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RETHINKING INTERNATIONAL INSTITUTIONS: A GLOBAL SOUTH AGENDA



**Centre for Global Governance and Policy
Jindal School of International Affairs**

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Beth Simmons
*Director of the Weatherhead Center for International Affairs
and Clarence Dillon Professor of International Affairs, Harvard University.*

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Robert O. Keohane
*Professor of International Affairs, Woodrow Wilson School of Public
and International Affairs, Princeton University.*

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Horace Campbell
*Professor of Political Science and African American Studies,
Maxwell School of Citizenship and Public Affairs, Syracuse University.*

"JSIA's establishment is an important milestone. I very much endorse its broad and integrated approach toward studying international affairs. As India is emerging to be a major power on the global stage, JSIA will play a valuable and critical role in preparing its students and scholars for global politics and economics. I have long maintained a strong research interest in India and I look forward to serving on the advisory board of JSIA."

Yasheng Huang
*Professor of International Management
Massachusetts Institute of Technology (MIT).*

"The establishment of JSIA is a significant development in the promotion of teaching and research in the field of international relations. JSIA is expected to emulate the high standards of the Jindal Global Law School (JGLS), which has emerged as an illustrious institution in a short span. It deserves support and encouragement from all quarters."

Yogesh Tyagi
*Former Dean of the School of International Studies
Jawaharlal Nehru University.*



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"The UNU strongly supports the planned establishment of Jindal School of International Affairs in the current academic year, as the third school of O.P. Jindal Global University.... By applying the global perspective and approaches of JGU in the context of international affairs, the Jindal School of International Affairs has the potential to make a significant contribution towards scholarship and the training of future international leaders...., the UNU is keen to engage in collaborative initiatives with JGU and the new Jindal School of International Affairs. "

Professor Kazuhiko Takeuchi
*Vice Rector, United Nations University
Director, UNU Institute for Sustainability and Peace, Japan*

FOREWORD

The Centre for Global Governance and Policy (CGGP) at O.P. Jindal Global University is deeply committed to promoting inter-disciplinary research on issues relating to global governance. It combines the research initiatives of the Jindal School of International Affairs (JSIA) and Jindal Global Law School (JGLS), underscoring the importance of an analytical study of law, policy and international institutions. In an increasingly interdependent world, there is need for institutions of global governance coming together to work on issues affecting the world at large.

Historically, developed countries assumed a leadership role in formulating and shaping the institutions of global governance. However, this has changed in the recent past and the rise of some countries within the “Global South” has created new conditions for dramatic transformations in the development of new world order. The nature and contours of this new world order are evolving rapidly. But there is no doubt that the rise of Asia, including India and China; the processes of political transitions that are taking place in the Middle East; and the efforts to seek social and economic development in Africa and Latin America will shape this agenda.

JSIA has set for itself an ambitious agenda in promoting cutting edge research on the critical issue of international politics and global governance. JSIA has established a strategic partnership with the United Nations University that reflects its institutional commitment for research and capacity building.

I would like to congratulate the efforts of Dr. Sreeram Chaulia, Vice Dean of JSIA, and Professor Jonathan A. Burton-MacLeod, Assistant Professor, JGLS, for producing this important report, **“Rethinking International Institutions: A Global South Agenda”**. I would also like to commend the valuable inputs of Research Associates Arpita Gupta, Ruchira Goel and Jasbir Rakhra, in writing this report. I have no doubt that this report will generate critical debates within India and overseas and generate engaged discussions on issues relating to global governance with specific reference to the role played by the “Global South”. I would like to place on record the contribution of the students of JGU who contributed to this publication.

I would like to appreciate the efforts of Mrs. Usha Chaulia in designing the cover page of the report beautifully reflecting the theme of the report.

I sincerely hope that the report is read by foreign policy analysts, experts in international think tanks and inter-governmental organisations and officials in the foreign ministry in India and other parts of the world as it provides critical analysis on larger issues relating to global governance and south-south cooperation.

Professor C. Raj Kumar
Vice Chancellor
O.P. Jindal Global University

PREFACE

This report is intended to initiate fresh thinking about old issues; thinking beyond the relationship between the Global North and the Global South to parse the complexities of South-South relations, and how this set of increasingly variegated developing countries view the existing set of formal and informal international institutions. The report seeks to uncover patterns of diversity and similarity in Global South voices vis-à-vis these institutions. The major concrete policy recommendation contained in this report is to institute a Standing Committee on International Institutional Reform at the G-77 level, under the aegis of India as a lead convener. It is our sincere hope that such a forum can be created soon, given the rapidly changing power equations between Global North and Global South as well as new relationships emerging within the Global South.

