

Disrupting the Established Order: Rise of the Global South



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Keynote Speaker

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Former President of Afghanistan

Speakers

Sergey Karaganov

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Economist, Author and Journalist

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Secretary General of the Cooperation Council of Turkic Speaking States

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CONFERENCE REPORT

Disrupting the Established Order: Rise of the Global South

This is a report on a public session titled “**Disrupting the Established Order: Rise of the Global South**”, held as part of the TRT World Forum 2018. The views, themes and discussion points expressed in this conference report are those of participants and speakers present at the TRT World Forum 2018, and do not reflect the official view of TRT World Research Centre.



- 1** *What makes a state an “emerging economy?”
What factors have led to their economic rise?*
- 2** *Do emerging countries seek to reform the liberal world order? Or do they seek induction into the select club of Western countries?*
- 3** *How have the established powers from the Global North reacted to the rise of the Global South?*
- 4** *What are the ways to mitigate the potential clash between the Global North and the Global South due to their respective diverging geopolitical views?*

Summary

The panel “Disrupting the Established Order: Rise of the Global South” discussed issues surrounding the established current world order and explored the new emerging players in the international arena that have the potential to change and shift the power dynamics. In the current international world order, countries use their respective economic powers to pursue their geopolitical objectives. Western powers have been dominant players in this game as they have historically used their economic might to set the rules of international institutions and have forced other countries to follow those rules. Adnan Nawaz, the moderator of the session, laid down questions about the rise of new powers in the world order and the leadership struggle that is being witnessed. In recent decades, the international world order has experienced significant economic shifts. Countries from the Global South have become significant drivers of global economic growth and are expected to collectively out-pace the economic power of the Global North in the coming decades. Regarding the current world order, Sergey Karaganov, former foreign policy adviser to the Kremlin, expressed his pessimism and claimed that the world is witnessing destruction of the so-called liberal world order, which he believes was anything but liberal for it did not allow the freedom of choice. Mamphela Ramphela, former managing director of the World Bank, commented on how the Global South has in fact begun to reorganise its own platform. Emerging countries – such as Brazil, China, India, and Turkey – are also using their newly gained economic might to shape the rules of the world order. The international world order can no longer ignore the interests and demands of the rising Global South. Baghdad Amreyev, Secretary General of the Cooperation Council of Turkic States reiterated how the Global South will be a potential threat for the North. While David McWilliams, a journalist and economist, stated the reasons for the disruption in the current economic world order. Haiyan Wang, Managing Partner of the China India Institute, analysed the shifting power from Europe to Asia. Future prospects were discussed, including the potential for a unipolar world that could become a major threat to the Global North and if the inclusion of new powers into the strategic agenda would descend the liberal world order into chaos.



Adnan Nawaz, presenter for TRT World, enquiring the panelists regarding the rise of new powers in the world order and the leadership struggle that is being witnessed.

Introduction

The emergence of rising powers, with their own interests and demands, challenges the inertia of the current international status quo. These 'new players' of the Global South are dynamic, and are co-operating with each other in order to shape the foundations of a new international world order.

In recent decades, the international world order has experienced significant economic shifts. Countries from the Global South have become significant drivers of global economic growth and are expected to collectively out-pace the economic power of the Global North in the coming decades. In the current international world order, countries use their respective economic power to pursue their geopolitical objectives. Western powers have been the dominant players in this game as they have historically used their economic might to set the rules of international institutions which govern international trade and finance.

In 1944, the Bretton Woods system was formed, establishing the rules for commercial and financial relations between most of the world's industrialised countries. Today, the rise of new powers putting pressure on post-war institutions, such as the United Nations (UN) and the World Trade Organisation (WTO), whose structural realities are considered to be outdated.

Emerging powers, such as Brazil, China, India, and Turkey, are now using their newly gained economic might to influence the shape of the established world order. These countries are now more vocal and influential in shaping global institutions like the WTO, the International Monetary Fund (IMF), and the UN. The international world order can no longer ignore the interests and demands of the rising Global South. This session analysed the rise of the Global South and its impact on the established liberal world order.

The session commenced by providing a general outline of the term "Rise of the Global South", by examining its political and economic dimensions. In this context, the esteemed speakers, representing differing viewpoints, discussed ways, means and consequences of the growing power of the Global South. As a consequence of economic development and political stabilisation, the interests of countries of the Global South have been amplified on a global scale, something the speakers indicated needed to be taken into consideration. The speakers also touched upon the challenges 'liberal world' has been facing, in light of the rise of illiberal political trends as well as the efforts of emerging powers in building alternative institutional structures and challenge the current US-led world order. This report is a general summary of how the rise of the new powers will shape the new world order, while challenging the traditional post-war order.



