

# Politics and Governance

Open Access Journal | ISSN: 2183-2463

Volume 10, Issue 2 (2022)

## Developing Countries and the Crisis of the Multilateral Order

Editors

Wil Hout and Michal Onderco

Politics and Governance, 2022, Volume 10, Issue 2  
Developing Countries and the Crisis of the Multilateral Order

Published by Cogitatio Press  
Rua Fialho de Almeida 14, 2º Esq.,  
1070-129 Lisbon  
Portugal

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Editorial

## Developing Countries and the Crisis of the Liberal International Order

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Submitted: 3 March 2022 | Published: 21 April 2022

### Abstract

Recent studies of the liberal international order have tended to use a crisis-laden vocabulary to analyse US withdrawal from multilateral institutions and Chinese initiatives to create new institutions. In these analyses, the consequences of such a crisis for developing countries are largely overlooked because of the greater emphasis that is placed on the role of great powers in the international system. We argue that more attention should be paid to the position of developing countries in the liberal international order and that the effects of the presumed crisis for those countries should be studied. The articles in this thematic issue focus on a variety of topics related to the places occupied by developing countries in the international order.

### Keywords

crisis; developing countries; liberal international order; liberal internationalism; multilateralism

### Issue

This editorial is part of the issue “Developing Countries and the Crisis of the Multilateral Order” edited by Wil Hout (Erasmus University Rotterdam) and Michal Onderco (Erasmus University Rotterdam / Peace Research Center Prague).

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Scholars have characterized the post-World War II international order with the use of terms such as “embedded liberalism” (Ruggie, 1982), “liberal internationalism” (Ikenberry, 2020), and “liberal international order” (Lake et al., 2021; Mearsheimer, 2019). Although interpretations of specific elements of the international order differ across these various accounts, the key shared elements in these understandings of the international system are its rules-based and multilateral nature, along with the values of openness, representation, and, at least for some, the promotion of democracy (cf. Lake et al., 2021, p. 227). The main institutions created in the aftermath of World War II—such as the United Nations, the International Bank for Reconstruction and Development (IBRD or World Bank), the International Monetary Fund (IMF), and the General Agreement on Tariffs and Trade (GATT)/World Trade Organization (WTO)—are interpreted as expressions of the desire to create orderly relations between states. Multilateralism

became the accepted, and later dominant, form of international cooperation (Denemark & Hoffmann, 2008).

Over the past decade, the state of the international order has received much scholarly attention. A variety of events and longer-term processes have led many observers to argue that the multilateral order is in crisis due to a combination of internal and external factors (cf. Duncombe & Dunne, 2018; Ikenberry, 2018). The nationalist orientation of foreign policy under the Trump Administration in the US represented a break from within the international order with a past where the US had been the main supporter of the liberal international order. It led to, among other things, a US withdrawal from multilateral agreements and institutions such as the Joint Comprehensive Plan of Action, or “Iran Nuclear Deal” (“Iran nuclear deal,” 2018), the United Nations’ Human Rights Council in 2018 (“US quits ‘biased’ UN human rights council,” 2018), and the Paris Climate Agreement in 2020 (“Climate change:

US formally withdraws,” 2020). The election of a sceptic of the liberal international order into the White House was not the only internal challenge to the liberal international order. Scholars have noted that, alongside those in the US, voters in other Western countries have also expressed reluctance about shouldering the costs of maintaining the international order (Adler-Nissen & Zarakol, 2021).

The post-World War II multilateral order has also been challenged from the outside as alternative structures of global governance (Cooley & Nexon, 2020; Goddard, 2018) have been created. Chinese initiatives to establish “parallel” international institutions are often cited as evidence of the outside pressure being exerted on the core principles guiding the current international order. These parallel institutions include the Asian Infrastructure Investment Bank (AIIB), the New Development Bank, and the Regional Comprehensive Economic Partnership (RCEP; Stephen, 2020), and have even been celebrated by certain analysts who perceive them as containing the seeds of a “post-Western world” (Stuenkel, 2016; see further below).

Some observers argue that the current crisis of liberal international order reflects a fundamental change in international politics. Duncombe and Dunne (2018, p. 25) even claim that we are experiencing “a rare moment in International Relations (IR), in which all mainstream theories concur that the hegemony of the liberal world order is over.” Scholars who had claimed for decades that international cooperation was doomed to fail returned with self-affirming arguments, emphasising that public discontent with the liberal international order was caused, to a significant degree, by the:

Tendency to privilege international institutions over domestic considerations, as well as its deep commitment to porous, if not open borders, [which] has had toxic political effects inside the leading liberal states themselves, including the U.S. unipole. Those policies clash with nationalism over key issues such as sovereignty and national identity. (Mearsheimer, 2019, p. 8; cf. Mearsheimer, 1994)

Further, Flockhart (2020) refers to scholarship on resilience to help explain why the leaders of the liberal international order are not eager to save the current system.

Other commentators are more positive about the survival of the liberal order. For instance, the editors of the anniversary issue of the leading scholarly journal in IR, *International Organization*, contend that: “Like Mark Twain’s death, rumors of the demise of the LIO [liberal international order] have been greatly exaggerated. The LIO has proven resilient in the past, and it may prove to be so once more” (Lake et al., 2021, p. 225). Likewise, the best-known analyst of liberal internationalism argues that:

Despite its troubles, liberal internationalism still has a future. The American hegemonic organization of liberal order is weakening, but the more general organizing ideas and impulses of liberal internationalism run deep in world politics....It is likely to survive today’s crises as well. But to do so this time, as it has done in the past, liberal internationalism will need to be rethought and reinvented. (Ikenberry, 2018, pp. 8–9)

Liberal IR theorists such as Ikenberry frame the crisis of the liberal international order as a crisis of authority. They understand the crisis as a function of the decline of US hegemony and the power struggle that has resulted from the rise of new powers, and China in particular. The crisis of authority implies that “the old bargains and institutions that provided the sources of stability and governance were overrun” (Ikenberry, 2018, p. 10). The renewal of the international order would require “new bargains, roles and responsibilities” (Ikenberry, 2018, p. 10).

Many IR accounts of the liberal international order reflect a Western-centric, or even an American-centric, understanding of liberalism and order. The link between liberal IR scholarship and thinking about international order is captured by Lake et al.’s (2021, p. 225) depiction of the journal *International Organization* which, they argue:

[g]rew up alongside the LIO, first as almost a journal of record describing events at the United Nations and its related institutions and, later, as a venue for some of the most innovative and important scholarship on this order. Many of the key concepts used to interpret the LIO first appeared or received serious scholarly attention in the pages of this journal.

Recent scholarship has given rise to more profound discussions about how non-Western countries have contributed to the shaping of the liberal international order (Finnemore & Jurkovich, 2014; Tourinho, 2021), but these remain peripheral in comparison to the Western-dominated literature on the subject.

At a more profound level, as Dunne et al. (2013, pp. 6–7) have argued, the liberal crisis narrative is intimately connected to particular understandings of the international order. They point, in particular, to neoliberal institutionalist IR theory that is premised on the strategic interaction of individuals and societal groups rather than on a concern with values and legitimate social order. Neoliberal institutionalism, in its most prominent formulation, provides a “functional”—and hence not a normative—theory of regimes, which holds that “[r]egimes are developed in part because actors in world politics believe that with such arrangements they will be able to make mutually beneficial agreements that would otherwise be difficult or impossible to attain” (Keohane, 1984, p. 88). In such interpretations

of the international order, “any challenge to the current institutional configuration becomes evidence of a ‘crisis’” (Dunne et al., 2013, p. 8). This view is shared by critics of the liberal international order, who highlight the discontent with the values and ideas that are expressed through in multilateral institutions and regimes (Adler-Nissen & Zarakol, 2021; Zarakol, 2014).

The presumed crisis of liberal internationalism remains largely something of a Western fixation, dominated by accounts of the decline of US hegemony, possible hegemonic transition, and increased power struggles about the ordering principles of the international order. In these accounts, the countries of the Global South do not figure as primary actors. These countries are very much on the receiving end of international institutionalisation, as “rule takers” of the regimes dominated by the powerful states in the West, even though they had a clear influence on the genesis of the international order after 1945 (cf. Buzdugan & Payne, 2016; Helleiner, 2014).

The marginal political role occupied by developing countries in the liberal international order is addressed by Duncombe and Dunne (2018, p. 33), who argue that “imperial rule has been a means by which liberal ideas of markets, individualism and scientific rationality have been socialized beyond their European origins.” Even though we may be witnessing the creation of parallel institutions by new great powers such as China and possibly some of the other BRICS countries, it is very likely that the Global South will remain in the same minor political position that it has occupied ever since the end of World War II. Scholarly accounts of parallel institutions tend to ascribe more agency to China, Russia, or India than they do to developing countries.

Various analysts seem to agree that the crisis of liberal internationalism reflects the advent of a more pluralistic international order, which is sometimes referred to as a “post-Western world” (Hurrell, 2018; Stuenkel, 2016) or a “multiplex order” (Acharya, 2017, 2018). This is an order where a “diffusion of power” (Hurrell, 2018, p. 93) is causing changes in regimes and institutions. There is by no means consensus on what the implications of power diffusion may be. While some authors have assessed the rise of the BRICS in terms of the potential for counter-hegemony (cf. Drezner, 2019) and others speculate on BRICS leadership of sections of the developing world (cf. Patrick, 2010, p. 48), Morvaridi and Hughes (2018) have highlighted the highly political nature of calls for South–South cooperation by the BRICS and the limited transformative potential that the BRICS have for the Global South. Next to questioning whether the political and economic interests of the BRICS align with those of other developing countries, scholars such as Beeson and Zeng (2018) have raised doubts about the coherence of the BRICS as a political force.

Despite the attention being paid to the increased importance of the BRICS countries, with China at its core, relatively little attention is given to the impact that changes in the institutional makeup and interna-

tional rules have for developing countries. Analyses of the effects of the crisis of the multilateral order for developing countries are timely for a variety of reasons.

First, it is theoretically important to understand how changing policy preferences of powerful states in the international order influence multilateral governance arrangements and thereby impact the policy options of developing countries. The crisis of multilateralism may stimulate new forms of cooperation among developing countries, for instance through new regionalist initiatives. Recent scholarship has analysed the role of regional institutions, often in a comparative way (Börzel & Risse, 2012, 2016; Schimmelfennig et al., 2021), but there is relatively little attention being given to the impacts that regionalism in the Global South is having on the liberal international order (e.g., Narlikar, 2010).

Secondly, it is relevant from a policy perspective to appreciate how changes in governance institutions may have a bearing on the international agenda of the Sustainable Development Goals (SDGs). Of particular relevance are the targets subsumed under SDG17, which aims to “strengthen the means of implementation and revitalize the global partnership for sustainable development” (United Nations, 2020). SDG17 includes targets related to international aid and greater access to private financial resources, but also focuses on investment regimes, access to technologies, non-discriminatory trade, market access, economic policy coordination, and steps toward enhanced policy coherence.

The articles in this thematic issue focus on the different trends impacting on developing countries and constitute three clusters. Taken together, these three clusters of articles offer methodologically diverse and theoretically innovative ways to study the position of developing countries against the background of the unfolding crisis of international order.

The first cluster of articles maps the experience and engagement of the Global South in the existing international order. Knio (2022) looks at the link between neoliberalism and liberal internationalism and argues that the current crisis of the international order reflects an inability to engage with the deeper structures contained within that link. Olsen (2022) focuses on multilateral attempts to promote stability in developing countries and concludes that the mixing of unilateral and multilateral interventions tends to produce messy results. Madrueño and Silberberger (2022) study how inefficiencies in existing international policies influence illicit money flows and impact the Global South. Gijón Mendigutía and Abu-Tarbush (2022) use the case of the Palestinian authority to explain the failures of multilateralism. They argue that, despite numerous attempts, existing international institutions have been proven to be unable to resolve the political crisis in the Middle East. Zhang (2022) discusses China’s approach to climate multilateralism and argues that current scholarly understandings, which focus on international and domestic factors, are insufficient to understand China’s position and

that researchers need to pay more attention to transnational governance.

The second cluster of articles focuses on South-South cooperation and its potential for the future. Colom-Jaén and Mateos (2022) study the impacts of China's global strategy on African regionalism and argue that China's focus on infrastructure development may contribute to structural transformation in countries across the continent. Caria (2022) explores various cooperation regimes involving developing countries and concludes that the coexistence of different regimes may offer opportunities for countries in the Global South. Nyadera et al. (2022) focus on the role of the African Development Bank as a tool for regional integration and argue that the institution offers potential for a pan-African approach to regional development.

The third cluster of articles focuses on the recent trend to establish alternative institutional structures. Dragneva and Hartwell (2022) study the process of authoritarian regionalism in Eurasia and emphasise the limits of this alternative as it has thus far failed to deliver on even its most modest economic goals. Arnold (2022) studies the prospects for a Digital Market in East Africa and concludes that a variety of drivers have led Rwanda to be supportive of digital regionalism, while Tanzania is more reticent. Mejido Costoya's (2022) article explores the promise of alternative forms of ordering and focuses on the success of experimentalist governance via a case study of the ASEAN Smart Cities Network.

### Conflict of Interests

The authors declare no conflict of interests.

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Article

## Rethinking the Multilateral Order Between Liberal Internationalism and Neoliberalism/Neoliberalisation Processes

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Submitted: 18 November 2021 | Accepted: 15 February 2022 | Published: 21 April 2022

### Abstract

Discourses on multilateralism and liberal internationalism are replete with warnings about crises. However, theories often only address crises in pragmatic terms, as if they were discreet and isolated phenomena that have little to do with globalized structural tendencies and the specific limitations of knowledge production within the field of international relations (IR). This article initiates a process of reflection on the nature of the crisis of liberal internationalism and the multilateral world order with the help of the pedagogy of crises framework. It identifies the biases contained within IR research and knowledge production as integral to the crises themselves because of the limitations of their engagement with crises solely at the crisis management level. Acknowledging and situating these biases allows us to build a perspective around the notion of *crisis of crisis management*. This perspective entails a combination of the study of liberal internationalism and neoliberalism to better explain the nature and dynamics of the multilateral world order. This endeavour can offer a fresh take on analysing case studies related to developing countries and outlines a critical focus to inform further research. A brief review of the Chilean example is featured to support this argument, as it shows how the processes that unfold within the multilateral world order are articulated within a local context, and also points to the intimate relations between knowledge production and policy implementation. The article demonstrates the impossibility of understanding the multilateral world order without due consideration of the dialectical relationship between neoliberalism and liberal internationalism. Historically, analyses have focused on neoliberalism as something embedded within liberal internationalism while, in fact, processes of neoliberalisation have become a framework of reference in themselves. That is to say, liberal internationalism, and the study of it, are but a few of the elements that comprise contemporary neoliberalism. Given this, it is argued that systematic academic engagement with neoliberalism/neoliberalisation is essential for a proper understanding of the multilateral world order.

### Keywords

commodification; crisis management; developing countries; knowledge production; liberal internationalism; marketisation; multilateralism; neoliberalisation; neoliberalism; world order

### Issue

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### 1. Introduction

There is an omnipresent sense of crisis across the liberal internationalism literature that addresses the liberal nature of the multilateral world order (Dunne & Koivisto, 2010; Flockhart, 2018; Ikenberry, 2009; Keohane, 2012; Ruggie, 1982). Authors such as Tim Dunne present a compelling argument outlining the importance of comprehending international relations (IR) literature as an ongo-

ing illustration of mostly “Westernized” (and US-based) multilateral crises (Dunne, 2010). Even though this literature represents a great advance in demonstrating how crises define liberal internationalism, they do not represent a comprehensive take, as they operate with a limited set of ontological assumptions. This article offers a distinct, systemic approach to tackle the perception and study of crises within liberal internationalism and the multilateral world order literatures, by taking advantage

of ontological and epistemological differences. The pedagogy of crisis framework supports the precise analysis of crisis tendencies and reflexivities as they interact both in and over time to generate new mechanisms or to silence certain understandings. It supports the distinction between *crisis management* and *crisis of crisis management* perspectives and draws attention to various types of learning in relation to crises.

The article demonstrates how current IR understandings of the crisis of liberal internationalism are restricted by a crisis management perspective. It offers an invitation to “zoom-out” of the study of liberal internationalism and transition to a crisis of crisis management point of view that recognizes how liberal internationalism is embedded in neoliberalisation processes, rather than the other way around. While exploring the study of neoliberal phenomena, the term “neoliberalisation” is suggested to differentiate it from “neoliberalism.” The latter implies a static and monolithic object or content, while “neoliberalisation” emphasizes spatiotemporally specific processes of institutionalisation. Advancing this approach, the article calls attention to the dialectical interaction between neoliberalisation and liberal internationalism and urges further research to expose key characteristics of the multilateral world order. Finally, it proposes the complex study of neoliberalism in a manner inspired by Polanyi’s (1944) scholarship on the dynamics of marketisation and commodification. These concepts help with clustering contemporary approaches that deal with neoliberalisation according to their focus, i.e., whether they see it as a process driven by the commodification of marketisation or as a process pushed by the marketisation of commodification.

“Commodification of marketisation” processes are rooted in ideational-material ontological debates where the ideational is seen as inherently semiotic and co-constitutive and the material is acknowledged as both non-discursive and a co-constitutor of meaning” (Knio, in press). Consequently, the commodification of marketisation focuses on the social construction of markets within capitalism (Cahill, 2012). Authors supportive of this approach trace the thickening of unintended, incoherent, constructed, and uneven origins of neoliberalisation processes across time to the contemporary moment. As such, neoliberal policies emanating from these processes become solidified to seemingly embody a unified and a singularly commodified body of regulatory frameworks that span across different institutional landscapes around the world (Brenner et al., 2010). In so doing, the origins of these once historically contingent and relational processes are transformed into being a thing or a commodity of a regulatory transfer in their own right.

Marketisation of commodification processes are rooted in material-ideational ontological debates where respective scholars understand the world as something independent of the mind, asserting that ideas and meanings are based on something (the material) that necessarily precedes their formulation. The ideational

is therefore predominantly treated as being causally and/or relationally constitutive and embedded within the material. Given this premise, neoliberalisation processes here are understood as different marketisation attempts surrounding the commodification problem (land/environment, people/labour, and money) that is inherent to capitalism. Consequently, these systemic and process-based analyses treat capitalism as the central object of investigation wherein the focus is on how different agents marketise the commodification of land/labour and money across the globe.

As the case on Chile will demonstrate, this type of knowledge production is essential for understanding developing country contexts, because they provide new ontologically and epistemologically grounded explanations about why specific neoliberalisation processes played out as they did.

## 2. Multilateralism and the Crisis of Liberal Internationalism

### 2.1. Debates on Multilateralism

Multilateralism was initially understood as an institutional form concerning matters such as international trade arrangements, diplomatic negotiations or issues of international financial traffic, where two or more high-profile parties decidedly enter into a contract-like agreement to find a compromise between their interests. The purpose of this is to determine the parties’ future behaviour and preserve their sovereignty while also demarcating its limits and assuming cooperation and reciprocity between those involved. In the last few centuries, multilateralism, as a preferred form of international interactions was alleged to have become so all-encompassing that the authors began to define the contemporary world order in relation to this single entity, given its position as a distinct feature that sets it apart from previous historical eras (Downs et al., 1998; Nefedov, 2021; Weiss & Wilkinson, 2014). The initiatives that rendered the study of multilateralism relevant came from the need to cover theoretical gaps in world order analysis, as well as from the need to explain the events of the day for the purpose of political justification (Cox, 1992).

It is well-known that classical realism prioritises states as actors and perceives them as holding their own best interests in mind when it comes to international (mainly inter-state) cooperation. Institutions and principles are therefore only one instrument in the great political power battle for hegemony. Based on historic experience, multilateral cooperation is only expected to be temporary and imperfect, destined for expiration because of its inherent definition following the common interests of states (Carr, 2016). Multilateralism in realist and, especially, neo-realist debates is often framed in terms of the hegemonic stability theory and as a dilemma of power distribution (Waltz, 1967). Unipolar

world orders are associated with greater stability in this literature, while multipolarity is seen as a destabilising force. The need for multilateral institutions is taken to be a response to the crisis in the balance of power that follows the decline of a powerful hegemon (Guzzini, 2005).

Liberal institutionalist theories are a wide category of theories that endorse the internationalisation of states and societies (Cox, 1983, 1992). Their emergence reflected the need to consider the phenomena of IR in higher complexity with regards to the problems neglected by preceding theories (classical realism, classical world-systems theory, rational choice approaches, functionalism, and other structuralist theories). They tend to frame multilateralism as an answer to dilemmas related to efficiency and legitimacy in governance. For functionalists, multilateralism represents a new rationality of governance that focuses on substate actors with regional specifications to manage public goods more effectively and address legitimacy issues. It is seen as a more inclusive form of governance that avoids territorial assumptions of sovereignty and links authority to competence in efforts to meet needs (Mitrany, 1976). Neo-functionalism also fostered the hope, that multilateralism would consolidate a new, peaceful, and more integrated world order based on the spill-over effects of regionally organised cooperation (Caporaso, 1998). The belief in the historic necessity of such peaceful integration is somewhat discouraged by history itself. Firstly, higher levels of integration seemed to partially induce violent conflicts and crises from the 1970s onwards. Secondly, there was no other explanation for the “spill-backs” that occur when political leaders decide to withdraw from multilateral agreements and reinforce the territorial concept of sovereignty (Nicoli, 2019).

This wave of questioning led scholars to problematise the complex interdependence and nature of cooperation upon which regime theory and new institutionalist approaches have been built. These revisited the claims of the hegemonic stability theory and also acknowledged the central nature of states, but enhanced these concepts with theoretical innovations such as bounded rationality and a more serious focus on the role of institutions, norms, and rules in considering social change (Finnemore, 2005; Keohane & Nye, 1974). Effective multilateral cooperation might prevent shocking disruptions, they argue, because the accepted norms, rules, and codified processes (even in their imperfection) sustain a predictable and peaceful platform for the communication of interests.

What these theories ignore is the difference between “multilateral institutions” in their historic specificities and the “institution of multilateralism” as an idea. Constructivist research in the early 1980s began to deconstruct traditional IR understandings of power, structural necessities, and historical contingencies to theorise the logic and mechanisms of international organisation. Constructivists combined the subjective and objectified components of multilateralism to indicate the com-

plex relations of knowledge production entailed in multilateralism being a preferred policy choice (Caporaso, 1992; Ruggie, 1992). The first aspect covers the idea of multilateralism, while the second refers to the processes of multilateralisation. Multilateralism emerged as a social fact with positive connotations, which explained its popular domestic support by the US and its allies after the two World Wars, even if certain multilateral institutions failed to achieve their goals. Multilateralisation here refers to a process that is not necessarily linear, as well as to social facts that are liable to change. The fine-grained analysis of Ruggie on this topic is very much celebrated today for a variety of reasons. From this author’s perspective, it is remarkable how Ruggie was able to connect economic, normative, historical, and political factors into his explanation. One of his followers, Helleiner, built upon this foundation to bring attention to the importance of studying neoliberalisation tendencies while considering the aforementioned factors (Helleiner, 2019).

The proponents of the historical-dialectic approach definitely agree on these premises but derive their conclusions from a Gramscian and world-system theory-inspired grounding. Multilateralism is taken to be both an ideology and a strategy of global cosmopolitan elites to sustain their positions at the top of the stratified global society. These elites are understood as benefitting from the expansion of global capitalism and engaged in efforts to persuade the marginalised classes of the benefits of the system (Cox, 1992). The multilateral arena is also taken to be a terrain of struggle for marginalised groups and states on the periphery of capitalist production to ally and campaign for structural change in the world economy.

Mainstream debates on multilateralism have not necessarily addressed these challenges, but over recent decades, institutions and actors associated with multilateralism have begun to lose credibility. Since discussions have historically ascribed the US with a leading role in the perpetuation of multilateralism, recent US foreign policy choices have had a rather devastating effect on optimistically oriented views of the multilateral order. But at least it is acknowledged that multilateral institutions imply the possibility of delivering specific ideological content based on the circumstances of their emergence or the power of actors that represent them, and these circumstances can change once the coalitions that effectively maintained them break down (Cohen, 2018; Ikenberry, 2018).

Mainstream debates on multilateralism today do not necessarily address these latter challenges. Instead, they widen the thematic scope of their explanations of how to solve the problems of multilateral institutions. In so doing, they acknowledge how multilateral institutions transmit specific ideological content (based on the circumstances of their emergence or the actors that represent them), and that these institutions can be associated with exclusivity and a lack of legitimacy (“minilateralism”

debates). Consequently, multilateral solutions to global problems have the potential to cause or escalate crises in the world order (Cohen, 2018; Ikenberry, 2018; Jacobs et al., 2020).

In this vein, the alleged crisis of multilateralism has been problematised either in neorealist-leaning foreign policy terms (Scott, 2013) or in the language of global governance and new institutionalisms, without justifying the underlying ontological and epistemological assumptions of these approaches (Hay et al., 2020). Advocating for a “new multilateralism” is closely connected to this trend and is concerned with optimising and fixing the existing institutional order without systematically reflecting on its content, history, complexity, and connection to other systems that also comprise the world order (Hampson & Heinbecker, 2011). Clearly there is a need to better understand the perceived crisis in multilateral institutions, the multilateral world order, and the idea of multilateralism. To do so, this article suggests the revision of a closely connected debate in IR with similar dynamics and a focus on crises—liberal internationalism.

## 2.2. *The Crisis of Liberal Internationalism in the Literature*

The content of liberal internationalism as both an approach in IR and a set of norms is usually traced back to the Wilsonian articulation of national self-determination, non-aggression, and respect for international law and sovereignty (Ambrosius, 1991). The peak period of liberal internationalism is commonly seen to be the US-led world order that emerged after the Second World War, which enabled more frequent multilateral cooperation between states around international problems (e.g., economic stability, security). All of this occurred within a thickening structuration process of international institutions that was informed by liberal international norms and rules (Deudney & Ikenberry, 1999).

The sustainability of the liberal international order has always been debated. Accounts that forecasted its crises and breakdown have been commonplace since the early 1960s (Bresler, 1973; Egerton, 1983; Mandelbaum & Schneider, 1978; Parsons, 1961; Smith, 1969), and new waves of diagnoses arise every time the US is perceived to be unsupportive of its ideas or institutions. Such instances occurred during the economic and security transformations of the early 1980s, after the War on Terror and after the Global Financial Crisis (Hoffmann, 1995; Hurd, 2005; Spieker, 2014).

The most pessimistic accounts warn that all institutions of the liberal order are in a state of crisis because they are widely perceived as having failed to implement liberalism’s program of equality and freedom, while the shift of power “from the west to the rest” generated a series of institutional crises (Flockhart, 2018). Many explanations take the catastrophic inconsistencies of liberal values and international interventions as a consequence of the contradiction that lay at the heart of the

concept itself rather than an executional or accidental matter (Mearsheimer, 2018). Others see the crises as rooted in the absence of a central authority. For these scholars, liberal international rules and institutions represent an adequate solution to the problem of maintaining multilateral cooperation but lack a centralised body to police these rules and values (Gilpin, 1987; Waltz & Walt, 2018). A pragmatic perspective suggests that the crisis is structurally determined by a “gridlock” within multilateral international frameworks due to their foundational respect for national sovereignty, which prevents their effective operation (Held, 2015).

The most optimistic viewpoints interpret these disruptions as adaptation mechanisms that facilitate multiple equilibria that have led to a more stable and decentralised version of the liberal world order (Keohane, 2012; Keohane & Nye, 1973). For example, the crisis of the latest version of liberal internationalism is taken to have emanated from the inability of American authority to establish peaceful cooperation between states and other actors, but the assertion that there are good ways to repair this issue remains (Ikenberry, 2018).

Others have analysed the historical period of the US-led liberal internationalism, or “embedded liberalism,” as a multilevel composite of economic and political compromises based on domestically and internationally shared meanings and institutions. This system only came to be shaken by the famous denouncement of its purpose by leading Western political figures and their subsequent construction of a new social purpose that demanded the adjustment of political systems based on the economic sphere and those ideas presented in the Washington Consensus (Ruggie, 1982).

Other scholars have argued that the successive forms of liberal internationalism have always been connected to the development and expansion of capitalism since the social forces that control capitalist production are also concentrated in those international institutions that represent and regulate the international arena. For them, crises of liberal internationalism express the conflict between the social forces related to production without necessarily undermining the transnational capitalist system as a whole. This is so because transnational elites have been able to sufficiently convince these varied social forces that liberal internationalism is the only rational organisational principle for international life, which has, in turn, helped them with maintaining their hegemony (Murphy, 2004).

Juxtaposing the literature on the multilateral order with that on liberal internationalism makes it evidently clear that they are both connected by the notion of crisis. With that said, the nature of the crisis can be explained by focusing *outside* of these debates and reflecting on the issue of ontological knowledge production. Dunne and Koivisto (2010) recognised that the cultural particularities of different forms of knowledge production about the crisis of liberal internationalism should not be treated as insignificant afterthoughts but

instead as sources capable of revealing important dimensions about the nature of the crisis itself. The fact that the research has predominantly been led by epistemic communities based in the UK and US has resulted in the research landscape being overwhelmingly comprised of a homogenizing mainstream of favoured approaches. These works problematise the crisis as crisis of authority (US-based approaches) in the system of the international organisation, or as the deformation and legitimacy crisis of liberal internationalism (English School of Internationalists; see Dunne & Koivisto, 2010). As such, the crisis of American research in IR has overwhelmingly failed to recognise its own unquestioned ontological assumptions about the nature and emergence of the world order. That is to say, liberal internationalist IR scholarship has significant limitations in addressing crises related to liberal internationalism. Accounts that problematise the crisis, as the crisis of liberal internationalism, often imply that the contemporary liberal intergovernmental world ordering was the only way that modernity was ever going to be realised, a historical necessity (Dunne, 2010) in which international institutions are free from the specific legacies of empire. Therefore, the problems they encounter are reduced to being matters of implementation rather than ontic articulations of particular political and historical processes (Dunne & Koivisto, 2010).

### 3. Pedagogy of Crises: Framework to Challenge Previous Limitations

Dunne and Koivisto (2010) highlight the limitations of the literature that considers liberal internationalism and the multilateral world order from a restricted perspective given the general neglect of the relationship between liberal international centres of knowledge production and the studied content. These limitations, however, invite us to focus on a variety of previously disregarded fields and debates that approach liberal internationalism from a more systemic perspective. What Dunne and Koivisto (2010) refer to can be described within the pedagogy of crises framework as the “difference between crisis management and a crisis of crisis management.”

Crisis management is an immediate response of relevant actors who use readily available routines and interpretations for interventions that address the symptoms and perceived causes of a particular crisis (Jessop & Knio, 2018). A crisis of crisis management, on the other hand, occurs when the usually employed instruments and tactics fail to eliminate the perceived crisis, or even appear to perpetuate it. A crisis of crisis management can only happen after crisis management has failed.

The pedagogy of crises unfolds when actors try to manage crises, or as they encounter a crisis of crisis management. Learning processes are related to the attempts that gradually expose the real nature of the crisis as understood by involved actors or observers. Different types of learning can occur at different phases of crisis

management and, in some cases, the learning is imperfect or does not happen at all. The absence of reflexive learning in relation to a crisis situation is termed “non-learning” (Jessop & Knio, 2018).

Dunne and Koivisto’s arguments demonstrate the necessity of differentiating between crisis management and crisis of crisis management approaches when researching liberal internationalism. However, they do not explain how it is possible that mainstream IR literature has not considered the crisis of liberal internationalism from a larger number of dimensions and connected it to other debates and challenges after its failure to interpret the shortcomings of the multilateral order and liberal internationalism. They also fail to point out how the crisis of crisis management stuns the relevant actors with shocking confusion when they are lacking proper interpretations and suitable tools for managing the crisis. Based on the state of affairs outlined in the previous sections, it is imperative to identify this vacuum as the crisis of crisis management. More precisely, this entails a challenge to these actors to obtain a new perspective for evaluating the limitations of their previous understandings (Jessop & Knio, 2018).

It might be possible for mainstream IR to have missed the alternative interpretations of the crisis of liberal internationalism because the crisis of liberal internationalism itself is embedded in (the study of) neoliberalism. Neoliberalism, in turn, can influence the contexts in which reflexivities are conditioned. Sometimes the historical and geographical parameters of knowledge-production and policy making can be limiting while, in other contexts, they can be more permissive. Such parameters are the location, traditions, and cultures of epistemic communities, and the research and education outcomes promoted by those who define educational and research policies have strong effects. Key actors in policy making often prioritize the dissemination of certain findings, explanations, and schools of thought over others. Disproportional distribution of support, prestige, and funds across subject areas can seriously skew the type of knowledge that is being produced and the methods of its study.

Neoliberalisation, as a unique set of quasi-universal tendencies, can cause systemic biases in the perceptions of IR scholarship. This might be so because the generative effects and indirect consequences of neoliberalisation are intimately related with all the above-mentioned parameters. Circumstances like these might prevent students of the multilateral world order to ask questions from outside the settings of currently popular approaches, as these questions tend to remain outside of mainstream debates, and it is easy to treat the whole issue as a matter of crisis management and ignore the significant challenge presented by the crisis of crisis management. Unfortunately, this also hinders opportunities for deeper reflection and well-adjusted responses (in which case, we are talking about “non-learning”), as well as the opportunity to identify fundamental aspects of the contemporary world order. Instead, we suggest a

new focus on the study of neoliberalism to highlight the sources of previous biases and refine understandings of the nature of the crisis.

#### 4. Neoliberalism

##### 4.1. *A Necessary Systematic Approach to Explain Liberal Internationalism and the Multilateral World Order*

Neoliberalism was initially conceived to be part of the problem of liberal internationalism since it seemed to be an extension of liberal economic ideas and appeared to aggravate various socio-economic problems rooted in liberalism (Turner, 2008). Although these points are echoed in the present article, especially when understanding the historical roots and chronological timelines of events, it is vital to comprehend how capitalism and neoliberalism relate to liberal internationalism in a systemic way. If we study the relationship between the multilateral world order, liberal internationalism, and neoliberalism from a crisis of crisis management point of view, it becomes evident that while neoliberalism has historically been embedded within liberal internationalism, the present moments shows that the reverse is, in fact, true.

Such a turn only becomes possible after liberalism and neoliberalism are designated as dynamic, connected, and distinct entities with independent rationalities. A Foucauldian perspective sees governmentality in the neoliberal era as indeed different from classic liberal rationality (Duménil & Lévy, 2012). Meanwhile, classic liberalism and neoliberalism both propagate the ideal of rational, utility-maximising individuals, with the former emphasising the spontaneous mechanism of market exchange itself as a driving logic of social relations and the latter idealising competition. Neoliberal governmentality offers a distinct way of being, where discourses on the economy become common sense and all actions are judged according to the calculus of maximum output for minimum expenditure (Read, 2009).

Another way to comprehend the related but distinct connection between liberalism and neoliberalism is through the assertion that, today, neoliberalism accounts for the social construction of markets (Cahill, 2012). While it is connected to liberal ideas from the 19th and 20th centuries, neoliberalism should not solely be understood as the result of the evolution of these ideas, but rather as something that now exists independently from them, a subject in its own right that informs the institutionalisation of markets. To carry the research further, the relative weight and independence of the social construct of neoliberalism should be specified in relation to other institutions and social facts. For example, one could ask whether it has solidified enough to restrict emerging institutionalisation processes, or whether it is malleable and exposed to deconstruction. The crisis of crisis management perspective highlights how neoliberalism not only refers to a contingent economic relation within liberal internationalism, which could easily be

deconstructed by social forces, but also to its evolution into the main organisational rationality that goes beyond markets into every other aspect of social life, and has itself resulted in a reconceptualisation of identity. This statement is based on the acknowledgement, that the processes of institutionalisation are initiated by specific actors and social forces at a specific point in time and space. In the same way, these institutions may erode or evolve in the future, based on the interactions and reflexive processes of the relevant actors.

The turn towards neoliberalism is also underlined by the *thickening* presence of neoliberalism in policies across the world, which are crafted and carried out by specific “thought-collectives” of actors who exert their influence over governments. This process generated a series of neoliberal policies through which neoliberal ideas became normalised and institutionalised to the point that they were no longer being questioned and instead became a default way of policymaking (Dean, 2012). In other words, neoliberal ideas became new common sense within the multilateral order that was connected to liberal internationalism but developed its own policy-shaping capabilities. Carriers of neoliberal ideas can also gradually influence common sense through their infiltration into the most powerful transnational companies (Macartney, 2010). Neoliberalisation refers to the systemic production of geo-institutional differentiation: processes that are patterned, interconnected, contested and unstable (Brenner et al., 2010). All of the above-mentioned contributions conclude that shared meanings and practices can complement neoliberal projects by infusing *common sense* with neoliberal rationality. This, in turn, can blur reflexive capacities while perceiving and conceptualising neoliberalism.

Defining neoliberalism in relation to liberal internationalism and the multilateral order is a complex task, hardly addressed by the literature. It is more common for knowledge about neoliberalism to be analysed along thematic lines, i.e., focusing on comparative case studies of neoliberalism, while neglecting the basis of its ontological dimensions (Castree, 2006).

##### 4.2. *Advanced Study of the Complex, Systemic Processes of Neoliberalisation*

As stated throughout this article, liberal internationalism should be researched via a crisis of crisis management lens, just as much as neoliberalism should be understood as a new relevant field for this task. Previously, neither had been examined from a systemic perspective, which has limited the possibility for well-grounded analyses of the contemporary multilateral order. As demonstrated above, establishing the relations between these fields is a good first step given the need to interrogate contemporary liberal internationalism as something embedded within neoliberalism and not the other way around. The relationship and changing hierarchy between the two constantly shape the multilateral

world order. The present article offers two positions to observe the dialectics of liberal internationalism and neoliberalism—marketisation and commodification.

These notions stem from the Polanyian analysis of markets and commodities, and the ways they relate to other aspects of societal organisation (McIver, 1957; Polanyi, 1944). Commodification refers to a type of market that try to legitimate and normalise the possibility of creating fictitious commodities (land/nature, labour/people, and money).

Markets, meanwhile, are those institutions where trade and interactions take place. Polanyi used these concepts in his historical materialist investigation to identify the contingencies and specificities that resulted in the development of market capitalism. He used the term “embeddedness” to describe how economic institutions became integral parts of a variety of non-economic institutions that originally restricted them. Subsequent Polanyian schools advanced these key concepts to address the dialectics of markets in societies (or polities) and focused on different dimensions of these processes or the relationship between marketisation and commodification itself.

This article offers a way to study the complex system of neoliberalism via the different roles of marketisation and commodification in the development of capitalist societies (Knio, in press). “Commodification of marketisation” refers to the underlying significance of markets as institutionalised ideas, which incentivise, socialise, and normalise the process of commodification as a form of (re)production. For example, this explains how some theories of neoliberalisation rely on this order to explain the dispersion and deepening of neoliberal ideas within capitalist economies and their institutionalisation. The “marketisation of commodification,” on the other hand, refers to the analytical primacy of commodification as an institutionalised form of (re)production, which propels the need for marketisation. This latter cluster of theories demonstrates the advance of neoliberal capitalism in terms of intensifying commodification, a process that then reinforces markets as the primary platforms of exchange.

The value of focusing on an explanation of the dynamics of neoliberalism and liberal internationalism driven by an understanding of either the process of “marketisation of commodification” or the “commodification of marketisation” (based on the ontological position of the authors) is clear when we understand these dynamics as institutionalisation processes. The scientific study of neoliberalisation via the former notion has historically been neglected at the expense of the latter. Over time neoliberalism became the ruling rationality and practice that defines today’s liberal internationalist institutions. The complexity of these processes cannot be comprehended if debates remain at the level of crisis management because those accounts do not feel the need to respond to the ontologically and epistemologically challenging critiques. They have to be seen from a crisis of crisis management point of view wherein their con-

clusions are contextualised via layered analyses rooted in ontology. It is also important for the literature to actively reflect upon its epistemological positions, and such thoroughly grounded positions would certainly benefit from analyses done for and by developing countries. In explaining the various articulations of neoliberalism and liberal internationalism, the primacy of material or ideational factors in the explanation would therefore not be solely dependent on the case studies themselves as it would also be part of a well-justified framework and theory. This will allow us to obtain better insights into the studied countries’ experiences of neoliberalism and liberal internationalism, which opens up a real possibility for better understanding the less represented parts of the multilateral world order.

The historic examples of Latin American countries such as Chile, Brazil, and Argentina have been treated as neoliberal laboratory subjects in analyses concerned with the periods before and during their transitions to democracy (O’Donnell et al., 2013). Moreover, the influence of knowledge production on these “experiments” has been present both through and throughout the implementation of policies and laws designed to make their commodities more competitive and their markets more effective. This specific knowledge, with its implicit assumptions, has framed understandings of the internal and external behaviour of their markets. Academic explanations of Chile’s socio-economic inequality have grown in number over recent decades and have tended to adopt either sociological, historical, or chronological lenses (Alexander, 2009; Garretón, 2003; Huneus & Sagaris, 2007). However, analysing the Chilean example from a crisis of crisis management point of view allows us to observe that its neoliberalisation has not only been socio-political or economic in nature, but it is also reflective of wider systemic processes. The roots and implications of the systemic extend beyond the country’s internal dynamics and affect the modes of the multilateral world order. Authors that focus on their narrow area of interest easily can miss or misinterpret systemic properties of the situation (Alexander, 2009; Garretón, 2003; Huneus & Sagaris, 2007). They argue that the protests that arose in Chile from 2019 onwards are merely symptomatic of dynamics specific to the permeation of neoliberalism within Chile, rather than indicative of a systemic crisis in itself that precipitated a significant shift. If we apply a crisis of crisis management perspective, as the author of this article suggests, it becomes evident that there must be a larger systemic grounding wherein local articulations of neoliberalisation can unfold, namely, the multilateral world order which is dominated by the dialectics of liberal internationalism and neoliberalism.

## 5. Conclusions

Classic IR scholarship often problematises the crises of the multilateral world order and liberal internationalism. While these subjects are worthy of study in their own



right, separating them into isolated themes often results in barren explanations that do not respond to endogenous ontological and epistemological challenges. A partial consequence of these unchallenged assumptions is that the necessity of situating analytical subjects within a wider scope of literature is neglected. This article connected the discourses of multilateral world order and liberal internationalism with the central notion of crisis to advocate for a crisis of crisis management perspective in order to transcend these limitations. The arguments laid out in this article lead to the conclusion that contemporary liberal internationalism is embedded within neoliberalism, and that it is insufficient to observe this process from a crisis management perspective that solely focuses on the crisis of liberal internationalism because of the effects that neoliberalisation has on common sense and knowledge production. To overcome this difficulty, this article proposes the systemic research of neoliberalisation through the lenses of the “commodification of marketisation” and the “marketisation of commodification.” Researching neoliberalisation and its embeddedness within liberal internationalism in this way would provide a significant opportunity for the betterment of analyses about these processes in the context of developing countries and for better explanations of the multilateral world order.

### Acknowledgments

I would like to thank Boglarka Vincze, Andrew Dryhurst, and Daniela Horta for providing research and editorial assistance in preparing this article. I also would like to thank the anonymous referees who have made valuable points and suggestions. All misrepresentations and omissions are my own.

### Conflict of Interests

The author declares no conflict of interests.

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Article

## Twenty-First Century Military Multilateralism: “Messy” and With Unintended Consequences

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Submitted: 15 September 2021 | Accepted: 22 December 2021 | Published: 21 April 2022

### Abstract

The current century has witnessed several high-profile Western military interventions in developing countries: Afghanistan, Iraq, and Mali/West Africa are well-known examples. All three were initiated unilaterally by the US or France but were soon supplemented with multilateral missions which operated in parallel with the unilateral intervention force, giving them a “messy” appearance. In the three cases, the foreign policy decision-makers in the US and France reacted mainly to domestic stimuli, most evidently in the case of the US, where revenge for 9/11 was a strong motive. Like-minded partners in NATO and troops from developing countries shared the burdens of the US and France and gave legitimacy to the military interventions. The consequences of the interventions were not that they contributed to stability. Rather they supported the incumbent elites, as they were able to avoid launching economic and political reform. The lack of reform undermined the prospects for stability.

### Keywords

Afghanistan; conflict management; Iraq; Mali; multilateralism; terrorism; West Africa

### Issue

This article is part of the issue “Developing Countries and the Crisis of the Multilateral Order” edited by Wil Hout (Erasmus University Rotterdam) and Michal Onderco (Erasmus University Rotterdam / Peace Research Center Prague).

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### 1. Introduction

The current century has witnessed several high-profile Western military interventions in developing countries. Among the well-known examples are Afghanistan from 2001 onwards, Iraq from 2003 onwards, and Mali/West Africa from 2013 onwards. All three were initiated by the US or France but soon they were supplemented with multilateral missions that operated in parallel with the unilateral intervention force. Marina Henke describes the US and France as “pivotal states” because of their active role in building multilateral coalitions (Henke, 2019). The “coexistence” of multilateral and unilateral military missions relied on significant numbers of troops from developing countries (Brosig, 2017; Williams, 2020). It coincided with developments where UN peace operations became increasingly robust (Karlsrud, 2019, pp. 2–3, 11–15) and where the extensive use of soldiers from developing countries became com-

mon while Western nations were able to provide fewer peacekeepers (Williams, 2020, pp. 482–483).

The characteristics of the three multilateral military interventions raise several questions. First, why did Western powers such as the US and France prefer multilateral missions while their first impulse seemed to be to act unilaterally, relying on their own national military power and command? Second, what were the consequences of involving troops, not only from “like-minded” countries but also from developing countries in these multilateral conflict management and peace operations? By answering the two questions, the article aims to contribute to the debate on what multilateralism involving military deployments in developing countries looks like in the twenty-first century. It also aims to contribute to the discussion on the implications of developing countries participating so actively in multilateral military operations.

The article launches three arguments aimed at answering the two questions. The first argument states

that the developments characterizing twenty-first century military multilateralism reflect what Western decision-makers perceive as core national interests. The second proposes that given the huge costs of military interventions, Western decision-makers perceive it to be in their best (national) interest to share these costs with others. Hence, they opt for multilateral cooperation that may involve “like-minded” actors, such as those in NATO and partners from developing countries. The third argument states that the incumbent elites in the developing countries affected by Western military interventions develop or already have strong interests in receiving training for their armed forces. They also have strong interests in receiving economic assistance from the West because it contributes to buttressing their power positions. The outcome of these different types of interests involved in the military interventions is multilateral cooperation that is messy—and not necessarily successful.

The remaining parts of the article are structured as follows: The next section presents the analytical approach with special emphasis on the characteristics of the new multilateralism of the twenty-first century and the analytical tools applied in the analysis. Then follows a brief overview of the three multilateral security operations in Afghanistan, Iraq, and Mali/West Africa. The interests of the big actors are addressed, including the issues of the interventions’ legitimacy and burden-sharing. The issue of burden-sharing with partners from developing countries is dealt with in a separate section, and in continuation of this, the interests of the rulers in developing countries are analyzed before the conclusion is made.

## **2. Multilateralism, National Interests, and Patrimonialism**

Multilateral cooperation in connection with Western military interventions in developing countries is at the centre of attention in the article. Multilateralism of the twenty-first century is often described as “messy,” “modern,” or “new” by the position in the literature that makes a distinction between multilateralism under US hegemony and “post-hegemonic multilateralism” (Acharya, 2014; Hill & Peterson, 2013). One argument in the debate maintains that the US is no longer capable of playing the role of international hegemon, and therefore, the multilateralism of today is different from that of the past (Ikenberry, 2018; Smith, 2018).

An opposing argument presented by Mearsheimer (2019) disagrees strongly with the view that the US is in a non-hegemonic position in the current century. On the contrary, Mearsheimer maintains that the US has been the dominant international actor throughout most of the period under scrutiny. He even argues that during the “golden years” stretching up until 2004, the “liberal hegemon,” that is, the US tended to be “highly aggressive and adopted especially ambitious

agendas” (Mearsheimer, 2019, p. 32). During the “golden years,” the US intervened in both Afghanistan and Iraq, allegedly with the intention of “turning them into liberal democracies” (Mearsheimer, 2019, p. 33). However, from 2005 onwards, the liberal international order was going “downhill,” meaning that the US became less and less influential (Mearsheimer, 2019, pp. 28–31).

Despite the disagreements between Ikenberry and Mearsheimer, there seems to be considerable agreement that twenty-first century multilateralism is characterized by a “growing reliance on flexible, often purpose-built groupings of interested, capable, or like-minded” actors (Patrick, 2015, p. 120). It is a messy form of multilateralism which reflects a shift from purely intergovernmental models of cooperation to new frameworks that may be both transnational and multi-stakeholder (Patrick, 2015, pp. 120–122, 129–130). Julia Morse and Robert Keohane agree with the view that we are increasingly confronted with a new and much more messy type of multilateralism. The two authors suggest using the umbrella concept “contested multilateralism” to emphasize that the new situation is characterized by the role of competing coalitions and shifting institutional arrangements, both informal and formal (Morse & Keohane, 2014, pp. 386–389). In line with this, Christopher Hill and John Peterson find that “multilateralism is increasingly unwieldy,” describing it as “messy, disorderly and defective” (Hill & Peterson, 2013, p. 64; see also Bouchard et al., 2013).

Years ago, John Ruggie argued that multilateralism is “a generic institutional form of modern international life,” and as such, it has been around for many years, and therefore, it is not surprising that it is messy and disorderly (Ruggie, 1992, p. 567). Ruggie maintains that multilateralism in international relations is not merely about coordinating national policies in groups of three or more states, as suggested by Robert Keohane’s original definition of multilateralism (Keohane, 1990, p. 732). Cooperation is based on certain principles organizing relations among the states, such as indivisibility, non-discrimination, and diffuse reciprocity (Ruggie, 1992, p. 567). The following analysis builds on the first step in Ruggie’s definition that multilateralism is a generic form of modern institutional life and thereby a crucial component in international relations. It also builds on the argument that multilateralism involves elements of reciprocity.

The definition focuses on states as the crucial actors in international relations and the “generic institutional form of modern international life” (Ruggie, 1992, p. 567). With the focus on states, and thereby on foreign policy decision-makers, the article finds it appropriate to apply an analytical framework that pays special attention to state actors. This article is inspired by theoretical reasoning that combines neoclassical realist thinking on foreign policymaking with the Foreign Policy Analysis approaches promoted by Christopher Hill, Chris Alden, and Amnon Aran (Alden & Aran, 2017; Hill, 2016; Ripsman et al., 2016). The inspiration implies that the

article maintains the realist conception that states and foreign policy decision-makers pursue national interests and do so within the constraints set by the international systemic structures. The article thus leans towards John Mearsheimer's interpretation of the international systemic conditions in the current century.

As far as the burden-sharing issue is concerned, Milner and Tingley argue that "principal-agency theory" can specify what is the national interest in this context as the theory refers to the importance of burden-sharing and risk-sharing when it comes to multilateral promotion of security in developing countries (Milner & Tingley, 2013; Ruggie, 1992, p. 586). The theory maintains that the "principal" or the "pivotal state" delegates tasks to an "agent," in this case, the armed forces of a coalition partner. Marina Henke finds that no single variable can explain the delegation of authority from the principal to the agent. Nevertheless, burden-sharing is a crucial motive for building international coalitions and thus for promoting multilateralism. Boosting legitimacy by inviting other states to participate in an intervention is also an important motive (Henke, 2019, pp. 134–135). Olivier Schmitt goes so far as to argue that "since the end of the Cold War, multilateralism has become a key factor legitimizing military interventions" (Schmitt, 2018, pp. 16–18). It is much easier to defend a military intervention in a developing country against domestic and international criticism if the international community appears to support such a drastic measure and that it is not merely a self-serving action.