The Centre for Global Governance & Policy (CGGP) would like to acknowledge a host of contributions to this report. Research Associates, Ms. Ruchira Goel and Ms. Arpita Gupta from Jindal Global Law School (JGLS) and Mr. Jasbir Rakhra from the Jindal School of International Affairs (JSIA) contributed large portions of original research. Ms. Goel wrote parts of the report on the UN Security Council and Humanitarian Intervention; Ms. Gupta wrote parts of the report on the World Bank, World Trade Organisation and Intellectual Property Rights; and Mr. Rakhra wrote parts of the report on Regional Organisations, Democracy Promotion and Foreign Aid. Thanks also to Mr. Kiran Mohan, a 2010 Global Research Intern at JGLS, for his research contribution.

Enthusiastic student researchers of JGLS, who did initial data mining on the international institutions surveyed in this report, include Ankit Grewal (LL.B. Honours), Ayesha Jamal (B.A. LLB), Devasheesh Bais (B.A. LLB), Jayant Malik (B.A. LLB), Kabir Choudhary (B.A. LLB), Kartik Prasad (B.A. LLB), Kunal Chaudhary (B.A. LLB), Mekhala Dave (B.A. LLB), Preksha Malik (B.A. LLB), Siddhant Vyas (B.A. LLB) and Yashaswini Mittal (B.A. LLB).

The Jindal School of International Affairs is unique in its emphasis on interdisciplinary approaches to knowledge. CGGP, jointly held between JGLS and JSIA, reflects that approach. JSIA has received a very positive applicant response to its Master's degree in Law, Diplomacy, and Business (M.A. DLB), which will further this approach in years to come. Embedded in O.P. Jindal Global University, the Master's programme relies on the interdisciplinary breadth in International Relations, International Law and International Business to encourage problem-solving and knowledge creation, preparing policymakers equipped to tackle the complexities of today's globalised world. This report is the first of many that will emerge from JSIA's stable of world class knowledge in international studies.

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PART I

INSTITUTIONS: THE BUILDING BLOCKS OF GOVERNANCE

Rules are the basis for world order. They provide a set of predictable parameters within which actors – state and non-state – can operate with some degree of assurance that their actions will have specific consequences or outcomes. The sense of certainty and guaranteed course of behaviour that rules generate is the main reason why institutions are highly valued as the indispensable bedrocks of international society which underpin inter-state and transnational relations. In International Relations theory, institutions have been most authoritatively defined by Robert Keohane as “persistent and connected sets of rules (formal and informal) that prescribe behavioural roles, constrain activity and shape expectations.”¹

The study of institutions and their evolution is, in other words, the study of what limits, goads and shapes concepts and patterns of world politics like national self-interest, collective action, and cooperation-cum-conflict between and within states. It is not farfetched to visualize all global structures across time and space, including the current capitalist world-system, as manifestations or wholes that are pieced together by a set of formal and informal institutions. Institutions range from established, formal entities such as the United Nations, to informal concepts that play out in formal institutional forums, such as humanitarian intervention. Institutions that exist ‘above’ the state attempt to coordinate activities between states, such as in the World Trade Organisation (WTO). Institutions also exist within the state, or at the sub-state level. Multi-national corporations (MNCs) and other non-governmental organisations (NGOs) most notably come to mind. However, while contemplating the increased role of sub-national institutions within a globalized context, this report focuses on the role of supra-national formal and informal institutions that are formulated to regulate issues of transnational importance, that no single nation state can address.

In the language of international relations, international institutions change state and non-state actors’ conceptions of what is in their best interest and also determine who gets what in terms of distribution of power and resources. As Lisa Martin and Beth Simmons contend, institutions perform two functions, viz. informational and distributional.² They resolve collaboration problems

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1. Keohane, Robert. 1989. *International Institutions and State Power: Essays in International Relations Theory* (Boulder: Westview)
 2. Martin, Lisa & Beth Simmons. 1998. ‘Theories and Empirical Studies of International Institutions,’ *International Organisation*, Volume 52, Number 4.

among states and non-state actors by increasing the flow of information and also by constructing 'focal points' to solve multiple equilibria conundrums. Institutions select and aspire to one standard default equilibrium as the "obvious" one in, say trade or defence policies, thereby ushering in stability, the most sought after quality by all actors mingling at various issue area meeting points in global political space.

