to West Asia.

³ http://www.instc-org.ir/Pages/Home_Page.aspx.

On the east-west axis, an important Indian vision is Indo-Pacific economic corridor. This is supposed to make Indian and the Pacific Ocean into a unitary maritime region. The idea is closely connected to India-US dialogue, which began in 2013. An important element in this effort is freedom of navigation. However, it is as important because it connects USA, India, Japan and Australia. Therefore, it is hard to avoid the idea that the issue is to balance increasing Chinese influence in both sea regions as well as to counter the Chinese politics in the South China Sea (Sundararaman 2017).

Indian opening for eastward regional cooperation is “Bay of Bengal Initiative for Multisectoral Technical and Economic Cooperation (BIMSTEC).”⁴ It has its roots in 1997 Bangkok Declaration that was signed by India, Thailand and Sri Lanka. The first high-level summit was held 2004 and the latest one in 2017. Bangladesh, Nepal, Bhutan and Myanmar have joined the initiative. The project clearly overlaps Chinese eastern economic corridor of BRI.

As a region, BIMSTEC covers 22 per cent of world’s population. The crucial problems of the region are poverty and environment. Poor, if not totally non-existent, infrastructure is a restriction for any meaningful cooperation within the region. Low mutual trade is evidence of lack of infrastructure. On the other hand, the growth rate of regional economies has been about 6 per cent annually in 2000s. For India BIMSTEC provides a mean to isolate Pakistan from South Asian cooperation and to replace ineffective SAARC. The importance of BIMSTEC for India was clearly demonstrated during the 2016 BRICS summit in Goa. Instead of SAARC leaders, India invited BIMSTEC leaders as guests to the summit.

In a cultural sense, the most interesting Indian initiative is the “Mausam Project.”⁵ This project collects together scholars from various Indian Ocean region states. It is basically a joint research project what is based on historical spice trade connections and historical impact of Buddhist and Hindu cultures. The joint research project is supposed to remind regional states about common culture and history of the Indian Ocean region. Simultaneously the project refers to India’s strong impact on the region through some thousand years. The project has already produced several publications.

⁴ <http://bimstec.org/>.

⁵ <http://www.ignca.nic.in/mausam.htm>.

Signs of the past in the present

In spite of cooperating in the context of BRICS, SCO and RCEP to challenge the existing international order China and India compete for gaining influence in Asia. Important means in their struggle to increase their influence are initiatives for regional cooperation. In those projects, it is possible to track features from their ancient worldviews. They also reflect the pre-colonial Asian networks, and, in this respect, it is possible to talk metaphorically about the return of the past. When placing the current initiatives for regional cooperation into the historical context it is possible to argue that while China and India construct their relations into the world around them historical models are strongly present. In a way, the issue is about decolonization and reconstruction of connections destroyed by European colonialism. In constructing possible new international order, they are aiming to negate 400 years exclusion.

India is re-establishing its historical position in connecting the Indian Ocean into a unitary cultural and economic space. In addition to its strong continental role, China was strongly present also in the Indian Ocean in the fifteenth century. Now it aims to return to Indian Ocean in the context of regional cooperation initiatives. India in turn extended its influence into the South China Sea in early second millennium. Now its Indo-Pacific economic corridor initiative gives a message that India again has interests in South China Sea.

In addition to strong historical features, it is possible to find signs of classical political theories in Chinese and Indian initiatives for connectivity in Asia. One aspect in those theories was leading position at least in their own neighbourhood. In *tianxia* theory as well as in Chinese initiatives one can find the idea of attractive Chinese economy. Because of its huge economic potential China has become essential partner for its neighbours and instead of westernization it has to offer a Chinese model for modernization.

In the Chinese initiatives for regional cooperation it is also possible to find the model of three concentric circles. In the middle is economically attractive China. The next circle is formed by the states willing to cooperate with China and at least ready to recognize the one China principle. The third circle consists of the EU and USA, which expect the westernization of China. By its own model, China aims to create stability in the system and distribute welfare to widest possible

area. However, in those initiatives China also gets access to the resources of others.

Indian initiatives aim to connect India to the neighbourhood beyond South Asia. According to Kautilyan principles in this way it gets access to the resources of its partners. It is also possible to argue that through its initiatives India will try to reach a position of a universal actor at least within the realm of Indian Ocean although it is economically less attractive than China. This gives an option for China to restrict Indian influence in its own backyard. In Yuxi in Yunnan on 14 and 15 June 2018, China organized the first China-South Asia cooperation forum. This may indicate the end of ineffective SAARC.

In the context of *mandala* theory, it is possible to say that currently India is weaker than China though it has to try to restrain China's rise as well as to exclude China and its "all weather ally" Pakistan from any meaningful South Asian and Indian Ocean cooperation networks. On the other hand, according to *mandala* theory India has to seek cooperation with the neutral power, i.e. the USA, still the strongest actor in the global system or from the classical Indian perspective, the strongest in the *mandala*, ring of the powers. As a weak actor, it also has to avoid open conflicts with China. Therefore, it is rational for India to cooperate with China in organizations like BRICS and SCO.

To sum up it is possible to give brief answers to the questions presented in the introduction:

- China-India cooperation for challenging the existing international order or at least improving their voice in it is absent in their initiatives for regional cooperation in Asia;
- In their initiatives for regional cooperation it is possible to track signs from historical networks before European colonial expansion and European hegemony in the international system;
- Signs of historical networks in initiatives for Asian regional cooperation support the idea that in studying world politics we may have to understand world history also from a Chinese and Indian perspective;
- In Chinese and Indian initiatives, it is also possible to track signs of their ancient worldviews and classical indigenous political theories

and this again supports the idea that we may have to study world politics also from non-western IR theory perspectives;

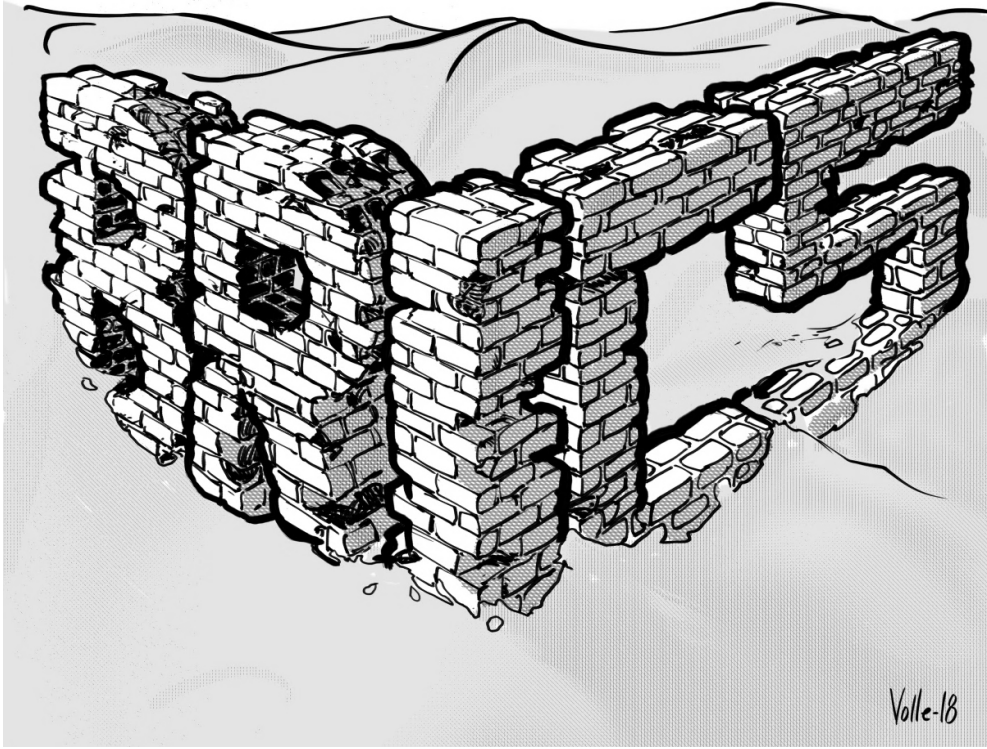
- To a certain extent, it is possible to argue that both China and India are constructing *regional if not world orders according to their own image and these two potential orders do not necessary overlap.*

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2. Emerging Dynamics of Conflict and Cooperation in Post-Hegemonic Age? A Kautilyan Perspective on ‘the BRICS Paradox’

Marko Juutinen

Abstract

Complementing international relations theories with indigenous perspectives has become ever more relevant with the pace of change in international affairs. BRICS is one of the new initiatives that can be seen as factors driving that change. Yet, defined by internal conflicts, it is difficult to theorise BRICS as an international agent, especially in the context of global governance. This chapter has two objectives: first, to theorise international relations from a non-Western perspective focusing on an Indian classic, Kautilya’s *Arthashastra*; and second, to employ that interpretation to conceptualise BRICS. As a litmus test for the analytical viability of the Kautilyan perspective developed here, this paper examines what might be called ‘the BRICS paradox’: the mismatch between theoretical expectations about the nature of BRICS and the ambiguous empirical evidence about it. Having sought to test Kautilyan concepts in the contemporary context, the paper confirms their potential for contemporary IR scholarship.

Keywords: non-Western IR, classical Indian political theory, realism, transnationally intertwined state factors, global leadership, BRICS

Introduction: Changing international order and the BRICS paradox

Since the 1990s, the question of how global power transitions affect the liberal international order has puzzled international relations (IR) scholars (Mearsheimer 2010; Brzezinski 1997; Ikenberry 2018a, 2001). The realist perspective tends to emphasize the geopolitical and competitive dimension of the rise of the emerging powers and the formation of new international institutions by them (de Graaff and van Apeldoorn 2018; Chin 2016; Tammen et al. 2000; Mearsheimer 2010). Those who focus on institutional and normative continuities, on the other hand, are keen to point out that none of the emerging powers or new initiatives has in a direct manner sought to oppose or reform the institutional bedrock of global governance (Drezner 2014; Ikenberry 2018b). Still others have focused on ideational and

conceptual transformations. Echoing Huntington's observations about the empowerment of cultural identities, scholars like Amitav Acharya and Barry Buzan have argued that there is a growing interest in local perspectives to IR theories and a demand for a global IR built on a dialogue between them and the established Western perspectives (Acharya and Buzan 2007; Huntington 1993).

The grouping of Brazil, Russia, India, China in 2006, and later South Africa in 2010, referred to as BRICS, is a case in point for these transformations. Yet, the conundrum of global power transitions, and new international institutions like BRICS and their implications for the liberal international order, remains an object of empirical and conceptual debate. This chapter provides an additional conceptual perspective to these debates. Its objective is a conceptual analysis of an Indian classic, Kautilya's *Arthashastra*, to develop a local perspective to BRICS studies, and the study of international relations in general.

Three reasons legitimise the use of a local perspective on BRICS studies. First is the lack of broadly accepted theorisations about BRICS and the persisting debate about its political nature. Second is the uncertainty over the application of Kautilyan conceptualisations on BRICS: we do not yet know whether Kautilya can be useful in BRICS studies, what results a Kautilyan perspective yields and how it relates to other interpretations. The perhaps ambiguous notion that BRICS scholarship has not been conceptually saturated, which underpins the above reasoning, provides a third and more general argument for the research task in this study. It is also a central argument for using non-Western perspectives and thus treated with more detail in the next section, 'Who was Kautilya and why is his *Arthashastra* relevant?'

BRICS has been subjected to various, sometimes contradictory, conceptualisations. Some scholars have interpreted it as a challenger to Western dominance and the promoter of a new international order (Thakur 2014; Juutinen 2019a; Stephen 2017). Others have claimed it to be more of a paper tiger and of little relevance because its members were quarrelsome and tended to support the existing liberal institutions (Gallarotti 2017). Moreover, while BRICS has succeeded in creating two new financial institutions, the New Development Bank (NDB) and the Contingent Reserve Arrangement (CRA), it has not produced a BRICS Consensus, leaving critics of neo-liberal development policies disappointed and disillusioned (Gudynas 2016; Bond and Garcia 2015). Against this background,

some scholars have sought to describe these different and conflicting interpretations as the BRICS paradox (Käkönen and Juutinen, n.d.).

According to *The Merriam Webster Dictionary*, a paradox can be ‘an argument that apparently derives self-contradictory conclusions by valid deduction from acceptable premises’. The BRICS paradox derives from certain theoretical premises about international relations that pose such expectations and lead to interpretations that do not seem to match with the reality.

One major aspect of the BRICS paradox is regarding BRICS’ position within the contending-dominant power continuum or the classic realist narrative that links international order with cycles of hegemonic rise and fall (Ikenberry 2018b; Juutinen and Käkönen 2016). For example, power transition theorists argue that the international order always tends to be structured hierarchically with a preponderant power at the top of its hierarchy. During a decline of a former hegemon, power transition is likely to produce a contender, either as a group of states or one single great power (Tammen et al. 2000). Various scholars have already shown that this does not fit well with BRICS (Juutinen and Käkönen 2016; Stephen 2014).

The same holds for the balance of power theory when employed in this context of Ikenberry’s hegemonic realism. It proposes that augmentation of power by one actor disrupts the balance in a system and thus is followed by rebalancing measures by other actors in the same system (Mastanduno 1999). This would suggest that though BRICS started as a coalition against Western dominance, with the increase of Chinese influence in world affairs, it would meet with rebalancing efforts by either Russia or India, or even both. However, there is not enough empirical evidence to support this theoretical deduction. Rather, the evidence is contradictory. First, under the Narendra Modi government, India has become the US’ partner in the Indo-Pacific and has actively sought closer ties with Japan and Australia. This can be seen as a reaction to China’s growing presence in South Asia and the Indo-Pacific. In Summer 2017, during the so called Doklam crisis, Sino-Indian tensions came close to a military showdown. These examples support the notion of rebalancing efforts and conflicting relations among the BRICS countries.

Second, and in spite of these tensions, there is also plenty of Sino-Indian and intra-Asian cooperation, particularly in terms of economic and financial

integration. BRICS is just one of the many instances where hugely heterogeneous emerging powers have more or less equal influence and where inter-state conflicts have been put aside for the aspiration of common objectives and international cooperation. According to some scholars (Ikenberry 2018b, 21), these observations challenge the general viability of the hegemonic realism and the contending-dominant power dichotomy. However, as they draw on European experiences, it would seem logical that they are partially context-specific (Ikenberry 2018b: 19; Hobson 2012). Indeed, some commentators have argued that international pluralism, coexistence of cooperation and rivalries, is deeply embedded in both past and present Asian politics; Asian powers, China and India included, would seem to endorse this as a positive feature (Saran 2017; Khanna 2019; Alpers 2014). European experience with rivalries, on the other hand, has been less positive. The second section will present this theoretical contextuality as one of the reasons to expand the repertoire of IR theory with local perspectives, as has been done in this paper.

BRICS may not have challenged the current international order, but it has posed a challenge for scholars attempting to understand it. On the one hand, BRICS may be seen as a process in making, or that it is merely a paper tiger without any of the ferocity of the real beast. Alternatively, it could be that, as part of a new and emerging reality, we are lacking in the proper analytical tools needed to assess its true potential. Thus, as Michael Liebig has argued, indigenous traditions provide us with untapped resources to develop analytical tools to study IR (M. Liebig 2014). According to the proponents of the so-called global IR, this is not just a research gap in the specialized BRICS scholarship (Acharya and Buzan 2009). Instead, broader usage of local perspectives would benefit the development of IR theory in general. This article contributes with a non-Western local perspective to the contemporary BRICS scholarship.

The focus of the article is on developing an interpretation of the Indian classic, Kautilya's *Arthashastra*, which is an ancient Sanskrit treatise on statecraft and foreign policy. The litmus test of the analytical viability of the Kautilyan perspective developed here consists of using this perspective to explain the BRICS paradox. This is in response to the interest in and demand for developing local IR perspectives. By developing a Kautilyan perspective and testing its analytical viability, this article also provides a conceptual framework that can be used to study how and to what extent—if at all—this perspective differs from the established

or Western IR theories, and to what extent it resonates with them. In other words, it seeks to provide a perspective that can be employed in the further development of global IR perspectives.

The chapter is divided as follows: The second section provides the reasoning for why Kautilya is a relevant source in IR. It also provides some methodological notes about how I read the *Arthashastra*. The third section presents some of Kautilya's key concepts in terms of international relations and seeks to interpret them for the purposes of contemporary foreign policy analysis. The fourth section applies the analytical framework on explaining BRICS, and the fifth section summarises the conclusions reached.

Who was Kautilya and why is his *Arthashastra* relevant?

Kautilya, also known as Chanakya, was a Brahman scholar and political advisor living during and after the turbulences of Alexander the Great's conquests. Though there is some uncertainty about it, the predominant understanding is that the *Arthashastra*, an extensive treatise in statecraft and foreign policy, was authored by Kautilya. Kautilya, who, together with Thucydides, can be considered one of the first realists, served as chief minister and councillor of the Indian king, Chandragupta Maurya (321–296 BCE). It is thought that Kautilya's advice helped Chandragupta to establish an empire of his own in the Indian peninsula, an empire which at its peak covered most of contemporary South Asia (Zaman 2006: 233–35; Gautam 2013: 74, 75).

Kautilya's *Arthashastra* pertains to ancient Sanskrit literature. With over 200,000 words in the English translation and more extensive than Aristotle's *Politics*, Kautilya's *Arthashastra* counts among the finest specimen of ancient literature (Modelski 1964). However, unlike *Politics*, *Arthashastra* was lost until 1904 when it was discovered by Dr R. Shamasastri. Welcoming its recovery, scholars like Max Weber compared *Arthashastra* with ancient Hellenic literature on statecraft, while Johann Jakob Meyer, a German Indologist, referred to it as the 'library of ancient India' (Gautam 2017, 68). In spite of having been lost, various scholars have argued that at least some elements of the *Arthashastra* survived and were passed on by oral tradition through Hindu epics such as the *Mahabharata* and *Ramayana*, as well as through social structures, religious beliefs and according to Patrick Olivelle to some extent even in the legal codes like the laws of Manu (Saran 2017; Zaman 2006: 240; Modelski 1964: 550; Olivelle 2004).

For IR studies, Kautilya is relevant in at least four ways. First, classical texts provide an important source from which to reconceptualise the present, to rethink, refine and even challenge well-established theorisations. While historians seek to understand, explain and even reconstruct the past, political theorists attempt to hypothesise the present. In this sense, political theorists are not faithful to the past. They can use classical texts to develop new solutions to old problems or redefine old problems in new contexts. Thus, in my reading of Kautilya's *Arthashastra*, I seek the tools to conceptualise the present. (Farrelly 2004: 9, 10; Philp 2008: 144–47; Skinner 2002: 40, 41, 50.) This objective aligns the present paper with IR theory and foreign policy analysis while setting it apart from works in history of ideas, although these are never fully separate (Boesche 2002; Modelski 1964; Sarkar 1919: 7).

Second, Kautilya forms a crucial element in the conceptual history of IR. Embedded in the historical context of the Hindu king Chandragupta's empire building, *Arthashastra* opens a window to ancient Indian scholarship and the political thought of one of the world's first great civilisations. Yet, unlike Thucydides, Kautilya did not seek to describe past battles but provide a manual for future conquests. Still, as his theories gained a broad audience and influential followers, they provide tools to understand South Asian history and statecraft. (Gautam 2017: 72; Modelski 1964: 550; Saran 2017: 9–12.) Third, they are also useful for studying India's contemporary foreign politics and have been used in this manner by, for instance, Aparna Pande (2017), Shyam Saran (2017) and Alyssa Ayres (2018).

Fourth, and related to the first, Kautilya's *Arthashastra* can be used to complement and develop contemporary IR. There is a particular need for this, depending on the claimed contextual or historic-political bias of Western IR theory (e.g. Wæver 1998). The prominent influence of European historical experiences for the Western IR has been pointed out by for example John Hobson (2012) and John Ikenberry (2018b: 19). Some others, like Kees van der Pijl (2014), emphasise the role of US foreign policy interests as a key element in its' formation. Non-Western perspectives and the development of the so called Global IR seek to remedy these issues (Acharya and Buzan 2009; Hobson 2012; van der Pijl 2014). They have also been seen as part of the epistemic decolonization of IR (Krishna 2009), but they also help to better understand rising powers and their foreign policies (Nau 2012), as well as the international order in the post-hegemonic era

(Shahi 2019). Furthermore, some scholars have employed local historical traditions to imagine and conceptualize global ethics. For example Bruce Rich has studied Kautilya and the legacy of Chandragupta's grandson, Ashoka, for this purpose (e.g. Rich 2010).

Having used the concept of Western IR, it should perhaps be noted, as Bilgin (2008) and Acharya (2011) have argued, that it is analytically challenging if not impossible to exclusively define what actually is Western about Western IR or what constitutes the inherently non-Western dimensions in non-Western IR. Like technological innovations, ideas too have travelled across regions, mutated on the way and assimilated into new contexts (e.g. Hobson 2004). In addition, focus on at least partly artificial categorisations can strengthen exclusiveness whereas emphasis on what unites and what is common can be seen to increase positive sentiments across various kinds of boundaries. From this perspective, the concept of 'non-Western' may contain false connotations about the separateness of, for example, Indian and Chinese traditions, even if those form important building blocks of what is meant by 'Western'.

Consequently, indigenous traditions should not be studied to serve national pride or civilisational confrontations. Rather, it should be the realisation that the epistemic sources of IR should reflect the pluralism of the current international order that should motivate such studies. In the past, the US got the chance to develop, employ and interpret IR for its own purposes, to legitimise its supremacy. This resulted in contextual biases. Hence, to unravel the secrets of the present world, we need not only to acknowledge and understand the particularistic and contextual finesse of ideas, but also to seek to replenish our conceptual sources. (Bilgin 2008; Acharya and Buzan 2009; Acharya 2011; Hobson 2012.) This is what the next section devotes itself to.

Kautilyan international relations and foreign policy

This section presents Kautilya's key concepts of international relations and foreign policy analysis and attempts to interpret them. Early works by Sarkar (1919) and Modelski (1964), and more recent works by, for example, Boesche (2002), Zaman (2006), Gautam (2013, ch. 3), Mishra and Liebig (2016) have already sought to connect Kautilyan concepts with present-day political science terminology. Following Gautam, I have in a previous study (Juutinen 2018: 211–16) divided Kautilya's foreign policy framework into the following seven elements: (1)

a specific type of king, the conqueror, (2) four measures to overcome opposition (*upayas*), (3) the seven constituent elements of state, (4) six measures of foreign policy, (5) *mandala* system of international relations, (6) three ways of conquest and (7) three ways of war. In this article, I will instead focus on only three, the mandala, the constituent elements of state and conquest. I interpret that these three elements in Kautilya's foreign policy framework can be expanded to broader analytical concepts providing perspectives to (1) the organizing principles of international relations, (2) overarching leadership goals of transnational agents and (3) the foreign policy obligation of an aspirant global leader. (Gautam 2013: 51; M. Liebig 2014: 6, 8, 10; M. Liebig and Mishra 2016: 127; Juutinen 2018: 210; Shamasastri 1915: 99, 100; Kangle 2014, Sutra 7.4.11.)

The logic of international relations

The Merriam Webster Dictionary defines *mandala* as 'a graphic and often symbolic pattern usually in the form of a circle divided into four separate sections'. In Kautilya's *Arthashastra*, it refers to circles of kings, and an international system based on strategic relations between them. The central nodes in the mandala system, the four circles of kings, are four types of kings: conqueror, conqueror's enemy, middle power and neutral power. Each of the circles, moreover, consists of the friends and allies of their nodal power, be it the conqueror, conqueror's enemy, middle king or the neutral power. In addition, king does not merely denote ruler but also, depending on the context, the whole state. (Shamasastri 1915: 367; Kangle 2014, Sutras 6.2.13.)

The four central nodes of Kautilya's *mandala* system have particular characteristics. The most powerful state, the so-called neutral king, is defined as one that would have the material capabilities to resist and even subjugate each of the minor kings individually, but is situated beyond their territories. This great power regards the lesser states with indifference because, for Kautilya, enmity depends primarily on territorial proximity. The middle king is the second strongest state, but it also shares territory with minor powers. Conqueror and its enemy are the lesser states that also share a common border. (Shamasastri 1915: 366, 367; Kangle 2014, Sutras 6.2.13-23; Gautam 2013: 54, 55.) As *Arthashastra* is written without direct historical references, various scholars agree that the *mandala* system is primarily a conceptualisation of possible strategic relations between them, even though Boesche (2002: 16) has shown that it also has a descriptive dimension (Modelski 1964: 550).

The concepts of enmity and friendship lie at the heart of the *mandala*'s strategic function. Yet, for Kautilya, enemy is a state that 'is situated anywhere immediately on the circumference of the conqueror's territory' (Shamasastri 1915: 366; Kangle 2014, Sutra 6.2.14; Boesche 2002: 78). Benoy Sarkar (1919: 405), writing during World War I, adopted this idea without deeper scrutiny. Gautam (2013: 99) conversely, has noted that while the natural enemy of any state is bound to be its neighbour, not all neighbours are enemies. Still, to get an idea about the organising principle in the *mandala*'s strategic function, we should consider what factors cause enmity in the neighbourhood.

Some of the obvious reasons are competition for the same resources like arable land, woods or metals, dependence on the same source of water, increases in population, and migration and the potential colonisation resulting from it. These become causes of conflict only between peoples who live close to each other. Even today these matters are relevant to a certain extent, yet global markets and the relative ease of travelling reduces dependency on the neighbourhood. Consequently, I would argue that instead of neighbourhood, enmity results from conflicting strategic interests, which in Kautilya's historic context tended to coincide with territorial proximity. This resonates with Liebig's extrapolation about Kautilya's *matsya-nyāya*, or the 'law of the fishes', or 'law of the jungle', which define conflicting interests as the natural condition of human life. (Liebig 2014: 3, 4.)

As a result, the constitution of the circles of states, and their relations with each other, are a question of conflicting interests between them. This modification makes it possible to expand the applicability of the *mandala*. While territorial borders in IR apply to states, conflicting interests apply also on other governance institutions as much as matters of international and transnational interdependencies.

Defined in this sense, *mandala* can account not only for inter-state relations but also for global governance and international organization. This is an important observation, because one of the major implications of globalization has been the transformation in the political sovereignty of states through various forms of shared authority and pooled sovereignty (Elazar 1998). This is what Rosenau and Czempiel (1992) referred to with the influential notion of 'governance without government'. The concept encapsulates the resulting fragmentation of public authority and the emergence of new actors including non-governmental and private

actors – in addition to transgovernmental (between for example state departments), intergovernmental, intra-regional, translocal (between for example two cities) and public private hybrids (Scholte 2011: 11).

Thus, it seems both possible and plausible to define mandala as a conceptualisation of transnational relations structured by how different agents relate to: (1) each other in terms of size and influence; and (2) matters of governance. A matter of governance can be a conflicting interest or an issue of interdependence between at least two actors. In the modern age, many governance issues are not fundamentally about conflicting interests, but about management of interdependences.

Overarching leadership goals

Mishra and Liebig (2016: 127, 132) have argued that the *raison d'état* of Kautilya's political leadership is the optimisation of state power to maintain and increase the welfare of its people. This is because only a powerful state can ensure the welfare of its people (Shamasastri 1915: 368; Rangarajan 1992: 525). Kautilya divides power into three components: intellectual strength (which provides good counsel); a strong army and prosperous treasury, which provide for physical strength; and valour, which builds the psychological bases of energy and morale. According to Ramachandran's (2014: 393) interpretation, Kautilya's conception of power embodies four factors, counsel, military might, economy and motivation, and in this form is similar to the conception by the Chinese military strategist and writer Sun Zi. Pursuit of power is one of the factors that renders Kautilya a realist because one of the basic premises in realism is that states seek to maximise their power and influence.

Yet, Kautilya's realism is conditional. A king is bound to do his best for the welfare of his subjects: 'In the happiness of his subjects lies his happiness; in their welfare his welfare' (Kangle 2014, Sutra 1.19.34). Welfare is the goal, and realist politics the tool. How then does Chanakya define welfare? He defines it as material well-being, acquisition and abundance of wealth:

Hence the king shall ever be active and discharge his duties; the root of wealth is activity, and of evil its reverse. In the absence of activity acquisitions present and to come will perish; by activity he can achieve both his desired ends and abundance of wealth. (Shamasastri 1915: 52; Kangle 2014, Sutras 1.19.35-36.)

[W]hen the king is well off, by his welfare and prosperity, he pleases the people; of what kind the king's character is, of the same kind will be the character of his people; for their progress or downfall, the people depend upon the king; the king is, as it were, the aggregate of the people. (Shamasastri 1915: 446.)

State power is not just an extension of the elements of power (intellectual, moral and material capacities and possessions) on an abstract idea of state. In fact, Kautilya's seven-fold typology of state, or the 'constituent elements', 'state factors' or 'elements of sovereignty', are fully comparable with twentieth-century realist conceptualisations of state power (M. Liebig 2014: 10; Juutinen and Käkönen 2016: 17). Kautilya operationalises the optimisation of power through the following state factors: (1) king, ruler; (2) government, administrative bodies; (3) people, country and the productive capabilities like agriculture; (4) capital or fortified city; (5) treasury or perhaps the tax base and tax income; (6) army; and (7) allies (Shamasastri 1915: 362–264; Kangle 2014: Sutra 6.1.1). State power refers to optimisation of intellectual, moral and material capacities and possession of all these seven factors.

For the purposes of modern analysis, some modifications of these elements are in order. The king and ministers should be considered in the broader sense of an efficient government and the ability of a central authority to exercise decisive influence on its subjects. Roger Boesche (2002: 45, 62) describes Kautilya's administrative system as 'despotic', but this interpretation has been challenged by for example Deepshikha Shahi's (2019) constructivist reading of the *Arthashastra*.

The third element for Kautilya would seem to be a compound of people and natural resources, and how they under an efficient and just administration yield both the sustenance for the country as well as the tax base that supports the government in its undertakings and a strong army. Like the king and governmental officials, so would the people be of good character, loyal and capable in their respective business. Today, the productive capabilities of a country would embody its industrial base, connectivity to international markets, position in regional and global value chains, as well as other elements that form the preconditions of economic productivity and competitiveness, like social and physical infrastructure (World Economic Forum 2019). Some elements of the modern social infrastructure, like the educational and judiciary systems, link to Kautilya's 'character' of the people and imply not only the build of occupational capabilities but also the construction of societal virtues, cohesiveness of the society and individual attachment to

community. Finally, for Kautilya, commerce is not an a-political even if it serves economic exchange. Commerce is also a key element of ‘intelligence service’. (Shamasastri 1915: 363, Book I, Ch. XI, XII.)

The treasury and tax base are still applicable concepts. The fortified city, constructed in order to protect the population against enemy troops, would need some modifications to become a useful category for contemporary analysis. Societal resilience might be a useful replacement for the ancient concept of a fortified city. It encompasses elements of both external and internal security. It also covers the soft elements of societal cohesiveness, approval of government and a critical and well-informed world-view which provide a fortification against inimical influence. Indeed, these elements of resilience find expression in Kautilya’s theory of society, which combines social control and administration with the material well-being of people and the general acceptability of the king and social hierarchies. However, he does not list these as part of the elements of sovereignty. (Boesche 2002: 106–8.)

In the Kautilyan formulation, there is also a non-material aspect to strength and happiness, one defined by Vedic tradition and the hierarchical social structure of the Aryan caste system. Living well in this context would imply fulfilling one’s duties as a member of a caste as given. (Rangarajan 1992: 29, 37, 38; Shamasastri 1915: 9, 10.) Cultural traditions, belief systems and values can be seen as sources of societal resilience, stability and predictability. They also form an element in the sociological acceptability of governance. For example, Peter Stillman (1974: 42) defines legitimacy as ‘the compatibility of the results of governmental output with the value patterns of the relevant system’.

Out of the last two state factors, army and allies, the latter is highly relevant in the modern context, defined by environmental and economic interdependences. These ties, I would argue, cause a fundamental transformation in the nature and operational logic of the mandala system. For example, the productive forces of any country are dependent on their connections with other countries. Various transnational governance institutions regulate how and between whom these connections are built and supervised. As a result, cooperation permeates most of Kautilya’s state factors: the circles of states in a modern *mandala* become intertwined and tie kingly obligations in one political entity with the happiness of people in another. This leaves enmity or zero-sum games with only a side role.

Thus, the *raison d'être* of leadership in the modern era *mandala* can be defined as optimisation of welfare in the often transnationally intertwined state factors. This can be defined as the inter-state *mandala*. Leadership in this context can be about solving common problems (compare Juutinen 2018: 214, 125).

Moreover, if modern *mandala* has to take into account the transnationally intertwined state factors, so can it also be applied to conflicting interests and governance in cases, where instead of states we have international organizations as agents. In this sense, we can speak about transnational *mandalas*. These organizations do not have (1) kings but they do have leaders; (2) they do not have governments but they do have bureaucracies; (3) they do not have a nation, but they have people as their subjects and their objectives are often defined with regard to problems experienced by peoples in many countries and geographic areas; (4) they do not have capitals but they do have a relation with social cohesiveness and societal resilience; (5) most of them do not have right to collect taxes but virtually all of them have a budget and incomes; (6) some have an army; and (7) many cooperate with other international organizations, institutions, non-state actors and states.

An additional feature in Kautilya's conceptualisation of state, which strengthens the applicability of *mandala* also on international organizations, is the open character of Kautilya's state: it is not territorially bound, nor nationally or ethnically defined. The idea of nation-states has been predominant among European whereas states in Asia, Africa and South America encompass multiple nations of whom many speak their own tongue.

According to Shyam Saran (2017), this openness is distinctive in Asian political history. It would explain why pluralism would appear so much more acceptable a condition in Asia than in Europe, where the integration process was launched to avoid the horrific experiences of the two world wars. Admittedly, EU's legitimacy as an integration process has more recently been contested, partially through misguided diagnosis by the Brexiters and populist movements with alleged support from China and Russia about the late migration crisis and global economic imbalances.

Conquest as a foreign policy obligation

Benoy Sarkar described Kautilya's *mandala* as a 'cult of expansion'. Sarkar (1919: 401, 409) connected expansionism with world conquest; Boesche (2002:

4, 79) also hints at this. Liebig (2014: 15) and Gautam (2013: 124), in contrast, restrict Kautilya's expansionism to the geographic and civilisational sphere of the Indian subcontinent. Nonetheless, conquest forms an essential part of Kautilya's theory, where the would-be-conqueror or *vijigisu* is a central actor.

Conqueror is a singular type of king because of its normative character, and its role in the international system. The normative dimension of the conqueror refers to certain qualities that legitimise the *vijigisu*'s role as a conqueror. The conqueror should possess excellent personal qualities and be industrious in attaining and improving his skills and abilities. He should husband his time efficiently according to a carefully planned schedule, and never let selfish desires and urges dictate his actions. (Shamasastri 1915: 19, 51, 362; Kangle 2014, Sutra 1.7.1.)

In addition to these features, the *vijigisu* is distinctive because of conquest. The *Arthashastra* classifies conquests into three groups: (1) righteous; (2) greedy; and (3) demonic. A just conqueror, our *vijigisu*, does not necessarily need to seek usurpation or extension of his state's belongings. Territorial takeover, moreover, would likely involve death, loss of money and impoverishment. It would not necessarily be conducive to the happiness and welfare of his people, least of all those newly subjected to his rule. In the *Arthashastra*, we read that a 'king [...], being possessed of good character and best-fitted elements of sovereignty' and seeking conquest, should be neither demonic nor greedy. If he would act in any other way than righteous, he would create the space and need for another state to seek a new conqueror. This is because it is the duty of a king to aspire for the welfare and happiness of his people, which is impossible under a demonic ruler and difficult with a greedy one. (Shamasastri 1915: 366; Gautam 2013: 47, 56.)

To be able to conquer, the *vijigisu* should have the necessary material and non-material capabilities both to conquer and to maintain a dominant position after the conquest. To establish himself, he needs to set up his rule in a manner that advances the happiness and welfare of the new subjects, thus binding them to the king for material gains and for non-material reasons. The non-material reasons in Kautilya's *Arthashastra* have to do with the Brahmanical order and virtues which deepen the moral dimension of Kautilya's realism. (Liebig 2014: 14.)

As a result, Kautilya's conquest does not generate rights without obligations. Instead, by extending the kingdom, conquest also extends the obligations that come with leadership. In this sense, the ethical and material are inseparably intertwined.

Interestingly, this seems to resonate with certain modern concepts. There is, for instance, a similarity between ‘benevolent superpower’ and ‘liberal international order’ on the one side, and the *vijigisu* and ‘conquest’ on the other. As noted by Liebig (2014: 14, 17), these conceptual interfaces deserve ‘long overdue’ scholarly attention. However, they are out of the scope of this particular paper.

Now, if we maintain that the *mandala* in the contemporary context can be regarded as a certain type of strategic constellation of diverse interests around a governance issue, or, more narrowly, a constellation of state relations with regard to a matter of governance, then to conquer means to solve this issue. A righteous conquest would imply a solution that improves or secures the welfare of the *vijigisu* and the conquered. For example, a mutually beneficial trade agreement, or a port or railway connection, would correspond to righteous conquest, while a trade war would imply a greedy conquest.

Towards a framework of analysis

In this section, I have discussed Kautilya’s key concepts of international relations and foreign policy and, through interpretative analysis, sought to adapt them to the present-day context. I have paid particular attention to the organising principle in Kautilya’s *mandala* arguing that strategic relations do not depend on territorial proximity between territorial political entities or nation-states. Instead, *mandala* can be defined as a compound of multiple and overlapping *transnational* relations structured by how different agents relate to (1) each other in terms of size and influence; and (2) how these agents relate to a matter of governance, dispute or common concern. Furthermore, it is possible to divide between interstate and transnational *mandalas*, which indicates that the strategic relations that the concept seeks to encapsulate are multiple and overlapping on various levels of global politics.

The basic unit in the *mandala* is the state, conceived of as a compound of seven elements, none of which, in the contemporary world, is fully independent or sovereign, but which is tied to other states, friends and enemies alike, with at least some environmental, economic and international connections. The objective of each state is the optimisation of the immaterial and material dimensions of each of the seven transnationally interdependent state factors, which would obligate leaders or at least the *vijigisu* to aspire for win-win solutions instead of zero-sum outcomes. This holds in cases where the circle of states is intertwined through

interdependent constituent elements. I would argue that these notions might help to rethink the dynamics of conflict and cooperation in a manner which perhaps underpins the historical experiences of Asian civilizations and is well suited for the emerging pluralistic international order.

Moreover, while the basic unit in Kautilyan *mandala* is the state, the modern *mandala* also applies to international organizations and governance agencies in the global context of complex and inter-relational web of political authority. Along with states, these webs of authority can be situated as parts of a state-centric *mandala*, as elements of ‘interdependent sovereignty’ affecting people and productive forces, treasury and allies. But they can also be interpreted as actors in transnational *mandalas*, where instead of states the focus is on transnational agents or international organizations.

Finally, the ideal leader (*vijigisu*) would be one that employs all measures in hand to ensure successful win-win solutions for common concerns, while ensuring neutrality or zero-sum gains in cases where the *mandala* is divided into clearly separate circles, and where the state factors of each central node of each circle are disconnected. Let me synthesise these notions shortly as a tentative analytical framework:

1. A key foreign policy objective is righteous conquest. In the context of multiple and overlapping circles consisting of transnationally intertwined state factors, righteous conquest denotes successful leadership in optimisation of welfare in the interconnected political entities through win-win solutions for common problems. The modern *vijigisu* has mastery over the complex web of *mandalas*, knows how to keep them separate (e.g., does not mix political conflicts with economic cooperation), and has the ability to exercise effective leadership.
2. In defining the operational environment for foreign policy manoeuvres, primary focus is on what constitutes a given *mandala*:
 - What are the conflicting interests/common problems?
 - What kinds of agents are involved?
 - What does the *vijigisu* do to lead or overcome, by what means and how successfully?
 - What are the shortcomings of his leadership?

- From the normative perspective, what should the *vijigisu* do and who or what is most suitable to be a *vijigisu*?

BRICS and the multiple and overlapping *mandalas*

To define BRICS as an international agent and to conceptualise its relationship with the changing international order is considered a challenge by BRICS scholars. The BRICS countries portray some elements befitting various theoretical conceptualisations. It seems to be a bit of many things, but not fully anything. This, at least, is the interpretation behind the BRICS paradox.

The BRICS paradox can be defined as a theoretically grounded chain of arguments that lead to deductions about BRICS that are not coherent with empirical reality, or at least seem controversial or ambiguous. One aspect of the paradox evolves from the idea that because the BRICS countries are so heterogeneous, i.e. because they lack the political, geographic, ideational and constructivist elements that, particularly from the perspective of European integration theories, are necessary for efficient cooperation, BRICS is defined as fundamentally a paper tiger with little expectations regarding its global role. Another perspective, this one grounded in power transition theory, expects the BRICS countries to align to challenge either the hierarchical order of states in the increasingly obsolete US-led world order, or the norms and institutions of the current system in order to reform them to better fit their own interests. There is contradictory evidence for both these claims.