Opting for multilateral solutions to military interventions in developing countries does not imply that such decisions are rational. Foreign policy decision-makers likely make decisions with a lack of knowledge and based on misconceptions, which aligns with the pluralist understanding of foreign policy decision-making promoted by Christopher Hill. It means that states or government decision-makers are not considered a single and coherent actor capable of rationally pursuing a clear-cut national interest. Rather, the pluralist position implies that the actual foreign policy behaviour may be incoherent and inconsistent—it may even be irrational (Hill, 2016, pp. 7–9, 12–17; Ripsman et al., 2016).

The assumption that governments are not necessarily coherent actors that pursue rational policies makes it possible that the approach might be useful not only in Western but also in developing countries. The developing countries dealt with in this article had all been through wars that undermined their formal political structures and whatever institutionalized frames that existed for politics before the outbreak of conflict. The post-conflict period in developing countries is typically characterized by state-building processes that give informal actors, such as clan leaders, chiefs, and warlords, considerable room for manoeuvre (Berdal & Zaum, 2013; Cheng, 2013).

It has been argued that many informal actors perceive reconstruction and state-building as a continuation

of war and a political competition to access resources by new means (Malejacq & Sandor, 2020, p. 559). It is a prominent argument in the literature that a strong driver for many decision-makers and politicians in developing countries is the survival of the incumbent regime, including the survival of the ruling elite (Alden & Aran, 2017, p. 94; Clapham, 1996). The high priority attached to regime survival often results in very limited reform and few policy changes because such initiatives may break up the existing patterns of domestic alliances and patron–client networks (Oliveira & Verhoeven, 2018, pp. 18–20).

A significant amount of literature about the countries and regions analyzed here suggests that it is useful to operate with patrimonialism and neopatrimonialism as core analytical concepts for understanding the behaviour of those politicians and policymakers that are strongly preoccupied with regime survival (Bach, 2011; Brosig, 2017; De Waal, 2009; Mehran, 2018). Patrimonialism is characterized by mutual dependency relationships between a limited number of strongmen or patrons and their followers, called clients (Bach, 2011; De Waal, 2009; Erdman & Engel, 2007; Mehran, 2018). Neopatrimonialism refers to a mixture of patrimonial and legal-rational bureaucratic domination in political systems characterized by state officials who exercise their power and authority based on their private interests and their private concerns (Bach, 2011, pp. 277–278; De Waal, 2009, pp. 101–103; Mehran, 2018, pp. 93–95). According to the analytical framework suggested here, stressing the significance of the exchange relationship between clients and elite actors or "big men" emphasizes the role of individual decision-makers, their interests, and motives in concrete decision-making situations (Hill, 2016, p. 65).

Summing up, the article applies a theoretical framework that combines the impact of the international systemic structures with the mediating role of domestic variables. The article aligns with the realist argument of John Mearsheimer that the two American-led interventions in Afghanistan and Iraq took place during the "golden years" of US global dominance that allowed the hegemon to pursue highly aggressive policies. In comparison, the French intervention in Mali took place when the liberal international order was "going downhill," and the Western powers faced increasing challenges to their legitimacy. Second, the article assumes that the perceptions of the important foreign policy decision-makers of the "national" interest are fluid, which may result in policies that are not rational. The understanding of decision-makers' behaviour in developing countries is based on the assumption that they are strongly preoccupied with securing the survival of the incumbent regime. The transfer of resources to these governments may lead to negative social, economic, and political consequences in the recipient states, as pointed out by Marina Henke (Henke, 2019, pp. 161–162).

### 3. Multilateral Security Operations in Afghanistan, Iraq, and Mali/West Africa

Following the terrorist attack on the US on 9/11, NATO invoked Article 5 of the North Atlantic Treaty, resulting in many years of foreign military involvement in Afghanistan. Since its start in October 2001, the military intervention in Afghanistan had been running on a dual-track (Hallams, 2009; Sperling & Webber, 2012). On the one hand, there was a unilateral operation led by the US, which centred on its strategic interests, and on the other hand, there was a multilateral mission led by NATO with the participation of several member countries such as the UK, Canada, France, Germany, and small states such as Norway and Denmark (Rynning, 2013).

The unilateral approach meant that the US maintained its ability to generate quick, flexible, and efficient responses to the enemy (Hallams, 2009; Sperling & Webber, 2012). The multilateral International Security Assistance Force (ISAF) operation was established with a UN mandate. It had participation from several NATO member states and contributions from several international organizations. The mission was oriented toward rebuilding government institutions and training the Afghan security forces (Carati, 2015, pp. 206–207). At one time, the ISAF included more than 130,000 troops from NATO countries and partner nations (Olsen, 2020, p. 62; Sperling & Webber, 2012).

In comparison, the unilateral American invasion of Iraq in 2003 led to one of the most serious crises in the transatlantic relationship since WWII because some European NATO member states, such as Germany and France, were strongly against the intervention (Garey, 2020). Nevertheless, after a few years, it was agreed that NATO should take over the training of Iraqi defence forces. The mission was established in 2008, with two overall goals: capacity building, non-combat training, and stabilization of Iraq aimed at preventing terrorism and, in particular, the re-emergence of ISIS (Olsen, 2020, pp. 69–70; Schafranek, 2019).

Soon after 9/11, Africa and especially West Africa became one of the geographical regions where multilateral cooperation was considered an important tool for fighting terrorism. In the wake of 9/11, the US introduced several initiatives focusing on regional security where military training programs and funding for African armed forces became crucial components in the American Africa policy (Chivvis, 2016, pp. 44–48; Ploch, 2011, p. 23). When radical Islamists gained power in Northern Mali in 2012 and threatened to enter the capital Bamako in early 2013, the former colonial power, France, launched a military intervention force to eliminate the Islamist threat (Dieng, 2019; Wing, 2019).

The decision-makers in Washington found that the US had an interest in preventing the establishment of a safe-haven for the growth and operations of “Al-Qaeda in the Maghreb” in Northern Mali (interviews by the author in Washington DC in 2015; Larémont, 2013; Weltz,

2014, p. 609). Therefore, the US involved itself by assisting the French forces with air transport, air refueling, and the Americans stepped up their surveillance and intelligence activities in the region. The building of a \$110 million drone base in neighbouring Niger expressed the American commitment to fighting terrorism and radical Islamists in West Africa (Turse, 2020). The proactive American policy in West Africa resulted in the training of many thousands of African troops to perform peacekeeping and anti-terrorist operations on the continent (Pham, 2014, p. 262).

Summing up, the three interventions mentioned were promoted unilaterally by the US or France, making them “pivotal states.” However, all three operations very soon became multilateral under the command of NATO or the UN, operating in parallel with the unilateral missions under either American or French leadership. The unilateral missions were all strongly focused on fighting terrorism, whereas the multilateral operations were far more engaged in state-building activities and training of local security forces.

### 4. The Interests of the Big Actors

#### 4.1. National Interests

The first argument of the article states that Western military interventions in developing countries during the first years of the twenty-first century were about taking care of what core Western decision-makers perceived as their national interest. The section scrutinizes the interests of the US and France based on the assumption that it can contribute to explaining why the two international actors intervened in Afghanistan, Iraq, and Mali/West Africa.

The strategic goals and the interests pursued by the American invasion of Afghanistan in 2001 were clear. From the start, it was apparent that the unilateral US invasion was not a crisis-management operation and that its main purpose was to retaliate against the 9/11 attacks and prevent al-Qaeda from threatening the USA (Garey, 2020, pp. 83–85, 90–92). The original aims and goals of the American mission in Afghanistan soon became conflated with additional vague and broadly defined ones like “state-building,” “counterinsurgency,” “winning hearts and minds,” “democratization,” “counterterrorism,” and “regional stabilization” (Carati, 2015, p. 203). It has been pointed out that to a large extent, the additional goals reflected the fact that the decision-makers in the US had no idea of what they had gotten themselves into when the US invaded Afghanistan apart from the aim of retaliating against the attacks of 9/11 (Russel, 2013, pp. 51, 55).

In the middle of the challenges confronting the combined unilateral and multilateral mission in Afghanistan, the US government under George W. Bush in early 2003 decided to invade Iraq unilaterally. American decision-makers claimed that the Iraqi regime under Saddam Hussein had hidden its nuclear weapons from

the international inspectors that the UN had sent to verify or falsify the American assertions (Garey, 2020, pp. 123–128). Despite the fact that the American decision-makers were unable to provide any information to substantiate their claim of the Iraqi regime's access to nuclear weapons, the US launched an invasion of the country in March 2003 together with a limited number of allied states. It was an important aim for the American strategy to remove the old ruling elites by pursuing a so-called “de-Ba’athification” policy of the Iraqi government institutions, including the armed forces (Dodge, 2013, pp. 196–197). This supports Mearsheimer’s argument that the US pursued aggressive agendas during the golden years of liberal hegemony (Mearsheimer, 2019, pp. 32–33).

Since its decolonization in Africa, France has played a remarkably prominent role in managing several violent conflicts in West Africa. It was a natural consequence of the fact that France maintained its position on the continent in the entire post-colonial era (Chafer, 2014, p. 514; Vallin, 2015, pp. 93–97). As early as mid-2010, the foreign minister Francois Fillon stated “We are at war with al-Qaida in the Islamic Maghreb” (Knaup et al., 2012). The French government’s 2013 White Paper on “Defense and National Security” maintained that the security of France and Europe/the EU were closely interlinked. The White Paper indicated that political instability in the Sahel was not only a threat to France but certainly also to Europe at large (Chafer, 2014, p. 54). Bruno Charbonneau, an expert on security issues in the Sahel, argues that “the French, like the EU, are now concerned with how instability would result in migrants and illicit goods flowing to Europe” (Essa, 2017). The assessment is in line with the statements and official documents issued by the EU, including its different “Strategies on the Sahel” (European Council, 2016; European External Action Service, 2011). Therefore, it is reasonable to assume that the French decision-makers perceived launching operation “Serval” as taking care of national interests by reestablishing stability in Mali while contributing to curbing the influx of migrants and refugees into the EU.

Summing up, it appears that invading Afghanistan was an act of revenge which was not necessarily the same as taking care of US national security interests. However, the domestic pressure on the American foreign policy decision-makers to act was unquestionable. The decision-makers in Paris perceived preventing chaos in Mali and in the wider Sahel region to be in the national interest of France and in the interest of the EU. The Iraqi situation is far more challenging because the official reasons for invading the country were questioned from the start of the American campaign. It points towards an interpretation that the decision to invade Iraq resulted from a lack of knowledge or simply manipulation of facts. It was difficult to argue that it was taking care of US “national” interests, and at the same time, it raised serious questions about the legitimacy of the invasion.

#### 4.2. Burden Sharing With “Like-Minded” Countries

It is characteristic both in the run-up to, and during the invasions of Afghanistan and Iraq, like-minded countries in the NATO alliance got to play important roles. The presence of NATO in the conflicts in Afghanistan and Iraq was supposed to provide legitimacy among domestic and international audiences. Julie Garey argues that “the United States pursued NATO participation to legitimize its actions and adhere to norms governing the use of force and conflict engagement” (Garey, 2020, p. 213). No doubt, the participation of the UK, France, and Germany sent a clear signal to the American domestic audience as well as to the international community that there was widespread political support for the military operations in Afghanistan (Schmitt, 2018, pp. 138–148). The same was the case concerning the highly controversial invasion of Iraq, where the UK very strongly backed the American undertaking together with Australia and Italy, giving it a tinge of legitimacy (Schmitt, 2018, pp. 104–137).

There were also clear motives about burden-sharing involved in encouraging like-minded partners to participate in the operations in the two countries (Henke, 2019, pp. 145–147). Initially, the ISAF-NATO mission was deployed in Kabul to defend government institutions, and was conceived as a mission to help rebuild government institutions and train the Afghan security forces (Carati, 2015, p. 207). The European NATO allies within ISAF brought invaluable skills to strengthen the stabilization and reconstruction efforts, thereby demonstrating the potential utility of multilateralism for taking care of some American interests in promoting stability and security in developing countries (Garey, 2020, pp. 214–220).

The goals of the multilateral ISAF mission were to a large extent undermined by the unilateral American policy. Several years into the intervention, under the Obama administration, it was so pronounced that it was described as a “re-Americanization” of the conflict (Carati, 2015, p. 215). The outcome was not just poor coordination but also a lack of communication and sometimes open conflict between the US-led mission and the ISAF. The tense disagreements partly reflected the lack of consensus among the US and NATO partner countries about the goals of the foreign military engagement in Afghanistan (Carati, 2015, pp. 203, 207; Sperling & Webber, 2012, p. 355).

Despite the strong disagreement between the US and not least France and Germany about the launch of the war on Iraq, NATO ended up agreeing to offer training to Iraqi security forces in late 2004 (Garey, 2020, p. 212; Hallams, 2009, pp. 51–53). The NATO mission (NMI) operated alongside an EU Advisory Mission (EUAM) supporting security reform in Iraq. In February 2021, NATO’s defence ministers decided to expand their training mission in Iraq from 500 soldiers to around 4,000 to 5,000 troops. The increase in numbers did not involve US personnel, meaning that NATO’s European members would

increasingly take over some of the training activities previously carried out by the US (Emmott, 2021).

Soon after the launch of operation “Serval” in Mali, it was backed by 2,000 troops from Chad, turning it into a multilateral operation. France opted for a multilateral approach in parallel to its military operations to avoid having sole responsibility for maintaining security and for fighting Islamist radicalization. Thus, the reasons for the French push for multilateralism and multilateral military solutions to the many crises in West Africa were very pragmatic. It was about burden-sharing, and a quest for legitimacy (Erforth, 2020, pp. 572–575; Recchia & Tardy, 2020, pp. 478–479). As a consequence of the French wish to share the burden and risk, the UN mandated a multilateral mission with more than 10,000 soldiers and 2,000 police officers with headquarters in Bamako, Mali (Dieng, 2019).

In sum, the Afghan case seems to contradict the argument of John Mearsheimer that Washington was keen to get support from like-minded countries as far as burden-sharing and legitimacy were concerned. Because the intervention took place during the “golden years” of the liberal international order, it is at least puzzling. Despite the strong commitment by many European NATO partners that gave legitimacy to the mission, the US largely pursued its own narrow goals without consideration for the concerns of its partners. The unilateral US withdrawal from Afghanistan in August 2021 supports this assessment. It suggests that some American decision-makers had not acknowledged that the “golden years” of American international dominance were over and that multilateral cooperation in the twenty-first century was also about behavioural norms and reciprocity. Because of the massive resistance to the invasion of Iraq, the international support of the controversial American move was not only a necessity—receiving it was a success. In the Mali case, multilateral missions were launched to share the burden and give legitimacy to the interventions, and Paris was successful in both respects.

#### *4.3. Burden-Sharing With Partners From Developing Countries*

The Afghan National Army (ANA) was the centerpiece of NATO’s military strategy in Afghanistan (Grissom, 2013, p. 263). The alliance devoted substantial resources to building and training the ANA, and over the years, its numbers expanded to reach 171,000 men in 2011 (Grissom, 2013, p. 268). The training program for the Afghan National Security Forces was intensified to make them capable of taking over responsibility for security from NATO and thereby sharing the alliance’s costs of maintaining stability and security in the country (Carati, 2015, p. 214).

By 2011, ANA’s operational effectiveness was unsatisfactory seen from NATO’s perspective. It was the case, despite heavy US and NATO investments in the training of the Afghan soldiers and the provision of new weapons

and other supplies. Some of the reasons were linked to limitations in training and weapons, but NATO sources also emphasized corruption as a core reason (Grissom, 2013, pp. 273–274). Neither corruption at all administrative levels nor the challenges from poor governance and a broken judicial system were addressed because of the strong American focus on counterinsurgency in the training programs for the ANA. It meant that the broader socio-political context in Afghanistan was not considered (Carati, 2015, p. 214).

Because of the removal in Iraq of the Ba’athist security forces, Washington had to spend significant efforts on training, equipping, and supporting the new Iraqi armed forces, and by 2009, the Iraqi security forces employed a total of 645,000 personnel. The rapid remilitarization of the Iraqi state and its relations with its own society was pushed through by the US as an attempt to limit the casualties for its own troops and reduce the domestic political costs of occupying Iraq (Dodge, 2013, pp. 204–207). However, the Western training of the security forces reinforced the already existing institutional fragmentation and the politics of patronage in these institutions (Bizhan, 2018, p. 1020). On top of this, the dissolution of the Iraqi army worsened the security situation in the country, manifesting itself in a continuing fight against al-Qaeda. Therefore, the US also established and supported tribal militias, which included 100,000 members (Bizhan, 2018, p. 1023).

The French military intervention in Mali backed by troops from Chad very quickly led to the defeat of radical Islamists in the northern part of the country (Dieng, 2019; Wing, 2019). The proactive American policy towards West Africa was part of the American global war on terror (Burgess, 2015, p. 211). In line with the American effort, the EU established no less than three multilateral missions, one of which, EUTM Mali, was explicitly aimed at training the Malian armed forces (Pirozzi, 2013, p. 16–17).

Adding to the complex picture of military interventions in Mali and West Africa, the attempts to turn operation “Serval” into a multilateral mission resulted in the establishment of a French-led but still multilateral operation named “Barkhane” headquartered in Chad. The “Barkhane” aimed to secure the region and fight terrorism in partnership with regional actors; it involved joint operations between French troops and soldiers from Mali, Niger, and Chad (Larivé, 2014). The high priority given to promoting security in West Africa/the Sahel was emphasized by the establishment in 2017 of the so-called “G5 Sahel Force.” This 5,000 strong military unit with the aim to fight terrorism, organized border crime, and human trafficking. The participating partners include five West African countries plus France. The funding came from the EU, France, and the US (Dieng, 2019, pp. 485–487; Dörrie, 2019, p. 2; Essa, 2017).

In sum, the analysis in this section has shown that the burden-sharing and risk-sharing interests of the US and France resulted in extensive training of and cooperation



with troops from Afghanistan, Iraq, and Mali/West Africa, along with the transfer of significant economic resources in particular to Afghanistan and Mali. The thesis of pivotal states helps explain the expansion of the number of participating states in the multilateral military operations in the three cases analyzed. At the same time, it is important to acknowledge that the three examples of twenty-first century multilateralism did not provide stability or remove the threat from terrorism as was predicted (Hill & Peterson, 2013, pp. 64, 67).

### 5. The Interests of Rulers in Developing Countries

The third argument of the article states that the political power holders and the incumbent elites in developing countries exposed to Western military intervention have strong interests in receiving training for their troops and economic assistance from the very same Western powers. It is because this type of support buttresses their power positions and thereby the survival of the incumbent regime (Brosig, 2017; Fischer, 2013; Oliveira & Verhoeven, 2018).

The ANA was an important institution within a broader societal and political context permeated by patrimonial networks that included both officers and individuals. It has been pointed out that many officers in the ANA spent significant amounts of time and energy managing the patronage networks within the army which appeared deeply distracted by these machinations (Grissom, 2013, p. 278). Apparently, many officers were wary of disciplining subordinates connected to networks and powerful patrons outside the army who routinely prevented action from being taken against “their guys” (Grissom, 2013, p. 278). In brief, the patronage system distorted the discipline in the armed forces and distorted the system of military justice. The Western instructors that trained the members of the ANA had a hard time understanding where the loyalties and other affinities were placed when it came down to the individual soldier (Malejacq & Sandor, 2020, p. 558).

Official development assistance to Afghanistan rose 50-fold during the first 10 years of Western presence, but after 2016, it started to drop. It has been argued that although the large influx of development aid pushed rapid economic growth, it also promoted corruption and funnelled revenue to criminals and insurgent groups (Bizhan et al., 2018, pp. 971–972). The enormous sums of economic and military assistance buttressed the power base of several Afghan strongmen giving them an incentive to pursue a policy of “business as usual,” impeding the peace demands (Smith, 2020, p. 16). It suggests that the ruling elite in Afghanistan took care of its interests by receiving funding and training of its soldiers from the West. Also, pursuing “business as usual” policies in Afghanistan seems to have impeded the implementation of reforms.

When it comes to Iraq, Nematullah Bizhan maintains that the American invasion induced state failure

because of its policy of “de’Ba’athification.” Before the invasion, Iraq was characterized by a highly centralized government that used repression as a core instrument to maintain its power. The subsequent failure of a Western-inspired state-building project was largely the result of American policy initiatives that disrupted the Iraqi state’s preexisting capacity and undermined the prospect for effective state-building by cleansing the government institutions of former loyalists of the Saddam Hussein regime (Costantini & Cozzolino, 2020). Despite the centralization of power, the Iraqi elite was fragmented while, at the same time, it was using the politics of patronage as an important tool of distribution of resources and favours (Bizhan, 2018). As in the Afghan case, the power position of the elites in Iraq was strengthened because of the inflow of resources from the West and the distribution of resources that took place via patron–client mechanisms. It implies that the Western-inspired state-building project was undermined suggesting that necessary reforms of the Iraqi society faced serious problems when it came to implementing any reform (Costantini & Cozzolino, 2020).

In the wake of the French military intervention in Mali in 2013, Paris focused solely on the pursuit of Islamist rebels in the North and was careful not to get involved in domestic politics (Wing, 2019, pp. 100–102). The continued French and UN military presence in Mali in combination with the inflow of resources from the West provided disincentives for Southern-based elites in the country to undertake profound institutional and political restructuring that could have contributed to maintaining peace (Tull, 2017, pp. 2–3; Wing, 2017, pp. 190–192). Moreover, the international partners were unlikely to push for domestic reform, as long as the Malian government was perceived as a crucial ally in the war on terror (Wing, 2017, p. 193).

In sum, the incumbent elites in the three countries and their local allies and clients received significant economic and military assistance from the West. The external resources and the patrimonial systems strengthened the power position of the different elites and strongmen, which contributed to their inclination to abstain from major reforms. The generous inflows of resources from the West also contribute to explaining why the incumbent elites in the three countries were prepared to share the burden and the risk with the intervening military forces.

### 6. Conclusion

The article started by asking why the US and France took the initiative to launch several military interventions in developing countries in the current century and why the two Western powers seemed to prefer multilateral cooperation in these interventions. The article also asked what the consequences were of involving troops from developing countries in military operations. By answering these two questions, it aims to contribute

to the debate on what multilateralism involving military interventions in developing countries looks like in the twenty-first century. It also aims to contribute to the debate on the wider implications of multilateralism that involves troop contributions from developing countries in military operations.

In the three cases, the decision-makers in the US and France reacted to international and domestic stimuli. Because of the terrorist attacks on the US on 9/11, the US had to respond to the violent attacks on its soil, and the military invasion of Afghanistan was an apparent move. Afghanistan was hardly a threat to US national security but, the domestic pressure on the American decision-makers to act was unquestionable. Likewise, the French decision-makers felt they had to react to the Islamist take-over of power in Northern Mali in 2012. The military intervention in Mali in early 2013 was clearly perceived as being in the national interest of France and Europe at large. When it comes to the invasion of Iraq in 2003, it is far more convincing to explain the invasion as the result of domestic pressure in the US and, as such, as an element in taking revenge after 9/11. Of course, the two American-initiated invasions can also be seen as a reflection of the “golden years” of US unilateral power.

Second, it may very well be rational and in the national interest of the US and France to share the burden with many other actors. NATO appears to be a surprisingly willing and capable partner both in Afghanistan and Iraq, where it also gave legitimacy to the interventions. It was hardly necessary if the argument of John Mearsheimer is accepted that the US and its allies had much legitimacy during the “golden years” of liberal internationalism (Mearsheimer, 2019, p. 25). In Mali/West Africa, other partners were willing to contribute to stabilizing the country and the region. The analysis of the three interventions contributes to explaining why multilateral military missions in the current century appear messy—it is simply due to the many participants from the West and developing countries. The many partners and the unclear goals of the military operations may also contribute to explaining why they have had such limited success in creating peace and stability.

Third, the analysis showed that burden-sharing was not only in the interest of the Western powers. The incumbent elites in the three countries analyzed here were strongly interested in cooperating with the intervening Western forces because they received weapons, ammunition, and training for their armed forces and police. On top of this, the governments received significant amounts of development aid and economic assistance. The combined consequences of the Western assistance were support of authoritarian governments, and with this support, it was easier for them to avoid implementing economic and political reform.

Now, returning to the article’s contribution to the debate on what multilateral military interventions look like in developing countries in the twenty-first century and to the debate on the implications of developing

countries being so active participating in military operations. The interventions in Afghanistan and Iraq suggested that they were more about domestic circumstances and taking revenge than promoting stability in the two countries. On the other hand, the intervention in Mali was more clearly about promoting stability, preventing the spread of Islam, and curbing migration into Europe. The military interventions did not establish stability in any of the three countries. Rather, the consequences of the extensive Western involvement were to buttress the power positions of the incumbent, authoritarian elites and thereby, the West supported the inclination of these elites to refrain from initiating necessary socio-economic and political reforms. In brief, the multilateral military interventions were not only messy; they undermined the prospect for stability.

### Acknowledgments

I am grateful to Markus-Michael Müller, the GERG-research group, the editors, and the anonymous referees for the helpful comments.

### Conflict of Interests

The author declares no conflict of interest.

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Article

## Dimensions and Cartography of Dirty Money in Developing Countries: Tripping Up on the Global Hydra

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Submitted: 15 September 2021 | Accepted: 13 January 2022 | Published: 21 April 2022

### Abstract

This article aims to analyze the challenges posed by the illicit financial flows (IFFs) that emerged from the consolidation and globalization of financial markets and the persistent and rising inequality of wealth and income. In a first step, we show the key dimensions behind IFFs (governance, trade, finance, taxation, monetary), which affect the multilateral order and promote new relations of dependence between the Global North and the Global South. In a second step, we analyze the cartographic representation of the developing world regarding the challenges posed by IFFs. We argue that IFFs are a subproduct of inefficient international policies and multilateral regulatory frameworks that have decreased the scope of action of nation-states and reduced the incentives for them to cooperate in certain areas of financial markets and global governance, such as international cooperation on tax and IFFs. In the article, we examine the multidimensionality of IFFs through multivariate techniques. More specifically, we use factor and cluster analysis methods based on the most recent information available between 2015 and 2020. Factor analysis reveals four main components behind this global problem: governance issues, foreign direct investment and trade-related issues, bank stability, and taxation. A clustering hierarchical solution provides four clusters of developing countries, in terms of phantom investment and trade misinvoicing, revealing the heterogeneous composition and shortcomings of the Global South. These results help understand the complexities behind IFFs and highlight the relevance of tailored actions to promote a more effective global governance system.

### Keywords

developing countries; financial globalization; global governance; illicit financial flows

### Issue

This article is part of the issue “Developing Countries and the Crisis of the Multilateral Order” edited by Wil Hout (Erasmus University Rotterdam) and Michal Onderco (Erasmus University Rotterdam / Peace Research Center Prague).

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### 1. Introduction

Global challenges such as illicit financial flows (IFFs) are part of a multipolar and interdependent world. These flows disproportionately affect developing countries, which have not only faced the consequences of economic downturn over the last years but also the harmful effects on poverty resulting from the Covid-19 pandemic. The failure to curb IFFs is only one piece of evidence of the current crisis of multilateralism that became more

marked after the 2007–2009 international financial crisis, as well as with the outbreak of the coronavirus. These problems suggest a need to break the gridlock in global governance that results from the increasing complexity of international relations and global power shifts (Boughton et al., 2017; Boulet et al., 2016; Hale et al., 2013).

IFFs have become a cause of serious concern for developed and developing countries alike. They can be linked to transnational organized crime and other forms

of corruption (e.g., failure of money laundering controls, global bribery, and fraud). They are also directly related to tax avoidance and tax planning by multinational corporations (MNCs) and their transfer of funds to offshore destinations (i.e., profits shifted to tax havens; Alonso, 2018; Cobham & Jansky, 2020; Reuter, 2012).

IFFs not only deprive developing countries of domestic resources for development but also pose a continuing challenge for sustained growth, governance, and effective social justice (United Nations Conference on Trade and Development & United Nations Office on Drugs and Crime, 2020). Moreover, these flows include transfers from legal and illegal activities that are generally considered harmful for the global economic system. In that regard, IFFs are a transnational issue involving hidden flows that are extremely difficult for regulatory authorities and the public to track.

Various studies show the magnitude of the challenge for developing countries (Cobham & Jansky, 2020; Collin, 2020; Hickel, 2017). For instance, it is estimated that developing countries lose billions of dollars a year due to IFFs. Around 80% of IFFs are due to trade misinvoicing (e.g., evasion of customs duties, VAT taxes; Kar & Spanjers, 2015). In 2017, this value gap amounted to 18% of developing country trade, implying a significant diversion of resources away from the Global South's social, productive, and development priorities.

Consequently, in recent years, there has been a particular interest in improving international cooperation (standards, bodies, initiatives, dialogues) to enhance the capacity of governments to tackle IFFs with a clear understanding that it is essential to close fiscal loopholes and strengthen coordination and transparency between fiscal policies (e.g., the fight against tax havens; OECD, 2016). This includes the emergence of: (a) the Addis Ababa Action Agenda; (b) the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting in 2016; (c) the call made by the United Nations High-Level Panel on Financial Transparency, Accountability, and Integrity (FACTI) to set up a UN Tax Convention; and (d) the recent G7 tax agreement to set a minimum global corporate tax of at least 15%.

All these features highlight a constellation of risk factors with systemic connotations. In this regard, we argue that IFFs are a subproduct of inefficient international policies and multilateral regulatory frameworks that have decreased the scope of action of nation-states and reduced the incentives for them to cooperate in certain areas of financial markets and global governance that are particularly relevant for developing countries (e.g., international tax cooperation). However, this article does not seek to convey the idea of "state failure." On the contrary, we provide a broad overview of the changes and asymmetries emerging within the global capitalist system and the rising prominence of capital mobility and financial globalization. To this point, there is a broad range of literature from different perspectives, which reminds us how global financial networks,

connecting with financial centres and offshore jurisdictions, have become financial vehicles through which transnational corporations and territories organize complex corporate structures to reduce costs, minimize tax payments, and maximize profits, among others (Navidi, 2017). In particular, two interrelated strands of research analyze the complex linkages.

In the first, institutions, regulations, and laws give an account of tailored processes that facilitate cross-border capital movements associated with illegal activities (Herkenrath, 2014; Shaxson, 2019). In the other, there is a vicious circle between tax evasion, corruption, and money laundering, including other illicit financial activities (Clark et al., 2015). The former involves a broad constellation of financial networks operating through exclusive circles from individuals and institutions, which promote hierarchical structures of power based on status, access to privileged information, and the promotion of closed policy circles, including the practices of regulatory capture of public policy by financial entities (Kellow et al., 2021; Ötsch, 2016). The latter includes the bond between political corruption, economic resources, and numerous transnational criminal organizations to foster illicit global supply chains (Christensen et al., 2016). Moreover, this interlinkage represents an additional threat to countries in the Global South, fuelled by adverse effects on tax systems and the promotion of rent-seeking structures, which usually comes at the expense of their social and productive fabric (as in the case of activities such as mineral extraction or human trafficking), and the general distortion in the functioning of democratic institutions (United Nations Conference on Trade and Development, 2020). Our approach complements the abovementioned literature by providing a structural and empirical approach to understanding and visualizing these phenomena in the developing world.

Our main aim is to shed light on the dimensions behind IFFs, which affect the multilateral order and create new dependencies between the Global North and the Global South. Section 2 provides a brief analysis of the complex institutional framework in which IFFs operate. Section 3 presents and discusses the main factors explaining IFFs obtained via multivariate techniques. To that end, we examine the problem of IFFs in developing countries from a cartographic perspective through the lens of phantom investment and trade misinvoicing to illustrate the complexities of this issue and its heterogeneous nature over the past few years. Finally, Section 4 concludes the article.

## 2. International Asymmetries in a Complex Economic System

Broadly speaking, IFFs reflect the strong asymmetries prevailing in the international monetary and financial system. Bretton Woods laid the foundation for long-term hegemonic stability by implementing key geopolitical and strategic objectives of the United States (US).

The Bretton Woods conference confronted two competing visions. On the one hand, a non-hegemonic proposal provided by Keynes focused on a framework of shared stability, essentially raising concern about the global economic and trade asymmetries of capitalism. His solution, in which surplus and deficit countries would split the burden of global trade surplus to the benefit of deficit countries, aimed to bring symmetry into the balance of payments adjustment (Keynes, 2013). The other proposal was a pragmatic approach propelled by H. D. White, which would be essential to deploy the construction and design of the national security of the US in three main strands: (a) economic and financial (through the consolidation of the hegemonic currency, the dollar); (b) military security; and (c) strategic. By doing this, the US defended its right to use a current-account surplus while at the same time imposing its model on the international monetary and financial system (Steil, 2013). Indeed, two relevant compensatory elements to the system were introduced under this framework: the International Monetary Fund (IMF) and the World Bank.

The issue here, as many scholars have suggested (Halevi & Varoufakis, 2003; Schwartz, 2019; Strange, 1987), is that the post-war order, shaped by the US, has developed a surplus recycling mechanism (SRM), which performs the functions of a global minotaur: a metaphor of the tribute that Athenians had to pay to Crete to feed the minotaur. This means that a hegemonic SRM is operating in the global economic system, which allows those surpluses generated by the great beneficiaries (industries, banks, MNCs, financial groups) of the world economy to be recycled in the form of capital inflows by the US through a complex institutional and financial system that helps to finance the US twin deficit. Additionally, this framework facilitates three key objectives: (a) to support the international credit system, (b) to encourage foreign investment by transnational corporations, and (c) to promote foreign investment in US Treasury bonds. This also implies more than one SRM within the system (Chochan, 2018). However, only one plays a hegemonic role, introducing the possibility of competition, rivalry, and potential conflict within the system without contravening the conditions for international cooperation among participants of the international order.

### 2.1. *The Global Hydra*

However, the hegemonic SRM is far from a linear process; it is full of transitions and changes. In the initial phase of the Bretton Woods system, the surplus from the US economy was recycled in Europe and Asia to create the necessary demand for US exports. After the collapse of the Bretton Woods system in 1971, there was a transition to a new international financial system. It is characterized by the following key elements: (a) the shift from a system of fixed to flexible exchange rates, (b) the deregulation of domestic financial markets, (c) the integration of global financial markets through monetary and finan-

cial interdependence, (d) the changes in capital controls, and (e) the globalization of intellectual property rights (Archibugi & Filippetti, 2010; Fields & Vernengo, 2013; Vermeiren, 2010). The substantial expansion of capital and financial flows and the emergence of new financial centres became central to the transition towards a new SRM that operates backwards: The US run trade and government deficits while absorbing surplus capital from abroad, which are then recycled through buying exports from its trading partners. Finally, the system becomes cohesive by using the dollar as the dominant international reserve currency (Schwartz, 2019).

The complement of the SRM is the hypothesis of the global hydra. According to Greek mythology, the hydra was a many-headed monster with the capacity to regenerate itself. Each time a warrior was able to chop off one of the hydra's heads, another one appeared soon after, making it a permanent threat until the cooperation between Heracles and his trusted servant finally allowed them to defeat the dreaded hydra. In line with our argument, there is evidence that the system has created new heads in the form of mechanisms of extraction and surplus recycling, which not only result in the implementation of new relations of dependency between rich and poor countries but also of multifaceted crises that are sources of global instability and unsustainability (Held et al., 2010; Hodge, 2013).

The post-war economic system created a broader set of actions, which might disguise the assistance for financing the gaps and asymmetries in developing countries through greater structural conditionality programs, enabling the expansion of foreign direct investment (FDI) inflows and the uneven distribution of public resources (Lang, 2021). The adoption of these programs has been the gateway to an institutional framework that endorses the expansion of international investment law to protect private intellectual property rights, FDI, and profitability for MNCs via both the agreements on Trade-Related Intellectual Property Rights (TRIPs) and Trade-Related Investment Measures (TRIMs) within the World Trade Organization (Chang, 2003). Likewise, these programs have also led to the emergence of a transnational legal order of international taxation that gave rise to tax havens and offshore financial centres (Slobodian, 2018).

The SRM is favoured by a variety of institutions that bring stability to the international monetary system, in which the US dollar still holds a central position. These most notably include key international financial institutions (such as the International Organization of Securities Commissions, the Basel Committee on Banking Supervision, the Financial Action Task Force, and the Financial Stability Board) that provide supervision and regulation of the international institutional architecture. However, while these institutions are relevant in setting the rules and standards for the global financial system, they still have a governance deficit, which translates into developing countries being under-represented within these institutions. Table 1 shows the preponder-

**Table 1.** Governance structure in six key financial institutions (countries’ membership and percentage).

Income group	FATF_GAFI	%	FSB	%	BCBS	%	IFRS	%	BIS	%	IOSCO	%
LIC	0	0.0	0	0.0	1	3.7	0	0.0	0	0.0	6	4.4
LMC	1	2.7	1	4.2	1	3.7	0	0.0	5	8.1	28	20.7
UMC	8	21.6	8	33.3	8	29.6	3	25.0	16	25.8	35	25.9
HIC	28	75.7	15	62.5	17	63.0	9	75.0	41	66.1	66	48.9
Total	37	100.0	24	100.0	27	100.0	12	100.0	62	100.0	135	100.0

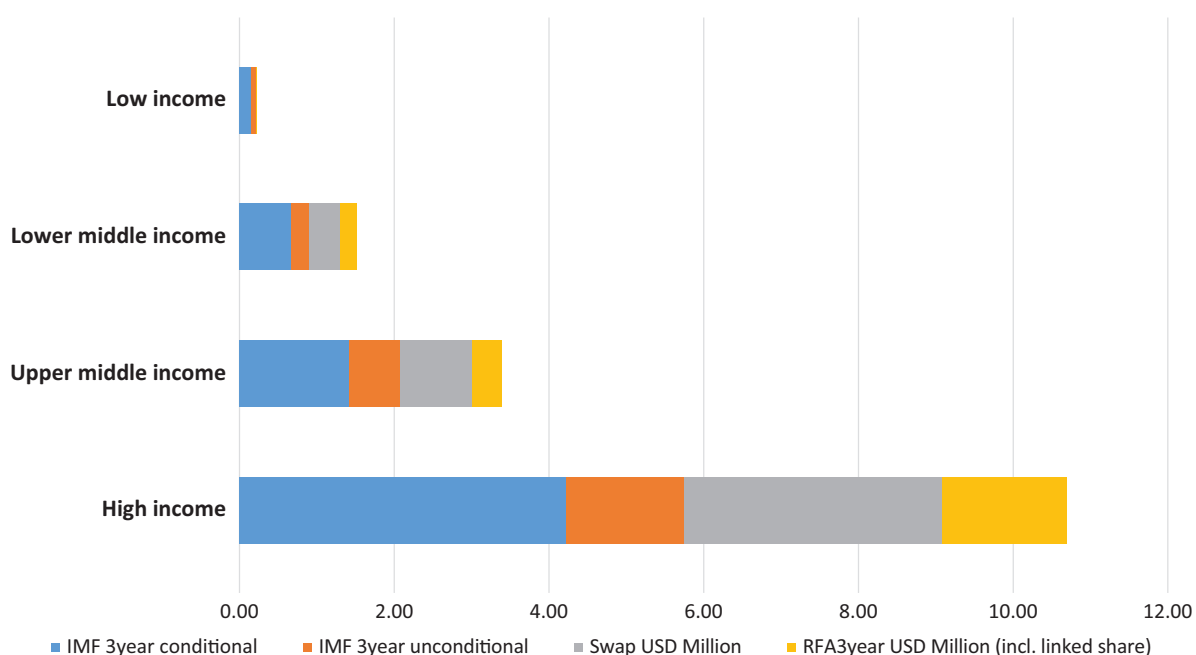
Notes: Based on membership in each institution: Financial Action Task Force (FATF), Financial Stability Board (FSB), Basel Committee on Banking Supervision (BCBS), International Financial Reporting Standards Foundation (IFRS), Bank of International Settlements (BIS), and International Organization of Securities Commissions (IOSCO). Income group classification follows the World Bank list of economies (June 2020), in which LIC refers to low-income countries, LMC to low middle-income countries, UMC to upper-middle-income countries, and HIC to high-income countries. Source: based on information from these institutions.

ance of high-income countries in terms of membership against the under-representation of the Global South. This inequality extends to countries’ access to liquidity when under conditions of financial distress. The lending capacity of the Global Financial Safety Net in terms of potential liquidity access within the IMF, regional financial arrangements, and central bank currency swaps has a strong bias to high-income countries where middle- and low-income countries lose out, as shown in Figure 1.

Within this network of international financial institutions, tax havens emerged. According to the Tax Justice Network, tax havens amount to nearly US\$32 trillion of private financial wealth in secrecy jurisdictions worldwide and cause significant distortion of existing financial resources, especially for the poorest countries (Andersen et al., 2022). This situation reinforces the idea that off-shore markets significantly distort the compensation mechanisms of redistribution.

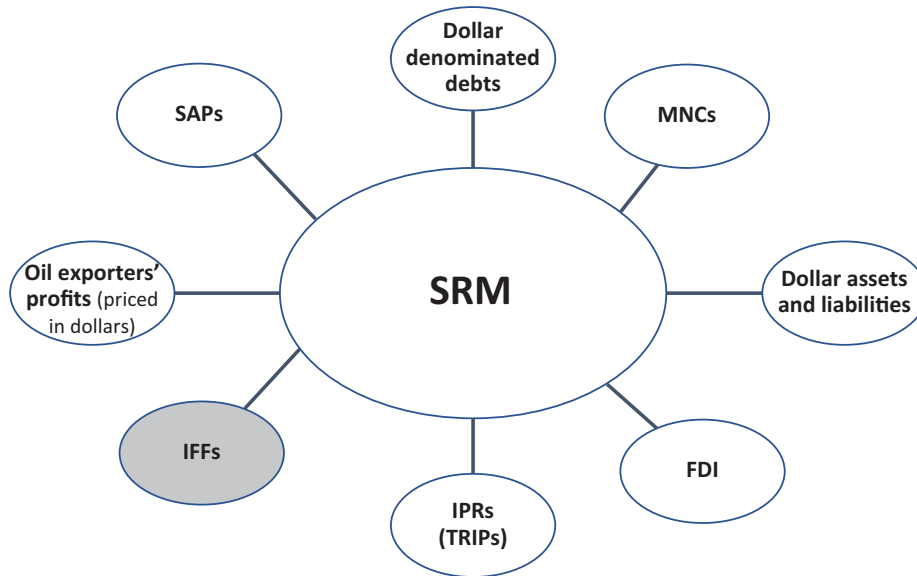
In sum, the dominant SRM resembles a global hydra with different speeds in its various dimensions over time, promoting a vision of a unified system. Each dimension reflects key elements of economic and financial globalization, as well as the roots of the unequal distribution of income and the hegemonic structure of the international monetary system through the monetary dominance of the US (see Figure 2).

The global hydra also shows the interconnection of institutional, commercial, productive, legal, monetary, financial, and policy structures that provide hidden mechanisms of extraction and surplus appropriation of developing countries based on the loopholes within the current tax systems. While some of these aspects highlight the central position of the US dollar (e.g., dollar assets and liabilities in banks and non-financial firms, oil profits priced in dollars, dollar-denominated debts), providing stability to the international monetary



**Figure 1.** Global Financial Safety Net lending capacity 2019–2020 by income group (percentage of GDP). Note: Lending capacity on average per country between 2019–2020 as % of GDP weighted by GDP share. Source: based on data provided in Kring et al. (2020–2021).





**Figure 2.** The global hydra: The role of the hegemonic surplus recycling mechanism (SRM). Notes: SAPs: structural adjustment programs; IPRs: intellectual property rights; MNCs: multinational corporations; IFFs: illicit financial flows; FDI: foreign direct investment.

system, others, such as the TRIPs and TRIMs agreements, have been an integral part of the structural adjustment programs for borrowing countries (mainly developing nations). Moreover, they represent a spearhead of the liberalization of international trade, the expansion of FDI and the global production networks based on MNCs.

All in all, in the context of low-tax jurisdictions for MNCs and wealthy individuals (among other negative externalities), the critical components of the global hydra have facilitated the expansion of surplus recycling back to the US and other emergent powers, as well as to offshore financial centres. This also explains the expansion of IFFs in the global economy as part of a whole system that distorts revenue mobilization and affects the domestic economy of developing countries. And precisely here lies the structure of persisting global imbalances between surplus and deficit countries and the growing problem of income and wealth inequality within countries.

*2.2. Illicit Financial Flows and the Complexity of the Contemporary Global Order*

Over recent years, IFFs have received much public attention and a target (16.4) of the United Nations’ 2030 Agenda for Sustainable Development, which aims to reduce illicit financial and arms flows by strengthening the recovery and return of stolen assets and combating all forms of organized crime.

IFFs include illicit activities, such as trade misinvoicing—the most significant component—and illegal practices, including financing of organized crime, public corruption, and tax evasion. This means, according to the IMF:

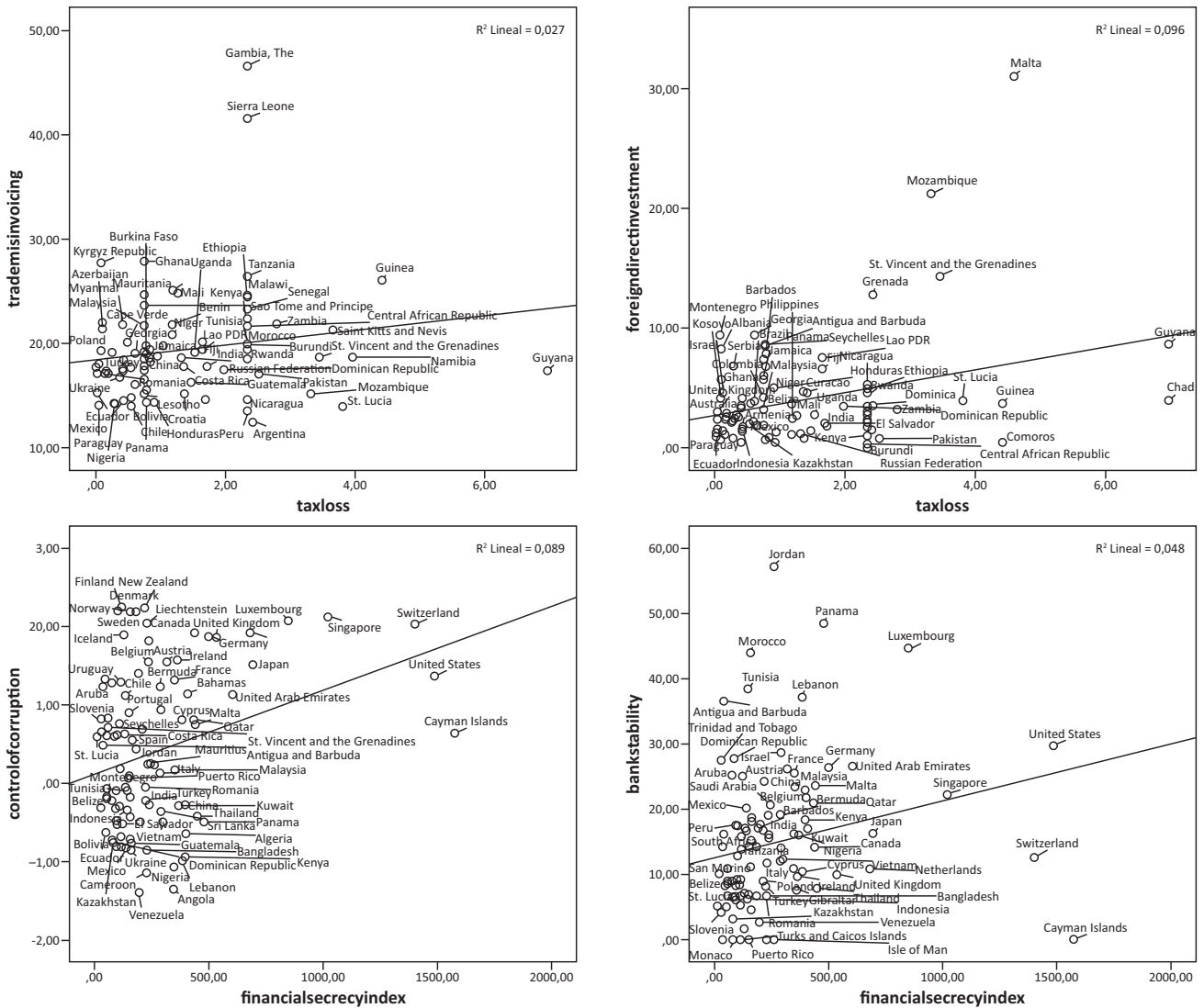
The movement of money across borders that is illegal in its source (e.g., corruption, smuggling), its transfer (e.g., tax evasion or tax avoidance from multinational corporations), or its use (e.g., terrorist financing). (International Monetary Fund, 2021)

These financial flows aim to transfer money outside of a country, mainly to offshore jurisdictions with a high level of financial secrecy.

Indeed, a high level of IFFs cannot be understood without paying attention to a whole range of transmission mechanisms, including networks of complicity (dominant political, financial, and economic elites) that facilitate and promote illegal activities such as global criminal activities. Overall, IFFs undermine the fiscal position of nation-states and divert resources away from social and economic development, to the detriment of the institutional fabric of developing countries. Furthermore, IFFs undermine governance, multilateral institutions, and citizens’ trust in democratic institutions.

Fundamentally, the effects of IFFs can be greater in developing countries due to their negative influence on domestic resource mobilization, particularly through channels such as tax capacity and spending efficiency that ultimately have repercussions on economic growth. Similarly, it should be emphasized that high levels of IFFs are associated with the extractive sectors of developing countries (Le Billon, 2011).

As seen above, however, interlinked factors in several areas provide stability to the international system, which may reflect what some authors have called the transformation to a multifaceted system of global governance (Eilstrup-Sangiovanni & Hofmann, 2020). Figure 3 provides a graphical representation of the relationship between IFFs and other variables of interest: corruption,



**Figure 3.** Key relationships between IFFs and the global economy. Source: Tax loss % GDP based on data from Cobham and Jansky (2020).

tax loss, FDI inflows, and bank stability. On the one hand, these interactions reveal the positive relationship between IFFs and tax loss and the positive correlation of profit-shifting and tax revenue losses related to FDIs. On the other hand, they also reveal a clear positive link between the levels of corruption and global financial secrecy, as measured by the Financial Secrecy Index provided by the Tax Justice Network (2020). This extends to the link between bank stability and the use of secrecy loopholes, which in our argument have proved to be an essential factor behind this phenomenon.

Two significant questions have arisen so far: (a) What are the most relevant dimensions (governance, trade, finance, taxation, monetary) within this particularly complex issue? (b) Based on this analysis, what taxonomy of developing countries can be obtained? In other words, are there groups of similar countries that can be useful for comparative purposes? The following section seeks to answer these questions.