Except for neorealist theoreticians, the bulk of International Relations scholarship accepts that there is an institutional context of global governance, which holds the key to state and non-state actor decision making. Institutions and their thematic 'regimes' constitute specific arrangements for policy coordination and habitual norm following, and are critical for joint action on world problems that cannot be solved by a single state's unilateral deeds. In Keohane's words, "the mere existence of common interests is not enough (for collective action). Institutions that reduce uncertainty and limit asymmetries in information must also exist."³ The interests of international actors often change through the interactive learning effect of institutions, which function as socialisation platforms that bring together relevant players for frequent interaction.

The acceleration of globalization has thrown a monkey wrench into International Relations theory and its focus on the sovereign nation state. While globalization has arguably been occurring for centuries, industrialization precipitated the age of colonization, and in a post-colonial world, international capital markets and the technology revolution have further interwoven the interests of states and state actors, intensifying economic, social, security, and environmental interdependence. The result has been a marked proliferation of institutions, both supra- and sub-nationally. Confronted with increased institutional complexity, it is often said that the nation state has lost status, and suffered a devolution of its coordinating and decision-making powers to institutions above and below it.

Boaventura Sousa Santos describes this as the "double-decentering" of the state.⁴ It is true that in a variety of contexts, non-state actors (such as MNCs, NGOs) operate transnationally with reduced oversight by national governments. Similarly, decisions made by supra-national organisations can be said to reduce the autonomy of a particular state. However, this report rather sees a greater complexity in the role of the state as it encounters

3. Keohane, Robert. 1984. *After Hegemony: Cooperation and Discord in the World Political Economy* (Princeton: Princeton University Press), p.13

4. De Sousa Santos, Boaventura. 2006. 'The Heterogeneous State and Legal Pluralism in Mozambique', *Law & Society Review*, Volume 40, Number 1.

transnational institutions and actors and seeks to deploy its influence in a variety of international institutional forums.

Whether viewed through the dueling lenses of liberalism or realism, this paper seeks to describe the greater selection of international institutional forums that are either chosen, or thrust upon, states in the Global South. Whether problem-solving or power-grabbing, how the Global South views this diverse set of international institutions goes a long way to understanding how a more equitable version of global governance can be accomplished, and indeed whether it can be accomplished through existing, reformed, or newly created international institutions.

Institutions help develop stable mutual expectations about the behaviour of others, thereby mitigating the fears of cheating, broken promises and free riding, which litter less genuinely institutionalised foreign relations. Thanks to the insights of realist literature, there is no gainsaying the fact that rules and norms of international institutions and regimes are weaker than those in domestic societies due to the (still considerable) authority to enforce municipal laws using the spatial politics of sovereignty and the propensity for states to resort to “self-help” as a result of anarchic spaces in the global domain.⁵

But in an age of globalisation, where most problems are spilling over across state borders and can no longer be contained within the borders of one state, there is no alternative to building, reforming or overthrowing institutions and regimes in order to render them suitable to contemporary needs for international public goods.

Why should scholars of international studies take up the research agenda of rethinking international institutions at this juncture in history? Major changes are occurring to the global order, which has decisively moved away from the unipolarity of the 1990s and is entering a genuine multipolar form. The volume of international capital and trade flows, worsening security environments in many regions of the world and a growing middle class across the emerging world are structural shifts that put into question the old binary dualism between a Global South and Global North. When the world is in flux, institutions come under stress and augur a rethinking of their value from the perspective of the ‘core’, the ‘periphery’ and the ‘semi-periphery’ of the world-system.⁶

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5. Krasner, Stephen. 1999. *Sovereignty: Organized Hypocrisy* (Princeton: Princeton University Press).
 6. Wallerstein, Immanuel. 2004. *World-Systems Analysis: An Introduction* (Durham: Duke University Press).

A Search for Equity amidst ‘Thick Institutionalism’

Rising powers, of whom the 21st century has no shortage, present a classic problem to the international status quo because they aspire and push to convert their lately acquired capabilities into greater recognition, prestige, and control over rules, practices and institutions which guarantee world leadership. Carving out a prominent place in international organisations, the executive arms of institutions, comes as a natural thirst for states intent on converting their hard-earned superior power into legitimised and predictable long-term domination.