In Kautilyan terms, the organising principle in both these claims relates to some aspects of global interdependence, governance issues or conflicting interests. The Kautilyan perspective would thus suggest conceptualising these puzzles through relatively narrow, issue-specific *mandalas*. In other words, this perspective would solve the paradox by changing the premises leading to it. Of course, no theory is perfect, but most theories can convey some important information. Comparative studies would tell us that BRICS is neither a federation nor a supranational governance entity, but an interstate alliance subject to conflicts or dissonance between its members. The Kautilyan perspective can add to this type of analysis with insights about what the elements are that bind the BRICS countries together, and how they relate to the elements that separate them or create potential for

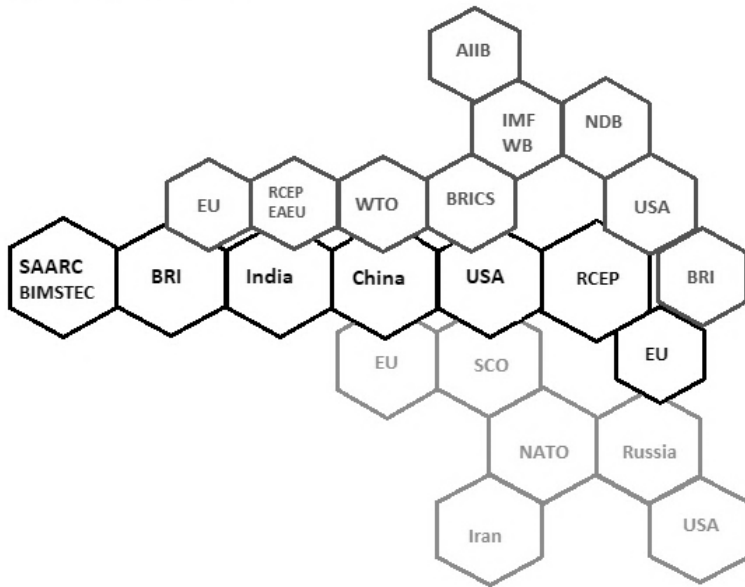
conflicts within BRICS. For this, the Kautilyan perspective provides the tools of multiple and overlapping *mandalas*.

What then are the BRICS *mandalas*? The BRICS mandalas divide into various transnational and interstate *mandalas*, which are partly separate and partly overlapping. BRICS as an international agent is a compound of how dynamics inter-relations between these various mandalas. Figure 1. (by author) seeks to illustrate some of the complexity of these dynamics. Each colour denotes a specific constellation of strategic and conflicting interests, and each shared border (even between different colours) denotes a potentially conflicting relation. Enemy in one *mandala* can be friend in another.

The black *mandala*, for example, is an interstate mandala with India and China as its central node and the main rivals. In this context, the US is China's enemy and India's friends, while China-led initiatives like the Regional Comprehensive Economic Partnership (RCEP) is an enemy of the US and the EU. From the perspective of this interstate-mandala, RCEP is also potentially inimical for India, because of its asymmetric foreign economic policy implications for China. Belt and Road Initiative, even more clearly is an enemy for India and with regard to the BRI, RCEP and China itself India's friends are the EU and the US. South Asian Association for Regional Cooperation (SAARC), on the other hand, is China's enemy but a potential friend for the US and the EU.

At the same time, in the *transnational mandala*, denoted with the red colour, India and China are friends within the BRICS, and in this context RCEP and the BRI are friends for both India and China, unlike in the *interstate mandala*. In this context, on the other hand, the US and the EU can be seen as enemies of BRICS in terms of how they relate to pluralism of global governance.

Figure 1. Overlapping Mandalas



Transnational mandalas

According to BRICS summit documents, BRICS was formed as a reaction to the ‘major and swift changes’ in world affairs and the resulting need ‘for corresponding transformations in global governance’. The values that the BRICS (2010: nos 1, 2) have underlined in all of their summit declarations include mutual respect, cooperation, coordinated action and collective decision-making in ‘a multipolar, equitable and democratic world order’. As a result, the organising principles for the BRICS transnational *mandala* are the relation of each international agent towards these values, pluralism and the ‘corresponding reforms’ in global governance.

The United Nations (UN), International Monetary Fund (IMF) and the World Trade Organization (WTO) are three of the most important governance institutions of the so-called liberal international order. They are also the objects of BRICS’ critique, causes of conflicting relations, and the targets of conquest. Yet, the source of critique is not in the principles of these institutions. Instead, enmity arises from the discrepancy between values and practices. In spite of the power shift, the US and the developed countries still maintain a strong position in these

institutions even today, and the system that should generate indiscriminatory gains for all still produces disproportionate benefits to the already powerful companies, countries and groups of people (Hopewell 2016). This is what the BRICS countries have argued they want to change.

Indeed, the shortcomings of what in critical political economy literature is called the neo-liberal political economy, dearly felt in the Global South, has been one source of major expectations for alternative development models and thus also for actual financial and trade initiatives for that purpose. For example, Duggan (2015) and Mielniczuk (2013) have separately shown that the BRICS discourse about development and political economy deviates from the established neo-liberal jargon. Neither of them, however, is able to demonstrate that the BRICS actually have an alternative agenda. Other scholars have shown explicitly that they don't (Babb 2013; Gudynas 2016).

While state influence over markets among BRICS countries is relatively extensive, they have been and are major beneficiaries of economic globalisation and stout supporters of capitalism (Stephen 2014; Nölke et al. 2015). For example, BRICS country lending to other developing countries is as extractive as investments from the advanced economies (Bond 2016). The newly founded NDB has already been criticised for lack of transparency and disrespect for good governance. A recent case is the contentious infrastructure loan to Durban port in South Africa, strongly objected to by the local population (*Independent Online*, 10 June 2018). Another factor is the close institutional relations between the Contingent Reserve Arrangement (CRA) and the IMF. BRICS created the CRA as a liquidity buffer against potential balance of payments problems, but when there is need for more than 30 per cent of borrowing quota, it must first seek structural adjustment loans from the IMF before it can receive more support from the CRA (Ibid.; Bond 2016).

Nonetheless, even if there may not exist a *mandala* that is on a systemic level or that concerns capitalism, there appears to be a narrower developmental *mandala*. The BRICS rhetoric also emphasises the well-established problems of global governance—that poverty and lack of social and physical infrastructure, water and electricity are very tangible problems even among the BRICS themselves. Mielniczuk (2013) has argued that construction of a new discourse can have long-term effects on how we see the world, how we create shared purposes and how

we imagine the future. It begins with ideational delinking from established and predominant discourses. Thus, some scholars have shown that to some extent, the BRICS countries have already caused a rupture in ideas about development. This is also evident from the NDB's General Strategy (2017: 11), which seems to invite discussions and debates on development:

The bank will constructively engage the international community as an independent voice on development trends and practices. As a new institution, NDB has much to learn from the wealth of experience of multilateral and bilateral development institutions, as well as civil society and academic organizations.

In the context of the developmental *mandala*, there would be need for a righteous conqueror. BRICS has at least so far failed to shoulder this responsibility even if it has created space in both developmental discourses and institutional structures (Juutinen 2019b). If the BRICS objective is indeed to advance reforms that are conducive to a more equitable and multipolar world order, their promotion of ideational and discursive pluralism, be it about political economy or cultures, should be in line with that objective. BRICS has promoted pluralism in global institutions as well as at the regional level. During BRICS summits, it has become a practice that the host country also organize a simultaneous conference for some regional organisation. For example, during the Ufa Summit in 2017, the Shanghai Cooperation Organization (SCO) was convened together with BRICS. In this sense, BRICS seems to be working as an enabler and promoter of multiple layers of cooperation.

On the global level, BRICS has faced opposition from the former hegemonic powers. For example, reforms of the IMF quota system had already been agreed upon at the Group of 20 meeting in 2008, a year before the first BRIC summit, but were stopped by the US Congress until 2016. That failure met with harsh criticism from the BRICS. The BRICS summit declaration from 2015 (no 19) states that '[w]e remain deeply disappointed with the prolonged failure by the United States to ratify the IMF 2010 reform package, which continues to undermine the credibility, legitimacy and effectiveness of the IMF'.

Similarly, BRICS concerns with the UN has focused on unilateralism. In various summits, they have condemned 'unilateral military interventions, economic sanctions and arbitrary use of unilateral coercive measures in violation of international law' (BRICS 2014: nos. 8, 27; 2016, no. 9; 2017, no. 38). Conflicts in Libya and

Syria and the dispute about Iran's nuclear weapons are major triggers for these concerns. In these conflicts, BRICS has emphasised sovereignty and non-interference, while responsibility to protect and human rights have been more important for the discourse of the US and its allies. The US has been and continues to be the 'enemy' also in the WTO and in matters of economic interdependencies. Prior to the Donald Trump presidency, BRICS voiced concerns about developed country regional trade agreements, which contain high regulatory standards that could induce additional costs and become barriers for market access for developing countries. During the Trump presidency, the BRICS countries have also voiced their concern over the US refusal to appoint a WTO judge, which could 'paralyse the dispute settlement system and undermine the rights and obligations of all Members' (BRICS 2018: no. 64).

Interstate Mandala

Transnational *mandalas* thus would seem to encompass developmental concerns as well as concerns about global governance. In these cases, BRICS can be seen as an actor in its own right, and indeed, one can argue that there is a need for global leadership or a *vijigisu* that would propose solutions to solve common problems. At the same time, it can be asked, why has BRICS' role so far been of this relatively modest kind? This, I would argue, depends on the nature of BRICS as not only part of transnational *mandalas* but also itself part of the interstate *mandalas* of its member states.

States are and remain important even in transnational contexts and thus for example the developmental *mandala* comprises of global and regional institutions, corporations as well as states, who have also other strategic interests. While in the transnational context and with regard to development and pluralist global governance, India and China are friends who cooperate through various arenas like BRICS, NDP, Regional Comprehensive Economic Partnership (RCEP), Asian Infrastructure Investment Bank (AIIB), Shanghai Cooperation Organization (SCO), these initiatives can also be seen as foreign policy measures and employment of the four *upayas* by an aspirant conqueror, China. From India-centric *mandala*, they can be seen as tools of its enemy to legitimize its growing influence, make friends out of potential rivals, and through economic transactions tie India's constituent elements closer to itself.

This does not imply that developmental *mandala* or transnational *mandalas* would not exist or that the BRICS countries (or that China and India) would not have common interests. It does, however, imply that BRICS agendas are forged within inter-state mandalas, where India has to be cautious about China and thus, where the dynamics between these two countries affect the manner in which they cooperate on the transitional level. We can make two conclusions from these observations.

First, with regard to the developmental *mandala*, it would be desirable that BRICS could emerge as a *vijigisu*, a righteous conqueror that would lead international cooperation to solve problems of basic social and physical infrastructure, environmental degradation and climate warming. Each of BRICS members can seek to take that role and from a normative perspective, they should see it as their obligation.

Second, each of BRICS members also have an obligation to protect the welfare of their peoples and other transnationally entwined elements of their sovereignty, as well as to optimize their influence over these elements. In other words, they have to be suspicious and inquisitive about the policies of other BRICS members. Considering that China has launched three huge economic initiatives, the RCEP, AIIB and the Belt and Road Initiative (BRI), BRICS members also need to be cautious about not to band-wagon with these initiatives, unless they are convinced that China is a righteous conqueror and they are willing to subject themselves to it.

Consequently, from Kautilyan perspective it appears that the questions about whether or not BRICS has what it takes to become a global leader in development and global governance, or whether it should or should not aspire for such a role, might be wrong ones to ask – at least for time being. Main reason is that the precondition for BRICS to be able to create a common political agenda for economic development and global governance is the rise of a *vijigisu* among them. In the contemporary context, this would seem quite far-fetched. At the same time, BRICS countries do have common concerns as when BRICS as an alliance functions as an agent of global dialogue and promoter of pluralism, it would seem to best serve these interests.

As a result, this paper proposes to approach BRICS through the assessment of the dynamics of conflict and cooperation in *transnational* and *interstate mandalas*. A

more detailed exercise in Kautilyan analyses would focus on transnational and interstate dynamics as well as how they relate to each other. Even this short treatise makes it possible to rule out the paradox. Yet, to establish to what extent and how the Kautilyan conceptualizations complement realist IR or in what sense Kautilyan concepts differ from or bring in something new (or something that has been forgotten long time ago), remains an open question. What we have now seen is that Kautilya is applicable. But to establish, how useful it is, will necessarily involve much further work in comparing Kautilyan theoretical concepts with other IR concepts and assessing Kautilyan interpretations on policy cases at side of other IR interpretations on the same cases. This study has only scraped the surface of such scholarship.

Conclusion

This article has two objectives. First, it has sought to develop conceptual tools to study international relations through an interpretative analysis of Kautilya's *Arthashastra*. Second, it has tried to apply this perspective on conceptualising BRICS using the so-called BRICS paradox as a litmus test for the Kautilyan perspective. Starting point of this study, as presented in the introduction, is that we do not yet know whether Kautilya can be useful in BRICS studies, what results a Kautilyan perspective yields and how it relates to other interpretations. The short analysis of BRICS has demonstrated the applicability of the perspective. It sought to present the overlapping transnational and interstate *mandalas* as an analytical tool to examine the dynamics of conflict and cooperation that define BRICS as an international agent, and which explain the so-called BRICS paradox.

As the Kautilyan perspective has successfully passed its litmus test, we can reaffirm Kautilya's relevance for IR studies. In the second section of this paper, this paper argued that Kautilya is relevant in at least four ways. First, classical texts provide an important source from which to reconceptualise the present, to rethink, refine and even challenge well-established theorisations. Second, Kautilya forms a crucial element in the conceptual history of IR. Third, Kautilya can be employed to study and understand India's contemporary foreign politics. This dimension came up in the discussion in the fourth section. Fourth, and related to the first, Kautilya's *Arthashastra* can be used to complement and develop contemporary IR and strategic analysis.

A summary of the Kautilyan perspective was provided in the third section of this paper. The main conceptual contribution of this paper relates to the concepts of *mandala* and conquest, or the nature of international relations and the main foreign policy objectives. Two types of circles were presented, transnational and interstate *mandalas*. In transnational *mandalas*, the central agent may be an international organization or some other agent of global governance. In interstate *mandalas*, the central node of analysis is a state, albeit the circles around it involve non-state actors and/international organizations.

Contemporary *mandalas* can be defined as a strategic constellation of multiple and overlapping circles of political entities joined by transnationally intertwined state factors. This implies that state power and its interests are not territorially bound but transnationally intertwined. In this context, righteous conquest would denote successful leadership in optimising welfare in the interconnected political entities or among the peoples of transnationally intertwined states.

Finally, with regard to future research, I have already mentioned that the perspective provided here may be used to study differences, commonalities and complementarities between this and the established IR perspectives. As Kautilya was a realist political theorist, it would be particularly promising to inquire into the relationship between the Kautilyan perspective developed here and some of the key notions in other realist theories. For example, what is the relation between ‘transnationally intertwined state factors’ and ‘national interest’ or ‘institutional constraints’, and how do the ideas of ‘conquest’ and the ‘circle of states’ relate to ‘multilateral diplomacy’ or ‘hegemonic transition’?

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3. The BRICS Coexistence and the Islamic World

Karim Maïche

Abstract

Could Muslim-majority countries such as Indonesia, Turkey, Iran or Egypt among others become BRICS member-states in the future? This article seeks to reflect on the potential membership of Muslim-majority country within the BRICS, which lacks member from the Islamic world in its explicit struggle to strengthen the role of the developing world in the multiple international political arenas. Muslim-majority countries and their representative institutions are contextualized within the hub of multilateral platforms while the impact of their political, cultural and economic performances are reflected within the processes of pluralization of the global world order in the twenty-first century. While the manifold strategic orientations of the BRICS are highlighted in the analysis, this article stresses the plurality of the Muslim world in general challenging the reductive understanding of its use as compact singular entity. Drawing on hermeneutic interpretation of multiple international phenomena through textual analysis, this article asks how would the membership of a Muslim-majority country impact on BRICS's global policy orientations, plurality and domestic policies within the theoretical framework of coexistence.

Keywords: BRICS, Islam, coexistence, culture, multilateralism

Introduction

Various official documents as well as political analysts and researchers depict BRICS as an institution which represents as well as safeguards the interests of the developing countries (Gray and Gills 2016: 558; Thakur 2014: 1793). Simultaneously, BRICS can be considered as the latest attempt with new organized form to increase South-South cooperation (SSC) since the Bandung Conference of 1955 (Kiely 2015: 152-173). The first summit of the BRICS was organized in 2009 and today the grouping consists of five significant regional powers that represent emergent economies which includes more than 40 per cent of the world's population (Mielniczuk 2013: 1075-1076). It aims at greater voice and representation of the developing world within international financial institutions in the context of global governance (Acharya 2014: 278-279). In general, the multilateral institutions such as BRICS, Shanghai Cooperation Organization (SCO), Eurasian Economic Union (EEU), New Development Bank (NDB), Asian Infrastructure

Investment Bank (AIIB), Group of 20, Group of 77, Association of Southeast Asian Nations (ASEAN) or African Union (AU) are important tools to bring about global change whether political, economic or social.

What is the role of the Islamic world in the processes of multilateralism and pluralization of the multiplex world order? While Islamic, or Muslim-majority, countries and their representative institutions are already integral part and connected to the hub of various multilateral institutions, such as United Nations (UN), World Trade Organization (WTO), Arab League (AL), Organization of Islamic Cooperation (OIC), ASEAN, EEU and AU, none of them are official members in the BRICS. All of the BRICS countries have rich historical and cultural backgrounds with multi-ethnic and multi-religious populations, for example, Buddhism in China, Hinduism in India as well as Christianity in various forms from Eastern-Orthodox in Russia, Roman Catholicism in Brazil and independent African church in South Africa. The combining element with unified cultures within BRICS can be considered to be of the tradition of orientalisation vis-à-vis European and North American cultural traditions, leading to shared experience of otherness and sense of consensus regardless of cultural differences (Xing and Wan 2014: 19).

From time to time, there has been some speculation regarding the joining of Muslim-majority countries to BRICS in the future. Since the aftermath of economic crisis in 2008, Goldman Sachs recognized eleven countries in addition to BRICS member states that were able to recover relatively rapidly from the crisis. These so-called “next eleven” (or N-11) were Bangladesh, Egypt, Indonesia, Iran, South Korea, Mexico, Indonesia, Nigeria and Turkey (Kiely 2015: 12). From this group, four Muslim or Muslim-majority states, such as Indonesia, Turkey, Iran and Egypt⁶ among others⁷ are included within the discussion on potential BRICS members. This article is interested in analysing how that would affect the plurality and coexistence among BRICS countries? How would that impact on its structures? If BRICS takes a Muslim-majority country as its official member state, would that change its international orientation? If BRICS aspires to represent the developing countries, why does it lack representation from the Islamic world, which represents over billion of the world’s population?

⁶ Egypt was invited guest (with Guinea, Mexico, Tajikistan and Thailand) in 2017 Xiamen Summit.

⁷ Other Muslim-majority countries that have expressed their interest in joining BRICS are Afghanistan, Algeria, Bangladesh, Nigeria, Sudan and Syria.

When I was asked for the first time about the input of the Islamic world within the BRICS, I thought that the whole question was totally absurd and irrelevant. I thought that it was unfruitful to study the connection between BRICS and huge, heterogeneous and complex entity such as “Islamic world”. I first refused to approach the whole question, criticizing it as related to its Huntingtonian perspective: world is split according to assumed and artificial civilizational divisions. When faced with the insistence of at least the possibility to pose such a question regardless of its complexities and problematic, I decided to take up the challenge. So far, I have not crossed any other study that captures similar research problematic or approach: the relations between BRICS and Islam.

Before going any further, it is of great necessity to highlight the plurality of the Muslim world and challenge the reductive understanding of the concept “Islamic world” in the first place. The so-called Islamic world, from Morocco to Indonesia, contains various historical, cultural and socio-economic intra-state and regional variations that complicate its understanding and use as compact singular entity. Instead of reflecting on BRICS and its relation with something called “Islamic world”, I proceed in my analysis towards discussion on few carefully selected individual Islamic or Muslim-majority countries and their political position vis-à-vis BRICS within the framework of contemporary international relations, while reflecting on a normative understanding and interpretation of Islam as a religious as well as social phenomenon.

Is there room for Islamic values in BRICS, which often highlights its positive orientation towards pluralism and diversity? I argue that the answer to aforementioned question lies within the way BRICS and its function is understood and defined: does BRICS exist for economic, geopolitical or security premises? Is it a platform? As stated before, BRICS aims to gather major emerging economies that share common perspective for a new global world order challenging the domination of the United States and its allies. How and where does this challenge take place? Meanwhile, BRICS shares the understanding that the current world order should be changed through institutional reform from inside. It does not seem to want to get rid of the system completely: BRICS creates parallel institutions in order to strengthen its position within current global order (Stuenkel 2016: 127). Similarly, there does not seem to exist shared vision about what the new global order should be. BRICS have taken position in which diversity is considered as strength and this orientation can be described according to Cedring de Coning,

Thomas Mandrub and Liselotte Odgaard as “strategy of coexistence” (De Coning et al 2015: 3). However, the future BRICS members are supposed to bring in more concrete elements than culture and values. They are expected to offer increasing political influence and positive economic opportunities. In addition, when analysing possible future Muslim-majority BRICS member state, one should contextualize multiple political and economic processes in connection with how one sees the role and the function of the BRICS as part of the larger configurations of the world order.

In general, BRICS presents itself according to multiple official documents⁸ as the defender of Third World countries and the Global South being representative in various multilateral institutions such as UN, G20, the Non-Aligned Movement (NAM) and the G77 (Gray and Gills 2016: 558; Thakur 2014: 1793). However, recently BRICS countries have gone through multiple internal and external transformations that have weakened its coherence regarding previously mentioned aims. The regime change in Brazil, changes in leadership in South Africa and recent weakening economic performances gives rise to many questions regarding the orientation of its objectives. Meanwhile, China’s extensive Belt and Road Initiative (BRI) disrupted India’s economic and security interests pushing Delhi to further balance China’s influence with other regional and international powers such as US, EU and Japan. Therefore, BRICS, envisaged as a flexible institution that gives each member state space to proceed from of the standpoint of their individual interests, may be transforming or shrinking into geostrategic tool for China and Russia who are using it to develop their multilateral relations and individual interests. How other players, especially Muslim-majority countries, could benefit from that kind of BRICS?

While BRICS, with good reason, has been hyped for being the motor of global change, there has also been recently some speculation about its decreasing importance. Nevertheless, the critical stance of the current US administration under President Donald Trump regarding the multilateral processes and globalization in

⁸ For example: Joint Statement of the BRIC Countries’ Leaders (Yekaterinburg, Russia, June 16 2009). II BRIC Summit – Joint Statement (Brasilia, April 16 2010). The 2nd Meeting of the BRICS Trade and Economic Ministers: Joint Press Release (New Delhi, India., March 28 2012). BRICS Leaders’ Informal Meeting on the margins of the G20 Summit (Hangzhou, China., September 4 2016). Meeting of BRICS Ministers of Foreign Affairs (New York, United States, September 20 2016). Joint Statement on BRICS Leaders’ Informal Meeting on the margins of G20 Summit (Osaka, Japan, June 28, 2019).

general as well as trade war with China leaves abundant space and roles for BRICS to play in the construction of multipolar or multiplex world order.⁹ Simultaneously, emerging countries have been able to gain economic and political weight within various regional transformations with declining importance of the US in the global world order (Acharya 2014; Rani and Kumar 2018; Roberts et al 2018: 5-8).

Each BRICS member has right to conduct their own foreign policies based on their national interests (Beeson and Zeng 2018: 7-9). The role of the BRICS as platform to challenge the US hegemonic world order have suffered from internal competition (e.g. India versus China), regime changes (e.g. in Brazil), weakening economic performances as well as other international multilateral development distracting its horizontal and vertical formation. BRICS and its member states are functioning in close relation with other multilateral institutions (such as SCO or EEU e.g.) and if BRICS cannot re-establish its purpose and design, why should it establish the valuable platform for Muslim-majority countries such as Turkey or Indonesia? Iran, for example, under economic sanctions and the constant threat of US military intervention, is probably more interested in integration within security organizations such as SCO, not BRICS, unless it would provide some relief for economic hardship due to aggressive US sanctions. What opportunities, other than economic, BRICS membership would bring to Egypt, close to US, Israel and Saudi Arabia, main strongholds of US Middle East –policy? (Rachman 2016: 156).

This study is based on qualitative hermeneutic research approach that concentrates on subjective interpretations within textual analysis, which is the central part of theoretical framework of hermeneutics (Ormiston 1990: 4). Political and cultural discussion is reflected in the context of contemporary socio-political environment. BRICS is mainly understood through its official documents and other research based on BRICS, global governance, multilateralism and international relations in general. Therefore, this is not comparative economic study where economic variables are measured in the context of compatible BRICS environment. Besides, various studies indicate that the structures of BRICS economies differ from each other as well (Rasoulinezhad and Jabalameli 2018). The main research

⁹ Amitav Acharya (interviewed on 12.09.2018 in Tampere, Finland) argues that the concept of multipolar is inherently Eurocentric concept that springs from twentieth century European political thought. Acharya prefers to depict contemporary world order as multiplex due to its multiple levels, actors and their inter-dependency.

question is; how would the membership of a Muslim-majority country impact on BRICS's global policy orientations, plurality and domestic policies within the theoretical framework of coexistence.

Coexistence of the BRICS and possible future enlargement: what is BRICS?

What is BRICS? The most obvious answer is that it is an organization that aims for new, more pluralistic world order that challenges US led hegemonic liberal order (Chun 2013; Stuenkel 2016; Kingah and Quiliconi 2016). However, it is in many ways unclear whether BRICS will develop in the future into deep economic alliance, political platform, union of emergent countries or something else. Future scenarios related to the BRICS are in many ways dependent on the transformations of wider international structures. World politics and international relation are constantly changing. The number of international actors, whether states, cities, institutions, groups or associations, functioning within multiplex world order have multiplied manifold.

BRICS offers an interesting example of how diverse states, geopolitically and economically, can find orchestrated beneficial action in multiple societal levels. Cedric de Coning, Thomas Mandrub and Liselotte Odgaard have instrumentalized the concept of *coexistence* in their work: *The BRICS and Coexistence: An alternative vision of world order* (2015). They understand coexistence as a strategy related to global governance that depicts the potential cooperation of five different countries, while they admit that BRICS members still lack “a fully developed common approach,” it helps to explicate the behavior of the individual member states (De Coning et al 2015: 4).

From historical perspective, each country has its own ways to understand the concept of coexistence. In general, coexistence is often understood as “brainchild” of the communist Eastern bloc and is seldom used in North American or European political literature (De Coning et al 2015: 5). Soviet Union styled “peaceful coexistence” was highlighted by Vladimir Lenin, Joseph Stalin and Nikita Khrushchev, in order to advance the pursued aim for worldwide proletarian revolution and gradual slip into Communist world (7-10). In India, the Five Principles of Peaceful Coexistence originating from Buddhism was realized through the Panch Shila agreement between India and China in 1954, and formed the basis of non-alignment under Prime Minister Jawaharlal Nehru; this became central to national

security strategy in relation to China (De Coning et al 2015: 10, 13). In Brazil the version of peaceful coexistence sprang from social injustices and aimed at an independent foreign policy within universalist framework, while in South Africa the concept has been used indirectly through *Ubuntu* and *batho pele* (De Coning et al 2015: 4, 11). What is of course relevant here is whether current BRICS countries share similar narrative of the concept of peaceful coexistence today and how far they are bound to follow its principles?

Coexistence can be understood as antithesis of the political imposition and hegemony promoting “the emergence of a rule-based international system characterized by the co-management of global order by states that may subscribe to different world views, different political systems and different approaches to economic and development policies” (De Coning et al 2015: 6). Compared to the so-called “Western”¹⁰ model, which assume shared understanding of universal values and norms that has been even used as an argument for military interventions (Afghanistan, Iraq among others), it is easy to draw conclusions from its attractiveness among many states around the globe. According to de Coning et al. the BRICS strategy is related to normative peaceful coexistence seal in at least four principles (De Coning et al 2015: 18):

- mutual respect for sovereignty and territorial integrity;
- interference in the internal affairs of other states only within the framework of multilaterally agreed upon norms and rules;
- mutual non-aggression, the legal equality of states;
- promotion of mutual benefits and national development paths.

¹⁰ I find the concept of the West problematic related to certain historical narrations that are often attached to it. Using of the concept may be practical in some occasions, but simultaneously reproduces power relations integrated to its narrative background. The concept of the West is challenging at least from four aspects. Its historical development narration cuts the Mediterranean Sea and distorts cultural context when dividing it into Europe, African and Asia. It is also problematic from the geographical perspective: where do we have to stand in the earth if we want to stand in the West? It is assumed to contain numerous values, such as freedom, equality and democracy that could be considered as heritage of the human history at large. Finally, it constructs an ambiguous political actor mainly combining US and EU, whose policies differ in multiple occasions, not first and foremost during the Presidency of Donald Trump. Likewise, I acknowledge that other such definitions such as Middle East, as an example, also seal in similar problematics.

This means mainly normative interpretation adapted within the BRICS itself in order to develop its internal cohesion. Constructing common narratives that would lead to strategy of coexistence face numerous practical challenges ahead. Individual interests may become obstacles in the near future, as for example may be the case between India and China in the context of Belt and Road Initiative (BRI) developed by China. It is also important to reflect the role philosophy of coexistence within BRICS as a platform, or as a component to strengthen the position of its member states in the complex network of other multilateral institutions from Shanghai Cooperation Organization (SCO) to United Nations (UN).

In the final declaration of the ninth BRICS summit held at Xiamen in 2017, the pluralism and diversity were stressed:

We will embrace cultural diversity and promote people-to-people exchanges to garner more popular support for BRICS cooperation through deepened traditional friendships. We will expand people-to-people exchanges in all dimensions, encourage all fabrics of the society to participate in BRICS cooperation, promote mutual learning between our cultures and civilizations, enhance communication and mutual understanding among our peoples and deepen traditional friendships, thus making BRICS partnership closer to our people's hearts (BRICS Leaders Xiamen Declaration 2017).

As the previous example shows, BRICS stresses on cultural diversity, which is considered as strength and mutual learning as an asset to intensify communication and understanding in order to find new ways to coexist and find synergies. While BRICS represents itself as a group of emergent economies and is open to diverse and versatile cultural approaches, it simultaneously aims at strengthening its soft power capability among various global actors, whether states, multilateral organizations or ethnic groups (Stuenkel 2016; 2016a). The understanding of the scope of the soft power conducted by BRICS members is often misunderstood and undermined in the US and EU. Keeping the door open to BRICS can also be considered as one example of soft power. For many countries, it is tempting idea to be part of the club of top emergent economic powers. Especially the explicit connotations of changing the contemporary world order towards more equal and pluralist premises through diplomacy and promoting global security for the peoples in the South appeal to many Muslim-majority countries that feel being marginalized in the current US led world structures.

Muslim minorities and BRICS internal and external policies

In 2015, BRICS National Research Committee executive director Georgy Toloraya told in the press conference: “From my point of view, BRICS is not just an association of countries, it is rather a union of civilizations, and only an Islamic civilization is missing” (TASS 2015). In recent years, there has been increasing speculation whether one of the emerging economies from Muslim-majority countries could achieve full membership in BRICS. Toloraya continued: “The group is very young, and its expansion can lead to the situation in which the whole structure will just begin to fall apart, because there are quite a few disagreements between the countries. However, sooner or later, the issue of expansion will arise, and then Indonesia will be the first among candidates for joining” (TASS 2015).

Muslim-majority member state could be an important and practical asset for BRICS regarding its various foreign policy orientations in the number of crisis taking place in the Middle East and Islamic world at large (Souaiaia 2013: 3). Since 2013, BRICS leader’ declarations contained direct chapters for various crisis and military conflicts, such as Syria, Afghanistan and Iraq, for example the BRICS eThekweni Declaration 2013. Arab-Israeli conflict and the Joint Comprehensive Plan of Action (JCPOA) related to Iranian nuclear issue, supported by BRICS, can be repeatedly found from the multiple BRICS declarations. Therefore, this extending foreign policy tendency could be strengthened if the Islamic world could be more integrated within BRICS.

Muslim or Muslim-majority country within BRICS could have relatively significant impact regarding domestic policies of the current BRICS member states as well. Today, as many other countries in the world, the BRICS member states contain important Muslim diaspora or Muslim background dwellers. The world’s second largest Muslim population, about 172 million meaning roughly 14 per cent on the country’s overall population, can be found from India. In China, resource-rich province of Xinjiang with 22 million inhabitants includes over 50 per cent Turkic speaking Uyghurs and Tartars (Dorsey 2018: 241-242). Xinjiang is also important from the geographical context in relation to China’s vision of Eurasia and BRI. It is well known that Russia has engaged with Muslim populations in the Caucasus and Central Asia and have formed its own historical discourses on Islam and Islamism, where especially latter has been treated as internal security issue (Dannreuther 2010: 15-16). In Brazil and South Africa, Muslim diaspora

have not been as politicized as much as in India, China and Russia, but they all include Muslim minority populations.

Recently, the Chechen wars in Russia, Chinese “re-education camps” in Xinjiang and the alleged Hindu nationalist government of Narendra Modi in India have instigated debate on Islamophobia in three major BRICS countries. Meanwhile Brazil is moving its embassy from Tel Aviv to Jerusalem with its new right-wing leader Jair Bolsanero, much to the dismay of the Islamic world. How do Muslim-majority countries follow these occurrences and how do they impact on BRICS image as the defender of the Third World and the Global South? In 2015, when China allegedly banned Ramadan fasting in the Xinjiang Uyghur autonomous region, anti-Chinese demonstrations erupted in Turkey and were followed by the official visit of Turkish President Recep Tayyip Erdogan in China (Atli 2018: 103). However, when Erdogan met with Chinese President Xi Jinping in July 2019, he stated: “It is a fact that the peoples of China’s Xinjiang region live happily in China’s development and prosperity. Turkey does not permit any person to incite disharmony in the Turkey-China relationship” (Escobar 2019). Does this imply that drawing a Muslim-majority country closer could prevent high level altercations and possibly even improve interaction with internal Muslim communities through mediation?

Simultaneously, it is important to keep in mind that the Islamic implications should not be approached only from the negative perspective. Islam has played immense historical role in the past in relation with India, China and Russia. Islam arrived to India already in the seventh century among the Arab traders while the beginning of China-Arab trade can be located to the same century as well. Muslim Tartars have lived and coexisted for 400 years in Russia. Ottoman Empire and Imperial China were connected by trade, merchants and travelers. Ancient Silk Road reflects today’s BRI project. Amartya Sen repeatedly highlights the tolerant Mughal emperor Akbar and Iranian scholar Al-Biruni, whose writings about India in the beginning of eleventh century represent more positive picture of the Muslims compared to, for example, European orientalist works during the period of colonization (Sen 2007). Historical encounters among Islam and BRICS countries are numerous while it is challenging not to underestimate the richness of versatile cultural and scientific heritage that has been achieved from this exchange. Therefore, admission of Muslim-majority country to BRICS brings nothing new in the sense of cultural encounter from a historical perspective.

Regardless of ideological or religious tendencies, whether communism in China, Hinduism in India or Islam with possible new member state, BRICS corresponds to the main doctrines of international capitalism and market economy, which function within international political structures. However, what needs to be asked is that if we consider BRICS as an economic actor, which adapts capitalist economic performances, does it engender complication for Islamic moral philosophy, even if such a coherent position among the Muslims could even exist in the first place? Is there contradiction between Islam and capitalism? According to Maxime Rodinson and his extensive study *Islam and Capitalism* that was published already in the 1966, the answer would be no. The Muslim-majority countries as well as the religion of Islam in general take favourable position regarding capitalism and free trade, which has been used for the conduction of economic policies among the Muslim, or Muslim-majority, countries both in the past as well as in contemporary world (Rodinson 1973; Gran 1998).

According to Rodinson, Islam is compatible with capitalism, depending on, of course, how capitalism is defined. Rodinson argues that “[T]he Sunnah has, quite obviously, nothing more to say than the Koran on the subject of capitalism. As for private property, it does not challenge this” (Rodinson 1973: 15). According to Sulayman Nyang, Islam has through centuries stretched out to embrace private property: “Under shari’a, property may be acquired in three ways: by *iktisab* (earning), *wiratha* (inheritance), and *hiba* (gift)” and Qur’an also explicitly stresses that right for private property is enjoyed by both women and men (Nyang 2002: 103). However, the Koran includes passages that condemn “increase” or “interest” (*riba*), which means that usury, injustice or exploitation is forbidden. Rodinson understand the development of capitalism as initial stages including societal and institutional premises; whether Islam has an effect on these processes is another question that require another research and discussion elsewhere (Rodinson 1973: 4-7). In addition, Muslim-majority countries are already deeply involved within the capitalist economic practices through states as well as through various international institutions.

In this context, it is also interesting to ask, whether more or less capitalist (or pre-capitalist as Marx argues) forms of economic conduct existed even before industrial revolution and should we be worried how ancient cultures deal with it? Fernand Braudel has argued that capitalism has existed as long as there have been human beings (Braudel 1981-1984) while Ibn Khaldun’s famous book

Muqaddimah (1370), integrates various economic theories, conditions and investigations showing deep capitalist practices before the period of industrialization (Weiss 1995). There are, of course, resourceful interpretations on the subject and related discussions on arrival of capitalist practices to Egypt, for example, connecting the development of capitalism and rise of the bourgeoisie systematically to Enlightenment thought (Chakrabarty 2000: 30). Peter Gran argued in his well-known book *Islamic Roots of Capitalism: Egypt, 1760-1840* (1979) that Napoleonic invasion to Egypt in 1798 was not the watershed for the birth of capitalism in the country as much as the output of the ulama during 1760-1840 that enabled the development of secularism supportive of capitalism in the country. In that sense, he argues, the situation in Mediterranean Egypt was not so much different from Italy or Spain (Gran 1998: xvi). He also criticized the over-emphasis of the agency of Europe, or the so-called “West”, in the development of the initial stages that are often believed necessary to lead into capitalist production, which may imply that processes of multiple and multi-staged development should be observed more carefully.

Indonesia, Turkey, Iran and Egypt: Future BRICS members?

We now need to consider how to approach Islam and Islamic civilization, which stretches from Morocco to Indonesia, and reflect its implication to BRICS in the context of peaceful coexistence? Departing from the Huntingtonian civilizational paradigm or disposition related to *ummah* (supra-national community) versus nation-state, I decide to concentrate on Muslim or Muslim-majority states integrating Islam within state practices and dimension as social phenomenon. I seek to understand Islam as social phenomenon that changes over time and place, i.e. as a dynamic phenomenon. For example, political Islam has played different roles in Turkey before and during the Erdogan’s period in power. In the past, the leadership has had significant impact in Egypt and Iran as well. In Indonesia, nationhood has always rested on pre-existing sense of Islamic ecumenism (Laffan 2003).

What is more, BRICS officially consists of states, not regional or local cultures, religions or ethnicities, though they are elements connected to state affairs. Therefore, it is more fruitful to contemplate Muslim or Muslim-majority state individually. After shifting through information from the academic publications, internet articles and official statements, the most prominent candidates that came out were Indonesia and Turkey, but some discussion was also centred round whether Iran,

Egypt or even Algeria could join the BRICS. In December 2018, the speculation for Algeria joining¹¹ was also raised in public for the first time (Fethi 2018). Afghanistan, Bangladesh, Iraq and Syria have all expressed their willingness to join the BRICS, though they can offer quite little.

However, I chose Indonesia, Turkey, Iran and Egypt for closer examination from political and economic basis. I am interested in how their membership could affect the plurality and coexistence of BRICS, and how their joining would transform their economic and political position as well. This necessitates reflection on various economic statistics as well as debates and writings within the context of hermeneutic premises instead of concentrating too strictly on economic variables, which is challenging due to lack of accurate data.

However, I start my analysis bringing in discussions related to normative democratic practices related to possibilities to intensify dimensions of soft power and international reputation. While it is possible to question the importance of democracy in this context, I argue that systems that mobilize the whole population as eligible members of state societies strengthen political and economic premises. How democratic structures and transparency echo when discussing about internal state policies in Indonesia, Turkey, Iran and Egypt? Does it matter when discussing about their entrance to BRICS? I would say no. How democratic is BRICS and its member states?

Ziya Öniş and Alper Şükrü Gençer have argued that regardless of the fact that Brazil, South Africa and India can be considered as consolidated democracies, their capacity to function as role models due to their domestic challenges prevent them for acting as democratic examples to other emerging countries in different regions (Öniş and Gençer 2018: 2). In addition, Russia and China are rarely praised for their transparency, democratic performances and reforms. Meanwhile liberal democracy as such has recently been challenged by several authoritarian performances around the world. This of course decreases the pressure from potential new BRICS member, because in general the normative democratic endeavours do not play significant role within BRICS official rhetoric, while they are neither absent from the official declarations (BRICS Leaders Xiamen Declaration

¹¹ Algeria could also be serious candidate due to its economic investments, geographic and political role in the Mediterranean between Africa and Europe, close relations with BRICS countries and common foreign policy goals.