### 3. Methods

#### 3.1. Factor Analysis

We examine the various dimensions of IFFs through multivariate techniques. More specifically, we invoke the complementary use of factor and cluster analysis methods based on the most recent information available. The primary step of factor analysis is to reduce the data by finding a minimum number of factors from a large number of variables, including information for developed and developing countries. This means that we discard some variables after applying the extraction method and obtaining an inadequate sample size. This is the case of the cryptocurrency index, which might suggest that the issue of digital money within the problem of IFFs is still in its early stages. Table 2 shows the dimensions, variables, and sources on a sample of 85 countries using data over the last five years (2015–2020). We use six dimensions (governance, trade, finance, taxation, monetary,

**Table 2.** Description of variables.

Dimensions	Proxies	Description	Sources	Period
Governance	Government effectiveness	Reflects perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation and the credibility of the government's commitment to such policies	World Bank (2021a)	2015–2018
	Control of corruption	Reflects perceptions of the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as “capture” of the state by elites and private interests	World Bank (2021a)	The latest available (2015–2018)
	Rule of law	It reflects perceptions of the extent to which agents have confidence in and abide by the rules of society, and in particular, the quality of contract enforcement, property rights, the police, and the courts, as well as the likelihood of crime and violence	World Bank (2021a)	The latest available (2015–2018)
Trade	Trade	The sum of exports and imports of goods and services measured as a share of gross domestic product (geometric mean)	World Bank (2021b)	2015–2019
Finance	Foreign direct investment	Foreign direct investment, net outflows (% of GDP) (geometric mean)	World Bank (2021b)	2015–2020
	Financial Secrecy Index	It measures the secrecy of jurisdictions and the scale of their activities to create a ranking of the countries that most aggressively provide secrecy in global finance	Tax Justice Network (2021)	2020
	Trade misinvoicing	It includes the detection of trade misinvoicing by identifying the “value gaps” or mismatches in reported international trade data between 135 Developing Countries and all of their Trading Partners, as a percent of Total Trade (geometric mean)	Global Financial Integrity (2021)	2015–2017
	Cryptocurrency index	It measures four metrics (on-chain cryptocurrency value received; on-chain retail value transferred, both weighted by PPP per capita; number of on-chain cryptocurrency deposits, weighted by number of internet users; and P2P exchange trade volume, weighted by PPP per capita and number of internet users). Values are normalized. The scale is between 0 and 1. The closest to 1, the higher the rank.	Chainalysis (2020)	2020
	Phantom investment	It includes the estimated share of total inward FDI where the immediate investor is a foreign phantom corporation.	Damgaard et al. (2019)	2017
Taxation	Tax revenue	Tax revenue refers to compulsory transfers to the central government for public purposes. Certain compulsory transfers such as fines, penalties, and most social security contributions are excluded. Refunds and corrections of erroneously collected tax revenue are treated as negative revenue (geometric mean)	World Bank (2021b)	2015–2018
Monetary	Bank stability	It captures the probability of default of a country's commercial banking system	World Bank (2021c)	2017
	Inflation	Average inflation rate during each period	World Bank (2021b)	2015–2019
Criminality	Homicides	Intentional homicides are estimates of unlawful homicides purposely inflicted as a result of domestic disputes, interpersonal violence, violent conflicts over land resources, intergang violence over turf or control and predatory violence and killing by armed groups	World Bank (2021b)	2020

criminality) and 13 variables. Sample selection aims to maximize data availability and avoid redundant information. Data were standardized, followed closely by sampling adequacy, using the overall Kaiser–Meyer–Olkin (KMO), which must not be < 0.5, and Bartlett’s test of sphericity. As shown by the KMO coefficient of 0.743, the highly statistically significant Bartlett’s test ( $\chi^2_{45} = 360.5$ ,  $P < 0.000$ ) and its determinant of the correlation matrix (0.000), the factor analysis is suitable for our purposes. To identify factors, we performed a principal component analysis with varimax orthogonal rotation. The extraction of the factors is primarily obtained from the analysis of the total variance, which in this case extracted four main components that explained 77% of the cumulative variance.

We then continue with the analysis of factor rotation, which helps us interpret factor loadings into a simple structure. The rotated component matrix (Table 3) highlights (in italics) the most relevant variables within each of the four factors.

These rotated factor loadings represent the estimates of the correlations between the variables and the factor where the possible values range from -1 to +1. In our results, the first factor relates to governance issues. Higher levels of correlation indicate that it is better explained by the rule of law. The second factor illustrates risks associated with FDI inflows and trade triggering trade misinvoicing and tax avoidance practices. In this respect, while the role of FDI inflows stands out, the trade issue should not be neglected, considering that both present similar levels of correlation. The third factor stresses the idea of bank stability, which is more relevant than the issue of criminality (proxied by the number of homicides). The fourth factor underlines the importance of taxation and the influence of global financial secrecy.

Finally, we perform a one-way ANOVA analysis in two scenarios to verify significant differences between the components. At this point of the analysis, we substitute our proxies related to trade & finance (FDI inflows and Trade) with the use of phantom investment and trade

misinvoicing, respectively. The reason is simple: We want to show both the close connection between these indicators (i.e., phantom investment accounts for almost 40% of global FDI), and to reflect as accurately as possible the scope of the problem related to IFFs, in an attempt to address the concern provided by Forstater (2018). In this sense, our four main factors are statistically significant (the F-test, which is used to determine statistical significance, shows a good indicator of the relationship between the general variation between components and the general variation within the same dimensions; see Table 3). The variable with the greatest discriminating power is FDI inflows, proxied by fraudulent (phantom) investment, which flows through corporate shells to avoid paying taxes in host countries, followed by bank stability, tax revenue, and rule of law. In parallel, the same applies to the second scenario based on Trade, proxied by trade misinvoicing, which involves mismatches in reported international trade data (false declarations of value on trade transactions) by trading companies, including both legitimate firms and illicit criminal networks alike. In this case, the relevance of bank stability remains in second place, followed by rule of law and tax revenue.

### 3.2. Cluster Analysis

Cluster analysis is a multivariate method, which aims to classify a sample of data into several groups, called clusters. While clusters are characterized by shared similarities within the same group (cluster), they also reflect differences in relation to other clusters. This technique aims to provide classifications that offer “objective” and “stable” solutions whilst respecting the requirements of homogeneity and dissimilarity within and between groups (Everitt et al., 2011; Tezanos & Sumner, 2016, p. 853). The procedure follows three main steps: (a) calculate the distances between clusters, (b) link the clusters, and (c) help to determine the optimal number of clusters. First, we perform a hierarchical cluster analysis

**Table 3.** Component Matrix and ANOVA.

Proxies	Component Matrix <sup>a</sup>					
	Stage 1				Stage 2	
	Rotated Component				ANOVA (F-test)	
	Governance	Trade & Finance	Bank stability	Tax revenue	Scenario 1 Phantom investment	Scenario 2 Trade misinvoicing
Rule of law	<i>0.966</i>				11.256*	24.854*
FDI inflows		<i>0.896</i>			42.815*	
Trade		<i>0.807</i>			30.172*	100.826*
Bank stability			<i>0.750</i>			31.913*
Tax revenue				<i>0.809</i>	12.250*	21.325*

Notes: Extraction Method is the Principal Component Analysis. Rotation Method is the Varimax with Kaiser Normalization. Rotation converged in five iterations. ANOVA test and its significance \*:  $p < 0.001$ .

using Ward's method (1963). Then, as shown previously, we use the four determining components from the previous factor analysis to proceed with our methodology (the cluster analysis). Here, however, we consider two possible solutions highlighting the role of phantom investment and trade misinvoicing.

The first clustering hierarchical solution (using phantom investment) is composed of four clusters of developing countries (Table 5), revealing the main characteristics in terms of differences across clusters (Figure 4), the heterogeneous composition of the developing world (Figure 6), and similar shortcomings provided by the current global financial order.

Cluster 1 (C1) is the largest group (34 countries) and the most heterogeneous cluster as it includes mostly lower-middle-income countries (LMCs), followed by upper-middle-income countries (UMCs) and low-income countries (LICs). It is mostly the combination of Sub-Saharan African and Latin America & Caribbean regions, including two of its most relevant economies: Mexico and Argentina. These countries maintain a balance between levels of tax revenues and bank stability that expose them to the danger of tax avoidance through substantial FDI inflows. In addition, this cluster shows excessive laxity (with the highest levels of permissiveness) in terms of legal systems.

Cluster 2 (C2) is the third largest group (9 countries) that is strongly focused on UMCs from three main regions: East Asia & Pacific, Latin America & Caribbean,

and Sub-Saharan Africa. The shape of this group is the result of low exposure to tax avoidance in terms of FDI inflows and high levels of fiscal revenue.

Cluster 3 (C3) is the second largest group (30 countries). It is also heterogeneous, with a focus on UMCs. Nonetheless, it is also where key emerging economies such as China, Russia, Turkey, Brazil, and South Africa are located. This cluster is very similar to C1. However, the main difference is that this cluster has the highest levels of phantom FDI inflows in a better observance of the rule of law within the group and with low levels of tax revenue.

Cluster 4 (C4) is the smallest group (6 countries). Its peculiarity remains in the highest level of bank stability combined with substantial phantom FDI investment and low tax collection levels. It is mainly composed of LICs and is primarily located in the Middle East and North Africa.

As seen above, the second clustering solution (using trade misinvoicing) confirms the diverse and particularly complex nature of IFFs. In this regard, the heterogeneity in the developing world becomes more evident (Table 5), stressing the importance of critical issues of governance, transparency, and accountability on the part of governments, international institutions, and the private sector (Figures 5 and 7). The analysis confirms the existence of four clusters but through the lens of illegal trading activity. In contrast to the earlier cluster analysis, the only group that remains is C3, which is identical to C4 from our previous analysis.

**Table 4.** Cluster membership of developing countries based on two scenarios.

	Cluster membership
With phantom FDI inflows	<p>C1 (34 countries): Afghanistan; Albania; Angola; Argentina; Armenia; Azerbaijan; Bangladesh; Belarus; Cambodia; Cameroon; Central African Republic; Colombia; Congo, Rep.; Dominican Republic; Egypt; Arab Rep.; Equatorial Guinea; Gabon; Guatemala; Guinea-Bissau; Iraq; Kenya; Kyrgyz Republic; Mali; Mexico; Mongolia; Papua New Guinea; Paraguay; Peru; Senegal; Sudan; Togo; Tanzania; Uzbekistan; Zimbabwe.</p> <p>C2 (9 countries): Belize; Costa Rica; Ghana; Jamaica; Lesotho; Namibia; St. Lucia; St. Vincent and the Grenadines; Timor-Leste.</p> <p>C3 (30 countries): Bhutan; Bosnia and Herzegovina; Botswana; Brazil; Bulgaria; Burkina Faso; China; Ethiopia; Fiji; Georgia; India; Indonesia; Kazakhstan; Madagascar; Malawi; Malaysia; Mozambique; Myanmar; Nicaragua; Philippines; Moldova; Russian Federation; Rwanda; South Africa; Sri Lanka; Thailand; Turkey; Uganda; Ukraine; Zambia.</p> <p>C4 (6 countries): El Salvador; Honduras; Jordan; Lebanon; Morocco; Nepal.</p>
With trade misinvoicing	<p>C1 (56 countries): Afghanistan; Albania; Angola; Argentina; Azerbaijan; Bangladesh; Belarus; Belize; Brazil; Burkina Faso; Cambodia; Cameroon; Central African Republic; China; Colombia; Congo, Rep.; Dominican Republic; Egypt, Arab Rep.; El Salvador; Ethiopia; Ghana; Guatemala; India; Indonesia; Kazakhstan; Kenya; Kuwait; Kyrgyz Republic; Madagascar; Malawi; Mali; Mexico; Mongolia; Mozambique; Myanmar; Nicaragua; Paraguay; Peru; Philippines; Moldova; Russian Federation; Rwanda; Saudi Arabia; Senegal; Sri Lanka; Thailand; Timor-Leste; Togo; Turkey; Uganda; Ukraine; United Arab Emirates; Tanzania; Uzbekistan; Zambia; Zimbabwe.</p> <p>C2 (22 countries): Armenia; Barbados; Botswana; Bulgaria; Chile; Costa Rica; Croatia; Fiji; Georgia; Hungary; Jamaica; Lesotho; Malaysia; Mauritius; Namibia; Poland; Romania; St. Lucia; St. Vincent and the Grenadines; Seychelles; South Africa; Uruguay.</p> <p>C3 (6 countries): Honduras; Jordan; Lebanon; Morocco; Nepal; Trinidad and Tobago.</p> <p>C4 (1 country): Iraq.</p>

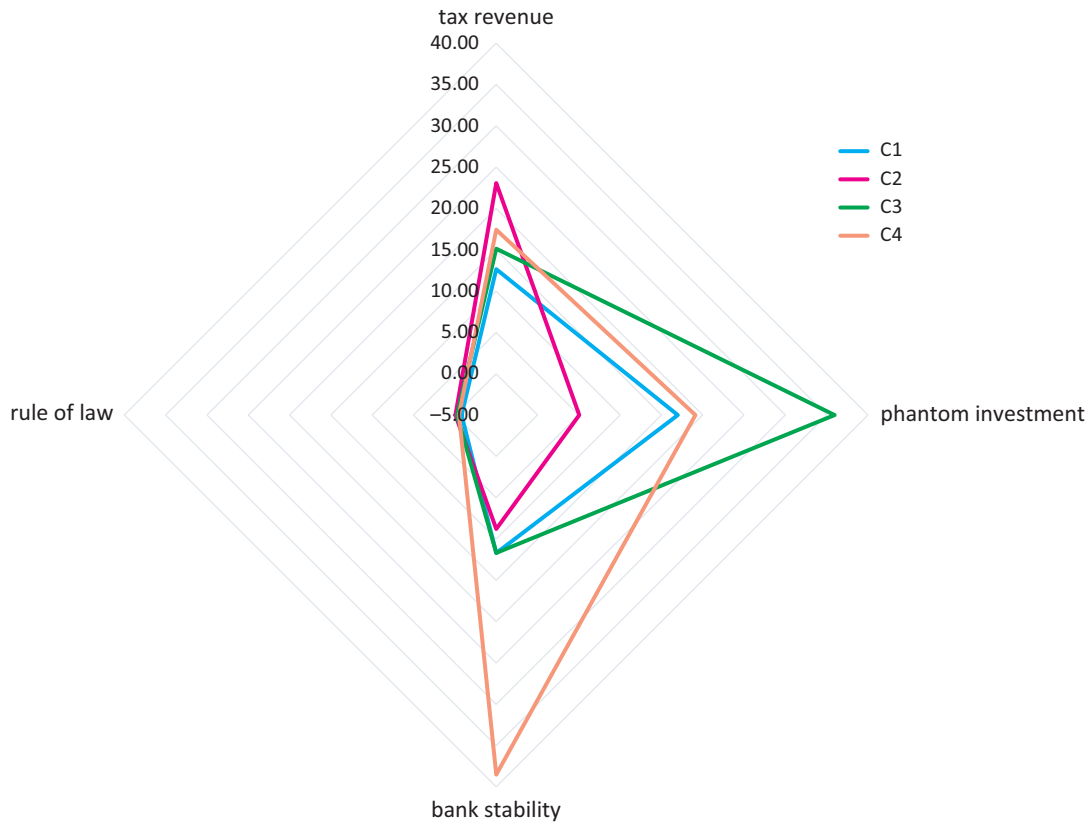


Figure 4. Differences across clusters' averages (with phantom investment).

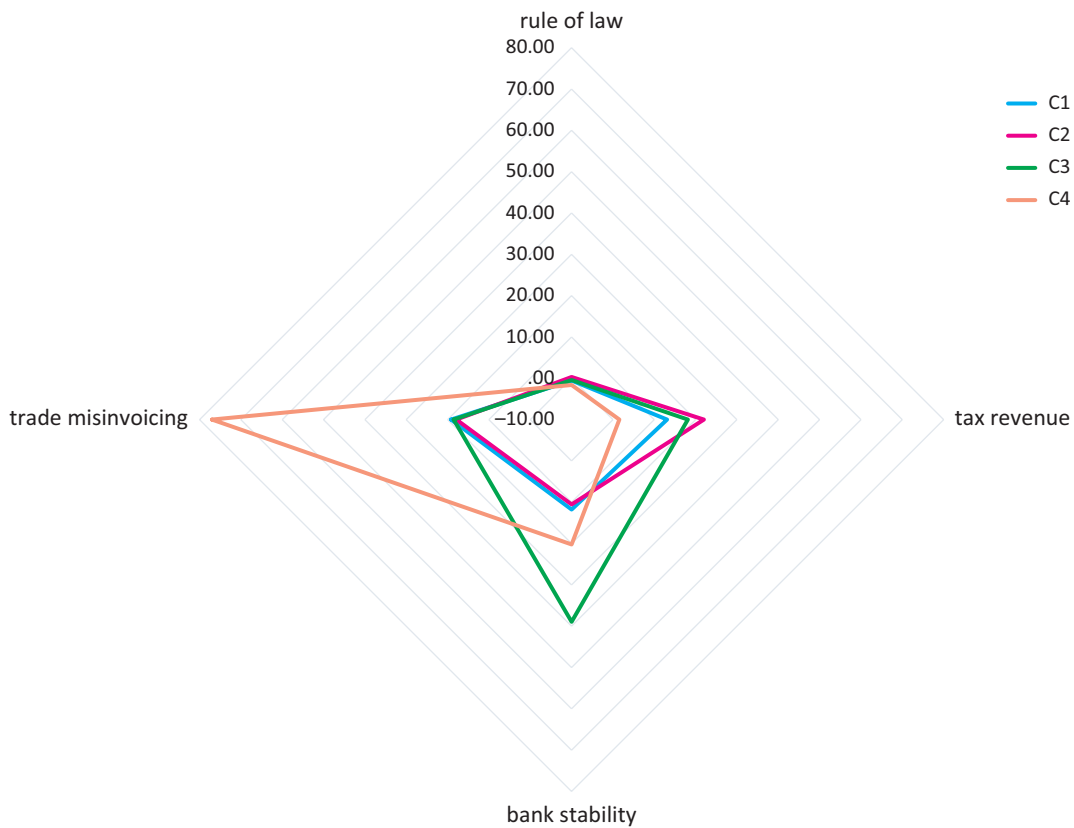
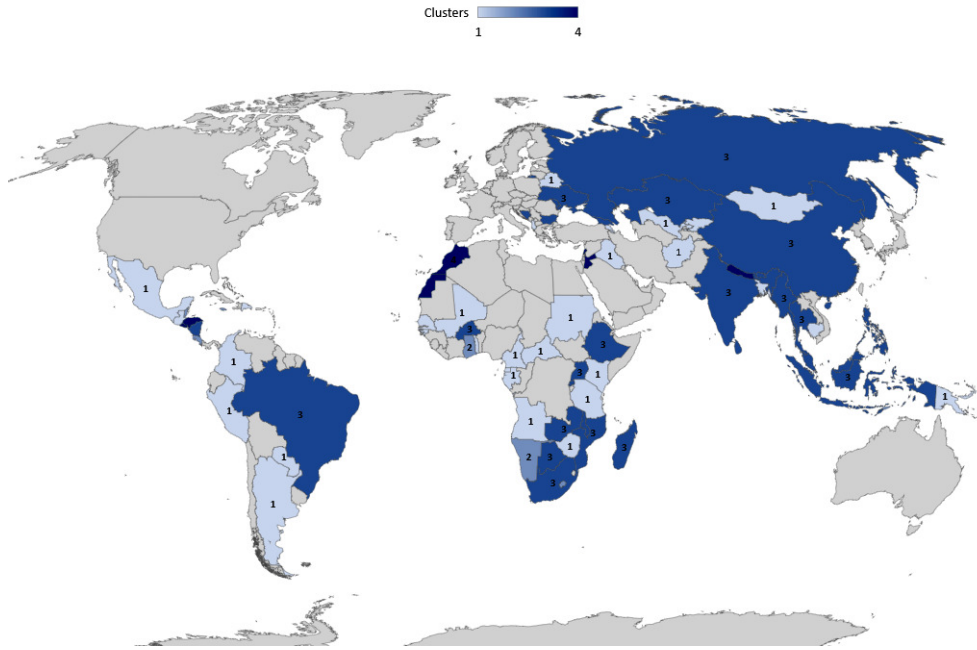


Figure 5. Differences across clusters' averages (with trade misinvoicing).



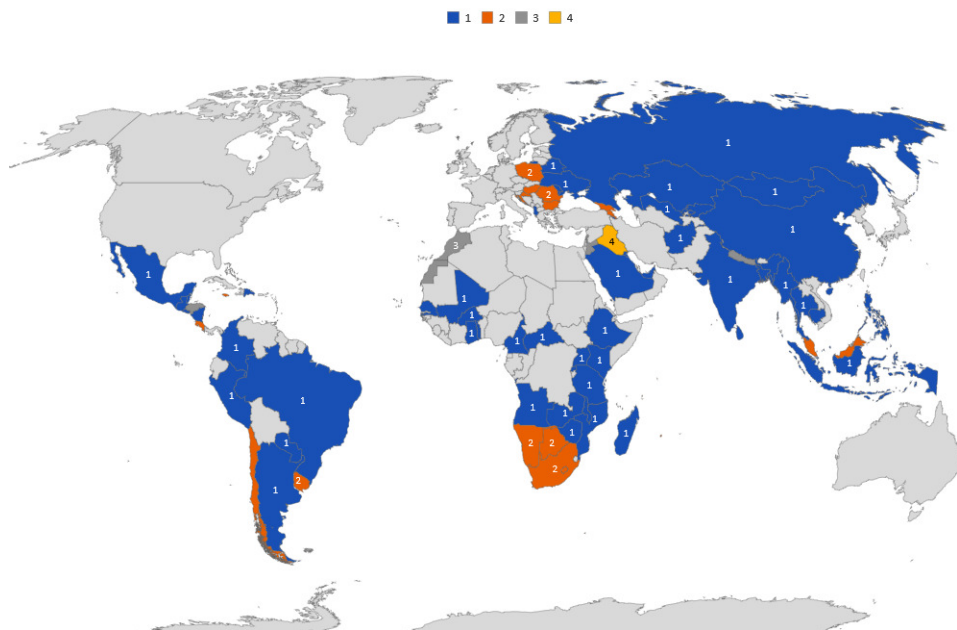
**Figure 6.** Country clustering in their geographical location with phantom investment.

C1 is still the largest (56 countries) and most heterogeneous group, including LMCs, UMCs, and LICs. It is important to point out that this cluster contains the entire group of LICs from the whole sample. Again, it includes some of the most relevant emerging markets, such as Brazil, China, India, Mexico, and Russia. These countries face the biggest disequilibrium in terms of tax revenue and IFFs based on trade misinvoicing in addition to a deficit regarding the rule of law.

C2 is the second largest group (22 countries), consisting mainly of UMCs. This cluster has similarities with

C1; however, countries in this group, such as Uruguay, Poland, Chile, and Costa Rica, have a better fiscal structure and a positive level of rule of law. Nevertheless, they face high trade gaps regarding IFFs, which are slightly lower than C1.

C3 is the third largest group (6 countries). It includes mainly LMCs. Interestingly, these countries are characterized by offering high levels of bank stability in a context of relatively good fiscal revenues. However, they still have high levels of IFFs gaps and negative values for the rule of law.



**Figure 7.** Country clustering in their geographical location with trade misinvoicing.

C4 is a single country, which mainly reflects a geopolitical issue. After the US intervention, it points out that Iraq has been troubled by unstable and poor governments where the destruction of the social and productive fabric prevails and is hand in hand with the emergence of corruption and organized crime. In this context, social exclusion, illicit activities, and capital outflows (e.g., trade misinvoicing and smuggling of oil) have notably grown in recent years (World Bank, 2017). The evidence indicates a similar pattern observed in C3 regarding the strong association between IFFs gaps and bank stability.

In comparative terms, our analysis exemplifies the multifaceted problems of IFFs that arise from different sources: institutional, structural, legal, productive, and fiscal, among others. However, in recent years, the main problem seems to lie in the exposure to tax avoidance coming from the dynamics of FDI, aggressive tax-planning strategies by MNCs, and the connection to well-known tax-havens. This means that a growing flow of investment is not connected with real business activity in developing countries, creating significant distortions at the economic, fiscal, and social levels. Alongside this is the issue of trade misinvoicing. Therefore, we should not expect a “one-size-fits-all” scenario but rather equally important connections.

#### 4. Policy Implications

At the heart of the debate about curbing IFFs is the question of whether different economic, political, and domestic legal systems create the necessary conditions to tackle IFFs. It is of particular interest whether they are able to cooperate to reduce trade-offs and conflicts in their fight against IFFs in a context of a growing global struggle/rivalry between different SRMs, emulating a “war for surpluses” at the global level. In practice, there are different strategies and recommendations provided by multilateral and international organizations regarding the fight against IFFs (i.e., the OECD Anti-Bribery Convention, the Financial Action Task Force 40 Recommendations, the UN Convention Against Corruption), which reflect the complex and transnational character of this issue. From this, there is a certain consensus about the need to make progress towards a more comprehensive and coherent framework (OECD, 2016). However, the lack of an integrated system reflects the existing gap between global standards, adaptation, and implementation at the domestic level. This challenge not only requires a plural and multifaceted action to build up institutional capacities that align with international standards. It also implies greater coordination of national and global policies in the fight against IFFs. This involves, in particular, giving attention to the specific needs of the heterogeneous Global South. Our analysis has provided evidence that middle-income countries (both LMCs and UMCs), are affected to a significant extent by phantom investment and trade misinvoicing.

Nonetheless, there are differences between these two at the regional level. The problem of phantom investment, taking account of their specific features, is more acute in Sub-Saharan Africa (C1, C2, and C3), followed by Latin America & Caribbean (C1, C2, and C4), East Asia & Pacific (C2), Europe & Central Asia (C3), and the Middle East & North Africa (C4). As for trade misinvoicing, this issue affects a significant number of Latin American & Caribbean countries (C1, C2, and C3), followed by Sub-Saharan Africa (C1 and C2), Europe & Central Asia (C2), and the Middle East & North Africa (C4). In both cases, there are strong implications for emerging and anchor countries in the Global South. These countries promote a comprehensive approach to implementing policies (such as tax incentives) to attract FDI to stimulate their growth.

Yet, this has proven to be a trap for their development process. The evidence suggests that much of this investment is phantom in nature, affecting the tax structure of these societies, their productive structures, and their environment due to the low degree of linkages with the real economy and the concentration of these flows within sectors that have high environmental impacts. Similarly, the driver of international economic integration based on trade agreements and the export-led growth strategy embedded in the global trade liberalization discourse is challenged by the distortions emerging from trade misinvoicing practices, and their associated tax revenue losses for the developing world. Again, both features suggest that the international system provides perverse incentives for sustainable progress in the Global South, challenging the mainstream approaches to development (Leach et al., 2021).

These results might be relevant for international, multilateral, and regional organizations, both as a reminder to support the needs of middle-income countries and to promote a more inclusive financial sector. In this respect, it seems clear that the governance structure in key financial institutions can be enhanced by supporting local financial authorities of developing countries and fostering international cooperation to address specific elements of IFFs (i.e., improving collaboration between tax and anti-money laundering authorities). Similarly, this type of effort can be complemented at the regional level through cooperation initiatives to curb all forms of IFFs. Unfortunately, the loopholes in the agreement to implement a global corporate tax rate of 15% and the partial opposition of a group of tax-haven countries such as Ireland still leave the door open for MNCs to keep profit shifting and underpaying taxes—to the detriment of developing countries.

The question that arises in this complex issue is: Why is there no common strategy in some countries of the Global South (such as in the case of Latin America & Caribbean) to tackle this kind of threat for their societies yet? This is particularly important because providing a joint regional strategy against IFFs would directly expand their fiscal space and domestic resource mobilization.



This, in turn, would be highly desirable to rebuild better during and after the Covid-19 pandemic, taking into account that Sub-Saharan Africa, Latin America, and the Caribbean suffer from an extreme concentration of capital and social inequality, which have worsened during the Covid-19 pandemic (Chancel et al., 2022). In any case, the deficit in the coordination of policies and measures at the global, regional, and local levels continues to be an ongoing issue where difficulties in addressing this type of challenges seem to be more related to a lack of political will and governance failures than to a lack of capacity.

## 5. Conclusions

The era of financial globalization has brought numerous opportunities and a rising scale of vulnerability from the globalized financial sector's greed. Within this framework, there is growing concern about the progression of IFFs, which has been incorporated into the recent Agenda 2030 for Sustainable Development. However, little headway has been made due to the disguised nature of the problem and partial progress in conceptual and methodological matters. The global problem of IFFs includes fraud, corruption, evasion, money laundering, trade misinvoicing, and tax avoidance by MNCs. While they reflect new forms of doing business and have increased profit in the world economy, these actions need to be viewed within an integrated approach and a long-term perspective. We argued that IFFs should not be seen as an isolated phenomenon but as part of a global strategy that was put in place following the Second World War. By doing so, steps were taken on the path to a hegemonic SRM by means of a set of institutions, bodies, structures, and policies. This SRM, however, is far from being a uniform phenomenon; on the contrary, it is full of transitions and spreading mechanisms, evoking the idea of a global hydra.

However, financial globalization has introduced distortions to the system, exacerbating asymmetries and inequalities within and between countries. Among these distortions, IFFs are becoming an increasingly relevant issue. Asymmetries translate into an extremely low representation of developing countries, particularly of LICs, in various core institutions for financial governance. This greatly affects their potential to provide greater equity and concrete measures to tackle IFFs and reverse the deterioration of the institutional capacity of developing countries in different strands, such as tax collection, capital flight, corruption, and the massive drain on public and private resources, among others. This situation poses a global paradox. On the one hand, it reaffirms that the dominant SRM has strong roots within the phase of financial globalization and is already hitting developing economies hard through various mechanisms, including IFFs. On the other, this framework stands out as a formidable challenge, which requires the international community's significant and persistent institutional efforts and coordination to rethink our

strategies and correct the course towards a more sustainable future.

In this regard, IFFs can also be understood as a sub-product of inefficient international policies and multilateral regulatory frameworks that have decreased the scope of action of nation-states and reduced the incentives for them to cooperate in certain areas of financial markets and global governance that are of particular importance for developing countries (e.g., international tax cooperation and the need to combat IFFs).

Indeed, while the global asymmetries largely depend on the dispute over the hegemony of the world economy, current developments within the multilateral system seem to indicate that progress in this field is slow and remains at least one step behind the challenges and threats of an extraordinarily complex world, as shown in the case of international tax loopholes and the bleak future for a wide range of developing countries in the post-Covid-19 era.

Our empirical analysis reinforces the importance of four main components behind the issue of IFFs: (a) governance issues, primarily the rule of law; (b) risks associated with FDI and trade; (c) bank stability; and (d) tax revenue. Similarly, our hierarchical clustering solutions provide four groups of developing countries, revealing the heterogeneous composition of the Global South and similar shortcomings supplied by the contemporary global financial order.

Comparatively speaking, our analysis highlights the need to bring a geographically differentiated approach to policy measures against IFFs through three thematic threads: (a) the agenda on corporate taxation to limit tax avoidance through phantom investment and trade misinvoicing, (b) boosting the fight against money laundering and criminality, and (c) moving swiftly towards more inclusive and sustainable global standards from six key financial institutions to meet the challenges of tackling IFFs.

Finally, it will be extremely difficult to curb IFFs and the emerging inequalities after the Covid-19 crisis without effective international cooperation. Therefore, it is also essential to the political will of major powers that key asymmetric structures and mechanisms that play against a broader number of developing countries are addressed. In other words, as in the case of the myth of the hydra, we need to accomplish a herculean task by drawing up better coordination, cooperation, and inclusion to address the root causes of IFFs and the contradictions that exist in the current international order.

## Acknowledgments

We are grateful for the constructive and useful comments of two anonymous referees and the editors and the organizers of two panels within the EADI ISS 2021 and the DSA 2021 conferences, who supported a previous version of this article. Our gratitude also goes to Prof. Dr Margit Bussmann and Prof. Dr Barbara Fritz for their

efforts in facilitating our work. Finally, to Ann Kathrin Luerssen and Feroze Menon for their technical support. The usual caveats apply.

### Conflict of Interests

The authors declare no conflict of interest.

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Article

## The Palestinian Authority and the Reconfigured World Order: Between Multilateralism, Unilateralism, and Dependency Relationships

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Submitted: 28 September 2021 | Accepted: 16 February 2022 | Published: 21 April 2022

### Abstract

Against the backdrop of changes in the power structure of the international system at the end of the twentieth century, the Palestine Liberation Organization (PLO) entered into a peace process with Israel in 1993. Initially characterized by the influence of a multilateral order and then by the unipolar order dominated by the United States, in addition to the asymmetry of power between the two parties, the process ended up failing. The heir to that political legacy, the Palestinian Authority (PA), has tried to compensate for this weakness—despite its dependency relationships—with an internationalization strategy the continued advance of which appears to be severely limited. Added to this is the setback brought about by the political and diplomatic offensive of the Trump administration (2017–2021), one of unilateral support for Israel and absolute Palestinian exclusion. However, the increasing reconfiguration of the world order, the arrival of the new Biden administration, and the receptiveness of the International Criminal Court to investigate war crimes in Palestine seem to indicate a new political juncture. In this situation, the PA could also try to counterbalance the power asymmetry by seeking greater involvement from countries such as Russia, which has returned to the region as a great power, and China, whose presence there is growing. In turn, the PA will have to deal with different issues (unity, elections, a renewal of leadership) and try to boost its political legitimacy and international alliances to three ends: the prominence and reactivation of the PA, the recognition of Palestine as a state with in situ results, and international protection from Israeli policies.

### Keywords

dependency relationships; international system; legitimacy; Middle East; multilateralism; Palestine Liberation Organization; Palestinian Authority; unilateralism; unipolarity; world order

### Issue

This article is part of the issue “Developing Countries and the Crisis of the Multilateral Order” edited by Wil Hout (Erasmus University Rotterdam) and Michal Onderco (Erasmus University Rotterdam / Peace Research Center Prague).

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### 1. Introduction

This article examines how changes in the international order have affected the Middle East due to the marked penetration of the international system into this regional subsystem. In particular, it analyses the emergence of the Palestinian question as a result of this strong international influence, manifested through the interventions of the colonial and Western powers, along with the limitations of a deficient multilateral system in crisis concerning taking on this entrenched problem in the international community. To that end, the article applies

process tracing to the Palestinian question, its leadership, and the configuration of the world order, dividing it into three parts: (a) an analysis of the evolution of the Palestinian leadership and multilateralism; (b) the dependency relationships established with or imposed upon the Palestinian leadership; and (c) the resulting complete foreign and economic dependency of the Palestinian Authority (PA), all of which have brought about a crisis of legitimacy.

The specific case of the PA demonstrates the failure of the multilateral order—since the Palestinian question first came to the fore—to resolve a conflict that

is colonial in origin and continues today in the form of a military occupation. Therefore, it could be said, as Chowdhry and Nair (2004, p. 12) argue, that there is a direct correlation between the experience of colonialization and the power that shapes the past and current situation at local, national, and global levels. In that vein, the example of the PA highlights the deficiencies of the world order and its transformations when it comes to implementing a solution on the ground. The time frame for this article, briefly, spans the multipolar world order characterized by colonial primacy during the interwar period, the bipolar order of the Cold War, the post-Cold War unipolar moment, and, finally, the current transformation of the power structure in the international system towards a more complex multipolar world order where a few great powers stand out, but in which a growing number of actors and different power dimensions are creating what Haass (2008) has termed the “era of non-polarity.” One common denominator throughout these transformations is the notable influence of a few primary external actors as the Palestinian question has evolved, been recognized, and come to a stalemate.

At this juncture, also, the question arises whether the crisis in the multilateral order has influenced or been able to change (Ikenberry, 2018; Newman et al., 2006) the resolution of the Palestinian question. As discussed in this article, the unipolarity of the world order has been a constant since the fall of the Soviet Union, when the United States established itself as the sole mediator between the two parties in this conflict and impeded any intervention at odds with its interests. Understanding the evolution requires a political and historical contextualization of the Palestine Liberation Organization (PLO)/PA’s foreign relations to determine whether intermittent multilateralism was co-opted by American dominance. In turn, this approach will demonstrate the hypothesis that it is impossible for the United States to be a neutral party as the sole mediator in the conflict, since its strategic interests, amongst other factors, are associated with those of Israel. The American monopoly over the conflict makes true internationalization of the Palestine question very difficult and means that the PA must abide by US and Israeli impositions because of its total foreign dependency. Implicit in this is a loss of internal legitimacy, which is currently a fundamental factor that could change the Palestinian government and shake up the domestic, regional, and even international chessboard. Moreover, there is a pressing question given the gradual loss of American power and the urgent need for Palestinian legitimacy regarding the option that the future government will choose to internationalize the conflict and get around this deadlock: Should it try to involve the European Union or BRICS countries, like Russia or China, as emerging powers in the region, or turn to international law and definitively join the International Criminal Court (Cobban, 2021)?

## 2. Theoretical Framework

The theoretical framework of reference draws on two perspectives from the discipline of International Relations: neo-realism and constructivism. With its emphasis on power politics on the world stage (Williams, 2005), realism focuses on how the great powers usually prioritize their own geostrategic interests and security above international standards or principles when they conflict with each other. Together with the search for security (Waltz, 1979), there is a continuing systematic competition over the distribution of power and wealth (Gilpin, 1981). With the idea of hegemonic stability, neo-realism argues that, to guarantee its particular interests, the hegemon establishes new guidelines for an international political and economic order that also benefit the other states. This order is not only based on military coercion (a balance of power) but on legitimacy also (Gilpin, 1987, p. 73). In this respect, realism is the theory that best encapsulates the dynamics of the states in the Near East. However, constructivism also makes an important contribution to the ideas, values, norms, identities, and interests related to the construction and representation of social reality (Bertucci et al., 2018). Despite the apparent opposition between the arguments, realist and constructivist perspectives intersect and complement each other, with realism revealing “how politics work” (without explaining how to study them) and constructivism showing “how to study politics” (but without saying how politics work; Barkin, 2020, p. 4). In short, far from being completely independent entities, international institutions are the product of the interactions between the actors that comprise them and the correlation of the forces or power that they establish there.

Thus, American predominance in the international system, in general, was reflected in the construction of a complex institutional framework of security, economic, and political order after World War II. The dissolution of the Soviet Union brought about “the collapse of one part of the postwar order and the continuing stability of the others” (Ikenberry, 2000, p. 216). It also gave rise to a new power asymmetry, a “unipolar moment” (Krauthammer, 1990) that lasted approximately fifteen years. The consequent crisis in the liberal world order marked a turning point in this trend (Ikenberry, 2011) related to the American neoconservative administration’s commitment to hegemony following the September 11 attacks; it witnessed the erosion of that country’s geostrategic supremacy, the emergence of other powers (primarily the BRICS countries) that began to reduce this strategic advantage (Zakaria, 2008), the growing trend towards multipolarity, and the authoritarian nature of the two principal emerging powers—Russia and China—which benefitted from the liberal international system without adopting liberal principles (Kroenig, 2020), not to mention the domestic causes (tension, fragmentation, and asymmetry) within the structure of the liberal order (Cooley & Nexon, 2022, p. 117).

These transformations were reflected in the Middle East and North Africa (MENA) regional subsystem, where Washington enjoyed a clear geostrategic predominance during the Cold War. The failure of America's hegemonic interventions in Afghanistan and Iraq altered the regional power balance, strengthening Iran. This alteration in the regional status quo intensified after the cycle of anti-authoritarian protests in the Arab world in 2010 and 2011, government repression, the reinforcement of authoritarianism, a number of conflicts, and the collapse of the state in Libya, Syria, and Yemen. Additionally, some Arab states (Bahrein, United Arab Emirates, Morocco, Sudan) strategically realigned with Israel, as did Saudi Arabia. In this context, the United States seemed—whether this was real or perceived—to be both less committed to and retreating from the MENA region, at the same time that Russia returned and the Chinese presence grew there, without any definitive handover from one power to another.

However, this trend towards multipolarity has not translated into a more effective multilateralism, or at least not enough to prompt a resolution of the Palestinian question. On the contrary, the situation of competition between the great powers in world politics, along with turmoil in the region, has only further sidelined the issue. The end of the Cold War, along with other events in the region (the visibility of the Palestinian question during the first Intifada and the regional instability associated with the Gulf War after the Iraqi invasion of Kuwait), seemed to foster a climate conducive to resolving this question. To some extent, the Peace Conference held in Madrid in 1991 reflected this moment, but it also highlighted the deficiencies of the time, as the UN—and its resolutions, provided as guiding principles for the peace process being inaugurated—was marginalized. In short, multilateralism was tarnished by the growing prominence of the United States as the sponsor and mediator during the negotiations. This process became even more acute when the Oslo Accords were signed in 1993, as they left the two parties at the mercy of their own forces, with a clear power asymmetry, but no multilateral counterweight to correct this anomalous situation. The failure of the peace process, the decision to abandon it, and the imposition of Israeli and American unilateralism spurred the PLO/PA in its internationalization strategy in a context of a crisis of multilateralism, but without the necessary force to impose unilateralism.

Finally, this work applies a historical focus to the study of the Palestinian leadership, the PLO/PA, and their place in the reconfiguration of the international order through a comparative analysis of the different political scenarios that have developed. It uses a qualitative methodology based on process tracing. The sequence of events studied to confirm the study's objectives begins with the origins of the Palestinian question and continues to the current day. The following section focuses on the old and new dependency relationships established with or imposed upon the Palestinian leadership in the

world configuration, followed by an examination of the foreign economic and political dependency of the PA and its consequent crisis of legitimacy.

### 3. Contextualization

The Palestinian question is associated with changes in the power structure of the international system at the dawn of the twentieth century. Since then, each new reconfiguration of world power has been reflected in the MENA region, with the international system being actively present (Brown, 1984, pp. 3–4). After World War I, the European powers replaced the regional domination of the Ottoman Empire. The territorial division between Great Britain and France instituted by the 1916 Sykes-Picot Agreement established the foundations for the current interstate MENA arrangement (Halliday, 2005, p. 76), with the primary exception of Palestine, a territory promised to the Zionist movement by Great Britain in the 1917 Balfour Declaration. London facilitated the Zionist colonization of Palestine along with the establishment of its parastatal apparatus, repressing Palestinian sociopolitical development and hindering the right to self-determination (Khalidi, 2006); the country only withdrew from Palestine once it had altered its demographic and political balance (Pappé, 1988; Thompson, 2019), an event known as *al-Nakba* (“the catastrophe”) in Arabic.

After World War II, the two emerging superpowers replaced the European colonial powers, although they maintained their influence until the 1956 Suez Crisis (the second Arab-Israeli War). For distinct reasons and based on different interests, the Soviet Union and the United States coincided in their decisive support for Resolution 181(II) calling for Palestine to be partitioned into two states (United Nations General Assembly, 1947), and the subsequent recognition of the State of Israel proclaimed in May 1948. Although the Arab-Israeli conflict was not inherent in the political and ideological confrontation of the Cold War, the actors involved could not escape the bipolarization of the conflict in the international system. The 1967 Arab-Israeli War marked a turning point in this trend, with a rupture of diplomatic relations between Moscow and Tel Aviv because of Israel's refusal to withdraw from the Arab territories occupied during this war, as called for by United Nations Security Council (1967) Resolution 242, which was influenced by the growing alignment between Israel and Washington and between the nationalist Arab republics—primarily Egypt, Syria, and Iraq—and Moscow in the bipolar conflict.

The end of the Cold War, the decline of the Soviet Union, and the multinational intervention in the Persian Gulf led by the United States, with the announcement of a “new world order” by President George H. W. Bush, all paved the way for Arab-Israeli negotiations (Cox, 1992). The 1991 Middle East Peace Conference in Madrid initiated a new political cycle in the region. In this dynamic, the PLO and Israel signed a Declaration of Principles in

1993. Known as the Oslo Accords, this process was characterized by the ambiguity of its guiding principles, the power asymmetry between the parties, and the partiality of the American mediation. In addition, as a consequence of the Oslo Accords, the Palestinian National Authority, which later changed its name to the PA, was created in 1994.

On the other hand, the new international order that emerged after the terrorist attacks of 11 September 2001, combined with the unilateral, militaristic response of the neoconservative administration of George W. Bush (2001–2009), which sent forces to Afghanistan in 2001 and Iraq in 2003, was exploited by Israeli leaders to criminalize all expressions of Palestinian resistance, whether peaceful or armed. The Israelis also took advantage of the situation to marginalize the Palestinian leadership and weaken the PA, increasing its dependency and vulnerability.

With the new administration of Barack Obama (2009–2017) in the White House, expectations ran high. In a speech given by the president at the University of Cairo in 2009, he made the case for restoring relations between the United States and the Muslim world. However, events unleashed by the anti-authoritarian Arab uprisings in 2010 and 2011 revealed the limitations of his power and influence in the region. Repeated attempts to restart the derailed peace process between Israel and the PA were also frustrated. At this juncture, the PA opted for an agenda of internationalization to involve other world powers and institutions, for instance requesting full United Nations membership in 2011. The PA was recognized as a non-member observer state in 2012.

During the presidency of Donald J. Trump (2017–2021), relations between Washington and the PA deteriorated due to some unilateral and punitive measures taken by the Americans, namely the recognition of Jerusalem as the capital of Israel, political and economic pressure on the PA for rejecting their peace plan (the so-called “agreement of the century”), the cessation of funding for the United Nations Relief and Works Agency for Palestine Refugees, support for political normalization between Israel and several Arab states (Bahrein, United Arab Emirates, Sudan, Morocco), and the suspension of official relations with the closure of the Palestinian delegation in Washington DC and the United States consulate in East Jerusalem.

Although the Arab-Israeli conflict during the Cold War facilitated Moscow’s entry into the region, at the current time, the Palestinian question does not seem to be the focus of the attention of the principal international actors. On the contrary, with occasional exceptions like the recent confrontation between Israel and the militant movement Hamas in May 2021, it is merely another reference point in the complex regional agenda, which reflects a new era, characterized by the burgeoning competition between the great world powers. Everything indicates that, with the post-Cold War era and

Washington’s clear geostrategic supremacy now in the past, there has been a considerable erosion of American influence on the international and regional stages (as the country’s withdrawal from Afghanistan in August 2021 seems to confirm), where other great powers like Russia and China are progressively reducing the country’s strategic advantage (Acharya, 2018). There is no doubt that these changes in the structure of the international power system are going to affect the MENA region, raising the question of whether this potential reconfiguration of the world order will be accompanied by a new approach to resolving the Palestinian question and, specifically, whether the ongoing crisis in the multilateral system, which is seriously limited concerning efficiently dealing with this question, will be overcome by a new balance of power that compensates for the current deficiencies.

#### 4. Old and New Dependency Relationships

The Achilles’ heel of the Palestinian national movement has been foreign dependency to reach its objectives. The particular configuration of the colonial conflict exposed the Palestinian movement to certain strategic disadvantages, dependencies, and vulnerabilities compared to other movements in more classic colonial situations. The initial dismantling of the movement during the interwar period created an important political vacuum and foreign dependency on Arab governments and international institutions like the United Nations in the fragmented, occupied Palestinian society.

In addition, the PLO had a considerable track record in international relations and in the multilateral system that existed during the Cold War. In fact, as a national liberation movement, it was a pioneer amongst non-state actors, addressing the UN General Assembly in 1974, where it was recognized as “the representative of the Palestinian people” (United Nations General Assembly, 1974, p. 3), given observer status, and allowed to participate in debates on the Palestinian question in the General Assembly and other UN bodies, albeit without voting rights. The Palestinian commitment to multilateralism was clear, even if it was only to compensate for its weakness. This growing participation in international institutions was not unlike the gradualist strategy adopted by the PLO in the expansion of its foreign relations, which broadened from the Arab world to a more expansive Islamic sphere, and from the Third World states that made up the Socialist bloc to knocking on the door of the countries that comprised Western Europe. The first official visit of PLO President Yasser Arafat to a European country was to Spain in September 1979, a historic landmark preceded by an encounter a few months earlier in July 1979 in Vienna between Arafat and Austrian Chancellor Bruno Kreisky, regarding a meeting of the Socialist International.

In this context, the PLO slowly expanded its foreign circles, joining regional and sectoral multilateral organizations that began with recognition by and membership

in the Arab League, the Organization of the Islamic Conference, and the Non-Aligned Movement, amongst others, until reaching the most universal and multilateral of all, the United Nations and its specialized agencies. In parallel, and in line with the PLO's growing clout in its multilateral and bilateral relations, the organization designated duly qualified representatives to the various multilateral groups it had joined or where it had been granted observer status, as well as in the states with which the PLO maintained formal or informal relations, in a broad spectrum that ranged from embassies to information bureaus. In short, the PLO built up an important political foreign affairs department and, in its day, was considered the most powerful national liberation movement in the world.

Despite these achievements, multilateralism during the Cold War had obvious limitations, and the organization was basically limited to exercising the right of veto in the UN Security Council, as confirmed by the available roster. However, non-state actors like the PLO were given significant room for maneuver, allowing them to have a voice in multilateral forums and bodies in addition to representation and legitimacy. After the Cold War, the situation changed dramatically as American geostrategic dominance undermined multilateralism, sometimes subtly and sometimes crudely (Newman, 2007). A comparison of the two Bush presidencies—with the unipolar moment particularly evident under the first Bush president—suffices as an example, as will be discussed further below.

During this phase, the PLO also depended on the cooperation of the Arab states, constantly circumventing pressure, meddling, and contradictions. In the early 1990s, the ambiguity of the leadership of the PLO regarding the Iraqi invasion of Kuwait (1990–1991) exacted a heavy toll. The political capital accumulated by the First Intifada was squandered by a populist leadership. It was not acceptable to be half-hearted about the occupation of another country while criticizing the occupation in their own. In addition to political and diplomatic isolation, the PLO was also subject to sanctions and economic reprisals by important benefactors in the Gulf states. From this position of weakness, political crisis, and financial bankruptcy, the PLO entered a crucial phase: the 1991 peace process in Madrid and the secret negotiations that began the Oslo accord process in 1993.

In this respect, the 1991 conference in Madrid, which was theoretically co-sponsored by the two superpowers, was really mediated under the aegis of the United States, given the weakened condition of the Soviet Union, which disappeared as a state in December of that same year. Washington then supplanted the role played by the United Nations, establishing a deficient negotiating framework which, lacking the guiding principles of international law enshrined in UN resolutions, left the parties at the mercy of its clearly asymmetrical powers. These same behavioral patterns were reproduced during the Oslo Accords two years later. In that case,

the American commitment to hegemony did considerable damage to the weakened multilateralism in a world understood to be unipolar.

During this new stage, while the negotiation process was in effect and with the PA established as the interim government, foreign dependency intensified in practically every area. The Palestinian vulnerability was exposed during the negotiations, giving Israel and the other international actors like the United States and the European Union an important tool to pressure the PA politically, diplomatically, and financially. The failure of the Oslo Accords was followed by the Second Intifada (2000–2005) and Israeli unilateralism (colonial expansion, the separation wall, and the Gaza withdrawal and blockade). At the same time, George W. Bush's neoconservative administration was demanding that the PA reform, incorporate the figure of a prime minister in 2003, and hold legislative elections in 2005. This roadmap, presented in 2002 and seconded by the Quartet on the Middle East, emphasized the problem of the PA's poor governance under Yasser Arafat over the Israeli occupation.

In his assessment of this American supremacy, or unipolar moment, former Carter administration National Security Advisor Zbigniew Brzezinski contended that the presidency of George H. W. Bush lost a unique opportunity provided by a time when the United States enjoyed unprecedented power and prestige to have been more ambitious and demanding about implementing an agreement, with an "explicit definition of the central *quid pro quo*s" (Brzezinski, 2007, pp. 76–77). On the contrary, the country's mismanagement of the Arab-Israeli conflict backfired. By neglecting to accept a role as an innovative power, Washington "came to be perceived as wearing the British imperialist mantle" (Brzezinski, 2007, p. 78). In his assessment of the parameters set forth by the Clinton administration, designed in a race against the clock, they were not the basis for a true settlement, which would have required more time. Finally, concerning the presidency of George W. Bush, which he openly describes as "catastrophic," the country's limitations when trying to use military force to impose its will and the loss of prestige and credibility that resulted from becoming a "partisan of Israel" reduced America's ability to "decisively influence events" (Brzezinski, 2007, pp. 125, 127).

Despite the international recognition of the PA and the expectations raised by the Obama administration, nothing was able to strengthen or rescue the stranded peace process. In this context, the PLO/PA opted for a strategy of internationalization that would compensate for its weakness and the partiality of the American mediation. Its diplomatic achievements, its new status as a non-member observer state of the United Nations, and the recognition of the Palestinian state by 134 other states, however, had no real impact on the ground, due to the persistent Israeli occupation.