Hamid Karzai, former President Afghanistan, asking what role the 'South' have to envisage for themselves in shaping future geopolitical outcomes in a multipolar world and how this change is effective.

Reform of the Liberal World and the Shift from the Disruption

The rise of the Global South is radically reshaping the order of the 21st century, with developing nations driving economic growth and, consequently, lifting hundreds of millions of people from poverty. This process is creating historic opportunities for the Global South, while on the other hand challenging the post-war 'liberal order'.

International crises, from the continued fallout of the 2008 financial collapse, to the more recent humanitarian crises in the Middle East, have formed the backdrop for a long-neglected discussion about the future of the world order. The nature of many of today's crises, and the fact that the international order has largely failed to effectively address them, is an indication that the liberal world order, established following the Second World War, is no longer able to contribute to peace and stability. It is largely in this context that the term 'Global South' has risen as a category in the debate around potential shifts in the international order. Questions

regarding changes in the global economic system, its continued relevance, and its winners and losers will have to take into account the inevitable establishment of new international institutions and potential reforms made to the existing order.

In his keynote speech, former President of Afghanistan Hamid Karzai argued how we are witnessing a slow - but sure - shift of power from the West to the South and the East; towards Asia, Africa and Latin America. He emphasised the point that the wars led by the United States post-September 11th undermined the moral authority of the liberal world order itself by violating the very principles upon which the liberal world order was built.

Karzai asked what role the 'South' have to envisage for themselves in shaping future geopolitical outcomes in a multipolar world and how this change is effective. National interest centrism has established a club of Western countries dragging people into the vestiges of colonialism, poverty, oppression and underdevelopment. As this crisis continues to build, the rhetoric surrounding refugees, migrants, wars and destruction caused by Europe and the US has become negative. This historic progress is creating opportunities for the South to advance humanitarian development that the North was unable to create. By extending trade, technology and policy ties throughout the South, new emerging powers are looking for new world order to promote global growth and development.

Karzai pointed to the fact that if western countries do not want to see refugees at their door, then they should not cooperate with policies that force these refugees to flee their lands. The emerging global powers in the new world order, such as China, Russia, India and Turkey, carry an increased responsibility for providing peace and security. Shifting world views were emphasised as an important starting point for the creation of a more just world order. In this context, Karzai evoked the need for institutional reform and multilateral cooperation. He ended his speech by calling for global cooperation rather than competition among traditional and emerging world powers.

Regarding the current world order, Sergey Karaganov, former Foreign Policy Adviser to the Kremlin, expressed his pessimism and explained that the world today is witnessing the destruction of the so-called liberal world order, which he believes was anything but liberal for not allowing for any real alternatives. He stated how the Global North is not willing to share with the Global South. He also noted important shifts in the current order; countries such as China and Turkey have reached a level of political and economic sophistication where they can no longer be exploited.

The Newly Emerging Economic Order



The rise of the Global South is unprecedented in its speed and scale, and goes well beyond the so-called BRICS, countries represented by Brazil, Russia, India, China and South Africa. With regards to BRICS, the emergence of a multilateral institution not dominated by the West is seen as an important development for economic development in the Global South within the existing global economic paradigm. New initiatives and realignments that seek to reorganise South-South economic and financial cooperation will shape regional and global economic expansionism in the decades to come. The question as to what extent do new groupings, such as BRICS, presenting a real alternative to the geo-economic dominance of the liberal paradigm was raised during the session.

Mamphela Ramphele commented on the fact the current economic order is not sustainable. If the objective is to meet the Sustainable Development Goals (SDGs), then it is necessary to develop new strategies in order to limit and compensate for the current level of consumption. She stressed that the world is currently at the cusp of a newly emerging world order that involves a regenerative socio-economic system supported by a human-centered political governance system.

Haiyan Wang, Managing Partner of the China-India Institute, emphasised the importance of China as a global economic powerhouse. She re-iterated that the centre of economic gravity is shifting towards Asia. To that point, she mentioned the fact that by 2030 China will have become the world's largest economy, with India occupying the third position. Wang added that China has benefited enormously from the liberal order led by the United States and, therefore, it may not be in favour of disrupting it.