2017; BRICS Leaders Johannesburg Declaration 2018). Still, BRICS stresses the plurality instead of homogeneity related to governmental structures.

I argue that political and economic inputs are of major significance when contemplating the possible future BRICS member states. Political implications encapsulate foreign policy benefits and shared interests, but also carry impacts on domestic policies of the BRICS countries themselves. Positive economic performances and potential advantages are also crucial in order to sustain image of the BRICS as alliance of emergent economic states. In general, Indonesia and Turkey have been considered as the most prominent candidates, Iran and Egypt less so due to their political instabilities and weaker economic performances. The country interested to join BRICS should not only sustain stable and strong economic growth but also show political will to challenge, or at least reform the current, so-called, liberal US led world order. Meanwhile, the economic growth of the current BRICS countries have shown gradual slowdown (especially in Brazil and Russia) while the consequences related to the trade war between US and China are still unclear and may cause serious challenges for emergent economies as well as for the international trade at large. However, BRICS countries are still expected to contribute substantially to future global economic growth (McKinley 2018).

Among the four countries, Iran seems to be most willing to join from the political aspect. It has been suffering from US sanctions before and after the so-called JCPOA (Joint Comprehensive Plan of Action), as well as from the geopolitical competition with Saudi Arabia and its led coalition. Iran is sporadically threatened by US, Israeli and Sunni-alignment led military intervention. While China played more substantive role in Iran nuclear activities mediation than generally recognized, it is also well known that China's interest in maintaining good relations with US outweighs the Sino-Iranian interests (Garver 2018: 123, 129). The Iran-US standoff may weaken significantly Iran's possibility to join BRICS due to economic sanctions and risk of ending up into military confrontation with the world's strongest military force. Therefore, Iran seems to be merely heading towards multilateral platforms such as SCO, which can provide more security related assurance. There have also been attempts to bring BRICS and SCO closer to each other, which may weaken the argument that US hostile policies towards Iran would harm its possible candidacy for BRICS.

Meanwhile Iran has multiple possibilities to transform itself into attractive ally for BRICS through relevance in China led BRI-project and being valuable partner in regard of Russian Middle East policies. US sanctions on Iran has hurt its economy and driven Iran to look further to the East. It is still difficult to know to what extent, but it has forced Iran simultaneously to be more responsive to Sino-Russian interests. Iran's economy has suffered from the sanctions. Its inflation rate was in April 2019 up to 37.2, while GDP growth -6. Therefore, it is clear that with its economy in recession Iran would definitely not be the country that could be connected to represent emergent economies (<https://www.imf.org/en/Countries/IRN>).

Political orientation of Indonesia has been a question mark. There has been some speculation that its foreign policy interest is close to China (McBeth 2017); however, Indonesia is still able to conduct neutral policies, which permit more independent political latitude. Indonesia seems to incorporate similar strategies as the BRICS, especially as Brazil with its interpretation of universalism related to co-existence: being friends with everybody results more freedom of action (Abdenur 2015: 49-50).

One should be careful to make too hasty conclusions, however. Indonesia has transformed from authoritarian state to working democracy, according to various experts, and has been mostly safe from world economic crisis of 2008 (Brooks 2011). Meanwhile, Indonesia has bad experience of being sidelined during cold war and may want to secure its political autonomy in the near future. However, if India, which has been able to maintain its autonomy within BRICS regarding its security interests in Indian Ocean and cooperation with US, EU, Japan and Australia, why would not multiethnic Indonesia be able to sustain the same margin? It is also too early to speculate, whether G-20 and ASEAN would be enough for Indonesia. From economic point of view, Indonesia contains major consumer markets and could be easily one of the members and form BRIICS. According to Oliver Stuenkel, Indonesia would be China's bet (Stuenkel 2017). Indonesia's economy has been dynamic since at least 2010s with GDP growth of 5.2 and inflation rate 3.3 in April 2019 (<https://www.imf.org/en/Countries/IRN>).

Turkey and Egypt have been considered as close allies to US, whether from military or economic perspectives. However, Trump administration have further accelerated the political drift with Recep Tayyip Erdogan's government though US-

Turkey relations started to deteriorate already under the Presidency of Barack Obama. In July 2018, Erdogan was invited to BRICS annual summit in Johannesburg as the term chair of the Organization of Islamic Cooperation (OIC). There Erdogan stated: “If you take us in the name of the platform would become BRICST,” suggesting adding a ‘T’ to BRICS (Munyar 2018). Erdogan also stated: “Especially China says that it stands in favor of enlargement. I have seen that they are considering involving other countries in this platform. They are not opposed to it” (Munyar 2018). Erdogan stressed the willingness of Turkey to enter to BRICS: “We are in the G-20 with five of those countries. I wish they take the necessary steps to let us in and we take our place in the BRICS” (Munyar 2018). Gokhan Bacik argued few years back that Turkey could not be considered as serious BRICS candidate (Bacik 2013). Today, Turkey has emerged as one of the most serious future candidates and it seems to have many interests in joining. However, the plunge of the Turkish currency Lira, inflation rate at 17.5, economic growth -2.5 in recession and confrontation with Trump administration may either speed up BRICST or forestall the process (<https://www.imf.org/en/Countries/TUR>).

Since Egyptian President Anwar Sadat cut ties with Soviet Union after the Yom Kippur War in the mid-1970s and concluded peace treaty with Israel, it has become one of the biggest US economic aid receivers. Even though Egypt was invited to join BRICS Xiamen annual meeting in 2017, only few believe in Egypt’s chances, whether due to political or economic reasons, even though latest reforms have improved the situation. While Egypt has deepened its military cooperation with Russia offering the latter to use its air bases, Egypt is still seen as firm ally of US. Could Egypt be trusted by BRICS states in its struggle for change in global governance? Egypt could bring important benefits due to its geographical position in the crossroads of the Middle East, Africa and Mediterranean. However, economic performance (GDP growth 5.5 and inflation rate 14.5) and political stability is still under scrutiny. Many remember when in 2011 President Hosni Mubarak was overthrown with millions of Egyptians gathering in Tahrir Square regardless of almost similar economic conditions. Since then, Egypt has drifted into even further dependence of Saudi funding, another major US ally in the Middle East, in order to keep socio-economic issues in control. In many ways, I consider Egypt as weakest runner among these four afore mentioned candidates due to its political orientation.

EU and BRICS are in many ways different platforms and institutions. The rapid EU enlargement, or even over-enlargement, have raised question of the relations between functionality, promotion of homogeneity and expansion (Petersson 2018). Does BRICS want to repeat possible mistakes conducted by the EU? For example, India may have various interests to oppose further enlargement of the BRICS that may benefit China's BRI initiative and strengthen the position of Pakistan, rival of India especially due to Kashmir conflict. India, with largest Muslim minority population, is observing closely the Islamic implication to BRICS and its geopolitical implications to its geopolitical interests. China would need stable Xinjiang for its BRI project. Turkey would possibly have the best influence on Uighur populations and latest arms trade with Russia complicates its membership in NATO, which could strengthen its possible future entrance in BRICS. However, Turkey has to improve its economic performances in order to be considered as emerging economy.

Conclusions

It is difficult to estimate the possible future enlargement of the BRICS. It depends on how BRICS and the world develop, what role is left for BRICS in the current multiplex multilateral world order and how political and economic structures develop. It is also challenging to reflect possible future changes that may impact on economies, governmental structures and foreign policy orientations in four possible candidates: Indonesia, Turkey, Iran and Egypt. It is also extremely challenging to foresee how the economies of the current BRICS member states (Brazil, Russia, India, China and South Africa) develop in the near future, not least due to raging trade war between US and China.

Simultaneously, it is important to remember that BRICS may enlarge without Muslim-majority members as well. It is important to examine closely the requirements, fulfillments and contemporary gains of South Africa and its membership in BRICS. The next possible future candidacy may follow from lessons learned from the process, which led to membership of South Africa. *How would the membership of a Muslim-majority country impact on BRICS's global policy orientations, plurality and domestic policies within the theoretical framework of coexistence?* I have approached the relation between BRICS and Islam from philosophical, cultural, economic and political aspect in the context of understanding of the concept of coexistence among BRICS member states. I argue that it is challenging to reflect on the role and effect of large and versatile non-static

world religion, such as Islam, to multilateral organization such as BRICS. Therefore, I have moved to analyse how political and economic invariables of Indonesia, Turkey, Iran and Egypt, instead of religion could influence on internal and foreign policies of the current BRICS member states. In addition, I have added economic discussion that is most likely the fundamental question for the potential future membership, more so than religious impact, I would argue.

I have stressed that BRICS underlines the appreciation of diversity of its members. Opening a door for a Muslim or Muslim-majority state could bring economic, political and social benefits whether from national or international perspectives. However, scenarios of the future BRICS will determine most likely the development of its enlargement: does BRICS aim for more integration or more independence? I argue that Islam as such is not an obstacle for a Muslim-majority country to enter the BRICS. Having a member state that represents Muslim-majority within its population would send substantial message for the international Muslim community and gain more support for BRICS through multiple multilateral processes. From the domestic policy perspective, Muslim-majority BRICS member state would possibly increase stability within Muslim minorities in Russia, China and India, because negotiations could be held in high-level meetings using BRICS as channel. Religious aspects do matter in the process and cannot be, I argue, neglected. Islam as a religion, remembering its diversity, is global cultural framework that combines Muslims around the world through various shared practices, dispositions and beliefs. However, that would not denote deterministically that any of the characterizations would set cultural obstacles from the perspective of the peaceful coexistence.

It seems that due to political and economic reasons, Indonesia is at this stage the most prominent Muslim-majority state set to join BRICS in case of its enlargement. Turkey, Iran and Egypt do not seem to fulfill at present the economic and political requirements that could transform them into profitable members. Regarding individual interests of China, Russia, India, Brazil and South Africa, better multilateral tools exist regarding the integration of Iran and Egypt, such as SCO or AU. Simultaneously, it is important to keep in mind that BRICS may not be the most relevant organization for Indonesia, Turkey, Iran or Egypt to maintain their international interests with emerging powers. The Hub of multilateral institutions, such as SCO, NDB, AIIB, G20, ASEAN or AU, may already offer

enough leverage to conduct wanted political and economic interests of the fore-said countries.

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4. Regional Organizations and the Management of the Conflict in Burundi: Too Many Players?

*Élise Féron**

Abstract

As one of the most conflict-ridden regions in the world, the Great Lakes Region of Africa is characterized by the presence and influence of a plethora of regional organizations with different focuses, divergent objectives and often competing interests. These variations are particularly obvious and deep in the field of conflict prevention, management and resolution. In cases such as the ongoing political and institutional conflict in Burundi, as we will see, the African Union (AU) and the United Nations (UN) have at times defended broadly similar approaches based on crisis diplomacy and peacekeeping, while other organizations such as the International Conference on the Great Lakes Region (ICGLR) or the East African Community (EAC) have frequently been pushing for different, “softer”, options. The recurrent Burundian crisis has also sometimes given birth to ad hoc regional conflict management alliances, defending yet again different conflict resolution strategies.

Building on the ongoing Burundian case study, and on the various attempts at conflict resolution launched by various global, continental and regional actors, this contribution asks what the role of regional organizations as conflict management actors in the African context can be. For instance, what can the role of these organizations be, as compared to the UN? What kinds of constraints are they facing, and on the contrary what kinds of assets do they have, as compared to more global organizations? And how do interventions led by regional actors redefine, if at all, the interplay between regionalism and multilateralism? The contribution shows that military and political conflicts can put regional organizations in a competition situation, and that concerned individual states can strategically play regional actors against one another in order to further their specific national interests. In parallel, the Burundian case seems to signal a potential shift in how political crises in the Global South are managed, since “solutions” to the Burundian crisis have been mostly put forward by regional actors, either neighbouring states or regional organizations, and not by western powers.

Keywords: Burundi, African Union, conflict management, East African Community, regional diplomacy

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Introduction

As one of the most conflict-ridden regions in the world, the Great Lakes Region of Africa is characterized by the presence and influence of a plethora of regional organizations with different focuses, divergent objectives and often competing interests. These variations are particularly obvious and deep in the field of conflict prevention, management and resolution. In cases such as the ongoing political and institutional conflict in Burundi, as we will see, the African Union (AU) and the United Nations (UN) have at times defended broadly similar approaches based on crisis diplomacy and peacekeeping, while other organizations such as the International Conference on the Great Lakes Region (ICGLR) or the East African Community (EAC) have frequently been pushing for different, “softer”, options. The recurrent Burundian crisis has also at times given birth to ad hoc regional conflict management alliances, defending yet again different conflict resolution strategies.

Such disparities are not surprising considering that regional organizations might have different goals and perspectives than global ones, and that each regional organization can also have specific concerns and interests regarding the ongoing conflict. In addition, it is worth remembering that peace-building is sometimes described as a “crowded” stage (Kabutaulaka 2006), where the multiplicity of intervening actors can create frictions and generate tensions. These tensions are, in particular in the case of interventions in the Global South, notably related to the fact that peace-building and conflict management are highly contested notions, with much criticism directed at the colonial taint of peace-building approaches advocated by global organizations such as the UN. This is particularly true of critiques addressed to the liberal peace model (see, among many others: Richmond 2010; Campbell, Chandler and Sabaratnam 2011; Richmond and Mac Ginty 2014). Similarly, the ways in which the “international community” has been imposing specific representations of how peace and stability should look like (Goetschel and Hagmann 2009) have been heavily criticized. At the conceptual level, these debates have given birth to the notion of “hybrid peace” putting the focus on global-local encounters during interventions and peace-building operations (see for instance Millar 2014), and acknowledging the agency of local actors, including of regional organizations. At the empirical level, these critiques have bolstered the legitimacy, and fostered the development of peace interventions led by local and regional actors.

The interventionism of regional organizations seems to question the balance that had been established at the end of the Second World War, and that had survived until the end of the cold war. There is undoubtedly a wish for collaboration and complementarity between the global and regional scales in the field of conflict management, but these wishes seem to be too complicated to put into practice. Building on the ongoing Burundian case study, and on the various attempts at conflict resolution launched by different global, continental and regional actors, this chapter asks what could be the role of regional organizations as conflict management actors in the African context. For instance, what can the role of these organizations be, as compared to the UN? What kinds of constraints are they facing, and on the other hand, what kinds of assets do they have, as compared to more global organizations? And how do interventions led by regional actors redefine, if at all, the interplay between regionalism and multilateralism? The chapter shows that military and political conflicts can put regional organizations in a competition situation, and that concerned individual states can strategically play regional actors against one another in order to further their specific national interests. In parallel, the Burundian case seems to signal a potential shift in how political crises in the Global South are managed, since “solutions” to the Burundian crisis have been mostly put forward by regional actors, either neighbouring states or regional organizations, and not by western powers such as the former colonial power Belgium, France, or the European Union.

The chapter focuses specifically on the intervention of continental and regional actors in Burundi, and to a lesser extent on the UN, and therefore does not detail the multiple local and national initiatives that have also been launched in order to solve the conflict. After a presentation of the background and current situation in Burundi, the chapter examines the conflict management and resolution capacities of African regional organizations. It subsequently explores past and ongoing African-based initiatives for the resolution of the Burundian conflict, highlighting their limits and contradictions. Finally, the chapter draws lessons from this case study, identifying problems and shortcomings in current regional interventions, and calling for a better articulation between conflict management and resolution initiatives implemented by global and regional actors.

Presentation of the situation in Burundi

Burundi has been going through various episodes of civil war over the past fifty years. This lasting instability has resulted in a Human Development Index value of 0,417 in 2017, which ranks the country in the low human development category and puts it at the 185th position out of 188 countries (UNDP 2018). The ongoing conflict is primarily based on an ethnic division which can be traced back to colonial rule, but also on what could be described as bad governance practices, and very wide corruption. Before the colonial powers—first Germany and then Belgium after World War I—ruled the region which today constitutes Burundi, the area was characterized by peaceful ethnic coexistence. The more numerous Hutu, engaged in farming and the cattle breeding Tutsi, which migrated to Burundi some centuries after the Hutu, developed in the same direction.¹² By the time colonization began, both groups used the same language, and shared the same culture and religion. Burundi was a monarchy with a strong socio-political order in which the Tutsi minority occupied the highest positions and held most of the responsibilities. It is however worth noting that the political system was not completely inaccessible for the Hutu, and that the ethnic categories were rather fluid (Uvin 1999). Nevertheless, during that time, the country preserved stability and did not witness the kind of ethnic violence that it has been experiencing since its independence (Ndikumana 2005).

Relations between the ethnic groups began to change during the colonial period. The colonial rulers governed through the monarchy and the Tutsi; education and employment opportunities were mainly reserved for them. Even though the formal social structure was maintained during the colonial time, inequality and biases grew (Ndikumana 2005; Uvin 1999). Burundi reached its independence from Belgium on July 1, 1962. As Vandeginste (2014) points out, the transition process towards independence was not primarily characterized by ethnic tensions. However, the subsequent outbursts of violence can be understood as the result of long-lasting discrimination and inequality between the different ethnic groups, initially in favour of the Tutsi. The military overthrow of the monarchist rule in November 1966 and the implementation of a single party (UPRONA: Union et Progrès

¹² Today's ethnic structure reveals a huge Hutu majority (approx. 85 per cent), approx. 14 per cent Tutsi and roughly one per cent Twa (Uvin 1999; Vandeginste 2014). These statistics have however to be treated with caution, because of the relatively large number of interethnic marriages. Most Burundians are Christians, mainly members of the Catholic Church. The country also counts a growing Muslim minority.

National) system concurred with an increasing division along ethnic lines (Vandeginste 2014). The period after the military coup and the end of the monarchy witnessed various episodes of ethnic cleansing and even genocide.

The civil war in its latest manifestation started in October 1993 after the assassination of the first democratically-elected Hutu president Melchior Ndadaye from the Hutu-dominated FRODEBU party (Front pour la Démocratie au Burundi). The assassination led to massive violence and massacres against the Tutsi, with some 20,000 killed. This violent outburst was also fueled by the Hutu's experience of the 1972 ethnic cleansing against their own group, and their desire for revenge may have intensified the eruption of violence (Lemarchand 1998). Once again the army violently restored order and thousands Hutu fell victim to this. In the three months following the military intervention, 50,000 to 100,000 people were killed and around one million were internally displaced or fled the country. In 1994, the plane transporting the Burundian president Ntaryamira and the Rwandan president Habyarimana was hit by a missile, subsequently killing both presidents. This event triggered the 1994 genocide against the Tutsi in the neighbouring country Rwanda, with approximately 800,000 predominantly Tutsi victims. A power-sharing agreement between the two parties FRODEBU (mainly Hutu) and UPRONA (mainly Tutsi) prevented the conflict from turning as lethal in Burundi (Omeje and Hepner 2013), although there were many casualties there too. Armed extremist groups, both Hutu and Tutsi, started a resistance war. The main rebel groups were CNDD-FDD and PALIPEHUTU-FNL, both with a Hutu interest-based agenda. Unlike prior violent clashes in Burundi, a more traditional kind of conflict started, with opposing armed forces and affecting wide areas of the country (Bundervoet, Verwimp and Akresh 2009). Despite difficult estimations, scholars say that between 1994 and 2001, at least 200,000 people were killed (Bundervoet, Verwimp and Akresh 2009).

Since that time, the country has been experiencing rampant instability. Democratization process and attempts to reduce the importance of belonging to particular ethnic group could not close the gap between the opposing groups. The political system has also been characterized by weakness and corruption. After being put in power in 2005 following the Arusha Peace Agreement signed in 2000, the current president Pierre Nkurunziza won another presidential term in 2010, with his party the Hutu-dominated CNDD-FDD. Subsequently, in 2015, he again won a disputed election to get into office for a third five-year term, although the

constitution only allowed for two terms. Pierre Nkurunziza claimed that he had the right to run for a third term as a president, since his first period in office (2005-2010) resulted from an election by lawmakers and not by universal suffrage. A short while before the election, Nkurunziza faced an attempted military coup, which was defeated, but which led to multiple purges and to widespread repression of political opponents. Since then, the political and security situation in Burundi has been very tense. Human Rights Watch in its 2019 report about Burundi (Human Rights Watch 2019) describes political violence, widespread intimidation, murders, torture, and abuses, committed inter alia by the ruling party CNDD-FDD's youth organization Imbonerakure. In September 2017, a panel of investigators set up by the United Nations Human Rights Council produced a report where they describe alleged crimes against humanity, and call for the International Criminal Court (ICC) to open an inquiry about the situation in Burundi. Considering the fact that Burundi has withdrawn from the ICC in October 2017, the chances of such an enquiry to take place are slim.

In face of the continued opposition by civil society actors both within the country and in exile, the regime has radicalized and intensified repression against opponents. The government has also obtained a revision of the constitution that de facto gets rid of key power-sharing arrangements between Hutu and Tutsi established by the Arusha peace agreement, and extends the presidential mandate from 5 to 7 years. The climate in the country is characterized by fear and rampant violence, as well as by increased poverty and deprivation. Burundi is now amongst the poorest countries in the world, and shortages of food, petrol, electricity and clean water are daily occurrences, both in large cities and in the countryside. More than 400,000 Burundians—among them, most of the opposition's leaders, the civil society leaders, and of the intellectual elite—have fled repression and poverty, mostly to Tanzania, the DRC and Rwanda, but also to Belgium and other European countries. Numerous others have been killed or have disappeared; official estimates vary between 500 and 2,500 people violently killed since spring 2015, not counting the thousands who have disappeared.

As we will see, several peace initiatives have been recently launched by regional, continental and global actors in order to deescalate the crisis. The UN, the AU, the EAC, the ICGLR as well as other regional actors, alongside various neighbouring countries, individually or collectively, have all been involved in these attempts. Yet, so far, all these initiatives have failed to produce visibly positive

results, and have proved insufficient for pushing the Burundian Government to negotiate with the opposition or to ease the government-led repression on the opposition and on civil society organizations. The following sections explore the role played by various organizations or actors involved in these initiatives, and in particular African regional organizations, and highlights potential reasons for their failure.

African regional organizations and the prevention, management and resolution of conflicts

African regional organizations have a mixed track-record when it comes to conflict prevention, management and resolution (see for instance Eneka and Nwagbo 2016). While some have been rather successful in this field, others have been mostly ineffective (Nathan 2010: 2). One of the main reasons for these mixed results is that as interstate institutions, regional organizations depend on their members' consensus and willingness to intervene and to solve a specific conflict. And unlike the UN, most do not have structures like the UN Security Council and its permanent members. The UN Security Council can notably be used to create a momentum for intervention even when there is no consensus among all member states, although of course consensus within the UN Security Council is often difficult to achieve too. As we will see, other factors have impeded regional organizations' involvement in conflict management, most notably financial limitations and power struggles between their member states.

The UN has long sought to encourage, but also to control, the intervention of regional organizations in the management of conflicts in their areas of competence, in a wish to ensure the complementarity of multilateralism and regionalism (see, for instance, UN 2005). In its provisions for "Regional Arrangements" (Chapter VIII), the UN Charter supports and authorizes regional organizations to deal with the maintenance of regional peace and security as long as they respect the principles of the UN (article 52). According to the UN Charter, regional organizations wishing to intervene can either refer the concerned conflict(s) to the UN Security Council (article 53), or set up peace enforcement or peacekeeping missions after getting the UN Security Council's authorization. As remarked by Söderbaum and Tavares, "the main purpose of regional agencies, in this perspective, is to contribute to a multilateral system controlled by the UN Security Council" (2009: 74). However, during the 1990s regional organizations have started to emancipate themselves from the UN's guardianship, and have taken an

increasingly proactive role in peace and conflict issues (Diehl 2008). It is also worth noting that article 53 has sometimes been interpreted in a flexible way by the UN, which has at times given its retroactive approval for regionally-led interventions (Crocker, Hampson and Aall 2014: 4).

In addition, two parallel and interconnected processes explain that regional organizations have gained more prominence in the management of conflicts: on the one hand, a certain fatigue has developed at the UN level with regards to peace-keeping operations, as well as a pressure, coming in particular from the United States, for decreasing funds allocated to UN peace operations (Mir 2019); on the other hand, regional organizations themselves have increased their own capacities for intervening in conflict areas, as they are gradually creating relevant mechanisms and capacities in the field of conflict prevention, management and resolution (see, for instance, Siradag 2012). These two factors have ushered a gradual, though limited, shift towards regional, rather than global, mechanisms of conflict management. This partial shift is well documented and supported in the existing literature, which often defends the idea that regional organizations can be effective actors for peace, notably because, as “partial insiders” (Skau, Bercovitch and Elgström 2003), they have a good knowledge of the local conditions and susceptibilities. However, as we will explore in the next sections, this close knowledge has also limited their effectiveness, because regional organizations are often seen as partial and biased by the concerned member states.

As a continent, Africa hosts a multitude of regional organizations, currently numbering 39, that are more or less active, whose memberships overlap, and whose competences range from the economy, to energy-related issues, to peace and security, and to the environment. Many of these organizations exist in name only, and do not have the capacity to be important political or military actors. Some, as we will see, are also undermined by internal cleavages and personal animosities. Eight regional organizations have privileged relations with the AU, the main continental organization: the East African Community (EAC), the Economic Community of West African States (ECOWAS), the Intergovernmental Authority on Development (IGAD), the Common Market for Eastern and Southern Africa (COMESA), the Economic Community of Central African States (ECCAS), the Southern African Development Community (SADC), the Community of Sahel-Saharan States (CEN-SAD), and the Arab Maghreb Union (AMU). In addition, the main regional organizations that take an active role in conflict prevention and

management are the International Conference on the Great Lakes Region (ICGLR), the Eastern Africa Standby Force (EASF), and the G5 Sahel. That there are so many regional organizations in Africa can be explained by different reasons, pertaining notably to the size of the continent, to its internal diversity, and also to its colonial history. As well shown by Melasuo (2019), regionalization patterns in Africa are indeed largely related to its colonial past, and determined by attempts of former colonial powers to retain influence on the continent.

At first sight, African regional organizations are above all used for economic purposes, and many of them push for a closer regional economic integration. Political issues do not usually figure at the top of their agendas, but over the past two decades many of them have also been involved in the prevention, containment, management and resolution of African conflicts. African regional organizations as well as their member states have indeed a vested interest in participating in these peace-building activities, as designing and implementing interventions in conflict areas helps them to produce a certain international image, and to shape and reinforce their regional alliances (Wodrig 2014). But most of these developments occurred first and foremost because of the sheer number of conflicts occurring on the continent, as well as because of the high risk of spillover that many of these have been inducing.

The gradual strengthening of the AU, the continental organization, can be interpreted as a sign of the African countries' wish to take a more active role in peace and security issues. A successor of the Organization of African Unity (OAU) established in 1963, the AU was formally launched in 2002. One of its main objectives is to "promote peace, security, and stability on the continent" (African Union 2000). Admittedly, the OAU had already been interested in conflict management, and had even ushered a major ideological shift during the 1990s, when the institution moved from a "non-intervention" to a "non-indifference" doctrine (Williams 2006). The AU pursued this evolution, notably by setting up various mechanisms in the field of conflict prevention, management and resolution. More specifically, the African Peace and Security Architecture (APSA), which was established when the AU replaced the OAU, is seen as a potentially effective but still weak framework for promoting peace and security in the African continent (Vines 2013). The APSA comprises several institutions, most notably the Peace and Security Council (PSC) created in 2004. Its creation embodies the belief that the AU as a regional power holds the main responsibility for keeping peace in

Africa. The APSA also encompasses institutions such as the African Union Commission, the Panel of the Wise, the Military Staff Committee, the Continental Early Warning System, the African Peace Fund and the African Standby Force.

Interestingly, most of the mechanisms set up by African regional organizations in the field of peace and security either mirror, or are tightly articulated with, those put in place by the African Union. For instance, among all African regional organizations, ECOWAS is often described as the most effective for resolving conflicts (see, for instance, Khadiagala 2018). ECOWAS's actions in the field of peace and conflict build mostly on its ECOWAS Conflict Prevention Framework (ECPF), which comprises components deemed essential to the maintenance of peace, such as early warning, preventive diplomacy, human rights and the rule of law, and so on. ECOWAS has also established its own Standby Force, which is part of the AU's APSA, as well as its own Mediation and Security Council, a Defense and Security Commission, and a Council of Elders (Adetula, Bereketeab and Jaiyebo 2016: 22-27). This has allowed ECOWAS to intervene in various conflicts like in Guinea-Bissau, in Mali, in Burkina-Faso, among other places. Other regional organizations such as IGAD or EAC have developed similar peace and security frameworks, and subsequently launched peace operations, and/or co-ordinated peace processes.

It is also worth noting that under the APSA umbrella, the AU and the African regional organizations have increased their cooperation (Adetula 2015). The AU and the 8 above-mentioned regional organizations with which it has privileged relations¹³ have signed in 2008 a memorandum of understanding (MOU) to coordinate their actions in the domains of peace and security. This MOU notably underscores the role of regional organizations in implementing the APSA, and promotes the principle of subsidiarity in that field. One of the main limits of this MOU is however that it does not provide an agreed upon understanding of the principle of subsidiarity. This occasionally leads to tensions between the AU and regional organizations, and within each of those organizations (Desmidt and Hauck 2017: 7). As a result, decisions on whether and how to intervene are often the result of political calculations, rather than of a pure application of the

¹³ To reiterate: EAC (East African Community), ECOWAS (Economic Community of West African States), IGAD (Intergovernmental Authority on Development), COMESA (Common Market for Eastern and Southern Africa), ECCAS (Economic Community of Central African States), SADC (Southern African Development Community), CEN-SAD (Community of Sahel-Saharan States), and AMU (Arab Maghreb Union).

organization's principles. As remarked by Desmidt and Hauck, "principles of non-indifference are often balanced, or even traded, against principles of national sovereignty and regional interests" (2017: iii).

Funding for peace operations is another major constraint, both for the AU and for many African regional organizations. One of the main problems faced by the AU is indeed its dependence on external funding, and its need for external support, for instance, in terms of training and logistics (Wulf 2009). In principle, the AU Peace Fund, that provides funding for peace operations in Africa, relies on voluntary contributions from the AU's largest financial contributors, like Algeria, Egypt, Nigeria and South Africa, but in fact only a few percentages of the Peace Fund come from its members, while the remaining funds are provided by international donors (Jentzsch 2014: 93). The EU, but also some western countries like Germany, Norway, Sweden, the UK, Canada, Denmark and Finland are the main contributors to the AU budget, and in particular to its Peace Fund (Stapel and Söderbaum 2017). Many experts, as well as AU member states, fear that this dependence upon external funding means that the AU and other African regional organizations do not fully control their own projects and initiatives (see for instance Buzdugan 2013; Söderbaum 2017). NATO also occasionally provides support to the AU and the concerned African regional organizations in the field of logistics and capacity building (Jentzsch 2014: 96). This generates tensions between these organizations' member states (Engel and Porto 2009), but more importantly, this leads to high dependence of the African continental and regional organizations on some of their former colonizers. It is also worth noting that "most of the external funding mechanisms to regional organizations require UN Security Council approval of the peace operation" (Jentzsch 2014: 98), thus demonstrating the UN's continued control over peace and security issues in Africa.

Other important constraints relate to political factors. For instance, the fact that the EAC, just like other African regional organizations or the African Union, tolerates authoritarian members within its ranks is sometimes seen as a major impediment to its intervention against repressive regimes (Khadiagala 2018: 2). Moreover, the capacity for action of most African regional organizations is limited by the classical tension between their wish to intervene, and their desire to uphold the principle of national sovereignty. This tension is of course also present in the case of continental and global organizations, but appears particularly

significant in the case of African regional organizations, because “in most African regions where states have long-running conflicts, politicians are fearful of relinquishing sovereignty, and progress toward integration and multilateralism remains limited” (Khadiagala 2018: 2).

All in all, one must acknowledge on the one hand the growing competence and expertise of African regional organizations in the field of conflict prevention, management and resolution, and on the other hand the limits and constraints under which they are operating. The next section explores how these various assets and restrictions have played out in the ongoing Burundian case. Because this contribution focuses on actors intervening in Burundi rather than on the resolution of the conflict itself, this exploration will be thematic rather than chronological.

Regional, continental and global peace initiatives on Burundi: a story of divisions, oppositions, and some cooperation

Since Burundi is currently a member not only of the African Union, but also of eleven African regional organizations,¹⁴ some of which with competence and mandates related to peace and conflict issues, it seems logical that regional initiatives for solving the recurrent political crisis would have been launched. After the end of the cold war, it is however the OAU, the predecessor of the AU, that took the lead for these attempts. In what many authors interpret as an assertion of Africa’s renaissance and wish to take ownership of its destiny, the African Union has been particularly active in regards to the successive Burundian crises (see, for instance, Mangu 2014). After the 1993-1994 civil war for instance, the AU (then OAU) had put in place several initiatives in order to solve the conflict in Burundi, notably through the appointment of a special envoy, or the deployment of an Observer Mission (OMIB 1993-1996). The AU also supported other international as well as regional, often ad hoc initiatives for ending the crisis (Muyangwa and Vogt 2000: 12). During the 1990s, this led to cooperation for peace-building purposes between organizations active at the global, continental and regional levels (Ayebare 2011). More specifically, during that decade, African regional organizations and actors, the AU and the UN joined forces in order to solve the conflict

¹⁴ COMESA (Common Market for Eastern and Southern Africa), EAC (East African Community), ECCAS (Economic Community of Central African States), CEGPL (Economic Community Great Lakes Region), EAPP (Eastern Africa Power Pool), LTA (Lake Tanganyika Authority), LVBC (Lake Victoria Basin Commission), NBI (Nile Basin Initiative), EASF (Eastern Africa Standby Force), ICGLR (International Conference on the Great Lakes Region) and COMIFAC (Central African Forest Commission).

in Burundi and push for the Arusha peace agreement eventually signed in 2000 (Wodrick and Grauvogel 2016).

Later on, the AU took again the lead in peace-building operations by deploying a peace mission in Burundi, the African Mission in Burundi (AMIB) in 2003 and 2004, whose objective was to monitor the ceasefire and stabilize the country. It also set up a smaller operation called “Special Task Force Burundi” (2006-2009) whose main aim was to provide VIP protection for negotiating rebel leaders. When Burundi witnessed another phase of conflict escalation, as of 2015, the AU initially took the lead in conflict resolution attempts along two main strategies, one which can be described as soft, and the other as hard (Williams 2016): on the one hand, it tried to mediate between the conflicting parties, and to conduct both public and private diplomacy in order to deescalate the crisis; and on the other hand, its Peace and Security Council recommended the deployment of a 5,000 strong military force called the African Prevention and Protection Mission (MAPROBU). This military force’s mandate would have been to prevent further escalation of the conflict, but also to protect civilians, and to help creating the conditions for political dialogue within Burundi.

The ability of the AU to take such a bold lead in the Burundi crisis was facilitated by the fact that the UN was at that moment paralyzed by divisions within the Security Council, between on the one hand the US, France and Belgium pushing for an intervention, and on the other hand Russia and China,¹⁵ alongside Egypt and Venezuela, opposing it (Crisis Group 2019: 14-15). It must also be noted that the Burundian Government had long voiced its opposition to another UN intervention, even staging public street demonstrations against the UN, in order to “demonstrate” the people’s refusal of any external interference (see, for instance, Al Jazeera 2016). In the past the Burundian Government had already resisted UN peace-building policies, for instance, by claiming that the UN and other international actors could not be allowed to interfere with Burundian internal politics (Curtis 2013: 89). In line with the previously mentioned critics of the liberal peace model, which UN peacekeeping forces are often said to embody, the Burundian Government has long been hostile, and has even straightforwardly rejected interventions that it views as contradictory to its own sovereignty, but also as carrying

¹⁵ Both Russia and China have increased their investment in the country since 2015, and especially following the EU sanctions against Burundi. This financial and political support has significantly helped the Burundian Government to resist the pressure induced by international sanctions.

a strong colonial taint. The inability of the UN Security Council to reach a consensus among its members, and to secure the approval of the Burundian Government for any type of UN-led intervention, even small-sized, thus paved the way for continental and regional initiatives. In that sense, the example of Burundi shows how the world's multilayered security architecture could in principle function: when one level is blocked or is prevented from acting, another level can take over, in this case the African continental and regional organizations.

Unfortunately, the AU's proactive stance on Burundi ended up being short-lived, with the AU heads of states refusing to agree to the deployment of the MAPROBU peacekeeping force recommended by the AU Peace and Security Council. Several contextual factors can account for this setback, notably the strong opposition of the Burundian Government to such intervention, which it described as an "invasion", or the apparent rapid de-escalation of the crisis at the beginning of 2016 (Crisis Group 2019: 13). But some more structural reasons explain the AU's inability to implement a strong response to the Burundian crisis. As explained by Siradag (2012: 238), the AU is not very strong politically; it lacks an effective leadership, as well as funding and capacity. In practical terms, this translates into deep political rifts between its member states, but also between its various institutions, such as between the Assembly of the African Union regrouping all heads of states, the AU Commission (AUC) which is the executive branch of the AU, and the Political and Security Committee (PSC). According to Desmidt and Hauck:

The AU as a whole was divided over the situation in Burundi and on the question of finding the balance between non-indifference and sovereignty. Many AU members states favoured a less confrontational and interventionist approach than the more proactive AU Commission and PSC. ... The decision-making process around the deployment of a mission in Burundi highlighted the lack of coherence between the AUC and the PSC, where the AUC was seen as having overstepped its boundaries (2017: 26).

This initial setback in the AU's strategy vis-à-vis Burundi damaged its credibility, and from then on obliged it to take "a back seat" regarding the crisis (Crisis Group 2019: 13). As a consequence, when Burundi decided to change its constitution in 2017, the AU did not react, in spite of the fact that this change contradicted its 2007 Charter on Democracy, Elections and Governance (Khadiagala 2018: 8). One of the other consequences of AU's failure is that regional actors have subsequently had the primary responsibility for trying to dilute the situation in Burundi.

Of course, regional organizations and actors had not waited for the AU's failure to launch peace initiatives in Burundi. However, this turn of events gave them a new impulse and legitimacy. Among other regional plans regarding Burundi, the Regional Peace Initiative in Burundi (in short: Regional Initiative), launched in 1995 by the governments of Tanzania, Uganda, Rwanda and Zaire (now Democratic Republic of the Congo), is worth mentioning. It initially included measures such as economic sanctions, the sending of troops and of humanitarian aid, many of which were cancelled on the face of, here again, a strong opposition from the Burundian Government and political parties. Interestingly, the Regional Initiative also faced opposition from the UN, the European Union and the US, which were against the maintenance of economic sanctions, accused of being ineffective. Wodrick and Grauvogel (2016: 282) suggest that this opposition primarily stemmed from the fact that "the Regional Initiative questioned the international community's historic dominance in the intervention scene and resisted its interference with regional mediation attempts." Such interpretation is in line with the idea that peace-building being a crowded stage (see Kabutaulaka 2006), interactions between peace-building actors at the global, continental and regional levels are characterized by multiple frictions and tensions.

Nevertheless, the Regional Initiative succeeded where other regional, continental and global organizations had not. It is indeed the Regional Initiative, and not an African regional organization, the AU or the UN, which appointed in May 1996 the former President of Tanzania Julius Nyerere as a mediator to the crisis. This mediation led to the opening of the Arusha Peace Negotiations, and eventually to the signing of the Arusha Peace Agreement in 2000. The Regional Initiative is also particularly interesting, because it is representative of a relatively recent trend of "increasingly ad hoc or improvised forms of collective conflict management, which involve collaboration—sometimes loose and uncoordinated, sometimes more tightly scripted—among a wide constellation of different intergovernmental, regional, sub-regional, and civil society actors" (Crocker, Hampson and Aall 2014: 2).

In parallel, African regional organizations themselves played an important role in the management of the Burundian crises too. The EAC in particular became a major actor in Burundian politics, as it often took over from the AU. The EAC notably established the Inter-Burundi Dialogue in July 2015, and appointed the Ugandan President Yoweri Museveni as mediator, as well as the former

Tanzanian President Benjamin Mkapa as facilitator. The EAC also worked closely with the ICGLR, which was associated to most of the EAC initiatives, but never took their lead. In 2015, for instance, the EAC asked the ICGLR to use its Expanded Joint Verification Mechanism (EJVM) to monitor the alleged presence in Burundi of militias sponsored by other states (Richard 2016). Weaker than the EAC because of its even more divided membership, the ICGLR is an interesting actor for mediation purposes, because contrary to most other African regional organizations, it also engages with non-state actors through its various forums, like its Civil Society Forum. Unfortunately, the measures taken by the EAC, and/ or in tandem with the ICGLR, have not yet produced the expected results, and show no sign of doing so in the near future.