The PA's internationalization strategy seemed to reach its limit. The new international dependency of



both the PA itself and, most particularly, its primary actors was exposed. No great power showed any political willingness or commitment to actively counteract the aforementioned unilateral measures taken by the Trump administration. The atmosphere of crisis and instability in the region also contributed to the marginalization of the Palestinian question, while the international ambiance was one of indifference, with no counterweight in sight. The European Union seems to have acquiesced to the status quo imposed by Israel in the Palestinian territories. Neither have the return of Russia to the region after its military intervention in Syria in 2015 nor the growing financial, economic, commercial, and technological presence of China had any political repercussions as yet. Finally, the presidency of Joseph R. Biden has not yet reversed course or taken a more even-handed approach in its foreign policy, beyond humanitarian and financial assistance (with the attendant political costs).

Parallel to these changes in the power structure in the international system, transformations have also taken place in the regional power balance. The main Arab states (Egypt, Syria, Iraq) have lost their centrality to non-Arab or so-called peripheral states (Turkey, Iran, Israel). The loss of regional power has been quite significant for Iraq and Syria, while Egypt looks weak, vulnerable, and dependent, with considerably less clout in regional politics. No longer the epicenter of the regional subsystem, Cairo is now marginalized. In turn, the Arab states that were traditionally more peripheral in regional politics, like Saudi Arabia, the United Arab Emirates, and Qatar, have seen their importance increase. Amidst this displacement of the balance of regional power, and without any hegemonic power, new alliances have been forged, including those between Israel and some Arab states, as discussed above. The primary cohesive factor in these new realignments is hostility towards Iran, which became markedly more powerful after the United States intervened in Iraq in 2003. In short, the states in the region are more focused on re-establishing a power balance that is favorable to their security and interests than on the Palestinian question, which had thus far been a (theoretical) element of cohesion but was also used for individual strategic objectives.

### **5. The Political and Economic Dependency of the PA: Internal and External Pressures**

The PA was created in 1994 as a consequence of the Oslo Accords, whose Declaration of Principles established provisional interim self-government for a period not to exceed five years. The PA was not allowed to create an army, control borders, exercise any authority over the settlers, the settlements, or East Jerusalem, or have any powers regarding foreign policy or the economy. The only powers that Israel consented to transfer involved health, education, and culture, in addition to specific areas related to the different municipalities,

direct taxation, tourism, and the creation of a police force. The agreement also maintained the status quo of the usurped lands and the Palestinian water resources under Israeli control and it contained a general amnesty for 27 years of Israeli actions (Shehadeh, 1997), using 1967 as the starting point and not 1948, the year of the creation of the State of Israel, and the resulting *al-Nakba* for the Palestinians.

Despite the general initial “euphoria,” resulting from the fact that the military occupation would end and be replaced by self-determination, the mood quickly soured when the imbalance inherent in the Oslo Accords and the subterfuge involved became evident. According to Said (1996, p. 147), the agreement in principle was detrimental to the Palestinians, because it implied official Palestinian acceptance of the Israeli occupation and its continuity, with the PLO simply acting as a fawning minion. As an occupying force and with no obligation to comply with the UN resolutions, Israel would continue to have direct or indirect military, economic, and political control over the entire territory. Despite the fact that the Oslo Accords diminished Palestinian rights, the PA, Fatah (the PA majority party), and Yasser Arafat were all able to use them to gain international legitimacy, which translated into an imposed internal legitimacy. Yasser Arafat’s personal charisma and his political background gave him the legitimacy to lead the PA, just as the concessions made to Israel were “forgiven” in the pursuit of this international recognition. However, Mahmoud Abbas and his cabinet are not Yasser Arafat, and since Arafat’s death, there has been a succession of failures associated with an increasing loss of internal legitimacy and a rising foreign dependency destined to result in a united American and Israeli position. In short, the PA has been undergoing a crisis of leadership for years, aggravated by the frustration with the Oslo Accords and the continued security coordination with Israel.

Since the Oslo agreements, the United States has been the only mediator in subsequent attempts to reach some agreement between the Palestinians and Israelis. Throughout this process, the primary American objective has been to prioritize Israeli security above all else. To that end, the country has pressured the PA, which is completely dependent on foreign financial aid, to invest in security forces and intelligence services to the detriment of democracy and essential public services like education, housing, and health. Therefore, the PA is relegated to coordinating security with the Israeli army and administering basic services, in other words, Israel’s obligations as an occupying power.

Despite the collapse of the Oslo process and the failure of later peace initiatives, the PA has continued to “operate” in an external and internal political limbo: external because the peace process that created it has died (like the two-state solution) and there is no effective internationalization of the conflict, and internal because no Palestinian parliamentary or presidential elections have been held since 2006, while the division between

Fatah and Hamas continues. These two majority parties have been opposed since 2006 when Hamas won the most recent legislative elections. Part of the international community, led by the United States and Israel, pressured the PA to nullify the results. The consequence was an armed confrontation between Hamas and Fatah that divided Palestinian politics; the PA took control of the West Bank and Hamas took Gaza. Since then, the two parties have remained in a state of confrontation, unable to overcome their differences or reach a deal on national reconciliation, despite much negotiation and many preliminary agreements.

Another reason that the two sides have lost their legitimacy is related to the expiration of the terms of office of Fatah party leader Mahmoud Abbas in 2009 on the one hand (although he remains in that office to date) and, on the other, the Hamas-controlled Palestinian Legislative Council in 2010 (whose activities largely remain suspended). Given this power vacuum, new legislative and presidential elections must be held to give fresh impetus to Palestinian politics, even if the system is, in reality, “hijacked” by Israel as the occupying power.

The foreign economic dependency of the PA is equally important in this context. At this time, the entity is very vulnerable and the COVID-19 pandemic has aggravated the situation even more. The PA has also been accused of having established “crony capitalism” with all the funds received (Dana, 2020). However, foreign assistance from both Europe and other Arab states has decreased, while funding from Washington was drastically reduced. As observed by Tartir and Wildeman (2020), the Palestinians have been forced to live in a contradiction between assistance and development. As large sums of money have come in, Palestinian human indicators have gone down, accompanied by a “de-development” of the economy and dependency on foreign aid to pay for the imported goods that enter through Israel.

Accordingly, it has been argued that foreign assistance is a “cursed gift” that has paralyzed and molded the Palestinian population over the years (Tartir, 2018a). One full third of the foreign financial assistance received by the PA is earmarked for security forces, which accounts for the lion’s share of the national budget, more than education, health, and agriculture (Hawari, 2021). Security also employs almost half of the public sector workers. Various groups have contended that the PA should have responded to the economic cuts under President Trump—accompanied by the recognition of Jerusalem as the capital of Israel and the decision to move the United States embassy—by halting security coordination with Israel, a move supported by 70% of the Palestinian population (Palestinian Center for Policy and Survey Research, 2017), as well as a suspension of relations and cooperation with the United States Security Coordinator and the United States Agency for International Development (Tartir, 2018a). In April

2021, however, American assistance was restored to \$235 million (“Biden administration to restore \$235m,” 2021). Neither are the European Union and its member states free from this accusation, with billions of euros invested and part of it allocated to the EU police mission in the West Bank (EUPOL COPPS), which has directly contributed to the “professionalization” of Palestinian authoritarianism (Tartir, 2018b).

Finally, domestically, the legitimacy of the PA has continued to decrease considerably, a result of its inability to handle the Israeli occupation efficiently, and because security coordination with Israel has not resulted in more security and protection for the Palestinian people. Everything seems to indicate that security coordination does not only benefit Israel but is also used by the PA to detain its detractors. In recent years, an increasing number of public demonstrations against the PA have taken place, with a majority of society believing that the PA has become a burden for the Palestinian people and that Abbas should resign (Palestinian Center for Policy and Survey Research, 2018). The PA has been accused of “hinder[ing] and suppress[ing] Palestinian activism that targets the Israeli military presence and settlements in the West Bank,” and of engaging in intelligence-sharing with Israeli authorities (Sen, 2021). At times, the PA has threatened to conclude the security coordination, but in the end it has continued, despite the lack of political progress for Palestine.

The Palestinian society’s condemnation of the PA for its lack of action has been reflected in opinion polls. In June 2021, public support for Abbas and the PA fell sharply, with only 14% of Palestinians supporting Fatah under the leadership of Abbas versus 53% backing Hamas (Palestinian Center for Policy and Survey Research, 2021). Hamas is gaining electoral ground and, therefore, greater legitimacy due to its opposition and resistance to Israeli policy.

At this juncture, according to Munayyer (2018), the most important present and future challenge for the Palestinian leadership is related to the “legitimacy/sustainability dilemma.” If the PA ceases to participate in the peace framework backed by the United States, centered around the security of Israel and reinforcing its maximalist demands, the political and economic cost will endanger its own survival. However, if it continues to operate in this framework, it will increasingly undermine its own legitimacy.

## 6. Conclusion

In summary, the post-Cold War world has oscillated between American supremacy and the erosion of multilateralism to increasing multipolarity, but without the gains or revitalization of multilateralism, at least for the time being. The resulting paradox with respect to the Palestine question is that, when Washington enjoyed a clear dominance, it did not manage to reach the end of the process to resolve the conflict, and its waning

supremacy has not led to renewed multilateralism. One clear sign of this is the current Palestinian dossier in the International Criminal Court, which has raised numerous expectations and an equal amount of pressure on the PA to suspend or withdraw it.

On the other hand, transformations in the power structure of the international system have an unquestionable repercussion on different regional subsystems. The MENA region is no exception; on the contrary, it has been very sensitive to changes in world power. It may be premature to conjecture about whether current developments in the international power configuration will have any positive impact on the resolution of the Palestinian question. There are two reasons to express a degree of caution. Firstly, while the strategic supremacy of the United States in world politics is clearly eroding (Cooley & Nexon, 2020), the process of change is still open, and there is no new distribution or organization of the power as of yet. Although this transition may occur, it is unlikely that the United States will lose all its power, which is based more on alliances and informal networks, on power “with others” and not “over others,” a sort of *primus inter pares* (Nye, 2015, pp. 114–115), without overlooking the importance of strategic alliances (United States–Israel) and areas of influence, despite some setbacks.

The emerging powers, in particular Russia and China, have not shown any political or ideological commitment to defending the Palestinian question, despite the fact that their positions are more in conformity with international law in global forums than Washington’s position. Of course, the context of Russia’s return to the region and China’s growing presence differs greatly from the circumstances surrounding the Cold War. While political and ideological rivalry were fundamental during that era, the post-Cold War approaches are more pragmatic. Both powers have extensive foreign relations with almost all the states in the region, regardless of international or regional strategic alignments or alliances, disagreements, and agreements. Good relations with Teheran do not exclude equally beneficial relations with Riyadh. Likewise, their position on the Palestinian question does not negatively impact their good relations with Israel.

Therefore, the fact that China and Russia both want to undermine the traditional geostrategic supremacy of the United States in the international system and, by extension, the regional MENA subsystem, does not necessarily guarantee a different approach and commitment to resolving the conflicts in the region. It seems that the behavior of the great powers is not dictated so much by ethics, but rather by an entire web of interests, competition over power, and distribution of wealth.

Equally important is Palestinian representation and dialogue to build more efficient international alliances and support that can compensate for its weakness or, by the same token, counteract Israeli supremacy and unconditional American support. The crisis of credibility and legitimacy within the PA is not dissimilar to the bit-

ter division between the two main Palestinian political forces. At the same time, everything suggests that the Palestinian political situation may soon undergo changes due to the weakened leadership of Mahmoud Abbas, along with his advanced age. With a PA lacking internal support and a PLO that has been largely subordinated to the PA since the Oslo Accords, moving on from this crossroads will require a thorough discussion about the type of future government based on three axes: a renewal of political leadership in terms of electoral legitimacy; a policy of generational replacement; and strategic unification, like joining the International Criminal Court as a state party. This renewal must also be assured of the very active involvement and participation of its social bases and civil society as a whole to recover enthusiasm for its national emancipation project and credibility in its leadership. Without fulfilling these requirements, it will be difficult to efficiently speak for and represent the Palestinian people as the PLO once did on the international stage.

This situation has become more complex in response to changes in the power structure of the international system and is also reflected in the MENA subsystem, where new regional alignments are taking place, most notably the alliances formed between a number of Arab states and Israel in order to establish a power balance more favorable to their interests in the face of Iran’s growing power in the region, at the same time that authoritarianism has become more consolidated since the Arab anti-authoritarian uprisings of 2010 and 2011. In these new regional and international circumstances, the Palestinian question has been even more marginalized and neglected, in a situation of external political, security, and economic dependency, the continuity of neocolonial policies, and continuous foreign intervention.

Finally, in the multilateral space, no force appears to be focused on resolving the Palestinian question. On the contrary, as seen here, there is now an accommodation of the status quo imposed by the policy of Israeli *faits accomplis*. Without a multilateral deterrent to this policy, colonial expansion is being consolidated, as demonstrated recently by the plan to invest almost €300 million in the Golan Heights to double the number of settlers there. While the possibility of appealing to the International Criminal Court exists, such actions are limited, as the criminal responsibility is personal and does not apply to legal persons. It will not put an end to the military occupation or the policy of apartheid. The relationship between the Palestinian question and multilateralism is epitomized by a comment made by Palestinian President Mahmoud Abbas during a speech at the multilateral institution par excellence, the United Nations, that also reflects this crisis and the sense of impotence: If his people cannot find justice in that place, where, he asked, should they go.

## Acknowledgments

We would like to thank the academic editors of thematic issue and the anonymous reviewers for their comments and suggestions. This article was written under the auspices of the R&D project “Resiliencia del Autoritarismo, Choque de Islamismos e Intensificación del Sectarismo en Oriente Medio y el Magreb” (CSO2017–86091-P), financed by the Ministry of Economy, Industry and Competitiveness–MINECO (Spain), and the R&D project “Nacionalización, Estado y Violencias Políticas: Dimensión Social, Discursos y Prácticas (s. XIX–XXI)” (IT-1227–19; GIU18/107; HAR2017–83955-P).

## Conflict of Interests

The authors declare no conflict of interests.

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Review

## China and Climate Multilateralism: A Review of Theoretical Approaches

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Submitted: 29 September 2021 | Accepted: 26 January 2022 | Published: 21 April 2022

### Abstract

China's approach to multilateral climate negotiation has shifted greatly over the past decades. From being an obstacle to a follower, and now a potential leader, China has attracted academic attention. This article surveys the literature on China's role in climate multilateralism as examined by scholars through different lenses. The article asks whether analyses at different policymaking levels can explain China's changing position. I review studies addressing the international level and the nexus between the complementary international and domestic levels to offer a comprehensive understanding of China's strategic moves and choices in multilateral discussions on climate change. The review finds that factors at the international level are influencing China's climate ambitions and goals, and even to some extent are determining its strategies toward climate multilateralism; however, for China to deliver its international climate commitments, its enhanced ability will need domestic support. While these insights are valuable to understand China's international behavior, an emerging framework needs to be included in this discussion, as transnational governance scholarship might be able to explain how new actors may unlock China's position on climate change in the future.

### Keywords

China; Chinese climate policy; climate change; global climate governance; multilateralism

### Issue

This review is part of the issue "Developing Countries and the Crisis of the Multilateral Order" edited by Wil Hout (Erasmus University Rotterdam) and Michal Onderco (Erasmus University Rotterdam / Peace Research Center Prague).

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### 1. Introduction

Climate change is considered one of the most pressing global issues at present and has become a top priority in the international arena following widespread recognition of the need for urgent collective efforts to tackle it. After decades of participating in climate governance at both the international and domestic levels, China, as the largest developing country, is set to become a global leader in multilateral climate change mitigation and response efforts for at least two reasons. First, China can play an important role in spearheading multilateral efforts to limit global warming to the 1.5°C pathways proposed by the UNFCCC (IPCC, 2018), as demonstrated by Chinese President Xi Jinping's pledge to the UN General Assembly to reach peak carbon emissions by 2030 and carbon neutrality by 2060 (McGrath, 2020). Second, China is already investing in green energy, which through multilateral agreements can be diffused through its Belt and Road Initiative that

connects it to its western counterparts by land (Davidson & Wang, 2021). It is thus evident that the way in which China positions itself in multilateral negotiations is crucial for determining the capacity of the international community in the face of climate change (Stalley, 2015). In recognition of China's unique leverage to either halt or drive multilateral climate change mitigation efforts, scholars in recent years have sought to understand the complex politics affecting its international positioning. Various theoretical frameworks have discussed China's climate change policy, including regime theory, two-level game theory, the global leadership and championship literature, the advocacy coalition framework, rational-choice theory, multi-level governance (MLG), consultative authoritarianism (Teets, 2013), fragmented authoritarianism (Mertha, 2009), and authoritarian environmentalism (Kwon & Hanlon, 2016). Though all fixated on China, these approaches have taken on different perspectives to frame their insights. For instance, the discussion by MLG scholars studied the vertical organization

of the governance functions within China; they stated that China's domestic environmental governance can be fragmented and is subject to complex decision-making processes (Hensengerth, 2015; Hensengerth & Lu, 2019; Liu et al., 2021; Schreurs, 2017). Some researchers have argued that MLG applications to China need to reflect more on its local context (Westman et al., 2019) and how the Chinese authorities recognize it (Wu, 2018). However, this article is not the place to discuss this perspective in detail.

Based on the above work, three dominant perspectives to studying China's evolving positions on climate change can be discerned: those that focus the explanation on the international arena; those that emphasize China's domestic politics, suggesting that domestic interests and political institutions are at the root of any explanation; and those that look at the nexus of international and domestic factors. However, perceptions still differ on China's contribution to climate issues (Zhang, 2013). The question then arises whether current analyses of China's position toward climate change at different policy-making levels are sufficient to explain its changing behaviors and roles.

This article reviews the recent academic literature on China's international positioning in multilateral climate change mitigation efforts that focus on the international arena and the nexus between the international and domestic levels. I do not include analyses that focus on the domestic level since a proper discussion would require a separate analysis solely concentrating on variables at this level. This article draws on three theoretical streams that are frequently used to study this topic (international regime theory, global leadership and championship literature, and two-level game theory); it concludes that factors in the international political arena can influence China's climate ambitions and goals and even to some extent determine its strategies toward multilateral climate governance. However, for China to deliver its international climate commitments, it will need to mobilize the strategies it has applied domestically. This discussion may be particularly relevant as China's potential leadership position in climate affairs has elicited both support and opposition. In light of a multilateral political system in crisis, as is widely proclaimed, a better understanding of China's willingness and ability to participate in multilateral climate change mitigation efforts could foretell the success of such efforts.

Those studies that have applied the theoretical approaches discussed in this article have accurately captured the current evolution of China's international positioning on climate mitigation. The study of these various approaches shows that China's approach to global governance is not static. The evolution of its position and attitudes on multilateralism may have implications for the perception of China as a strategic player; it raises the important empirical question of how China's strategic decisions in international climate politics should be viewed and responded to. More generally, it also leads

to questions about the applicability of Western theories for studying non-Western contexts, as it is important to evaluate the explanatory value of existing theories in the Chinese context and to consider where they need to be adapted to better understand China.

This article first provides a brief overview of China's multilateral climate governance engagement. Section 2 reviews the main theoretical approaches put forward by scholars to understand China's international position in mitigating climate change. Section 3 proposes transnational climate governance as a useful approach to study the future direction that China could take in leading the global effort to fight climate change. The final section concludes the article.

## **2. The Puzzle: China's Changing Positions and Roles in UN-Led Multilateral Climate Talks**

China has participated in multilateral climate negotiations led by the UN since the 1990s. The country's role in the negotiations had always been controversial because it used to strongly oppose legally binding agreements. In recent years, China's opposition has given way to a more favorable view of multilateral climate governance. Thus, it is safe to conclude that China's view of climate change has evolved greatly over the past years (Cao, 2015; Stalley, 2015; Zhang, 2013). This can be ascribed to the international pressure that China received and its domestic interest in taking a more sustainable approach to economic development.

Two summits signified the turn in China's approach to climate diplomacy: the Copenhagen summit (2009), which marked the softening of China's position, and the Paris summit (2015), after which China began to take a more active role in global climate governance. These two summits also divided China's engagement in UN-centric multilateral diplomatic efforts into three stages, during which China occupied different roles: as a passive follower, an active participant, and a potential leader as illustrated in Table 1 below.

Throughout the negotiations, three key issues have been central to discussions involving China. The first is whether China should commit to a legally binding climate agreement. The second issue regards climate mitigation or, in other words, the reduction of emissions, which has been core to all intergovernmental climate negotiations to date. In the debate about the responsibilities of industrialized and developing countries for managing climate change, China has always been a staunch promoter of the "common but differentiated responsibilities principle." This emphasizes that industrialized countries are responsible for historical emissions and have the primary obligation for global warming while developing countries should still have the right to produce emissions to enable development. However, as China replaced the US in 2014 as the world's largest greenhouse gas emitter, accounting for more than one-third of global emissions (Williams, 2014) and became

**Table 1.** China’s changing positions across three participation stages.

Stages/issues	Prior to Copenhagen 2009	Copenhagen 2009—Paris 2015	After Paris 2015
Commitment to a legally binding agreement	A passive follower/spoiler (Kastner et al., 2020, p. 166)	Softened position	Active player/investor (Kastner et al., 2020, p. 167)
Climate mitigation	Reluctant player	Positive transition	Potential leader/champion (Engels, 2018)
Green finance and technology transfer		Positive transition	Investor

the world’s second-largest economy, some industrialized countries began pushing China to cut carbon emissions more aggressively and even started questioning whether China should still be considered a developing country. This dispute has continued for years in multilateral climate negotiations. The third issue that China has sometimes been criticized for is that of the Green Climate Funds and technology transfer. While negotiating for the establishment of the Green Climate Funds, China argued that industrialized countries should provide financial and technological transfers to developing countries to allow them to combat climate change. Industrialized countries, however, argue that China should be at the giving rather than the receiving end, considering China’s current rising emissions and rapid economic development.

### 3. Unpacking China’s Approach to Climate Multilateralism

China’s evolving attitude toward climate change has attracted much academic attention. International Relations scholars are the major contributors to this discussion: regime theory, the global leadership and championship literature, and two-level game theory focus on unpacking China’s (changing) climate positions at the international level.

#### 3.1. Regime Theory

Regime theory argues that international regimes exist on many levels. A regime consists of “a set of implicit or explicit principles, norms, rules, and decision-making procedures” (Krasner, 1982, p. 186). Regime theory has been applied to provide explanations of Chinese domestic policymaking from external factors (Kim, 2018; Moore & Yang, 2001; Robinson, 1994), with the attempts mainly concentrated on the economic and military spheres (Botchway, 2011; Hu, 1997; Ramezani & Kamali, 2021). Scholars have identified policymakers’ perceptions of the international regime, the foreign policies of superpowers, the structure of the international system, and China’s calculation of its relative power as key variables in understanding Chinese policymaking (Kim, 2018; Robinson, 1994).

Inspired by the question of how China’s rise and expanding role on the world stage has had impacts

on or implications for the current international order (Wu, 2018), Kastner et al. (2020) modeled China’s approach to climate diplomacy and sought to reveal whether China should be considered a “revisionist” or a “status-quo” force in global governance, using two independent variables in their analysis. The first factor was the balance of external options, while the second was whether contributions made by a rising power like China are viewed as indispensable for the regime’s success (Kastner et al., 2018).

This model is, to some extent, consistent with the empirical evidence from the period when China was holding up the negotiation process. When external options were extremely strong, meaning that other countries were paying for the cost of mitigation, China was able to become a spoiler, using its bargaining power to push for the restructuring of the international regime to better suit China’s interests (Kastner et al., 2018, p. 2). For instance, during the Copenhagen summit in 2009, China and the industrialized countries wrangled over the seven emission reduction plans, which include the United Nations IPCC program, the G8 country program, the UNDP program, the OECD program, the Garnaut program, the CCCPST program, and the Srensen program. China criticized all seven plans because they were mostly based on experts’ work from industrialized countries while largely neglecting the reality in developing countries; China received strong opposition from industrialized countries in response. British climate minister Ed Miliband accused China of “trying to hijack the UN climate summit” and “hold the world to ransom” to prevent an agreement from being reached (Vidal, 2009). The Copenhagen conference ended with no substantive progress.

Regime theorists argue that external pressures from the negotiating table explain China’s willingness to cooperate. The work of Kastner et al. (2018, 2020) shows how external factors influence China’s international behavior, particularly in relation to China’s willingness to contribute to global governance, although the authors do not give much attention to how its behavior may affect the regime’s success. Kastner et al. (2018, 2020) considered only external factors, viewing China as a rising power in the international regime. This enables the theoretical framework to explain China’s behaviors, specifically, when China will support or undermine



certain multilateral decision-making across different issues. However, their position also leaves room for some reflection.

Importantly, in the issue area of climate change, we need to reflect further on how to better account for the variation of positions over time. As mentioned earlier, Kastner et al. (2020, p. 167) argue that China's position dramatically impacted the 2009 Copenhagen summit because of the country's strong external options. However, the situation where there are external options and China is indispensable under the climate change regime is evolving. For instance, when external options are relatively strong, and China's contribution is considered essential to the regime's success, China is still very likely to be cooperative. Based on empirical observations, the year 2009 witnessed the beginning of China's transformation, as the country showed both intransigence and softening. Former Chinese President Hu Jintao's speech at the opening session in Copenhagen demonstrated China's "strong determination to assume responsibility for global climate governance" (Gao, 2018). Furthermore, China also released its climate pledges—more specifically, an emission intensity reduction target for 2020—which was welcomed by the international community. China's pledges were also praised by President Obama as ambitious and impressive (Gao, 2018). Another example of the impact of external options would be the US's entry and exit from the multilateral agreement. Before and after US withdrawal, China was actively pushing for ratification of the Paris Agreement. In this case, external options did not seem to impact China's willingness to cooperate.

Another question for further reflection is whether a theory can be applied to understand China's international behavior without considering the country's domestic context, or at least the connection to domestic factors? This will be probed in the following discussion section.

### *3.2. Global Leadership and Mitigation Championship Literature*

The global leadership and championship literature contains a very recent discussion of China's approach to climate multilateralism. Although it addresses the same question as regime theory, this line of inquiry builds on China's active attitude toward climate issues and its increased willingness and capacity. However, some scholars have shown reservations about claims that China is leading international climate negotiations (Engels, 2018), while others have expressed optimism, especially in the absence of leadership in climate change governance today (Buzan, 2021; Zhuang et al., 2018). Hence, it is crucial to consider the potential for Chinese leadership on climate change.

First, we should ask whether China is willing to take the leadership role? China is perceived as aiming to play a more constructive role in shaping global governance, and climate change is one of the issue areas that China has

been addressing at a very early stage (Wu, 2017), as it is likely for China to realize its global strategy. Chinese leaders recognize that an active response to climate change should not only be based on environmental considerations and China's sustainable development but should also improve its standing in the international community, as this is related to China's long-term political interests (Buzan, 2021). One of China's diplomatic strategies under President Xi's leadership pictures China as a responsible nation that should participate in the international rule-making process and help shape the international order. Xi's vision for China's future is to "stand on the central stage of global affairs, make greater contributions to humanity, and construct a global community with a common destiny" (Shen & Xie, 2018, p. 709). The idea of constructing a community of shared future for humankind was first brought up by President Xi in 2014, then reiterated by him on multiple occasions regarding international cooperation. It is interesting to consider the definition of leadership; scholars from China are optimistic about China's potential leadership role, but they emphasize that China is a "torchbearer" (Zhuang et al., 2018), which implies a guiding function rather than structural leadership. At the same time, they also recognize the potential conflict between the EU and the US regarding structural leadership on climate change, while China can work to set better roles for other developing countries (Zhou & Zhuang, 2021). Nonetheless, China's willingness to be a climate leader is the fruit of its domestic environmental interests and global political strategy.

A second question is whether China is able to take the leadership role. Empirical observations suggest that China's leadership goals on climate change may be achieved through making institutional, moral, and financial contributions (Shen & Xie, 2018). Institutionally, China has demonstrated some entrepreneurial spirit in its negotiations. Its efforts to reach bilateral agreements with the US and the EU have helped build a consensus between industrialized countries and developing countries and establish the Green Climate Fund (Shen & Xie, 2018). At the same time, China has forged new partnerships with the BASIC countries (Brazil, South Africa, India, and China), seeking to further the negotiating interests of developing countries. On the financial side, China has pledged to establish a \$3.1 billion South-South climate fund under the UN framework for mitigation and adaptation projects in the most vulnerable and least developed countries ("China South-South Climate Cooperation Fund," 2015), which not only promotes the development of green finance but also shows the world that China is willing to be a responsible player as the biggest developing country. China has also incorporated a green development strategy into the Belt and Road Initiative, a \$900 billion international initiative on infrastructure proposed by China. The United Nations Environment Program and the Chinese Ministry of Ecology and Environment announced the formation of an international coalition to ensure that the Belt and

Road Initiative leads to green growth. Morally, China has been a strong supporter of UN-centered climate multilateralism, protecting the values and ideas related to addressing climate change and curbing climate skepticism (Shen & Xie, 2018). However, scholars also have reservations, arguing that China’s domestic interest is key to understanding its actual ability to assume a leadership role. Engels (2018, p. 5) believes that China’s championship of climate mitigation only happens to coincide with important domestic priorities rather than being intentional and could pose a risk for the continuation of China’s support of the global climate mitigation regime.

Lastly, we ask whether China is expected to become a leader? In terms of climate leadership, the Annex I countries have always been expected to play this role (Hurri, 2020). The topic of climate leadership has always been associated with highly industrialized countries such as the US or the EU (Bäckstrand & Elgström, 2013; Dai & Diao, 2010). Given China’s volume of emissions, its investments in renewable energy, and its large economy and population size, it is expected to take on more responsibility. However, how much leadership power do the industrialized countries expect China to hold? Would the Annex I countries, which have always taken a leading role in setting the rules and agendas, controlling the direction of international negotiations, et cetera, be willing to hand some of these prerogatives to the Chinese? Rethinking China’s expected leadership, China may be far from becoming an actual leader. According to Hurri (2020), industrialized countries want China to take more weight onto its shoulders. Over the last decade, China has taken over some responsibilities to assist the global progress on climate change, especially in helping other developing countries confront climate change. However, China remains in conflict with industrialized countries as it attempts to seize more institutional power, related, for instance, to setting the rules and agendas, steering the direction of negotiations, or mediating international cooperative efforts. In other words, China certainly has the potential to be a leader, but acknowledging the country as a climate leader creates a role conflict for the current leaders (Hurri, 2020).

Returning to President Xi’s vision on China’s future contribution to global governance, it is quite clear that China aspires to take on institutional leadership on certain issues. Regarding climate change, the conflict

between China and the industrialized countries may continue, but this will not involve who should take more responsibility as was the issue over the past two decades but will rather concern competition for more voice and influence. If China’s interest in taking on climate change leadership were only due to domestic priorities (Engels, 2018), it is obvious that these domestic interests and international commitments would need to converge for China to become the next champion or leader (Wu, 2017). Chinese researchers have confirmed this trend. It has shown that over 100 countries have committed to carbon neutrality (Motive Power, 2021) and that China has also begun to map its low-carbon development plan to reach carbon neutrality by 2060—suggesting that policymakers in China have recognized the importance of a green transition and the potential for a new international order based on the new rules relating to carbon neutrality (Chai et al., 2020, p. 37). President Xi’s concept of building a human community for a shared future is consistent with the idea of global climate governance leadership (Li & Liu, 2019), reinforcing high-level convictions and setting a milestone in the history of China’s climate governance.

### 3.3. Two-Level Game Theory

The two-level game theory was originally derived by Putnam (1988) from game theory. The two-level game approach focuses specifically on the negotiating positions of state actors in relation to international and national interest. This analytical framework is considered appropriate for researchers to interpret China’s international climate negotiation strategy because it provides a baseline logic (as illustrated in Figure 1) to look at different actors and issues across the two levels (Cao, 2012; G. Chan et al., 2008; Gunter & Rosen, 2011; Hsu & Jiang, 2015; Wang, 2018; Zhang, 2013).

The application of the theory in Chinese studies has inherited certain elements from Putnam’s experimental work. This logic of interaction between international negotiation and domestic interests is reflected in the application by Chinese scholars. First, researchers agree that China’s behavior at the international level is influenced by domestic interests. There is much empirical evidence to support the idea that the roots of China’s shifting positions at the international level can be traced to

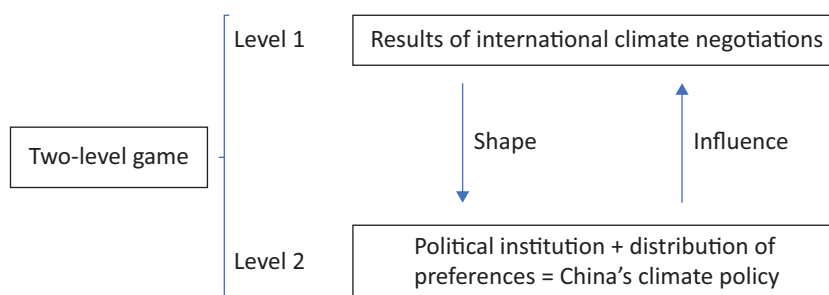


Figure 1. The logic of two-level games analysis.

domestic causes. For instance, China's aggressive investment in renewable technologies has led to a proactive stance at the negotiating table.

Various factors are considered when applying two-level game theory to the study of China. G. Chan et al. (2008) pointed out that China's domestic environmental crisis, the ecological cost of its rapid economic development, incidents of environment-related protest and unrest, and the recognized need for sustainable development have all clearly impacted China's diplomacy. This can explain why China is willing to participate in talks on fighting global warming while, at the same time, it guards the principle of common but differentiated responsibility, for its own benefit as well as for that of the developing world (G. Chan et al., 2008). Likewise, international social engagement through participation in international treaties or trade can help China integrate with the world politically and raise its environmental standards to meet the higher standards set by the industrialized countries (G. Chan et al., 2008). Similarly, Zhang (2013) also recognizes that decision-makers are under pressure from both international negotiations and domestic politics. To clarify, Zhang (2013) further hypothesizes that if the cost of abatement were high, China would be less willing to participate in international climate change negotiations. If climate change caused high levels of ecological vulnerability, and the principle of equity was accepted by parties at the international level, then China would be likely to take a more cooperative attitude in international climate change negotiations (Zhang, 2013).

The application of two-level game theory in the study of China is no longer state-centric. International institutions, national and local governments, domestic and international NGOs, and the media are all considered key actors in mobilizing China's climate multilateralism (G. Chan et al., 2008; Gunter & Rosen, 2011; Hsu & Jiang, 2015; Wang, 2018). One application of two-level game theory to the situation in China shows that the Chinese government interacts with international institutions such as the UNFCCC to engage in setting activities, rule negotiations, and rule compliance at the international level, while Chinese media and local governments focus more on shaping China's domestic climate policy. NGOs, on the other hand, can be active at either level, using inside-out strategies to advocate for policy change. These two levels then interact to influence China's approach to global climate governance.

However, some researchers have noted that the original theory was based on the US model of policymaking and thus has "greater relevance in the context of American politics" (Zhang, 2013, p. 3). Therefore, elements of the analysis such as "win-sets," "strategies of negotiators," and the "ratification process," which are all prevalent in democratic contexts, may take on different forms or meanings when applied to the Chinese context given the differences in the political and cultural system. Instead, researchers have expanded their explanations by adding more participants and factors into the

analysis. Moreover, these researchers concluded that factors at either the domestic or the international level evidently have different weights in terms of their explanatory power and that the different levels are not equally important. Empirically, during a certain period, international factors might play a decisive role, while at other times, domestic factors would be critical. Therefore, it is explicitly clear that factors at the international and domestic levels are not equally influential in shaping China's strategic climate choices.

In sum, the three pieces of literature discussed in this section collectively highlight the importance of factors at the international level to examinations of China's international behavior regarding climate change. The leadership literature and two-level game theory also consider domestic factors. The next question is to what extent these theoretical approaches adequately address China's changing international position on climate governance.

#### **4. Fully Answered? External Factors, Interplay Between Two Levels and China in Climate Multilateralism**

Regime theory, the leadership and championship literature, and two-level game theory share certain commonalities. First, this research aims to understand China's (evolving) international position on climate change; in other words, the dependent variables are the same in general terms, with leadership literature focusing on more recent changes. Even though domestic interests are raised in some discussions, the phenomenon that is explained remains China at the international level. For this reason, certain prevalent theories, such as advocacy coalition framework, MLG, consultative multilateralism (Teets, 2013), and authoritarian environmentalism (Kwon & Hanlon, 2016), which are used to shed light on domestic factors and dynamics of China's national climate governance, are not included in the discussion in this article.

The three theoretical approaches that were discussed in Section 2 all note that external factors, such as the geopolitical dynamics at the international level and the systemic flaws in the global climate regime (Buzan, 2021; Kastner et al., 2020; Zhuang et al., 2018), impact China's strategy toward climate multilateralism. In fact, external factors may enjoy more explanatory power than traditionally thought. In practice, China is a highly strategic player, and its approach to multilateralism should not be considered a consistent feature (Kastner et al., 2020, p. 165) but as dynamically evolving in response to international influences.

The three theoretical approaches all have their own unique features and merits in terms of contributions. International regime theory examines only external factors to comprehend China's international behavior, and it attempts to make general statements on China's strategy toward multilateralism in the context of a relatively long period of changing external conditions. The global leadership and championship literature

investigates China's potential as a climate leader more than it reflects on China's past strategies. The leadership and championship approach is proposed because China has taken a proactive stance on climate change in recent years. China's turn to become a potential climate leader is arguably shaped not only by its experience as a participant in the UNFCCC processes but also the fact that as its economic wealth and emissions have continued to increase, it has gradually gained sufficient structural power to participate in international climate governance.

An example of this is China's leadership of the institutional arrangement of the "bottom-up" approach under the Paris Agreement (Li et al., 2021). In addition, discussions of global leadership and championship may stimulate the study of how China might use climate issues as an opportunity to advance its political stance (Buzan, 2021) and further expand its political influence, especially in the Global South. Two-level game theory enjoys the advantage of harnessing factors at both international and domestic levels to account for China's international climate strategies. While some scholars in the global championship literature have also examined domestic influences, they have not analyzed the interplay between the two levels. Two-level game theory has been applied in different contexts and to various issues, but when it comes to China, it is confronted by the question of how to adapt to the domestic context to attain an in-depth analysis.

Another valuable contribution that emerges from these analyses is that they help position China's role in climate multilateralism relative to that of other countries. When China is reluctant to participate, other countries exert pressure to give China the impetus to change. As China makes progress, other countries could cooperate with China in addressing global climate change. From the current perspective, China and the industrialized countries of the EU have the competence and the willingness to "lead" or, in other words, to seize more institutional power in climate-related international institutions. This situation might lead to conflict between China and industrialized countries, not about who should take more responsibility for having caused global warming, but about who should have a greater voice in the negotiation process.

#### 4.1. *Adaptation to the Chinese Context*

It is challenging to transplant theories and concepts from political science, such as regime theory and two-level game theory, to China, as the approaches have been primarily applied in Western and democratic contexts. The direct application of Western theories to China's circumstances or to use China's case to contribute to Western theories requires further exploration.

First, it is important to consider the differences in parameters of the political systems. Specifically, the lack of deliberative democracy in the Chinese system

(Westman et al., 2019, p. 14) means that democratic concepts such as competing interests (between political parties) and ratification processes would have to be replaced by Chinese indigenous governance concepts. For instance, regarding the environment and climate-related issues, the Chinese decision-making process may involve coordination between the Ministry of Ecology and Environment, which supervises and guides environment-related plans and decision-making; the China Meteorological Administration, which provides the scientific environment and climate evidence; the Ministry of Foreign Affairs, which coordinates international negotiations; and other government agencies. When applying Western theories to the Chinese context, the potential for conflict between the functional hierarchies (such as those mentioned above), as well as territorial (*kuài*) and vertical (*tiáo*) chains of command (Hensengerth, 2015, p. 313), need to be considered, rather than conflicts of interest between political parties, as in democracies. The term *tiáo* (vertical) refers to the vertical lines of authority over various sectors reaching down from the ministries of the central government. *Kuài* (horizontal) refers to the horizontal level of authority of the territorial government at the provincial or local level. The ministries and government bodies mentioned above may share overlapping functions which should be considered when transplanting theories: For instance, both the Ministry of Ecology and Environment and the Ministry of Foreign Affairs are responsible for the supervision of China's participation in the UN Conferences of Parties.

Secondly, we need to take into account the differences in civil society actors when applying theories originally developed in Western democracies to the Chinese context, especially in the field of environment and climate change. NGOs in the West have played a significant role in advocacy throughout the policymaking process. In China, the definition and functions of civil society actors are very different from those in Western contexts. Policy entrepreneurs such as international NGOs often undertake the role of policy translators (Stone, 2012), while in China, international NGO operations are limited by local management schemes, one of which is the overseas NGO law. On the other hand, local NGOs in China lack the capacity to establish direct global interconnections due to the relatively strict regulatory regime imposed on Chinese civil society. Therefore, for international organizations or international NGOs to be able to disseminate norms, set standards, or advocate policies, they often need to target local actors such as Chinese NGOs, rather than the Chinese state (Gunter & Rosen, 2011).

In order to reconcile Western theories with the unique case of China, it seems inevitable that Western theories will merge with indigenous Chinese theories or concepts (Zhang, 2017). Conceptual innovation may provide an answer. For instance, consider the concept of rightful resistance developed by O'Brien and Li (2006) to conceptualize Chinese farmers' contentious practices.

Collective action in rural China “often hinges on locating and exploiting divisions within the state by using the rhetoric and regulations of the central government to resist misconduct by local officials” (Zhang, 2017, p. 286). The concept of rightful resistance is a case where Chinese practices could inform existing Western theories on contentious politics. In the context of studying Chinese climate policy, a new idea like “a community of shared future” (*renlei mingyun gongtongti*), which is inspired by the concept of “all-under-heaven” (*tianxia*) from traditional Chinese philosophy, could provide opportunities for such innovation. As argued by Buzan (2021), climate change is a profound threat to “everything in the world,” which is difficult to describe and interpret using Western concepts of international relations (Buzan, 2021).

### 5. A New Question? Transnational Climate Governance and China

One of the major changes in the current global system to address climate issues is the rising importance of non-state actors (Andonova et al., 2009; S. Chan et al., 2015; Hale, 2020; Kuyper & Bäckstrand, 2016). Given that the traditional state-centric climate system, which evolves around the UNFCCC regime, has been under contestation academically (Keohane & Victor, 2011; Lederer, 2015), transnational, non-state actors’ efforts to influence state-centric global responses to climate change beyond the multilateral system are intended to create a new form of governance. This is also referred to as transnational climate governance (Hale, 2020).

According to Andonova et al. (2009, p. 56), “transnational governance occurs when networks operating in the transnational sphere authoritatively steer constituents towards public goals.” NGOs, private companies, subnational governments, et cetera, can all participate in the process of transnational governance. Polycentrism (Ostrom, 2009), fragmentation (Biermann et al., 2009; Zelli & van Asselt, 2015), and regime complexity (Keohane & Victor, 2011) are all conceptual frames to capture the changing landscape of climate governance. Despite the different positions of these concepts, they are all based on the growing empirical process of multi-actor and multi-level (both horizontal and vertical) processes of governance efforts (Dorsch & Flachsland, 2017). Furthermore, researchers also seem to agree that the current international system for managing climate change is in transition, with more actors engaged in more activities at significantly more levels of governance (Jordan et al., 2018). This transnational system may fill some governance gaps and may be able to co-exist with the traditional state-centric system, yet there is no consensus on whether it is a supplement to or an alternative for the traditional one.

The involvement of China, as a key player in multilateral climate negotiations, with the transnational trend of climate governance has attracted academic attention. Researchers acknowledge that domestic polit-

ical context may condition actors’ engagement with transnational governance, and this informs the study of China in transnational governance (Hale & Roger, 2018). Empirically, given China’s domestic political context, the question is whether China can be or has been associated with transnational climate governance and what factors affect the scale, form, and shape of its engagement.

Transnational climate governance remains rather a novel concept in China. While Chinese officials have made statements welcoming the efforts of subnational and non-state actors openly, in practice, the regulation of civil society at home does not seem to be loosening up. A distinctive feature of the Chinese engagement with transnational climate governance is that the authority (the Chinese government) remains at the center, challenging the traditional understanding of the concept at the global level where non-state and sub-state actors are the main actors. According to Hale and Roger (2018), domestic factors are the main drivers of China’s response to climate change. Beyond that, Chinese officials have made it clear that China is a firm supporter of UN-centered multilateralism regarding climate change. And global climate governance has always been the main narrative that they use to describe the global efforts to address climate change. Empirical evidence confirms this, as China’s participation in transnational governance initiatives remains relatively shallow and uneven, with national government and subnational government units being the major participants (Hale & Roger, 2018). However, does this imply that the participation of other Chinese actors in transnational governance will be limited as well?

Chinese NGOs, subnational governments, businesses, and other non-state actors can still enjoy some political space to engage in transnational schemes. As research on China’s domestic climate governance indicated, “although China remains authoritarian, it is nevertheless responsive to the increasingly diverse demands of Chinese society” (Mertha, 2009, p. 995). As climate change has become a policy priority, the barriers to entry into the policymaking process have been lowered for certain “policy entrepreneurs” (Mertha, 2009), as Chinese leaders see the need to incorporate Chinese civil society actors into climate decision-making to fill governance gaps. Although most Chinese actors are involved in transnational governance as followers, and many grassroots environmental NGOs are still unfamiliar with the concept, transnational climate governance may be a particularly attractive strategy for NGOs. As an increasing number of foreign NGOs and transnational NGO networks join hands with local NGOs, they may be able to lobby or initiate local-level activism (Hale & Roger, 2018) or even become more embedded in the policymaking process. This transnational policy diffusion is empirically observed, as in the case of the low-carbon economy agenda, which was introduced by transnational actors, backed by foreign funding, promoted by policy entrepreneurs from domestic research institutes, pro-

pelled by top-level attention, and finally adopted by the government bureaucracy (Hofem & Heilmann, 2013). Further work needs to be carried out on the conditions for and the kind of transnational governance initiatives that can be accepted in China.

## 6. Conclusion

Departing from analyses at different policymaking levels, this article presents a review of approaches that help understand China's shifting positions toward climate multilateralism. This article has shown that it is essential to consider a range of theories that can provide additional insights into understanding China's international climate position.

Conceptually, it is crucial to focus on a variety of theoretical approaches to examine how China's climate multilateralism has evolved. At different levels of analysis, different sets of variables are considered to be important influences on China's position, and they lead to different conclusions. The analysis at the international level focuses on China's external options and the urgency of the issue itself. However, to fully explain the variation in China's position, factors at the international and domestic levels have played different roles at different times. China's domestic willingness and capabilities impact China's global expansion. The analysis of the international–domestic nexus reflected on the international context or the “strategic landscape” of the climate change issue, as well as China's political willingness and ability. It emphasized the interaction between the two levels, which may add additional insights to the analyses of regime theory and global leadership and championship literature.

What appears to be missing from the current analysis is how “changes” in the trajectory of China's climate multilateralism may be interpreted. As Kastner et al. (2020, p. 165) have argued that analysts “should not treat China's approach to multilateralism as a constant feature of the country's general disposition” (Kastner et al., 2020, p. 165), it is relevant to focus on the dynamics and conditions of the change process as a potential area for further research. The conceptual framework of “critical junctures,” derived from historical institutionalism, can be invoked to discover patterns of political changes (Capoccia & Kelemen, 2007; Collier & Collier, 2002). In general, this framework can be used to explain various development processes, including the organizational decision-making process (Capoccia & Kelemen, 2007, p. 343). Some scholars have argued that China's climate policy has reached a critical juncture, whether seeking energy self-sufficiency by burning coal or promoting “ecological civilization” to gain a green reputation internationally (Oxford Analytica, 2020). Nevertheless, it is yet to observe whether a period of significant change as demonstrated in Chinese climate policy can produce distinct legacies (Capoccia & Kelemen, 2007, p. 347) in the study of development and change.

Another gap may be the limited range of actors included. With the introduction of the transnational governance framework, non-state actors have become an integral part of the discussion, and as a result, the form of international cooperation is transforming. The current literature on climate change in China focuses on the state but rarely mentions civil society actors. Similar to the Chinese state in its participation in global climate governance, Chinese NGOs are also constrained by their domestic political constituency (Wang, 2018). However, they are subject to international and transnational influence from foreign peers regarding their approach to climate policy advocacy (Hofem & Heilmann, 2013). Attention to this element would require further work on how plural theories can be employed in the discussion.

## Acknowledgments

I thank my supervisor Wil Hout for all his guidance and constructive feedback during the process of improving the quality of this article. I also thank my colleague Lize Swartz, Dennis Penu, as well as journal editors and academic reviewers for their suggestions on the earlier version of the article.

## Conflict of Interests

The author declares no conflict of interest.

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Article

## China in Africa: Assessing the Consequences for the Continent’s Agenda for Economic Regionalism

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Submitted: 14 October 2021 | Accepted: 18 February 2022 | Published: 21 April 2022

### Abstract

Africa has become a major arena in the so-called “multiplex world.” The growing presence of China and other emerging countries on the continent in the last two decades has turned Africa into an area in which there are a large number of different patterns of interaction between state and non-state actors. International debates are polarised over whether these new South–South dynamics generate new dependency relations or whether they provide genuine opportunities for transformation. This article focuses on China’s role in the ongoing processes of economic integration in Africa. Far from merely reproducing a neoliberal pattern, this interaction may highlight a certain convergence between the African regional integration projects and China’s desire to promote structural transformation strategies, with investment in infrastructure being an example. However, the article concludes that rather than reinforcing African regional integration, this essentially bilateral and highly pragmatic Chinese strategy may have some indirect returns on regional integration but is actually showing some signs of decline.

### Keywords

Africa–China relations; African Continental Free Trade Area; Agenda 2063; Belt and Road Initiative; regional integration; South–South cooperation

### Issue

This article is part of the issue “Developing Countries and the Crisis of the Multilateral Order” edited by Wil Hout (Erasmus University Rotterdam) and Michal Onderco (Erasmus University Rotterdam / Peace Research Center Prague).

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### 1. Introduction

The current international political economy of Africa cannot be explained without China. During the first decade of the 21st century, the Asian country evolved from being a marginal partner to having significant economic influence on the continent. China’s presence encompasses trade, lending and direct investments, mining, and construction firms operating across the continent, and even significant migrations in both directions. The nature and extent of this presence have prompted heated debates. For some authors, the increased presence of China (and other emerging powers like India or Brazil) is part of a new imperialism that does not significantly change Africa’s subordinate position in the global economy. For

others, China provides an opportunity for some African countries to secure access to much-needed finance and to develop key economic infrastructures without the rigorous conditionalities enforced by Western borrowers.

Development policies in Africa have always included regional economic integration strategies, especially since the 1960s. The failures of the structural adjustment era in the 1980s and 1990s have reinforced the choice for regional economic integration strategies in the 21st century. A significant step in this direction is the African Union’s launch in 2012 of the African Continental Free Trade Area (AfCFTA), a component of the wider Agenda 2063 for economic transformation. The crisis of the multilateral order (the focus of this thematic issue) has accelerated a drive towards the establishment of

broad regional arrangements in the global economy. These include the Transatlantic Trade and Investment Partnership (TTIP), the Trans-Pacific Partnership (TPP), and the Regional Comprehensive Economic Partnership (RCEP). These “megaregions” are major economic blocs that threaten to further exclude African economies from global flows (Colom Jaén, 2019, p. 35).

Against this background, this article considers the particular impact of China on the regional economic strategies established by the African Union and African governments. As pointed out by the African Development Bank (2018, pp. 63–92), a major constraint to these integration strategies is the lack of economic infrastructure. In this regard, the contribution of China in building infrastructures has been significant in countries like Ethiopia and Kenya and illustrates what makes China’s strategy in Africa unique. As some authors have pointed out, rather than reproducing a neoliberal approach, the interaction between China and the African regional integration project demonstrates a certain convergence in promoting structural transformation. This convergence, however, does not translate into direct support from Beijing for the regional integration project, as its strategy remains essentially bilateral. This article also discusses the possibility, as demonstrated by the deployment of the Belt and Road Initiative and the type of financial commitments made by China in the last Forum on China–Africa Cooperation (FOCAC) in December 2021 in Dakar, that infrastructure investment policy is beginning to show some signs of decline.

