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The Share of the West: World politics in a Smart Era.

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The Share of the West: World politics in a Smart Era.

Abstract:

This research intends to analyze how the image of a rising revisionist “rest” is flawed, and how the international conjuncture helped setting the idea that the US has to share its power to maintain its hegemony.

The main causes for a flawed “rest” resides in the fact that the BRICS and almost any other underdeveloped economy are not efficient enough to sustain long-term growth, and even convert this growth into power resources in terms of desired outcomes.

Also, international conjuncture helped setting the idea of power revisionism by emphasizing the growth of a set of countries, like Brazil or India, in contrast to a financial crisis that struck, mainly, the West, creating the image of decline.

However, american hegemony is far from over, as not only they feature enormous material capacities, but also excels in soft power by developing joint military exercises, cultural extent, worldly education reach. These elements altogether help create a smart foreign policy, that ultimately share responsibilities among stakeholders by cooperation and soft power. This helps maintaining US power as a policy option, not a necessity, which turns the rise of the “rest” into a deliberate sharing of the West.
Introduction

One of the biggest issues in IR nowadays is whether the United States is in the process of being replaced by some other system, or not. One widely diffused answers is that China, along with the BRICS and other countries like Japan, or Germany, are reshaping the system and pushing the United States to a secondary status in the International System.

However, no State can sustain the International System by itself, let alone decide how to shape it. Germany wants a seat at an eventually reformed UN Security Council¹, but its view on security could be very different from that of Japan, or China and Brazil. Power resources like military, economy, technology are also a problem for some of the Countries that wish to change the international order. Brazil and South Africa, for example, are not nuclear powers; Japan has a bigger economy than Russia, but also, doesn’t have nukes, like the former soviet country. Legitimacy can play a big role as well, since its the one factor that foster the reform debate, but it is not as widely accepted and not quite simple, Brazil, Japan and India could face some challenges, as some of its neighbours, like China or Argentina could frustrate desires for reform.

This challenge to the American World Order, combined with the Developing Countries growing fast, and the 2008 financial crisis, created an idea that the United States is in decline. The 2008 crisis struck mainly the United States and Europe, the main cores of power in the world – Japan was already stagnated. Economic capacity is important to measure if a certain country will still be able to withhold its interests, and as is the case: the Liberal System.

Nevertheless, it is fair to say that the BRICS also suffer from the declinist literature, as shown by Ruchir Sharma’s article in the Foreign Affairs Magazine: ""The Broken BRICs"², but the BRICS concept has long abandoned the focus only economic growth and is now more keen on global governance, attempting to seek its interests as a group on the long run. Also, with BRICS, Europe, United States, Japan, and others suffering from pessimistic literature; the West – United States, Europe, G7, and its main allies – still holds


much power, both economic and military, and that the simple idea that a Multipolar order, or a takeover from China in the next few years is impossible.

That’s why, to understand the System and the Process it is going through, we propose the concept of Share of the West: The traditional powerful States are still powerful, but as others emerge, some space is necessary for them to act on the System. This space is translated as an eventual BRICS Bank, Chinese membership in the WTO, quota reform in the IMF, discussions about governability and legitimacy in the UNSC, and such. However, this space is also a arena for gains in soft power for the traditional powers, such gains would compensate for the Relative Power loss and the Free Riding attitude, but would diminish the urge to a major system overhaul, or potential tensions.³

The Post Cold-War International System and Sharing.

According to Joseph Nye⁴,

“(…) [P]ower in the world is distributed in a pattern that resembles a complex three-dimensional chess game. On the top chessboard, military power is largely unipolar (…). But on the middle chessboard, economic power has been multipolar for more than a decade, with the United States, Europe, Japan, and China as the major players, and with others gaining in importance. (…) The bottom chessboard is the realm of transnational relations that cross borders outside of government control, and it includes nonstate actors as diverse as bankers electronically transferring sums larger than most national budgets at one extreme and terrorists transferring weapons or hackers threatening cybersecurity at the other. This chessboard also includes new transnational challenges such as pandemics and climate change. On this bottom board, power is widely diffused, and it makes no sense to speak here of unipolarity, multipolarity, hegemony(…).”

Therefore, the United States – as the major Military Power – could act alone on the first level of the Chess Board Nye presents, but sustaining the Economic and Soft Power repercussions alone as well, would not be in their best of interests, as other actors present

³ When someone benefit from a public good, but does not contribute to the cost of collective provision, nor provide the good.

reasonable economic power capacities. The idea of a liberal, multilateral order, and such, is to grant legitimacy upon acting in the international sphere, and deliberately doing so alone, as the United States in the Iraq War, could harm any country strategically.