Several reasons account for the difficulties faced by the EAC with regards to the Burundi crises. The first is that the EAC is clearly not designed for, and adapted to the needs of conflict mediation and resolution. Just like in the case of the AU, leadership within the EAC is unclear. While it was initially dominated by Kenya, Tanzania and Uganda, power relations within the organization are perpetually evolving in function of political alliances between its member states. The EAC was primarily created for fostering economic integration, and its decision-making structures and internal procedures prevent it from taking bold decisions regarding events happening on the territory of any of its member states. For instance, all decisions have to be taken by strict consensus, and all its member states have to be represented at its summits for them to take place. Needless to say, the Burundian Government has made good use of these rules, and has at times prevented summits where the Burundian situation was supposed to be discussed from taking place, by simply not showing up. It has also consistently voted against any intervention in Burundi. In addition, like most other African regional organizations, the EAC lacks adequate financial resources for conducting peace and security missions.

The second reason explaining the EAC's failure in Burundi pertains to the deep divisions and cleavages existing between its member states. Some of these divisions pushed states like Uganda and Rwanda to adopt different positions with regards to the situation in Burundi, in order to protect an ally, or to thwart an enemy. There is good empirical evidence indicating that the crisis in Burundi has been instrumentalized in these disputes, and did not necessarily stand at their core (Crisis Group 2019: 10-12). The Burundian Government has deftly used these

divisions to its own advantage, and has constantly played regional powers against one another. Many of the EAC internal divisions relate to deep historical rivalries, economic competition and personal animosities between the heads of states. In particular, personal and political rifts between the presidents of Rwanda, Uganda and Tanzania prevented the EAC from adopting a common strategy on Burundi: “While Rwanda has criticized President Nkurunziza’s management of Burundi, Uganda and Tanzania are seen as more favourable to maintaining the status quo. These differences between EAC member states paralysed the EAC’s efforts” (Desmidt and Hauck 2017: 26). Such rifts between member states are however common in other regional and multilateral organizations, and certainly not specific to the case of Burundi and/or the EAC. For instance, deep internal divisions within ECOWAS have also emerged in the past, notably in the case of peace interventions in Liberia and Sierra Leone (Skau, Bercovitch and Elgström 2003).

Other reasons explain the failure of EAC’s initiatives, among which a certain disinterest in Burundian affairs on the part of the appointed mediator, President Museveni, and a lack of synergy between the various diplomatic efforts, which left the facilitator Benjamin Mkapa isolated and powerless (Crisis Group 2019: 17-18). All these issues coalesced to undermine the EAC’s efforts for peace mediation and conflict resolution. Although some of these factors are clearly related to the specific political context in the Great Lakes Region of Africa over the past few years and even decades, there are good grounds to assert that they also pertain to more general constraints under which regional organizations have to operate. Intertwined relationships and closeness between member states exacerbate power relations and tensions that are also experienced within the AU and the UN, and lead to frequent paralysis. Because regional interventions can be understood “as a political project on the part of the interveners” (Wodrig 2014: 215), they are often strongly resisted not only by the target state(s), but also by rival states in the region. The capacity of African regional organizations to act as peace and security actors is also severely constrained by financial issues, and by a lack of clarity regarding how to exactly operationalize the subsidiarity principle. The issue of who can, but also of who is allowed to intervene is heightened in the case of Africa, because of the sheer number of regional organizations operating on the continent. The fact that the memberships of these organizations overlap further clouds any order of precedence between them, complicates decision making, and often ends up producing situations where no significant action is taken, or followed through.

Conclusions

So what can we learn from the Burundian case study in terms of international conflict management, multilateralism and regionalism? Traditional explanations of regional peace-building failures in the Great Lakes Region of Africa have pointed at the exclusion of local actors (elders and traditional authorities, women groups, youth groups, etc.), or at the existence of spoilers in the form of non-state armed groups (Sikenyi 2013). Other authors, like Jobbins and Ahitungiye (2015), suggest that the international community has not pushed hard enough for conflict resolution, and that the Burundian case demonstrates “the limits of crisis-driven foreign policy” (2015: 216) without longer term engagement and vision. All in all, as compared to the UN or to local actors, the specific responsibilities of the regional actors themselves, or the limits related to their positionality, have so far been a lot less scrutinized.

Without denying the importance of long-term strategies, of spoilers, or of the exclusion of local and civil society actors, this contribution has tried to shed light on some of the specific challenges related to the interplay between global, continental and regional organizations in the field of peace and conflict. The example of the management of the successive Burundian crises shows how global, continental and regional organizations could in principle complement each other with regards to peace and security issues, by taking the initiative when others cannot, or when they think that they are less well placed to do so. This, in itself, of course, does not guarantee any success, but it opens up a range of options for peace interventions. The multiplicity of regional organizations in Africa allows in principle for a certain division of tasks, following geographic scope, capacities and expertise. But at the practical level this requires much more coordination than what has been experienced so far. Regional, continental and global organizations can also work hand in hand to reinforce each other’s legitimacy and efficiency, for instance by using regional support for a UN intervention, or vice versa (Crocker, Hampson and Aall 2014: 15). In view of these options it seems, eventually, unhelpful to strictly oppose global and regional mechanisms for conflict management, as they might serve complementary purposes, and face different kinds of hurdles.

Another lesson that can be drawn from the Burundian case is that political rivalry or a lack of capability and of political will are not the only factors that can prevent an international intervention from succeeding. States targeted for a potential

political and/or military intervention can also play one organization against the other, or one member state against another. This is what the Burundian Government has repeatedly been successfully doing during the past few years. Because so many actors are active on the peace-building scene, the concerned government will always have the option of appealing to another institution. By showing how “frictions” (Björkdahl and Höglung 2013) between and within global, continental and regional forums can be instrumentalized, the Burundian example points at the importance of setting up common strategies between the UN and the concerned continental and regional organizations. The lack of coordination between the UN, the AU, the ICGLR and the EAC, among others, has generated overlaps, confusion, as well as a lack of clarity on strategy and responsibilities. Therefore, it is not so much that regionalism has worked against multilateralism, or vice versa, but that regionalism and multilateralism have mutually impeded each other by not clearly delineating their respective responsibilities, strategies and goals.

What this example also demonstrates is that the principle of subsidiarity is not the main mechanism through which such cooperation between levels is currently organized, quite on the contrary. It seems that it was mostly when the UN was too paralyzed to act that the AU could become more active, and that it was when the AU’s initiatives failed that regional organizations and actors stepped up their role and initiatives. All in all, at least in the Burundian example, the principle of subsidiarity has been repeatedly turned upside down. Political concerns have often taken precedence over pragmatic considerations, more often than not undermining the efficiency and legitimacy of international interventions, in the eyes both of the Burundian Government, and of the Burundian population. This lack of legitimacy has been worsened by suspicions of meddling by former colonial powers, which are seen as controlling both the UN, but also the funding and therefore the characteristics of peace operations in Africa (Stapel and Söderbaum 2017).

Finally, the Burundian example suggests that sometimes “less is more”, in the sense that having too many peace-building actors trying to intervene is actually impeding the chances for successful conflict resolution. This does not mean that the number of organizations competent in the field of peace and security should be reduced, but it calls for a better cooperation between the various regional actors and regional, continental and global organizations competent in that field. Eventually, the efficiency of peace interventions seems to depend not so much on

smooth multilateralism, or well organized regionalism, but on a careful interplay, and division of tasks, between them.

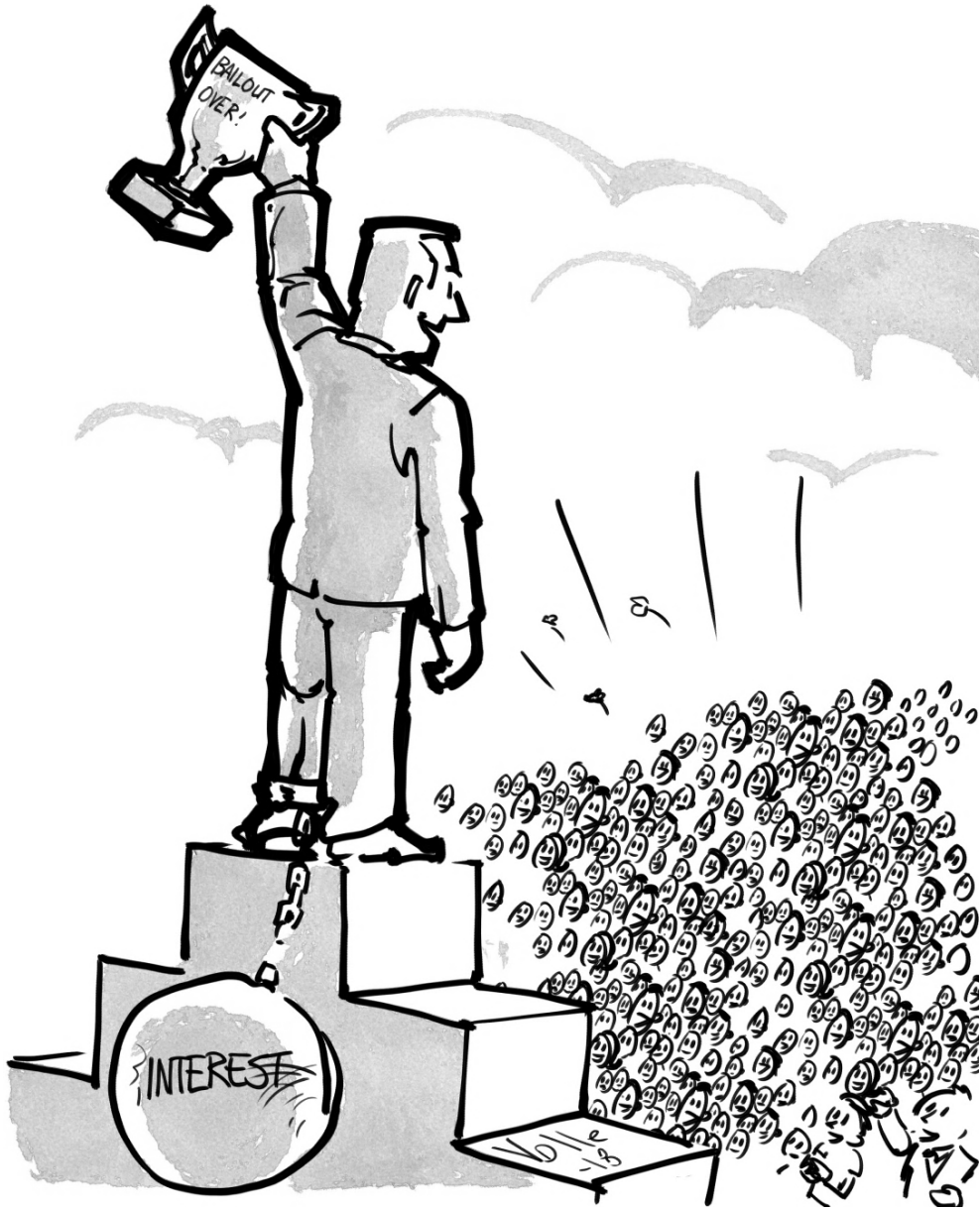
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5. Contesting the International Liberal Order: Institution Building and Challenge for Hegemony

Giovanni Barbieri

Abstract

Today, the Liberal International Order is increasingly being contested by rising powers with respect to the universality of liberal norms through which it was revealed to be inefficient in addressing the development needs of rising powers. The creation of alternative Multilateral Development Banks like the NDB and the AIIB reveals a desire to overcome the liberal prescriptions in the issue of development and finance governance, to create an international institutional framework that is indifferent to liberal core values of the existing world order. The underlying idea is that the construction of such institutions like the NDB and the AIIB is not aimed at directly subverting the international liberal order, but at diminishing the hegemonic position of the USA within the system. There is evidence that the contestation is limited to the issue areas of development and finance and that, through a sort of ‘Institutional leveraging’, China’s actions can be interpreted as an effort to integrate an alternative set of core norms and principles into the existing liberal order through cooperation and competition between new and existing multilateral institutions. In the end, the confrontation reflects the existing tension around the core social and political values fueling the current International (Liberal) Order’s institutions resulting in a challenge to the United States’ authority within the order they shaped so far.

Keywords: International Liberal Order, China (People’s Republic of), United States, Hegemony, Institution building, AIIB, NDB

Introduction

The international system, today, is undeniably undergoing a transformative process in what concerns the overall distribution of power among its main actors. One of the most debated issues is whether this power shift is hurting the United States’ hegemony over the international order and, in particular, over the liberal international order they set up starting from the Bretton Woods agreements in 1946.

During the last years, since Donald Trump took office as the President of the United States, the US has heavily reconsidered its position within the international system, a shift that in the next years will be remembered as perhaps the most striking revision of its foreign policy posture. This revision involved in equal measure the practice and content of US international action, through the shift from multilateralism to unilateralism and going towards a sort of renewed neo-isolationism. Recent moves in this way are represented by such actions like the withdrawal from the Paris Climate Pact, the retreat from the Trans Pacific Partnership (that they previously sponsored under the Obama administration), the imposition of new tariffs in those trade sectors that could be harmful to the US national economic interests.

Rather than asking if this shift was prompted by the loss of relative power in the international system, it would be worth asking when it started. One answer is that the shift started in coincidence with the rise of other international actors who gradually began to contest the legitimacy of the existing international order and, in particular, of its 'American' liberal blend concerning specific issue areas. To this extent, BRICS group is the most representative experience in what this contestation looks like. China as well is positioning itself as the most proactive actor in proposing and delivering an alternative institutional setting to the current US led one.

BRICS and China delivered two brand new institutions to the international system. One is the New Development Bank (NDB) that, together with the Contingency Reserve Arrangement (CRA), can be considered as an alternative to the World Bank–International Monetary Fund duopoly. The other is the Asian Infrastructure Investment Bank (AIIB), through which China is trying to set out a new institutional framework in the field of Multilateral Development Banks and to redefine the principles and rules of economic development outside the boundaries of the Washington Consensus neo-liberal watermark.

While it would be pretentious to draw empirical conclusions from the action of these institutions, due to their young age, it is nonetheless possible to dig into the motives that pushed towards their creation and the potential impact they could have in the future of the existing international order. To do so, it is worth to frame the discussion within the context of Chinese international activism, focusing on

the possibility for this wave of institutional craftsmanship to alter the shape of the liberal international order.

The main argument is that the contestation of the current international liberal order is not aimed at contesting the existence of an order, but the way in which that order is managed. To this extent, the creation of new international institutions can be interpreted as an effort to develop an alternative set of core norms and principles to the liberal ones, around which dissatisfied actors would coalesce. This process is fundamentally aimed at putting pressure on existing institutions, namely the Bretton Woods institutions, for the reform of the current system.

Attached to this, there is the issue of power transition within the current order. The international liberal order has been shaped around the core political and economic values put forth by the United States, a circumstance that granted them the dominant position within the system. Thus, the contestation of the inability (or unwillingness) of the international liberal order to reformate itself in order to grant a higher degree of integration for emerging countries, could turn into an argument against the authority of the system's hegemons and hence to the legitimacy of the international liberal order.

No order or non-liberal order?

A preliminary step for the discussion must be that of clarifying what the expression "international liberal order" stands for. The concept of international order is one of the most debated concepts in IR literature, reflecting the vast and various existing theoretical traditions of the discipline. While I will not provide a literature review for the concept of international order, I will instead adopt a working definition. International order can be understood as the sum of, at least, three different levels: material, social and normative. This is the view of Robert Cox (1987), who defined the international order according to three central components: the distribution of material capabilities, the typology of the prevailing ideas at certain times and the nature of existing institutions. According to this definition, an international order is an international political space within which the actors are positioned according to the degree of their material capabilities, in a pattern of dominance and submission. The power pattern determines the normative foundations of the existing institutions and, consequently, the quality and the nature of the predominant ideas inspiring the functioning of the order. The

international liberal order, thus, is the specific form of international order committed to the achievement of liberal social purposes (Ikenberry and Lim 2017).

The fact that many states started a contestation of the legitimacy of the current world order does not necessarily mean that they are contesting the existence of an international order, but of a liberal one. To this extent, it is worth noting that the discourse about acceptance or contestation of a given international order involves all the three dimensions mentioned above and, in particular, the normative and political content that set out its functioning.

In a recent research, Stephen and Skidmore (2019) coined a working definition of international liberal order, as “international institutions that wed the exercise of international power to liberal social purposes” (64). In the same paper, they tried to develop a framework to analyse the role of the Asian Infrastructure Investment Bank within the US led international liberal order. Their main argument is that the most appropriate framework to carry out such an analysis is one that includes both state-centric (Functionalist and Distributive Institutionalism) and societal theoretical approaches (World Society and Social Order Approaches), depending on whether one is looking for relative power gains or “the compatibility of the AIIB with the societal purposes of the Liberal International Order in the issue area of development lending” (76).

In other words, the creation of new institutions like the AIIB or the NDB can be a signal of power balancing (He 2018), but it could be interpreted, at the same time, in terms of revisionist efforts against the existing Multilateral Development Bank institutional order (Hamanaka 2016; Liao 2015). It could be also understood in terms of a sort of love for variety where institutional proliferation and inter-institutional cooperation could lead to positive and productive competition (Bisley 2018; Prizzon et al. 2018).

This conclusion resembles what I elsewhere defined as “Globalization by other means,” meaning that current undergoing regional dynamics are not aimed at dismissing the existing global institutional framework but at integrating newly emergent regional groupings in a multilateral international framework. Given the behavior of the involved regional actors like BRICS, this integration is likely to occur with a brand new approach to global governance through the redefinition of the normative content of specific policy issue area and, specifically, development finance. To this extent, it is possible to state with reasonable certainty that

a contestation of the international liberal order is at work, at least against its normative content concerning the neo-liberal (post-) Washington Consensus blend of most part of the policy prescriptions attached to development lending processes (Puranen 2019).

This path seemingly does not involve the practice of multilateralism, which is the main component of the grand-strategy adopted by the US in designing an American post-WWII international order. That order had its main pillar in the Bretton Woods agreements and, later, in other functional international institutions like the GATT (WTO), the United Nations and NATO (to mention the most relevant), through which the US built their own global order. The main aim of the American foreign policy was to structure the international environment in a way responsive to its strategic interests and through the creation of an interdependent net of international institutions, through which they successfully managed to dominate the system or the so-called international liberal order.

The international liberal order crisis is often identified with the progressive contestation of existing multilateral practices and frameworks (Morse & Keohane 2014), as well as the contestation of the legitimacy and authority of international multilateral institutions like the IMF, the World Bank and the WTO. Most part of the criticisms come from developing countries like China, India and Brazil, who started advancing grievances concerning the low degree of voices they have in the decisional processes shaping the global governance rules that are shaped according to the American interests.

All these features come under the label of 'liberalism', which characterizes the international liberal order with market openness, a high degree of institutionalization and a certain degree of exclusiveness, depending on the adherence to the underlying political principles of rule of law and value of democracy. What is not clear at all is whether these countries are discontent with the American specificity of the system or they are simply contesting the ineffectiveness of that system in addressing new challenges arising in contemporary world and in distributing the gains coming from the integrated capitalist global economy. The answer to the first question would require an analytical approach to the moral dimension of the political discourse, which would be ineffective in addressing the reasons why the existing multilateral framework is losing grip among emerging countries. Answering the second question could be easier, considering that it would point at the

core of the liberal discourse concerning multilateral practices and, specifically, to the capacity of international institutions to set up functional cooperative frameworks through interdependency.

Historical background

A preliminary step should be that of tracing out the main motives lying behind the post-WWII creation of the American led global order (or international liberal order). The American government was pushed by the desire to place order and continuity in three main intertwined issue areas: economics, politics and security. The outbreak of WWII highlighted how a fragmented global political arena in which each actor was concerned with preserving its own privileges and pursuing its own interests at each other expenses was not sustainable. The lack of a political guidance, embodied by the failure of the League of Nations, showed well how such a system could easily break down leading the world towards the brink, and over.

The first issue-area, concerning world economy, was perhaps the most important area of intervention. The American idea for the future of world system was the creation of an open, interconnected world market economy able to prevent the re-birth of imperial aggregation, as it used to be under the British, German and Japanese empires between the second half of the nineteenth century and 1945. The rationale for such a project was twofold: to inhibit imperial temptations and to link the other world powers to the American economic system.

The United States was conscious that the existence of imperial preference systems, regional blocs structured around isolationism and regional trade dynamics would inhibit its ambition to exert the role of global power, a status it already possessed the end of the WWII. The United States' strategic aim was to gain worldwide access to resources and to push the greatest possible amount of countries to trade with them, in order to extend the American economic presence to all the regions of the world.

The deep and extensive scope of such an economic grand design would have required effective system management skills. The United States needed the tools to control and address the functioning of such a world system that would have been characterized by a high degree of interdependence. The Bretton Woods agreements laid down the institutional structure that would have served the purpose of

preserving the system stability. Moreover, the essential condition for the US was to control the newly created institutions, a condition through which it would have been able to manage that complex interdependent system and to exert the role of global power they intended to. The creation of the Bretton Woods institutions was also the moment when western powers laid down the basis for the contemporary multilateral cooperation system.

In Bretton Woods, the wartime allies had divergent visions about the necessary degree of economic openness of the new system as well as over the institutional framework that should have governed it. In order to include necessary and fundamental partners, as European countries were, the institutional layout was one made of loose legal rules and high degree of inclusiveness in the decision-making process. That was the key to render the Bretton Woods institutions inclusive and to lock the European allies within a common multilateral framework, with the United States retaining the golden-share. The success of such a political and institutional framework was evident to the extent that it managed to include countries like Germany and Japan, traditional imperial states, who became active partners in the construction of the American world order, as well as other European and Asian countries who found the multilateral American system a resource rather than a restraint.

Security was also a cornerstone of the American multilateral design. Although the world security complex shaped itself mostly during the cold war, the US started to define it right in the aftermath of WWII. The whole globe was under the scope of the American security concerns, as the United States was well conscious that the role of global power included also the main responsibility in guaranteeing seas openness, regional stability and global reach capacities. The security design of American policies stressed a lot the nexus between security cooperation and economic integration, making the two aspects intertwined. This has been also the strategic element that favored the spontaneous adherence to the American multilateral system and, thus, to the reinforcement across decades of the international liberal order as we know it.

The most peculiar aspect of the US led international liberal order (that possibly opposed to its Soviet counterpart during the cold war), is the attractiveness it exerted with respect to its members and aspiring members. Perhaps, the most important strength of that system has been that of appearing as an opportunity rather

than a limitation to the countries who participated in it. According to Ikenberry (2011), this strength derived from the consciousness of being part of a broad political project, aimed at promoting “democracy, openness, rule of law and human rights” (Ikenberry 2015: 408). Cooperation within the American-led international liberal order sustained the perception that it was advantageous for each one’s national interests, finding a national way for development within a broader multilateral framework (Ikenberry 2015: 408).

Truly or instrumentally contesting?

Given this evolutionary background, it is possible to advance some hypothesis about the reason why some developing countries began to contest the American led international liberal order. Firstly, and most importantly, it is an ambiguous issue whether or not they dispute its liberal nature. If we assume BRICS countries to be representative of the ‘discontents’ alignment, we easily find out that all of them adopt an open-market economic model, all of them are integrated in the global financial markets and, on different scales, they enjoy the benefits of being part of the existing traditional multilateral international and commercial institutional framework.

Although China commands the lion’s share among them, during the last 15 years BRICS countries improved their economic fundamentals, as it emerges from data concerning overall GDP, GDP per capita and FDI flows. One preliminary conclusion could be that emerging countries are not dissatisfied with the current international multilateral framework per se, but probably with the adverse effects in terms of differential economic growth it favors, especially when it happens between neighbouring countries.

A second possible source of explanation for the difficulties the multilateral framework is going through is of political nature. Although BRICS countries present rather different features from the West with respect to the values governing such issues like human rights and democracy, it is nonetheless possible to sort them according to some slight differences and understandings each of them share in the same fields. Brazil, India and South Africa have in common, formally at least, the same political system and share the same democratic values, a circumstance that made them converge on much more issues than those in the domain of BRICS cooperation.

A typical liberal argument in IR towards the possibilities for a successful pattern of international cooperation is the qualitative similarity of the domestic political structures. As demonstrated in an empirical research by Haggard (2013), the degree of voting affinity within the UN General Assembly between each BRICS country and the United States has been discontinued and low, characterized by particular low levels of affinity in the case of Russia and China (period 1946/1971-2011). Institutional and political differences at the domestic level could well turn into regional disputes between neighbouring countries, but at first reflects themselves at the global multilateral level. The existence of intra-institutional diplomatic alignments, like in the case of the WTO (Hopewell 2017a), reveals how much multilateralism turns to be ineffective when it fails to address new challenges in a way adherent to all participants' interests. The reasons why it fails could be variegated, but one could be assumed to be to most relevant, at least for the case in discussion.

After the dissolution of the Soviet Union, the steady expansion of the multilateral framework embedded in the US-led international liberal order caused an overstretching of the system itself, with the consequent over expansion of the system leader's duties. The accession of new countries to the system revealed the system's inability to address the needs and interest of the new members. The original condition of a trans-national community of countries sharing a common vision of the future world order and a common faith in the effectiveness of the multilateral practices in providing growth and prosperity began to falter.

That happened mainly because of two factors: power shifts occurring at the systemic level and larger institutional dimensions. The efficiency and effectiveness of the multilateral liberal order relied mainly on the hegemonic role of the United States. The new global context that emerged during the '90s pushed the global hegemon to devote more resources to regulate security issues in order to preserve the systemic stability. This move led way to a relative decline in power of the US with respect to China, a situation that let the academic debate openly argue in favor of a presumptive end of the unipolar era and start of a new multipolar one. Larger membership in existing international institutions played its part in complicating the scenario, mainly because of a process of power dispersion within international core institutions and growing cooperation difficulties.

The IMF, the World Bank and the WTO barely managed to represent the new international equilibrium, failing to accommodate the requests for increased representativeness made by emerging countries after the 2008 crisis. This dynamic has been evident within the WTO in particular, where the traditional western alignment, centered on the old triad formed by the United States, Europe and East Asian countries entangled in security alliances with the US, kept pushing forward commercial policy proposals with no respect for the new members' interests. The failure of the Doha Round is enlightening, as well as the failure of the IMF in welcoming the vote reform request headed by China. The result of these dynamics is that the global hegemon (USA) is experiencing a condition of military power supremacy coupled with a loosened political legitimacy and a lessened capacity to keep control of the core international institutions. Hence, the 'imperial' temptation (instrumental hierarchy) goes together with the retrenchment option from those issue-areas that has become too resource expensive and politically problematic to govern.

China and BRICS: a marriage of convenience?

The event that brought BRICS into a formal annual meeting schedule was on 16 June 2009. The meeting, held in Yekaterinburg, was the occasion to bring Brazil, Russia, India and China around the same table to analyse and discuss economic issues, especially concerning the ongoing financial crisis. The BRICS group does not come from the land of nowhere. Many scholars believe BRICS' formation have become easier by previous groupings like IBSA, RIC and SCO (Flemes 2009). These groupings constituted the opportunity to meet and discuss at political and diplomatic levels, bringing together converging visions of the needs and the wills of developing and emerging countries for a non-western centered future world order (Sun 2013).

The Yekaterinburg meeting was the intermediate step in the transition from informal meetings, held since 2006 at the margins of the UN's general assembly, to stable annual formal meetings. For the truth's sake, it is worth mentioning that among the four members (and South Africa since 2011) the most pro-active and pressing actor was China, along with Russia. The other two, India and Brazil, were lukewarm towards the idea of forming a stable 'objectors' group, remaining more focused on step-by-step coordination and cooperation about specific issues. Probably, the frustration coming from the substantial inertia of the G7/G8 'out-reach process' pushed Brazil and India next to Russia and China in coordinating

among them outside the traditional forums. Notwithstanding, Brazil and India (and, later, South Africa) showed a lack of willingness to fully side with Russia and China, showing that within BRICS great differences still exist, which go well beyond geographical boundaries. In particular, only China and Russia showed a pragmatic approach in building a real political group, with China putting forth most of the proposals concerning factual coordination mechanisms in order to keep the talks in continuity between the different meetings. The first institutionalization step occurred in 2009, when the four decided to meet on a regular annual schedule. Most probably, they made this further step because of the disregard showed by the G7/G8, World Bank and IMF to respect with the needs of emerging countries in facing the global financial crisis. The G20 agenda setting also should have marked the BRICS group discomfort with the existing global governance framework, given that the first four meetings have been dominated by a western-centric political agenda. In particular, the agenda setting and hosting and the G20 enlargement to US allies like South Korea, Saudi Arabia, Indonesia, Australia and Turkey fostered BRICS' perception of a willingness to dilute their influence within the forum (Cooper 2009). Growing coordination among BRICS surely enforced their voicing power within international institutions' policy-making processes, also strengthening their capability to cooperate, outside those institutions, on very specific policy areas, with those among whom trade, economic growth and agricultural policies are at the top. The WTO case is a striking example of this (Hopewell 2017b).

Another major step towards a growing integration has been the establishment of the NDB and of the CRA. The CRA in particular is likely to be considered as the BRICS' counterpart of the IMF in that it sustains and fosters their development and economic growth, removing the traditional political ties posed by their limited votes' share at the IMF.

When India launched the idea of setting up a new bank at the 2012 New Delhi meeting, it met with the positive attitude of the Chinese Government. Chinese officials considered the proposal as an opportunity to offer China's abundant capital resources to sustain the new bank. Behind this offer, there was a clear vision by Beijing about the future of international affairs. The creation of a non-western centered development bank, funded mainly by China's huge amount of foreign reserves, would have served the aim of putting pressure, on the international stage, for a reform of the voting rights scheme at IMF. Eventually, it would have

stimulated further reforms at the World Bank and at the UN, leveraging on times of ‘reduced legitimacy’ of existing international Institutions (Stuenkel 2015: 9).

Russia as well looked at the initiative with great interest, sharing with China the desire to create an alternative ‘political club’ functional to a geopolitical shift.

Another coup brought by China in the same year was the creation of the AIIB. The AIIB was put forward as an alternative for finance infrastructural investment tool, with respect to Asian Development Bank and the World Bank. The main feature of the AIIB is that it gave China the possibility to leave aside the constraints posed by its limited voting rights in the existing Asian Development Bank. Chinese Government warmly invited other BRICS members to join the new institutions, which many see as a set of instruments that are functional to counterbalance United States economic influence in the Asian Region.

Beyond appearance: BRICS’ weaknesses

Despite the likely potential of BRICS in the direction of ‘change’ in international politics and global governance, there are still many problems that pave the way to their full cohesion and integration into an institutionalized group. It is possible to categorize these problems in three areas: economic divergence, strategic and security issues, political issues.

First, BRICS members greatly differ among themselves from the economic point of view. If we try to rank them by their GDP in PPP, what comes out is the huge disproportion of the aggregated GDPs of Brazil, Russia, India and South Africa compared to China. In 2008, China’s GDP was nearly equaled to the total aggregate of the other four countries, with China scoring \$5.04 trillion, Brazil \$2.057 trillion, Russia \$1.583 trillion, India \$1.385 trillion and South Africa only \$369,900 billion. In 2016, the figure greatly changed, with China having a GDP of \$9.505 trillion, nearly five times that of India and about ten times the GDP of Brazil, South Africa and Russia (Figure 2).

Similarly, GDP annual growth (Figure 1) rates greatly differed for each member, showing a converging path only between China and India since 2016 (respectively 9.65% and 3.89% in 2008; 6.68% and 7.10% in 2016). A similar trend is reported for FDI’s and GDP capita (with Russia standing at the top).



Fig. 1. Annual GDP growth rate (%)

Source: Graph developed by the author based on World Bank Data (2019)

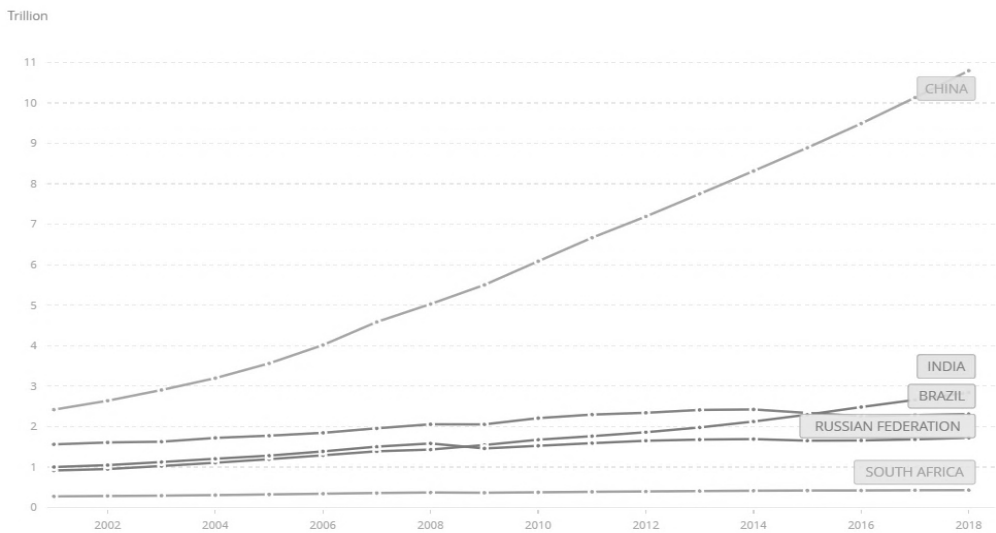


Fig. 2. Nominal GDP (Constant 2010 US \$)

Source: Graph developed by the author based on World Bank Data (2019)

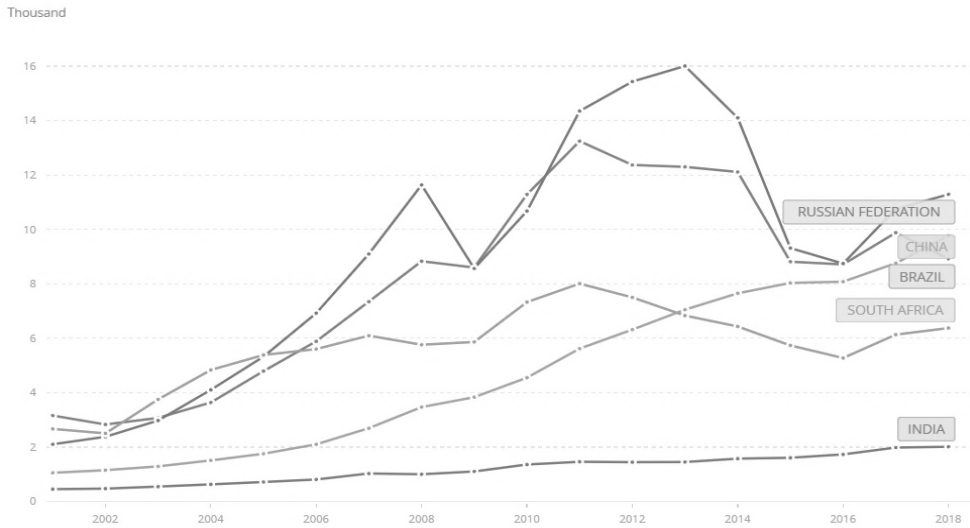


Fig. 3. GDP per Capita (constant 2010 US\$)

Source: Graph developed by the author based on World Bank Data (2019)

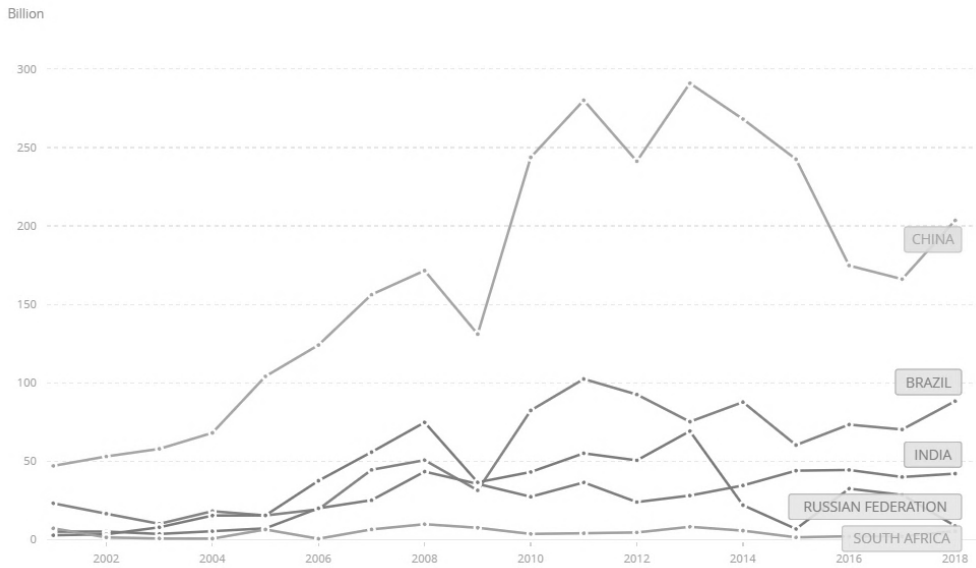


Fig. 4. FDI net inflows (Current US\$)

Source: Graph developed by the author based on World Bank Data (2019)

While the GDP per capita figure should be attributed to dimensional factors, due to the large amount of population (1.379 billion people in 2016), the other data show that China stands at the top of BRICS group, representing at the same time a threat and an opportunity for their development. China's development strategies revolve mainly around two pillars: domestic industrialization and international connectivity.

From the second point of view, China is an important commercial partner for almost all BRICS, weighting more for its exports towards BRICS' markets rather than for the imports. To this extent, China is an opportunity in the sense that it supports these economies' demand, but it could be perceived as a threat when it comes to assess how much other BRICS members are dependent on China's export.

From a geopolitical perspective, there are several divergences among BRICS. First, and remarkably, is to be mentioned the growing risk of potential rivalry between India and China. The contrasts may develop along two main drivers: regional trade and hearth land strategic issues.

Concerning regional trade, India is starting to perceive China as a potential threat to its strategic interests, due to China's economic leveraging policy within ASEAN. The history of China-ASEAN relations is one made of Chinese efforts to gain weight inside the multilateral forum, in order to be the largest, and thus necessary, trading partner of ASEAN. Today, China is looking at ASEAN as the fundamental tool to implement the Maritime 21st Century Silk Road and, as a secondary goal, to secure its sovereignty over the South China Sea.

India has divergent goals to the extent that it prioritizes the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) and asserts its centrality in the evolving geography of the Indo-Pacific (Käkönen in this book), contrary to the Chinese perception of the same area as its backyard. A growing number of ASEAN members are starting to gauge whether it would be the right move to completely rely on China in the next digital connectivity transition of the ASEAN economy, and started looking at India's digital sector as a possibility to 'dilute' China's grip.

At the hearth land level, security issues are at stake when it comes to defining who is siding with whom. India is a traditional supporter of the US pivot to Asia,

siding in this with Pakistan, while China is making all its efforts to ‘counterbalance’ the American influence in the same area. The goal would be reached also by eventually revitalizing the SCO, implying an active Russian involvement. Furthermore, the Chinese ‘Economic Belt and Road’ initiative implies, in the next future, a growth of China’s influence in Central Asia, which is likely to be perceived as detrimental to Pakistan and India strategic interests in the same region (Käkönen in this book). Moreover, notwithstanding their common BRICS membership, China’s and India’s interests could collide, in turn, with Russia’s Eurasian Economic Initiative, which represent an attempt by Russia to foster its regional influence in Central Asia and Eastern Europe.

Partially related to the geopolitical divergences, there are some political elements marking the difference among the five, namely the democratic issue. Brazil, India and South Africa have in common the same political system and share the same democratic values, a circumstance that made them converge on much more issues than those in the domain of BRICS cooperation. From this point of view, China and Russia demonstrated the sharing of different visions about specific issues, like human rights and social development, as well as in the case for the reform of the UN Security Council, when both opposed to the entry of IBSA countries as permanent members (Flemes 2009).

Political differences produce also alignment’s outputs, like the would-be Pacific democratic alliance, sponsored by the Japanese Prime Minister Shinzo Abe, between Australia, Japan and India to contain China’s influence expanding in the area and to prevent a SCO’s takeover. This last circumstance sounds familiar, if we are to consider the existing situation of strategic rivalry between India and China, coupled with New Delhi’s support to the American pivot to Asia embodied by the India’s Act East policy (Gaens & Ruohomäki 2017) and the recent revival and reorganization of the Quadrilateral Security Dialogue (Eisentraut & Gaens 2018).

As it emerges from the facts discussed above, BRICS experience is still loaded with shadows rather than lights, and China takes the lion’s share among the five members. Despite the coordination efforts made during ministerial meetings and talks, their action seems to be less than coordinated, as it takes place more on the ground of the adoption of common principles and guidelines for action than on a mere and factual political level. Moreover, there exist many fragile areas of

conflicting interests, which rest mainly among China, India and Russia on very pragmatic issues like trade, security and economic regionalism.