In the following section, we offer a review of the debates about the nature of the Chinese presence in the African international political economy and how this presence shapes the developmental options available to African governments. In the third section, we review the current state of regional integration initiatives in Africa, focusing on the role played by infrastructures and how China has contributed thus far—and may contribute in the future—in the context of the African Union’s Agenda 2063 and China’s Belt and Road Initiative. We also illustrate the coming changes in China’s lending policy to African countries. In the fourth section, we offer some conclusions.

## **2. China in the Contemporary Political Economy of Africa**

Africa has become an important part of the multiplex world suggested by Acharya (2017). Questions have been raised over the ultimate intentions and effects of the new South–South dynamics, especially China’s role on the African continent. Some of the main debates and discussions in this regard are outlined below.

### *2.1. Africa in the “Multiplex” Order*

The front pages of the *Economist* magazine on the subject of Africa (especially those in 2000 and 2011)

have caused a degree of controversy (Mateos, 2015). The covers represented a sudden shift in international discourse on Africa: From “the hopeless continent” of the 2000 cover, which represented the traditional “Afro-pessimistic” discourse on the continent, the *Economist* went on to champion an “Africa rising” discourse in 2011. Particularly intense during the first years, this label gave birth to a new “Afro-optimistic” discourse in the new international imaginary, a new view that hailed Africa’s economic leap forward.

Many have criticised the simplification of this new “single story” about Africa. Among other things, the “Africa rising” discourse ignores the fact that economic growth does not imply development and improved social welfare per se (Mateos, 2015) and may in fact be a manifestation of increasing dependency (Taylor, 2016). Other authors have also pointed to the uneven regional picture behind this image, with a few countries, mainly those that have carried out neoliberal reforms or those rich in natural resources, being able to attract a large share of foreign direct investment (Carpintero et al., 2016, p. 203).

Beyond the discourses that have tended to simplify a complex reality, what is certain is that the growing influence of “emerging countries” on the African continent goes a long way to explaining the economic and political transformations that have taken place in the region over the last two decades. According to the United Nations Economic Commission for Africa (UNECA, 2012), Africa, seen as a “big store,” has come to the forefront of capitalist competition and is a cornerstone in the redefinition of the world order. What is perhaps new in this dynamic, in Taylor’s words (2016, p. 42), is the expanded range of competitors vying for attention. In no way does this imply the withdrawal of Western interest in the continent, but it is rather an expression of increased competition for influence and tension between actors in the region (Carpintero et al., 2016, p. 194). This new global “scramble for Africa,” as it has been widely labelled, is not merely economic or commercial; most emerging countries have also understood the political and diplomatic potential of Africa for their national interests in global forums (Alden, 2019).

The growing global competition for the continent is not only conducted by nation-states. In addition to the governments of Western and emerging countries and international organisations, there are numerous non-state actors (corporations, private security companies, NGOs, etc.), that make up a fragmented and complex scenario—the “multiplex” order referred to by Acharya (2017).

### *2.2. South–South Cooperation Reloaded?*

In this context, the debate on South–South cooperation (SSC) has acquired a new and growing relevance. The United Nations Office for South–South Cooperation (UNOSSC) defines SSC as “a broad framework for collaboration among countries of the South in the political,

economic, social, cultural, environmental and technical domains....Developing countries share knowledge, skills, expertise and resources to meet their development goals through concerted efforts” (UNOSSC as cited in Morvaridi & Hughes, 2018, p. 1). According to Gray and Gills (2016, p. 557), SSC needs to be understood as a key organising concept and a set of practices in pursuit of historical changes. Based on mutual benefit and solidarity among the disadvantaged of the world system: “It conveys the hope that development may be achieved by the poor themselves through their mutual assistance to one another, and the whole world order transformed to reflect their mutual interest vis-à-vis the dominant global North.”

For Buzdugan and Payne (2016), however, this debate is not new. The global South’s attempt to influence global governance is part of a “long battle” that began after the configuration of the post-World War II global architecture. Since then, the global South has tried to articulate proposals and political spaces that counter Western hegemony and better represent its interests. For Freeman (2018), actors such as the G77 (a political space created in the second half of the 1960s that groups the bulk of developing countries) are instrumental to this purpose.

The crisis in the liberal international order (Ikenberry, 2018) and the re-emergence of the countries of the global South in the context of globalisation have intensified the debate on changes in the international system. For authors such as Hurrell (2018), however, overly simplistic narratives to explain the effervescence of the global South and the reconfiguration of the international order should be avoided. The emerging countries as a group, the author points out, are not a homogeneous or solid force. They all face the same problems and have similar weaknesses to those experienced by all states at the global level in an environment characterised by vulnerability and uncertainty. That said, Acharya argues (2017), there are reasons to assert that the new globalisation is driven more by South–South links than by those between the North and the South. The South has increased its global output from one-third in 1990 to almost a half today and has increased its share of world merchandise from 25% in 1980 to 47% in 2010 (UNCTAD, 2016). Although SSC has become an important trend, the loss of Western hegemony does not confer exclusive competence on the SSC in Africa but coexists with a global North in full crisis and undergoing a process of reconfiguration (Bachmann, 2019, p. 5). All this, Hurrell (2018, p. 93) argues, is leading to an international system that is increasingly characterised by:

A diffusion of power, including but not limited to emerging and regional powers; by a diffusion of preferences, with many more voices demanding to be heard both globally and within states as a result of globalisation, democratisation, and the backlash against globalisation; and by a diffusion of ideas and values.

The literature that has analysed the rise of the new SSC, particularly in relation to Africa, is highly polarised. In Cheru’s (2016) view, there are at least four competing perspectives on the impact of SSC on development in Africa. The “alarmists” see the rise of emerging Southern actors as a threat to the dominance of traditional Western powers in the field of economics, culture, and geopolitics; the “sceptics” are largely aid bureaucrats who defend the current development aid system, while acknowledging some of its shortcomings; and there are also the “critics of new imperialism” and the “cheerleaders.”

These last two groups have undoubtedly generated the most academic debate on the issue. For authors such as Bond (2016) and Taylor (2016), the emerging countries in Africa, especially China, are substitutes for traditional Western powers; they are new faces that perpetuate the usual dynamics of exploitation. According to Bond, new institutions such as the New Development Bank represent forms of “sub-imperialist finance” and serve as mechanisms for redirecting the world’s surplus capital. For Taylor, the increasing interaction between the BRICS and Africa serve to increase Africa’s dependence on the global economy, since the bulk of the growth in African exports is largely based on mining-related commodities. The presence of emerging economies is associated, Taylor (2016, p. 51) argues, with a lack of serious structural change in the continent’s economies. Furthermore, the authors state that the well-being of the average African citizen has been almost totally neglected. Morvaridi and Hughes (2018), meanwhile, consider that the current SSC has used the disguise of the original SSC, created in the 1960s and motivated by genuine solidarity between the countries of the South. Both authors argue that far from being motivated by the same ideals, the new patterns of relations and aid between emerging countries and the African continent strengthen new forms of neoliberalism and do not challenge the interests of global capital. The current SSC, therefore, “ushers in a variety of new forms of state-company collaboration that intensify the integration of areas of the global South into new forms of global capitalist accumulation and exploitation” (Morvaridi & Hughes, 2018, p. 5).

Other authors such as Cheru (2016), Muhr (2016), and Alden (2017, 2019) have challenged this view for being over-simplified and for dispossessing African actors of agency. According to Cheru (2016, p. 594), “the rise of emerging powers in Africa neither necessarily produces a new colonial-type relationship nor automatically guarantees policy space for African countries.” Along the same lines, Muhr (2016) criticises the dichotomy deployed in the existing literature between “national interests” and solidarity. The heterogeneity of the global South, the author argues, does not mean one party always reaps greater monetary gains through trade. In fact, in SSC arrangements parties can reap more intangible benefits such as experience, knowledge and cultural exchange, capacity building, diplomatic solidarity,

human rights promotion, and the visibility and recognition of the South. In this regard, Muhr establishes a difference between what he labels as “dependency” (understood as a form of neo-colonial exploitation) and dependence (conceived as an unavoidable consequence of the unevenness of the global South). SSC, he argues, thus seems to create a system of “asymmetric interdependence.” This nuanced explanation, Cheru (2016a) points out, does not mean that Africa’s relations with the emerging Southern partners are free of tensions, but it does make them highly complex. Nevertheless, Taylor acknowledges that this changing pattern of global interaction has led to a growing diversity of partners that offer some options and opportunities for Africa by “strengthening its bargaining position with a number of actors” (Taylor, 2016, p. 44) and by offering “an additional, and different, choice of cooperation partners” (Bachmann, 2019, p. 16).

### *2.3. Sino-African Relations in African Development*

Debates on China–Africa relations have also tended to be polarised, or at least ambivalent. The main narrative critical of China’s historical deployment on the African continent is that China’s presence has not brought about any meaningful structural transformation. Taylor (2016) has even pointed out that the presence of emerging countries in Africa, and of China in particular, has led in general terms to a certain de-industrialisation of the continent, producing hardly any industry, and that the composition of GDP by sector has not changed significantly between the 1960s and the present. In the same vein, Mohan and Power (2009) consider that China’s presence in Africa will not result in substantially different outcomes from those recorded with traditional actors, as Beijing has not encouraged diversification or value-added industrialisation or even redistribution of economic benefits. Some authors such as Clapham (2008) have gone further, asserting that China’s role in this new SSC model has been precisely to reinforce the old one.

Zezeza (2014), however, has problematised this critical view of the China–Africa relationship. He observes that “the discourse of the Chinese model for Africa reprises the pernicious tendency of reducing Africa into a hapless tabula rasa always waiting for the inscription of a development model from elsewhere” (Zezeza, 2014, p. 165). The reality, the author holds, is a lot more complex and contradictory: It reflects the intermingling of the agencies, subjectivities, and interests of African and Chinese actors and it involves government-to-government, people-to-people, and sector-to-sector relations, including business, media, education, sports, culture, and civil society. Bräutigam (2009), in turn, has stated that while China, like many countries, gives aid to advance its foreign policy agenda, Chinese aid policies in Africa differ in some ways from those that are in line with the Washington Consensus. Asante (2018, pp. 260–261) also claims that the consequences of growing Chinese

involvement in Africa are actually quite mixed: “While there are positive signs that the trade gap between both sides is narrowing, there are questions about its sustainability.” China’s imports from Africa, Asante holds, are still dominated by natural resources and exports of manufactured products and there is limited diversification and technology transfer. Furthermore, the impact of rising debt on African countries could have dire consequences for the sustainability of the limited progress achieved thus far, turning the interaction into a form of “neo-imperialism.”

Alden (2019) has emphasized the fact that the Chinese presence in Africa has brought meaningful change for African countries. The disguised discourses of the SSC rhetoric of the 1960s (transformational change, solidarity, and historical affinity) provided Beijing with the ideological substructure necessary to exercise the role of an asymmetric economic power, a power that nonetheless displaces the neoliberal consensus that has guided Western countries since the 1980s. According to Alden (2019, p. 11), the promotion of alternative sources of development finance and the provision of infrastructure as a backbone is leading to palpable economic and social changes in African societies.

Some analysts have contested the idea that Chinese presence is not leading to structural transformations in African countries. For Xiaoyang (2018), Beijing’s failure to follow the instructions of Western donors in the past has meant that China was able to take control of the policy-making process while receiving complementary aid and loans from external sources. It is this “pragmatic spirit,” Xiaoyang notes, that characterises Chinese aid to African countries, enabling China to build on its existing comparative advantages, such as in infrastructure construction and light industry.

## **3. Regional Integration in Africa: The Chinese Factor**

As mentioned above, regional economic integration initiatives have always been part of Africa’s modern development strategies. The African Union’s launch of the AfCFTA in 2012 is a major step towards deeper economic integration. It is important to keep in mind that the AfCFTA is a component of the wider African Union Agenda 2063 for economic transformation. In this regard, this plan is consistent with China’s particular approach to cooperation in Africa and is focused mainly on economic issues, as we have seen in the previous section. Thus, it is pertinent to explore the intersection between China’s cooperation efforts and the African regional economic integration agenda and see whether there is a contribution, albeit indirectly.

### *3.1. Regional Economic Integration in Africa: From Nkrumah to the “Spaghetti Bowl”*

Regional economic integration initiatives in Africa are a key component of the contemporary political economy

of the continent. In the 1960s and 1970s, the different regional integration projects were clearly influenced by Pan-Africanist ideals and the struggles attached to the decolonisation process. The famous quote from Kwame Nkrumah's speech at the Organisation of African Unity in 1963 summarises this view: "We must unite now or perish" (Kaba, 2017). Despite the political rhetoric, powerful factors impeded the effective deployment of regional integration initiatives: reluctance to cede significant parts of the recently-acquired sovereignty, Cold War dialectics, a succession of coups d'état in the 1960s, and, last but not least, the enormous institutional and economic challenges that any project of regional integration in Africa would entail in the 1960s (Bidaurratzaga-Aurre et al., 2021). Nevertheless, there were some significant attempts to establish regional economic communities (RECs), such as the Central African Customs and Economic Union (UDEAC) in 1964 (now CEEAC-ECCAS), the East African Community (EAC) in 1967, and the CEDEAO-ECOWAS in 1975, amongst others.

The financial and institutional distress of many African states that followed the implementation of the World Bank and the IMF sponsored market-oriented structural adjustment programs in the 1980s prevented the establishment of effective regional economic integration initiatives. Furthermore, the rush towards globalisation of markets led by the World Trade Organization and the Bretton Woods Institutions in the 1990s meant that regional integration was seen as less important than the opening up of markets to global competition. However, some advances were made in this area in the 1990s, like the launch of the Southern African Development Community (SADC) in 1992 or the Common Market for Eastern and Southern Africa (COMESA) in 1994. The approach taken to regional integration in Africa in the 1990s was consistent with the neoliberal underpinnings of globalisation, however, meaning that it focused mainly on opening up market exchanges at a regional level.

The failure of the WTO Doha round at the beginning of the 2000s was a turning point and revived interest in regional integration as an economic policy strategy in the developing world, including Africa. In fact, in 2001, the UNECA launched a biennial flagship report series entitled *Assessing Regional Integration in Africa*. Accordingly, with a critical view of past liberalising policies, this renewed interest in economic regional integration has a slightly different approach. In this emerging view, market liberalisation is not a goal per se, but an instrument for making African economies more productive, with a particular focus on industrialisation. Debates over how to incorporate this agenda of economic transformation within the design of Africa regional integration initiatives are indeed present in the literature and in major initiatives like AfCFTA (Bidaurratzaga-Aurre et al., 2014; Colom Jaén, 2019; Lopes, 2019, pp. 65–82; UNECA, 2017, pp. 129–141). Nonetheless, the reality is that despite the integrationist rhetoric displayed by

the African Union and African governments, as well as the deployment of some institutional arrangements, the scope of the regional integration processes is clearly limited. If we take intra-regional exports as an indicator of economic integration, we can see that, for 2018, only 20.37% of EAC exports went to another EAC country, while for ECCAS-CEEAC it was merely 1.77%. Internal trade within ECOWAS was only 8.22%. These are really low numbers compared to the European Union (63.63%) or NAFTA (49.41%). Thus, we can conclude that despite the rhetoric, the achievements in terms of economic integration lag behind other RECs in the global economy (Bidaurratzaga-Aurre et al., 2021, p. 13; UNECA, 2019, pp. 5–6).

There are at least three main reasons to explain this poor performance. First, African economies specialise mainly in the production of raw materials that are exported to industrialised countries. Thus, there are economic complementarities that would be conducive to intra-African trade. Second, the institutional design of RECs in Africa is incoherent at a continental level: There are numerous overlapping regional integration processes, which can be summarised in the well-known metaphor of the "spaghetti bowl." Out of the 55 African Union countries, 13 are in three RECs, 29 in two, and only 13 in one (UNECA, 2017, p. 112). Third, the deficit in economic infrastructures (roads, ports, energy generation plants, ICTs) adds a key constraint. A colonial legacy, the existing infrastructures, especially transport infrastructures, are usually designed to facilitate exports outside the continent. The African Development Bank has estimated the yearly financial needs to fill this gap are between 68 and 108 billion USD (African Development Bank, 2018, p. 70).

### *3.2. Regional Integration in the African Union's Agenda 2063*

The failures of the Washington Consensus agenda in Africa paved the way to a different approach to development, which now includes policies to encourage the transformation of productive capabilities. Now development is about economic structural transformation rather than opening up and deregulating markets, as it was during the structural adjustment period. The Asian experience of economic change—especially in China, but also in Japan and South Korea—has exerted a significant influence in this emerging approach to development in Africa (Colom Jaén, 2019, p. 39; Lopes, 2019, pp. 65–82).

In 2013, the African Union launched Agenda 2063, an ambitious 50-year plan of economic transformation that somehow replaces the Washington Consensus framework with a structural transformation approach. Agenda 2063 includes an array of programmes and initiatives for different areas. Concerning economic integration, the most prominent initiative is the AfCFTA, a plan to create a single market covering the whole continent. The project was launched in 2012, and it was

enthusiastically approved at the African Union summit in Kigali in 2018, prompting major interest worldwide. Although it is still far from being a free trade area, the start of trading under the AfCFTA agreement began on 1 January 2021. If it is consolidated, it will be, in terms of the number of countries, the largest regional integration project in the world.

A particular feature of AfCFTA is that it is not only a free trade agreement aiming at liberalising exchanges; it is regarded as an instrument for economic transformation and is embedded in the wider Agenda 2063. From this point of view, AfCFTA aims to support economic diversification; industrial exports can potentially benefit most from the agreement and help to counter the dependence on exports of commodities. With the goal of industrialisation in mind, the launch of AfCFTA in 2012 came together with the introduction of the Boosting Intra-African Trade Programme. The Agenda encompasses other programmes, such as the Accelerated Industrial Development for Africa and the critical Programme for Infrastructure Development in Africa. The latter, in particular, consists of 329 projects and programmes in strategic areas like energy, transport, water, and ICTs. Some of these projects have a continental scope, like the Trans-African Highway Network (African Union, 2020, pp. 10–11; Lisinge, 2020, p. 427).

In sum, the approach to regional integration in Africa has changed in the last decade and is now embedded in a wider industrialisation and economic transformation framework. As some authors and institutions have acknowledged (African Development Bank, 2018; Lopes, 2019), the main challenge preventing deeper regional economic integration in Africa is the lack of appropriate infrastructures. Since the establishment of the FOCAC in 2000, China has shown considerable interest in financing and constructing economic infrastructure in the continent, especially since the 2nd FOCAC Ministerial Conference in 2003. We now examine the extent to which the Chinese economic agenda has contributed to African integration to date, and how it may contribute to it in the near future.

### *3.3. The Contribution of China to the Construction of Infrastructure in Africa*

A key characteristic of Chinese lending in Africa is its focus on infrastructure. Comparing the sectoral distribution of bilateral ODA and loan commitments by OECD-DAC countries and China between 2005 and 2019, Usman (2021) found that 65.5% of disbursements from China were allocated to economic infrastructure and services projects, whereas OECD-DAC countries allocated only 12.9%. This huge difference may be explained by different factors. First, China's programmes focus on what China can offer most efficiently. That is, they encourage what their companies (either state-owned or private) do best, which is infrastructure (ports, roads, railways, civil buildings, etc.). Second, this approach to international

cooperation is consistent with what we may call the "Asian model of development," which focuses on upgrading productive capabilities. Third, this pattern of cooperation intrudes little on internal affairs like policy design or macroeconomic management, and China has consistently followed the rule of non-interference in internal affairs in its diplomacy (Calabrese & Tang, 2020).

A particular feature of this specific type of cooperation is that it also addresses Chinese domestic issues. These include the management of an increasing quantity of foreign-exchange reserves, the productive overcapacity created by the post-2008 financial crisis stimulus package (especially in the heavy industries and in the construction sector), and the need for a strong strategic presence abroad to play a role in global geopolitics and geoeconomics (Sum, 2019).

One example of Chinese engagement in Africa can be found in Ethiopia. The East African country has been pursuing an economic transformation agenda since 2010 and the country's Growth and Transformation Plans I and II rely heavily on loans for infrastructure from China. For example, the Ethiopian government took out a loan of 3 billion USD from the EXIM Bank of China to completely refurbish the Addis Ababa-Djibouti railway (759 km), which was completed between 2011 and 2016 by the China Railway Group and the China Civil Engineering Construction Corporation. Along with this investment, the Ethiopian government purchased nine cargo ships for international transport from Djibouti to facilitate exports arriving on the train. Other significant investments financed with Chinese loans in the domain of transport include the Addis Ababa Light Rail and the Addis Ababa-Adama Expressway. We can add to these projects the financing and construction of the electricity grid associated with the Grand Ethiopian Renaissance Dam (the largest hydroelectric power plant in Africa when completed), and the setting up of a 4G Internet network by ZTE and Huawei (China Africa Research Initiative & Boston University Global Development Policy Center, 2021; Morgan & Zheng, 2019, pp. 14–15).

Similar arrangements can be observed in Nigeria and Kenya. In Nigeria, 18 out of the 19 loans from China between 2000 and 2019 were for infrastructure: transport (nine projects, including the Lagos-Ibadan railway modernisation), power (three projects), and ICT (six projects), totalling 6.8 billion USD. In Kenya, the pattern was similar for the same period, with loans for transport totalling 6 billion, including funding for the Mombasa–Nairobi Standard Gauge Railway, a project that will enable a significant increase in transport capacity in the country (China Africa Research Initiative & Boston University Global Development Policy Center, 2021).

The announcement of the Belt and Road Initiative in 2013 brought a shift in the geographical focus of Chinese external policies. Chinese lending to Africa is less central in the Belt and Road Initiative than it had been in the previous decade (Calabrese & Tang, 2020). In this regard,

we can observe that there is no direct Chinese commitment to the deployment of the AfCFTA. Although there are public statements from the Chinese government supporting the African Union's Agenda 2063, which implicitly means supporting the AfCFTA, and there is financial support for the construction of international transport corridors as in Ethiopia, China has a preference for bilateral arrangements in line with the national sovereignty doctrine mentioned above. The Chinese contribution to the regional integration agenda in Africa will therefore be a policy of national economic transformation that will eventually boost the regional agenda in the continent (Abegunrin & Manyeruke, 2020, Chapter 9).

As shown in the examples above, China appears to have made a major financial commitment to the construction of economic infrastructure in Africa. And the construction of this infrastructure (especially transport corridors and energy production and distribution) is essential in promoting a degree of regional economic integration in the continent, not to mention economic transformation.

Nevertheless, and despite the fact that some authors point out that the contribution of these projects to regional integration was factored in (Calabrese et al., 2021; Carrai, 2021; Nantulya, 2019), practice by Chinese lenders may be regarded as a collection of bilateral arrangements rather than the execution of a long-term lending programme aimed at supporting regional integration efforts. This view is supported by evidence provided by Otele (2020, pp. 12–15) for East Africa, where despite the significant amount of investment allocated to economic infrastructure by private and public Chinese economic actors in Kenya, Tanzania, and Uganda, there is no explicit and co-ordinated planning.

In this regard, one of the challenges that the AfCFTA will have to face in order to achieve some degree of success will be the need to provide the economic infrastructure to facilitate exchanges among African countries; in this respect, the Chinese contribution will make a difference in some regions like East Africa. Yet, as pointed out in Section 3.1, this will not be the only obstacle to regional integration in Africa. Institutional arrangements (either collective or by individual countries), peace, stability, and a global trade environment more oriented to supporting developing countries' efforts will also be essential.

These interactions allow us to observe the extent to which a dichotomous view of the China–Africa relationship and its impact on regional integration is insufficient to explain the degree of complexity. If we assume multiplicity and complexity as defining features of the idea of “multiplex order,” China's pragmatic involvement in African regional integration processes involves a large number of dynamics, tensions, and agendas with ambiguous outcomes. The Beijing Consensus, in this sense, does not seem to follow the neoliberal pattern, as some claim, but rather demonstrates a relationship of “asymmetric interdependence,” which also has an impact on development.

### 3.4. China–Africa Finance in the Post-Covid-19 Era

In the recently published China's White Paper on international cooperation, there is a drive to set tighter financial conditions on those taking out loans from Chinese institutions (State Council Information Office of the People's Republic of China, 2021). Warnings about domestic financial stability issues in China have been translated to the international lending sphere. And it is true that in 2021 there were no major announcements of significant Chinese investment in Africa. The post-Covid-19 recovery period may be more inward-looking for China, and hence there may be less investment abroad, Africa included.

The trend in China–Africa financing can be observed in the announcements made at the successive FOCACs. The last conference, held in Dakar in November 2021, brought the total financial commitment by the Chinese government to 40 billion USD, down from the 60 billion announced in 2018. Nevertheless, the volume of financial engagement of China in the successive FOCAC conferences had been remarkable, with China becoming one of the most important external financiers in the continent. From 5 billion USD in 2006, Chinese investment increased to 10 billion in 2009, 20 in 2012, and 60 in 2015, within the framework of the Belt and Road Initiative. A significant feature of the 2021 financial commitment is the decrease in the degree of concessionality. Of the 40 billion pledged in 2018, 10 billion will be allocated to non-concessional credit lines, 10 will help stimulate imports from Africa, 10 are expected to come from the private sector, and another 10 more billion will be a transfer of IMF's Special Drawing Rights allocated by China to African countries to increase their financial capacity. In sum, there is a much more cautious calculation of the risks.

When one looks at the detail, one can see that the amount that China lends to Africa is still large, but it is declining. China is the largest provider of bilateral loans to African countries, but the nature of these loans is changing. Chinese financial institutions committed 153 billion USD to African public sector borrowers between 2000 and 2019. After rapid growth in the 2000s, annual lending commitments to Africa peaked in 2013 (the year that the Belt and Road Initiative was launched). In 2019, new Chinese lending commitments amounted to only 7 billion USD to the continent, down 30% from 9.9 billion USD in 2018. Moreover, Chinese lenders are increasingly private and commercially oriented (China Africa Research Initiative & Boston University Global Development Policy Center, 2021; Usman, 2021).

## 4. Conclusions

Debates on the effects and implications of the new SSC and, in particular, China's role in Africa, are somewhat dichotomous and fail to take into account the nuances and complexity of this interaction. This article attempts to analyse the interaction between China and the continent

in light of the processes of economic integration that are taking place at the regional level. An analysis of China's strategy reveals differences between Beijing's strategy and neoliberal approaches, highlighting the fact that China is committed to a pragmatic approach that focuses on investments for production and is thus geared towards the transformation of African economies.

This strategy also seems to be aligned with the rhetoric and practice of the African regional integration project within the framework of Agenda 2063, which, through the AfCFTA, aspires to bring about the economic transformation of the African countries as a whole. However, the article highlights how, beyond this alignment, China's strategy continues to prioritise bilateral relations over the direct promotion of the African integration project.

This pattern of interaction also differs from the SSC of the 1960s and 1970s, despite the rhetorical use of some of its postulates, and does not reproduce the Washington Consensus, giving rise to a different pattern with specific characteristics. The article finally raises the question of whether we might be witnessing a shift in the dynamics of intense interaction between China and Africa since there appear to be some symptoms of decline.

### Acknowledgments

The authors would like to thank the three anonymous reviewers for their insightful comments, which have certainly helped to improve the final text. This research is part of the project New Socio-Cultural, Political and Economic Developments in East Asia in the Global Context (PID2019-107861GB-I00), which is funded by the Government of Spain. This publication has also benefited from funding for open access publishing from the University of Barcelona and Ramon Llull University.

### Conflict of Interests

The authors declare no conflict of interests.

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Article

# Cooperation Regimes and Hegemonic Struggle: Opportunities and Challenges for Developing Countries

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Submitted: 29 September 2021 | Accepted: 24 January 2022 | Published: 21 April 2022

## Abstract

There is an increasing convergence in the international relations literature around the idea that changes in the world economy during the last decades are reshaping the international order; although the outcome of such a reconfiguration is yet unclear, many scholars argue that a dispute over global hegemony is already underway. At the same time, drawing on realist and neorealist approaches, international cooperation can be seen as a means to gain legitimacy and tighten alliances. In this framework, this article analyses three cooperation regimes as terrains of dispute to expand—or maintain—international leadership. The first, the Sustainable Development Goals (SDGs) Agenda, reflects mainly the attempt to maintain the legitimacy of the United Nations system and the multilateral institutions that make up the traditional cooperation regime. This framework still responds to Western interests, despite China's efforts to contest and contain US influence. The second, South–South Cooperation, wrapped up in the rhetoric of horizontality and common challenges, is the privileged terrain of middle powers and emerging countries, aiming at increasing regional influence. Finally, the third scheme, International Cooperation for Structural Transformation, is China's new development doctrine and the fulcrum of its struggle to promote itself as a successful new model for global development. In my conclusions I reflect on the opportunities that the co-existence of different regimes offers for developing countries, as well as the challenges that they continue to face in their search for autonomous development paths.

## Keywords

2030 Agenda; development cooperation; hegemony; liberal order; Global South; South–South cooperation

## Issue

This article is part of the issue “Developing Countries and the Crisis of the Multilateral Order” edited by Wil Hout (Erasmus University Rotterdam) and Michal Onderco (Erasmus University Rotterdam / Peace Research Center Prague).

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## 1. Introduction

In March 2018, the China International Cooperation Agency was created to coordinate the country's fragmented cooperation efforts. This followed on the heels of the foundation of the Asian Infrastructure Investment Bank in 2014, a Chinese-led initiative challenging the traditional multilateral financing mechanism of the World Bank. Meanwhile, a wider glance at the Global South reveals that economic exchange among developing countries has expanded significantly in recent decades: The South–South share in global trade increased from 41.8% during 1995–1997, to an average of 57.4% in 2015–2017 (or from 34.8% to 42.1%, if China is not

included in the figure) while lending, foreign aid, and foreign direct investments from developing countries have also increased notably (Chang, 2020).

These figures reflect the profound transformations that occurred in the world economy during the last decades. The international order that emerged after the Second World War, the “liberal world order” (Acharya, 2017), was founded on the hegemony exerted by the US over a significant part of the world: Initially focused on the “US–UK–West Europe–Australasian configuration,” it expanded towards the end of the twentieth century (after the end of the Cold War) and increased its reach with the economic reforms in China and India (Acharya, 2017, p. 273).

Hegemony has assumed different connotations through history (Anderson, 2017). For Wallerstein:

Hegemony in the interstate system refers to that situation in which the ongoing rivalry between the so-called “great powers” is so un-balanced that one power...can largely impose its rules and its wishes, in the economic, political, military, diplomatic, and even cultural arenas. (Wallerstein, 1984, p. 38)

Drawing on Gramsci, Arrighi and Silver (1999, pp. 26–27), shifting the focus from the state to the broader concept of social forces, explain that hegemony reflects the “capacity of the dominant group to present itself, and be perceived, as the bearer of a general interest”: The idea that the rules established by the hegemon will also serve the interests of subordinate states generates an “additional power” with respect to simple coercion.

In addition to the traditional unifying force of military threat, the pursuit of democracy, together with the faith in market forces and free trade, was part of the combination of coercion and consensus that allowed the US to set the rules of global governance (Gill & Law, 1989). Though the liberal order was “hardly benign” for most of the Global South (Acharya, 2017, p. 273), many developing countries still participated in international regimes, motivated by the possibility of obtaining resources to promote domestic economic development.

This order has, however, entered a phase of decline, connected to the slowly decreasing importance of the US in the world economy—in terms of share in global GDP, trade and investment, and technological advances—as well as the surge of emerging powers since the 1970s (Arrighi & Silver, 1999; Sachs, 2016). Furthermore, the 2008 financial crisis made evident the risks of unregulated financial systems, while the Covid-19 pandemic’s consequences in terms of global trade disruption have forced many countries to reconsider how their production of strategic goods is organized (Chang, 2020).

The condition of hegemony depends, ultimately, on the dominance of determined social forces over others; as relative power among human groups is permanently evolving, insofar as economic and political power shifts from one group or one region to another, hegemony is subject to continuous challenges (Arrighi & Silver, 1999). Therefore, and as a consequence of the changes occurring in the international system, a wide range of new regional and multilateral agreements, initiatives, and partnerships have begun to challenge the hegemony of the US on a growing number of issues, reflecting emerging powers’ attempts to increase their influence regionally and globally.

It has been argued that these challenges are warnings of a transition towards a new order (Arrighi & Silver, 1999), whose outcome is still uncertain: Sachs (2016) foresees a multipolar world, gravitating around regional hegemonies, while Streeck (2016) projects a fragmented world as the result of the collapse of capitalism, accom-

panied by chaos and anarchy. Much attention is given to Asia’s growth trajectory, particularly to China’s astounding expansion since the 1990s. Acharya (2017, p. 273) projects a “multiplex order” of “multiple modernities,” where American influence will not end, but will coexist with other actors, development perspectives, and institutions that “do not bend to America’s commands and preferences”: China’s initiatives such as new multilateral banks or the Belt and Road Initiative (BRI), as well as the tightening of South–South economic relations and political alliances, are examples of this trend.

In the struggle to increase international influence, international cooperation has been key to build the consensus necessary to the forging of hegemony. The international aid regime, based on the norms and practices established by the Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development (OECD), played a significant role in the strengthening of US hegemony in the post-war order. As the main channel of resources for domestic development, this regime has often been considered as a mechanism of soft power (and hard power where it generated economic dependency), a way of pursuing donors’ national priorities disguised as common interests (Lemus, 2018; Sogge, 2009), and an essential complement to diplomacy and military power in foreign policy (Morgenthau, 1962). In fact, attempts to challenge the dominant role of Western countries, such as the demand for a New International Economic Order in the mid-1970s, included proposals for major changes in aid regimes and greater attention to other forms of international cooperation. In this perspective, it is not surprising that international cooperation regimes turn into a terrain of dispute, as countries adopt new (and adapt old) strategies to struggle for power, taking advantage of a loosened global governance. The outcome of this dispute will depend on the potentiality of each country: middle power emerging countries, such as Turkey, South Africa, Brazil, and India, among others, deploy efforts to strengthen their regional influence, while China, aspiring to become an increasingly global player, aims at directly challenging US global hegemony.

This article analyses three cooperation frameworks as means to expand—or maintain—international leadership. I will argue that, even though cooperation systems are not strictly international regimes, the international regimes approach offers a useful lens to understand how and why countries engage with international cooperation. My point is that the Sustainable Development Goals (SDGs) Agenda reflects mainly—although not exclusively—the attempt to maintain the legitimacy of the UN system and the multilateral institutions that make up the traditional cooperation regime. This framework still responds to Western interests, despite China’s efforts to contest and contain US hegemony. South–South Cooperation (SSC), wrapped up in the rhetoric of horizontality and common challenges, is the privileged terrain of middle powers and

emerging countries, with a view to gaining regional influence. The third scheme, International Cooperation for Structural Transformation (ICST), is China's new development doctrine and the fulcrum of its struggle to promote itself as a successful new model for global development.

In the following section of this article, I will discuss countries' participation in international regimes and how the struggle for influence shapes their engagement with international cooperation. I will then analyse the three cooperation schemes, explaining why they appeal to developing countries. Finally, I will outline some conclusions, drawing a balance between the opportunities that the co-existence of different regimes offers for developing countries, and the obstacles that still jeopardize their search for autonomous development paths.

## 2. Hegemony, International Regimes, and International Cooperation

The process of thoroughly reordering the relative power among nations has taken place repeatedly in modern history, perpetuating a pattern of uneven development and a relation of dependency between the heart of the system—"the centre," as the dependency school would call it—and the subordinate regions of "the periphery" (Gosh, 2019). Hegemonic phases are historical processes, characterised by specific socially, politically, and culturally distinct traits (Cox, 2013): The *pax britannica* saw a flourishing of economic norms aimed at liberalising trade and capital movements, in the belief that these were the key for the pursuit of widespread prosperity; in contrast, post-war US hegemony was embodied into the liberal order, where international institutions proliferated and were placed at the heart of the international system (Acharya, 2017; Cox, 2013; Gosh, 2019). Referring to the post-war liberal order, Cox (1983, p. 172) argued that "international organization functions as the process through which the institution of hegemony and its ideology are developed."

International organisations play a "hegemonic role" as they provide "ideological legitimation," and promote the rules that support the consolidation of the world order; furthermore, "they co-opt the elites" from subordinated countries and contribute to absorbing and diluting counter-hegemonic ideas, thus permitting minimal adjustments to prevailing rules in response to peripheral countries' demands (Cox, 1983, p. 172).

As for international regimes, they are usefully defined by Krasner as:

Principles, norms, rules, and decision-making procedures around which actors' expectations converge in a given issue-area. Principles are a coherent set of theoretical statements about how the world works; norms specify general standards of behaviour; rules and decision making refer to specific prescriptions for behaviour. (Krasner, 1985, p. 4)

International regimes are useful to explain the elements of order in the international system, those that contribute to create predictable patterns (Barbé, 1989). Member states of international regimes who win a commanding influence within them achieve the ability to set the agenda of those regimes and to appropriate a greater share of the benefits deriving from its application (Mansfield, 1995); they can also establish political conditionality to gain support in specific international disputes, e.g., tie trade and investment agreements to becoming part of political alliances (Schweller & Priess, 1997). In sum, they have more possibilities to condition the rules of international governance.

But what about peripheral countries? How do they conceive their engagement with international regimes? Generally, states' behaviour is conditioned by the capabilities determined by their relative power (Krasner, 1985). Developing countries' national political regimes are characterised by internal and external weakness and their major concern is to reduce their inherent vulnerability. This broad objective is specified each time into distinct goals, which range from securing resources, to enhancing domestic economic growth, to defending territorial integrity, to pursuing international political equality or bargaining power in decision-making. From this perspective, the liberal order's regimes offered instances where developing countries' ideas and demands could be expressed and discussed, such as the UN General Assembly: Due to their structural weakness as individual states, developing countries value multilateral forums where they can forge broad alliances with other peripheral countries. A permanent objective of developing countries, when participating in international regimes, has been to limit the market power of Northern countries (Krasner, 1985). In fact, they can't effectively overcome their weakness "unless they challenge principles, norms and rules preferred by industrialized countries" (Krasner, 1985, p. 3): Given their subordinated role in the global economy and their economic challenges—low productivity and competitiveness, insufficient infrastructure, weak institutional settings, and poor technical and financial assets—a market-based allocation of resources is not a favourable option. One of developing countries' priorities is still to attract as much material resources as possible to their domestic economy; hence the preference of many of them for authoritative allocation, which can guarantee more favourable conditions before external shocks (Krasner, 1985). As a clear example, Chinese loans, although tied to the hiring of Chinese firms and to the payment of high interest rates, are seen favourably by many developing economies; payments in commodities and the absence of internal reforms and/or international tenders' requirements—the core of World Bank and International Monetary Fund conditionalities—reduce substantially transaction costs and default risks.

Since development became a prominent issue on the international agenda after the end of World War II, the international aid regime has helped to shape the

liberal order, by establishing goals and strategies, providing technical and financial resources, and prescribing roles and conduct for industrialised countries to engage in foreign aid.

The DAC, one of the first committees to be established within the OECD, has been responsible for setting Official Development Assistance (ODA) policy guidelines, priorities, targets, metrics, and reporting. From a geopolitical perspective, ODA—the transfer of public grants, technical assistance, and concessional loans from industrialised to developing countries—acted as a fundamental pillar of the liberal order, a “hegemonic vehicle” through which to exert influence, its main motivation being “to forge a (neo-)liberal consensus in a multilateral partnership” (Sogge, 2009, p. 13). It also functioned as a “mechanism of imperialist exploitation” that secured donors’ interests—through the delivery of tied aid—and generated economic and political dependence in developing countries, which ended up being an obstacle to, rather than a driver of, economic development (Petras & Veltmeyer, 2002). Foreign aid was considered the main instrument of international cooperation, to the point that, within the DAC regime, the two terms became synonymous and were basically identified with ODA. This understanding has long been challenged by developing countries, who have claimed that the range of practices and instruments that impact development is much broader and includes political dialogue, investments (including to and from private actors), trade and regional integration, export credit lines, and remittances, among others (Besharati & MacFeely, 2019). Hence, the preference for the term “international cooperation” in SSC schemes, as an effort to encompass the totality of economic and political relations that promote development.

The concept of development, which encompasses the belief that continued progress is possible and desirable, has itself played a major role in entrenching post-war US hegemony, promoting a global imaginary around a prosperous future, embodied in the experience of Western democracies. Sachs (1992, p. 97) argues that development was “invented as part of a geopolitical project aimed at rescuing newly independent countries from the temptation of communism, guiding them along a path laid out by the capitalist democracies of Western Europe and North America.” Tucker (1999) goes further, representing development as a form of cultural imperialism, which disguised the interests of the imperialist regimes behind the legitimate ideals and expectations of prosperity in developing countries.

The ability to propose a narrative in which the dominant power appears as the defender of the common interest on the basis of a shared world vision, is precisely the pillar of the consensus that is necessary for hegemony. To engage in hegemonic struggle, would-be hegemonic countries must present themselves as promoters of a shared prosperity and as a model to be followed (Arrighi & Silver, 1999); this imaginary dismisses the asymmetries and imbalances that are an inescapable

part of the structural change that development entails (Streeten, 1962), and promotes purported “win-win” strategies, in which it is claimed that it is always possible to reconcile different expectations. This rhetoric conceals the latent conflict deriving from the structural inequality between the power that exerts hegemony and those upon whom hegemony is exerted.

These criticisms notwithstanding, and despite its colonial and ideological connotations, development still represents an important goal for developing countries, and the improvement of their living conditions a legitimate aspiration for the people of the Global South. Therefore, it is important for developing countries to identify the opportunities that they can grasp from their participation in the different cooperation schemes at their disposal, as well as the risks that they may embody.

In what follows, the three cooperation regimes mentioned above will be analysed, in order to understand how they represent terrains of dispute for maintaining and gaining influence. Although they may not represent international regimes, strictly speaking, the regime framework is useful in order to understand how they shape relations among countries with different relative power. Following Krasner’s definition cited above, they establish a view of how the world works, define accepted standards of behaviour, prescribe specific codes of conduct, and provide decision-making procedures. The 2030 Agenda establishes what are the essential elements of a desirable life worldwide, affirming the necessity and possibility of pursuing all of them simultaneously, to achieve acceptable standards by the year 2030; it defines what specific sectoral policies are needed and how to measure advances in their achievement; finally, it assigns responsibilities and establishes a periodic reporting system. SSC provides an explanation for the backwardness of the developing world and a coherent set of policies, prescribes a framework for building interstate relations on an equal basis, indicates a set of methods and instruments to be applied, and provides a guide for partnership agreements. ICST draws a universal path to development through industrialization, prescribes the fundamental steps to achieve it, and recommends national policies within the boundaries of national sovereignty; similarly to SSC, it also establishes guidelines for mutually-beneficial agreements.

### 3. The Sustainable Development Goals: Agenda 2030

The 2030 Agenda was approved by the United Nations Assembly in 2015, based on a proposal developed at the United Nations Conference on Sustainable Development (Rio+20) in June 2012. It defines and addresses the main global challenges, through 17 “Sustainable Development Goals”—detailed in 169 targets—covering “a range of social needs including education, health, social protection, and job opportunities, while tackling climate change and environmental protection” (United Nations, n.d.). As an example of regimes’ inertia in the absence

of alternatives, it builds on a previous agenda and aims at “finishing what was started with the Millennium Development Goals (MDG)”

Approved by 193 member countries of the United Nations, it provides a general framework and a roadmap for global development, with a view to the year 2030; the United Nations Development Programme (UNDP) is entrusted with the leading role in its implementation.

Various criticisms have been levelled at the 17 goals. A first set of objections has to do with the way they are formulated (Vandemoortele, 2015): Many of them are not clearly defined, nor are they associated with measurable or realistic indicators. In some cases, no deadline is set. It has also been pointed out that the SDGs represent a mix of collective and national challenges, making it hard to identify on whom the responsibility for their implementation rests, who should take the lead in their implementation, and what might be the best strategy for fulfilling them. Also, the voluntary nature of this agenda is questioned, since the lack of consensus among the signatory countries made it impossible to give the SDGs the legally binding status that is granted to multilateral human rights agreements (Denk, 2016).

The SDGs basically reaffirm the expansion of GDP, international trade, and insertion in global value chains as the main drivers of development, thus promoting global macroeconomic models that scarcely take into account local specificities and the demands of marginalised groups, peasant organisations, and civil society (Giunta & Dávalos, 2019). From this perspective, they are the result of a neoliberal project that has been forged since the 1980s, in which redistribution and ecological issues are relegated to a marginal role (Weber, 2017).

The SDGs are a list of juxtaposed aspirations and demands, which do not stem from a coherent development vision, nor are they backed up by an assessment of the deep causes of poverty, discrimination, and inequality; as an additional element, they underestimate the real dimension of sustainability challenges. In synthesis, even if the SDGs have been analysed as a response to recurrent crises of development aid (Hout, 2019), their capacity to act as an effective roadmap for development is questionable. So, why is this agenda at the centre of the development debate worldwide? The SDGs represent the dominant framework establishing what issues must be discussed internationally, that is to say, they set the thematic agenda of international development, which is a key element of US hegemony.

The SDGs ratify the foundations of the liberal order, based on the market and framed in the post-Washington Consensus, and their implementation is entrusted to the United Nations: This circumstance guarantees that US overall hegemony over this agenda—and the international development debate—remains solid. But, since US hegemony was already being eroded at the moment of drafting the 17 goals, there were claims that could not be ignored; the People’s Republic of China explic-

itly called for—and was successful in this effort—keeping out peace and human rights issues, as they “divert from genuine development goals and violate national sovereignty” (Jiang & Fues, 2014, p. 2). Developing countries succeeded in their intent to include the principles of “Common but differentiated responsibilities” and of “Policy coherence for development” in the Agenda, although they could not negotiate an adequate operational framework, which would demand specific commitments from developed countries (Ye, 2016).

The adoption by DAC members of the Total Official Support to Sustainable Development (TOSSD) as a metric to quantify their contribution to the SDGs further dilutes Western responsibilities in terms of development-related issues (Besharati, 2017). The architecture of the SDGs relies greatly on the multilateral order forged after World War II, specifically on a “domesticated UN” (Amin, 2006) still under the influence of the US, despite recent efforts from China to dispute its hegemony (Feltman, 2020).

The SDGs act as a terrain of dispute where the US’s concern is to limit the erosion of its hegemony and hold control on international development, while containing the rise of China as potential global challenger; China struggles to obtain more power in decision-making by reason of its importance in the world economy; the majority of developing countries strive to include in the development debate issues related to the unequal distribution of gains and losses across the globe, e.g., climate change actions, to avoid carrying a disproportionate burden in decarbonising production to cut CO<sub>2</sub> emissions.

#### 4. South–South Cooperation

SSC is, technically, cooperation among developing countries. In contrast with the ODA regime, emblematic of a North–South, vertical, neo-colonial relationship, SSC emerged in the context of the strengthening of the Non-Aligned Movement and the Group of 77 within the United Nations General Assembly, appealing to solidarity and mutual respect among newly independent countries. As an attempt to forge a political alliance among countries—many of them just free from colonial rule—that shared a subordinate economic and political position in the superpower-dominated world, it represented an effort to alter liberal institutions and change principles and norms governing the world economy, by building a “collective self-reliance” for the pursuit of non-dependent development paths and autonomous economic growth (Saksena, 1985).

The US-dominated United Nations, however, subsequently institutionalised SSC through the United Nations Office for South–South Cooperation (UNOSSC), downgrading it to a mechanism for technical cooperation, technology transfer, knowledge sharing, and capacity building; based on the supposed similarity of the challenges faced by countries in the South, it came to be fundamentally subordinated to North–South cooperation

(Domínguez, 2018). This subordination, even more evident in triangular cooperation, was acknowledged in the Buenos Aires Plan of Action, the result of the First United Nations High-Level Conference on South–South and Triangular Cooperation, held in 1978 in Buenos Aires, Argentina; in March 2019, the Second High-level United Nations Conference on South–South Cooperation reaffirmed the complementary—and subordinated—role of SSC with respect to North–South cooperation (United Nations, 2019).

SSC has passed through various cycles, connected to the varying relative power of developing countries over the last decades: It has shifted between phases of intense political activity, when developing countries' power was increasing as during the 1970s, and periods of emphasis on technical and financial issues, as during the 1980s and the early 1990s. Globalisation has contributed to boosting economic growth of some emerging countries—China, but also Brazil and India, among others—which have increased their technical and financial capacity to offer support for economic growth to other developing countries, both through bilateral and multilateral assistance (Gosovic, 2016).

SSC has been an intentionally loosely-defined concept, whose boundaries have been blurry; in opposition to the narrow definition of ODA, Southern countries have argued that the range of instruments that can effectively contribute to development is wide and includes almost the totality of economic and political relations among countries (Besharati & MacFeely, 2019); for this reason, the broader concept of international cooperation is generally used, instead of development assistance or aid. This understanding of cooperation, based on the tight connection between international economic relations and development, has nurtured an intense debate about the actual amount of SSC and the metric that better applies for quantifying it. While DAC countries advocate for a more effective SSC measurement, developing countries have traditionally rejected efforts to classify or label SSC, affirming the guiding principles of solidarity, reciprocity, mutual benefit, non-interference with domestic issues, and the right of each country to set its own development agenda, over assessments based on expected results or conditionality.

For most countries engaging in SSC, conditionality does not imply pressures to implement specific domestic policies; it rather takes the form of partnerships with national companies in the implementation of projects and infrastructure. On the one hand, this characteristic challenges the traditional North–South accountability requirements; on the other hand, it allows emerging donors a greater discretion in assigning their resources.

Precisely regional emerging powers, such as Mexico, Turkey, South Africa, and India, have strengthened and institutionalised their cooperation activities, settling thematic and geographic priorities, where neighbour countries receive preferential attention and strategic interests prevail over development needs (see official websites:

<https://www.gob.mx/amexcid>, <https://www.tika.gov.tr>, <https://www.itecgoi.in/index>). In this perspective, SSC can be read as a disguised instrument that legitimates the struggle of emerging powers to gain support for their strategic projects, taking advantage of their relative power (Morvaridi & Hughes, 2018). Specifically, regional emerging economies play an ambiguous role in their respective geographical contexts: They are welcomed as virtuous leaders to provide guidance, cohesion, technical and financial support, and technology transfer, but they are also seen with suspicion by their partners, which raise doubts about their real intentions and their aspirations as regional hegemon (Vierira & Alden, 2011).

Armijo and Roberts (2014) have interpreted the growing economic weight of the BRICS and their coordination at the international level as an effort to consolidate their position in global governance, in addition to reaffirming their hegemony at the regional level, with a view to increasing their influence in multilateral bodies, e.g., multilateral development banks. Morvaridi and Hughes (2018) argue that the SSC narrative shares the same inclusive development rhetoric as the SDG Agenda: The structural inequalities of the parties are rendered invisible, and the possibility of choosing among different donors creates in recipient countries the illusion that they have freely chosen the type of collaboration they engage in, and are therefore co-responsible for the adverse conditions that SSC actions may have (Morvaridi & Hughes, 2018). In the same way as the promises of the Global North, the narrative of mutual benefit can conceal new forms of cultural colonialism, disguising particular interests as efforts to support the legitimate aspirations of the people of the Global South.

The tightening of South–South bonds is often seen as a valuable opportunity by developing countries. In Latin America, SSC has contributed to orienting regional integration towards the construction of an autonomous development agenda, although since 2015, with the fizzling-out of the commodity super-cycle, the primary concern returned to securing markets for raw materials exports (Pose & Bizzozero, 2019). In Africa, SSC is helping to reduce reliance and dependence on the former metropolis, while also promoting national and regional infrastructures, such as trans-continental road and railway networks, vital for the strengthening of countries' economies (Gosovic, 2016).