According to Ferguson:

From 1945 until 1989, of course, we lived in a bipolar world, [...] a world divided between two continental empires, each accusing the other of being the imperialist. Then in the early 1990s it seemed as if the United States had established a unipolar order. Yet today’s transnational threats such as terrorism, nuclear proliferation and organized crime – to say nothing of disease pandemics, climate change and water shortages – put a premium on cooperation, not competition, between states. The attractions of unilateralism are undeniable, since demanding allies can be more irksome than invisible foes, but a solo strategy offers little prospect of victory against any of these challenges; the successful prosecution of the “wars” against all of them depends as much on multilateral institutions as does the continuation of international free trade. There is, in any case, nothing more dangerous to a great empire than what the Victorian Conservatives called, with heavy irony, splendid isolation. Then as now, the great Anglophone empire needs perforce to work in concert with lesser – but no negligible – powers in order to achieve its objectives.

As China, India and many other countries are growing in prospect, the U.S. pays a great deal of security costs on maintaining the Liberal System alone, but suffering collective criticism. Germany and many european countries actually support some of the costs through NATO, as power is shared in the alliance. Japan also supports East Asian security issues along with the U.S., like countering Chinese claims to the Senkaku, Paracell and Spratly Islands, or safe-guarding South Korea against any North Korean attempt to invade or bomb the south. But countries like Russia or China, not only work as main causes to some conflicts, but also support others like the Assad dictatorship in Syria, North Korea, or numerous other violent regimes in Africa, Asia and South America.  

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In the Economy Board, however, smart politics play an even greater role. WTO rounds, G7 and G20, IMF, and so on. All these institutions have been created with the purpose of giving more legitimacy to decisions, fostering commercial ties and promoting development. Even if negotiations stop at some point, as in the WTO, where decisions have to be made by Consensus. Or the IMF that is undergoing a reform debate on the Quota sharing. The legitimacy sought by these institutions creates barriers to decisions, which leads to the creation of more institutions, like economic blocs –NAFTA, ASEAN, MERCOSUR– or an eventual BRICS bank.

Holding the biggest GDP can be a great asset when it comes to Power, Soft and Hard. Nye (2011)⁸:

“Economic resources can produce soft power behavior as well as hard. A successful economic model not only produces the latent military resources for exercise of hard power, but it can also attract others to emulate its example. (...) The basic economic resources that underlie both hard and soft power are such things as the size and quality of gross domestic product (GDP), per capita income, the level of technology, natural and human resources, political and legal institutions for markets, as well as a variety of shaped resources for special domains, such as trade, finance, and competition.”

However, the uncontrolled exercise of power capacities can bring little gains in terms of soft power, or desired outcomes. That's when legitimacy comes in, setting the rules and having other actors accepting them is what grants a bigger economy advantages to decide with others, whether by playing along, or stepping in to assert its interests. In accordance to Nye (2011)⁹:

“Powerful actors can make sure that the less powerful are never invited to the table, or if they get there, the rules of the game have already been set by those who arrived first. International financial policy had this characteristic, at least before the crisis of 2008 opened things up somewhat when the Group of 8 (G-8) was supplemented by the Group of 20 (G-20). Those who are subject to this second face of power [soft power] may or may not be aware of it. If they accept the legitimacy of the institutions or the social discourse that framed the agenda, they may not feel unduly constrained by the second face of power. But if the agenda of action is constrained by threats of coercion or promises of payments, then it is just an instance of the first face of power [hard power]. The target’s

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acquiescence in the legitimacy of the agenda is what makes this face of power co-optive and partly constitutive of soft power—the ability to get what you want by the co-optive means of framing the agenda, persuading, and eliciting positive attraction."

Therefore, the reasons behind sharing are found in the need to diversify the tools and to avoid major conflicts or an urge from greater reform. If the BRICS accept that the international institutions are still valid, like the WTO; or if they only seek minor reforms like in the UNSC, or IMF, the United States still can maintain much of its influence over the rules. They are still the great provider of international public goods.

American Hegemony and Soft Power

Smart Power Theory, nevertheless, doesn't enter in the specificities of why a Hegemonic Power must maintain the system stable, and what happens between maintenance and the dissatisfaction of other States.