The relative lack of cohesion on this ground could lead one to side with the critics of BRICS, considering it more an eclectic diplomatic move earmarked to continuity in international politics rather than a possible move towards change. The opposite tensions that exist between regionalism and multilateralism within BRICS show the reality of a process in its first phase of development. All members are clearly discontent with the present economic global governance framework and, when it comes to take collective action at the multilateral level, the BRICS consensus coalesces around major and general topics. Things change when action is taken to address issues concerning national interests. At this level, regionalism tends to prevail over multilateralism even within BRICS, letting contradictions arising. Moreover, Chinese behavior can be considered one of ‘contested multilateralism’ (Morse & Keohane, 2014; Weaver 2015), where every multilateral move is counterbalanced by an advancement of Chinese national interest fulfillment.

Given the weight of China, the following section will focus on the potential capability of China to influence the process of continuity or change through the two mentioned China-led MDBs, the NDB and the AIIB.

Non-liberal multilateralism?

The growing consensus about the necessity for a change in the global governance of development let the two new banks come to life, in a context of growing infrastructural investment needs and opportunities. In comparison with other investment actors and tools, multilateral development banks have the merit of being able to mobilize much more capitals than traditional private economic operators do.

Both NDB and AIIB were born to meet the needs of infrastructure investments in the developing countries. The history of multilateral development banks roughly follows the evolution of regionalism in its phases, which are conventionally named ‘First, second and third wave’.

The first wave of regionalism took place during the ’50s–’70s, and it led to the further expansion of the World Bank Group with the creation of the International

Finance Corporation and the International Finance Association. Many other MDBs were born in that period, including those attaining regional integration processes in Africa (African Development Bank), Asia (Asian Development Bank), South America (Andean Development Bank) and Arab Countries (Islamic Development Bank).

The following wave occurred in Europe, at the apex of the European political integration process in the early '90s. After the dissolution of the USSR, the integrating the Eastern European countries into the political community of the EU became a priority. The enlargement process required a pragmatic approach to accommodate these countries' economies migration to market economy. For this reason, one of the actions taken was the creation of the European Bank for Reconstruction and Development in 1991, coupled with the empowerment of the existing European Investment Bank. These two institutions shortly became the economic and financial core tool of European enlargement process, boosting both infrastructure investment and finance in those countries during the post-Soviet era.

After the European-centered wave of regionalism, we finally get to the third, and last, wave, mainly based in Asia and characterized by a notable Chinese activism. Even if NDB and AIIB follow the path of MDB's flourishing in regionalist experiences, they differ from their existing counterparts in that they are run by emerging countries. This specificity acquires even more relevance if we think that MDB's are state driven banks, whose capitalization is backed by public balances. This means that, for the first time in the brief history of global multilateral institutionalism, emerging countries took the initiative in a critical sector, signaling that some kind of power shift is occurring within the international system.

Even more interesting, both NDB and AIIB's first declared mission is to boost infrastructure investments in emerging countries, at times where existing western-led institutions struggle to invert the path of infrastructure investment disengagement previously adopted. As testified by many sources, it is plenty of room in the sector of infrastructural investment needs. As reported by GiHub (2017), based on a projected GDP 4 per cent annual growth, the global infrastructure investment gap for the period 2016-2040 would be of about \$ 9-10 trillion (the figure scales up by additional \$3.5 trillion if UNSDG are to be meet). On a projected total infrastructure investment need of nearly \$93 trillion for the period 2016-2040,

Asia will need nearly half of that amount, around \$50.770 trillion. China alone would absorb \$28 trillion, more of the half of the Asian quota and about 32 per cent of the global total. These huge finance requirements for developing countries' growth have had a heavy impact on the substantial inertia of existing international financial institutions.

The main reason behind the creation of NDB and AIIB is exactly the desire, by these countries, to define on their own the rules for their development, without being tied to the lack of voicing option in the western-led World Bank and IMF. Although a reform of the voting rights in both the World Bank and IMF was invoked in 2010, many developing countries still experience an underweight of their voting option. It is not surprising that regionalist temptations are arising throughout the developing countries. If we look to the growing weight of the Brazilian, Indian and Chinese economies (just to mention three out of five BRICS member) and, more generally, if we consider that the demographic and economic growth of whole continents like Asia and Africa, they are supposed to overwhelm those of North America and Europe by 2050.

Some scholars consider the experience of the new MDB's as an effort by China to turn upside down the power balance in global governance (Ikenberry and Lim 2017). Indeed, China enjoys the lion's share in the NDB and the AIIB, and it provides them financial backing through its public finance. Moreover, China retains the major share of voting rights within the AIIB and it is the major shareholder in the NDB's Contingent Reserve Arrangement, where it has subscribed \$41 billion out of \$100 billion paid-in capital (CRA).

There exists no consensus about whether China is pursuing a national interest-based strategy or merely a counterbalancing strategy against the United States and its allies. What we can say with relative certainty is that China is following a nuanced strategy, relying on the one hand on the consolidation of its hard power through intensive industrial and infrastructure investment policies and, on the other, on the consolidation of its soft power through the political coordination with other developing countries.

Victor Cha coined the term *powerplay* (Cha 2016), meaning a mixed strategy based upon bilateral diplomacy and multilateral bargaining, both realized at the same time. Though the original focus of his theory was to explain the successful

post WWII American policy in alliances' building, the same theoretical scheme could be applied to China's foreign policy in Asia and abroad.

Strategic contestation: a matter of Hegemony?

Posited that all the initiatives mentioned so far aim at contesting the existing hegemony within the current international order, it is worth trying to frame conceptually how actually China is doing that.

According to the definition of international liberal order given in the beginning of this chapter, the main understanding here is that China wants to contest the hegemony of the United States within the current order, and not the international liberal order *per se*. To this extent, it is worth nothing that it would be a no-sense for China to contest the international order, given that within this order it experienced more than a 10 years long double-digit growth path, which let Chinese Government laying the foundations of contemporary China's economic power.

What is all about the contestation is the liberal blend of the current international order, which is the trademark of American hegemony. Emerging countries like BRICS and China in particular, seem to be dissatisfied with the current systemic hegemony. Given that the first task to be performed by a would-be hegemon is to structure the international institutional system according to its needs and desire in order to become the hegemon, that's no surprise that the American and western dominance over multilateral institutions paved the way for a contestation dynamic. It is a matter of distributive inefficiency, where the most influential actor of the international system is no longer able to provide public goods within the international order. To this respect, Richard Saull (2012) has provided a convincing analysis on how the relationship between hegemony and uneven development can be understood. Saull's analysis starts from a neo-Gramscian perspective, linking the evolutionary path of hegemony to the complex relationship between the regime of material accumulation and the social, political, ideational, and institutional fabric of the historical block that is a specific grouping of actor coalescing around a specific set of political values. He understands "hegemony as international leadership centered on a particular state society complex whereby the reproduction of dominance is realized through the active involvement of other state-society complexes" (Saull 2012: 324).

In Saull's words (2012: 330-335), the current state society complex, or historical bloc, is a neoliberal one, that started forming in the early '80s and completed the transition after the dissolution of the Soviet Union. According to his analysis, the dynamic of uneven development is structurally tied to the neoliberal historical bloc, to the extent that in order to reproduce the legitimacy of the neoliberal historical bloc certain economic and political outcomes are to be obtained.

This is because hegemony finds itself on the mutual relationship between structure (distributive ability of the capitalist economic system) and agency (political outcomes produced by the historical bloc). When the relationship is broken, that is the material structure is no longer followed by an effective action in the political, economic and social domain by the historic bloc, a crisis outbreaks.

According to this interpretation of the evolutionary dynamic of hegemonic cycles, that's no surprise that China and BRICS started to contest the US led international liberal order moments after the 2007-2008 financial crisis. That was the moment when the state society complex of the neoliberal block was no longer able to adopt (or to adapt) policies that were coherent to the new conditions created by the autonomous development of capitalism.

The conceptual framework laid out by Saull is not, in principle, inconsistent with power transition theory (PTT). Although PTT is a state-centered theory and it basically assumes a hierarchically organized international environment (Kugler et al 1989), it nonetheless reveals itself to be much more dynamic and integrated than traditional Realist and Hegemonic Stability Theory approaches. PTT departs from the static representation of the international system in that it focuses on differential growth rates and on the way how different growth paths have the potential to alter the distribution of relative power among nations. Therefore, international stability or instability is the result of the degree of satisfaction with the existing status quo. If one assumes that the existing status quo is that of the international liberal order led under US hegemony, it is not difficult to understand Chinese actions in terms of dissatisfaction with American hegemony within this order. From this point of view, Chinese foreign policy looks to be crafted exactly in order to propose an alternative approach to the conduct of international affairs, in what concerns its economic initiatives in the fields of development finance, trade and investments.

Together with the Belt and Road Initiative and China's participation to the NDB's CRA, the AIIB is part of this economic foreign policy. Through the establishment of the AIIB the Chinese Government seems to be oriented to mirror the role of the World Bank, at least in what concerns development finance and the redefinition of the governance schemes of international economic policy. As it is stated in art. 31.2 of the Articles of Agreement, the bank "...shall not interfere in the political affairs of any member... Only economic considerations shall be relevant to [its] decisions" (AIIB, 2015). This statement is in sheer contrast with the established practices of the Bretton Woods institutions, namely the World Bank through the International Bank for Reconstruction and Development (IBRD) and the IMF in the field of monetary and financial governance. These institutions put conditionality on the provision of loans, like domestic political and economic reforms, which typically are the main instruments through which the American led Bretton Woods system has promoted the spread of liberal democracy and markets' liberalization.

On the contrary, the loans provisioning system of the AIIB is untied from such kind of domestic interference, making the AIIB intervention in the developmental infrastructure investment process apparently neutral. As Bräutigam and Gallagher (2014) highlighted, the new MDB's gave the opportunity to all participating countries to meet their own national interests. Moreover, the structure of the AIIB reflects emerging countries' dissatisfaction with respect to the degree of representativeness that the current international multilateral framework is granting them.

If one looks to the distribution of voting shares within the WB-IBRD, it is evident how the major world economy after the US, China, is overtly under-represented, with 4.8 per cent of voting share, lagging behind Japan (7.79 per cent) whose economy is roughly one third of Chinese GDP. A similar situation is replicated within the IMF, where China holds 6 per cent of voting shares, against 16.7 per cent of the United States and 6.2 per cent of Japan.¹⁶

Within the AIIB, instead, the figure is reversed, with China holding the supermajority threshold of voting shares up to 26.5 per cent, while Japan and the United

¹⁶ WB-IBRD website (<http://pubdocs.worldbank.org/en/795101541106471736/IBRDCountryVotingTable.pdf>) and IMF website (<https://www.imf.org/external/np/sec/memdir/members.aspx>)

States have not subscribed any capital quota and keep working within the other regional MDB, the Asian Development Bank (ADB). In the ADB, where China weights 6.4 per cent, the United States and Japan both have 15.6 per cent of voting shares, which empowers them with the veto power.¹⁷ Most interestingly, notwithstanding American ostracism, many US-aligned countries (Germany, Great Britain, France, Italy, South Korea, Australia) subscribed the AIIB paid-in capital. This, as Summers (2015) made clear that the creation of the AIIB marked the moment in which “the United States lost its role as the underwriter of the global economic system.”

Table 1: Voting shares in Multilateral Institutions

Data from IBRD (WB), IMF, AIIB and ADB

States	Population (2018)	GDP (2018 – constant 2010 US\$)	ADB	AIIB	World Bank (IBRD)	IMF
China (PRC)	1,39 B	10,79 T	6,4%	26,53%	4,79%	6,09%
Japan	126,5 M	6,19 T	15,6%	-----	7,77%	6,15%
United States	327,1 M	17,85 T	15,6%	-----	15,45%	16,52%
Germany	82,9 M	3,93 T	4,3%	4,17%	4,08%	5,32%
India	1,35 B	2,84 T	6,3%	7,60%	2,96%	2,63%
France	66,9 M	2,92 T	2,3%	3,19%	3,80%	4,03%

¹⁷ ADB website <https://www.adb.org/site/investors/credit-fundamentals/shareholders>

Russian Fed.	144,4 M	1,72 T	-----	5,98%	2,70%	2,59%
Brazil	209,4 M	2,84 T	-----	*	2,18%	2,22%
South Africa	57,7 M	429,500 B	-----	*	0,74%	0,64%

**Brazil and South Africa are prospective founding members*

These figures show how, within the framework of the Bretton Woods system, the WB and the IMF give representation only on the basis of the subscribed capital, while they ignore the demographic and economic dynamics of such countries like China.

Recently, the 15th IMF quota review ended with a big failure. The original propositions made by the G20 and the IMFC summits were to bring about a successful conclusion of the quota review process so that quota shares of the dynamic economies would have been increased in line with their relative positions in the world economy. The quota review ended on October 2019, leaving the framework unmodified. Many criticisms have been raised by the Governor of the People's Bank of China Yi Gang. Yi expressed his deep disappointment for the failure of the quota redistribution process and, most importantly, he stated that “China will, along with the other parties, continue to push for reforms of the IMF's quotas that *will strengthen the voice and representation of emerging market economies and developing countries, narrow the gap between actual and calculated quotas in a constructive manner, and reduce distortion in quota structure to reflect members' relative positions in the global economy*” (Yi 2019:5, emphasis added).

To this respect, the NDB's Contingent Reserve Arrangement could be understood as an alternate institutional instrument to the IMF. Within the CRA, BRICS countries have set up their own monetary fund, which is supposed to provide liquidity assistance in case of the outbreak of a financial crisis. Moreover, China is the largest capital subscriber with \$41 billion on a total of \$100 billion subscribed capital. Although the CRA is not legally formalized, thus lacking the capacity to act as a real alternative to the IMF (Würdemann 2018), it is nonetheless true that in the long-run it can evolve into a viable alternative to the IMF for developing and emerging countries, unless a serious reform of existing multilateral

institutions takes place. Notwithstanding China is considered an ‘immature creditor’ (McKinnon & Schanbl 2014: 13), the creation of the CRA and the inclusion of the Renminbi (RMB) in the IMF’s Special Drawing Rights basket 2015 is part of a strategy of internationalization of the RMB. As Paola Subacchi defined it (2017: 139), the RMB is a ‘currency in progress’, and its inclusion in the NDB’s CRA is likely to be a Beijing strategy to expand its economic and financial influence abroad and, in particular, outside Asia (South Africa and Brazil).

In support of the counter-hegemonic argument, it should be noted that the United States has reacted accordingly to the fundamentals of the power transition theory. The creation of brand new international multilateral institutions by China may have been understood by US officials as signals of the existence of a Chinese counter-hegemonic strategy, aimed at weakening the hierarchical structure of the current international liberal order. The US withdrawal from the Trans-Pacific Partnership negotiations and the war on tariffs put in place by President Donald Trump, just to mention the most recent policy outputs, can be read as moves oriented at diminishing the gains in relative power obtained by China in the last two decades. Although the theory is strongly rooted in the material power argument, the issue at stake here is not power-maximization but utility-maximization. A cross-interpretation between the very content of power transition theory and Saull’s contribution could lead to a different conclusion than the mere great powers confrontation, advocated by some as the most likely output (Friedberg 2012; Mearsheimer 2010; Swaine and Tellis 2000). China may be exploiting its relative power gains vis-à-vis the United States to build new institutions with two intertwined purposes.

The first one is to exploit new institutions like the AIIB and the NDB to coalesce all those developing countries that are growing increasingly dissatisfied with the current international liberal order. Providing new rules for development finance and offering new perspectives for international financial governance with the backing of China’s financial and economic capabilities could eventually push small powers to take a stance in favor of China and its continuous call for a system’s change.

The second purpose is to create pressure for structural reforms, through the same institutions, on existing ones, by leveraging on their dysfunctional design. Here the hegemon condition of the United States must be taken into consideration. If

it's true, as it is, that the international liberal order is led under the political direction of the United States, this has to be confronted with the capitalist development process of China and the effects it is producing on the ability of the current hegemon to properly address upcoming challenges. China's actions have taken place in the framework of a paradoxical situation. Chinese growth has occurred within and thanks to a neo-liberal capitalist model of accumulation. Despite its loose ties with the western geopolitical bloc (United States, Europe, Japan, Canada and Australia) and its distance from the stances of liberal politics that characterize that bloc, China greatly enjoyed the benefits of the neoliberal mode of accumulation by realizing heavy trade surpluses that sustained its persistent economic growth. The direct consequence of such large trade surpluses, paired with the manipulation of the Renminbi exchange rate and a state-driven economy, has been the creation of a large amount of liquidity that flowed into the American economic system, sustaining its over-indebted financial sector (McNally 2009).

When the crisis exploded in 2007-2008, it unveiled the unsustainability of a global economic system based on the US absorption of the world's exports. The crisis has broken the neoliberal cycle of differential growth and global demand, which is the material foundation of American hegemony, and hit as well the socio-political foundations of American hegemony (Saull 2012: 335). The crisis did not actually undermine the American hegemonic position within the international liberal order, given that all the measures taken to absorb the shock have been developed in the framework of the G20 forum, which applied neoliberal prescriptions and principles. To this extent, the crisis was addressed by replicating the role of the American hegemon among a major number of neo-liberal capitalist actors, thus reproducing the logic of the social, political and economic foundations of neo-liberal American hegemony. China has fundamentally adhered to the system, accepting those governance rules, even if the crisis proved the normative and regulative inefficacy of that model of global governance featured in the international liberal order.

Thus, the Chinese strategy of institutional leveraging could be understood as an effort to expose the growing inability of the neo-liberal model of governance to govern the capitalist dynamics. If this is going to be the case, the most likely consequence would not be the breakdown of the international order as a whole, but the end of the legitimacy of the current hegemon and, consequently, the fall of the authority of the neo-liberal model of global governance (Cardenal and

Araujo 2013; Kupchan 2012; Jacques 2009). To this extent, the creation of new multilateral institutions by China can be interpreted as an effort to develop and consolidate an alternative working framework to govern the capitalist dynamic, within a different kind of international order.

Conclusions

This chapter has outlined the international and political environment in which new institutional designs are being created. The core argument, the contestation of the current international order, has been linked to the dissatisfaction of developing and emerging countries with the way how the neo-liberal model of global governance addressed and is addressing the global economy and finance.

The liberal international order, today, is put under pressure by the growing contestation of its legitimacy on behalf of those countries that are asking for major reforms, specifically in the issue areas of development and finance. The process of institution building, through which AIIB and NDB have been established, can be signals of an ongoing effort by China to alter the structure of the current international order, in what concerns the fundamental set of political and social values that inspire the liberal international order's model of governance.

The alteration of the structure, in particular, is not directed against the order itself, but against the dominance of the United States within that order. As discussed before, the US dominance within the liberal international order is the source of the liberal character of the current international order. The recent inability of the system to keep the pace with the evolution of the global economy by adopting an adequate set of reform policies has the potential to become a major weakness for the liberal model of global governance. It could be exploited by dissatisfied states like China to directly question the adequacy of the liberal economic and political values as the sole guiding principles in defining the models of global governance. To this extent, an augmented criticism, together with an increased inability to govern the whole system, could result in the weakening of the American authority and legitimacy within the system.

The Chinese foreign policy activism, to this respect, is coherent with the idea of a phase of transition in the structure of the international order. China set up alternative multilateral institutions in response to the inability of existing ones to address important issues like representativeness and reform of specific policy areas.

The question of whether Beijing will manage to shape the international environment is largely a matter of how the current hegemon, the United States, will react to Chinese moves.

The most consequential strategy for the US and its allies would be that of accommodating the requests for reforms. This would be a useful tool to gradually tone down alternative institutional framework like the AIIB and the NDB, through a greater integration of emerging countries within the governance structure of the international liberal order.

This is not an easy task to pursue. As discussed before, China's integration within the current economic global order has been the main source of the growing Chinese economic power worldwide. Considering that Beijing's foreign policy rests largely on its economic power, an accommodation strategy by the West should be accompanied by some kind of revision of the hierarchical structure of the current order.

It must be highlighted, however, that the result of this dynamic is still largely uncertain. Whether or not the US will remain the system's hegemon or China will overtake it to occupy the apex of the international order is a long-term issue. In the short and medium-term, the confrontation is likely to remain on the ground of simple contestation and institutional leveraging.

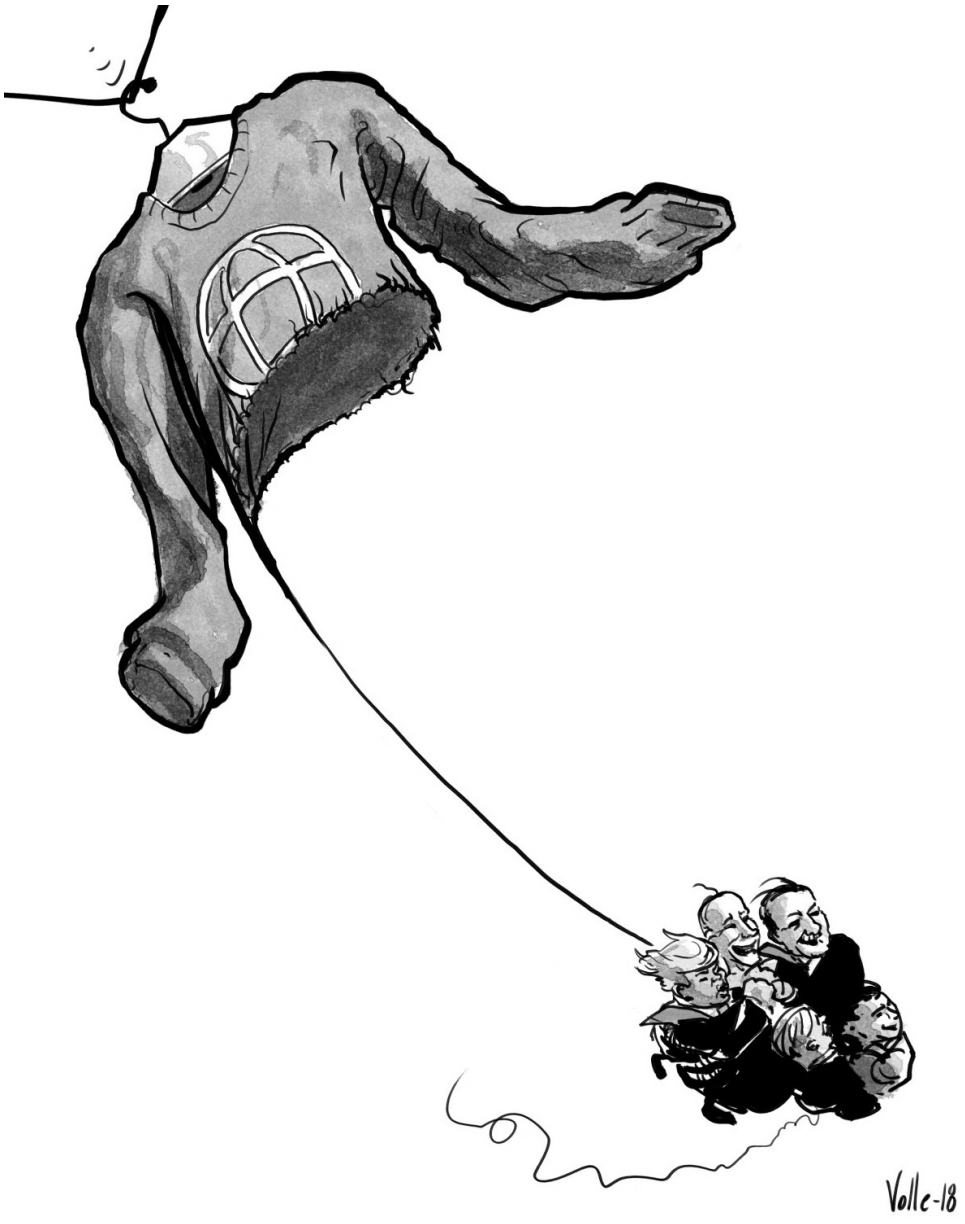
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6. Crisis and Opportunity: How the Greek Crisis Began, Continued, and Opened a Door for China into the EU

Terry McDonald

Abstract

The formation of the Euro zone was supposed to mark a new age of economic stability for member countries, especially those prone-to-fluctuation small states therein. Instead, the age of the Euro has been marred by a deep and protracted crisis, rigid response, and new vulnerability for Europe to challenges internal and external. This paper will first explain the origins of the Greek crisis up until the beginning of 2017, chosen for available complete economic statistics. Then, it will list 6 main economic lessons to be drawn therefrom. It will then show how inaction on the part of Greece's western creditors opened the door for China to get a foothold in Greece, and through it to Europe itself. Finally, it will touch on the lessons for other small states—from classical Realist theory, from critical World Systems theory, and from a modern Financialization approach—in order to make the case useful for IR application to the central issue: that the contemporary small state faces dwindling options for insulating their economies from irrational action in the face of ever-increasing international financial flows.

Keywords: Greece, Economy, China, Realism, World Systems, Financialization

Introduction

There has been, and continues to be, a great deal of research into the Greek economic crisis from the discipline of economics; yet the lessons for the causes and implications of the Greek economic crisis may lie just beyond the realm of the economy. What is to be learned by other small states from the specifics of the Greek experience? How does the rigid western institutional response—especially as compared to China's—shape the future of governing institutions? As such, this paper will not rest at explaining the economic factors behind the case, but will seek to interpret them through the lens of IR, specifically through the use of Realism, World Systems Theory, and Financialization. This should serve to help bridge the gap between the wealth of economic study in this matter, and the

necessary discussion thereof in IR circles. Covering as much ground as it has, it does not seek, however, to provide a comprehensive deep theoretical analysis; rather the aim is to provide a clear platform thereto, in clarifying the case to facilitate the necessary IR discussion of the question: do small states possess the capability of rational choice in economic policy and planning in a financialized world?

The article shall thus take the form of three main sections. First, it shall present a historical overview of the origins of the Greek economic crisis. The following section will be devoted to analysis of the role of Greece's membership in the Euro zone as both beneficial and limiting factor in the onset of and recovery to the economic crisis. The article will then highlight the self-defeating geo-economic result of the ideological rigidity of the western creditors. In being strident in making an example of Greece, and imposing austerity in such forms as insisting upon the sale of assets as opposed to tax increases, even in time of primary surplus, the door was opened for China to buy its way into Greece's economy, and in so doing, into Greece's diplomatic calculations, to the detriment of EU unity. The third section will interpret the lessons of the case through the prisms of Realism, World Systems Theory, and Financialization in order to demonstrate the theses that, no matter how approached, the small state faces diminished options for economic sovereignty in the face of ever-increasing international financial flows. All this should answer the questions: what does the Greek experience in the financial crisis teach other states about currency policy and exposure to irrational capital flows, and how could new IR approaches, especially Financialization, add to classic IR theory in understanding these lessons?

Theoretical framework

After completing the case, this chapter will offer initial IR theoretical analysis of its implications for small states and the system in which they operate. This analysis will build upon the framework of previous works (McDonald 2015, 2016) in using Realism, World Systems Theory, and Financialization as lenses. The function of these choices is in the rationale that "Realism is state-centric, world systems is systemic, and the use of both allows for a suitably representative sample of the possibilities of IR analysis of the matter," (McDonald 2016), and Financialization providing context where "political and popular control of the economy has increasingly given way to 'expert governance', so that political parties, left and right, are reduced to tinkering and social issues, as opposed to fundamental

questions of the organization and goals of this now ‘financialized’ economy” (McDonald 2016). Offering insights as to how these theories could be used to contextualize the constraints small states face in their economic policy choices serves the chapter’s goal of providing a coherent platform from which this discussion can move from the realm of economics to international relations in future analysis.

The makings of crisis

Arghyrou and Tsoukalas (2011) provide a model of the events leading up to the crisis in which the process is divided into five stages. This model leaves out the longest and most important stage: the deficit spending and accumulation of debt from 1979-2009, but this will be covered below.

The first stage begins at the onset of the sub-prime mortgage crisis in the United States in summer 2007. As noted by Gibson et al (2012), Reichlin (2014), Missio and Watzka (2011), and others, Greek sovereign bond yields up until this point had held at low, perhaps irrationally low levels. In stage one, these made a small climb, from 25 basis points to 65 against the German bund by August 2008.

The second stage occurred between September 2008 and March 2009. This, the peak of the global credit crunch, saw Greek bond spreads shoot up to 285 basis points. Greece was not alone in facing rising costs of borrowing in these tightened, nervous markets, especially amongst the EU periphery, but it was apparent that Greece and Ireland had been identified as the riskiest bets.

The third stage offered a brief respite, with bond spreads declining to 121 basis points in August 2009. This, however, was more reflective of an overall easing of the global credit crunch, as Greek and Irish bonds still faced unique pressure.

The fourth stage, from September 2009 to mid-November 2010, is not exceptional economically, but politically. A snap election in October 2009 resulted in a landslide left-wing victory. The new government, upon auditing, drastically increased the projected deficit from 6 to 12.7 per cent of GDP. Markets still held relatively steady until the submission of the new budget to the European Commission in November 2010.

In the fifth stage all hell broke loose. Markets, seeing insufficient budget reform, bolted. Spreads shot up from 135 basis points in mid-November to a whopping 586 basis points in April 2010. EMU member states bickered over a response, attempted a half-hearted 45-billion Euro loan which failed to calm markets, and on 23 April 2010, Greece was forced to request the activation of the EU/IMF rescue mechanism (Arghyrou and Tsoukalas 2011: 175).

Internal

The origin of the Greek crisis is debt and deficit spending. Until 1979, Greece had maintained a healthy level of public debt, holding consistently around 25 per cent of GDP under both the rule of the military junta and the Karamlis regimes (Kouretas and Prodromos 2010). It was under the socialist government of Papandreou that deficit spending began to rise. Public debt rose above 75 per cent of GDP by the end of Papandreou's first turn as Prime Minister, and then reached well over the oft-cited as unsustainable level of 100 per cent of GDP under Mitsotakis and Papandreou again, dipping only under this line briefly for a couple of years before exploding in the crisis.

Featherstone (2011) observed the “Paradoxes of Domestic Governance” in Greece as a factor in the creation of the crisis. These paradoxes served to limit the reform capacity of Greece, and continue to do so.

The first paradox is that although the Constitution of Greece gives unusually strong power to the executive branch of its government, there is a decided lack of implementation strength in the public administration at large. Such bureaucratic problems can manifest themselves in embarrassing fashions. A striking example occurred in the negotiations for the bailout, when the government was forced to admit that it “did not really know how many employees they had” (Daley 2011).

The second paradox is that liberal democratic formal structures are supposed to co-exist with a political culture of “clientelism, rent-seeking, and corruption” (Featherstone 2011: 196). Daley (2011) noted that since the 1970s a tradition had emerged of each victorious party adding its supporters to the government pay-rolls, compounding over time:

“There was really a party going on,” said Yannis Stournaras, an economist and the director of the Foundation for Economic and Industrial Research in Athens. “The

government kept adding bonuses and benefits and pensions. At election time there was a boom cycle as they handed out jobs. Now they need to cut,” he added. “But they have already lost precious time” (Daley 2011).

Indeed, such practices have inspired a level of cynicism that undermines any reform agenda. Transparency International ranked Greece as having the highest perceived corruption index in southern Europe (Featherstone 2011:197).

This paper will include Featherstone's third paradox, which is of an attachment to the statist forms of delivery of services to the public, under the umbrella of the second paradox. While Greeks pay the highest private levels of expenditure on both health and education in the EU, both are administered in a statist form.

An offshoot of these paradoxes is seen in the collection of tax revenues. Schneider et al (2010) have calculated that the informal economy of Greece is equivalent to 29.5 per cent of GDP. There are well-known examples of tax evasion amongst professionals as well. Featherstone cites the example of the outrage that followed the Finance Ministry announcing that, in a wealthy part of Athens, 90 of 150 doctors claimed net annual incomes of less than 30,000 Euros, with 30 of these claiming less than 10,000. Even more telling are the results of a 2012 study in which the authors used the data of a large commercial bank to show that the reported incomes of debt holders would leave them in what would be financially impossible situations if true (Artavanis et al 2016). The results were that “On average, self-employed Greeks spend 82% of their monthly reported income—i.e. the amount they declare to the tax office—on servicing debt payments. Some professions, like lawyers and doctors, appear to spend more than 100% of their income on debt servicing,” which represents clear evidence of wide-scale under-reporting of actual incomes (*The Economist* 2012). Even more disturbing is that the banks themselves in Greece have come to accept that incomes will be under-reported, and administer loans on the basis that applicants have falsified their reported earnings (Artavanis et al 2016).

External

The obvious external cause of the Greek financial crisis was the collapse of the US sub-prime mortgage market and economy. Greece had maintained low sovereign spreads and thus low borrowing costs from the lead up to its entry into the Euro in 2001 until the onset of the crisis (Gibson et al 2012). While US crisis did

not change the fundamentals of the Greek economy, it did present two forms of pressure. First, these wild miscalculations by the major ratings agencies caused markets to raise fresh doubt about assets previously seen as safe (Stiglitz 2010). This scrutiny and volatility pushed sovereign spreads against Germany towards a level that better reflected the structural differences in the health of their respective economies. This was the trigger for the sovereign debt crisis, which in turn was the trigger for the Greek banking crisis, and as such, while not changing the fundamentals of the Greek economy listed above, still acted as a major external factor (Provopoulos 2014).

Another factor was the indecision and inaction of the Euro zone governments (Kouretas, and Prodromos 2010: 396). Mired in resistance, largely on the part of Germany, and haranguing over questions of the legality of a bailout under the aegis of the Maastricht agreements, the Euro partners fiddled while Athens burned. This was not helped by the doubts cast by the ECB about whether downgraded Greek bonds could count as collateral in liquidity requirements, further destabilizing an unstable ship.

Additionally, Greece's major trading partners in the Balkans were hit by the same global crisis. These negative trade effects further compounded the downward cycle.

Indeed, Stiglitz (2016) and Streeck (2014) have argued that the root of the crisis lies largely in the structure of the Euro zone itself. The massive imbalance of financial flows from richer states (i.e. Germany) had no offsetting force in the structure of the agreement for the poorer states (i.e. Greece). When the crisis hit, and the flows flowed outward, the sole remaining option—internal devaluation—was both inadequate and overly punitive for the affected societies.

Lessons

There are many important lessons to be taken from the events and factors outlined above, which are important in understanding the Greek Government's options and constraints in both a currency union and wider financialized global economic system.

1) The bond market can both under- and over-react

From its entry into the Euro in 2001, Greece had enjoyed favourable interest rate spreads compared to Germany (Provopoulos 2014: 242). The problem, however, is that this convergence of pricing did not accurately reflect the economic fundamentals of the two nations. Greece continued with deficit spending, never once coming below the 3 per cent of GDP for 2001-2009, with its debt to GDP ratio always near (and usually well above) 100 per cent of GDP; and yet from 2000 to 2008 these spreads actually dropped and held low. So, as Greece's debt went from 103.7 per cent of GDP in 2001 to 129.7 per cent in 2009, the bond market never imposed the corrective pressure that supposedly underpins the market. As Gibson et al have calculated, "prior to 2008-2009, financial markets paid little attention to the deteriorating Greek economic fundamentals in pricing spreads" (2014: 417). Thus it is shown that the bond market cannot be relied upon to impose proportionate discipline in times of growth and plenty.

The same study has shown that, at the onset of the crisis, the market swung too far in the opposite direction. The markets got caught up in the psychology of a self-reinforcing-feedback-loop, and as such overcorrected upon earlier mistakes. Thus, in failing to act rationally both in the time before the crisis and in its wake, the bond markets and the pricing therein have proven to be an imperfect means of ensuring discipline in issuers of debt.

2) A sovereign crisis can quickly become a banking crisis

Before the onset of the sovereign crisis outlined above, the Greek banking sector had remarkably sound fundamentals, with "high capital-adequacy ratios, low loan-to-deposit ratios, and essentially no toxic assets of the kind that set off the 2007 global financial crisis" (Provopoulos 2014: 242). It was also not disproportionately large relative to the overall size of the economy, possessing assets of 193 per cent of GDP, compared to 777 per cent for Ireland, 311 per cent for Spain, 685 per cent for Cyprus, and those in Iceland had reached more than ten times its GDP by the time of the Lehman Brothers collapse (McDonald 2014a). Nonetheless, instability spreads, and the domestic banking sector could not escape.

Sovereign downgrades led to liquidity problems, and such uncertainty led to withdrawals, reducing the assets upon which debts were leveraged, which forced a selloff of assets at reduced prices compounding the problem in a viscous cycle.

This deterioration led to ratings downgrades for the banks themselves, which forced them from global credit markets, leading to a full-blown banking crisis, which then required funding from an already over-extended public treasury (Provopoulos 2014: 244). Thus, the lesson is that even a seemingly secure banking sector is not immune from the pressures of sovereign stresses, and then, in needing bailouts itself, compounds them. Infection from a sovereign crisis can therefore destroy banking sector equity (Gibson et al 2016).

3) *A state cannot run deficits in good times and bad*

As stated above, Greece resorted to deficit spending every year from 1979 onwards to the present (Chronis and Zombanakis 2016: 32). This cumulated into the staggering debt loads discussed above, projected to surpass 150 per cent of GDP by 2020. In so doing, Greece squandered a major opportunity offered in the initial years of its Euro zone membership. 2001-2008 not only featured the low sovereign spreads discussed earlier, but also were marked by strong economic growth, as seen in fig 1.

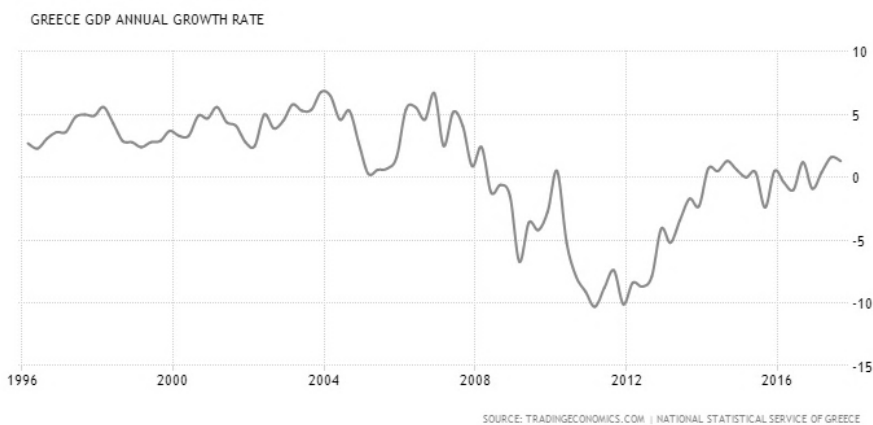


Fig. 1. Economic growth (2001-2008)

Source: <http://www.tradingeconomics.com>, National Statistical Service of Greece.

With such robust indicators, and capital from the EU exacerbating current account deficits, time was ripe for Greece to undertake the needed reforms of its economy to tackle structural deficits. Instead, it dawdled, and having thus squandered its opportunity to get its internal affairs in order, Greece had to turn to the ‘Troika’ (IMF, ECB, EC) for funding, and the harsh austerity measures they required.

4) Currency Union likely requires a Banking Union

In the absence of the ability to devalue a currency, there remain four adjustment mechanisms to deal with asymmetric shocks (Goodhart 2014). These are wage flexibility, migration, fiscal federalism, and cross border/federal banking. It has been noted that, in comparison to the USA (taken here as a relatively successful currency union), the Euro zone has no proven advantages in wage flexibility, for legal and political reasons, and that while migration is an option that is availed of in the Euro-zone, there are far greater barriers, namely language, culture, law, and other social conditions. Given these, the need for further federalization in a currency union becomes more pronounced, especially regarding the need for cross border/federalized banking, as an absence of this can create the ‘doom loop’ discussed above (Farhi and Tirole 2017). Here, problems in the sovereign create problems in the banking sector, which exacerbate problems in the sovereign, and so on into the abyss (De Groen 2015). The extreme regionalization of these banks (in the context of the width of the currency union) makes them susceptible to asymmetric shocks in a way that more a federalized banking sector could better absorb, thus the danger in having a currency union without another of banks.

5) Currency Union is a mixed bag of benefits and detriments

Here we find the most inscrutable lessons of the Greek crisis. Consequently, this lesson shall be broken into two further main sub-headed sections. The design of the Euro and its institutions has been ‘a battle of ideas’, but it is questionable how much the interests of states like Greece play in the larger design and policies of the Euro zone (Jones 2017; Stiglitz 2016).

Benefits

- *Bond-pricing confidence*

As was shown above, the Greek Government bond spread versus that of Germany was held irrationally low for an extended time. Over the years that covered the build-up to its joining of the Euro all the way to when Germany expressed its willingness to support emergency funding in the wake of the crisis; Greek bonds defied market fundamentals, and in so doing passed on great benefit to the Greek state. Lower rates not only served to reduce the cost of borrowing and cycling debts, but contributed to high real growth rates over this timeframe (Gibson et al

2012: 510). Evidence has shown that in the period from 2000 to 2011, of the ten variables that would normally affect bond pricing, four (current account deficit-to-GDP ratio, relative prices, and fiscal debt-to-GDP ratio) were shown to have had negligible, or even counter-intuitive, effects upon the pricing spread of Greek bonds. This breathing space was the benefit to Greece that came from Euro membership, and the implicit partnerships that it entailed.