## 5. International Cooperation for Structural Transformation

ICST is China's own particular approach to cooperation with developing partners. As is well-known, China's international influence has expanded enormously in the last decades. Its increased importance in the global economy has been accompanied by an intensified engagement in international cooperation, through bilateral agreements as well as through participation in multilateral banks and political dialogue initiatives. Chinese grants



and concessional—sometimes interest-free—loans have also risen considerably (Zhang & Smith, 2017). The ambition of the BRI, launched in 2013, which is expected to promote Chinese investments and access to markets as fuel for economic growth, is a clear symptom of Chinese aspirations as a global player (Huang, 2016) and its willingness to engage in a hegemonic dispute. To struggle for hegemony, China is committed to develop its own cooperation regime, shaped around its political, economic, and geographical priorities.

Domínguez (2018) argues that the Chinese cooperation regime is built on three pillars, mirroring those governing the traditional DAC aid and cooperation regime: international financial organisations, concessional financing instruments, and a monitoring and evaluation system. The first pillar includes a network of development finance institutions, both bilateral (the China Development Bank and the Export–Import Bank of China being the most important ones) and multilateral (the Asian Infrastructure Investment Bank, New Development Bank, and the Silk Road Fund), that account for the largest source of global development finance (Ray et al., 2021). The second pillar refers to the mix of instruments used in partnership agreements, that is to say, investment, technological transfer, capacity building, credit lines, and grants. The third pillar, a monitoring and evaluation system, is still incipient (Domínguez, 2018). We can consider as a fourth pillar the recently-created China International Cooperation Agency, as an attempt to give coherence to, and coordinate, a complex institutional framework and the wide range of instruments and actors involved in Chinese foreign aid (Zhang & Smith, 2017).

In line with the SSC tradition, China refuses to adopt ODA's narrow definition and categorisation, and chooses a much wider framework to conceptualise its foreign aid. In this perspective, the ICST serves as the conceptual reference of this regime (Lin & Wang, 2017). ICST is based on the New Structural Economy, which identifies structural change as the fundamental challenge for low- and middle-income countries, while emphasizing the provision of infrastructure and industrialisation as the main drivers of economic growth, as well as the importance of building on existing comparative advantages (Lin, 2010). The New Structural Economy approach to economic development takes up some of the fundamental premises of neoclassical economic approaches and integrates them into a developmentalist framework in which the state plays a central role: Government can facilitate and promote productive up-grading by establishing Special Economic Zones or industrial parks with good infrastructure—physical and non-physical—and a good business environment (Lin, 2010).

The ICST is based on the assumption that China's successful track record provides the best credentials to help other countries push for structural transformation: It can share its experience in managing Special Economic Zones, equipped with adequate productive infrastructure—built at much lower cost than Northern

firms demand—and it can relocate its labour-intensive manufacturing, promoting industrialisation in partner countries (Lin & Wang, 2017).

As is the case for SSC, ICST acknowledges the principles of mutual respect, mutual benefit, and non-interference in the domestic affairs of partner countries, hence the absence of conditionalities: Chinese cooperation is generally demand-driven, regardless of a government's political orientation (although there is pressure for not recognising Taiwan as an independent country). China has also developed its own doctrine on human rights, which privileges the right to subsistence and development over the traditional “Western” emphasis on civil and political rights (Zhang & Buzan, 2020).

Again, power asymmetries and the risk of introducing new patterns of dependence are diluted into a horizontal win-win conception of partnership, which conceals China's attempt to legitimise its quest for a hegemonic position. China's efforts to present its strategic investments as the drivers of a widespread economic growth and prosperity respond to the need to develop a rhetoric to consolidate its international image as a benevolent power, an inspiring model, and a trustworthy global leader. Chinese loans are often aimed at securing the supply of raw materials and contracts for its companies, using the principle of mutual benefit to justify tied aid practices (Castro, 2014). When they are paid in commodities, they do not represent a burden for partner countries' balance of payments—undoubtedly a favourable condition for constrained developing economies, especially primary exporters—and they do not require policy conditionalities that ensure the availability of currency to pay for them. However, the mega-projects promoted by China, first and foremost connected to the BRI, have as main objective to ensure China's access to raw materials and to markets for its manufactured goods; this has created controversy about the risk of generating a debt trap in partner countries (Chatzky & McBride, 2020; Southerland, 2019), as well as popular protests in some key locations (Baldakova, 2019; Chaudhury, 2021).

The industrialisation model proposed by China, based on relocation of Chinese industries, is simply not viable; the current global excess of productive capacity in almost all sectors leaves little room for industrial development of the kind proposed by the New Structural Economy (Pérez, 2010). China can only reasonably relocate industries with obsolete technology, that are highly polluting, or that base their international competitiveness on the exploitation of labour, which becomes acceptable in the light of Chinese doctrine on the human right to “subsistence” and “development” that gives national development priority over workers' rights.

One of the pillars of China's foreign policy, the win-win strategy and cooperation, promotes the growth of an export model through the postulates of the Beijing Consensus (Turin, 2010), advocating a gradual and controlled economic opening that allows China to consolidate access to the raw materials necessary for its

industrial and technological progress (Rodriguez-Aranda & Leiva-Van de Maele, 2013). Svampa (2013) has explained the concept of consensus in terms of hegemony: Consensus is reached when one actor has the capacity to impose its interests on others. As was the case for the Washington Consensus, an epiphany of US hegemony, the Beijing Consensus reflects China's struggle to achieve hegemonic power over its partners.

## 6. Conclusions

In this article I have outlined the basic characteristics of three cooperation regimes and highlighted how they act as a means of struggle for gaining power and hegemony. I have argued that the SDG 2030 Agenda is aimed at maintaining the legitimacy of the UN system, under the control of the US and its allies, despite China's intentions to challenge US influence; SSC, appealing to horizontality and common challenges among developing countries, is the narrative that middle powers and emerging countries privilege to consolidate regional leadership. ICST embodies China's aspiration of globalising its development model, while striving for hegemony by virtue of its growing importance in the global economy.

Developing countries participate, to a variable extent, in the three regimes. As Krasner (1985) points out, developing countries engage in international regimes in search of wealth and control, that is to say, access to material resources to alleviate poverty and promote their domestic development and political influence, or alliances to increase their bargaining power on global relevant issues.

As mentioned, the multilateral order, an expression of post-war US hegemony, is facing a crisis in its legitimacy and effectiveness, as a result of the declining international influence of the US, which can no longer secure the cohesion of the system. Nevertheless, multilateralism offers unquestionably better opportunities for countries whose individual bargaining power is weak *vis-à-vis* the others (Chang, 2020). For this reason, it is worth deploying resources and energy to maintain multilateral institutions active and relevant. In this perspective, the SDG Agenda, through the institutions in charge of its implementation (UNDP and related agencies), offers the possibility to keep the debate and the negotiations on crucial issues, at multilateral level, as in the case of climate change, but also that of access to medicaments and vaccines. On the other hand, the possibilities of obtaining financial resources have been disappointing and did not meet the expectations that the approval of the 2030 Agenda had risen; ODA flows from traditional donors since 2015 have not increased and a growing share of SDG financing comes from private sources (Organisation for Economic Co-operation and Development, n.d.).

South–South economic cooperation implies reduced transaction costs and generally better possibilities to address national planned priorities, since it is more

demand-driven and less dependent on international agendas; it also avoids conditionalities and generally offers better conditions for technology transfer, although the technology deployed may not be the most advanced. Furthermore, usually economic cooperation and political alliances among developing countries tend to be mutually reinforcing. On the other hand, it takes mainly the form of loans and technical assistance, rather than grants and is often tied to the purchasing of donors' goods and services.

The net balance of increased relations with China is ambiguous. On the one hand, China has engaged with massive infrastructure projects that would not be possible to achieve with other donors; on the other hand, the renewed role of commodity exporters, and the emphasis on insertion into global value chains to increase competitiveness, ends up hindering developing countries' aspirations for industrial development. In this perspective, the dynamics of the relations between China, on the one hand, and Africa and Latin America on the other, seems to replicate the pattern of dependence on North American and European centres.

The objective of the present article was to make an assessment of the new opportunities and challenges that developing countries face through their engagement in international cooperation, given that the slow decline of US hegemony, together with the loosening of the traditional North–South aid regime, leaves room for dynamic emerging countries, China above all, to use international cooperation as an instrument for expanding their influence. There are indeed opportunities that a loosened and diversified international cooperation regime can offer and the overall balance seems to be favourable: Through the negotiations around the SDG Agenda, developing countries can participate in the debates on global issues, formulate their claims, and reduce the power imbalance with the industrialized North. At the same time, by enhancing cooperation and economic relations with other developing countries—emerging middle powers or China—they can increase access to productive investments, including longstanding demands that have mostly been neglected, such as national and regional infrastructure or technology transfer.

It is true that traditional donors (OECD-DAC) are adopting Southern partners' practices, more often than the other way round, and this accounts for a higher consideration of claims from the South, especially as far as growth strategies are concerned (Mawdsley et al., 2017). On the other hand, the risk of reinforcing patterns of dependence, with little or no improvement at all in their subordinated role in the global economy, represents a threat to the pursuit of autonomous development paths.

With respect to their engagement in international cooperation, developing countries face the challenge of establishing more assertive development policies and deploying greater efforts to settle a clear development path, according to specific contexts and their people's

aspirations. The more well-defined are national priorities, the smaller the risk of having to accept second-best options. Nevertheless, this task is anything but simple, since inequalities, institutional and fiscal fragility, and persistent dependence represent serious bottlenecks for social cohesion and the building of sustained national development policies. The pursuit of sovereign development and prosperity for a larger share of the global population will require new efforts to face old challenges, building on the lessons learnt in nearly 70 years of development cooperation.

### Conflict of Interests

The author declares no conflict of interests.

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Article

## Multilateralism, Developmental Regionalism, and the African Development Bank

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Submitted: 11 September 2021 | Accepted: 8 March 2022 | Published: 21 April 2022

### Abstract

Promoting development in Africa has faced significant challenges partly because of the continent's peripheral access to global markets as well as its internal geographical limitations on the movement of people, goods, and services. However, the African Development Bank (AfDB) and its "developmental" role has emerged as a practical and tailored approach to Pan-African development, especially in the midst of a growing crisis in global multilateralism. This article argues that the AfDB can be a significant promoter of African development given its unique characteristics, focus areas, and lending style that are different from other multilateral institutions. Using a case-study approach, and by analysing literature on the AfDB, policy papers, and government reports, this study explores the developmental role of the bank and demonstrates its comparative advantage to other multilateral institutions in Africa.

### Keywords

Africa; African Development Bank; developmental regionalism; multilateralism

### Issue

This article is part of the issue "Developing Countries and the Crisis of the Multilateral Order" edited by Wil Hout (Erasmus University Rotterdam) and Michal Onderco (Erasmus University Rotterdam / Peace Research Center Prague).

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### 1. Introduction

The 21st century is characterized by an increasing number of regional organisations and efforts to establish deeper regional cooperation (Panke & Starkmann, 2020). In developing countries, the need for economic development through integration and economic cooperation has led to the proliferation of regional organisations whose capacities and efficiencies have sometimes been scrutinised (Aris, 2014; Engel & Mattheis, 2020). In Africa, regional organisations have been considered subordinate to other international organisations such as the World Bank, the International Monetary Fund (IMF), the

World Trade Organisation (WTO), and the UN, rightfully so given their failure to address some of the pertinent problems that these organisations were established to address in the first place. This perceived and sometimes real weakness of regional organisations in Africa is attributed to the failure to incorporate a "systems thinking" approach in the functions of these organisations (Onditi et al., 2021). This approach recommends strategic cooperation and working relations between organisations at the regional and subregional levels by creating a "holistic" system that produces effective responses to problems facing the continent. In doing so, the complexities that arise from various regional organisations

attempting to solve the same problem using different approaches can be addressed through coordinated efforts and reduced duplication of roles.

Despite the limited success of regional organisations in Africa, which also explains why most of them have received limited attention from researchers, the African Development Bank (AfDB) stands out as an entity with enormous potential to cushion the continent from international and regional shocks (Simpasa et al., 2015). In the post-Cold War era, significant changes that threaten the future of global multilateralism have occurred in the international system (Linn, 2017). Consequently, for countries that have often depended on cooperation with multilateral institutions, these changes ought to be an eye-opener. The crisis in multilateralism transcends anti-multilateral rhetorics of some politicians across different parts of the world to practical policies that have potential significant impacts on Africa. From rising numbers of populist political parties and conflicts to the experience of Covid-19 and vaccine nationalism (Katz et al., 2021; Zhou, 2021), it is important to not only rethink but also seek sustainable regional solutions to pressing challenges.

The narrative of regional solutions to regional problems ought to be taken further to include serious efforts to strengthen regional organisations (Goodman & Segal, 1999). For Africa, the AfDB is transforming into a leading actor in providing not only financial but also technical support to help African governments make better policies on development. The institution has also been a key proponent of regional integration by providing much-needed investment for transnational infrastructure at a time when the continent is seeking to improve the connection between more than 1.3 billion people and integrate a market economy valued at over USD 3.4 trillion (Hutchings et al., 2018). Cognisant of this, the authors examine the significance of AfDB as a multilateral institution and its potential role in mitigating the challenges brought about by the crisis in multilateralism. It examines the role the AfDB is playing to promote development and integration in Africa as well as its advantages over other financial entities such as the Bretton Woods Institutions.

The authors begin by looking at the current crisis facing multilateralism that has necessitated regional efforts to support development programs in developing countries. We then look at the definition and trends in regionalism before examining the rise and evolution of the AfDB. Finally, we explore the unique characteristics of the AfDB and why it matters for the collective efforts towards development in Africa in the wake of the crisis in multilateralism.

## 2. Crisis in Multilateralism

Consensus on an inclusive definition of multilateralism through its manifestation in frameworks such as the Bretton Woods Institutions and the UN is challenging.

Notably, the two Bretton Woods Institutions are located in the United States, which is also the only country to retain veto power over implementing certain structural changes in the World Bank. In the UN Security Council, an exclusive formal system of veto power also exists, thereby shaping global multilateralism as, fundamentally, a system of great powers and “others.” Although there is indeed consultation and interactions that espouse the principles of global multilateralism, hegemony appropriately captures its relations and operations. Nonetheless, multilateral cooperation has for decades been considered an important building block of international relations (Keohane, 1990). For a better part of the post-Cold War era, the multilateral order had been dependent on a Western-led hegemonic coalition that provided leadership on critical issues such as regional and international security, lending during financial crises, and enforcement of international law against violent transnational non-state actors like pirates and terrorist organisations. However, the dominance of this Western-led hegemonic alliance has come under significant pressure partly due to the emergence of other centres of global power influence, the rise of international non-state actors in global politics, and transformation of domestic politics that have been driven by the disproportionate impacts of other multilateral processes such as globalization (Ankersen et al., 2020).

Emerging and worsening socio-political and economic problems facing individuals, states, and the international community, and the incapacities of national and international institutions to ameliorate these challenges are reflective of the extent to which multilateralism is in peril (Meyer et al., 2020). The response to this myriad of challenges has contributed to criticism of leading multilateral institutions for their ideological infighting, lack of efficiency, and institutional sclerosis (Rewizorski, 2020). The stalemate in the UN as a result of great power politics demonstrates, for instance, the gradual shift of multilateral institutions from instruments of genuine cooperation and solidarity to spheres of competition and rivalry. The UN as a multilateral institution mandated with international security has been rendered ineffective in mediating great power conflicts. The Ukraine War and proxy wars in Lybia, Yemen, and Syria are a testament to this. Other critical voices have called for radical reforms in leading multilateral development institutions such as the WTO, the World Bank, and the IMF on the premise that their structures were created to tackle the problems of the 20th century, thus they cannot effectively address the challenges that dominate the 21st century (Schaefer, 2017; Vieira, 2012; Wolfe, 2020).

It is this reality that has reinforced the essence of regional cooperation as a sub-arena of global multilateralism for developing nations, which are grappling with developmental problems and require the cooperative advantage of multilateral platforms that are free from great power competition (Bersick et al., 2006). Nonetheless, while it is not the aim of this article to

delve into the micro-dynamics of the crisis in multilateralism, the authors are mindful that there are quarters that remain optimistic about the future and consider the “crisis” as a transitional period in which the multilateral system is experiencing mutation (Eggel, 2020). Proponents of this thought reiterate that it is likely that the multilateral system will evolve into a much more efficient and effective system appropriately suited to deal with the challenges and needs of the 21st century (Eggel, 2020).

### 3. Developmental Regionalism in Africa

The idea of regionalism is sometimes confused with concepts such as region and regional organisations, but a closer analysis of the term denudes that regionalism can indeed extend beyond the geographical locations of countries (Fawcett, 2004). In this article, we define regionalism as attempts by countries to cooperate both within and outside a geographical area and, in order to achieve desired cultural, political, and/or economic interests through the establishment of shared institutions and material infrastructure. There are similarities in how countries bounded within different regional frameworks seek to achieve these interests, and thus it is common that ideas on design and structures are borrowed from the experiences of other regions. For Africa, regionalism has been subjected to significant debate (Ramutsindela, 2005; Vaughan, 2019) and some studies have argued that the concept of regionalism may not work effectively in the continent (Chazan et al., 1999; Francis, 2006). Despite their merited concerns on whether regionalism can work well given the historical collapse of some continental (Organisation of African Unity) and subregional organisations (East African Community, which was created in 1967, dissolved in 1977, and reinstated in 2000), existing organisations are indeed adjusting and adapting to changes that are happening at the continental, regional, and national levels.

Regionalism in Africa has often been seen as a political project mainly focusing on promoting regional integration and cooperation (Aniche, 2020). However, due to the impact of underdevelopment, regionalism in Africa has transformed to incorporate a significant interest on economic development. Indeed, it is in this context that we examine the growing role of the AfDB in development. African states are mainly incorporated into the global economic system through global value chains; however, this connection is peripheral and in terms of the supply of raw materials and low-value manufactured goods (Rodney et al., 2018). Whereas there are internal obstacles that undermine aggregate development in the continent (Longo & Sekkat, 2004), other obstacles such as imbalanced relations with external actors also impeded economic development. Thus, cognisant of the inability of African countries to develop strictly through their national efforts, as well as the inadequacies of foreign aid and trade with the core nations of the global economy,

the idea of developmental regionalism has emerged as an alternative framework for development. Premised on the assumption that states with shared identities may cooperate, coordinate, and integrate their economic policies, developmental regionalism is evaluated as being capable of accelerating development beyond national efforts (Adejumobi & Obi, 2020). This is because it facilitates economic liberalisation by providing a platform for the building of regional value chains and improving the competitiveness of African industrial goods and services (Gereffi, 2014).

Neo-functionalist perspectives consider the emergence of developmental regionalism as a response to the functional needs of states such as facilitating economic welfare through integration (McGowan, 2007). Constructivists on the other hand approach developmental regionalism from a sense of shared identity, thus projecting it as, fundamentally, an ideational product that focuses on communal interests and collective security needs (Acharya, 2012). In classical understanding, the allure of developmental regionalism relative to global multilateral frameworks has often been premised on the simple principle of “welfarism” in developing countries (Mansfield & Milner, 1999). But this has been criticised for being narrow because it tends to overemphasize economic welfare at the expense of social and political concerns (Mashayeki & Ito, 2005). Thus, the debate has expanded from the question of the desirability of developmental regionalism in not only advancing economic welfare, but also to whether it is a building block or obstacle to the realization of the broader objectives of multilateralism such as inclusion, solidarity, consultation, and cooperation in a manner that promotes and sustains development, peace, security, and democratic governance (Francis, 2006). In this regard, therefore, developmental regionalism can be partly considered as a core component to unlocking Africa’s potential to participate more effectively in global politics by enhancing fair and improved trade, developing effective and resilient regional value chains, facilitating cross-border infrastructure investment, promoting peace and security, and strengthening democratic governance.

### 4. AfDB and Regional Integration

Africa is renowned for hosting one of the highest numbers of regional organisations (see Table 1), yet regional integration remains a challenge that is epitomised by the low ranking of intra-African trade. The fragmented, small, and often isolated African economies provide a captivating case for regional integration for the continent to exploit the benefits of economies of scale and minimise the influence of borders on the movement of people, goods, and services. Indeed, whereas intra-African trade accounted for 15% of Africa’s trade, 70% was recorded in Europe, 60% in Asia, and 54% in North America in 2019 (Gnimassoun, 2019). Political instability and challenging physical landscape have undoubtedly contributed to the



**Table 1.** Membership to regional organisations in Africa.

Year	Organisation	Role	Membership
1975	Economic Community of West African States	Economic cooperation and conflict resolution and management	Togo, Nigeria, Benin, Burkina Faso, Senegal, Cabo Verde, Liberia, Cote d'Ivoire, Mali, The Gambia, Guinea, Guinea-Bissau, Niger, Ghana, and Sierra Leone
1983	Economic Community of Central African States	A "customs union," upholds the sovereignty of member states from internal and external attacks, and cooperates to resolve common challenges such as refugees, arms trafficking, and transnational crime	Republic of the Congo, Angola, Cameroon, CAR, Chad, DRC, Equatorial Guinea, Gabon, São Tomé and Príncipe, and Burundi
1986	Intergovernmental Authority for Development	Advances economic development, and promotes regional peace and stability	Kenya, Uganda, Djibouti, Somalia, Eritrea, Ethiopia, South Sudan, and Sudan
1988	Arab Maghreb Union	Promotes regional peace and security, justice, and equity	Tunisia, Algeria, Morocco, Libya, and Mauritania
1992	Southern African Development Co-ordination	Initially established to counter the South African apartheid regime by reducing the region's economic dependence on South Africa, now promotes economic development and acts as a "security community"	Malawi, Zimbabwe, Tanzania, Seychelles, Namibia, DRC, Angola, Botswana, Comoros, Eswatini, Lesotho, Madagascar, Mauritius, Mozambique, South Africa, and Zambia
1994	Common Market for Eastern and Southern Africa	Promotes regional economic development and pursues regional peace and security	Zimbabwe, Burundi, Rwanda, Libya., Djibouti, Egypt, Comoros, Ethiopia, DRC, Madagascar, Malawi, Mauritius, Kenya, Seychelles, Sudan, Swaziland, Uganda, Zambia, and Eritrea
1998	Community of Sahel-Saharan States	Enhances economic integration among member states	Chad, Burkina Faso, CAR, Benin, Sierra Leone, Côte d'Ivoire, Djibouti, Egypt, Eritrea, Niger, Ghana, Guinea-Bissau, Tunisia, Mali, Togo, Somalia, the Gambia, Senegal, Senegal, Comoros, Morocco, Nigeria, Mauritania, and Libya
2000	East African Community	Promotes economic and political integration in East Africa	Burundi, Kenya, Rwanda, South Sudan, the United Republic of Tanzania, and the Republic of Uganda

difficulties in connecting regions, countries, and communities in Africa.

Africa's regional organisations reflect a distinct pattern, that is, they are established mainly as economic blocks, albeit with overlapping missions, to enhance economic integration of the continent and improve the living standards of the African population (Nyadera et al., 2021). The proliferation of regional economic communities in Africa is in tandem with the opinion that

they have the potential to promote regional integration and international trade by strengthening the bargaining power of member states in international multilateral trade negotiations (Arthur, 2017). Equally, the potential impact of regional integration on welfare development arises as an outcome of establishing good policies that reflect sound investment in infrastructural development, proper macroeconomic management, and reduced political tensions within and between regional

member states. It is in this context that critical institutions that support the processes of regional integration, such as regional development banks (RDBs), come into the vicinity.

The clout for the emergence of multilateral development banks in Africa can be traced back to the 1960s and 1970s (Kellerman, 2019) when the newly independent states embarked on an agenda to stimulate rapid development through regional economic integration. The United Nations Economic Commission for Africa (UNECA) played a central role in this regard by encouraging and supporting African states to establish AfDB (Humphrey, 2019). An inaugural meeting held in Lagos in 1964 laid the foundation for the establishment and subsequent opening of the Bank's headquarters in Abidjan, Cote d'Ivoire in 1965 and this was followed by the commencement of full operations on 1 July 1966. Having been mandated with the objectives of facilitating alleviation of poverty, improvement of living standards, and mobilization of resources necessary for socio-economic development of the continent, AfDB was structured to include three entities: the African Development Fund, the African Development Bank, and the Nigeria Trust Fund.

At the time of its establishment by 35 African states, membership to the AfDB was exclusively regional. This provision was adopted as a demonstration that Africa was capable of development without foreign intervention, and to reiterate the commitment of African governments to rid the continent of the colonial legacy (Kappagoda, 1995). Additionally, it was perceived that the AfDB could be advantageous in issuing loans compared to other multilateral donors because of its African identity that placed it in a prime position to understand challenges facing the continent, and because it would be deemed a more legitimate development institution in the continent (Babb, 2009). Upon its establishment, AfDB embedded a unique quality, that is, it granted equal voting rights on the Board of Governors rather than the conventional weighted system pegged on the subscription of member states.

This system was reformed after the emergence of financial constraints due to low reserves to support lending. Concessional loans attracted very low-interest rates and had long durations of repayment. Many states were also late or failed to submit their arrears on both non-concessional loans and subscription payments (Coburn et al., 2015). These challenges, therefore, influenced AfDB to mainly issue non-concessional loans to member states, albeit with interests similar to those of the commercial markets, thus excluding several poor African countries that could not meet the qualification requirements for such loans. Indeed, it is in the context of addressing these challenges that the African Development Fund as an entity of AfDB was established in 1973 with the main aim of attracting capital to enable concessional lending, thereby, marking the introduction of non-regional countries to become mem-

bers. As of February 2022, 27 states had subscribed as non-regional members: the United States, Turkiye, China, Sweden, Japan, Argentina, Brazil, Austria, Belgium, Canada, Denmark, Finland, France, Germany, India, Ireland, Italy, Korea, Kuwait, Luxemburg, Netherlands, Portugal, Saudi Arabia, Norway, Spain, Switzerland, and the UK.

However, to preserve the African character of the AfDB, its organisational structure has been modelled in such a manner that its leadership is largely constituted of regional members, its permanent headquarters situated in Africa, and its president is required to be a citizen of an African member state. Within this organisational structure, all countries are represented at the level of the Board of Governors, which is the highest decision-making organ of the AfDB and is also responsible for electing the president of the institution. The Board of Directors is assigned the general operations of the AfDB and exercises all rights of the institution except those reserved to the Board of Governors. The president of the AfDB on the other hand is responsible for the implementation of all policies issued under the supervision of the Board of Directors.

Regional integration remains the underlying driver for the formulation and implementation of policies and initiatives by AfDB as it strives to provide the support that would transform Africa into a stable, integrated, and prosperous continent consisting of competitive, sustainable, and diversified economies that are active participants in the global economy (African Development Bank, 2021). The AfDB has developed over the years different policies and strategies in support of broad-based human and economic development that are aligned with other continental initiatives of the African Union such as Agenda 2063, the New Partnership for Africa, and the African Continental Free Trade Area (DeGhetto et al., 2016; Kanbur, 2002; Obeng-Odoom, 2020). To leverage the opportunities created by these initiatives, the AfDB modelled its agenda to provide support to key areas. These include (a) support for intra-African trade and investment, (b) establishing attractive and larger markets in Africa, (c) improving the business environment, and (d) connecting landlocked states to regional markets and beyond. In other words, at the centre of the AfDB's support for regional integration is ensuring greater infrastructural connectivity, supporting trade and investment, and facilitating financial integration.

Infrastructural connectivity constitutes one of the main nerves that strengthens both cross-border investment and regional connectivity by integrating transport, regional power pools, and information and communication technology. After decades of low investments or destruction of infrastructure due to violent conflicts, it is estimated that Africa is experiencing an infrastructural gap that requires financing of USD 68 to 108 billion, with investments in energy, water, and sanitation, and transportation is highlighted as the most pressing (African Development Bank, 2018). Closing this infrastructural

gap by the year 2025 would require an increase of investment by 4.5% on top of the current average of 3.5% of the GDP witnessed since 2000. Comparatively, China and India invest approximately 7.7% and 5.2% of their GDP on infrastructural development respectively (Lakmeeharan et al., 2020). Hence, the AfDB has prioritised investment in the construction and maintenance of new—and existing—infrastructure.

Financial integration is another component of regional integration efforts by the AfDB. Efforts towards financial integration of the continent can be traced back to 1910 when the Southern African Customs Union that brought together South Africa, Swaziland, Lesotho, and Botswana was established (Ekpo & Chuku, 2017). Henceforth, greater efforts have been put towards defragmenting economies and creating economies of scale. To this end, the AfDB has made investments and developed policies that seek to create well-regulated and sustainable financial institutions that can support effective and efficient cross-border and regional value chains. These include lending, investment, hedging, insurance, leasing, and trade credit—key financial tools that enhance economic growth (African Development Bank, 2018). Because of diverse African currencies, an integrated financial system is a prerequisite for enhanced regional trade and investment. Drawing from experiences of the 2009 global financial crisis, the AfDB established a trade finance program in 2013 to minimise the trade finance gap through an investment of USD 1 billion for four years to enhance intra-African trade through financial integration (African Development Bank, 2021). The AfDB also implemented the West African monetary zone payment system development project (2012–2016), valued at USD 14 million, to enhance the financial system of the West African monetary zone. This project upgraded the payment systems in Guinea, Sierra Leone, and the Gambia (African Development Bank, 2018). In 2020, under the Integrate Africa program, the AfDB funded USD 448.25 million for the development of integrated financial and capital markets in Africa (African Development Bank, 2021).

Enhancing trade and investment constitutes the third strategic pillar of the AfDB. Africa has continued to lose out on opportunities in intra-African trade because of the fragmented regional markets that have made it difficult for the continent to establish cross-border production networks that have been attributed to economic growth in other regions such as Asia (Freeman & Bartels, 2012). Through the Tripartite Capacity Building Programme, the AfDB brought together and provided technical assistance to three regional economic communities—the East African Community, the Common Market for Eastern and Southern Africa, and the Southern African Development Community—to expand intra-tripartite trade. In other words, the support given through this program to the 26 member countries yielded better market integration by rolling-out databases for non-tariff measures in 12 countries and an online reporting mechanism

for the resolution of trade disputes in 29 countries (Adesina, 2019).

## 5. Why AfDB Matters

RDBs have drawn significant attention amongst scholars who have signalled a transition in the global multilateral order and agenda. Reports such as the *Multilateral Development Banking for This Century's Development Challenges* (Centre for Global Development, 2016), *Unlocking the Inclusive Growth Story of the 21st Century: Accelerating Climate Action in Urgent Times* (Global Commission on the Economy and Climate, 2018), and *The Learning Generation: Investing in Education for a Changing World* (International Commission of Financing Global Education Opportunity, 2016), all share a common imperative for action where RDBs are positioned at the centre of implementing the global agenda on sustainable development (see Table 2). Due to contemporary challenges such as climate change, conflicts, refugee crisis, poverty, health pandemics, and demography-induced problems, RDBs are considered to be the centre of driving investments and building capacity to enable states to respond to these challenges.

The reason for the failure to achieve the millennium development goals in Africa is that, apart from the problems of weak institutions, poor governance, and low-income earnings, these goals were also shaped by Western-dominated multilateral institutions that expected African countries to adopt not only financial structures and technologies but also Western values (Easterly, 2009). Thus, these experiences only contributed to the growing distrust of external multilateral institutions in the continent. For Africa, the AfDB has therefore become a viable framework and platform that can support challenges and dilemmas that African governments face when dealing with other external development actors such as conditioned aid, debt trap, or (mis)trust. In this regard, the AfDB capitalises on its strengths of unique funding approaches and comparative technical advantages over other multilateral institutions in the continent.

### 5.1. Conditioned Aid, Debt Trap, and (Mis)Trust

For post-colonial Africa, guaranteeing the independence of the continent from neo-colonialism constitutes one of the key objectives of the African Union as stipulated in its Constitutive Act. Consequently, attention has been directed towards the promotion of international cooperation based on a win-win mantra and in recognition that such cooperation should be well aligned with the UN Charter on international economic and social cooperation (United Nations, 1945). However, Africa has continued to be dependent on multilateral donors such as the World Bank and the IMF, whose aid has become conditioned in the post-Cold War era in the context of structural adjustment programs (Dunning, 2004). For many

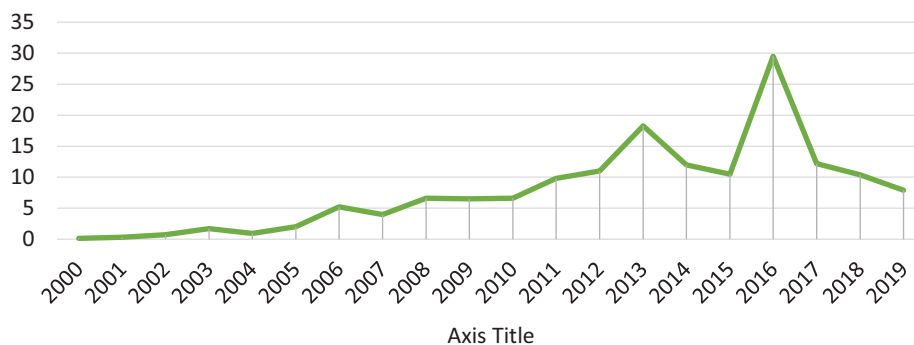
**Table 2.** Overview of RDBs.

RDB	Founded	Headquarters	Focus	Issue area
African Development Bank	1964	Abidjan	Africa	Sustainable economic development, reduce poverty, connect Africa
European Bank for Reconstruction and Development	1991	London	Africa, Asia, Europe	Enhance transitions towards open-market, democracy, pluralism
Islamic Development Bank	1973	Jeddah	Middle East, Africa, Asia, Latin America	Social and economic development in the Muslim World
Asian Development Bank	1966	Manila	Asia and the Pacific	Eradicate extreme poverty and enhance resilient and inclusive development
Asian Infrastructure Investment Bank	2016	Beijing	Asia and beyond	Improve infrastructure connectivity to spur economic growth
Council of Europe Development Bank	1956	Paris	Europe	Strengthen European social cohesion through inclusive development
European Investment Bank	1958	Luxembourg	Africa, Asia, Europe, Caribbean, Latin America, Pacific	European integration, development, EU foreign policies across the world
Inter-American Development Bank	1959	Washington DC	Latin America, Caribbean	Regional economic and social development
International Finance Corporation	1958	Washington DC	Africa, Asia, Middle East, Europe, Caribbean, Latin America	Work with the private sector in developing countries to open up opportunities
New Development Bank	2015	Shanghai	Brazil, Russia, India, China, South Africa	Resource mobilisation for infrastructural development and compliment multilateral institutions for global growth and development

African governments and the public, these conditionalities are interpreted as a form of neo-colonialism (Stambøl, 2021). African governments through the 2019 Dakar Consensus, for instance, highlight that the debt risk of the continent is not higher than that of other regions, thus such concerns should not be used by global multilateral lenders to push African governments into implementing structural adjustment programs that are insensitive to the needs of the continent by undermining long-term development (d'Albis et al., 2021).

China, Africa's leading bilateral lender, has undergone an accelerated rise and, henceforth, challenged the dominance of Western powers by expanding its presence in Africa (Zhang et al., 2016). In public and diplomatic discourses, China emphasizes its shared struggle with Africa

against (neo)colonialism and Western dominance in an attempt to present itself as a better alternative for Africa (Jianbo & Xiaomin, 2011). While Chinese loans and aid (see Figure 1) have funded huge investments in Africa, there are critical voices that highlight China's demand for the continent's natural resources and debt trap policy (Mlambo, 2019; Nyadera et al., 2020; Were, 2018). A 2020 survey conducted by Afrobarometer to examine public opinion on Chinese lending to African governments, established that the majority of the people in 11 out of the 18 surveyed countries supported the view that their government had borrowed too much money from China (Selormey, 2020). In Kenya (87%), Angola (75%), Ghana (67%), Uganda (64%), Guinea (63%), Ethiopia (60%), Gabon (58%), Nigeria (57%), Malawi (56%), and



**Figure 1.** Chinese loans to Africa (USD billions). Source: China Africa Research Initiative (2022).

Cape Verde (56%), the majority of the respondents were concerned with government debts to China. The survey also established that some of the public criticism included that China was only in Africa to access natural resources, that the country wanted to buy African land, and that Chinese companies only employ Chinese labour rather than local labour even in areas where no specialised expertise is required; they maintained that Chinese companies were using the influence of their government to operate and compete with local companies and that Chinese goods were sub-standard. Moreover, Chinese loans are shrouded in secrecy, unpredictably fluctuate with rapid rise and sudden declines, and are increasingly commercial-oriented (Usman, 2021). Thus, similar to the West and the Western-dominated multilateral institutions, there is growing African distrust towards China for using loans and foreign aid as tools of neo-imperialism.

The advantage the AfDB has in Africa over Western or Chinese aid and loans is that it is the continent’s premier multilateral development institution. It is active in all 55 countries across the continent with 35 country offices, giving it a strong local presence that is not enjoyed by other multilateral institutions. It also plays a multifaceted role focusing on sectors such as education, health, infrastructure, environment, and natural resource governance (Runde et al., 2019). According to a survey analysis, senior African governments identified the AfDB as their preferred partner because the bank “is closer to Africa, understands the African way, and African solution,” “has always stood beside us—through all our troubles,” and “shares our aspirations and development goals” (Woods & Martin, 2012, p. 41). In other words, the AfDB is considered as an “honest broker” in not only dealing with donors but also in advocacy for Africa in global forums.

### 5.2. Rich Data and Evidence-Based Decision Making

Enjoying a strong local presence in Africa with the bulk of its staff locally recruited, the AfDB has continued to provide immense statistical data through its diverse publications, which is vital in making structured and data-driven analyses that facilitate impactful decision-making. Unlike other RDBs that have a multi-geographic focus,

the AfDB is strictly concerned with Africa, thereby, giving it the advantage of focused statistical research. Its publications—reports, assessments, reviews, and briefs, among others—are detailed, varied, and published in quarterly, bi-annual, or annual intervals. This advantage enables the AfDB to generate relevant data and knowledge products, and to offer informed expert advice to its members; in other words, it plays the role of a “knowledge broker” between researchers and policymakers (see Table 3).

Under the drive to achieve the SDGs, Africa has been identified as one of the leading regions with the potential to progress, yet access to reliable data that can inform proper policies has been lacking. Although multilateral institutions such as the World Bank, the United Nations Conference on Trade and Development, and the IMF provide some statistical data on African countries, these data is not only generalised (macro data) but also not provided in real time, which are imperative qualities for effective policy formulation processes. Equally, very few national governments can provide updated and accurate national data on areas such as growth estimates, inflation, food production, education, and healthcare. The rebasing of the Nigerian economy in 2014 is illustrative of the challenges of poor access to data in Africa (Makinde et al., 2020; Ogunyiola & Garba, 2014). The failure to review calculations of Nigeria’s GDP for decades, instead of the recommended three to five years interval, saw Nigeria rise to the status of the biggest economy in Africa overnight. The consequence of this oversight was that, for decades, policy decisions in Africa’s largest economy were premised on data that was not credible, accurate, and timely. For many other countries, development indicators continue to be measured only using statistical models. In 2004, the AfDB laid the foundation for statistical capacity building activities in Africa through a USD 22 million fund that has since expanded to additional projects. In 2022, for instance, the AfDB initiated a statistics development support project for Somalia, a USD 4 million grant to support technical assistance and training of staff in the Somalia National Bureau of Statistics and the Statistics Departments of Jubaland, Galmadug, and Hirshabelle states of Somalia (African Development Bank, 2022).

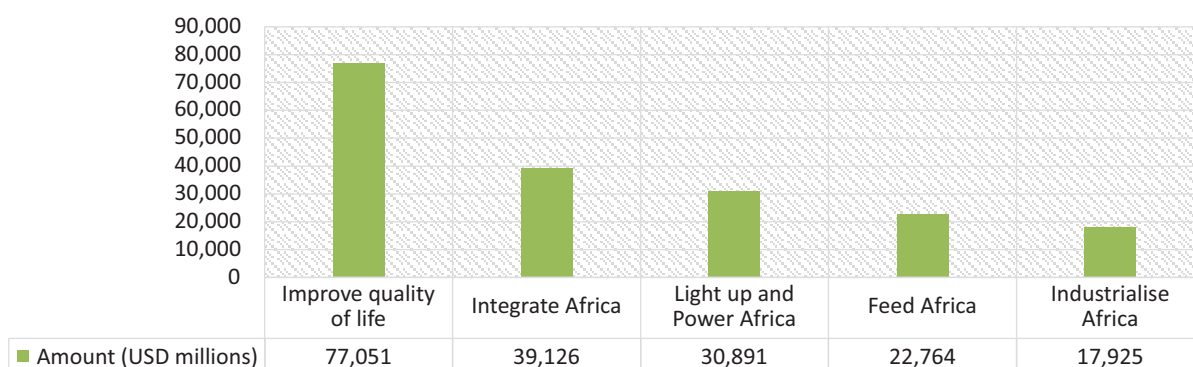
**Table 3.** Knowledge broker role of the AfDB.

Role	Example	Action	Impact
Strategic cooperation	Facilitates multi-actor agreements that emphasise equality in the relationship between different actors, such as joint agreements and memorandums of understanding	Supports inclusive and representative inter-institutional research, as well as national, regional, or international practice or research networks	Explores what African member states need in policy research, becoming a source of innovative approaches to Africa’s development challenges
Focused cooperation	Constructs formal relationships to focus on a distinct issue on an “as-needed” basis	Organises research programmes, networks, or working groups on a particular issue; facilitates inclusivity (CSOs, NGOs, the private sector)	Integrates innovative and emerging research areas and issues into its operations
Developing sustainable institutions	Enhances cooperative partnerships to the extent that African member states jointly frame issues and expand the institutional to facilitate simultaneous response several issues	Supports local innovation hubs, business clusters, think tanks, etc.	Provides financial support to institutions with authority and capability to establish sustainable institutions; directs support to national-level policy research institutions to conduct studies relevant its focus of operations

### 5.3. Unique Funding Approach and Priorities

The AfDB’s ability to generate local data has enabled it to prioritise key areas in its flagship projects categorised as Light Up Africa, Feed Africa, Industrialise Africa, Integrate Africa, and Improve the Quality of Life for the People of Africa (see Figure 2). With Light Up Africa, the AfDB seeks to help Africa reach its energy demands by making it affordable and environment friendly. Through the New Deal on Energy for Africa, the bank has targeted universal access to energy for the continent by 2025. This is expected to help the AfDB’s Feed Africa goal, as addressing energy shortages will help the continent increase its agricultural productivity and mitigate food insecurity. In 2017, the Technologies for African Agricultural Transformation injected USD 1.2 bil-

lion in availing agricultural technologies to over 19 million farmers. The Industrialise Africa project aims to enhance development, boost economic activity by moving beyond exporting raw materials to manufacturing finished products, and create employment by lifting Africa’s GDP from USD 2.2 trillion in 2017 to USD 4.6 trillion in 2025. Integrate Africa seeks to boost multinational infrastructure projects to achieve regional integration, which is key to Africa’s economic transformation. Lastly, Improving the Quality of Life is a wide-scope project that covers health, education, access to clean water, etc., areas in which Africa has underperformed and that need to be improved (Seriki, 2016). Between 1967 and 2021, the AfDB has undertaken 4958 projects out of which 104 are categorized as approved, 959 as ongoing, 3688 as completed, and 207 as cancelled.



**Figure 2.** The investment of the AfDB in the HIGH 5s projects.

These programs are aimed at supporting African countries achieve the SDGs. The AfDB's informed prioritization of these areas gives it a comparative advantage over other development organisations which tend to tackle challenges that might not be deemed pressing by many in Africa. This is particularly more crucial in light of the Covid-19 pandemic and its global economic impacts. As it has been noticed:

[Covid-19] has undeniably added to the challenges of meeting the SDGs. Covid-19 pandemic has drastically affected remittance flows to Africa which form a large amount of external financial sourcing. The pandemic led to lockdown measures forcing many migrant Africans out of their jobs hence reducing remittance flows to Africa. (United Nations et al., 2020)

The World Bank estimated that remittances to Sub-Saharan Africa decreased by around 8.8% between 2019 and 2020, that is, from USD 48 billion to USD 44 billion due to the impacts of Covid-19 on the global economy.

Thus, the AfDB has helped to fill technical and financing gaps for critical mega-infrastructure and other environmental and social projects that have for long been avoided because of concerns of debt risks by global multilateral institutions, the limited financial capacities of national governments, and the unwillingness of the private sector to undertake long-term projects due to the risks associated with such projects.

## 6. Conclusion

Challenges facing multilateralism are increasingly becoming visible threatening the hopes of many who relied on the outcomes of multilateral processes. From increasing failure to deal with security threats facing the world, to its inability to address global economic inequalities, reliance on multilateralism is likely to decline in the coming decades if serious reforms are not undertaken. The crisis has hit developing countries even harder, especially in Africa where multilateralism offered promises of economic and development aid as well as political, governance, and security support for newly independent countries in the continent. However, not all is lost as RDBs can help cushion the continent from the negative implications of the crises facing global multilateralism. The AfDB is emerging as a unique alternative or maybe better put, complement to existing international multilateral frameworks. The bank is not only providing financial support to countries in Africa but also addressing some of the issues previously ignored by other multilateral organisations by focusing on areas that promote integration, food security, and economic development. It has country-specific data collected scientifically that helps to understand the unique issues facing each country and, perhaps even more significantly, it does not have conditions similar to those of other multilateral organisations. Therefore, we conclude that the AfDB has the potential to be a

leading actor in the continent's transformation even as challenges such as a global pandemic, growing conflicts, institutional failures, superpower rivalry in international institutions, and inequalities appear to overburden the multilateral system.

## Conflict of Interests

The author declares no conflict of interests.

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Article

## The Crisis of the Multilateral Order in Eurasia: Authoritarian Regionalism and Its Limits

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Submitted: 12 August 2021 | Accepted: 13 January 2022 | Published: 21 April 2022

### Abstract

The process of authoritarian regionalism, where illiberal or similarly restrictive governments undertake a process of economic integration amongst each other, has emerged in the past two decades as a rival to existing liberal multilateral organisations. Emblematic of this approach is the Eurasian Economic Union (EaEU), a grouping of post-Soviet states which has borrowed heavily from the experience of the EU but has set itself up as an alternative form of regionalism. Using the concept of institutional resilience, this article shows how the EaEU has been buffeted by three major shocks that have reduced its attractiveness as a viable development alternative to the West. Crises of economic integration, regional security, and, above all, of domestic stability have exposed the reality that the EaEU may be highly susceptible to shocks and, as a result, is less attractive as an alternative developmental model.

### Keywords

authoritarian regionalism; Eurasian Economic Union; illiberalism; integration; resilience; Russia

### Issue

This article is part of the issue “Developing Countries and the Crisis of the Multilateral Order” edited by Wil Hout (Erasmus University Rotterdam) and Michal Onderco (Erasmus University Rotterdam / Peace Research Center Prague).

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### 1. Introduction

The crisis of the Western liberal international order has been the subject of extensive debates over the last decade (e.g., Ikenberry, 2018). One of its contributing factors has been the rise of alternative centres of power seeking to challenge US hegemony and herald the arrival of a new, polycentric world (Szewczyk, 2019). Notably, this challenge to the West has come almost uniformly from illiberal governments, such as Russia and China, spearheading a process described as “authoritarian regionalism” (Libman & Vinokurov, 2018). Authoritarian regionalism is a process where “shared ideas, norms, and beliefs” provide “a framework for some limited regional cooperation with a common discourse that is sharply at odds with the lib-

eral norms that underpin most of Western theories of regionalism” (Lewis, 2018, p. 119). This approach uses a vehicle—regional economic integration—that was originally devised as a way to extend economic cooperation and, especially in the variant utilised for the EU, to encourage democracy (Pevehouse, 2002). Rather than seeking to encourage political liberalisation via broader economic liberalisation, however, authoritarian regionalism uses regime-friendly economic transactions and strategic cooperation to bolster authoritarian political structures.

The Russia-led Eurasian Economic Union (EaEU)—consisting of Russia, Kazakhstan, Belarus, Armenia, and Kyrgyzstan—has been at the forefront of such an attempt at authoritarian regionalism (Libman & Obydenkova, 2018), seeking to create an alternative power pole from

the West via ambitious economic integration across the post-Soviet region. Comprised of mainly authoritarian countries, the EaEU's integration into an economic area has progressed at a brisk pace relative to earlier attempts at economic integration globally. But beyond integration as a goal in itself, the EaEU has aspired to be much more than just a common economic space, presenting itself as a constructive global actor in domestic and regional relations in Eurasia and beyond; perhaps most importantly, it has also been positioned by member states (and above all, Russia), as a new development model, distinct from—and of course superior to—the liberal structures of the West (Sakwa, 2016).

Despite its lofty ambitions, however, this Eurasian regional order has struggled to deliver on even the economic development objectives it originally aspired to—despite its impressive speed in creating economic integration—making its desire to be an alternative model problematic, to say the least. The EaEU has to this point encouraged mild internal economic liberalisation, economies of scale, and some harmonisation of standards across members, but has stopped short of creating effective supranational economic institutions in pursuit of growth-friendly policies. Indeed, in line with the theory of authoritarian regionalism, the transactional nature of the integration which has been undertaken across Eurasia has, in reality, served purely as a way to provide economic cover for political stagnation: Thus far, the trading bloc has avoided broader market-determined liberalisation and instead has opted for controlled trade dealings playing to the existing strengths of the member states and, not uncoincidentally, the sectors most important to the ruling elite (Dragneva & Hartwell, 2021). Rather than transcending the liberal international order, the EaEU has moved on a very small scale to merely tweak economic relations underneath it. In this sense, the larger project of providing an alternative to the EU or other international organisations has been subordinated to preserving internal political stability.

This brand of regionalism has had a further deleterious consequence, undermining the member states of the EaEU in their resilience to external shocks, making them more susceptible to domestic and regional crises. A variety of economic and structural determinants of vulnerability to shocks can be identified in the literature. However, it can be argued that “institutions are critical because the structure and functioning of institutional arrangements are key to social and economic system's resilience both with respect to natural disasters and endogenous social-economic developments” (Algica & Tarco, 2014, p. 54). While “institutional resilience” is a complex concept, here we refer to the ability of a system to react and change to adapt to challenges and/or “avoid drifting along slippery slopes” towards critical thresholds (Algica & Tarco, 2014, p. 56). In this context, responsiveness depends on the ability to develop and reform rules, but also on institutional design more broadly. Notably, scholars have underscored the problems arising from

“missing or failed institutions” or “scale mismatches between institutions” (Constanza et al., 2001, p. 11).

Undoubtedly, crises resulting from factors such as regional conflicts, the global pandemic, or political polarisation have magnified the tensions faced by existing multilateral institutions. Yet, this is an area that exposes the Eurasian model as a particularly poor alternative. In line with the theory of institutional resilience just outlined, we attribute the weakness and vulnerability of Russia's alternative regionalism as embodied in the EaEU (Vasilyeva & Lagutina, 2016) to the contradictions and fault-lines inherent in its institutional edifice, focusing on its institutional orderings as the cause of its inability to challenge existing multilateral institutions. Notably, Eurasian institutions have represented mimicry of existing liberal institutional arrangements (mainly the EU) rather than transcendence, constituting what philosopher Baudrillard (1983) called a simulation of the third order: a series of symbols and signs which have no real meaning behind them, but which are accepted as true because they simulate reality. On the one hand, as argued elsewhere, the EaEU has heavily emulated the cooperative institutions of the EU as well as its ostensible goals, aiming for a similarly “deep” economic integration through the achievement of a common market and regulatory harmonisation (Dragneva & Wolczuk, 2015; Karliuk, 2017; Petrov & Kalinichenko, 2016). This imitation has been at the root of Russia's neo-revisionist project, with its “desire to emulate the most successful of the existing powers” driven by the “demand of recognition and respect” (Sakwa, 2015, p. 65). Indeed, Russia's integration-oriented elites saw borrowing from the EU as a matter of prestige and modernity given its image as the most advanced amongst the regional templates available internationally (Valovaya, 2012).

