

“To pay or not to pay”? Leading states, regional development banks and the supply of public goods

(Previous title: Challengers or Business as usual? The emergent Development Banks in the post-Washington Consensus Regionalism)

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Abstract

Why do emergent economies such as Brazil, South Africa or Russia undertake different collective strategies to supply public goods in their regions of influence? When do those states prefer to delegate competences to existent multilateral financial institutions, such as regional development banks (RDBs) and when do they prefer to make use of their own national financial instruments? Why do those states create new RDBs that challenge the existing ones? The article builds and tests a set of hypotheses based on the interplay between capabilities and legitimacy expectations to help answer these questions. Through a process tracing analysis carried out in contemporary South America, the article explains the different strategies undertaken by Brazil and Venezuela to supply infrastructure in the region ranging from the use of the Brazilian National Development Bank to the creation of a new Bank of the South. It is suggested that the low capabilities and legitimacy expectations of both states explain the rising importance of external actors in the supply of regional public goods that we are currently witnessing in South America and in other regions of the Global South.

Keywords

Regional governance – public goods – South America – regional powers – orchestration – regional development banks