- *Catch-up*

The period that followed Greece's entry into the EMU saw consistent gains in per-capita GDP (The Economist 2011). Greek gains outstripped those of EU but non-EMU members Denmark and the United Kingdom, as seen in the graph (fig. 2).

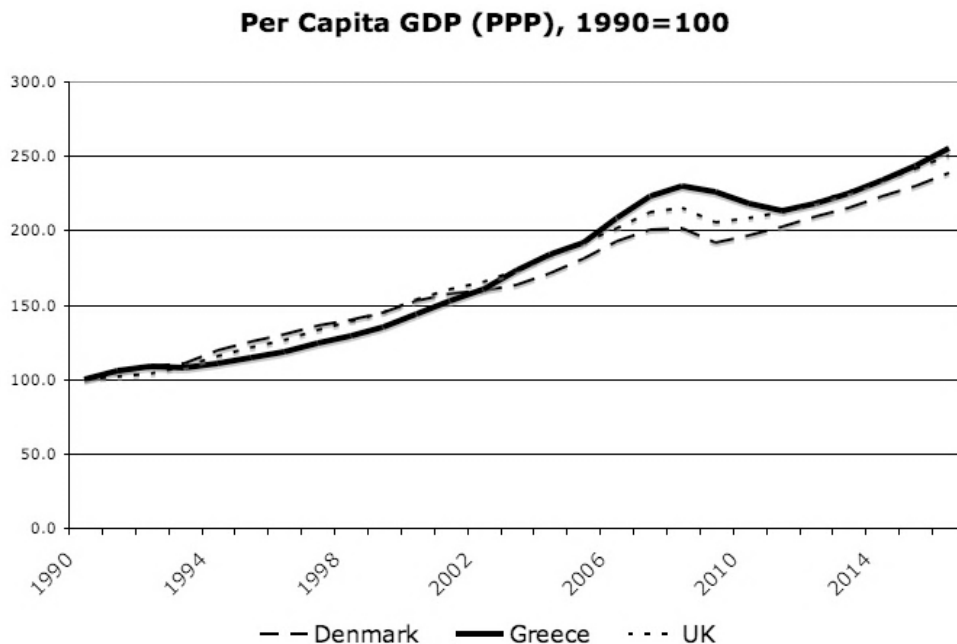


Fig. 2. Per capita GDP
Source: The Economist, 2011

- *Lower Inflation*

Greece had long struggled with high inflation even prior to its ascension into the EMU. As fig. 3 demonstrates, from the restoration of democracy in the mid-1970s, inflation rates soared high and remained so until the process of moving

into the Euro, during the late 1990s. Rates then stabilized around the 4 per cent mark for the remainder of the time until the onset of the crisis, and even then only spiked just above 5 per cent before lowering.

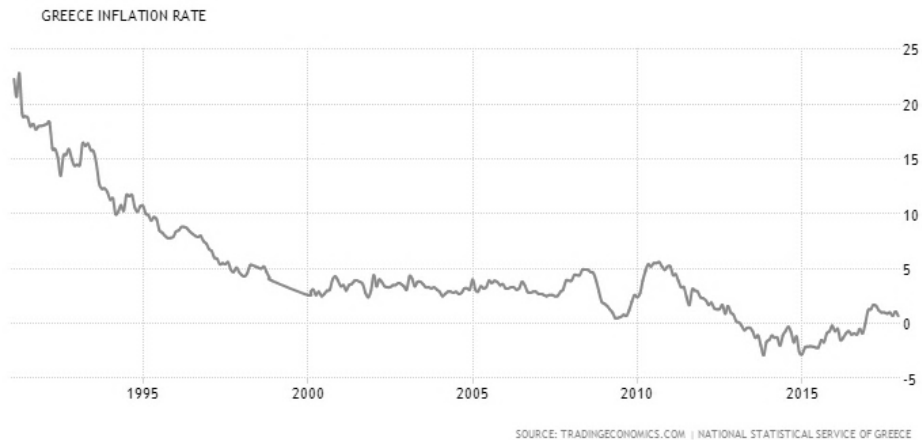


Fig. 3. Greek Inflation Rates

Source: <http://www.tradingeconomics.com>, National Statistical Service of Greece.

This is especially impressive considering that wages in Greece had strong upward momentum throughout this period (another benefit in many ways), as will be explained further below.

Costs

- *Loss of competitiveness*

In joining the Euro, Greece lost one of the most basic means of regulating competitiveness with its trading partners and the international markets. Greek competitiveness relative to Germany fell precipitously over this time. Honkapohja (2014) noted that the unit cost of labour in Greece rose sharply and unfailingly in the period from Euro ascension until the crisis, and even post-crisis remain significantly higher than original levels, as shown in fig. 4.

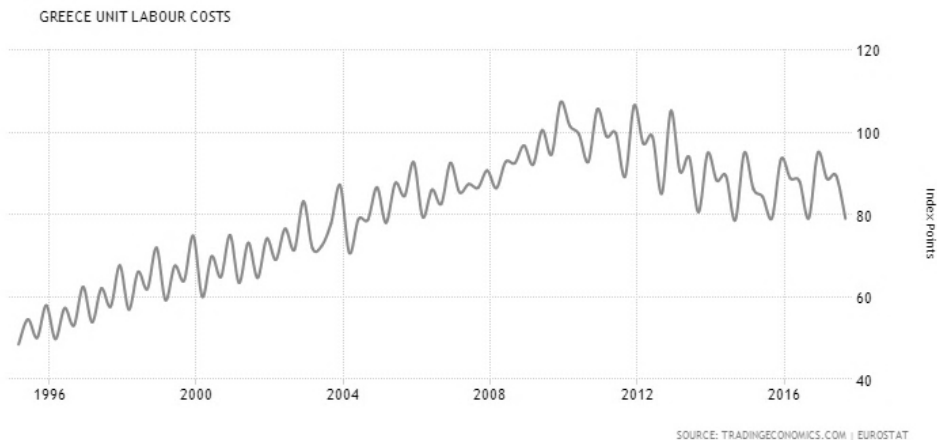


Fig. 4. Rise and fall of Greek Unit Labour Costs
 Source: <http://www.tradingeconomics.com>, National Statistical Service of Greece.

This means that Greece has lost wage competitiveness; the IMF put the figure at 9 per cent and the Bank of Greece put it at a whopping 27 per cent (Malliaropoulos 2010). This has combined with loss of competitiveness in another way: pricing. Greek price competitiveness has slid by 19 per cent according to the Bank of Greece, or 21 per cent according to the IMF.¹⁸

- *A reset has been and will be difficult*

A major downside of the conjoined currency situation in which Greece finds itself is that restoring lost competitiveness is not when depreciation is not on the table. The only option left in such a situation is what is called an internal devaluation, and it can be as painful as it sounds (Angelini et al 2015). The process is already well underway, undoing some of the gains in wages mentioned above. Krugman (2015a) points out that Greece has already committed itself to one of the most painful aspects of this process, a decline in wages, as shown in fig. 5.

¹⁸ Numbers in this area vary according to methodology, as it is a relative measure with many moving parts, but the salient point is that there is a consensus that Greece suffered a major competitiveness loss since its ascension into the EMU.

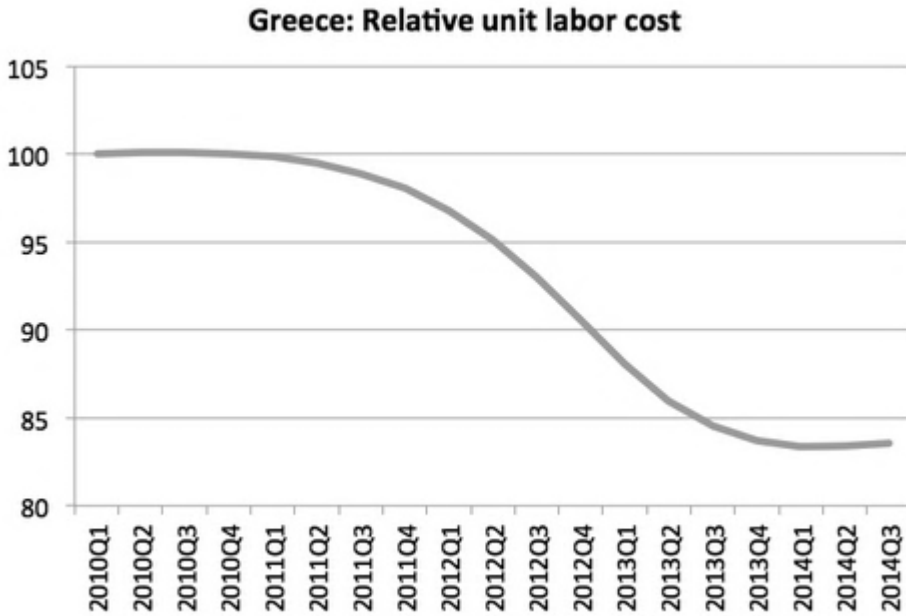


Fig. 5. Relative Decline in Wages
Source: Krugman, 2015.

Unfortunately for Greek workers, this decline has coincided with a rise in prices (fig. 6).

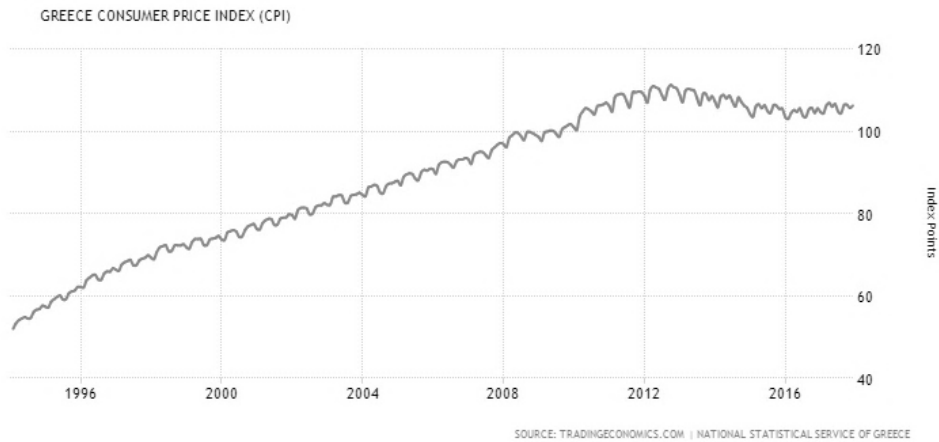


Fig. 6. Greek Price Index
Source: <http://www.tradingeconomics.com>, National Statistical Service of Greece.

Thus, much of the brunt of this internal devaluation has been borne by the Greek worker (fig. 7), although this process has made for fewer workers, as well.

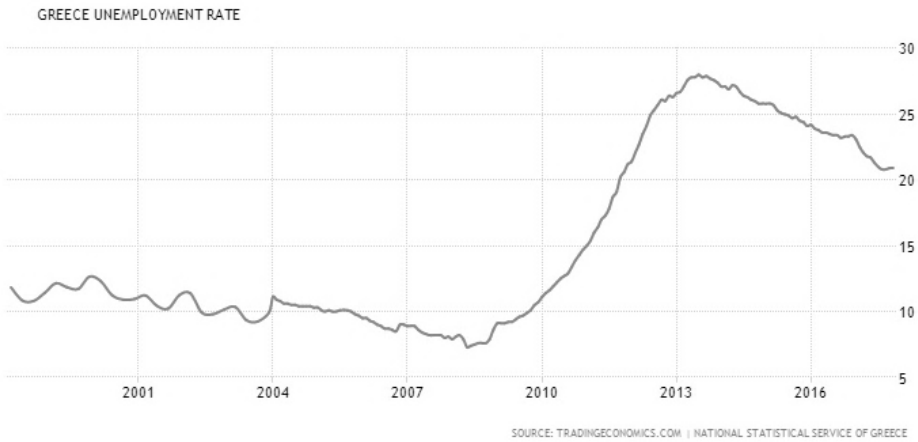


Fig. 7. Greek Unemployment Rates

Source: <http://www.tradingeconomics.com>, National Statistical Service of Greece.

If Greece had been able to devalue its currency, at least lower wages would have been partially offset by a reduced cost in domestic goods. Instead, there were a large number of unemployed and reduced wage workers paying still-high prices for goods.

6) *There is no easy way out*

Having come through the crisis, then having suffered the austerity-induced ravages of an internal devaluation, Greece still finds itself with an insurmountable pile of debt on its books.

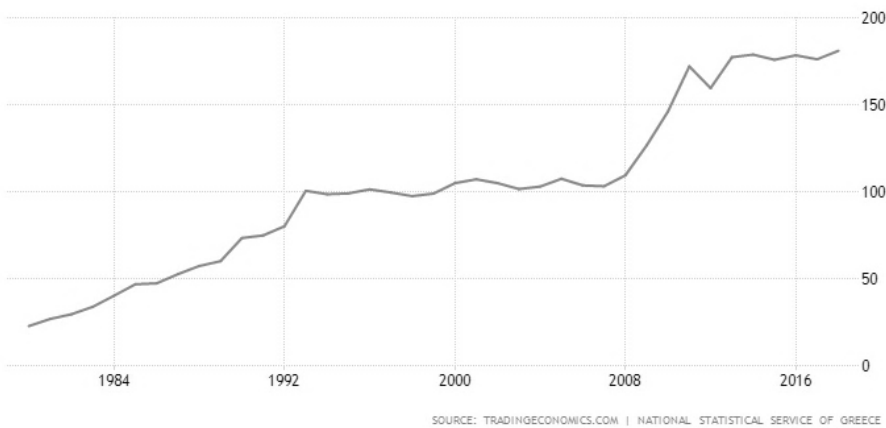


Fig. 8. Rising Debt in Greece

Source: <http://www.tradingeconomics.com>, National Statistical Service of Greece.

At a new crossroads brought about by political change in the form of the 2015 election of the anti-austerity Syriza party, Greece engaged the Troika in debt write-down negotiations. These, according to Harrison (2015), would seem to offer only three possible conclusions.

The first is a negotiated settlement. The details of this are still unfolding with negotiations for the release of every tranche; but with Finland and Germany making clear signals that a reduction of the principal is a non-starter, it is difficult to envision a scenario where Syriza would accomplish enough to placate the restive populous that swept them to power.¹⁹ Extending the maturity dates and reducing the interest may offer some slight temporary relief, but would be an unexciting prize for a supposedly reformist government with a mandate for challenging authority. Besides, forestalling maturity does not serve to lower the final amount.

The second possible outcome is starker: default. Following Syriza's election in 2015, Greek three-year bond spreads reached 18.5 per cent amid a Standard and Poor's downgrade warning caused by its belief that Syriza policies are "incompatible with the policy framework agreed between the previous government and Greece's official creditors" (Financial Times 2015). As Greece returned to a primary surplus, it could theoretically stand on its own minus the interest payments due. This would cause other forms of havoc, but could serve Greece well in the negotiations.

The third scenario is the dreaded Grexit: Greece leaves the Euro zone. The mere threat of such an outcome has brought disquiet to Greek markets and threatens the fragile recovery that has finally pulled Greece out of official recession (Iordanoglou, and Matsaganis 2017). This outcome would not seem to be desirable for Germany either. Through the incorporation of weaker economies in the EMU, Germany has enjoyed a currency value that is much lower than its own fundamentals would dictate. A higher Euro would be a blow to German exporters in a time when Europe needs no further blows to its remaining economic engines.

¹⁹ Indeed, they did not, as they were swept from power by a centre-right majority in 2019 elections. This was widely seen as a result of their failure to enact an anti-austerity agenda due to pressures of the Troika:— "Syriza rose to power on a strong anti-establishment platform but disappointed many of its supporters after ignoring the results of a referendum on the Euro zone's austerity package" (BBC News 2019)

There exists a fourth alternative, which this paper would be remiss not to investigate: the idea of a two-currency EMU (Arghyrou and Tsoukalas 2010, 2011). The basic premise is that the single Euro would devolve into two Euros, both governed by the ECB. Core-EMU countries would continue with the current Euro, and peripheral EMU states would adopt, for an undetermined but finite time, and second, weaker Euro, while maintaining bonds and debts in the first.

There is some strength to this idea. It would allow an easier fix to the competitiveness problems outlined above. The ECB could devalue the second Euro by a large enough percentage to restore the competitiveness losses to its major trading partners discussed earlier. This could promote growth while these economies undertake the necessary structural reforms. The ECB would then allow weak-Euro states back into the strong-Euro once certain parameters had been achieved. The mechanism would allow a temporary reprieve from the pressures of structural reform in a high-value currency situation, and would still afford these states some benefits that ECB governance could give them in inspiring the confidence of international markets.

There do, however, seem to be some problems with the proposal. First, in maintaining the existing debts in strong-Euro denomination, peripheral nations will not only be facing the challenge of paying back debts in a currency they do not control, they will be facing the pressure of repaying these debts with a devalued currency. Krugman (2009) outlines how the pressures associated with foreign denominated loans struck the Thai Baht. Could the reassuring presence of the ECB be enough to guarantee that investors—or even speculators—could never make similar moves against the weak-Euro? Moreover, without the peripheral states holding down the value of the strong-Euro, what is to prevent it from rising? This would not only create the difficulties for core-Euro exporters mentioned above, but would serve to make holders of strong-Euro debt operating with weak-Euros further extended. For these reasons, while it is a useful idea to ponder (and the authors did suggest it as a measure of last resort), it does not seem likely to be workable.

IR interpretation

Opening the door for China

Greece's frustrations with the inaction of and restrictions imposed by the Troika and other western institutions did serve to provide political opportunity for others, though. Some western pundits were decrying the choices and policy prescriptions imposed upon Greece. Paul Krugman, especially, was vociferous in pointing out that the policy prescriptions being dictated to Greece—in that the creditors rejected Greek budgets on the grounds that they were too high on tax increases and not on spending cuts—were failing before their very eyes, and yet they were still imposing them well into 2015.

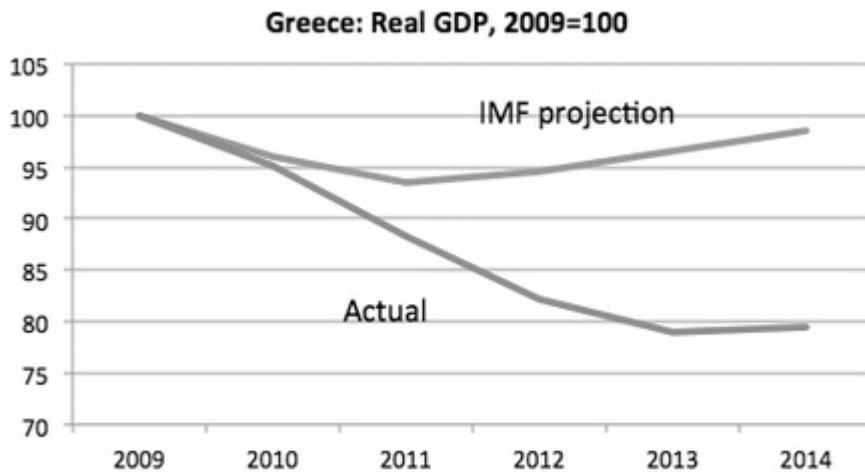


Fig. 9. Greek GDP
Source: Krugman (2015c).

This ideological rigidity was measurably depressing Greek economic growth despite it having the largest primary budget surplus (as in balance outside of debt obligations) in Europe.

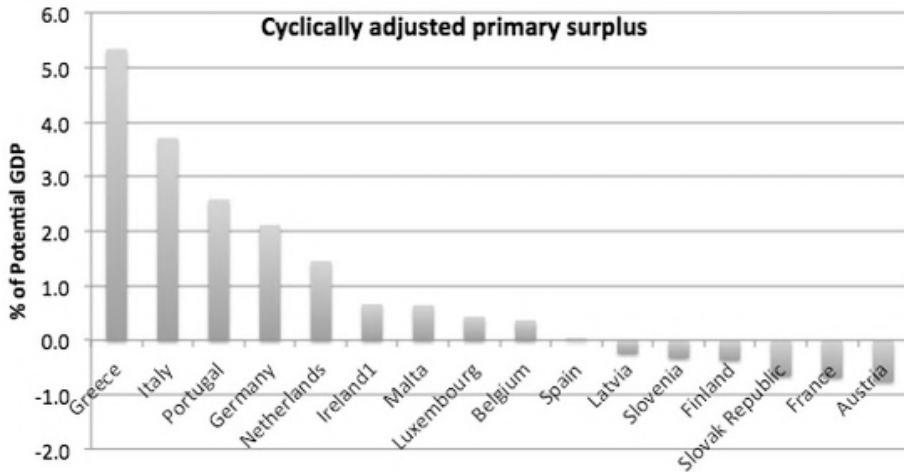


Fig. 10. Primary Budget Surplus
Source: Krugman (2015c).

Greece was playing by the rules imposed by the West, by still struggling. Naturally, the eye starts to wander, and here China was ready to step in. As reported in the *New York Times* in 2017:

After years of struggling under austerity imposed by European partners and a chilly shoulder from the United States, Greece has embraced the advances of China, its most ardent and geopolitically ambitious suitor.

While Europe was busy squeezing Greece, the Chinese swooped in with bucketloads of investments that have begun to pay off, not only economically but also by apparently giving China a political foothold in Greece, and by extension, in Europe (Horowitz and Alderman 2017).

China first invested in Greece in shipping interests, through the COSCO firm (Johnson 2018). It bought into Pier II of Piraeus port outside Athens back in 2008 but began angling for a controlling interest in the whole structure. China had arranged a handshake deal to purchase a massive \$1.5 billion in Greek t-bills in exchange for Syriza flexibility on further port investments, especially as the party had campaigned with elements of economic nationalism and fighting the privatization of national assets. This (according to then-Finance Minister Yanis Varoufakis) was then quashed behind the scenes by a phone call from Berlin to Beijing (Matthews 2017). The end result was that Greece, without the ability to sell

its t-bills within Europe, and then with Europe preventing its selling them elsewhere, was backed into a corner when it came to raising capital.

So, unable to sell enough of its t-bills, penned in by austerity imposed by its creditors and western institutions, the Syriza government had to resort to the selling of assets, and China was ready to jump in. COSCO purchased a 51 per cent controlling interest in the entire Piraeus port facility, with a further tranche of 16 per cent to be transferred in the future (Brînză 2016). China set to work making it the ‘dragon’s head’ of President Xi’s signature Belt and Road initiative. With the addition of Pier I, the busiest sea passenger hub in Europe to its already built up shipping capacity in Piers II and III, China now had a massive foothold in the European shipping industry, and a newly compliant partner in Greece.

Talks are already underway about a Chinese purchase of Greek railway interests, and a massive project connecting the North Sea to Piraeus by rail. The American Enterprise Institute has tracked 5.4 billion Euros of Chinese investment in Greece as of 2017, and the total is still rising (Tonchev and Davarinou 2017). As such, it leaves China in a position of influence on Greece economically, and in China’s geo-economic strategies, Greece is now a component.

It hasn’t taken long for China’s investment in Greece to pay dividends, economically, as well as in terms of prestige (in helping make the Belt and Road initiative more tangible), and diplomatically. Greece has, since its turn to Chinese investment listed above, become a reliable bulwark for China in holding back EU action that is displeasing to Beijing.

Horowitz and Alderman (2017) list three such incidents of note thus far. The first occurred in response to China’s having been ruled against in the South China Sea disputes with the Philippines by an International Tribunal in The Hague. The EU member states could not get Greece to sign a statement directly calling upon China to modify its behaviour, and the eventual statement simply “called on all parties.”

The second occurred when Greece blocked an EU statement about human rights abuses in China (Emmott and Koutantou 2017). The other EU states had come together at the UN to issue a statement condemning China’s crackdown on activists, but Greece blocked what it called an ‘unproductive’ move. As reported in Reuters, the failure to issue a joint statement “raises questions about the

economically powerful EU's 'soft power' that relies on inspiring countries to follow its example by outlawing the death penalty and upholding press freedoms" (Emmott and Koutantou 2017).

The third diplomatic assistance Greece has provided to China is more directly economic. Greece has been one of the states taking the lead in blocking initiatives by Germany, France, the UK, Italy, and Poland that would deepen scrutiny in Chinese investments into Europe (Corre 2018).

Theoretical application

Having covered the historical progression and economic lessons of the Greek crisis, it remains now to contextualize these in the discipline of International Relations as a conclusion.²⁰

Analysis: Realism

A Realist perspective could easily align itself to the state of affairs in which these actors find themselves after the crisis. Greece, as a minor power, finds itself subject to the whims of the greater power, in this case, Germany. Greece has freedom to do as it wishes, so long as those wishes align with the interests of the larger power. Realists would recognize the imposition of austerity as in keeping with the wisdom of the original Realist Thucydides, in that "the strong do what they will, and the weak suffer what they must" (Goldsmith, 2005). Indeed, in turning to another major power in China, Greece has shown that one way to deal with a troublesome major power is to align with another.

One could argue that the sovereign spreads issues outlined above would match a Realist understanding of the functions of the world. Greek spreads remained low, thus Greece remained safe from speculative 'attack', so long as it had the implicit guarantee of protection from the great powers of the region. It was only when this guarantee appeared to be removed that Greece found itself vulnerable to the ravages of a Hobbesian world.

²⁰ The definitions used for these terms can be traced to earlier articles in this series. See McDonald (2014) and McDonald (2016).

Analysis: World Systems Theory

From a World Systems perspective, Greece is suffering the fate of the semi-periphery. First, it has institutions that mimic those of the core. This is generally a prerequisite of EU and especially EMU membership. It does not however, have the same wealth and shared culture; thus it cannot receive similar benefit from the systemic arrangement of flows. Many have argued that the design of the Euro—and the absence of corresponding fiscal redistribution—is more for the benefit of the Northern European states (Vermeiren 2017; McNamara 2018). This arrangement continuing unchanged is testament to the power of the core (Kugler et al 2015). The two-Euro solution presented above is confirmation that, while possessing enough common institutional frameworks to be an ECB member, Greece is peripheral in its function.

Additionally, Greece has been used in the facilitator of trade (lowering the Euro, stock and bond markets, etc.), but is not an endpoint for the flow of wealth. This corresponds with World Systems tenets related to the semi-periphery outlined above. The semi-periphery is destined to be a conduit of wealth, siphoning off just enough to rise above peripheral status, but not attaining core status. Clearly, this is not an inaccurate description of Greece as it stands in the crisis' wake.

Analysis: Financialization

It is through this perspective that we get to see a true picture of the constraints under which the Greek Government and populace is acting in dealing with the crisis. As a result of its obligations to the Euro zone, the EEC, and institutional creditors, the array of policy options that are before Greece are severely limited. For example, monetary policy, already depoliticized in most states, has gone the further step of being exported in this monetary union. Thus, Greece has no sovereign control over its monetary policy. This is the essence of what Streeck (2014) and Mair (2013) have described; the levers of economic controls have, through the process of Financialization, moved beyond the sovereign purview of state government, and democracy.

The similarities to the 'structural adjustments' forced upon Latin American countries (which led to many a 'lost decade' there) in the past are striking—and unflattering (Hermann 2016). Indeed, through the bailout process, Greece has had to submit its budget to the Troika for approval, surely a death knell for any idea

of economic sovereignty, and it was foretold that elected Greek officials would have no choice but to ‘cave’ in negotiations with the Troika, no matter what the elected platform had said (Tsebelis 2015). It is this sort of constraint that has led to the above-mentioned disillusionment with Syriza’s inability to enact their electoral agenda and their loss in 2019. Other authors, such as Blyth and Ban (2015) have warned of the potential incompatibility of democracy and enforced austerity, yet the push to austerity continues. The rigidity financialization imposes even led to pushing Greece towards China, but still it could not be resisted, even as it creates vulnerabilities in the EU and western institutions themselves.

Conclusions and Future Discussion

The case above, in reframing the economic discourse on the Greek crisis for IR application, has shown the origins of the problem and the systemic constraints under which the Greek Government has had to operate in dealing therewith. In so doing, the chapter lays the interdisciplinary groundwork for the necessary IR discussion of the capability of rational choice in economic policy and planning small states possess in a financialized world.

States, especially smaller, semi-peripheral states like Greece, are all facing the same pressures described above. Classical power politics still shape issues as large as the design of international organizations and institutions, to the faith of the bond markets, to states having to choose between major powers (EU/China). Through this, systems of perpetual dependence are formed, where institutions are mirrored; but the semi-peripheral is but a conduit of capital, not an endpoint. Finally, through the process of Financialization, these states are then deprived the means of changing the fundamental natures of their economies, and thus changing the nature of these relationships into which they find themselves bound. In such, the application of all three theories is necessary to gain an accurate picture of the relationships that define Greece’s situation in IR and IPE.

If we focus on Financialization going forward (as it is the newest and least investigated), currency policy is but one part of this larger process. Greece, in a currency union, could clearly not use currency policy as a means of insulating its economy from the pressures of international markets and capital flows. However, as in the cases of Iceland (McDonald 2015) and China (McDonald 2016), the other forms of currency policy—floating and pegged/closed, respectively—have similar problems, and interventions come at a cost (Taylor 2016). If an economy

is open to capital flows, currency policy does not play a major role in insulating it from the diktats of the market. A state with an exceedingly high reserve of foreign currency can resist pressure on currency value in the short term—see China spending hundreds of billions of dollars to maintain the price of the RMB—in the end the unrestrained capital flows mentioned above can impose their will upon a given economy, and no currency policy can offer adequate protection.

Capital flight goes beyond the reach of currency policy today (Gunter 2017). The market behaved irrationally and was punitively exuberant (Jones 2015). Moreover, it was able to behave in such a manner within the light regulation of the EMU and global financial structure. If economies are to be insulated from the type of destabilizing quick selloffs and irrational overreactions we have seen in the cases of Greece, Iceland, and others, systemic moves, such as a Tobin / Transactions tax, will likely be required. The politics of Financialization, as seen in Greece and other *TINA* (There Is No Alternative) scenarios, stoke the fires of backlash and risk the rise of faux-populism and authoritarian nationalism in their wake (Gonzalez-Vicente, and Carroll 2017). We have seen above that the unresponsive western institutions created vulnerability, leaving Greece to seek out other partnerships (i.e. China). Currency policy cannot insulate economies from irrational capital behaviour; but that does not mean other ways cannot be found. The question is if these structures of global governance are responsive enough to popular will to make it happen.

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7. The Creation of the NDB and the AIIB as a Third Wave of Multilateral Development Banks: What Stands Behind?*

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Abstract

Multilateral development banks (MDBs) occupy an important strategic place in global economic governance. Since the creation of the first multilateral development bank—the International Bank for Reconstruction and Development (IBRD)—MDBs have emerged in three waves, each time as a result of major changes in the world arena. The creations of the New Development Bank (NDB) and the Asian Infrastructure Investment Bank (AIIB) represent the third and latest wave of MDBs. These new development banks have arisen as a consequence of a historic shift in global economic power from developed countries to emerging economies and more specifically related to the increase in China’s economic might. This paper focuses on explaining the motivation of the founding countries in establishing these two financial institutions, and the historical landscape that enabled the developing countries to create new financial bodies despite some scepticism and criticism coming from western audience. The author identifies major factors underlying the creation of the AIIB and the NDB. Since both the AIIB and to a lesser extent the NDB are China-promoted financial bodies, the paper also seeks to reveal what national interests and objectives Beijing has been pursuing in creating and promoting these two financial institutions.

Keywords: multilateral development banks (MDBs), Asian Infrastructure Investment Bank (AIIB), New Development Bank (NDB); emerging economies; China; infrastructure investments.

Introduction

Multilateral development banks (MDBs) are financial institutions set up by more than two countries to extend financial and technical assistance, as well as expertise to developing countries to foster economic and social development. They play a very important role in the international economic system and are the pillars of

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global governance institutions next to the UN, IMF, WTO, etc. Alongside with the World Bank, until recently the only global multilateral development bank, there are now more than 250 multilateral development agencies, including over twenty-five regional and sub-regional multilateral development banks. MDBs are conceived to serve very lofty goals: to promote poverty eradication, create infrastructure critical for developing countries' sustainable development, and provide assistance for social and environmental projects. Simultaneously, multilateral development banks are capable of setting the direction of recipient countries' development by providing policy-based loans²¹ and by determining investment priorities. By assuming a dominant position in MDBs, a great power attains capacity to pursue its expansive national interests by means of exerting influence over developing countries, of shaping international environment. This rationale explains why great powers are so interested in exercising control over MDBs.

Following the 2008 global financial crisis, which brought to light the weaknesses of the existing global economic governance system, a new trend emerged. Negotiations on the creation of the Shanghai Cooperation Organization (SCO) development bank began, and almost simultaneously the New Development Bank (NDB) and the Asian Infrastructure Investment Bank (AIIB) were established. Initiated to improve the efficiency of global economic governance and to complement existing MDBs, new financial institutions have reflected developing countries' dissatisfaction over their limited roles in global economic governance (Ministry of External Affairs, GOI 2014). That was especially true for China which after the 2008 global financial crisis reassessed its foreign policy goals and set a course to enhance its standing in global governance, including the creation of new MDBs. From an ordinary member of MDBs, China has transformed into the initiator and creator of new financial institutions dominated and controlled by developing economies instead of western countries.

This paper starts with an overview of the three waves of the MDBs' establishment in order to demonstrate the common, as well as unique circumstances and drivers of the third wave of MDBs. It further explains the historic landscape and motivation that enabled the developing countries to establish the NDB and the AIIB. The author identifies three major interrelated factors underlying their creation.

²¹ Policy-based loans can include financing in exchange for consent by the borrower country's government that it will, for instance, undertake privatization of state-owned enterprises, structural reforms, reforms in agricultural or energy sector, etc. See Nelson (2015, 2018).

Viewing China as a principal driving force of the establishment of new MDBs, the author puts a special focus of the research on revealing national interests and objectives that Beijing pursues in creating and promoting these two financial institutions. The paper also discusses the reasons for the developing and developed countries' support on China's initiative to establish the AIIB.

Three Waves of the Multilateral Development Banks

The oldest and the biggest of the MDBs is the World Bank Group that comprises three financial structures providing loans and grants to developing countries: the International Bank for Reconstruction and Development (IBRD), the International Finance Corporation (IFC) and the International Development Association (IDA). The IBRD was established at the 1944 Bretton Woods Conference and was initially aimed at fostering economic development in European countries that had suffered during World War II. It is now functioning as a global financial institution comprising 189 members²² and extending non-concessional loans and other forms of assistance to middle income countries and creditworthy low-income countries. Originally focused on financing large infrastructure projects, over the course of time the IBRD has broadened its mandate to also include social projects, direct poverty alleviation and policy-based loans.

Since the creation of the IBRD more MDBs were established, mainly in three waves (Wang 2016). The first wave, caused by the decolonization process and the appearance in the world arena of many newly-independent developing and poor countries, lasted from the mid-1950s to the mid-1970s. At that time two more financial institutions within the World Bank Group were established: in 1956 the International Finance Corporation (IFC), which is focused exclusively on making loans to private firms in developing countries, and in 1960 the International Development Association (IDA), which complements the IBRD and extends grants and concessional loans (long-term loans with low or no interest) to the world's poorest countries. In 1958, in accordance with the Treaty of Rome, another large MDB was created, namely the European Investment Bank (EIB).

That was the time when other regional and sub-regional MDBs were established, including the Inter-American Development Bank in 1959, the Central American

²² Such countries as Cuba, North Korea, and microstates like Andorra, Monaco and the Vatican are non-members.

Bank for Economic Integration in 1960, the African Development Bank in 1964, the Asian Development Bank in 1966, the Andean Development Corporation in 1970, the Caribbean Development Bank in 1970, the Islamic Development Bank in 1975, the OPEC Fund for International Development in 1976 and the Nordic Investment Bank in 1976. Focused on promoting social and economic development in their respective regions and sub-regions, these MDBs each have unique characteristics, while also sharing features with the IBRD. The Inter-American Development Bank, the African Development Bank and the Asian Development Bank, for example, are very similar to the IBRD in their governance and operational functions. The Islamic Development Bank is distinct in the way that it mobilizes financial resources; unlike the IBRD which raises most of its funds in private financial markets, the Islamic Development Bank takes deposits to this end. The Andean Development Corporation is another example of a MDB with distinctive features since it is primarily controlled by borrower countries in Latin America and the Caribbean, and in contrast to many MDBs it takes deposits and obtains loans from central banks, commercial banks and export credit agencies (Wang 2016). In some regional MDBs membership is restricted to a specific group of countries. For instance, since its establishment in 1964 till 1982, for nearly two decades the African Development Bank was an African-only institution, because African governments wanted to promote stronger unity and cooperation within their region (Nelson 2018: 3). Other examples are the Islamic Development Bank and the European Investment Bank where only members of the Organization of Islamic Cooperation and European Union members respectively can join them.

A second wave of MDBs took place in early 1990s through early 2000s, arising from the changes in Europe caused by the end of the cold war and the collapse of communist regimes in Central and Eastern Europe, as well as the disintegration of the Soviet Union and the formation of new independent states. In 1991, to promote the transition of the former communist countries from planned to market-oriented economies, the European Bank for Reconstruction and Development (EBRD) was formed. This institution is unique in its focus on the private sector and on projects intended to ease the transition of the former communist countries to multiparty democracy and a free market economy. In 1997, to support economic development and regional cooperation in the Black Sea Region, the Black Sea Trade and Development Bank was created. And finally, in 2006 the Eurasian Development Bank was founded with a mission to facilitate economic growth in

member states and the expansion of trade and economic ties between them as well as to further the process of integration in the region through investment activity.

Nowadays the largest and the most influential MDBs are the IBRD, the IDA, the EIB, the Inter-American Development Bank and the Asian Development Bank (ADB). Each of these is controlled by western countries, either the US, western European countries or Japan. That means that these countries have assumed for themselves the role of being the major vehicles of global economic governance.

A third wave of MDBs followed the 2008 global financial crisis and was triggered by the economic power shift in the international system from developed countries to emerging economies. Emerging economies' dissatisfaction over their limited role in global economic governance and more specifically in traditional MDBs has resulted in the establishment of two new financial institutions: the New Development Bank (NDB) and the Asian Infrastructure Investment Bank (AIIB). In contrast to most MDBs controlled by western countries, the NDB and the AIIB are led by developing countries, with China playing a prominent role.

The Creation of the AIIB and the NDB as a result of the changed international political and economic environment

There are three major interrelated factors underlying the creation of the AIIB and the NDB.

First factor is a historic shift in global economic power from developed countries towards emerging ones which became obvious in the beginning of the twenty-first century. This shift can be clearly seen while comparing the GDP distribution after the World War II, when a western-centred economic order was established, to the present. In the late 1940s, US GDP alone made up half of the global economy. Fast forward to 2013, the aggregated share of the G7 in the world GDP combined was 39.5 per cent. Meanwhile, the share of BRICS countries was 21.1 per cent.²³ This tendency is especially evident when comparing the change in BRICS and G7' shares in world GDP starting from the beginning of the twenty-first century: in 2000 the share of BRIC was mere 7.85 per cent against G7' share accounting for 65.57 per cent, in 2008 BRICS' share rose to 14.62 per cent, while the G7 dropped to 52.48 per cent.

²³ World Bank database. GDP (current US\$).
<http://data.worldbank.org/indicator/NY.GDP.MKTP.CD>.

The rise in emerging economies' economic and financial power stipulated the shift in their role in the international economic system; developing countries who were large borrowers from MDBs and other financial institutions for many decades in the past are becoming creditors to other developing countries. Emerging economies now have sufficient financial resources that they can allocate for providing assistance to the less prosperous economies.

The second factor is that the existing MDBs, national development banks and private investors are not able to fully meet the rising demands for infrastructure investment in the developing world.²⁴ As a matter of fact, the 2008 global financial crisis prompted many developing countries to press for increased financial assistance from the MDBs. Moreover, rapid economic growth and urbanization in many Asian developing countries stipulates the necessity of infrastructure development. In the ADB's report published in February 2017 Asia's demand for infrastructure investments was estimated to be as high as \$26 trillion between 2016 and 2030, or \$1.7 trillion per year. The \$1.7 trillion annual estimate is more than double the \$750 billion estimate made by the ADB in 2009 (ADB 2017). According to the evaluations made by the Organization for Economic Cooperation and Development (OECD), in 2013 total official assistance for infrastructure projects reached \$60 billion, out of which \$11.7 billion was approved by the World Bank, the largest provider of infrastructure financing (<https://data.oecd.org/>).

Yet, although MDBs remain the main source of infrastructure assistance to the developing world, MDB infrastructure financing has declined dramatically over the past several decades if one takes into consideration infrastructure financing's share of total investments. Initially created to support infrastructure development, MDBs gradually have shifted their focus towards promoting favourable investment climates in developing countries by promoting political and economic reforms there. For instance, while in the 1950s and 1960s the World Bank used to extend 70 per cent of its loans for infrastructure projects, by 1999 infrastructure financing had decreased to 19 per cent of its loans (Wang 2016). The World Bank moved away from the priority of supporting infrastructure development and instead placed increased emphasis on climate change, poverty reduction, refugees, and good governance.