On the other hand, institutional borrowing has been selective and shallow, ultimately overshadowed by the hegemonic and authoritarian nature of Eurasian regionalism. On the face of it, the EaEU operates through a set of common bodies, including an EU-style permanent regulator and a Court, based on a set of delegated powers envisaged in a comprehensive founding agreement, the Treaty on the Eurasian Economic Union (sometimes also referred to as the Astana Treaty) of 2014. In practice, the EaEU's institutional edifice has shown concerted action giving way to unconstrained unilateralism and common rules remaining weak and undeveloped in preference for uncertain political deals in pursuit of non-liberal goals both economically and politically. This emphasis consolidated both an unsustainable economic model (reliance on state-owned and politically connected firms) and a rigid political system (authoritarianism) subjected to periodic and possibly catastrophic shocks. In sum, the resulting regime, a *mélange* of liberal institutions matched to illiberal ends, does not match the ambition of the project. Given their lack of function in either encouraging resilience or fostering a robust integration, the EaEU's institutions have not allowed for the creation

of a “Eurasian model” of development, nor have they provided a new pattern of cooperation between member states.

This article contributes to the existing literature by examining the crisis of Eurasian regionalism, how the EaEU’s lack of resilience has stymied its ability to become an alternative to the West, increasing vulnerabilities rather than reducing them. We examine this lack of resilience with a focus on the institutional forms adopted by the EaEU, their mismatch with the declared objectives of deep integration and development, and ultimate deployment to achieve substitute goals. In this sense, the article is not meant to provide a comparative analysis of the EU and the EaEU, but instead to show how the EaEU’s own goals and its current institutional setup have affected resilience. Whereas the comparison of the EU and the EaEU has been done before, exploring the limits of authoritarian regionalism in this context is a novel approach. Additionally, the aim here is not to engage in a comprehensive discussion of EaEU institutions, which has been undertaken elsewhere (Dragneva, 2018; Hartwell, 2013; Karliuk, 2017; Kofner, 2019), but to point out how the imperatives inherent in Eurasian regionalism limit the options for adjustment and reform. Ultimately, like a building in an earthquake, the rigidity of the system is its weakness. We then demonstrate how these institutional features translate into vulnerabilities regarding three recent yet illustrative examples: the handling of the Covid-19 pandemic, managing the regional conflict between Armenia and Azerbaijan, and responding to domestic political instability in Belarus, Kyrgyzstan, and, most recently, in Kazakhstan.

## 2. Institutions for Resilience?

As pointed out, for Russia, imitating EU institutions has been an important aspect of both its region-building and its geopolitical strategy (Dragneva & Wolczuk, 2015; Karliuk, 2017; Petrov & Kalinichenko, 2016), a strategy which has manifested itself in the construction of the EaEU. The reason behind such mimicry is that the EU’s architecture, grounded in developed rule-based cooperative institutions in pursuit of liberal goals, provides a blueprint for not only generating economic gains, but also economic resilience. The benefits of integration along the European model are many, but it is worth pointing out some key advantages. The effective pursuit of deep economic integration has resulted in economies of scale, providing a larger economic space for diversification (and, in the case of the EU, a series of inter-governmental procedures and transfers which can rescue faltering members). This enlarging of the common economic space but with continued high levels of diversification in production and specialisation allows for high levels of resilience against shocks (that is, removing barriers while facilitating pass-through), while the institutional basis of transfers also helps to mitigate against shocks becoming more generalized or deeper. Moreover,

as a meta-organisation (Ahrne et al., 2016), the EU also allows for delegated responsibilities to utilize a larger base of resources in response to a crisis. Finally, a series of effective supranational institutions can coordinate responses to external shocks or, even better, marshal the will to enact proactive policies which can guard against future shocks.

However, the EU is also tangible proof that crises can exacerbate internal differences within a meta-organisational framework, as a supranational grouping like the EU is bound together generally by a narrowly circumscribed group of interests (Berkowitz & Dumez, 2016)—and if a crisis occurs which is situated beyond these basic foundational principles, it can severely divide the organisation. A crisis can deepen fault-lines across members, making it even more difficult to coalesce around activities where consensus may exist (König et al., 2012), generating backlash and policies which may hinder recovery rather than help (Kerwer, 2013). This occurred across EU member states with the eurozone crisis of 2009–2011, where the desired policy goal of the euro came into conflict with the fiscal policies needed to support it (which had no unanimity in the bloc) and which has led to a “two-track” Europe (Salines et al., 2012) and spawned additional turbulence (such as Brexit and the immigration crisis).

In theory, the EaEU should also offer benefits for member states as the EU was able to do in the decades before the global financial crisis, pooling resources and creating a space for resilience. Moreover, unlike the EU, saddled with a common currency that can act as a transmission mechanism for external shocks, the diversity of each country’s economic structure—and the disparate business cycles within the EaEU—can provide a buffer against such shocks. Finally, economic integration among sovereign states but without political unification can mean a degree of policy experimentation at various levels predicated on problem-solving, as is seen in treating sub-national units as laboratories for policy innovation (Morehouse & Jewell, 2004).

However, the EaEU faces disadvantages in realizing the benefits and avoiding the pitfalls demonstrated by the EU’s economic integration processes and thus becoming a credible alternative to the established international order. The EaEU has been plagued by a combination of weak and undeveloped common institutions, feeding into a growing propensity for unilateral action and stagnating domestic institutions, with direct implications for the developmental potential and resilience of the system.

### 2.1. Weak Common Institutions

Effective common institutions are fundamental for “deep” integration but also for facilitating adaptive responses to the crisis. At its launch in 2015, the EaEU consolidated the previously disparate legal and institutional basis of integration and sought to advance it by

forming an international organisation dedicated to the creation of “a common market for goods, services, capital and labour within the EAEU” and “the comprehensive modernisation, cooperation and competitiveness of national economies within the global economy” (Treaty on the Eurasian Economic Union, Article 4). In doing so, it set up a system of common bodies, operating based on powers delegated by its member states. Yet, these bodies have little autonomy and authority outside the context of politicised interstate bargaining, often escalated to the highest level of domestic political power.

The highest bodies of the EaEU (the Supreme Economic Council, meeting at the level of heads of state, and the Intergovernmental Council, meeting at the level of heads of government) operate on a strict intergovernmental basis, whereby their decisions are taken by consensus across member state governments. The organisation also benefits from a permanent regulator, the Eurasian Economic Commission (EEC), at least in principle modelled on the EU Commission (Karliuk, 2017; Petrov & Kalinichenko, 2016). The EEC possesses significant powers about tariff and customs regulation, the adoption of technical standards, and the imposition of external trade measures. This can potentially allow it to drive integration and expedite decision-making, especially about the more technical aspects of integration, but also facilitate the adoption of cooperative responses to external events. This ability, however, is undermined both in law and in practice.

This is because commitments in several areas, such as services, transport, or agricultural policy, are limited, with decisions on cooperation ultimately reserved for the member states. About these reserved powers, the EEC performs primarily the facilitating function of an international secretariat. Even in areas of core integration, however, the common regime is often incomplete, characterised by gaps or extensive references to national legislation (Sedik et al., 2017). While this may be the by-product of the brisk speed of integration, it also reflects the institutional preferences of the EaEU member states. As the drafting of the Astana Treaty coincided with Russia’s annexation of Crimea and operations in Eastern Ukraine, sovereignty sensitivities were reignited. Kazakhstan and Belarus formally aligned with Russia’s narrative but sought to limit the scope of integration, enshrine looser commitments, and generally seek widespread guarantees to their independence (Dragneva, 2018; Vieira, 2016).

Given the limited formal commitments of member states, there is little that the Commission can do to push member states into action and develop further the common regime. Indeed, in its assessment, progress in developing technical standards, for example, has been plagued by the delays and the tokenistic attitudes of EaEU member states (EEK, 2019). The problems have been even more notable in instances of high sensitivity and discord, such as the use of temporary sanitary and phytosanitary measures. This is an area where

the regime is distinctly decentralised, with important gaps in the development of common standards allowing for inconsistencies and divergence in interpretation. The commission has attempted to help adopt new rules and develop the regime by promoting member states’ dialogue and adopting a succession of plans, programs, and roadmaps. Yet, this has made little difference, with roadmaps becoming “the EaEU’s favourite method of kicking things into the long grass” (Eurasianet, 2020).

Furthermore, any decision of the EEC can be challenged before the higher bodies of the organisation by a member state which disagrees with it, with the effect that such a decision is revoked or reversed. This reinforces the hierarchical nature of integration and the prevalence of interstate bargaining in all areas of cooperation. Indeed, “against such an institutional background, the Commission has often found itself being forced to tread cautiously and conservatively” (Dragneva & Hartwell, 2021, p. 13).

Thus, as argued, “the EaEU is very much limited to reproducing sovereignty rather than transforming it, marking a clear disconnect between rhetoric and reality” of pursuing deep economic integration (Roberts & Moshes, 2016, p. 542). This lack of fit between institutional form and economic function opens a fault-line likely to be even more pronounced in instances when a rapid response to shocks is needed and/or when the interests of member states diverge.

## 2.2. *Weak Constraints on Unilateral Action*

Given the weak and fragmented common regime, the propensity of member states to diverge in their practices and deviate from commitments is unsurprising, with the potential to deepen even more at times of crisis. This feature is reinforced by the weak monitoring and enforcement powers of the commission, especially concerning the creation of the common market (Sedik et al., 2017). There is little that the commission can do in cases of infringements of obligations, other than issue notifications. Its powers vis-à-vis member states in such cases were curtailed with the Astana Treaty, removing its ability to bring a country before the Court of the EaEU (Dragneva, 2018). At the same time, while inter-state disputes can be brought before the court, their decisions are non-binding. Indeed, the Astana Treaty also restricted the court’s competencies but also its independence from member states, thereby reducing its incentives for bold judicial action (Karliuk, 2017).

In effect, there is little to prevent unilateral departures from the common regime, other than the pressure exerted at the highest political level. Yet, given the highly asymmetric distribution of power within the EaEU, such pressure rarely applies to Russia. This was aptly demonstrated when, in the absence of an EaEU authorisation of the import trade bans on the EU, Ukraine, and some other countries in the aftermath of the 2014 Ukraine crisis, Russia proceeded with them unilaterally.

The consequence of this action was the fragmentation of the internal functioning of the Customs Union, including the reintroduction of border customs and sanitary controls (Kofner, 2019). This episode demonstrated Russia's willingness to sacrifice the economic goals and achievements of the EaEU in pursuit of its geopolitical objectives and the inability of the EaEU regime to constrain it, even concerning core areas of integration. While Russia's actions are perfectly logical from a realist point of view, they influence the overall credibility of the regional regime, reinforcing the prominence of national interest in interstate dealings. It also demonstrated that the mere presence of a crisis (even if precipitated by one of the member states) is enough to vitiate any of the mechanisms which could have contributed to mitigating the effects of the crisis across the EaEU.

### 2.3. Domestic Capacity

Given the predominant intergovernmental mode of operation of the EaEU, its progress and viability depend critically on domestic action. To a large extent, this is a matter of capacity both to make an input into policymaking as well as ensure effective implementation. This is not a uniquely Eurasian problem but determines the effectiveness of any deeper trade arrangements. Tackling domestic regulatory barriers to trade can stimulate developmental reforms but equally impose costs and divert resources, or simply stall when captured by protectionist lobbies (Chauffour & Maur, 2011). Yet, this is an area of weakness in the Eurasian context, thereby contributing to the overall vulnerability of the project.

Domestic capacity is deemed to be a purely domestic concern within the EaEU. Indeed, the Treaty on the Eurasian Economic Union (2014, Article 3) seeks to exclude any explicit domestic reform agenda, providing that integration "respects the specificities of the political order of its member states." While the Treaty refers to "modernisation," it is deemed to be the inevitable by-product of integrating economies linked by a range of historical and geographical factors. Indeed, the Eurasian regime does not envisage any redistribution of common resources, which may aid domestic development: It has no EU-like budget whereby customs proceeds, for example, are accumulated in a common fund. Similarly, capacity is not a precondition for accession to the EaEU, even when concerns about implementation exist, as in the case of Kyrgyzstan.

The implications of this dynamic have been amply illustrated in the effort to harmonise regulatory practices in the common market: For example, while veterinary certificates are subject to mutual recognition across the EaEU, limited capacity, as well as corrupt practices affecting the national agencies for inspection and certification, has undermined the effectiveness of the system (Dragneva, 2021). This has been a particular problem for Russia, which has battled a boom in contraband trade with sanctioned goods tolerated by Belarusian author-

ities. In the absence of a developed common regime, Russia has put unilateral pressure on Minsk, relying on President Lukashenko's ability to impose discipline in line with his established system of patronage and control.

Rather than promoting domestic reform, Eurasian integration has the effect of reinforcing the existing patterns of authoritarian or highly illiberal domestic practices. While the EaEU does not explicitly aim at autocracy promotion (Libman & Obydenkova, 2019), it helps stabilise domestic authoritarian regimes and insulate them from the need for reform. This conclusion can be reached for several reasons. It is because of the formal set-up of the EaEU, which as noted, replicates domestic executive hierarchies in its mode of operation, with ultimate power vested in the countries' authoritarian leaders, subject to the highly limited reach of the common regime. It is also because of the extent to which the flaws in the common regime provide a wide policy margin for domestic actors to pursue their own goals (Delcour, 2018). Finally, it results from the political power dynamic characterising the launch and the operation of the EaEU, as discussed below.

### 2.4. Interstate Bargaining and Its Limits

Despite the claim for the EaEU to represent a well-institutionalised regime, the ultimate glue behind it is the system of interstate politicised bargaining. In fact, given Russia's massive power preponderance and trade significance in the region, this is very much a hub-and-spoke system of dealings (Dragneva & Wolczuk, 2017). This was especially evident at the launch of the EaEU, with Russia winning the loyalties of its partners (arguably except Kazakhstan) through the promise of benefits about security provision, electoral or financial support; this bargaining helped tip the scales in cases where the economic advantages of the EaEU were debatable, as in Armenia, where the costs of the move to the EaEU's higher tariffs were likely to be highly deleterious to the Armenian economy.

This emphasis on authoritarian bargaining reveals that it is not rule-based constraints that structure commitments within the EaEU, based on common integration goals or values, but instead a set of transactional motives linked to the incentives of domestic political elites. As noted above, while the EaEU does not explicitly aspire towards autocracy promotion, this transactional approach is typical of authoritarian regionalism, which redistributes resources among members to support weaker authoritarian rulers (Libman & Obydenkova, 2019). Indeed, in the sociological analysis of Meyer et al. (1997), the EaEU has been an associational organ that has helped preserve the existing facets of the nation-states involved, above all its domestic political structures. The result of this is that rather than generating new development paradigms, the EaEU appeared to assemble an institutional order which provided economic cover for political stagnation.

A valid question may be asked about the extent to which such a regional order may allow for less formalism and greater adaptability in responding to shocks. Yet, as argued above, this adaptability is constrained by the “red lines” of Eurasian integration and, above all, by the motives of Russia as the regional hegemon. These motives have proved to be primarily geopolitical, with the economic advantages of multilateral integration being decidedly minimal, even if non-tariff barriers to trade are removed (Giucci & Mdinardze, 2017). They have often aligned with external stimuli (e.g., the perceived expansion of Euro-Atlantic structures) rather than committed to the demands of integration: Indeed, having secured the launch of the EaEU, Russia has demonstrated little interest in investing in the technocratic intricacies of the common market, focusing its attention to its external relations (Dragneva & Hartwell, 2021). Thus, Russia’s interventions remain uncertain with crises in different countries easily becoming hostage to a wider set of calculations.

### 3. Shocks and Crisis Management in the Eurasian Economic Union

Given these institutional weaknesses within the EaEU and its demonstrable actions to preserve domestic political structures via economic transactions, the question lingers of the ability of the EaEU to achieve its goals as an alternative to liberal world order. Does this pursuit of political stability enable resilience, due to the processes of economic integration, or has the institutional structure adopted—and the fundamentally illiberal goals of the contractual-based integration—made the Eurasian model less effective as a developmental approach? Answering this question is the purpose of this section, examining the resilience of the EaEU during three recent (and major) shocks which have struck at various facets of the institutional order: the Covid-19 pandemic, best thought of as a crisis of declared economic integration goals; the Nagorno-Karabakh (NK) war, a crisis of regional security and especially complementary objectives; and the eruption of massive protests across the Eurasian landmass, a fundamental crisis of the illiberal goals that the EaEU is pursuing.

#### 3.1. The Covid-19 Pandemic

The Covid-19 pandemic has caused grievous damage to institutions globally, but the effect that it had (and continues to have) on EaEU members and the region’s economic integration is extensive. For example, as of the writing of this article, Russia was undergoing a third or fourth wave of cases beginning in June 2021, with daily deaths higher than in any of the previous waves (and excess mortality projected at three times the official death rate from the disease); the wave of deaths which began in June 2021 never returned to a “normal” trajectory but instead levelled off until September 2021, when

it started climbing again. At the same time, Kazakhstan saw a disproportionate number of medical professionals contracting the disease from working the front lines (Yegorov et al., 2021), pointing to problems in the country’s healthcare system.

The policy and mobilisation issues related to Covid-19 have gone far beyond the member states and caused cracks within the EaEU; while health policy was never envisioned to be harmonized throughout the EaEU, the Covid-19 response had distinct trade policy and mobility aspects, reaching directly into the heart of the issue of “deep” integration. This situation was obvious from the first wave, as EaEU member states followed a “go it alone” strategy with very little coordination throughout all of 2020 and saw exacerbated unilateralism rather than multilateralism. Kazakhstan is perhaps the exemplar here, as it enacted a series of start-stop lockdowns of varying effectiveness (Nanovsky et al., 2021) but did it comprehensively and swiftly (Jones & King, 2020), while Belarusian leader Lukashenko denied the existence of the disease (Jonavičius, 2020) and Russia displayed a Soviet-style approach with the secrecy surrounding actual numbers, a total border closure, and a series of small-scale lockdowns (Åslund, 2020).

This haphazard approach could also be seen in the economic response to Covid-19, which was wildly divergent across EaEU members. Unlike the EU and US, which fashioned “relief” packages including direct payments to citizens, Russia avoided such payments in favour of tax holidays and loan guarantees, an approach also favoured by Armenia, who extended loan guarantees to businesses. At the other ends of the spectrum, Kazakhstan went far more restrictive, instituting price controls “on socially significant goods” (but also gave direct payment bonuses to those working in sensitive fields), while Belarus offered some state lease relief but, in tandem with Lukashenko’s denial of the pandemic (and the fact that there was no lockdown), offered no fiscal stimulus of any kind from the outset (Elgin et al., 2020) granted. Finally, Kyrgyzstan combined bits of all these approaches, closing its borders to all but Kyrgyz and Russian citizens, and, realizing its precarious budget situation meant it could not do much, reached out for international (pointedly, not EaEU) financial assistance (Jones & King, 2020).

In each instance, the EaEU was side-lined in favour of member state responses. As Busygina and Filippov (2020, p. 8) noted:

Theoretically one could imagine two options for responding to pandemic: Either Moscow as a hegemon takes the lead in elaborating a common strategy of response and the smaller members accept it, or all the EaEU members jointly coordinate and develop collective responses (policies) to a common challenge. In practice, however, neither of these options has been realized.



In general, there was only a coordinated response after member states had already instituted their restrictive measures: Kazakhstan and Kyrgyzstan banned exports of several “socially significant” products until their state of emergency was lifted, Russia banned grain exports, and Kyrgyzstan also instituted a far-reaching set of export bans. When the EaEU did finally come together, it was in illiberal unity to solidify these bans on exports of personal protective equipment and other goods outside the bloc, merely moving the member state restrictions to the borders of the EaEU. Other crucial issues within the context of the EaEU, such as labour migration (Armenia and Kyrgyzstan are kept afloat by remittances), were glossed over in favour of national and uncoordinated solutions, without heed of how they would affect other members (King & Zotova, 2020).

### 3.2. Regional Security

Beyond such existential threats as the pandemic has been more “regular” crises, ones which have been festering for decades, in particular, the NK conflict between Armenia and Azerbaijan. Frozen in time since 1994, the issue of NK has been a thorn in the side of the EaEU, as Armenia’s accession was held up by Kazakhstan unless NK was explicitly excluded; as Schenkkan (2014) noted, however, despite promising that NK would be excluded as part of the EaEU’s external borders, immediately after entering the EaEU, Armenia declared that its borders would remain “open,” meaning open trade with NK. Yerevan’s prime motivation for entering the EaEU may be to have guaranteed the independent status of NK with Russian assistance, using Russian assurances as to the deciding factor in favour of EaEU accession (Vasilyan, 2017).

While security is also not part of the formal objectives of the EaEU but is a component of the underlying political bargain for some member states (and thus its attractiveness), any change in the frozen conflict in the mountainous region was bound to cause headaches for the entire EaEU. This was indeed the case as NK flared into a very real military action in late 2020. The speed of Azerbaijani gains, reversing Armenia’s military position from the first war led to a cease-fire which cemented the situation on the ground, making it much more favourable to Azerbaijan than it had been before the war. Besides the human toll of the conflict, threats of political instability in Armenia followed in its wake, with protests against Armenian policymakers for their part in accepting the ceasefire escalating to general strikes, protestors storming the parliament building, and the resignation of Prime Minister Nikol Pashinyan and the calling of snap elections for June 2021. Perhaps of more relevance for our examination of the EaEU, the latest paroxysm of violence in the region led to Russian intervention in brokering the cease-fire and the introduction of Russian “peacekeepers,” a situation that put Moscow in the (possibly) uncomfortable position of guaranteeing the mili-

tary gains of a non-EaEU member (Azerbaijan) against an EaEU member (Armenia) while stationing troops in both countries. The studied neutrality of Russia in the conflict has not gone unnoticed in Yerevan, leaving many Armenian politicians to wonder just why they are in the EaEU if such a crucial security goal is ignored by the driver of Eurasian integration.

### 3.3. Political Instability

Autocracies, in general, thrive on projecting the veneer of stability and, indeed, empirically have been shown to be more “stable” in terms of leadership continuity (Tusalem, 2015); however, the stability of autocracies is often disrupted by revolution rather than evolution (Kendall-Taylor & Frantz, 2014), and the most unstable autocracies are those with high levels of political participation (Gates et al., 2006). The EaEU, as a vehicle of authoritarian regionalism, would thus be able to prove its worth to member states if it were able to generate political stability and forestall unrest.

Unfortunately, from the point of view of an authoritarian leader in the EaEU, the past decade has been one of the cracks showing in the autocratic façade. The two largest members of the EaEU, in particular, have been plagued by endemic unrest: Russia has had a series of protests related to political repression in both Khabarovsk and Moscow and a serious political challenge personified in Alexei Navalny, while Kazakhstan saw violent protests regarding changes to its land law in 2016 and, as of this writing (January 2022), underwent large-scale protests against its ossified political institutions (and saw a brief installation of “peacekeeping” troops led by Russia). Although Russia has ridden out the turmoil of its protests for the moment, the Kazakh unrest has been more widespread and—more importantly—has betrayed any sense of “stability” within the country.

This instability has not been limited to the largest members, however. In the Caucasus, Armenia had its own “Velvet Revolution” in 2018 resulting in a change of leadership away from the staunchly pro-Russian Serzh Sargsyan and to a landslide victory for the upstart Pashinyan in June 2021 (being carried back to power in the aforementioned snap elections). But the two largest bouts of instability have come in the third and fourth smallest members (by population) of the EaEU, namely Belarus and Kyrgyzstan. In Belarus, an election widely acknowledged as fraudulent returned President Alexander Lukashenko to power for a sixth term and brought Belarusians into the streets and the opposition leader into the public spotlight. Russia was slow to defend Lukashenko, perhaps seeing him as a liability in the long run, but eventually embraced his “victory” and awarded him a string of high-profile meetings with Putin. Kazakhstan’s government, already worried about Russia’s zeal for “protecting Russians” in other sovereign nations, followed a similar path as it did with the earlier crisis with Ukraine, taking care to not side with the

opposition or overtly criticise Lukashenko, while remaining outside of the fray.

Kyrgyzstan, on the other hand, underwent its third revolution in 15 years, with protests in late 2020 resulting in an annulled election and “President-assumed” Sadyr Japarov taking leadership of the country (confirmed in new elections in January 2021). While Japarov is staunchly pro-Russian in his dealings, his turn towards consolidating power in the hands of the Presidency echoes moves of Kurmanbek Bakiyev after the 2005 Tulip Revolution (Bakiyev being deposed after a bloody series of protests in 2010); in any event, Kyrgyzstan remains poised for more political instability, as the underlying issues behind 2005, 2010, and 2020 (mainly the tension between Kyrgyzstan’s urban north and agricultural south) continue to fester (Bond & Koch, 2010; Ryabkov, 2008).

As with the larger members, in each of these cases in the smaller members (Belarus, Armenia, Kyrgyzstan), the mere fact of membership in the EaEU generated very little support for political stabilisation, due in large part to the dynamics between and within member states. An example of this is in Belarus, as the testy relationship between Belarus and Russia in the years immediately preceding the election meant that Kazakhstan or Armenia could only pursue studied neutrality because in many ways it was unclear *who* was standing for *what*. Rather than become engaged with support on any side, the government of Kazakhstan reacted as it had during the Arab Spring (Dorr, 2021), becoming more interested in shoring up its internal position lest something similar happen in Nur-Sultan (or, as it seems to be becoming again, Astana). In this situation, as with Armenia and Kyrgyzstan, EaEU membership not only was unable to assist with overcoming domestic political shocks but may have exacerbated authoritarian—and, by extension, nationalist—tendencies within the EaEU. Under this tendency, the EaEU is becoming less a vehicle for “authoritarian regionalism” and one for solely authoritarian ends, no regionalism required.

#### 4. Conclusions

This article has examined the limits of authoritarian regionalism within the case study of one of its most enthusiastic practitioners, the EaEU. As shown above, the EaEU’s emphasis on economic integration serving political ends has not resulted in a magic elixir for growth, nor has it provided a beacon for other countries to follow; indeed, the formula adhered to by EaEU member states has endangered the viability of the project as an alternative paradigm for both cooperation and development. Its common frameworks have made little difference to the hub-and-spoke, power-based interactions which have occurred internally. As a result, there is little evidence of the EaEU being able to act as a significant actor in restructuring the Eurasian space, with recent events in the region underscores the failings of this exper-

iment (with three of the five members are in a political crisis and the other two facing institutional hysteresis).

Based on this analysis and building on previous work on the external illiberal policies of the EaEU (Dragneva & Hartwell, 2021), we must conclude that the uneasy equilibrium of authoritarian regionalism as embodied in the EaEU cannot offer a coherent development paradigm to rival the West, even if it contains some seeds of possible advances. Put another way, if the EaEU cannot create an institutional structure which can benefit its member states, how can it hope to provide an alternative to established institutional arrangements in the West?

There is a way for the EaEU to offer an improved development paradigm, one which can build resilience within the Eurasian landmass and attract countries from a multilateral order gone stagnant. However, such a shift would require a radical transformation from its current approach of political stability *über alles* and instead towards the building of institutions of a unique and different stripe. These institutions would emphasize effective and actual economic liberalisation, seeking to outperform the EU in terms of liberalisation rather than continuing as a vehicle to entrench state control. The modalities of the institutional layers which would be created could be modelled on a tenet of polycentrism, allowing for flexibility and multiple layers of governance rather than retreating towards a centralized order. Of course, to go this route, the EaEU would necessarily have to abandon its key political support functions, running from “illiberal” means of supporting authoritarian regionalism towards hyper-regional approaches, undertaking policy experimentation akin to that of central Europe in 1989–1994. At the macro level, this would also mean fashioning supranational institutions with a goal of economic—rather than political—stability.

This approach, of offering a true alternative to a multilateral order based on its form of simulation (i.e., endlessly repeating mantras of economic freedom, innovation, and experimentation while building an ossified regulatory state), would require additional changes across Eurasia at the institutional level. Most important of these would be internal changes within member states, opening the domestic political systems of member states to pluralism and, crucially, decentralisation. With the limits of authoritarian regionalism reached, it is only via an institutional reform—starting from the regions within the member states and radiating outward to the supranational institutions of the EaEU itself—that economic stagnation can be avoided.

We are under no illusions, however, that this is a plausible path for the EaEU so long as it is focused on political continuity first and foremost. Any reform would be very difficult for the institutional orderings such as those existing in the member states of the EaEU, borrowed from the EU and utilized for far different ends, and it is more likely that the authoritarian regionalism pursued by the EaEU will continue. Unfortunately, this simulation model will also continue to deliver the results it

accuses the Western model of development of creating: a facilitator of booms, busts, and crises that bring poverty and stagnation.

### Acknowledgments

The authors wish to thank the editorial staff, the academic editors, and three referees for their work in improving the article.

### Conflict of Interests

The authors declare no conflict of interests.

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Article

## Drivers and Barriers of Digital Market Integration in East Africa: A Case Study of Rwanda and Tanzania

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Submitted: 29 September 2021 | Accepted: 15 February 2022 | Published: 21 April 2022

### Abstract

Digital development has become a firm pillar in the national development strategies of many countries in the Global South. Although the geopolitical competition over ICTs leveraged their diplomatic and economic relevance in the international sphere, developing countries remain in a subordinate position in global power relations. However, while they could collectively improve their standing by uniting behind an integrated digital market, national governments in the East African Community are reluctant to implement a single digital market, leading us to inquire: What constrains digital market integration in East Africa? This article compares Rwanda and Tanzania, two relatively digitally mature but less developed countries in Sub-Saharan Africa, whereas one is a small landlocked country and the other a larger emerging economy. Following the classification of Hout and Salih, material, ideational, political, and external aspects affect a nation's enthusiasm for regional initiatives. By examining factors related to domestic politics and political economy, this article finds that material and political factors encourage digital regionalism in Rwanda but discourage it in Tanzania; ideational factors contribute to national rather than regional unity in both countries. Yet, external factors linked to EU foreign policy and developmental cooperation seem to lead current regional projects. Therefore, this article concludes that drivers of African regionalism may turn into barriers depending on the domestic political and economic circumstances while digital market integration is currently driven by foreign players. More generally, the study contributes to the debate on African agency in ICT for development and developing countries' capacity to overcome traditional dependency structures.

### Keywords

African regionalism; digital development; digital market integration; ICT infrastructure; Rwanda; structural power; Tanzania

### Issue

This article is part of the issue “Developing Countries and the Crisis of the Multilateral Order” edited by Wil Hout (Erasmus University Rotterdam) and Michal Onderco (Erasmus University Rotterdam / Peace Research Center Prague).

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### 1. Introduction

The crisis of multilateral order has not spared the technology sector which has seen telecommunication infrastructure caught up in a “tech cold war” between China and the West. In an increasingly data-driven world economy, digitalization underpins the fierce geopolitical competition over technological and political supremacy on the global stage (Starrs & Germann, 2021). In this context, developing countries with a young and growing population represent a fertile ground for technological leaders to foster their economic standing and to assert their

influence in standard-setting and norms development (Schmidt & Sewerin, 2017; Wang et al., 2020). However, the digital progress of developing countries hinges on alliances and partnerships with international technology companies and leading economies, both for technological know-how and capital funding. This dependency position may induce developing countries to circumvent the current multilateral and globalized order in the field of digital transition and improve their relative power by building regional entities like a single digital market.

Driven by an international trend toward regionalization, the integration of digital markets beyond national

frontiers seems increasingly fashionable. The expected merits range from economies of scale to a united and thus stronger voice in international standard-setting and norm definition procedures. Nevertheless, in East Africa, national efforts to build a region-wide digital market remain modest, leading one to inquire: What factors enable or constrain digital market integration in East Africa? This article argues that various factors related to domestic politics and the domestic political economy explain the differing levels of support for collective power exercise in East Africa. Following the analytical classification of Hout and Salih, this article examines to what extent material, ideational, political, and external factors drive digital market integration in Rwanda and Tanzania. While both are less developed countries in Sub-Saharan Africa, Rwanda is a small landlocked country whereas Tanzania is a larger emerging economy that recently achieved lower-middle-income status. Rwanda generally favors market integration but invests its integration efforts on continent-wide initiatives beyond the East African Community (EAC). In contrast, traditionally more isolationist Tanzania has remained a largely passive member of several regionalist projects. The key findings suggest that the material and political drivers work in opposite directions for the two countries, that ideational aspects play a secondary role in digital regionalism while external drivers are decisive in the push for regional market integration.

The envisioned single digital market for East Africa (World Bank Group & Analysys Mason, 2018) represents a particularly interesting example of a regional project in a highly strategic sector for countries in the Global South. EAC member states are among the most digitally mature on the continent and several countries embrace new technologies in their development strategies (Gagliardone & Golooba-Mutebi, 2016). Like other developing countries, however, they largely depend on foreign technology providers for their national ICT infrastructure and must navigate the escalating technological competition between China and the West from a subordinate political position in global power relations (Stopford, 1991). In this context, regional cooperation could not only boost the economy of East African states but also strengthen their geopolitical standing vis-à-vis leading world economies and their flagship companies (Krasner, 1985). It follows that African regionalism in the digital sector represents a niche but highly relevant area of study. On the one hand, digitalization and new technologies transcend traditional boundaries and are deeply integrated into global supply chains. As such, they inevitably affect Global North–South relations. On the other hand, digitalization has been praised for its role in the socio-economic development of the continent, but not without attracting criticism for potentially reinforcing the global power system. Since regional arrangements could promote the position of African countries on the international stage, this article nuances the idea of digital market integration to the special circumstances of the Global South.

The article proceeds as follows. Section 2 details how structural power dynamics in the global ICT infrastructure put developing countries in a subordinate position and how digital market integration could counteract some asymmetries. More specifically, four potential drivers of regionalism are presented. These are applied one by one to the Rwandan and Tanzanian cases in Section 3. Section 4 summarizes the findings.

## 2. Structural Power and Drivers of Regionalism in Africa

The concept of structural power by Susan Strange postulates that economic leaders, both state and non-state, set the overall policy stage within which weaker actors like developing countries can shape their strategies. As the global ICT infrastructure sector is gaining geopolitical relevance, leading world economies and private telecom corporations target less powerful developing countries to diffuse their technologies, harvest economic profits, and foster normative-diplomatic support in the international community. The unprecedented potential of ICTs affects all four aspects of structural power, namely control over security, control over production, control over credit, and control over knowledge, beliefs, and ideas (Strange, 2004). Strange recognized that in the modern world economy power sits with the “information-rich” rather than the “capital-rich.” In the military, knowledge outcompetes both crude manpower and crude firepower while states increasingly rely on market-developed technology for security and defense: “The rapid change in the knowledge structure is forcing radical change in the production structure” (Strange, 2004, p. 133); and in no sector have enterprises been faster to adopt state-of-the-art technology than in finance. Finally, the power of knowledge lies in the possession of knowledge, its storage, and the control over channels by which knowledge or information is communicated. This resulted in the current competition over global cyber governance and “Internet sovereignty,” and the information imperialism of the 20th century (Drezner, 2019).

Existing efforts have focused on how digitalization and new technologies affect the position of the Global South in the changing multilateral order (Acharya, 2018; Eilstrup-Sangiovanni & Hofmann, 2020). Firstly, some scholars of international political economy have argued that digital advances in ICT leveraged the diplomatic and economic relevance of developing countries in the international community. Less developed economies attract significant attention due to their demographic profile and potential for economic growth, possibly affording them a larger autonomy when adopting and implementing domestic policies (van Klyton et al., 2019). From a diplomatic point of view, world powers may cater to developing countries because they could tip the vote in standard-setting and norm definition procedures (Beeson & Zeng, 2018; Hurrell, 2018). Economically, the

rapid development of ICTs radically lowered the cost of moving ideas (Baldwin, 2016, p. 123; Strange, 1996, p. 102). By linking capital and technology in industrialized countries to low-cost labor in less developed countries, poorer regions gained a comparative advantage over high-income regions (Mansfield & Rudra, 2021). However, the increased relevance of developing countries also implies that they must balance domestic and foreign forces to bring technological progress to their own economies and to avoid undermining the local industry.

In fact, a second group of scholars has pointed at the potential risks arising from technological dependency which might reinforce rather than reduce existing power relations (Wade, 2002). Conforming to the concept of structural power, leading economies and their flagship companies set the direction and pace of technological innovation and inevitably subdue the policymaking space of developing countries. While the expansion of the service sector implies that African economies are leapfrogging manufacturing and industrialization, a large part of the service sector consists of low-technology and low-value activities with limited scope for technological learning (Taylor, 2016). As African countries have remained largely passive players in the world economy (Amin, 2014), their digital progress depends on partnerships with foreign technology providers. Therefore, developing countries face a critical decision in an increasingly polarizing oligopolistic sector, but may alleviate this pressure and improve their bargaining power by merging their digital markets into a single digital market.

Various scholarly contributions on African regionalism focused on the potential of regional integration for domestic development and emancipation from international power structures (Mason, 2016). The concept of “developmental regionalism” denotes “greater emphasis on the role of the private sector, going beyond the liberalization of trade, and including the promotion of foreign investment, the development of regional industries and the strengthening of regional infrastructure” (Hout & Salih, 2019, p. 4). Indeed, amid the persisting structural asymmetries in the international system, economic interdependence through regionalism within Africa could eventually “strengthen the competitiveness of African producers in the world market” (Hout & Salih, 2019, p. 4). For instance, regional initiatives in Africa may serve as a mechanism to pool and leverage financial resources, especially from major donors like OECD member states (Bruszt & Palestini, 2016, p. 21). Despite its potential advantages, regionalism in Africa is characterized by multiple shortcomings. Due to the highly similar production structures across African countries, they are concerned about the distribution of the benefits of integration, fearing regional asymmetries (Cadot et al., 1999). Consequently, many governments are reluctant to reform “behind-the-border” barriers or to transfer decision-making authority to regional bodies (Hout & Salih, 2019, p. 6). Moreover, there is

a gap between the ambition of state-led regionalism and broader societal engagements within these projects (Hartmann, 2016, p. 3).

This article postulates that regionalist initiatives like a single digital market could counterbalance the primacy of economic world powers and technology companies. Amid the numerous interpretations of regionalism, this article understands regionalism as a formal, *de jure* form of regional cooperation which may involve regional interstate cooperation, state-promoted regional integration, and regional cohesion (Hout & Salih, 2019, p. 16; Hurrell, 1995). While recognizing that regionalization may also involve informal or *de facto* processes, the present analysis only focuses on institution-building aspects and the conclusion of formal agreements associated with a regional project or regional organization. In this context, the regional scope of the single digital market for East Africa is three-fold, encompassing a single connectivity market, a single data market, and a single online market. The single connectivity market should ensure the interconnection and interoperability of national backbone networks across the region on the wholesale level and extend the existing regional roaming initiatives on the retail level to those countries which are currently not part of it. A single data market is crucial as more and more critical infrastructure and new services will be heavily data-driven. Only strong data protection and privacy laws can allow for cross-border data transfers; regional cooperation and resource sharing will be needed to meet the increasing demand for enhanced cybersecurity tools. The final piece of the single digital market is a single online market with cross-border e-commerce and access to digitally-enabled services by removing trade and customs barriers for goods and services purchased online. These measures will trigger a positive feedback loop: “While connectivity is a prerequisite for the development of online services, as the online services market expands so will the demand for connectivity infrastructure, as access to the internet becomes more attractive to new users” (World Bank Group & Analysys Mason, 2018, p. 7).

According to the analytical classification by Hout and Salih (2019, p. 20), the underlying mechanism of regional integration in Africa rests on four broad types of drivers: material, ideational, political, and external. Material drivers allude to efficiency-enhancing effects of regionalism through the expansion of trade or the removal of “behind-the-border barriers” like regulatory frameworks and infrastructural facilities (Baldwin, 2011). Therefore, firms may exert pressure on governments to gain access to a larger market and to benefit from economies of scale. Regional integration could also provide a solution to collective action problems and reduce transaction costs (Mattli, 1999, p. 46). Moreover, neo-Marxist writers and world-systems theory emphasize how regionalism facilitates capital accumulation processes. Many constructivist authors have focused on ideational drivers, drawing on the concepts of identity and ideology which inspire integration based on the actors’ identification



with a regional entity or because of ideological convictions. African states have also employed regionalism as a political tool to establish or strengthen their sovereignty (Hout & Salih, 2019, p. 24). In a similar vein, African states tend to practice “virtual regionalism,” meaning that they sign regional agreements but are reluctant to implement them for fear of ceding some of their sovereign power (Fanta, 2008). Finally, external drivers include the diffusion of institutional models and policies but may also refer to other sources of influence such as the external policy of the European Union.

Therefore, this article posits that regional initiatives like the creation of a single digital market afford the respective member states greater geopolitical autonomy by reinforcing developing countries’ position in global power relations. While structural power may represent the underlying motivation to team up in a regional undertaking, theory suggests that the actual integration is driven by material, ideational, political, and external factors. The next section considers each of these aspects for Rwanda and Tanzania, two EAC member states with differing attitudes towards regionalism. A comparison of domestic political and economic factors in the two countries illustrates how the outlined drivers shape regional integration efforts and how this in turn affects the countries’ standing in the international power structure in the digital sector. The analysis is based on an in-depth document review of national policies, development reports, local newspaper articles, and scholarly literature and supplemented with the findings from a series of unstructured interviews with local and international experts conducted in 2021 and 2022.

### 3. Drivers of Regionalism

#### 3.1. Material Drivers

According to the analytical classification, material motives drive regionalism since it enables trade expansion, favors collective action, reduces transaction costs, and facilitates capital accumulation processes.

Firstly, in a regional context, market integration means that trade opportunities are expanded beyond national boundaries. The digital sector is particularly suited for regional integration because new technologies disregard national frontiers and thrive in a large market. This is true for both the supply and demand side of digitalization. On the supply side, a single digital market allows for coordinated infrastructure investments and facilitates regional backbone interconnection (World Bank Group & Analysys Mason, 2018, p. 12). On the demand side, access to a regional market may stimulate e-commerce, open new business opportunities to entrepreneurs, and benefit consumers with competitive offers. However, effective market integration beyond intensified levels of bilateral or multilateral trade requires removing “behind-the-border” barriers, too. This entails, for instance, mutually recognizing national

digital IDs, ensuring full interoperability between mobile networks, or eliminating undue legal and regulatory restrictions on the free flow, storage, and processing of data across borders (World Bank Group & Analysys Mason, 2018, p. 12). In this respect, the One Network Area (ONA) is an example of a regional agreement in East Africa that harmonizes rate caps for cross-border traffic and eliminates roaming surcharges. Currently, ONA covers Kenya, Uganda, and Rwanda, but not Tanzania (Horvitz & Forge, 2016, p. 18).

For Rwanda, trade expansion through regional market integration bears several advantages (World Bank Group, 2020a, p. 31). The land-locked least developed country aspires to imitate the development paths of the Asian tigers (Lisimba & Parashar, 2020). In fact, the digital sector is the central component of the national development strategy which aims to achieve higher middle-income status by 2035 (World Bank Group, 2021, p. 8). However, with a population of about 13 million and a GDP per capita of barely 800 USD, both domestic and foreign investors would welcome market integration with the larger East African states like Kenya or Tanzania (employee of GIZ, interview, 14 January 2022; employee of World Bank, interview, 6 May 2021).

Tanzania is the largest and most populous member state of the EAC, with a population of roughly 60 million. Owing to its socialist past, the state still exerts widespread control over strategic sectors of the national economy. In the digital sector, the government has long protected and supported the state-owned Tanzania Telecommunications Corporation (TTCL) to the detriment of ICT infrastructure expansion and network accessibility and affordability (World Bank Group, 2020b, p. 43; employee of World Bank, interview, 6 May 2021). Consequently, the Tanzanian digital economy lags behind both Kenya and Rwanda in terms of mobile network coverage as well as internet usage rates. In particular, usage of Tanzania’s international bandwidth is only a third of Kenya’s (World Bank Group, 2020b, p. 6). Hence, Tanzania would comparatively gain the least from market integration. On the one hand, infrastructure investment is needed most at home; on the other hand, the domestic market has the greatest potential for market growth since it has the lowest portion of internet users. Since Tanzanian stakeholders might even fear losing market share to competitors from the more tech-savvy Kenyan or Rwandan counterparts, they are unlikely promoters of market integration.

Secondly, regionalism may also reduce transaction costs deriving from collective action problems. Collective action problems arise among groups of individuals or states when attempting to provide a public good because the single individual may have incentives to “free-ride” on the efforts of others (Olson, 1965). In this case, the public good refers to constraining the behavior of states and facilitating regional cooperation when, for instance, EAC member states enter negotiations with foreign ICT providers to expand the domestic ICT infrastructure.

Due to the prevailing global power relations, a concerted position among developing countries could enhance their bargaining power vis-à-vis dominating technology companies as well as those countries and organizations providing the necessary financing. At the same time, a common agreement would lower the transaction costs involved in negotiation efforts. Moreover, they could combine their efforts when advocating for technological interoperability to ensure lasting access to and affordability of foreign innovation.

In this sense, Rwanda not only recognized the need for concerted action but created a platform to foster collaboration between African countries—the SMART Africa initiative. However, SMART Africa is not a regional project as such but rather provides a series of blueprints to share lessons learned across the continent and to favor their implementation elsewhere. More importantly for land-locked Rwanda, regional organizations may help overcome transaction costs related to gaining access to the submarine cable network of its neighbor states. A regional framework could support negotiations with Kenya and Tanzania to connect Rwanda as well as land-locked Burundi and Uganda to SEACOM, a 17,000 km cable system linking Tanzania, South Africa, India, and France, among others (Qiu, 2018). Again, as opposed to Rwanda, Tanzania would not draw direct advantages from regionalized negotiations.

Finally, capital accumulation processes could motivate private telecom firms to persuade their governments to promote a single digital market. However, the digital sector in both Rwanda and Tanzania is dominated by foreign firms. Leading telecommunication companies include the South African Vodacom Group, the Indian-based Airtel, and the South Korean KT Corporation in Rwanda; the national backbone infrastructures are primarily powered by the Chinese Huawei, the Vietnamese Halotel in Tanzania (World Bank Group, 2020b, p. 43; employee of World Bank, interview, 6 May 2021), and the South Korean KT Corporation in Rwanda (Darracq & Neville, 2014). The governments in Kigali and Dodoma even granted preferential status to some of these providers: KT Corporation constructed Rwanda's 4G network under an exclusivity agreement (Darracq & Neville, 2014), while Huawei is the official ICT advisor of the Tanzanian government ("China's Huawei becomes ICT advisor to Tanzanian govt," 2015). Consequently, these companies are unlikely to push for stronger market integration.

To summarize, Rwanda generally favors digital market integration because as a small and landlocked country, it could take advantage of access to a larger market and reach solutions to collective action problems more easily and with lower transaction costs, especially with regard to access to the submarine cable network. These factors, however, act as drivers in the opposite direction for Tanzania. In fact, Tanzania already represents the largest market; the integration of its smaller landlocked neighbors promises limited benefits, while an aggrega-

tion with the more competitive Kenyan market could threaten domestic providers. Similarly, it is linked to a submarine cable system without having to negotiate the access. Finally, capital accumulation processes act as a moderate driver in both countries since their economies are dominated by foreign ICT companies prepared to establish subsidiaries in every member state.

### 3.2. Ideational Drivers

Constructivist scholars argue that regions are constructs whose formations are paralleled by the development of identities (Hout & Salih, 2019, p. 23). Accordingly, regionalism may arise from identification with a regional entity or ideological beliefs—so-called ideational drivers. In the African context, the most prominent ideology driving regionalism is pan-Africanism (Hout & Salih, 2019, p. 23). Having emerged as an anti-colonial movement, pan-Africanism subsequently inspired the foundation of the African Union (formerly Organization of the African Unity). It is worth noting, however, that the principles of the African Union promote the rights of states rather than individuals (Herbst, 2000, p. 106). As such, the regional organization became a tool to help weak states survive, abiding by the principles of non-interference and respecting national sovereignty independently of the effective power exercised over the territory. Indeed, many African states inherited external stability but internal instability from the colonial powers which created territorial states rather than nation-states. Keen to retain these national units as they were, post-colonial governments largely maintained the internal colonial apparatus, no matter how ill-fitted to the local reality (Herbst, 2000, p. 101). Instead of pursuing a regional or pan-African identity, they chose to focus on nation-building and constructing a national identity for their artificially created states—Rwanda and Tanzania are no exception.

Following the 1994 genocide, Rwanda has concentrated its efforts on building a collective identity of "Rwandanness" by promoting national unity and de-ethnicization (Buckley-Zistel, 2006). Rwandan society consists of three ethnic groups, Hutu, Tutsi, and Twa, which had assimilated over the centuries and even share the same language, Kinyarwanda, and whose ethnic differences were carved out by colonial occupiers (Hodgkin, 2006). While espousing "Rwandanness," over the years the government introduced several changes to its language policy, some of which are intimately related to the government's ambitions to become the IT hub of Africa. When English replaced French as the language of business, diplomacy, and language of instruction, the official argument was that English is the language of technology. Other reasons seemed to have played a role as well: Besides the historical tensions with Belgium and France, Rwanda's East African neighbors are Anglophone (Rosendal, 2010, p. 75). Finally, when Rwanda joined the EAC in 2017, it showed its commitment by adding Kiswahili, the region's lingua franca, as the fourth official

language. Hence, Rwanda's language policies, even if top-down and of debatable efficiency, indicate the political will to resemble the East African region as well as the international technology community.

Tanzania's path to form a national identity was somewhat different. Being very poor, highly ethnically diverse, a former British colony, and not having fought an independence war, it is expected to have low national sentiment. Yet, Tanzania qualifies as one of the most nationalist states in Africa (Robinson, 2009, p. 13). The relatively successful nation-building process has been attributed to the Ujamaa state policy in the early post-independence era. As a prime example of African socialism, the one-party state implemented the nationwide use of Kiswahili as an official language, introduced nationalist content in primary school education, and promoted the equitable regional distribution of state resources (Robinson, 2009, p. 24). Hence, the Ujamaa policy fostered the nationalist spirit in three ways: "It cut across ethnic lines, it was unique for Tanzania, and it was attracting attention and recognition in the world community" (Lange, 1999, p. 42). To date, Kiswahili is also the main language used on social media platforms, in popular culture, and by the political elite. By way of comparison, Rwanda's top influencers as well as President Paul Kagame primarily communicate in English. Arguably, the different language usage suggests that local digital content is not aimed at a regional public but tailored to the national audience in the case of Tanzania and a broader international community in Rwanda. As virtual communication and online culture do not seem to stir a regional identity, ideational factors are secondary drivers for digital regionalism in East Africa.

Given the perceived distance between individuals and regional organizations, the EAC acknowledges the need for better communication to inform the public on their rights and opportunities for regional integration (EAC, n.d.; employee of GIZ, interview, 14 January 2022). So far, however, the cooperation appears rather episodic and mostly top-down. Despite several interregional educational programs (employee of Dar es Salaam Institute of Technology, interview, 30 April 2021) and the mutual recognition of certificates between EAC members, an employee of the National Council for Technical Education asserted that especially in the field of ICT more students pursue their academic qualifications in India or China than in neighboring East African states (employee of the National Council for Technical Education, interview, 15 April 2021). This suggests that ideational aspects play a limited role in driving digital market integration in East Africa.