Robert Gilpin (1988), in his paper "The Theory of Hegemonic War", defines a stable system as\textsuperscript{10}:

"(..) one in which changes can take place if they do not threaten the vital interests of the dominant states and thereby cause a war among them. In his view, such a stable system has an unequivocal hierarchy of power and an unchallenged dominant or hegemonic power. An unstable system is one in which economic, technological, and other changes are eroding the international hierarchy and undermining the position of the hegemonic state. In this latter situation, untoward events and diplomatic crises can precipitate a hegemonic war among the states in the system. The outcome of such a war is a new international structure."

Therefore, the provision of intermediate public goods such as security is essential for the Stability of the System, but the sole provision of these goods is not enough, 

acquiescence is also required, as well as the capability of the Hegemonic Power. Free-Riding attitude can also be a problem, as states that accepted the Hegemonic Power begin to use the goods provided with little or no help to the costs attained, therefore suffocating the provision and causing destabilization.

Many Countries are benefited by the Stability provided by the United States presence. The Southeast Asian Tigers –Singapore, South Korea, Taiwan and Hong Kong– used such Stability to grow their economies and foster regional development while the U.S. provided security against China or North Korea (Mearsheimer, 2001). Europe also used such privileges to grow at the expense of american forces which provided military balancing against the Soviet Union during the Cold War.

Oil producing States safety is also at the Expense of the United States, actually, according to Ferguson(2012a), China should be the one intervening in Syria, as their oil consumption, and therefore, dependancy from the Middle East is bigger. He argues:

"Moreover, China’s dependence on Middle Eastern oil is set to increase. The International Energy Authority estimates that by 2015 foreign imports will account for between 60 and 70 percent of its total consumption. Most of that imported energy comes through a handful of vital marine bottlenecks: principally, the straits of Hormuz and Malacca and the Suez Canal.

Yet China contributes almost nothing to stability in the oil-producing heartland of the Arabian deserts and barely anything to the free movement of goods through the world’s strategic sea lanes.”

However, maintaining stability, while others free-ride, does not come at a small price, and the American Government has to spend billions every year to commit on wars, naval maintenance, soft power losses, not to mention the humane and psychological damage to a large number of families. The System therefore should be maintained by a bigger number of states, but it is undeniable that only one can sustain it at the time.

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In this context, Smart Power, then, appeared as a simple solution to ease the burden of the United States, and foster its capability to provide security, stability and following of the established norms, maintaining its power in the System, by creating attractiveness and sounding a proper strategy. Nye talks about Smart Power as:

“[A] narrative for the twenty-first century is not about maximizing power or preserving hegemony. It is about finding ways to combine resources into successful strategies in the new context of power diffusion and the “rise of the rest.” As the largest power, American leadership remains important in global affairs, but the old twentieth-century narrative about an American century and primacy or, alternatively, narratives of American decline are both misleading about the type of strategy that will be necessary.”

The attraction the United States exercise is mainly by the extent of its allies and culture. Not only americans excel at military power capacities, but also as the biggest economy in the world, and that much power capacity happens to be applied by simple measures and domestic advantages, such as military exercises with lots of nations around

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12 Next Ten group refers to China, Russia, Saudi Arabia, France, United Kingdom, Germany, Japan, India, South Korea and Italy altogether. Those are the next ten countries in the ranking of military spending.
the world, and in strategic points, like the Korean Peninsula, which at the same time threatens North Korea with Hard Power and attracts South Koreans with Soft Power. The domestic advantages can be situated as the scientific incentives with the best universities in the world, like the MIT, Harvard, or the other Ivy League Universities, and a fair amount of think-tanks. Influence on International Relations can also be cited among the attractiveness of the american thinking: A scholar based in Brazil, with great insertion in the Academy, Oliver Stuenkel, posted on his blog about “Why do most big ideas in international affairs come from the United States?” The main arguments posed are based on the global outlook the United States give to its political strategic thinking. “Even scholars who work on very specific issues in regions far away from the US - like, for example, Tajikistan - may at some point be called to testify in Congress or advise the state department.” (Stuenkel 2012) Or about how IR students develop their thinking:

“Brazilians who seek to study China or India still need to read US-American books and narratives about how to think about these places. The same is true about global topics such as terrorism and humanitarian intervention. As the leading India, China or terrorism scholars are based in the United States, their analyses are inevitably affected by their geographic location and, as a consequence, by US American interests.” (Stuenkel 2012)

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Altogether, the United States and its allies provide the System with public goods and stability, but struggle with the problem of free-riding, which in the end can be summed up to its strategic interests as soft power, combined with military power, outsets the relative power others are gaining at its expense. The institutions sought by the BRICS by no means threaten the american position, but rather fortify it. The creation of different forums of policy making in the international sphere is more than necessary, the main problem resides in the discourse of a group of countries seeking their own interests in the flawed idea that the world can and will become entirely multilateral in the short time.