Constructivist scholar Nicholas Onuf’s insight that “rules create conditions of rule”⁷ is ironically not lost upon the current multipolar era’s emerging powers, which are schooled in realist doctrines of foreign policy but not loathe to harnessing multilateral institutions for further accumulation of influence and agenda-setting privilege in a range of issue-areas. The pioneers of liberal institutionalism, Keohane and Joseph Nye, had also correctly predicted in 1971 that transnational relations (cross-border interactions where at least one non-state actor like an international organisation or a multinational corporation is involved) “may redistribute control from one state to another and benefit those governments at the centre of transnational networks to the disadvantage of those in the periphery.”⁸ Gaining voice and weight within international institutions has become both a symbolic and substantive measure of foreign policy success for states that are on the incline, especially those whose ambitions are not disruptive to existing geopolitical systems. Eduard Jordaan’s definition of “emerging middle powers” includes the behavioural trait of “opting for reformist and not radical global change”⁹, and it fits a number of contemporary states that are trying to raise their own importance within the existing international order instead of resorting to war or forming alternative systems with their own institutions. The onus on gaining eminence in international institutions and the concomitant pressure on their present elite members to accommodate the newcomers by giving them their due is thus a ubiquitous feature in world politics today, especially in a context where accepted norms ostracise those who seek to operate outside the framework of the international system.

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7. Onuf, Nicholas. 1998. ‘Constructivism: A User’s Manual,’ in V. Kubalkova et al (Eds.), *International Relations in a Constructed World* (New York: M.E. Sharpe), p.63.
 8. Keohane, Robert and Nye, Joseph (Eds). 1971. *Transnational Relations and World Politics* (Cambridge, Harvard University Press), p.xxiii.
 9. Jordaan, Eduard. 2003. ‘The Concept of a Middle Power in International Relations: Distinguishing Between Emerging and Traditional Middle Powers,’ *Politikon*, Volume 30, Number 1.

The centrality of contests for hierarchy and pole positioning within international institutions is set to grow in the 21st century not only because of the cautious reformist predilections of emerging powers who wish to gain greater voice and command, but also due to the peculiar nature of the post-World War II order. John Ikenberry and Thomas Wright have argued that the existing order since 1945 is more thickly institutionalised and open than its predecessors. They credit “the United Nations, the IMF, the World Bank, the North Atlantic Treaty Organisation (NATO), GATT, and other institutions” for giving us “the most rule-based structure for political and economic relations in history.”¹⁰

Such a liberal international order is less susceptible to power transitions based on hegemonic wars between declining great powers and upwardly mobile emerging states that are hungry for parity or one-upmanship. A.F.P. Organski’s original theory of dyadic power transitions, featuring war and complete upheaval to force the system to reflect a new international distribution of capabilities¹¹, did not take into account the gradualist impact of ever-greater institutionalisation of the world.

The fact that there is no hegemonic war between China and the United States, even though they perfectly match Organski’s conditions for a defining faceoff, is very much a product of the institutionalised environment in which the world’s fastest growing and rapidly declining powers compete and cooperate.¹² The liberal ethos with which the post-1945 order was imbued, and which strengthened even more since 1991 and the spread of economic globalisation, has partly ensured that tussles of power transition will be fought over in spaces such as international institutions rather than through direct and costly military clashes among prior powers and gatecrashers.

This presents an ironic duality wherein the problems of global governance demand ever greater cooperation of risen and rising powers under institutional frameworks, while these frameworks themselves are open to critique for not being representative enough to carry international society along with their decisions. A contest among states and powerful non-state actors like multinational corporations and transnational terrorist groups to become agenda setters of institutions is thus occurring simultaneously as the demand for cooperative institutions is growing due to the emergence of complex global governance crises.

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10. Ikenberry, John & Wright, Thomas. 2008. ‘Rising Powers and Global Institutions’, Washington, D.C., The Century Foundation, p.10
 11. Organski, A.F.P. 1958. *World Politics* (New York: Alfred Knopf).
 12. Jeffery, Renee. 2009. ‘Evaluating the ‘China Threat’: Power Transition Theory, the Successor-State Image and the Dangers of Historical Analogies’, *Australian Journal of International Affairs*, Volume 63, Number 2.

There is a palpable sense of states and non-state actors desirous of predictable and stable outcomes wanting to fit into a new 'era' of governance that takes stock of shifting multipolarity and the need for communal problem-solving of a nature that cannot simply be completed in the back rooms of Davos. The global financial crisis since 2008 and climate change negotiations are arenas where coordination problems are acute, with international insecurity an ever present hinge that reflects the need for broader global governance, and requires the amendment of existing institutions or their replacement by new ones.

Traditional notions of sovereignty and the nation-state in International Relations and International Law have, if not entirely eroded, been joined by the rise in importance of transnational actors. These bodies may be state-driven international institutions such as the World Trade Organisation or the G-20, regional political organisations such as the Southern African Development Community (SADC), or private sector entities ranging from multi-national corporations (MNCs) and non-governmental organisations (NGOs) to activist networks. Cooperation and interdependence between this network of state and non-state actors with the intention of tackling problems that transcend traditional nation-state boundaries is the aim of the area of study known as global governance.