### 3.3. Political Drivers

Some African leaders instrumentalized regionalism to boost national sovereignty. Participation in a regional framework implies mutual recognition among partner states and, by extension, illustrates the equality of

African states. This is especially important for the recognition of weak states and the claim to authority of authoritarian governments. So, the adherence to regional schemes is often nominal since the underlying goal of African rulers is the maintenance of existing borders and the principle of non-intervention in domestic affairs. In the digital field, countries assert their sovereignty by ensuring their independence from foreign services like cloud services and infrastructures like broadband networks. Since even the most tech-savvy economies struggle to achieve complete independence, a viable alternative is to acknowledge the dependencies and use existing technologies to one's own advantage. While the participation in international organizations such as the International Telecommunications Union suggests mutual recognition and the equal standing of countries, regional organization strengthens the autonomy of member states vis-à-vis foreign companies in two ways: (a) the increased size of an integrated market improves the member states' bargaining power and (b) the respective economies would no longer compete against each other but join their forces to attract foreign investment. These drivers seem to reflect some of the dynamics at play in Rwanda, but less so in Tanzania.

According to the 2020 Democracy Index, Rwanda qualifies as an authoritarian state (Economist Intelligence Unit, 2021) and is therefore predicted to seek membership in regional organizations to strengthen its sovereignty. Indeed, Rwanda has joined five regional organizations with varying spheres and levels of regional cooperation: the African Union, the EAC, the Organisation Internationale de la Francophonie, the Common Market for Eastern and Southern Africa (COMESA), and the Economic Community of Central African States (ECCAS). However, despite its participation in numerous regional undertakings, Rwanda did not choose any of them as a platform to launch the so-called SMART Africa Initiative but rather formed a project of its own to promote inter-African cooperation in the digital sphere. By establishing it outside the existing regional communities, Rwanda put itself in a leadership position. In fact, it avoided challenging other regional hegemony such as Kenya in the EAC or South Africa in COMESA. Moreover, it caters to international sponsors eager to promote ICTs for development but also indulges the public at home where technology and innovation are the declared centerpiece of the national development strategy (Gagliardone & Golooba-Mutebi, 2016). On the initiative's website, Rwanda's president and chairman of the Board of SMART Africa, Paul Kagame, states the vision:

The creation of Smart Africa is a testimony of our resolve to put in place the right policy and regulatory environment that will encourage partnerships, entrepreneurship, job creation and knowledge sharing. Our move towards an ICT and knowledge driven economy together intends to increase Africa's competitiveness in the global economy. ICTs have the

ability to level the global playing field, unlock human capital and harness its full potential. (Kagame, n.d.)

This statement shows Rwanda's decisive commitment to digitalization and fervor to collaborate with other African countries. However, this collaboration takes the form of partnerships and knowledge sharing rather than institutionalized regionalism. As such, the project not only underpins the national sovereign status of the partner states but does so without setting up an intergovernmental body other than the Secretariat, effectively circumventing any power competition between national governments and regional institutions. Therefore, Rwanda's engagement in regional organizations arguably originates in sovereignty-boosting behavior especially on the international stage, while the push for genuine integration remains modest.

In contrast, Tanzania's commitment to regional organizations has been scant (Harris, 2021). Considered a hybrid regime with characteristics of a democracy and an authoritarian rule (Economist Intelligence Unit, 2021), it currently participates in the African Union, the EAC, and the Southern African Development Community, but withdrew from COMESA in 2000. In the digital sphere, it has not joined the ONA, as mentioned earlier. The general hesitance to engage in regional partnerships was underpinned by the isolationist stance of the late president John P. Magufuli (2015–2021) who made a total of nine foreign visits during his presidency, all of which were to Eastern or Southern African countries. By comparison, his Rwandan counterpart is considered one of the most traveled presidents worldwide (Himbara, 2018). Despite the seeming reluctance to take part in regionalism, Tanzania repeatedly engaged in bilateral cooperation with its neighboring states, including in the digital realm. For instance, in 2019 the local daily *Mwananchi* reported that Tanzania brought the internet to Burundi, following an agreement between the Tanzanian state-owned TTCL and the Burundian BBS ("Tanzania kupeleka intaneti Burundi," 2019). The comparative unconcern for comprehensive regional integration, however, does not appear to have tainted its sovereignty status nor the generous inflows of development aid. On the contrary, Tanzania seems to draw international recognition from its domestic stability and a relatively high degree of centralization (Acemoglu & Robinson, 2013, p. 476). Since regional integration could require ceding some authority to a supra-regional body, Tanzania could stand to lose more than they could gain regarding sovereignty issues.

Even if for different political and economic reasons, both Rwanda and Tanzania are EAC member states, one of the more advanced regional organizations on the continent. First founded after independence, the community dissolved due to the Uganda–Tanzania War in 1979. Since it was reinstated in 2000, the intergovernmental organization progressively implemented a customs union and common market for goods among its member states. In the communications sector, the most recent

budget speech underlined the Secretariat's efforts to harmonize policies and accomplish the full implementation of the EAC Roaming Framework (Nduhungirehe, 2019). A number of educational initiatives promote ICT training on a regional level: the Inter-University Council of East Africa, the East African Skills for Transformation Project, or the Regional Network of National Industrial Research and Development Organizations. However, what these undertakings have in common is not only their regional dimension but also an intrinsic link to foreign sponsors including the German development cooperation agency (GIZ), the Estonian government, and various universities in China and South Korea. Therefore, one may argue that these accomplishments do not fully reflect the domestic attitudes towards regionalism but are at least in part driven by international partnerships.

### 3.4. External Drivers

External drivers of regional cooperation acknowledge the existence of regional integration elsewhere and assume that they trigger similar processes in Africa. In this sense, European integration often serves as a point of reference for the diffusion, and a source of inspiration or even direct influence. Since digital market integration has not yet been achieved in East Africa, it is not possible to assess any diffusion structures between the European and East African models. Thus, the remainder of this section will focus on the promotion of regionalism as a foreign policy tool, especially by the European Union and its member states, but also consider the role of foreign ICT providers.

Many European Union programs aimed at spreading regionalism by offering a mixture of incentives, norm socialization, persuasion, and political dialogue (Hout & Salih, 2019, p. 26). For instance, African countries were nudged to establish economic partnership agreements in exchange for market access to the European Union, or to attract financial assistance under the European Development Fund. These affect both Rwanda and Tanzania, which receive large amounts of development assistance from OECD donor states. Moreover, some EU member states and their development cooperation agencies lend direct support to interregional projects on the ground—in the digital field, the above-mentioned Inter-University Council of East Africa and SMART Africa stand out. Similarly, the vision report of the single digital market for East Africa was coordinated by the World Bank, albeit under intensive consultation with national stakeholders (employee of Dar es Salaam Institute of Technology, interview, 30 April 2021). Hence, it appears that concrete regional initiatives rely on foreign impetus.

Another source of foreign input is technology, the basic prerequisite for digital development. All East African states rely on foreign providers to expand and upgrade the national ICT infrastructure. This dependency could drive regional cooperation as a tool to counterbalance power asymmetries between the developing

countries and technological hegemony. However, so far, their choices of providers and types of agreements vary greatly, indicating the limited interstate coordination in the negotiation with technology companies. Rwanda entered an exclusivity agreement with KT Corporation which granted the South Korean provider KT Corporation the monopoly rights over the 4G network roll-out and administration for the decades to come (Darracq & Neville, 2014). So, the country achieved near-universal 4G coverage for its territory. However, most Rwandans opt for the more affordable “3.95G” offers by other telecom competitors, which are legally prohibited to upgrade their services to 4G standards. This compromise on behalf of the Rwandan government shows that the political elite was willing to surrender an entire national market to a foreign telecommunication company for the sake of domestic infrastructure development. In contrast, in Tanzania, a former socialist country and historical ally of the People’s Republic of China, the provider of choice is the Chinese technology giant Huawei. In 2015, the long-standing partnership with Huawei culminated in the appointment of Huawei as the Tanzanian government’s official ICT advisor (“China’s Huawei becomes ICT advisor to Tanzanian gov’t,” 2015). Although Huawei remains the traditional provider of ICT infrastructure in Tanzania, in recent years the Vietnamese provider Halotel significantly expanded the local ICT network (World Bank Group, 2020b, p. 45; employee of World Bank, interview, 6 May 2021).

To sum up, many regional projects in East Africa are actively supported by foreign actors like the European Union or the World Bank, while locally-driven regionalism remains the exception. This becomes especially clear when considering the lack of coordination between the member states when entering agreements with foreign ICT infrastructure providers.

#### 4. Conclusion

The preceding analysis showed that, overall, Rwanda looks more favorably to digital market integration than Tanzania and that the different levels of commitment originate in factors related to domestic politics and domestic political economy. Among the four kinds of drivers considered, material and political ones determine the country’s attitude towards regionalism. However, they work in opposite directions in the two countries—as drivers in Rwanda but barriers in Tanzania. If Rwanda gained access to a larger market, it could exploit economies of scale and become a regional IT hub for foreign investors. Politically, Rwanda pursues regional projects to strengthen national sovereignty at home and abroad, even if those projects emphasize partnership and knowledge sharing rather than creating regional institutions. On the contrary, Tanzania, the largest but least competitive digital market in the EAC, possibly stands to lose out from regionalism in the digital field. Given the significant growth potential of the domestic

market, regional integration would pave the way for competitors from neighboring countries, especially Kenya, and thus disadvantage national incumbents. From a political perspective, the historical domestic stability and absence of violent conflict contributed to the international recognition of Tanzania’s sovereignty. In addition, the highly centralized government is wary of sharing its power with a supra-national authority and consequently hesitates to engage in regional initiatives. In both countries, ideational drivers underpin national rather than regional identity-building. Despite the adoption of English as an official tongue and language of instruction in Rwanda, this move can be ascribed to historical-political considerations and perhaps the role of English in technological innovation rather than regionalist spirit. Hence, the effect of ideational aspects on digital market integration remains ambiguous. Finally, external drivers appear decisive for regional cooperation. In the present study, they were found in the foreign policy of the European Union and the development programs of its member states which support various regional initiatives in the digital sector. Although these programs are implemented in cooperation with local authorities and regional organizations, it appears that foreign input takes the lead ahead of national efforts.

This case study bears important lessons for the study of regionalism in Africa, the drivers and constraints of market integration in the highly strategic digital sector, and the linkages with external actors. In fact, the findings suggest that the theorized drivers of regionalism in Africa may become barriers under certain circumstances, as shown by the case of Tanzania. Moreover, sector-specific considerations informed by the geopolitical relevance of ICT infrastructure and the transnational nature of the digital space enhance the weight of some factors, especially material ones, while reducing the importance of others, like ideational ones. Finally, its underlying characteristics make the digital sector unusually attractive for external action which prevails in the case study at hand. While both countries acknowledge the role of digitalization for socio-economic development, to date they pursue their endeavors mostly in parallel. It remains to be seen which, if any, driver will eventually trigger endogenous regionalization efforts in the digital realm.

This article more broadly illustrated the geopolitical value of a single digital market for emerging economies. Amid the crisis of the multilateral order, the looming “tech cold war” underlines the importance of a regional digital market. It empowers developing countries in the current multilateral and globalized order. On the one hand, a regionally integrated digital market promotes local economies by providing them with a larger market access. On the other hand, a concerted position among the member states leverages their power in technological partnerships. Finally, regional coordination when commissioning large infrastructure investments supports the case for technological interoperability and may avert new dependency structures.

## Acknowledgments

I thank Mirek Tobiáš Hošman and Addison Ann Nix for their fruitful comments. I am also grateful to the editors of this thematic issue, Wil Hout and Michal Onderco, and three anonymous reviewers for their constructive feedback.

## Conflict of Interests

The author declares no conflict of interests.

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Article

## South–South Cooperation and the Promise of Experimentalist Governance: The ASEAN Smart Cities Network

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Submitted: 28 September 2021 | Accepted: 31 January 2022 | Published: 21 April 2022

### Abstract

This article considers the impact that increasing pragmatism and pluralism are having on South–South cooperation (SSC). Focusing on the growing sway of multilateral platforms for cooperation between cities and the reinvigoration of regionalism, it identifies experimentalist design principles for fostering autonomy-enhancing initiatives between developing countries that have the capacity to learn from and scale up locally-informed, adaptive problem solving. The first part of the article frames SSC in light of experimentalist governance theory. The second part provides a case study of the Association of Southeast Asian Nations (ASEAN) Smart Cities Network, an initiative that captures the promise and challenges of enhancing SSC through regional experimentalist governance of city-to-city partnerships.

### Keywords

Association of Southeast Asian Nations; city-to-city partnerships; experimentalist governance; regional integration; Smart Cities Network; South–South cooperation

### Issue

This article is part of the issue “Developing Countries and the Crisis of the Multilateral Order” edited by Wil Hout (Erasmus University Rotterdam) and Michal Onderco (Erasmus University Rotterdam / Peace Research Center Prague).

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### 1. Introduction

Whether cast as a transitional crisis stemming from the limits of American-led neoliberalism or as a civilizational crisis generated by the emerging East and South, deepening polycentrism and growing organizational diversity are disrupting the post-war international order (Acharya, 2018; Ikenberry, 2018; Keohane & Nye, 2012). As the influence of Western development institutions, models, and policy frameworks wane, public and private actors throughout Africa, Asia, and Latin America are increasingly engaging in small-scale explorations and unscripted learning by doing around how to, for example, protect the planet, address persistent inequalities, and create good jobs (Grabel, 2018; Rodrik, 2008). These new opportunities for experimentation have contributed to the well-documented expansion of South–South cooperation (SSC; Jing et al., 2020; Mawdsley, 2019).

This article draws on experimentalist governance theory to examine the merits and limitations that increasing

pragmatism and pluralism are having on SSC. It is my contention that, while growing experimentation and heterodoxy have allowed developing countries to explore novel ideas and directions, greater effort needs to be made to leverage these opportunities through the intentional design and implementation of experimentalist governance frameworks across the Global South. At one level, then, this article seeks to contribute to development theory by applying an experimentalist governance lens to the proliferation and diversification of South–South initiatives. At another level, it seeks to contribute to development practice by identifying experimentalist principles that could guide the design and delivery of more effective South–South initiatives.

Due to its distinctive, locally-informed, and adaptive problem solving, experimentalist governance is normatively promising (de Búrca et al., 2013). For instance, it has been argued that because of its unique participatory and deliberative features this mode of governance destabilizes entrenched forms of authority—



technocratic authority, in particular—paving the way to democratic renewal (Sabel & Zeitlin, 2010). With its focus on United Nations conventions, European integration, and Global North-led cross-border commons management, as a theory of transnational governance, however, experimentalism has been largely framed in terms of the liberal international order (de Búrca, 2017; Zeitlin, 2015; Zeitlin & Overdevest, 2021). The potential of this mode of governance as a mechanism through which developing countries pool resources and knowledge, collectively learn to identify and remedy constraints on development, and discover alternative—“de-Westernized”—paths to modernity has remained unexplored (Eisenstadt, 2003). The article thus addresses the following two questions: Are there South–South initiatives that display the features of experimentalist governance? In what ways does a South–South perspective shed new light on experimentalist governance?

I proceed in two parts (Sections 2 and 3), mirroring the two stages of the exploratory research this article reports on. I begin by cataloging SSC initiatives in terms of a heuristic for thinking about the emergence of experimentalist governance in relation to other modes of pluralist governance. This analytical exercise reveals that, while there are currently no South–South mechanisms that display all features of experimentalist governance, there are three promising initiatives at the regional level that focus on city-to-city partnerships. These initiatives exemplify the growing relevance of cities as laboratories for co-producing sustainable development through the scaling up and pooling of locally-informed problem solving. This first part of the article thus provides evidence of the growing importance, in developing contexts, of platforms for fostering collaboration between urban areas as sites of transnational experimentation (Acuto, 2016; Amiri & Sevin, 2020; Menezes et al., 2019). It also points to the growing relevance of regional institutions across the Global South as fora for catalyzing SSC beyond narrow trade—or market-led integration (Acharya, 2007).

I then provide a case study of one of these initiatives—namely, the Association of Southeast Asian Nations (ASEAN) Smart Cities Network (ASCN). The ASCN captures the promising role of a Southern regional institution in promoting autonomy-enhancing cooperation for sustainable development among its member states. It illustrates efforts to operationalize the smart cities paradigm as a leapfrog strategy in a developing context—Southeast Asia. And it also highlights the increasing ambitions of ASEAN in the context of the geostrategic pivot to the Indo-Pacific. This “intrinsic case study” does not aim to make descriptive or explanatory generalizations (Grandy, 2010, pp. 499–501; Yin, 2018). It seeks, rather, to explore how the unique case of ASCN compares with the ideal type of experimentalist governance that has been proposed within the framework of re-embedding liberalism.

## 2. South–South Cooperation: An Experimentalist Approach

The impressive increase in the flow of grants, loans, and technical knowledge, and the greater volume of trade and investment among developing countries over the past two decades has successfully mobilized resources for inclusive growth in Asia, Africa, and Latin America (Morvaridi & Hughes, 2018). This proliferation of South–South linkages, however, has also brought forth new dilemmas and reframed old ones (Bracho, 2018). While the proverbial “decline of the West and the rise of the rest” has eroded the power of the northern “aid industry,” new forms of dependency and indebtedness have emerged within the Global South, challenging the principles of solidarity, concessionality, and non-interference that once oriented the relations between post-colonial and newly independent states during the first decades of the Cold War (Jing et al., 2020). Paradoxically, furthermore, these new South–South linkages seem to be diluting the emancipatory and transformative promise of SSC (Golub, 2013). Rather than challenging the world system from without in the spirit of the Third World emancipatory projects of earlier generations, South–South flows and policy complementarity increasingly aim at redistribution, rebalancing, and integration from within the strictures of economic globalization.

Experimentalist governance provides a privileged perspective for assessing the role of city-to-city partnerships as a novel modality of SSC that has emerged in this changing context. This perspective also allows us to rethink key dilemmas that have undergirded the legacy of SSC since the 1955 Bandung (Asian-African) Conference, including the nature of institutional change; the contrast between rhetoric and implementation, aspirations and taking to scale; the post-developmental critique of modernist projects; and the tensions between re-embedding liberalism and constructing multiple modernities.

Over a decade ago, Rodrik (2008) had already described a “new” development economics skeptical of ex-ante knowledge and emphasized the contextual nature of policy solutions that was gaining leverage with the erosion of the Washington Consensus. This approach applies to the growth diagnostics of macro-development economics the “experimentalist mindset” that is usually associated with the randomized control trials in micro-development economics. The micro-macro convergence in development economics is not about a specific set of policies, but about how one does policy. Starting with strong assumptions about both the problem and the solution, the traditional way of thinking about economic development or SSC is presumptive, rather than diagnostic. By contrast, the new approach begins with relative agnosticism concerning the problem and gives pride of place to experimentation as a strategy for the discovery of solutions or development pathways.

More recently, Grabel (2018) has convincingly argued that the multilayered, polycentric, and redundant features of the international order are opening space for forms of pragmatic strategies and institutional experiments that are conducive to autonomy-promoting policies and unscripted learning by doing. This “productive incoherence,” as she calls it, is especially visible among the emerging markets and developing economies of the Global South. It is Hirschman’s (1967/2015) approach to development strategy and institutional change, Grabel submits, that allows us to understand why these relatively small and disconnected innovations—this “incoherence”—in the global financial architecture, in particular, widens policy space and opportunities for potentially “productive” innovation across developing contexts. Against the heroic vision of the Bretton Woods “moment” and the New International Economic Order, Grabel argues that the focus of SSC should be on harnessing the gradual and evolutionary developments that take form through disparate innovations, local heresies, and small-scale explorations.

De Búrca et al. (2014, 2013) offer a useful framework for thinking about the institutional arrangements that have brought forth this “experimentalist mindset” and “productive incoherence” in the field of international development. Marshaling a social evolutionary approach oriented by organizational theory and economic sociology, they trace the emergence of transnational experimentalist governance in relation to two other modes of global pluralist governance. In what follows, I deploy this framework as a heuristic for thinking about the potential and limitations of the different institutional mechanisms that have been established to foster SSC (see Table 1).

Exemplified by the United Nations System, the Bretton Woods Institutions, and the General Agreement on Tariffs and Trade (GATT)/World Trade Organization (WTO), the first mode of governance—*comprehensive, integrated international regimes*—crystallized during the early years of the postwar period and has long formed the backbone of the liberal international order (since 1945). A geopolitical condition for this mode of gover-

nance is the concentration of power in either one state or a small number of states with relatively congruous interests. Provided by the United States and Western Europe prior to the “rise of the rest,” this “hegemonic leadership” is operationalized through the principal-agent model where the Atlantic democracies are considered as the chief principals who establish international organizations to act as their agents in addressing global problems that are defined in advance, according to specific procedures that are also stipulated beforehand (de Búrca et al., 2013).

Mechanisms for promoting SSC that emerged under this mode of governance include: the 1964 United Nations Conference on Trade and Development (UNCTAD), and its closely affiliated Non-Aligned Movement (1961) and Group of 77 (1964); the New International Economic Order, adopted by the United Nations General Assembly in 1974; the United Nations Office for South–South Cooperation (UNOSSC), established by the UNDP in 1974; the 1978 United Nations Conference on Technical Cooperation among Developing Countries and its two follow-up meetings—the first and second high-level United Nations Conferences on SSC held, respectively, in Nairobi, in 2009, and Buenos Aires, in 2019; and OECD development assistance committee (OECD DAC), created in 1960 as a forum for donor countries.

Integrated international organizations stagnated, fragmented, and were increasingly contested beginning in the 1990s with the emergence of a “new world order” and its correlated “disaggregated sovereignty” (Slaughter, 2005). In this vacuum emerged a second mode of governance—*regime complexes*—which can be characterized as transnational and nonhierarchical multi-stakeholder constellations around particular issue-based mechanisms. Examples of this second mode of governance (since 1995) include: the United Nations Framework Convention on Climate Change (UNFCCC); the Global Fund to Fight AIDS, tuberculosis, and malaria (The Global Fund); and the International Renewable Energy Agency (IRENA; see Keohane & Victor, 2011; Morse & Keohane, 2014). Some of these new forms of

**Table 1.** South–South cooperation and the evolution of governance arrangements.

Mode	Type	Period	Examples	
			Global governance	SSC
One	Comprehensive and integrated international regimes	1945–	United Nations System; Bretton Woods Institutions; GATT/WTO	UNCTAD; OECD DAC; UNOSSC
Two	Regime complexes and orchestrated networks	1995–	UNFCCC; The Global Fund; IRENA	Development Cooperation Forum; GPEDC; Delhi Process
Three	Experimentalist governance	1995–	IATTC; CRPD; Montreal Protocol	IADB Cities Laboratory; ADB Future Cities Program; ASEAN ASCN

Source: Adapted from de Búrca et al. (2013).

authority, moreover, can be considered “orchestrated networks” in the sense that:

They are supported and coordinated by existing (often Mode One) international organizations, seeking to extend governance beyond the point of state agreement or to deepen the application of rules by involving other organizations and actors in their construction. (de Búrca et al., 2013, p. 13)

Mechanisms for promoting SSC that emerged under this mode of governance include: the Global Partnership for Effective Development Co-operation (GPEDC), a multi-stakeholder partnership to promote the 2030 Agenda, established in 2012 and supported by UNDP and OECD; the Development Cooperation Forum, launched in 2007 under the auspices of the United Nations Economic and Social Council to promote greater coherence and provide a normative framework for the growing diversity of development partners; and the Delhi Process, a platform for dialogue and knowledge enhancement around SSC created in 2013 and coordinated by the Delhi-based Research and Information System for Developing Countries, the Forum on Indian Development Cooperation, and the Network of Southern Think Tanks.

While regime complexes emerge as a strategy to grapple with increasing pluralism, pervasive uncertainty linked to the growing complexity of issues—for example, climate change—generates *experimentalist governance*. This third mode of governance (since 1995) refers to the gradual institutionalization of a recursive process of provisional goal-setting and revision, involving open participation by a variety of stakeholders, lack of formal hierarchical arrangements, and extensive deliberation in decision making and implementation (de Búrca et al., 2013, p. 16). More restrictive and demanding than other pluralist and post-hierarchical forms of authority, global experimentalist governance has the following five features: (a) the commitment by multiple stakeholders to participate in a nonhierarchical decision-making process; (b) the agreement of a common problem and the articulation of open-ended goals; (c) the delegation of responsibility and discretion to lower-level actors having contextualized knowledge to implement these goals in their respective settings; (d) continuous feedback through monitoring and evaluation; and (e) a system of peer review for revising rules and practices (de Búrca et al., 2013, p. 17).

Examples of this third mode of governance include the Inter-American Tropical Tuna Commission (IATTC), the United Nations Convention on the Rights of Persons with Disabilities (CRPD), and the Montreal Protocol on Substances Depleting the Ozone Layer (de Búrca et al., 2013, pp. 21–46). Central to the IATTC’s objective of preserving tuna stocks and protecting dolphins in the Eastern Tropical Pacific is the monitoring and evaluation of the implementation of existing practices by on-board observers as opposed to benchmarks stipulated

by signatory countries. To achieve the broad framework goal of eliminating discrimination based on disability, the CRPD depends, for instance, on national implementation and monitoring, as opposed to the periodic review by an international body. And to meet phase-out targets for chlorofluorocarbons and other ozone-depleting substances, the Montreal Protocol established a decentralized system where the Ozone Secretariat, through mechanisms like the Technology and Economic Assessment Panel and the sector-specific Technical Options Committees, pool information from local units to facilitate continuous learning about adjusting controls, the feasibility of substitutes, and other elements of the implementation experience.

There are currently no SSC mechanisms that display all features of global experimentalist governance. Three promising initiatives in terms of their potential to learn from, and scale up locally-informed problem solving are the Inter-American Development Bank (IADB) Cities Laboratory, the Asian Development Bank (ADB) Future Cities Program, and the ASEAN ASCN. As regional platforms for fostering collaboration between subnational—city—governance regimes, these three initiatives are an often overlooked manifestation of the deepening polyarchy and growing organizational diversity that characterizes the field of international development.

Like United Cities and Local Governments, the C40 Cities Climate Leadership Group, Local Governments for Sustainability, G20 Global Smart Cities Alliance, World Cities Summit, and the World Smart Sustainable Cities Organization, these three initiatives bring together municipal governments and local stakeholders to pool knowledge and coordinate action around, for instance, smart infrastructure, climate change, social protection, public health, migration, and the social and solidarity economy. IADB Cities Laboratory, ADB Future Cities Program, and ASCN capture the growing role of cities—in particular “global cities”—as key articulators in the “new geographies of centrality” (Sassen, 2018, p. 5). As global cities from the South and East exert increasing sway, and as middleweight cities continue to gain ground on megacities (Dobbs et al., 2011), today, at the dawn of the fourth industrial revolution—that latest round of technological innovation which includes, artificial intelligence, biotechnology, big data, the internet of things, and cloud computing (Schwab, 2016)—urban centers are becoming important sites for SCC.

These three regional city-to-city initiatives exemplify the co-production paradigm in international development that has emerged in and through the dynamics of devolution and network governance. The vertical pivot downward from national to lower levels of government and the horizontal pivot outward from the state to business and civil society of our post-Westphalian age has brought to the fore two interrelated challenges (Falk, 2016, pp. 20–43): on the one hand, the challenge of pooling local/indigenous knowledge and professional/scientific knowledge; on the other, the

challenge of blending the adaptability of bottom-up civic engagement and the technocratic complexities of top-down programming (Briggs, 2008; Corburn, 2005). The three initiatives seek to operationalize this blending and pooling through the scaling up of “urban living laboratories” (Naumann et al., 2018). They aim to generate place-based “usable knowledge” that can address pressing social problems and can serve as catalysts for change and innovation from below. IADB Cities Laboratory, ADB Future Cities Program, and ASEAN ASCN are important modalities of SSC in a context where the boundaries between private, public, and community action are increasingly being blurred by the growing sway of multi-sectoral and multi-stakeholder initiatives, including public-private partnerships.

As mechanisms of experimentalist governance, these three initiatives can be understood as potential correctives to the post-development approach to SSC. By giving pride of place to indigenous knowledge and social movements, the post-development paradigm offers important resources for rethinking South–South linkages beyond the parameters of Western modernity (Escobar, 2015). The post-structuralist-inspired turn to ethnographic and place-based subaltern knowledge breaks with the model of instrumental rationality and homo economicus that grounds modern development projects. Yet post-developmentalism remains limited by its contestatory and discursive view of social change as the thinking—through the radical alterity of the “colonial difference”—the transition to another possible—post-capitalist, post-growth, and non-anthropocentric—world. By emphasizing collective problem solving and implementation research over post-structuralist theory and the sociology of social movements, the experimentalist framework focuses on the innovative potential of indigenous knowledge and social movements as taking to scale real-sector development projects. From a comparative civilizations point of view, these three experimentalist initiatives can contribute to the South–South discovery of alternative—“de-Westernized”—paths to modernity (Eisenstadt, 2003). As such, they problematize conventional assumptions, like, for instance, the relationship between economic progress and liberal democratic institutions, or between modernization and secularism.

In the next section, I will examine ASCN from an experimentalist governance perspective. To better appreciate the significance of this case study, I first briefly discuss the reinvigoration of regionalism today.

### **3. The Association of Southeast Asian Nations’ Smart Cities Network: A Case Study**

Given their relative proximity to local knowledge and access to the cultural and historical resources for orienting non-Western visions of world order, regional institutions across the Global South are today growing in relevance. They are increasingly becoming channels for the heterodox and pragmatic strategies that have gained

sway in the field of development and have played a central role in the well-documented expansion of SSC (Jing et al., 2020). Long considered a peripheral element of the post-war international order, providing “small but useful pieces” to the puzzles of global security and welfare (Nye, 1971, p. 199), the crisis of American or Western-led multilateralism has given rise to a new emphasis on regionalism. Perhaps the key structural determinant of this nascent “global world order of strong regions” is the diffusion of power from the G7 to the G20 in and through the growing influence of emerging countries from the South and East (Acharya, 2007). As evidenced in the slew of appealing but analytically dubious acronyms that have come to the fore in the last two decades (for example, BRICS, IBSA, Next 11, CIVETS, MINT, MIST, and MIKTA), this latest wave of “middlepowerdom” is reinvigorating regional institutions (Walton & Wilkins, 2019, pp. 4–8).

Asia-Pacific exemplifies the relevance of regionalism for today’s world order. As the region’s share of global flows (trade, capital, people, etc.) increases in the Asian Century, so too is the interregional share of these flows through, for instance, the proliferation of “Asia-for-Asia supply chains” and the growing complementarity of the region’s diverse economies (Tonby et al., 2019). In addition to increasing economic interconnectivity, the cohesion of the “Asian regional order” stems as well from a sense shared by Asian states of representing “emerging” and “post-colonial” countries and the “conviction that world order is now rebalancing after an unnatural Western irruption over the past several centuries” (Kissinger, 2014, p. 212). This solidarity is tempered by the diverse lessons Asian countries have drawn from their historical legacies as well as by the pursuit of their different national interests. Moreover, regional volatility has increased as Asia’s center of gravity has shifted from the Pacific Ocean to the Indian Ocean (Heiduk & Wacker, 2020).

Established in 1967 with Indonesia, Malaysia, the Philippines, Singapore, and Thailand as its founding members, and eventually integrating Brunei Darussalam, Cambodia, Lao PDR, Myanmar, and Vietnam, the development of ASEAN captures this growing potential of regional institutions for fostering SSC (Acharya, 2009). The regional organization’s three pillars—Political-Security Community, Economic Community, and Socio-Cultural Community—embody the deepening of cooperation between member states, from collective diplomacy against external powers, through policy convergence for trade liberalization and export-oriented industrialization, up to the more ambitious coordination in the areas of, for instance, social pensions, bio-diversity, food safety, social enterprises, active aging, and disaster risk reduction (ASEAN, 2015).

Signed in November 2020 and dubbed the largest free trade deal in history, the Regional Comprehensive Economic Partnership (RCEP) Agreement, comprising the ten ASEAN member states, the ASEAN+3 countries (China, Japan, and South Korea), and the two Australasian

countries (Australia and New Zealand) that—along with India—are part of the ASEAN+6, points to the “triumph of ASEAN’s middle-power diplomacy” (Petri & Plummer, 2020). With a GDP of just over three trillion USD, which already constitutes the world’s fifth-largest economy (behind the United States, China, Japan, and Germany), and with a total population of 650 million, which already represents the third most populous territory in the world (behind China and India), ASEAN is poised, with the adoption of the RCEP, to gain increasing sway (ASEAN, 2019a). In this context, the regional organization is determined to be a leading actor in shaping the nascent institutional architecture of the Indo-Pacific, with the aim of achieving “a seamlessly and comprehensively connected and integrated region that will promote competitiveness, inclusiveness, and a greater sense of community” (Anwar, 2020; ASEAN, 2019b, pp. 4–5). This broad vision of regional order, which includes the implementation of the SDGs, will only be advanced if ASEAN pushes beyond the limitations of trade—or market-led regionalism and taps into the innovative potential of, for instance, bottom-up, multi-stakeholder governance. The ASEAN ASCN is a move in this direction.

ASCN is an instructive case study insofar as, coordinated by ASEAN, it provides insights into the promising role of a Southern regional institution in promoting autonomy-enhancing cooperation for sustainable development through municipal-level exchanges among its member states. It captures the shift from the narrow “open regionalism” of the neoliberal age to a broader “post-hegemonic,” “developmental,” “multiplex” or “regulatory” regionalism, with its promise of coordinating industrial policies and enhancing cross-border social protection as a reconfiguration of the “collective self-reliance” of old (Acharya, 2018; Deacon et al., 2007; Gürcan, 2019; Jones & Hameiri, 2020). More specifically, the case of ASCN illustrates how a regional organization from Asia-Pacific is grappling with these efforts in the context of the geostrategic pivot to the Indo-Pacific at the dawn of the fourth industrial revolution, where security and welfare issues are increasingly interlocking and being channeled through partnerships for smart cities.

A fruit of productive incoherence, ASCN exemplifies the opportunities for innovation provided by increasing experimentation and pluralism. Yet, lacking some of the experimentalist features mentioned earlier, this initia-

tive still has not unleashed its potential as an effective mechanism for adaptive problem solving and learning between Southeast Asian countries. Most notably, ASCN is oriented by a common problem and open-ended goals; it involves multiple stakeholders participating in a non-hierarchical decision-making process; and it delegates responsibility and discretion to lower-level actors having contextualized knowledge to implement these goals in their respective settings. However, ASCN currently lacks an institutionalized mechanism for providing continuous feedback and a system of peer review for revising rules and practices, two closely related experimentalist elements I subsume under “diagnostic monitoring of a portfolio of projects” (Kuznetsov & Sabel, 2017). I will now turn to an analysis of ASCN’s design principles in light of these four experimentalist features, as summarized in Table 2.

### 3.1. Common Problem and Open-Ended Goals

Driven by Southeast Asia’s demographic transition and impressive economic growth, the share of ASEAN’s population living in cities has doubled since the regional organization’s founding. Urban areas throughout the region, moreover, are projected to add another 70 million people by 2025, not only through the continued expansion of mega-cities like Bangkok and Jakarta, but, increasingly, through the growth of middleweight cities—with populations between 500,000 and five million—like Phnom Penh and Vientiane (ASEAN, 2018). ASCN was launched under Singapore’s Chairmanship in April of 2018 during the 32nd ASEAN Summit as a platform where cities from the ten ASEAN member states learn from each other on how to more effectively address this unprecedented rate of urbanization. Key challenges include, strained infrastructure and congestion, increasing resource footprint, unmanaged internal—rural-to-urban—migration, growing prevalence of non-communicable diseases, increased threat of cyber-attacks, expansion of slums and informal settlements, and pervasive vulnerable employment.

The common problem that orients ASCN—“smart and sustainable urbanization”—remains vague at the outset. Like with, for instance, “clean water,” “sustainable forestry,” or “good jobs,” ASCN’s experimentalist actors know they desire a certain outcome; yet they are uncertain about how to achieve it (Rodrik & Sabel, 2020).

**Table 2.** ASCN’s experimentalist design.

Experimentalist features	ASCN
Common problem and open-ended goals	Smart and sustainable urbanization
Discretion to lower-level actors	ASEAN cities
Nonhierarchical multi-stakeholder decision-making process	Participation of private-sector solution providers and ASEAN external partners
Diagnostic monitoring of a portfolio of projects	<i>remains to be developed</i>

Source: Drawing on Kuznetsov and Sabel (2017), adapted from de Búrca et al. (2014).

The broad and open-ended framework that guides the work of ASCN captures the imprecise and provisional nature of the ends and means proposed to address this common problem. In terms of ends, three strategic outcomes—corresponding to the three pillars of sustainable development—are proposed as a metric of smart and sustainable urbanization: a high quality of life, a competitive economy, and a sustainable environment. How these outcomes are to be blended and combined is evolving and context-dependent. Three principle means are operationalized and fine-tuned through the implementation experience: first, the leveraging of the innovative potential and technological advances of the fourth industrial revolution to “leapfrog development phases” and “turn disruption into opportunity” (Ludher et al., 2018, pp. 43, 57); second, the enhancement and alignment of two often juxtaposed “urban systems”—integrated master planning by the public sector and dynamic and adaptive multi-stakeholder governance; and third, the prioritization of one of the following six focus areas: civic and social life, health and well-being, safety and security, quality environment, built infrastructure, and industry and innovation.

### 3.2. Discretion to Lower-Level Actors

As perhaps ASCN’s key experimentalist feature, ASEAN member states delegate responsibility and discretion to city governments—or more precisely, to city multi-stakeholder governance regimes—with the understanding that these lower-level actors will marshal valuable contextualized knowledge and pool resources from their

respective settings, decomposing the imposing challenge of rapid urbanization into discrete problem-solving efforts (Rodrik & Sabel, 2020). A mechanism for tapping the growing dynamics of devolution that has been giving cities across Southeast Asia increasing responsibility in the delivery of social services and public administration more generally (ASEAN, 2018, p. 16), ASCN, then, has the potential to innovate both regional integration and SSC efforts by pivoting from top-down to bottom-up implementation. Thus, for instance, by fostering cooperation around city-specific initiatives that cut across political-security, economic and socio-cultural issues, ASCN has been cast as an opportunity to achieve “effective cross-pillar coordination,” a perennial concern given ASEAN’s siloed organizational architecture (Ludher et al., 2018). And, to the extent that it leverages the productive incoherence of networks of city-to-city exchanges, ASCN can be seen as an attempt to go beyond the dominant Westphalian model of SSC where national governments are the primary actors.

An initial cohort of 26 pilot cities from across the ten ASEAN member states were selected in 2018 to develop action plans comprising of two priority projects (see Table 3). These cities are located in countries that have recently achieved lower-middle-income status, like Cambodia, Lao PDR, and Myanmar, as well as in high-income countries like Brunei Darussalam, and Singapore. Cities also range in size, from Bandar Seri Begawan and Luang Prabang, with a population of 64,000 and 98,000, respectively, to the aforementioned megacities of Bangkok and Jakarta, which are nearly 100 times larger. This difference in scale, density, and availability of

**Table 3.** ASCN pilot cities (2018–2025).

Country	Income group	City	Population (thousands)	Projects
Brunei Darussalam	High	Bandar Seri Begawan	64	1. Kampong Ayer Stilt Village Revitalization 2. Clean River Management
Cambodia	Lower middle	Battambang	161	1. Urban Street and Public Space Management 2. Solid and Liquid Waste Management
		Phnom Penh	2,800	1. Pedestrian Walkway Development 2. Public Bus Service Enhancement
		Siem Reap	268	1. Smart Tourist Management System 2. Solid Waste and Wastewater Management
Indonesia	Lower middle	Makassar	1,800	1. Health Care Delivery Enhancement 2. Integrated Online Tax Services
		Banyuwangi	1,600	1. Digital Skills for Youth Initiative 2. Eco-Tourism Sector Development
		Jakarta	10,100	1. Innovation Platform for Job Creation 2. Integrated Public Transportation System
Lao PDR	Lower middle	Luang Prabang	98	1. Heritage Wetland Restoration 2. Pedestrianization of Urban Spaces for Ecotourism
		Vientiane	821	1. Drainage Management System 2. Sustainable Urban Transport System

**Table 3.** (Cont.) ASCN pilot cities (2018–2025).

Country	Income group	City	Population (thousands)	Projects
Malaysia	Upper middle	Johor Bahru	1,500	1. Centralized Data Center for Public Administration 2. Integrated Urban Water Management System
		Kuala Lumpur	1,800	1. Geospatial Information System for Governance 2. Integrated Submission System Upgrading
		Kota Kinabalu	453	1. Townships Revitalization 2. Smart Water Management System
		Kuching	680	1. Smart Traffic Management System 2. Integrated Flood Management System
Myanmar	Lower middle	Nay Pyi Taw	925	1. Affordable Housing Development 2. Creation of Country’s first International University
		Mandalay	1,200	1. Traffic Management System 2. Solid Waste and Waste Water Treatment System
		Yangon	5,200	1. Historic Downtown Preservation and Revitalization 2. Geospatial Information System for Urban Planning
Philippines	Lower middle	Cebu City	923	1. Integrated Intermodal Transport System 2. Control System for Traffic and Disaster Response
		Davao City	1,700	1. Public Safety and Security Command Center 2. Intelligent Transport and Traffic Systems
		Manila	1,800	1. Traffic and Disaster Response Command Center 2. E-Finance System Enhancement
Singapore	High	Singapore	5,600	1. Integrated E-Payments Platform 2. National Digital Identity System
Thailand	Upper middle	Bangkok	8,300	1. Transport Hub Expansion in Bang Sue Area 2. Smart Transportation System in Phaholyothin Area
		Chonburi	215	1. Smart Energy Grid 2. Smart Waste Management
		Phuket	400	1. Big Data Analytics Platform for Infrastructure 2. Big Data Analytics Platform for Public Safety
Vietnam	Lower middle	Da Nang	1,000	1. Control Center for Emergency Response 2. Data Center Enhancement
		Hanoi	7,600	1. Intelligent Operations Center 2. Intelligent Transportation System
		Ho Chi Minh City	8,200	1. Integrated Operations Center 2. Integrated Emergency Response Center

Source: Based on Pattanapanchai and Nimmanphatcharin (2019), Ludher et al. (2018), and World Bank (2022).

resources provides the complementarity that is needed for effective problem solving. This said, the cohort seems to be at least tacitly oriented by the challenges that face middleweight cities from countries that are seeking to graduate to the upper-middle-income threshold. With few exceptions, like, for instance, Banyuwangi’s Digital Skills for Youth Initiative and Nay Pyi Taw’s Affordable Housing Development, the majority of the projects focus on “hard” (as opposed to “soft”) infrastructure. Projects also span the “smart” and “sustainable” dimensions of urban planning. For example, the initiatives being piloted in Vietnam, Thailand, and Singapore all focus on the for-

mer, while those being rolled out in Brunei Darussalam and Lao PDR focus on the latter.

### 3.3. Nonhierarchical Multi-Stakeholder Decision-Making Process

Common across all post-hierarchical organizations and initiatives, and perhaps the most intuitive of the four experimentalist features being considered here, ASCN is characterized by the commitment of multiple actors to participate in a polyarchic decision-making process. This is about “engaging diverse and capable stakeholders such as

citizens, government officials and businesses...in decision-making and oversight of how the city plans, utilizes and manages its resources,” as is defined “dynamic and adaptive multi-stakeholder governance,” one of the two aforementioned urban systems that ground ASCN’s operational framework (Ludher et al., 2018, p. 13). While the horizontal pivot to city-level multi-stakeholder regimes is normatively present by design, the destabilizing and autonomy enhancing potential of network governance is being narrowly operationalized by ASCN as city government initiated collaboration along two axes: namely, the fostering of tangible projects in cooperation with private-sector solution providers and the catalyzing of funding and technical assistance from ASEAN’s external partners.

Key to ASCN’s bet on smart technologies is collaboration with some of the pacesetting companies of the Fourth Industrial Revolution, such as Alibaba, Amazon, Hitachi, Huawei, Mitsubishi, Qualcomm, and VIETTEL. These public-private partnerships highlight the growing sway of stakeholder capitalism in SSC and regional integration. They also raise valid concerns about the risk of capture of local government and public policy by business interests. Though research has shown that, in addition to rent-seeking by the private sector, fruitful public-private collaboration is also stymied by the lack of public sector capacity to engage private actors and coordinate a coherent public sector response (Fernández-Arias et al., 2016). This is why if ASCN is to be successful, ASEAN members will need to ensure the participation of a vibrant public sector that can foster “symbiotic”—as opposed to “parasitic”—stakeholder partnerships (Mazzucato, 2021).

In addition to heavyweight information technology companies, ASEAN external partners, too, have enthusiastically embraced ASCN. Initiatives include: ASEAN-Australia Smart Cities Trust Fund, ASEAN-China Leaders’ Statement on Smart City Cooperation, European Union’s Smart Green ASEAN Cities Project, Japan Association for Smart Cities in ASEAN, Republic of Korea-ASEAN Smart City Development Cooperation Forum, and the United States-ASEAN Smart Cities Partnership. In an age where security and welfare issues are increasingly interlocking through, for instance, the specters of techno-authoritarianism and surveillance capitalism, this appeal of smart cities as a mechanism for promoting both SSC and triangular cooperation needs to be considered in light of the geo-economic “superpower marathon” between China and the United States as well as the aspirations of “rising” regional—middle—powers in the shift toward the Indo-Pacific (Brown et al., 2020).

### 3.4. Diagnostic Monitoring of a Portfolio of Projects

ASCN currently lacks a system of continuous monitoring and evaluation grounded in peer review for revising rules and practices, a pivotal feature of experimentalist governance. The latest discussion around a monitoring and evaluation framework that took place in August of 2021

during the Fourth Annual ASEAN Smart Cities Network Annual Meeting held remotely from Hanoi was framed in the conventional as opposed to the diagnostic sense.

Conventional—or accounting—monitoring aims to determine whether a goal has been met or a rule followed, like, for instance, whether a recipe of reforms has been duly implemented or a best practice has been effectively replicated. As the backward-looking evaluation of outcomes, the focus of conventional monitoring, then, is on the one-time choice of winners (sectors, industries, etc.) with the aim of fine-tuning strategies (Kuznetsov & Sabel, 2017).

By contrast, diagnostic—or problem-solving—monitoring refers to a forward-looking procedure where projects are evaluated with the aim of detecting and correcting errors in and through the process of implementation. “To generate the project implementation experience,” Kuznetsov and Sabel (2017, pp. 66–67) maintain:

One first needs to translate and transform a strategy into a portfolio of real sector projects, that is, create a “proof of concept” for the strategy. Next one needs to test this proof of concept by implementing the portfolio of first mover projects.

In other words, as the management of “self-discovery” (Hausmann & Rodrik, 2003), diagnostic monitoring operationalizes the experimentalist mode of governance—that recursive process of provisional goal setting and revision based on learning by a plurality of stakeholders—through the micro-level testing (piloting), modifying, and scaling up of real sector projects.

Understanding social reality, from this Hayekian perspective (Hayek, 1968/2002), implies grappling with it through micro-level projects and experiments. Indeed, “arms length information from micro—and aggregate-level constraints is no substitute for the real-time knowledge of micro-level details and constraints revealed in projects and experiments” (Kuznetsov & Sabel, 2011, p. 7). Driven by a plurality of local and place-based knowledge that is not accessible to the centralized technocratic planner, this problem-solving potential from below does not, however, remain tacit or stylized as is the case with other post-hierarchical forms, like commons governance and adaptive management (de Búrca et al., 2014). Rather, diagnostic monitoring needs to be institutionalized by a mission-oriented and entrepreneurial public sector that seeks to foster Schumpeterian investments in innovation (Mazzucato, 2021).

A public sector entity with the mandate to coordinate, in partnership with business and civil society actors, capacity-enhancing experimentation by assembling a portfolio of real sector projects and monitoring this portfolio through diagnostic procedures has been dubbed a “Schumpeterian development agency” (SDA). SDAs emerge in an attempt to overcome the limitations of the more traditional Weberian, top-down and principal-agent bureaucratic units (Brenzitz & OrNSTON,



2014; Kuznetsov & Sabel, 2017). Closely linked to fostering advanced technologies, these self-discovery agencies have also provided a framework for “new” industrial policy, understood as the search for capacity-enhancing connections to the global economy (Kuznetsov & Sabel, 2011). Furthermore, they have been deployed to think about environmental regulation and a good jobs economy, both understood as interventions that aim to “create an information exchange regime that induces the local actors to cooperate to contextualize solutions while enabling them to benefit from the pooled experience of others, and visa versa” (Rodrik & Sabel, 2020, p. 12).

To date, the administrative and organizational discussions around ASCN’s roll out have focused on establishing reporting mechanisms and identifying cross-pillar channels within the ASEAN architecture (Ludher et al., 2018). Such an approach stifles the integration of diagnostic monitoring. To fully leverage ASCN’s experimentalist potential there needs to be a pivot from a traditional bureaucratic approach to one that casts this initiative as an SDA-like unit tasked with discovering across member states scalable and replicable real sector projects in the area of smart and sustainable urbanization. That is, in other words, ASCN would be tasked with fostering SSC—regional integration, if one prefers—from the city-level up.

#### 4. Conclusions

The disruption of the post-war international order has tended to be framed in terms of the specters of Thucydides’ Trap, illiberal capitalism and catastrophic climate change. Yet deepening polycentrism and growing organizational diversity is also creating new opportunities in the field of development across Africa, Asia, and Latin America. This article drew on experimentalist governance scholarship to assess the new modalities of SSC that have emerged in this context of increasing learning by doing and heterodoxy. Due to its locally-informed problem solving and its participatory and deliberative elements, experimentalist governance is normatively promising. The article argued that growing pluralism and the exploration of novel ideas and directions is not enough; and that greater effort needs to be made to leverage these opportunities through the intentional design and implementation of experimentalist governance frameworks across the Global South. Focusing specifically on the intersection of reinvigorated regionalism and the proliferation of city-to-city partnerships, it considered the potential and challenges of framing SSC as a process of collective learning in and through which developing countries discover their own development paths by attempting to take to scale urban living laboratories. At a theoretical level, it sought to apply an experimentalist governance lens to the proliferation and diversification of South–South initiatives. At the practical level, it sought to identify design principles for rolling out more effective SSC.

I conclude by returning to the two questions that were posed at the outset. The first question was: Are there South–South initiatives that display the features of experimentalist governance? The exploratory research this article is based on found that there are currently no SSC mechanisms that display all features of global experimentalist governance. There are, however, three promising initiatives: IADB Cities Laboratory, ADB Future Cities Program, and the ASEAN ASCN. A case study of ASCN revealed that this initiative is oriented by a broad and open-ended framework, the delegation of discretion to lower-level actors, and multi-stakeholder decision-making process. However, it currently lacks a key experimentalist feature, namely, the diagnostic monitoring of a portfolio of projects, a forward-looking procedure for detecting and correcting errors in and through the process of implementation. The case study also showed that experimentalist city-to-city partnerships can be effectively orchestrated by an existing Southern regional institution using the model of an SDA.

The second question posed at the outset was: In what ways does a South–South perspective shed new light on experimentalist governance? As a theory of transnational governance, experimentalism has largely been cast in terms of the problem of re-embedding liberalism. The focus has been on destabilizing entrenched forms of authority through democratic renewal and on managing collective action problems. The paradigmatic issue areas—technological innovation and new industrial policy—have taken as given the basic coordinates of economic globalization and the development paths of the high-income countries of the Global North. A South–South perspective broadens the experimentalist governance lens by attempting to tackle the challenges facing low- and middle-income countries, given the legacies of colonialism and dependency. In this context, experimentalism is expanded as it seeks to discover pro-poor solutions that could effectively address deep-rooted inequalities and persistent informality. As such it serves as a key corrective to the post-development approach to SSC—as a mechanism for discovering alternative, “de-Westernized,” paths to modernity.

#### Acknowledgments

The author would like to thank the Academic Editors and the three anonymous reviewers for their comments on earlier drafts of this article.

#### Conflict of Interests

The author declares no conflict of interests.

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