A deeper look at the BRICS

In the last years there has been a discussion about the United States decline, many scholars and observers say that the American hegemony is about to finish. The Brazilian ambassador Affonso Celso de Ouro-Preto writes in his article:

“The diagnosis of U.S. power erosion is visible and accepted by virtually all observers. The unipolar world, recorded with the end of the Cold War, gave increasing signs of wear after the wars in Iraq, Afghanistan and especially the financial crisis 2008.”(O Brasil, os BRICS e a agenda internacional; Nova confirmação de poder; Affonso Celso de Ouro-Preto; p.67; translated by Jéssica Marques)

In these bad perspectives to the U.S. the group of emergent powers, BRIC (Brazil, Russia, India, China), caught the attention of the international community. The idea of these countries together has begun with the Goldman Sachs report “Building Better Global Economy BRICs” about the international economy in 2001, this report describes how these countries were growing fast and provides they would remain for the next decade. Two years later Jim O’Neill wrote another report “Dreaming with BRICS: The path to 2050”. In his analysis, despite the differences between these countries, what bring all four together is their territorial size, population and their historical GDP growth. For the economist, they could change the global economy. However, the acronym just gained a political meaning in 2008 when the financial crisis had a harsh effect on the Developed countries, while the
BRICS maintained their growth and sought to act in coordination, proposing solutions to the crisis.  

The first official meeting of the BRIC members happened in Ekaterinburg, Russia, in May of 2008. The board of Foreign Ministers reported their commitment to multilateralism, the predominance of the international right to promote international peace and their support to the Security Council reform, including Brazil and India in the group as permanent members. In their next meetings, 2009 and 2010, when the first and second BRIC Summit took place, a common point discussed were about the need to change international institutions to represent better the new distribution of power in the global order, mainly the financial institutions like the World Bank, or the IMF. The recovering from the financial crisis was a recurrent point as well. A highlight of the 2ª BRIC Summit was the cooperation memo signed between the development banks of Brazil, Russia, India and China with goals of technical cooperation.

The 3ª BRICS Summit in 2011 was important because they decided to add South Africa to the group, henceforth called BRICS. The international media, including the economist Jim O’Neill, criticized this decision. However, for the BRICS it was important to add an African country in the group in order to geographically represent the world better, and reinforce the idea of “political south”.

Now, 6 years after the 2008 crisis, the international system situation is different and bring questions about the so-called “Rising Rest”. “Only a short time ago, the world’s emerging markets, especially the BRICs — Brazil, Russia, India and China — were supposed to be the saviors of the global economy… Now, however, with the opening of 2014, many emerging markets look like they’re the ones that need saving” (SCHUMAN, 2014). The international analyst Ruchir Sharma also writes about this in his article “The Broken BRICS”. In Sharma’s analysis the so expected shift of economic power by the emergent economies is not happening, the GPD growth of the BRICS economies is getting lower and the develop economies are now recovering. According to IBGE (Brazilian Institute of Geography and Statistics) the GDP growth of the Brazilian economy in 2010 was 7,5, in 2013 it fell to 2,3 and the forecasts to 2014 is around 1,16.

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18 Visentini, P. F. (2012). A dimensão político-estratégica dos BRICS: entre a panaceia e o ceticismo. O Brasil, Os BRICs e a agenda internacional, 187. p.18
The American economist, Robert Shiller, talks about a bubble in the housing market in Brazil, the industry participation in the GDP is getting lower and the inflation is more than 6% per year. Although, the economy is not the only worry of the Brazilian President Dilma Rousseff, since 2013 a lot of strikes and protests are happening in the major cities in Brazil. Corruption, infrastructure, education and health are the big issues to the protesters.

The situation in Russia is not good as well; The Economist article “Tipping the scales” argues that the Ukraine Crisis is struggling an already weak economy. In consequence, it is driving the investors away and making Russia more vulnerable to possible economic sanctions.