²⁴ Private investors and national development banks are very cautious about making investments in infrastructure because of its long-term nature and high risks.

Thirdly, in the aftermath of the 2008 global financial crisis the developing countries have become more vocal in stating their discontent with the existing system of global economic governance including the established MDBs. This does not apply to developing countries only: there is widespread perception that the traditional MDBs along with the other institutions that lay the basis for the international system should be reformed. These reforms could include making the MDBs more conducive to meeting developing countries' priorities, providing loans on more attractive terms to borrower countries terms, shortening the time needed to approve loans, reducing reporting requirements as well as loan conditionality.

The loan conditionality that has been traditionally and widely practiced by MDBs while providing assistance to developing countries (such as social and environmental safeguards, anticorruption measures, open and transparent procurement policy, etc.), has made developing countries less interested in such loans (Weiss 2017). As a result, the demand for infrastructure investment is far greater than the amounts that are being provided by the MDBs and other sources.

The AIIB and the NDB are, as claimed by their founding members, intended to both fill the infrastructure gap and to set a new model of development cooperation between MDBs and recipient countries by providing assistance that is not conditional on specific reforms in the borrowing countries.

And finally, the creation of these two new MDBs represents developing world's dissatisfaction and unhappiness with the world order and related with the developing countries' limited role in decision-making. Some developing countries and especially China have argued that the international financial institutions have failed to recognize their elevated stature in the global economy. They argue that for many decades the voting at the international financial institutions including the World Bank has not been reformed to reflect the increased weight in the world economy of emerging economies. Moreover, the question is not only about the disbursement of voting shares, it is about the governing structure. The emerging economies are very critical of the international practice formed since the very establishment of the major financial institutions where American representatives are appointed as the heads of the World Bank, European candidates are appointed as the heads of the IMF, while only Japanese nationals held the presidency of the ADB.

The creation of new MDBs is intended to increase both the representation and the voice of developing countries in the global economic governance system. Traditional MDBs were created at time when the global economic order was dominated by western European countries, the US and Japan, and they are still mainly controlled and dominated by these very same countries (Shelepov 2016). In contrast, the AIIB and the NDB are financial institutions established and controlled by developing countries. The creation of new banks was meant to exert pressure on developed countries and traditional MDBs to reform their governance structure, operational rules and investment priorities.

It is noteworthy that the creation of the AIIB and the NDB contributed to positive shifts in western countries' approaches toward the issue of the role of developing economies in global economic governance and the issue of providing infrastructure financing for developing countries. There emerged an opinion amongst some American experts that Washington should try to enhance the attractiveness of the US-led World Bank and other MDBs by advocating for greater representation for developing countries in these financial institutions (AIIB 2017). In 2014, the World Bank initiated a Global Infrastructure Facility with an initial fund of \$100 million with the aim of bringing together and coordinating the efforts of MDBs, private investors and other institutions involved in infrastructure investment in developing countries. In May 2015, Japan's Prime Minister Abe announced the Partnership for Quality Infrastructure initiative by which the Japanese Government would provide \$110 billion for "quality infrastructure development" in Asia over the next five years in collaboration with the ADB (Ministry of Foreign Affairs of Japan 2015).

Yet, despite some speculation in the western media, it is wrong to see the creation of the AIIB and the NDB as an intentional challenge that the emerging world has throw to the existing US-led financial system. The major motive for many developing countries is to create a bank that would be attentive to their needs. New MDBs are designed to serve the interests and needs of the developing world, and more importantly, to be governed by the developing countries, not solely by the US, Japan or European countries. The largest shareholders of the AIIB are China, India and Russia, who are all non-western nations.

The NDB is even more innovative institution in a sense that it is based on the equal distribution between the participating states of the shares in initial

subscribed capital and an authorized capital, and voting shares. In contrast to the existing financial bodies, shares of the holders in NDB capital are not contingent on the size, wealth and similar parameters of any nation. Moreover the NDB's Articles of Agreement require no less than 55 per cent of the total voting power to be held by founding members: five BRICS countries (<https://www.ndb.int/wp-content/themes/ndb/pdf/Agreement-on-the-New-Development-Bank.pdf>).

Establishing the AIIB and the NDB, developing countries were also motivated to create new institutions that will not have those deficiencies that the traditional MDBs have and are usually criticized for. For example, developing countries often criticize western-led MDBs for attaching policy reforms to loans in order to enforce these policy reforms. The AIIB and the NDB are expected not to impose and enforce conditionality. New financial institutions are designed to address infrastructure financing gap. They are focused on infrastructure development instead of budgetary, program or reform lending. These institutions work more like a corporation rather than traditional MDBs.

Other demerit of the traditional MDBs that the AIIB tries to avoid is maintaining overstuffed bureaucratic team. While the World Bank had more than 10,000 and the ADB had 3,374 employees, the AIIB had 186 professional staff by the end of 2018 (ADB 2018: 8; AIIB 2018). To lower the expenses on personnel and bureaucracy the AIIB, unlike the other MDBs, is designed to have non-resident board of directors, who can stay in their home countries to vote and make decisions, instead of residing in AIIB's headquarter in Beijing. Critics of the current resident executive boards at the IMF, the World Bank, and other MDBs have long argued that resident boards are very expensive to maintain, costing between 3 per cent and 7 per cent of the institutions' operating budgets (AIIB 2017: 11).

Yet, it should be mentioned that for some observers these kind of innovations in the MDBs are not merits, but instead demerits. They argue that the AIIB's non-resident board of directors, meeting once or twice a year, is substantially removed from the day-to-day activities of the institution and may be unable to focus on anything but the most important strategic decisions (AIIB 2017: 11). AIIB's small team may restrict the depth of its independent sector expertise, and as a consequence, the AIIB might be dependent on other MDBs for comprehensive project assessments (Liu 2017: 9).

China as a driving force of the establishment of new MDBs

The history of China's participation in MDBs is relatively short and can be traced back to the era of Deng Xiaoping when in 1978 China launched deep economic reforms and increased engagement with the outside world. China's increased engagement with MDBs was in line with Beijing's policy to integrate China into the existing international system, and to enhance its cooperation with international organizations.

Engagement in MDBs has opened a window of opportunity for China to receive extensive financial and technical assistance that has become one of the decisive factors in China's social and economic development. In close cooperation with the MDBs, China has managed not only to undertake multiple infrastructure projects, but also more importantly to build the whole industry of infrastructure planning and construction by adopting MDBs' extensive experience in this sphere from financing methods to infrastructure project management.

Soon after the 3rd Plenary Session of the 11th Central Committee of the Communist Party of China held in December 1978, where the reform and opening-up policy was initiated, China regained its seat in the World Bank (April 1980)²⁵ thus becoming eligible for massive loans from both the IBRD and the IDA. Between 1945 and 2015 China was the third-largest borrower from the World Bank (IBRD and IDA together) behind India and Brazil.²⁶ Up to the end of 2015, China has received \$55.828 billion in loans from the World Bank (\$45.882 billion from the IBRD and \$9.947 billion from the IDA) (World Bank 2015).

Alongside the World Bank, China is a large borrower from the ADB, being its second largest borrower. After China joined the ADB in March 1986, Beijing rapidly enhanced the volume of loans it received from the ADB from \$133 million in 1987 to over \$1.1 billion, the minimum sum China had been receiving in loans annually since 2003. By December 2015, the ADB had approved \$31.1 billion in loans for China (World Bank 2015).

²⁵ China was a founding member of the IBRD, but since the end of the civil war in China in 1949 until 1980, the Taiwan authorities occupied China's seat in the IBRD and other World Bank institutions.

²⁶ India is the largest recipient of loans from the World Bank, amounting to \$104 billion, second place is occupied by Brazil (\$58.8 billion).

In 2005, while continuing to be one of the IBRD's and ADB's largest borrowers, China started to offer donations to MDBs.²⁷ The period from 2004–2005 was a turning point for China as it had by then accumulated financial resources enough to fully implement its “going out” strategy²⁸ by increasing its outward investments and development aid to developing countries. For instance in March 2005, China established the PRC Poverty Reduction and Regional Cooperation Fund as a \$20 million trust fund to be managed by the ADB, the first trust fund established by a developing-country member of the ADB. In 2014, China and the African Development Bank jointly established a \$2 billion “Africa Growing Together Fund”.

Following the 2008 global financial crisis that resulted in China's reassessment of its place in the international system, Beijing has started to take efforts to establish a new level of engagement with MDBs. First, Beijing set an objective to enhance China's role in the World Bank to bring it more in line with China's increased input into global economic development. Its status as the world's second-largest economy after 2010 obviously did not correspond to the modest role that China continued to play in the World Bank, where it was only the sixth-largest shareholder. Through great efforts and in coordination with other developing countries (and specifically with the BRICS countries of Brazil, Russia, India and South Africa in addition to China), this task was partially achieved in April 2010 when the World Bank made a landmark decision to increase the voting power of emerging and developing countries at the expense of the developed ones. The voting power of China was set to be raised by 1.65 per cent (from 2.77 to 4.42 per cent) (IBRD 2010). Although these changes meant some enhancement of China's role in the World Bank—China moved from the sixth-largest shareholder position to the third—China still remains underrepresented with respect to its weight in the global economy and hopes to move to the second-largest shareholder position behind the US. Needless to say that the voting power of the US was not affected; Washington still enjoys a veto power in the World Bank.

²⁷ Interestingly enough, despite its enhanced economic power and its newly-attained second world economy status, China continues to be the IBRD's and the ADB's large borrower. From 2013–2016, China on average received \$1.8 billion annually. In 2014, China was third-largest recipient of the World Bank's assistance (behind Brazil and India), in 2015 second-largest behind India, and in 2016 fourth-largest behind Peru, India and Kazakhstan.

²⁸ The “Going out” strategy was declared in the late-1990s, and officially became a part of the 10th Five-Year Plan in 2001. This strategy was aimed at facilitating and supporting outward investment to create globally competitive Chinese firms, and encouraging outward investment that contributes directly to China's development.

Having faced resistance from the western developed countries and their unwillingness to allow China to be a part of a privileged club of countries that controls the leading international financial institutions, Beijing has established a new objective, namely, to create new MDBs that will act in the interests of, and be led by, developing countries (including China). In 2010, at the 9th SCO prime ministers meeting held in Dushanbe (Tajikistan) China proposed the founding of an SCO development bank, where according to the Chinese plan the voting share of the members should be linked to GDP, meaning that China would have more power in the bank's activities. Although China's proposal generated some interest among the SCO members a final decision on the issue has not yet been made (mainly due to Russia's resistance).

But that was just the beginning. China became extremely active in establishing another financial institution: the BRICS New Development Bank. Officially launched on India's initiative in March 2012 during the Delhi summit, it took several years for members to discuss the idea and negotiate the basic principles of this new MDB. Among the questions that were debated were the volume of initial capital and its distribution among founding members (equal or share-based), the location of its headquarters, operational currency, governance structure, client base (BRICS members only or non-members as well) and so on. Looking for a dominant role in the NDB, China has insisted on a large initial capital and on a share distribution in accordance with each country's economic might and its initial capital contribution. China also pushed for the headquarters to be in Shanghai and for the NDB to be able to lend on a global basis.

Finally, after lengthy debates members have reached a consensus. In July 2014, at the BRICS' 6th summit in Brazilian Fortaleza, the final documents for the creation of the New Development Bank were signed, and in July 2015 during the 7th BRICS summit in Ufa summit it was officially launched. The NDB was set up with an initial capital of \$100 billion and an initial subscribed capital of \$50 billion. Shares in initial subscribed capital and an authorized capital in the NDB were distributed between the participating states equally. The Bank's headquarters were set to be in Shanghai (China), and it was agreed that the bank would lend globally.

In addition, in 2013 China initiated the creation of another new MDB, the China-led Asian Infrastructure Investment Bank, a large financial institution with initial

total capital of \$100 billion. After two years of preparation, in December 2015 the AIIB was formally established with 57 founding members, among which China is the largest shareholder with a voting share of 26.57 per cent (as of July 2019) (<https://www.aiib.org/en/about-aiib/governance/members-of-bank/index.html>).

China's motivation for establishing the AIIB and the NDB

Beijing has spent lots of time and energy for negotiating the AIIB and the NDB, and expects these financial institutions to serve a number of strategic goals and practical objectives. First and foremost, the establishment of large-scale financial institutions promotes the enhancement of China's status, prestige and influence in the world arena, and reflects China's aspiration for great power status and the role of global power or even a world leader (presumably in the economic realm). After the fifth generation of Chinese leaders came to power, there emerged strong signs that China was denouncing the basic foreign policy principles formulated by Deng Xiaoping back in late 1980s and early 1990s, the so-called "28-character formula" (Portyakov 2012). In the last few years Beijing has started to disregard more often its foreign policy basic principle of "*taoguangyanghui, yousuo-zuowei*" (keeping a low profile while trying to accomplish something) and to show its determination to assume leadership functions in the world arena, if not to a full extent, at least selectively on certain regional and global issues.

The creation of new MDBs has proved China's ability to create global public goods, to play a leadership role in the world arena and to implement initiatives of not only regional, but global importance. The NDB, comprising five large countries from three continents, has become the second global MDB after the World Bank; other MDBs are regional or sub-regional in scope. The AIIB, which currently has 100 approved members (including five G7 developed economies)²⁹ is smaller than the IBRD and IDA (consisting of 189 and 173 members respectively), and larger than other MDBs. Comparing MDBs' subscribed capital, only the European Investment Bank (\$269.2 billion), the IBRD (\$263.3 billion), the Inter-American Development Bank (\$170.9 billion) and the ADB (\$142.7 billion) surpass the AIIB (Engen 2018: 28). The AIIB and the NDB are also unique for being based in China, in Beijing and Shanghai respectively. Previously no MDB

²⁹ Between December 2015 and July 2019, the AIIB's board of directors has approved 43 applications for membership (in addition to the 57 founding members). Currently these 43 countries are at different stages of the formal process to join the AIIB.

headquarters were located in China, and there was only one MDB with headquarter in East Asia (the ADB).

Second, in contrast to other MDBs in which China has relatively small shares of voting rights (in the IDRB China's voting power represents 4.59 per cent, in the IDA a mere 2.21 per cent and in the ADB only 5.46 per cent) or rights equal to those of other founding members (as in the NDB), in the AIIB China enjoys the largest voting power (26.57 per cent as of September 2019), which gives China an upper hand in the decision-making process. India and Russia, the second and the third-largest shareholders of the AIIB, maintain 7.62 per cent and 5.998 per cent voting shares respectively (<https://www.aiib.org/en/about-aiib/governance/members-of-bank/index.html>). This means that during voting by the AIIB's board of directors³⁰ over issues that are decided by a majority of votes cast, with China's 26.57 per cent voting share a majority of votes can be achieved with only four members voting in favour. For special votes that require a 75 per cent special majority (such as approving membership, selection of the president, increasing the capital stock of the AIIB and changing the size or composition of the board of directors), China has an effective veto with more than a quarter of the votes (Weiss 2017).

Moreover, in the long run even with more countries joining the AIIB, China will be capable of preserving its privileged status of the largest shareholder with the largest voting share. Even if the US and Japan all of a sudden decide to join the AIIB, they are unlikely to have enough influence over the AIIB's decision making process for two major reasons: the AIIB's Articles of Agreement caps the influence of non-regional members (which is the case for the US); and the voting shares are based on the size of the economy of each member country; moreover, each Founding Member gets additional 600 Founding Member votes (the US and Japan were rejected to be founding members at the time of the AIIB's creation) (Liu 2017: 22).

The creation of the AIIB is often seen by experts as reflecting China's dissatisfaction over the slow pace of reform in traditional MDBs regarding the enhancement of China's role. While that perception is correct, it needs to be emphasized that regarding reform of existing MDBs or the establishment of new ones, China

³⁰ The AIIB's board of directors comprises nine directors elected by regional members and three elected by non-regional members.

wants to play a leadership role, not just to be elevated to the second-largest stakeholder status. Within this context, one can assume that China enjoys a rare historical opportunity. By taking advantage of growing discontent among developing countries over the slow progress of reform of the Bretton Woods institutions,³¹ China has managed to build support for the establishment of a new MDB: the China-led AIIB. As one Chinese analyst pointed out that the establishment of the AIIB strengthened China's status as a major reformer in the global governance system (Pang 2016).

Yet, it is safe to assume that Beijing will not abuse its veto power in the AIIB, even not in the long run. To have the largest voting power in MDB is more of a symbolic importance for the Chinese rather than a way to pursue its specific policies. A country can use its economic leverage much effectively if it opts to provide financial assistance bilaterally, when it is capable of controlling the whole process of to whom, when, for which projects and under what conditions to extend funds. The widespread fear in the US that China might use the AIIB as a tool of its foreign policy seems groundless. China views the AIIB as its flagship project aiming to prove Beijing's ability to produce global public goods, to create new win-win reality, to lead the world to a fairer and more just world order. Still, it is very symbolic for Chinese that both the AIIB and the ADB are headquartered in China, it being the largest shareholder of the AIIB. Also, the AIIB is headed by Jin Liqun, a Chinese national.

While analysing Xi Jinping's grand initiatives one should bear in mind that China lacks the experience of exercising a leadership role in the world and more specifically in large international organizations, like the MDBs. That explains the AIIB partnering with the established MDBs—the World Bank, the ADB, the EBRD, and the EIB—in co-financing and carrying out infrastructure projects. As a newly-established institution the AIIB relies on other MDBs' technical expertise and support. Among approved 49 projects (as of September 2019), at least 26 projects are co-financed with other MDBs, including the World Bank, the IFC, the ADB, the EBRD, the Islamic Development Bank, the Eurasian Development Bank (<https://www.aiib.org/en/projects/approved/index.html>). Partnering with the established MDBs also reveals the AIIB's current stance to live up to international standards and follow the best practices. At present the most important task

³¹ Due to the US Congress's long delay in approving the International Monetary Fund governance reforms of December 2010, this reform package came into force only five years later in 2015.

for China is to learn how to manage and lead such a large international organization like the AIIB, to endorse the best practices in this MDB.

China's push for the establishment of the AIIB can also be viewed in light of Sino-Japanese rivalry for regional leadership in Asia as the AIIB's sphere of operations covers the same region like the Japan-led ADB.

The creation of the AIIB and the NDB may also serve some Chinese specific needs in a number of practical ways. For instance, Beijing may use both banks to expand and promote the internationalization of China's national currency, the Renminbi, by making it an investment currency of these banks in future (Zhen'min' zhibao 2015). The first step in this direction was made in July 2016, when the NDB issued its first five-year Renminbi-denominated bonds worth 3 billion Yuan (USD 450 million) in mainland China.

Besides, since both the AIIB and the NDB are focused on infrastructure financing, and they are expected to provide funds for large infrastructure projects in developing countries, Beijing may expect that many of these projects will be undertaken by Chinese contractors due to China's vast experience in this sphere, competitive advantages and international fame in infrastructure building. Billions of dollars of contracts are awarded yearly to private firms in order to acquire the goods, works, and services to carry out MDB-financed projects. The promotion of new infrastructure projects all over the region and beyond may create new vast opportunities for Chinese contractors and producers, thus partially solving the Chinese overcapacity problem (in steel, iron, aluminium, cement, plate glass, and other industries) (He 2014).

Needless to say that infrastructure development in developing countries with assistance from the AIIB and the NDB will improve regional and world infrastructure interconnectivity, ease China's access to raw materials and domestic markets in these countries, creating more favourable conditions for further enhancement of China's trade and economic cooperation with them. At present, the lack of modern maritime ports, highways, motorways, railroads, pipelines, etc., represents a significant barrier hindering the economic linkages between China and many developing countries. Moreover, another driver for China's creation of new MDBs is the changing nature of its economy from low-value manufacturing to a high-value manufacturer. Going forward, Chinese economy will rely heavily on

import of low-value goods and inputs into its supply chains which promulgates the need for trade facilitation infrastructure.

Although over the past two years Beijing has been trying to put distance between the AIIB and the Belt and Road Initiative, in fact many of the projects approved by the AIIB during its first two years were along the route of this initiative.³² For example, two of the projects, the construction of the M-4 Motorway in the Shorkot-Khanewal section and extension of Tarbela 5 hydropower, are an integral part of the China-Pakistan Belt and Road economic corridor. Against this background it is fair to assume that the AIIB, which pool the resources of many donors, allows Beijing to share the cost of infrastructure projects within the Belt and Road Initiative.

Broadly speaking, the AIIB is capable of promoting regional integration in Asia (Abalkina 2007). Channelling regional integration processes in a direction favourable to China is an important objective for China's leadership. The absence of the US from the AIIB facilitates this task. Further, on a micro level the AIIB is aimed at deepening sub-regional integration between China and the countries of the Association of Southeast Asian Nations (ASEAN) by means of financing transport, telecommunication, energy and other projects in South East Asia (Klishin and Pavlov 2016). And finally, Beijing sees the regional infrastructure building and economic development as ensuring regional stability, including in such vulnerable places as Afghanistan, Pakistan, and Central Asia.

Developing and developed countries: reasons for joining new financial institutions

In establishing and joining to the AIIB and the NDB the developing countries were pursuing a number of goals, some of which were common for many of them, while others may vary across different countries.

Many developing countries viewed the NDB and the AIIB very pragmatically as providing opportunities to get much-needed loans for their infrastructure financing. For example, at the time when China unveiled its initiative to establish the AIIB and lobbied hard for it, Beijing had already announced and created high expectations over its Belt and Road Initiative. Viewing the AIIB as a financial

³² It is widely believed that the AIIB was initially conceived as a regional financing mechanism for China's Belt and Road Initiative.

mechanism for implementing Belt and Road Initiative, countries that were interested in participation in the Belt and Road Initiative supported the creation of the AIIB. Many developing countries were motivated by a desire to create new financial institutions that would be more attentive to the developing countries' needs and expectations, and give them more representation.

Some countries joined the AIIB with a hope of cultivating better relations with Beijing by supporting Chinese signature initiative. For some countries to support or not support the AIIB was a test for loyalty to Beijing.

For other countries, joining the NDB or the AIIB is a more politically comfortable way to receive infrastructure financing rather than to take part in China's Belt and Road Initiative. The most prominent example is India which does not belong to the Belt and Road Initiative and even openly opposes it. During the SCO summit held in China's Qingdao in June 2018 India was the only SCO member that declined to endorse China's Belt and Road Initiative, whereas other six SCO members jointly reiterated support for it in the Qingdao declaration (SCO 2018). Meanwhile, to date, India is the largest borrower from the AIIB; of the 49 projects that have been approved by the AIIB by September 2019, 12 have been granted to India. Nine Indian projects that have been approved by the end of 2018 involve investments of \$2.2 billion or almost one third of the total AIIB lending of \$7.5 billion (<https://www.aiib.org/en/projects/approved/index.html>). The NDB granted India 10 of the 41 approved loans with the investment totalling over \$3.5 billion, which represents one third of the aggregated NDB lending (over \$12 billion) (<https://www.ndb.int/projects/list-of-all-projects/>).

For those developing countries that have their reservations over expanding economic ties with China, the AIIB is a perfect way to get Chinese loans through the AIIB and at the same time not becoming too dependent on Beijing's will. Receiving financing from multilateral institutions like the AIIB and the NDB can be more comfortable for some developing countries rather than receiving financing directly from China. Providing development financing bilaterally, Beijing as a rule sets forth very tough conditions including procurement guarantees for Chinese companies, imported Chinese workers, and high interest rates. Receiving financing from the AIIB and the NDB relinquishes China's control over where, how, and on what terms the money is spent.

In addition to the developing countries, the AIIB received wide support from the developed countries, even though many of them do have concerns or reservations towards it. As for the developed countries, their support for the AIIB may have several possible explanations. Firstly, they plan to use their participation in the AIIB to ensure the adoption of and adherence to best practices and fair global standards in this newly-established financial institution. They may want to take their places in the decision-making process within the AIIB in order to exert influence on the institutional building process and to enforce it to use the best practices. Secondly, they may want to prevent the AIIB to become a China-dominated multilateral institution. Thirdly, some countries in their search for closer trade and investment relations with China voiced their support of the AIIB. Finally, the developed countries pursued pure financial and economic benefits in joining the AIIB. For example, countries may benefit greatly from procurement of goods and services for AIIB-financed projects. Incentives for UK, Germany and Luxembourg to join the AIIB were to strengthen London's, Frankfurt's and Luxembourg's bid to manage the AIIB transactions, which would possibly solidify its position as a global financial centre. Consistently with London's strategy to attract Chinese banks, encourage offshore trade in the Yuan and bolster its position as the world's main centre for foreign exchange trading, just a few days after its confirmation to join the AIIB, the London Stock Exchange launched Europe's first Yuan-denominated money market fund (Bustillo and Andoni 2018). Moreover, with more and more countries joining the AIIB initiative, other countries could not but follow them, so as to avoid finding themselves marginalized in the changing regional landscape.

Conclusion

As it appears from the history of MDBs, the waves of new MDBs are usually rooted in shifts in political and economic world landscape and elevated demands for infrastructure financing. The third wave manifested in the establishment of the NDB and the AIIB is different from the two previous waves of MDBs as it was triggered not by the appearance in the world arena of newly-independent countries, but by tectonic changes in the world economic power distribution. The rise of a number of developing countries, known under the name "emerging economies", had two major implications. First, these developing countries have accumulated sufficient financial resources to provide infrastructure funds and to create new MDBs themselves. Secondly, they felt underrepresented within the existing

international economic system and unhappy with their limited role in decision-making in the global economic governance. Moreover, the dynamic development and urbanization in many developing countries conditioned the rise in demand for infrastructure loans at a time when the existing global net of MDBs could not meet these demands and at times were ineffective. All these have shaped the environment that enabled China to take the opportunity to build the international support for its initiative to create new MDBs despite strong opposition from the global leader, the US.

China's initiative to create new MDBs reflects Beijing's ambitions to enhance its capacity to influence world economic processes and take leading role in the global economic governance as a long-term goal. Although the establishment of the AIIB and the NDB serves Chinese interests in many practical ways, it seems to be more a question of prestige and moving one step closer to the aim of establishing Chinese leadership in the world economy. It is a very inexpensive way to enhance its standing in the world arena. China is providing \$29.8 billion as its initial subscription to the authorized capital stock of the AIIB, 20 per cent of which (\$5.96 billion) is paid-in capital to be paid in five annual instalments of approximately \$1.2 billion. This amount of money seems quite modest in comparison with extensive Chinese investments all around the globe and assistance that China provide to the developing countries on a bilateral basis.

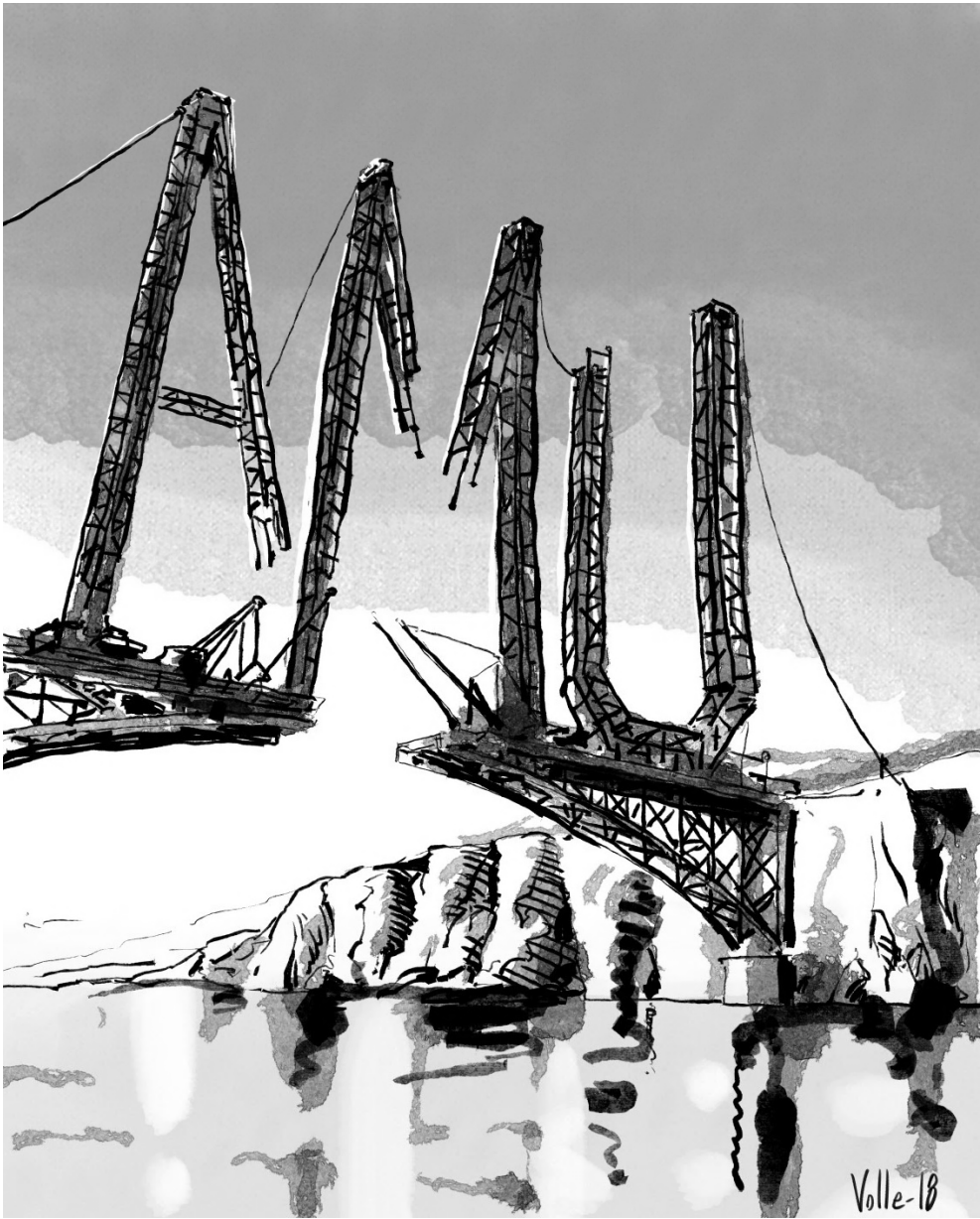
Simultaneously, the creation of new MDBs can be considered very wise thing to do to demonstrate China's ability to provide global public goods and to shoulder international responsibilities. There are good grounds for seeing the creation of new MDBs as a solid step toward enhancing China's standing in the world economy and the international system. Financial institutions of the scale of the AIIB and the NDB have not appeared since the 1990s. The AIIB has been gaining support from the broad international community: during its first four years, as many as 43 countries applied to join it. Despite speculation circulating in some western countries over the possibility that China will abuse its dominant position and promote low standards for the new financial institutions (for instance, in social and environmental protection, procurement and so forth), it seems that Beijing will try to do its best to make these institutions efficient and supportive of high international standards. After all, China's leadership role depends on it.

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8. Before Us and After: Old and New Resiliencies Against Remaining Hegemonies

Tuomo Melasuo

Abstract

This chapter aims at providing some light to the evolution of world economic and political structures and systems from the Second World War until 2019. It looks at the formation of different protagonists in the main phases of this evolution. The analyses start with two important phenomena that are decolonization and the cold war.

During these 75 years since the Second World War we can distinguish four main phases.

Primo, there was the main wave of decolonization when the hegemonic and dominant centres tried to shape the international order in new forms, but still in their own interest and benefit. This phase started with the creation of Bretton Woods institutions and the United Nations during the last months of the World War. A decade later, in spring of 1955, the decolonization process was accelerated by the Bandung conference that resulted during the following ten years in emergence of main organizations acting for the independence of the colonies. The first was the NAM (Non-Aligned Movement), which gathers together countries wishing to stay outside of the cold war blocks and other ‘big powers’. Under the auspices of the UN, UNCTAD, United Nations Conference on Trade and Development, occurred in 1964 in order to support the development efforts put forward by the NAM.

Secondo, the battle around the development efforts became more important when, especially, the majority of African countries had gained their independence. This battle culminated around the NIEO (New International Economic Order), almost during the whole decade of the 1970’s. The emergence of OPEC (Organization of the Petroleum Exporting Countries), and the other organizations of the raw material producing countries together with “Oil crises” managed to have an impact on world economic structures.

Terzo, during the 1980’s the hegemonic and dominant powers together with the multinational companies in the northern half of the globe had managed to re-conquer the former colonies in such a way that they are today even more tightly under the international financials organs they ever were during the colonialism.

Quarto, since the end of the cold war the previous power structures have started to erode. At the same time the world is moving from the multinational organizations and agreements towards more anarchical perspectives where some of the big players do not any

more respect the common agreements and the treaties they have signed themselves. This is the situation we are today in 2019. The newest element is the emergence of spontaneous socio-economic and political mass protest movements, which are obliging old and often corrupted power elites to give in all over the world. This might signify that, in a long run, there is hope for more equal and sane future.

Keywords: hegemony, domination, colonialism, decolonization, social, economic, political, protest movement

Introduction: Prefaces for protesting

The three decades after the end of the cold war have witnessed the decay of that international order, which emerged after the Second World War mainly through the Bretton Woods Agreements, consisting of organizations such as International Monetary Fund, World Bank and the United Nations.

During those three decades, especially the last fifteen years, there have been many important observers highlighting the emergence of new actors that challenged the hegemony of the institutions born along the Second World War and even the Great Depression a decade earlier.

These new actors are, for instance, BRICS, which consist of five countries, namely, Brazil, Russia, India, China and South Africa. The main idea of this ensemble is to strengthen their possibilities to influence the world economics. Their last summit was held in Brasília in mid-November 2019.

Another similar structure is the Shanghai Cooperation Organization, SCO, which includes eight member countries. The SCO is geographically much more coherent than BRICS, because it consists of mostly neighbouring countries. China and Russia are the two leading powers of this organization.³³

In a more global context, the hegemonic position of Bretton Woods' institutions, excluding the UN, reflected the heritage of European colonial empires and their overseas offprints, which had, *grosso modo*, dominated the world since the end of the fifteenth century. In fact, the European domination and the hegemonic

³³ <http://brics2019.itamaraty.gov.br/en/2019-brazilian-presidency/theme-and-priorities>; <http://eng.sectesco.org/> and <http://infoshos.ru/en/>.

world order she created was never accepted as such; it has been challenged outside the system but also from inside since its beginning.

One of the first Spanish conquistadors who had a critical attitude towards the colonial reality was Bartolomé de las Casas, Bishop of Chiapas, México, known as a strong defender of the local Indian population. To free them from the forced labour in European owned haciendas, he had the unfortunate idea to replace the Indian working force by importing slaves from Africa. In the seventeenth century, the practices of slavery and slave trade began to be modestly criticized in many colonial societies.

Thus, the anti-slavery movement was a kind of parallel phenomenon to Enlightenment since the eighteenth century when the European elites swore in the name of the “Noble Savage”, following Jean-Jacques Rousseau³⁴ and other philosophers, and having the ideas of “Ex Orient Lux” in their mind when admiring almost everything coming from outside of the continent.

During all the three centuries of European slave trade, there were also some abolitionist movements, which tried to stop this activity, but did not have any real success before the nineteenth century. A non-governmental organization, the “Anti-Slavery International” was created in the 1830’s in order to fight the slavery in the whole of the British Empire.

In the 1860’s, the role of anti-slavery ideas in the USA Civil War is a more complex question. On one hand, the North fought to end the slavery in the South. On the other hand, northern states fought also in order to better integrate the southern states in the modern industrial economy, where the North was already in a dominant position. Slavery and *latifundium* or large estates based on agricultural economy was absolutely too archaic and had started to hinder the development of the modern capitalist production system. In that sense, the USA Civil War was not really challenging the dominant economic order but advancing its progression by ending old-fashion slavery.

Concerning the difficulties and contradictions the French colonial empire was facing, we can take into the consideration the “Arab Kingdom” of Napoleon III

³⁴ Jean-Jacques Rousseau himself did not use the term “Noble savage” but spoke about the original, natural societies where social life and human beings were not corrupted as in Europe.

in the 1850's and 1860's, when the emperor, inspired by Ismael Urbain, wanted to create an "indigenophile" content for the French colonial presence in Algeria (Rey-Goldzeiguer 1977).

By the turn of the twentieth century, Paul Vigné d'Octon had a significant impact in formulating the resistance to colonial realities within French colonial empire. He played an important role in French parliamentary debates where colonial realities were discussed and criticized, especially at the end of the nineteenth and in the beginning of the twentieth century (Mejri 2006: 249-263; Suret-Canale 1980).

All this is just to remind the reader that different kinds of the anti-colonial opinions and movements have existed since the beginning of the European colonial expansion. This resistance prevails, of course, also concerning all other kind of attempts to establish a dominant international system. This kind of resilience seems to be a part of human nature both individually and collectively. Rebels have been individuals and leaders of more structured movements, like Spartacus in ancient Rome, François-Dominique Toussaint Louverture in Haiti's independence struggle in the early nineteenth century, or working-class revolts in Europe in the nineteenth and twentieth century.

The time of the Internationals

The First World War was one of the main markers at the turn of a century, reaching from the 1870's to 1919. This period was important also for different kind of political international workers' movements and formations, which tried to challenge the existing order. It is worth noticing that these fledging movements emerged before the victory of imperialism at the end of the nineteenth century, which culminated in the "Scramble for Africa" where the European colonial powers just divided Africa between themselves at the Congress of Berlin in 1884-1885.

The *First International*, also called "The International Workingmen's Association" was founded in 1864 in London and it ended its activities in 1876. Its evolution concentrated on working class positions in industrial Europe; the rivalry between the communists and the anarchists characterized its rather chaotic internal development. As a matter of fact, it did not pay almost any attention to non-European world and colonial empires.

The *Second International* was an international cooperation organization of mostly European social democratic parties. It considered itself as a continuation of the First International and its activities covered the years from 1889 to 1916. Today, in 2019, *Socialist International* (SI), founded in 1951 by socialist and social democratic parties, sees herself as its successor.³⁵

In spite of defining themselves “International”, the first and second internationals were in reality rather Euro-centric. Their strategy towards European colonial world order was rather simplistic. In the period before the First World War, they believed that capitalist metropolises could not apply socialism and socialist policies in their colonies. Thus, the only way to proceed would be to build socialism in the metropolises first, and then the problems of colonialism would be solved as a by-product. This meant that even the Second International was not in favour of the independence of the colonies (Koulaksis 1991).

A kind of crisis of the European colonial system became apparent during the First World War, and the metropolises were obliged to reform their systems by making some concessions to their colonial possessions. In the British case, this concerned mostly to their “dominions” such as Canada, Australia, South Africa, etc. In those colonies, the colons of European origins were in power. In Imperial War Conferences in 1917 and 1918, Britain accorded an autonomous status for Dominions within the British Empire for reassuring their participation to common war efforts. These concessions were not really aimed at contesting the prevailing international hegemonic colonial order. On the contrary, one of their main goals was to maintain and to re-enforce the hegemonic colonial order: *o tempora, o mores!*

The Russian Revolution, the First World War peace process, and in a lesser degree, the programme of President Woodrow Wilson of the USA changed all this. The bolshevists of the Russian Revolution were afraid that their achievement, and the expected socialist revolutions in the Western Europe, would be threatened by the armies of the capitalist countries from their colonies.

For these reasons, the Russian Bolsheviks created the *Third International*. In its second congress of 1920, the 21 points of Vladimir Lenin were accepted as the adhesion criteria for the Third International, also called Comintern. The Third

³⁵ In 2019, Socialist International (SI) has about 150 member organizations in more than hundred countries.

International was a serious attempt to challenge the hegemonic capitalist world order both in its main industrial, mostly European countries, and in their colonies. Point 8 in Lenin's admission criteria for the Third International obliged all the communist parties to work for the independence of the colonies in order to weaken their capitalist metropolises. The communist parties in the colonies should cooperate with the local bourgeoisie and create an anti-colonial front aiming to the independence of the colony. The worker's movement should try to get a pre-eminent position in such an anti-colonial front. This requirement of Lenin was in contradiction with the political practises of the Second International, which did not prioritize the independence of the colonies.

Even if the Third International was rather important challenger of the dominant world order, its achievements and performances in more general context were rather complex and contradictory. Until the mid-1930's it advocated the independence of the colonies as the primary goal of all the activities. This rather rigid and strict attitude somehow paralysed the development of the movement in many colonies because of having not taken into the consideration the local conditions.

For instance, in many North African and Middle-Eastern countries it did not pay any attention to the importance of European origin socialist settlers and to their role as local working class members, which were in close contact with the "autochthone" representatives of these movements. This attitude weakened a lot the performance of the Third International member parties in many colonies.

In addition to that, from the sixth congress of the Third International in 1928 onwards the colonial question started to serve directly the foreign policy of the Soviet Union. This had become one of the main handicaps of the Third International: instead of challenging the whole dominant system, it started to serve one single state actor.