Haiyan Wang

ist **Managing Partner of the China - India Ins**



Haiyan Wang, Managing Partner of the China-India Institute, emphasising the importance of China as a global economic powerhouse.

The Rise of the Global South as a Threat to the Global North

The historical emergence of Global South solidarity sought to challenge the vertical relations between the two conflicting blocs of the Cold War. In this context, cracks in the emerging post-war international order provided a space for postcolonial states to establish their own cooperative approaches for a new world order.

Karzai advocated for the reformation of the United Nations Security Council (UNSC) as a means of achieving greater international representation in decisions relating to war and peace. Only then will the world be able to address other pressing issues. He emphasised that it has to be recognised that there are now alternative political and economic forces that possess the ability to build a more representative UNSC.

The session critically reviewed the strategies implemented by developing countries to reduce their dependence on the Northern economic and political assistance as well as to build a more inclusive and pluralistic global financial order. This consequently raised the question of whether the Global South constitutes a potential threat to Northern dominance.

The current role of the US, particularly in the Trump era, which is coinciding with the rise of the far-right in Europe, can be viewed as a reaction to the declining liberal world order and its values. When asked whether the rise of the South threatens the North, Baghdad Amreyev argued that the rise of what he called the Global South is not a threat to the North. On the contrary, this rise has the potential to contribute to achieving common goals of developing the world and granting prosperity to all nations. He suggested that regional organisations, such as the Turkic Council can play a greater role in balancing and softening relations between the two poles. In the shifting world order, there has to be a structured counterbalance to the world order. In rising economic powers, such as Brazil, China, India, and Turkey, both public and private actors are increasingly engaging with responsible consumption and international social standards to promote public-private governance of social regulation.

The real question should focus on whether the US can preserve a political and economic system that is sufficiently flexible to deal with disruption. Commenting on why the North does not invest in the South as much as it invests in wars, David McWilliams, an economist author and journalist, simply stated that the reason is because the North does not know the South.

thor and Journalist



Economist and journalist David McWilliams states that the reason for the North-South divide is partly due to the North's ignorance of the South's objectives.

Demands and Interests of the Global South



The core question of the session was how the demands and interests of the Global South would impact the new 21st century polycentric economic reality. Development of the Global South includes not only tighter integration amongst economies in the region, but also increased interdependence on the global economy. Great stress was laid on the importance of China as an economic global power by Haiyan Wang. China has achieved a degree of self-sustaining growth and has had strong influence for other developing economies by demonstrating the possibility of an alternative path to economic development, which relies less heavily on a strong investment-export nexus. In addition, China has increasingly attached importance to infrastructure development as the most important means of closing the gap between developing and developed countries. By investing in its infrastructure, it will be able to support other states in pursuing international trade. All in all, China's proposal is that all major countries work together to build infrastructure in the developing world.

The hegemony of the US Dollar in international trade and finance was identified by the panel as a major issue for developing economies. Lessening the dependence on the US Dollar is in China's interest, however, as things currently stand, commodity trade not dominated by the US Dollar remains a distant possibility. Wang was keen to emphasise how China is not seeking to openly challenge all aspects of US power, nor is it interested in overturning the liberal world order. China is increasingly aware of its potential power and actions as an outbound direct investor. China has the capacity to shift the flow of global capital, something that has not as of yet taken place on a large scale. While the Chinese have multiple interests that require a delicate balancing act, the rise of the tariffs and other trade barriers, particularly with regards to its relationship with US, will shift Chinese companies to push supply chains to other emerging markets.

Adnan Nawaz
Moderator



Mamphela Ramphele comments on why the current economic order is not sustainable.



Baghdad Amreyev,
Secretary General of the Cooperation
Council of Turkic States, commenting on the Global
South as a potential threat to the Global North

Conclusion

In sum, the strategies and achievements of the emerging countries will shape the nature of the relationship between the Global North and the Global South in the decades to come. The question of whether the emergence of new powers will shift the global strategic agenda and see the liberal order directly challenged was discussed, a point which the panelists diverged on. The Global South is seeking real reforms that would fill the gaps in the international order—particularly the Bretton Woods system - that was established following the Second World War. The issue of the representativeness of international institutions was addressed and the notion put forward that the UN Security Council, in particular, should be reformed to be a more representative body. Additionally, the esteemed panel emphasised the importance of global cooperation between emerging and established powers.