(The Economist, 2014) "The stockmarket is down by 20% since the start of the year and the rouble has dropped by 8% against the dollar. Worries about the devaluation feeding through to consumer prices have prompted the central bank to yank up interest rates, from 5.5% at the start of March to 7.5%. The IMF reckons the economy is in recession; this week it cut its growth forecast for 2014 from 1.3% to 0.2%.

Economically speaking, China and India are the ones doing better; even so, the rates are not the same anymore. In the article “The Rising of the Rest of India” Ruchir Sharma writes about the economic and political situation in his country. “New Delhi seems politically paralyzed in the face of the global economic slump. India’s GDP growth rate has fallen from near double digits to five percent, and the capital has been buried in scandalous headlines about corruption, power outages, and incompetent police. (SHARMA, 2014)" He also explains that the religions issues, casta and the differences between regions inside the country are matters that India still have to handle.

In Beijing, the situation is not different. David Shambaugh (2013), in his book, "China Goes Global", makes a multidimensional analysis of China's rise based on economics, science, technology, education, culture, morality, politics and diplomacy. These

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spheres are interdependent and they all meet at some point. To Shambaugh although the
great economic performance since 1978, China still has a lot to develop, especially
concerning regional security and domestic issues. In Fareed Zakaria analysis, China will
not turn next global power. He remember that Japan were in Chinese position before and
despite the declinist theories, U.S. economy had great period in these years.\textsuperscript{21}

South Africa participation in BRICS remains controversial. In 2014, Nigerian passed
South Africa as the biggest economy in Africa. The CEO of the Corporate Council on
Africa, Stephen Hayes, describes the chaotic picture of South African situation.\textsuperscript{22}

“South Africa's currency has dropped by nearly 70 percent against the dollar (...) the
unemployment figures for South Africa's youth are staggering. Officially, youth unemployment (ages
15-34) has gradually risen to 36 percent. Many believe that real unemployment among that
population is closer to 50 percent. Only 37 percent of the youth labor force has a high school degree
(...) the social political compact also has broken down, bringing some to the conclusion that the
political process is broken and will not be easily mended no matter who is the president. With its
masses of unemployed and alienated youth, especially those with high school degrees but no jobs,
South Africa faces difficult choices ahead, and an unstable South Africa will only create greater
uncertainty in its neighboring countries who depend on South Africa for their own economies.”

To Hayes this situation have no easy solutions, the alliance with BRICS now have
more importance than never. This week happened the sixth BRICS SUMMIT in Fortaleza,
Brazil. The presidents of Brazil, Russia, India, China and South established the creation of
a development bank, with an initial investment of 50 billion dollars to form the bank's
capital for Development and 100 billions as Contingency Reserve, to help countries in the
case of a possible liquidity crisis.\textsuperscript{23}

This initiative raises doubts as how effective coordinating this group will be. Its
creation took almost two years due to internal disagreements, which were finally resolved

to China?. R. Griffiths, & P. Luciani (Eds.). House of Anansi.

www.usnews.com/opinion/blogs/world-report/2014/07/02/south-africas-major-problems-youth-
unemployment-and-economic-inequality

\textsuperscript{23} Desai R. M. & Vreeland, J. R. (2014). What the new bank of BRICS is all about. Washington
the-new-bank-of-brics-is-all-about/
with an equal share in the capital, and voting. So far the BRICS did not stand for a large capacity of coordination in the international arena, despite its official incorporation as a group in 2009 during the financial crisis, even with its leadership focusing on the G20, now in decline.24

Conclusion:

Power is distributed in the sense that the United States has the Hegemonic Status and the biggest capacities as well as presence in all the regions of the world. Being so, they are the biggest provider of public goods, because of their need to stabilize the system and maintain their position. Actually, no other actor has the capacities nor the policies and effective engagement to replace the United States.

European countries are suffering a major demographic problem, and seem to be more focused on solving european problems than actively engaging in ruling the System. The BRICS economy is also facing some challenges, not only as the demography also plays its role with ageing population, as well as with economic deceleration and domestic challenges —protests, pollution, corruption and so on. Therefore, this is reverted in incapacity to take on the system. However, they still represent a big economic group and a great share of the world population, so if they want reform, they should engage more on governance: Militarily, Economically and on others themes that rise on IR, by actively playing a role on paying for public goods, rather than free-riding.

The more other States can participate and actively engage in the system, the better it is for the System Stability and for the United States, as it maintains the stability and the american position, as well as changing some aspects for the BRICS, driving away any prospect of a Major military conflict to actually change the international system as a whole.

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