In fact, the political strategy of the Third International changed completely in the mid-1930s. Anti-imperialism became more important than the emancipation and independence of colonized societies (Melasuo1999: 282). In its seventh conference in 1935 in Moscow, the Third International gave up the class struggle between social classes in favour of constructing an antifascist front advocating the unity between European democracies and their colonies in the fight against fascism. The Third International simply abolished its previous doctrine requiring the independence of the colonies. This meant that from the second (1920) to the

seventh (1935) conference the strategic line of the Third International had changed totally from the original to the opposite (Melasuo 1999: 283, n. 233 and 234).

This evolution was criticized by many actors in the local context as already said. They were in favour of more sublime political strategy that would manage to combine the antifascist struggle in the metropolises with the anti-colonial combat in the colonies. At the end, even this approach became problematic. All kind of separatism or independence aiming nationalist movements in the colonies started to be seen as defending fascism. Thus, at the end, the Third International somehow advocated the sacrosanct alliance between democratic metropolises and their colonies in the fight against fascism.

At the same time this new strategy advocated the creation of popular fronts in the colonies and re-enforced them in the metropolises. This strategy prevailed until the outbreak of the Second World War and went on long after its end (Melasuo 1999: 283-284.).³⁶

After the beginning of the Second World War, the evolution of the Third International became even more complex. Following the German attack in June 1941, Soviet Union paid more attention to its relations with the Allied powers, first of all to cooperation with Great Britain and USA.³⁷ Following this reasoning, the Soviet strong man Joseph Stalin abolished the Third International in 1943.

A kind of side story accompanied this evolution. Already in 1938, Stalin's dissident companion Leon Trotsky had founded his own competing organization: the *Fourth International*. This organization exists till today (2019), but it only gathers an important part of few Trotskyists in the world without having any impact on international relations or world order. On more individual level, these Trotskyists might have a role to play in a particular country, as in Algeria, for instance, where Louisa Hanoune, a Trotskyist passionaria, is very visible (Maville Newsletter, 10 May 2019).

³⁶ We may notice that the idea of "Popular front" prevailed long after the Second World War.

³⁷ <https://www.marxists.org/history/international/comintern/dissolution.htm>

Five glorious decades until the 1990s

In modern times, the Second World War was probably the biggest catastrophe that has ever occurred in this planet because of human behaviour. The number of casualties was on a scale never seen before. Besides, the Second World War had important social and economic impacts as well. At all levels—international, regional, national, local and even familial—the structures and mentalities as well as previous practices changed, and many new ways to proceed in national and international affairs emerged because of that war.

From the late 1940's the decolonization process, which led to formal independence of many erstwhile colonies, took place in all the continents until the 1980's, and even later.

Both these megatrends—the aftermath of the Second World War and the decolonization—did also raise a lot of expectations and hopes in different countries and societies. These hopes and expectations for immediate better future were very important in Europe and in colonies too. In fact, they lasted until the 1980s when the continuation of the cold war managed to put them in the background slowly. In fact, the oil, bank and financial crisis since the 1970s started to water down the positive results of the decolonization processes when at the same time, the dominant hegemonic powers have re-conquered the former colonies again. Today, at the end of the second decade of the twenty-first century, it seems that the developing countries are in a much firmer way under the domination of international economic and financial instances such as World Bank and International Monetary Fund as well as multinational enterprises than they ever were during colonialism.

Also GATT (General Agreement on Tariffs and Trade)³⁸ and the OECD (Organization for Economic Co-operation and Development) belong to this category, having played the same kind of role. In 1995, the WTO succeeded the GATT as the main regulator of the world commerce and trade. In his policy to water down all the multilateral practices Mr Trump, president of the USA for the time being, has blocked in December 2019 the performances of this organization and blamed it for preferring China (Bouissou 2019; Frachon 2019).

³⁸ GATT aimed to reduce the custom taxes and the other obstacles for international trade.

From the point of view of this essay, which wants to understand how different attempts to challenge the dominant hegemonic world order evolve, three avenues are the most interesting: *primo*, the emergence of new organizations, which aimed to restructure the international relations and cooperation; *secondo*, the breakout of the cold war between the blocs led by the Soviet Union and the USA; and, *terzo*, the decolonization. This last one might have been the most important attempt as it wanted to put an end to five centuries old European or European originated domination.

In this chapter, an attempt will be made to analyse the interplay of these three domains. The dominant hegemonic powers and their challengers from the Third World³⁹ used the international organizations as their battlefield where they tried to preserve their positions or to conquest a kind of equality by hard struggle.

The independence of India in 1947 as well as the anti-colonial wars in Madagascar and in Vietnam were a kind of prelude to Afro-Asian movement, which emerged in the *Conference of Bandung* in 1955 in Indonesia. This conference and the Afro-Asian movement brought about the inception of several international organizations, which followed that conference and which tried to put political pressure on colonial metropolises in order to ease the way of colonies towards independence. The role and activities of its member countries played an important role in UN, especially in its General Assembly and in many of its commissions. One of the results of these actions was to keep the questions of decolonization and its conflicts in the world political agenda and to strengthen their media visibility.

In the Bandung Conference three main themes were debated; they were colonialism, neutrality and economic development. Even if the Bandung Conference took place in the middle of the cold war, it managed to maintain its unity by “condemning colonialism in all of its forms”. Concerning the issues related to neutrality, Indian Prime minister Jawaharlal Nehru succeeded in gaining the support of the participants for the emerging Third World’s role outside the main cold war blocs. All the participating countries were free to organize their security policies,

³⁹ Third World, *Tiers monde*, is a concept first used by French geographer Alfred Sauvy in 1952. In 1956, Sauvy used it in his preface for *Le Tiers Monde. Sous-développement et développement*, edited by Georges Balandier. The concept refers to Tiers Etat before the 1789 Revolution, that Alfred Sauvy links with the Third World, and which realized the industrial revolution in the 19th century. See Melasuo 1988.

as they liked, only the engagements with the great power blocs were to be avoided.

The final declaration of the Bandung Conference paid lot of attention to economic development and to difficulties of international economic cooperation. It put emphases to the role of the UN and of other international, especially economic and financial organizations such as World Bank (WB) and International Monetary Fund (IMF), in contributing to solving the development issues.

The Afro-Asian Conference of Bandung was well received almost all over the world. Nevertheless, its results were more symbolic than concrete. Its main importance was the consolidation of the emerging Third World movement, which challenged the legacy of the existing bi-polar world order in the middle of the cold war.

During the following twenty years, there were several new international organizations and movements that all followed the main goals and lines of the Bandung Conference. Within the UN, especially in the General Assembly, the so-called “*Group of 77*” or “*G77*” became important by helping the developing countries to concentrate their policies and as such to strengthen their weight in the world organization.⁴⁰

One of the first new international organizations following the Bandung Conference was AAPSO (Afro-Asian People’s Solidarity Organization) founded in 1957. Even if the initiative to its foundation became from the Third World communist countries and Soviet Union was one of its founders, most of the non-aligned countries were members in AAPSO. This organization played an important role especially in the 1960’s in strengthening the reciprocal cooperation of the developing countries (Melasuo 1988: 943).

However, the most important result of the Bandung Conference has been the creation of the Non-Aligned Movement (NAM),⁴¹ by the Conference of Heads of State or Governments of Non-Aligned Countries, in Belgrade, Yugoslavia, 1961. Along the process started in the Bandung Conference, the NAM was finally

⁴⁰ See more on the page <https://www.g77.org/>.

⁴¹ <https://mnoal.org/>

proposed by the Yugoslav President Josip Broz Tito and the Indian Prime Minister Jawaharlal Nehru.

Between Bandung and Belgrade there were a series of different meetings and smaller conferences where almost all significant Third World leaders participated, such as Gamal Nasser from Egypt, Zhou Enlai from China, Ho Chi Minh from Vietnam, Kwame Nkrumah from Ghana, and many others. The Non-Aligned Movement had two main strategic goals: *primo*, to strengthen the decolonization process by helping the remaining colonies to attain their independence; and, *secondo*, to improve the struggle for development, especially for economic development, by fortifying the international positions of the Third World countries in the prevailing economic structures of the world.

The Non-Aligned Movement had an important role as one of the main representatives of the Third World from the 1960s until the mid-1980s.

Different crisis and reforms in world politics and in international economic structures have resulted that the significance of the Non-Aligned Movement is today no more what it used to be. The end of the cold war as well as the dissolution of the Soviet Union and of the Warsaw Pact played a role in decreasing significance of the Non-Aligned Movement.

The last conference of the Non-Aligned Countries' Heads of State was hold in Baku in October 2019; following that conference, the presidency of the NAM lies in Azerbaijan until 2022. The Baku 2019 conference put the emphasis on the respect of international law in ruling the conflicts and disputes in global scale.

Nevertheless, when looking back to the evolution of the Non-Aligned Movement we can see another parallel path, which started in late 1960s and early 1970s. After the Tricontinental Conference in Havana that prepared the field more generally, it was in the Lusaka Summit 1970, where the NAM put the main emphasis on economic problems and development perspectives instead of the decolonization. The Algiers Conference of the Heads of States of Non-Aligned Countries in 1973 consolidated this new strategic line.

Already since the mid-1960s within the UN system, UNCTAD (United Nations Conference on Trade and Development),⁴² was as a structure, whose purpose was to improve the positions of the developing world in global economy. One of the positive characteristics of UNCTAD has been that it gets together from the North and the South the countries having positive approach to development issues. Nevertheless, as such, it has been very close to the Non-Aligned Movement, which presented the idea of its creation already in 1962. Together they have been advocating the NIEO (New International Economic Order), which is, maybe until today, the most interesting attempt to create more balanced and sane global economic structure.

A kind of parenthesis in the development of the international economic system was the end of the Bretton Woods system as such when the USA suspended the link between its currency—dollar—and gold. This was the end of Bretton Woods system's regulation of world monetary policies (Johnston 2019). This, of course, opened new avenues for Third World ambitions.

The results of the Algiers 1973 conference gave solid perspectives on how to proceed in order to undertake clear program of action for changing the structures of world economy. In the following year 1974, the UN General Assembly adopted by consensus the main parts of this program presented by the Algerian President Houari Boumédiène already a year before in Algiers (Mahiou 2011; Melasuo 1988: 951).

The decisions of the UN General Assembly consisted of the NIEO Declaration and of the NIEO Action Programme. The Declaration has a relatively long list of fundamental principles, the main idea of which was to strengthen the equality of partner countries, their sovereignty and the rules of fair play.

The Action Programme was more detailed and concrete than the Declaration. It wanted to renew the principles of international trade, to reform the international monetary and financial procedures and to bring them closer to the lines of the developing countries. The Action Programme also aimed to strengthen the development capacities of the Third World countries by transferring financial and technological resources to the South as well as by improving the cooperation between southern countries thus re-enforcing their involvement in the international trade.

⁴² <https://unctad.org/en/Pages/Home.aspx>.

An important paragraph in this Action Programme required the strengthening the role of the United Nations, and its main organs such as General Assembly, in implementing the New International Economic Order (Mahiou 2011).

In spite of this success in 1974, the future of the NIEO has been rather modest and there is no generally accepted interpretation of its results. Some countries see that they have benefitted from the NIEO, others not so. This depends very much about the individual experiences of each stakeholder.

Among the positive acquis of the NIEO are its different actions that succeeded in making the rules of international trade and commerce easier and simpler to use and to apply. Along the NIEO, also several new organs and organizations emerged to improve international efforts for development of the Third World countries. The NIEO has also brought many important reforms in international law concerning world trade and commerce regulations and practices.

From today's point of view, the approach on international economic order has become now more pragmatic and tries to address the development issues by concrete solutions. At the same time, the actual debate on sustainable development sees it as linking the environment and development (Mahiou 2011).

Besides the Non-Aligned Movement and the UNCTAD, there was a third path following the attempts to change the structures of the international economy by the NIEO that should be taken into the consideration, that are the organizations of raw and primary material producers. Most known and certainly the most important of them has been OPEC (The Organization of the Petroleum Exporting Countries). This organization was created already in 1960 in Bagdad, but it took until the "First Oil Crisis" following the war in the Middle East in 1973 that the OPEC became a real player in the world economy and politics. Until 1973, it has been the cartel of the "Seven Sisters" formed by the most important multinationals in the field and representing the hegemonic economies in the industrial North, which had had a dominant position in world oil politics.

In 1973, the OPEC started to regulate the oil supply in order to have an impact to the political goals of its member countries and to the oil world market price. It was a success. The OPEC managed really to have an impact on world politics by regulating the petroleum supply volume and the price of it. Thus, it did have a

role in contesting the dominant hegemonic countries and in the formation of world economic order.

After the first oil crisis OPEC managed to increase the oil prices during all the second half of the 1970s. It was partly because Saudi Arabia and Iran, the two most important oil producers, were able to harmonize their production quotas in a flexible way. The following decade witnessed several development trends that little by little reduced the possibilities of OPEC to determine the global crude oil markets.

Among such features, let us refer to the Islamic Revolution in Iran 1979, the devastating war between Iran and Iraq in 1980-1988 and the Persian Gulf War in 1990. All these three events had a long-term impact on global oil policies and especially on OPEC's capabilities to master them. In early 2000 after the USA aggression and occupation of Iraq, that country tried to give up the USA dollar as a currency for international oil trade and replace it by Euro. However, this did not succeed because neither other OPEC member countries, nor the markets were not ready for it. After the "official" end of the occupation, Iraq restarted using the USA dollar for her oil trade.

OPEC continues to operate in 2019 but with much smaller capacities to affect the world energy policies than in the 1970 and in the early 1980s. The USA illegal sanctions against Iran have weakened the OPEC. The use of different kind of alternative energy sources and strategies that have emerged during the last two decades have also had their impact. In practice, this means larger shares of the world energy markets for shale gas in one hand, and more inventions, which allow reducing energy consumption in the other hand. This all makes world energy markets less dependent on oil producers and, at the same time, it is more ecological and climate friendly.

All these three different actors—Non-Aligned Movement, UNCTAD and OPEC—were central in different attempts to make the NIEO (New International Economic Order) a reality. However, many different development patterns, for example, geopolitics, resiliencies of the dominant powers and their capacities of adaptation, were factors that did not allow NIEO to progress as expected. .

Cold war was a strong geopolitical factor, which tied the developing countries so strongly to its main competing blocks that there were no real space for sustainable

and successful Third World performance in the world politics. Cold war was also behind those processes by which the dominant hegemonic countries managed to play down their acquisitions and ambitions expressed in the NIEO. Like indicated already, most of the achievements from the 1960s and 1970s somehow vanished in the 1980s. The resilience and the adaptation of dominant hegemonic economic system became very visible by the end of the 1980s in the so-called “Washington Consensus” where World Bank, International Monetary Fund and the local USA government produced some rather simple economic goals that would supposedly lead the developing world to economic and social prosperity. In reality, it paved the way to neo-liberalism so continuing the hegemonic dominance. The Washington Consensus was unable to form any kind of real consensus even around itself. It was strongly criticized by many scholars and few politicians from its inception. Nevertheless, it was a kind of mantra for many advocates of ultra-liberalism until the financial crises in 2008.

After the disgrace of the Washington Consensus, it seems that the dreams of the NIEO are slowly coming back in spite of the fact that its contents and goals were already almost totally forgotten. Today, the impasse of the world’s economic system and structures seems to indicate that alternatives are really needed. Since 2008 there have been several new development patterns that are only now becoming rather visible. They are challenging many former practices and already now showing us serious handicaps in different economic, social and political fields. Thus, for already some years and through more and more debates, it has become apparent that international organizations need to change. It has been in that context that the UN General Assembly renewed the main recommendations of the NIEO in 2012 (Gilman 2015).

People’s presence since the 1990s: a hope for future

The end of the cold war, the collapse of the Soviet Union and, definitely, the world financial crisis in 2008 have produced new kind of development not only to world economic system but also to main political structures and development patterns more generally. We are now for the first time in situation where very little remains from the heritage of the Second World War, or even from the main features of the decolonization.

Within these new perspectives, we can distinguish at least *four domains* acting, in one hand, rather close to each other, but on the other hand, in complete

contradiction and confrontation between them. As a matter of fact, we can find inside of each these domains, actors that are really opposed to each other and trying to dominate their counterpart. As such, these domains form a real “*champs de bataille*” where there is no room for any kind of mercy.

The first field can be called “*State domain*”, where individual states, state actors such as governments, ministries, armies or other state-connected organs holding political power, are central. In international level, it seems that in this field there are more and more states or states actors, which do not respect any more common rules accepted together or treaties and agreements they have themselves agreed upon or signed.

A number of governments in the countries of this domain can be characterized as populists such as Poland and Hungary, which today are at odds with the European Union because of their non-respect of the basic European rules and values. The USA of Mr. Trump can also be counted in this group by its overall policies and the support the regime is trying to get from the “Redneck societies”, especially in the “Bible belt”. Turkey of Mr. Erdoğan is really challenging her NATO partners and the whole organization by its military attack of Kurds in Northern Syria. Russia of Vladimir Putin is also playing with international community and its rules in Ukraine, Crimea and Syria. In all of these examples, the populist right-wing extreme movements are the leading force of the government.

For instance in Europe, the overall political situation is even more troublesome because, besides these governments, populist right-wing extreme movements are getting stronger and stronger, even if they are not in power. This kind of situation can be found in Finland with “PS”⁴³, “SD” that is “*Sverige demokrater*”⁴⁴ in Sweden, “RN”, “*Rassemblement National*”⁴⁵ in France, “AfD”, “*Alternative für Deutschland*”⁴⁶ in Germany, “Vox” in Spain, or “Lega” in Italy. The existence of these movements in almost all European countries and the increase of their support during last years, signify that also many centrist and conservative parties are moving more to right, to right-wing political discourse. Even a part of political left is doing so in some cases, as in Denmark, for instance. This is clearly a kind

⁴³ PS, “Perussuomalaiset”, this party translates its name as “Finns Party” that is false, in my mind, more correct translation would be “Proto-Finns”, or “Basic Finns”.

⁴⁴ “Sverige Demokrater” as “Swedish Democrates”.

⁴⁵ “Rassemblement National” as “National Rally”.

⁴⁶ “Alternative für Deutschland” as “Alternative for Germany”.

of indicator that there might be in near future important changes in Europe's international relations and in its economic policies in the world scale. These "nationalists" features could provoke real upheaval in European and even global landscape, a little bit like Brexit has done.

When dealing with this "State domain", we should also include new economic state-level groups such as BRICS⁴⁷ and SCO (Shanghai Cooperation Organization). These two organizations are dealt extensively elsewhere in this volume. Here we just want to pay attention to their existence emphasizing that they are important challengers to the hegemonic and dominant international order, even if some analysts argue that they have today become a part of it.

The second domain consist of international organizations, international law and international treaties, where the confrontation is getting harder and harder. There are important international actors whose policies try to negate all kind of multilateralism and to reduce the role of international organizations like the UN and that of international law.

Unesco is maybe the first important international organization, which has suffered from these kinds of policies. About a quarter of century ago, some of its member countries left the organization because they disagreed with its policies and refused to honour their membership fees. Then they joined Unesco again hoping to be able to benefit more from the organization and also to influence its policies to better integrate their own wishes. As this was not the case, these troublemakers left the organization again. This kind of *va-et-vient* has, of course, been very problematic for the world organization like Unesco, making any kind of planning more difficult.

Many other international organizations have shared the destiny of Unesco. One of the recent examples is the NATO (North Atlantic Treaty Organization),⁴⁸ which has faced different kind of difficulties since the end of the cold war. The new members from Eastern Europe were able to give a new breath to this defence structure. Today, NATO faces new problems because of Turkish behaviour in Syria, which is not accepted, at least officially, by other members. Even more, the

⁴⁷ BRICS, Brazil, Russia, India, China, South Africa.

⁴⁸ SCO, Shanghai Cooperation Organization consist mainly of Central Asian countries where China and Russia have leading role.

new attitude of the USA with the actual president Trump blaming its European members as being “free riders” is adding to the uncertainties. Today this organization seems to be politically weaker than ever after the end of the cold war.

Some of these new NATO weaknesses and particularities became visible in the organization’s 70 years festivities in London in early December 2019. Just before the celebrations, France’s President Emmanuel Macron declared NATO to have attained “brain death” because of USA withdrawal from Northern Syria that permitted Turkey’s attack against the Kurds, the allies of the NATO in the fight against Islamic State. This shook seriously the basic principles and values of NATO that conducted the organization in one of its most difficult crises ever since (Guibert and Stroobants 2019; *The Economist* 2019). Mr. Recep Tayyip Erdoğan, the president of Turkey for the time being, has strengthened the suspicions and mistrust among other member countries by continuing its military cooperation with Russia even after the contested acquisition of missile defence system from that country earlier in 2019.

All these particular difficulties irritated the USA and president Trump asked other member countries to increase their financial contribution to NATO significantly, namely, 400 milliard USA dollars by 2024. When the other members did not immediately respond positively, he left childishly the city before the end of the ceremonies after having insulted few of his fellow head of states like the Canadian prime minister Justin Trudeau (Wilson 2019; *La Croix* 2019).

These new attitudes towards NATO reflect also more general tendencies of the USA on international policies. They consist of criticizing the globalization and multilateralism more in rhetorical discourses than in practice. Nevertheless, in fine, it is the Congress that sets the limits for the executive in foreign policy disengagements (Frachon 2019). At the same time this shows the dominant influence the USA still has on global relations.

Also the World Bank has been affected by these attempts to reduce the role of multinational organizations. The new director appointed by the USA has been expressing publicly the opinion that the multilateralism has gone too far and it is harming the economy of the USA and of the world. Thus, the World Bank has formulated a new approach concerning climate change and environmental issues. Instead of looking at these questions through multilateral policies, the World Bank is emphasizing on bilateral relations, which consist of individual

development programmes undertaken by each country. In this way it is today closer to the USA political priorities than almost never before (Bouissou 2019).

This second domain contains also another branch that consists of different international treaties and agreements, which many actors, especially state actors, have started to interpret in such a way that they benefit the most themselves, while often watering down their original purposes.

During recent years a good example of this is the JCPOA (Joint Comprehensive Plan of Action). The JCPOA is an agreement between the five UN Security Council member countries plus Germany under the auspices of the EU with Iran and concerns the regulations of Iran's possibilities to develop nuclear technology. Its main purpose is to prevent Iran to develop a nuclear armament. The JCPOA was negotiated during more than a decade and finally signed in mid-July 2015 in Vienna.

However, the agreement includes also the reduction and finally the end of the UN sanctions against Iran. The agreement is monitored by IAEA (the International Atomic Energy Agency), which surveils that Iran respects the conditions of the 2015 agreement. Until 2019 Iran has abided by its requirements, and the UN sanctions have been gradually reduced. These sanctions have been extremely harmful for Iran's economy and as such also for the living conditions of its population. Thus, the reduction of sanctions has been and is extremely important to Iran when the country is attempting to ease socially and economically the everyday life of its people. As such, the reduction and the end of the sanction is important also for the popularity of the government and even for the whole regime of the Islamic Republic of Iran.

In May 2018 the USA told the international community that it will withdraw its participation into the JCPOA and start to apply the economic sanctions again. The reasons presented by the USA for this imbroglio were the continuation of Iranian foreign policy to influence the nearby regions in the Middle East—in Persian Gulf and the Levant—as well as the Iranian programme to develop ballistic missiles for protecting her territory. The USA sanctions were reintroduced in November 2018. The USA sanctions have a strange “side-effect”, this country pretends that their domestic laws are valid universally. Thus, they are intended to be a kind of extraterritorial sanctions, and they try to punish illegally every country and company that continues to trade with Iran.

These USA sanctions are also against international law because they are not accepted by the UN Security Council. Their primary goal is to hinder the Iranian oil and gas export as well as to stop the cooperation between Iran and main global oil companies. Besides direct cooperation with Iran, the USA tries to obstructs all kind of economic cooperation that is based on the use of USA dollar as trade currency. This is naturally something that most of the global multinational enterprises and other players take very seriously.

For obvious reasons, the USA has difficulties to impose internationally its rather doubtful, very suspicious and even suspect rules. Already in August 2018, European Union started to plan how to renounce the USA dictates by finding alternative ways in order to bypass them. In this situation EU re-enforced the so-called a “Blocking Statute” for protecting her enterprises continuing commercial relations with Iran.⁴⁹

In January 2019 European Union developed a special tool called INSTEX (Instrument in Support of Trade Exchanges)”, in order to overcome the USA illegal sanctions against Iran. Since the beginning, three European countries—Britain, France and Germany—had declared their intention to participate the INSTEX that remained open for all the EU members and also to other countries. In February 2019 Russia, Syria and Turkey announced their interest to support the European initiative. The headquarters of the INSTEX have been established in Paris and in summer 2019 it became operational. In the end of November 2019, six more European countries—Belgium, Denmark, Finland, Norway, Sweden, and The Netherlands—announced their participation to INSTEX in order to be able to trade with Iran.⁵⁰

Even if their performances remain modest, these European initiatives are extremely important because they try to re-enforce the rule of law in world economy and international commercial relations. Concerning the USA sanctions,

⁴⁹ https://ec.europa.eu/commission/presscorner/detail/en/IP_18_4805, and <https://www.ibanet.org/Article/NewDetail.aspx?ArticleUid=8E695B89-2B89-4681-A5AE-11C92B7EF008>

⁵⁰ <https://www.euractiv.com/section/global-europe/news/six-european-countries-join-eu-iran-financial-trading-mechanism-instex/>; <https://www.theguardian.com/world/2019/dec/01/six-more-countries-join-trump-busting-iran-barter-group>

Malaysian Prime Minister Mr. Mahathir Mohamad said recently in Doha Forum in Qatar that those sanctions are clearly against the international law.⁵¹

All these three initiatives are examples how the multilateral and multipolar world order tries to defend its existence against those who do not respect international law.

Iran itself has, of course, reacted because of the return of the USA sanctions. The country has started to neglect the JCPOA. In July 2019 Iran told the world of having stocked more low-enriched uranium than what was agreed, and later on Iran also bypassed the restrictions on some technical instruments such as centrifuges needed to enrich uranium. In the same way, Iran has created some turbulence in the Persian Gulf saying that if it cannot export its petrol, why should the others be permitted do it. However, in general, all these acts have been more of a symbolic nature than a real breaking of the 2015 agreement. As the Europeans also the Iranians seem to prefer to keep the 2015 JCPOA in live.⁵²

On more global level, the evolution of the JCPOA crisis, provoked by the USA withdrawal, might have larger and more profound consequences for international relations. It might signify, in the long run, the end of the USA extraterritorial sanctions and laws, even the decrease of its dominant and hegemonic position. When three closest allies of the USA take, with the INSTEX, a rather strong stand against it in the economic field, and so also politically, this might create possibilities for returning to more multilateralism and so also to reform the UN system, especially its Security Council paralyzed by the veto right of the winners of the Second World War.⁵³ In the short run, this imbroglio strengthens in the global

⁵¹ Doha Forum is an international gathering aiming to discuss global issues, its theme for 2019 edition was “Reimagining Governance in a Multi-Polar World”. See more on forum and its report in pages <https://dohaforum.org/>; https://dohaforum.org/docs/default-source/default-document-library/reimagining-governance_doha_forum-for-print.pdf; and <https://www.aljazeera.com/news/2019/12/malaysia-pm-sanctions-iran-violate-international-law-191214082529755.html>

⁵² <https://www.theguardian.com/world/2019/jul/01/eu-powers-resist-calls-for-iran-sanctions-after-breach-of-nuclear-deal>; and <https://www.theguardian.com/world/2019/nov/12/uranium-particles-detected-at-undeclared-site-in-iran-says-atomic-watchdog>

⁵³ Franco-Algerian philosopher, Jacques Derrida expressed, after the USA wars against Iraq, that the UN headquarters should be removed from New York so far as possible. http://remue.net/IMG/pdf/Jacques_Derrida_entretien_avec_J._Birnbaum.pdf; and Jacques Derrida et Le Monde diplomatique, “Une Europe de l’espoir”, Le Monde diplomatique, November 2004, p. 3, <https://www.monde-diplomatique.fr/2004/11/>

geopolitical scene China and Russia that are playing their cards rather cleverly for the time being; also the EU has possibilities to free itself, at least in some degree, from the USA dictates.

Concerning the Middle-Eastern political landscape, the USA's unilateral actions on the Palestinian-Israeli conflict, such as moving the location of its embassy out of Tel Aviv, the failure to continue financing the UNHR taking care of the Palestinian refugees, and, finally, the recognition to Israel the right to maintain its unlawful settler colonies in the occupied West-Bank and Jerusalem, are causing problems for the whole region. The last action of the actual USA administration concerning the settler's right to occupy the West Bank was finally rejected by the USA Congress. The unprepared military withdrawal of the USA from northern Syria belongs to this same category that does not respect the political, military and moral engagements of the Atlantic superpower. It simply betrayed its Kurdish allies which have been crucial in gaining the fight against the IS, Islamic State in Syria and in Iraq.

The list of international treaties and agreements that many "super powers" want to neglect is getting longer in recent years. The most crucial are those themes, which do not recognize the existence of the climate change and turn down the scientific arguments behind it. Thus, the will of the USA to pull out of "COP21, the Paris Agreement" co-opted under the auspices of the United Nations Framework Convention on Climate Change has provoked lot of confused reactions all over the world.⁵⁴ Many societies all over the world are shocked by this kind of behaviour and of the negligence towards the common concern. Especially young generations, those who are personally concerned by the negative impacts of climate change, are simply upset in front of such egoism. Young Swedish teenage girl Greta Thunberg has become a global icon to represent this worldwide opposition and resentment to those irresponsible players not caring about the globe and its environment.⁵⁵ This global indignation might re-enforce the transnational solidarity among younger generations and, on the long run, really have an impact on geopolitical power structures.

⁵⁴ <https://www.consilium.europa.eu/fi/policies/climate-change/paris-agreement/>; and <https://www.state.gov/on-the-u-s-withdrawal-from-the-paris-agreement/>

⁵⁵ <https://climateactiontracker.org/press/effect-of-the-us-withdrawal-from-the-paris-agreement/>; and <https://www.facebook.com/gretathunbergsweden/>

There are other international treaties with a strong impact on the security in the global context. The Intermediate-Range Nuclear Forces Treaty, the so called “INF Treaty” between Soviet Union / Russia and the USA has been extremely important to avoid the risk of nuclear confrontation in Europe. In late 2018, USA president Donald Trump announced his intention to withdraw his country from this agreement. In 2019 both of its main signatories, Russia and the USA left the treaty which thus opens the way to new arms race and especially to the proliferation of this kind of armament – China and Ukraine are already showing interest on them.⁵⁶

Another example of neglecting the multilateralism and international agreements is the attitude of some countries to the new Convention on the Rights of the Child or CRC, also known as the United Nations Convention on the Rights of the Child, or UNCRC. Since late 1950 there has been different international measures trying to protect the children and to recognize their basic rights. This convention has been signed by all the UN member countries excluding the USA, and also some small island territories are not applying it.⁵⁷ The procedures for accepting the CRC has been made easier by optional protocols, last one of them has been adopted in December 2019.⁵⁸

The third domain to follow in our attempt to understand how the hegemonic dominant powers and structures are being challenged since the end of the cold war concerns the INGOs (International non-governmental organizations) and, at the more local level, the NGOs (non-governmental organizations). In the case of the INGOs, let us notice two major ones that are also connected in most of their activities.

The first one is called ATTAC (Association pour la Taxation des Transactions financières et pour l'Action Citoyenne) since 2009. The ATTAC aims to increase the international economic and financial exchanges on global level by better respecting the interests especially of Third World people. The ATTAC follows critically the policies practised by the WTO and OECD as well as by the WB and the

⁵⁶ <https://www.armscontrol.org/factsheets/INFtreaty>; and <https://fas.org/nuke/control/inf/index.html>

⁵⁷ The reluctant attitude of the USA is mainly due to all kind of religious, social and political conservatives. See Browning and Witte (2012).

⁵⁸ <https://violenceagainstchildren.un.org/content/optional-protocols-convention-rights-child>

IMF. The ATTAC delegations participate also in the meetings of the G8 and Davos in order to influence global political and economic decisions.⁵⁹

The second example in this case is the WSF (World Social Forum), originally called Fórum Social Mundial, which is a bi-annual gathering of the civil society organizations wanting to propose alternative and non-hegemonic ways to approach globalization. The World Social Forum has had various meetings in different parties of the world. More practically, it aims to form a real alternative, for instance, to the Davos World Economic Forum, by bringing forth the global civil society views. In March 2018, the last WSF took place in Salvador da Bahia, Brazil, and in spring 2020 a kind of a thematic World Social Forum on Transformative Economies will be organized in Barcelona, Catalonia, Spain. Around these thematic WSFs, there are also many regional, national and local gatherings around same principles. For instance, the Finnish Social Forum 2019 concentrated on the theme Pathways Toward Changing the System.⁶⁰

Besides INGOs, which are rather well known at the international level, there are also many national and local non-governmental organizations that are important in their own environment in contesting hegemonic structures and traditions. As an example, we can refer to Finland where such movements can be found among the Saami people. They aim to re-enforce the cultural identity and economic performances of this indigenous people in Lapland.⁶¹

The last and fourth domain is the most exciting. It concerns local societies and consist of civil society organizations, which have often occurred rather spontaneously for expressing the opinions and the emotions of the populations. This kind of phenomena has somehow become more visible during last quarter of the century. Their characteristic is that often they are without clear organizational structures if any; they might not have a leader or a spoke-person, they are non-violent and pacific. However, they are usually very radical aiming to profound, even revolutionary changes in their respective societies. This kind of social and political formations can be found in all the continents.

⁵⁹ <https://www.attac.org/node/3727>.

⁶⁰ <https://wsf2018.org/en/english-world-social-forum-2018/>; <https://sosiaalifoorum.fi/in-english/>; <https://www.weforum.org/>; and <http://www.ripess.org/forum-social-mondial-economies-transformatrices/?lang=en>

⁶¹ <http://senc.hum.helsinki.fi/wiki/Saamelaisliike#tab=English>

The oldest phenomenon of this category might be the Zapatista Movement in México, which is fighting for better living conditions for autochthone population in Chiapas. In the North American continent another similar movement emerged few decades later called Occupy Wall Street. Already a little bit earlier in Spain, there was a protest movement that culminated in the Occupation of Puerta del Sol in Madrid.⁶² All these three movements were advocating social and economic equality as well as protesting against the neo-liberalism in local and global level. As source of inspiration, they referred to and followed the ideas expressed by Stephan Hessel few years earlier in his *Indignez-vous* (2010).⁶³

In 2011, similar kind of mass movements took place in the southern shore of the Mediterranean when popular mass demonstrations managed to turn down the local despots, first in Tunisia and then in Egypt. These two phenomena were greeted as Arab Spring, the appellation that is not accepted by all the stakeholders, but which were however seen as the beginning of democratization in those two countries. The reality has been less romantic.

The local difficulties and the foreign interventions have led to violent internal crises for some of the followers of these two examples. Libya, Yemen and Syria are still suffering from serious civil wars. The more general difficulties in the Middle East have provoked new wave of mass protests in 2019. For example, in Algeria, where the Hirak movement compelled the president to resign in April 2019.⁶⁴

Egypt, Iraq, Iran and Lebanon are following Algeria, in each of those countries there are huge mass movements that simply express the total frustration of the

⁶² <https://elordenmundial.com/el-movimiento-zapatista/>; <https://hemisphericinstitute.org/en/su10-tourism/item/879-su10-brief-historical-background-zapatista-movement/>; <http://occupywallst.org/>; <http://www.cubadebate.cu/etiqueta/puerta-del-sol/>; and, <https://www.20minutos.es/minuteca/puerta-del-sol/>;

⁶³ Stephen Hessel was a member of the French Resistance Movement and former prisoner in German concentration camp during the Second World War. This diplomat was already more than 90 years old when he published this short story inviting the public to express their outrage because of increasing inequalities. https://www.millebords.org/IMG/pdf/INDIGNEZ_VOUS.pdf

⁶⁴ In Algeria, *Hirak* is the name in Arabic given to the manifestations that started 22 February 2019 and that is still going on after the ‘imposed’ presidential election in 12 December 2019. This pacific, non-violent and very civilized movement is also called “Smiling revolution”. See for instance <https://www.cadtm.org/The-Hirak-Movement-in-Algeria-Against-Bouteflika-s-Mandate-of-Shame>; and, <https://www.elwatan.com/edition/actualite/melissa-ziad-la-ballerine-de-leespoir-09-03-2019>.

population to their political elite and their corruption. While it is the lowering standards of social and economic conditions that are the *primus motor* to these movements, they have also a political agenda which involves the non-acceptance any more the previous and actual elites.

This is very apparent in Algeria and in Lebanon. In Algeria the Algerian society is able to manage the post-election situation and the president was forced to resign (Harbi 2019). In Lebanon the demonstrators reject the confessionalism and do not want any more to be categorized into the religious communities. They simply require a laic and secular Lebanese citizenship. Unfortunately, in Egypt and in Iraq, there has been violent clashes between the protesters and the police forces with the hundreds of casualties (Bourcier 2019).

Besides the protest movement of *Puerta del Sol*, we have two interesting mass demonstration movements in Europe. The first one is the *Gilets jaunes* in France and the second the very recent *Movimento delle sardine* in Italy.⁶⁵ The Yellow Vests movement began by opposing the new gasoline tax and the increase of living cost in general. In autumn 2019, there has been more and more often open clashes between some elements of the Yellow Vests and the police. Police has been also criticized for using unnecessary force during the demonstrations (Lancier 2019; *Le Monde* December 2019). While it seems that the Yellow Vests movement is not popular enough to change the political culture in France, in many ways it has played the role of an awakener.

In Italy, the *Sardines* movement began in mid-November 2019 in Bologna when the campaign for the January 2020 local elections started. Originally the *Sardines* wanted to oppose all the extremisms, especially right-wing extremism of the *Lega* and personally its leader *Mateo Salvini* that they want to prevent from winning the coming elections. At the same time they are rejecting the populists, anti-migrants and anti EU attitudes. The “*Movimento delle sardine*” advocates also the renewal of structures by requiring more place for younger generations. However, the *Sardines* are not a political party, but they still are in favour of more responsible environment and especially climate politics.⁶⁶

⁶⁵ “*Gilets jaunes*”, in English “*Yellow Vests*” and “*Movimento delle sardine*”, in English “*The Sardines movement*.”

⁶⁶ <https://www.panorama.it/news/politica/sardine-storia-movimento-nome-lega-salvini/>

Most of these different phenomena, different movements have emerged during last ten years; some of them are even more recent and young. They are also products of today's globalization in the sense that they have appropriated most of the main instruments of the modern electronic communications. The French Yellow Vests are encouraging their counterparts in Hong Kong by using WhatsApp and Facebook and vice versa. This means that there is a global community of solidarity and contestation, which was not possible to imagine just two decades ago. All this leaves our future uncertain, but at the same time there is a new hope that the better future is possible.

Having in mind the global, universal history since the end of the Second World War, that is during the last three quarters of the century, it is obvious that there is an important number of different convergent, sometimes opposite, even confronting evolutions and which are also in contradiction between themselves and with the more general tendencies of this recent past. According to my understanding the decolonization process, even with all its shortcomings, was the most important phenomenon of the twentieth century because it inaugurated the ending of the five centuries old European colonial adventure. In this field there remains still a lot to do.

The evolution since 1945 shows that this decolonization project has as more final goal of a global world system that is more equal and that is able to take into the consideration the needs and wishes of all parts of humankind.⁶⁷ It is also understandable that the process is dialectic in old Aristotelian, Hegelian and Marxist traditions—sometimes it seems to echo Lenin's words when dancing: “one step forward, two steps backward.”

After the accomplishment of main phases of political decolonization, the attempts to realize the NIEO, the New International Economic Order, in the 1970s were certainly the most important, at least the most interesting step until now. Today, all the imbroglio of international relations, whether economic, political, even geopolitical and cultural, might be a positive augury for new perspectives in future, even in near future.

⁶⁷ My colleague professor Jyrki Käkönen speaks also about the need to decolonize the international relations and world order in his text “Decolonizing the International order.” See Käkönen (2019).

Let us hope that the politicians today are able to respond the challenges and requirements of our young generations. *Alea iacta es!* This can be said even if it is not recommendable that a single actor takes all the power, but to propose that it is shared decently.

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Shedding Light on a Changing International Order: Theoretical and Empirical Challenges examines the role of regional processes as we are witnessing a deepening crisis of multilateralism, a gradual erosion of the US leadership, and continuous global power shifts towards emergent economies such as China and India. In light of these changes, scholars need to reconsider their current disciplinary approaches. This book primarily focuses on the rising powers and some of their new institutional and cultural initiatives. It studies for instance how new initiatives like the BRICS and the New Development Bank relate to multilateral institutions, and to what extent and how can the concept of culture as well as indigenous traditions of the rising powers be conceptualized and used in scientific approaches. One of the other main aims of this book is to challenge reductive conceptualizations of the world's cultural developments, notably by shedding light on a networked view of the development of human kind. Through challenging various academic concepts that reproduce power relations, this book aims to stress the more complex processes of the development of socio-economic premises, whether from post-structuralist, realist, or constructivist frameworks.

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