In the absence of a world government, pressing problems like environmental pollution, immigration and involuntary population movements, water sharing, proliferation of weapons, genetically engineered foods, drug smuggling and crime, deforestation, war, terrorism, struggles for democracy etc. can only be resolved through increased coordination across nation-state borders. Global problems or "transnational issues" now transcend states and societies by overflowing and cutting across territorial jurisdictions. Unfortunately, these issues are subject to political wrangling and one-upmanship games because the relative voice of different actors within institutions is not settled.

Since a dissatisfied rising state can find enough avenues for satiating its desire to be one of the major powers in the current liberal multipolar world order, its foreign policy will be attuned to maximising opportunities to find top spots and leverage in key international institutions. This is essentially one the elements of grand strategy for what Andrew Cooper classifies as 'the big emerging powers', *viz.* China, Brazil and India, which have left behind fellow middle powers in the last couple of decades due to sustained economic advances.¹³

The moves that the Chinese, the Brazilians and the Indians (along with South Africa and promising risers like Chile and Turkey) make at every consequential

13. Cooper, Andrew. 2009. 'Middle Powers: Squeezed Out or Adaptive Into New Roles?', *Public Diplomacy*, Volume 1, Number 1, p.29

international summit are followed with avid interest in the media and world governments, precisely as there is a sense that a power transition is on and that these countries are playing it out in the portals of multilateral institutions in Geneva, New York or Washington D.C. Each country's approach to these institutions and the responses they receive must be contextualised in this global background of movement of power towards multipolarity and the bid to democratise hitherto oligopolistic institutions that rhetorically preached equality of all sovereign states but which were largely handmaidens or instruments for deepening hierarchical structures in international society.¹⁴ The fate of the G-7 is particularly instructive here, as it was practically replaced by a relatively more representative G-20,¹⁵ which in turn is resented by least developed countries (LDCs) for being exclusionary.

We do live in a thickly institutionalised world system but the quality of this multi-layered web of rules, norms and shared values is under serious doubt. Not only is there antediluvian inequity in representation and voice in international institutions between advanced industrialized economies of the Global North and the fast rising emerging economies, but also a new apartheid of sorts which is slowly manifesting itself between a tiny group of large, upwardly mobile states from within the Global South and the bulk of poorer and still stagnant states in the developing world.

Beyond a Monolithic Global South Vision of International Institutions

New tensions are emerging within the G-77 family as a result of the widely differential economic growth rates among its member states. Empirically, the era of globalisation provided opportunities such as market access and free movement of goods and capital to only a few upwardly mobile and large developing economies that had adequate capacities in place. Much of sub-Saharan Africa and the Caribbean, however, stagnated or even went downhill in development indices over the last three decades.

The G-20's designers bought in the concept of recognising 'leaders' of each region of the world who were riding the crest of globalisation and demonstrating sustained economic growth. The followers, however, remained where they

14. For an analysis of how international institutions have served the vested interests of dominant state and non-state actors in contemporary times, see Cox, Robert. 1987. *Production, Power and World Order: Social Forces in the Making of History* (New York: Columbia University Press); For the view that international organisations, the most formal manifestations of institutions, must be "decolonised" and restored to their original purpose of serving the greater good of humanity, see Chaulia, Sreeram. 2011. *International Organisations and Civilian Protection: Power, Ideas and Humanitarian Aid in Conflict Zones* (London: I.B. Tauris).

15. Chaulia, Sreeram. 2010. 'Just Disband the Obsolete G-7', *The Financial Express*, February 10th.

were or even witnessed worsening terms of insertion into the global economy. They continued to sense the iniquity of the existing world order even as China, Brazil, India, Mexico and South Africa reincarnated themselves as partners and peers of advanced economies.

Intra-G-77 discord that has built up as a result of two-paced economic trajectories between the 'peripheral' and 'semi-peripheral' states exploded at the UN climate change meet in Copenhagen last December. When the BASIC group sat down with the US and the EU to draft the non-binding Copenhagen Accord, several poor G-77 members were outraged at what they felt was a betrayal by their own muscle-flexing kinsmen from the Global South. Latin American countries of the ALBA community denounced BASIC's sell out to a 'tricky proposal' from the US. Sudan, which held the chief climate negotiator chair of the G-77, slammed the Accord as tantamount to a Holocaust.

At the same time, opportunities for South-South cooperation has found a fresh lease of life and concreteness in the new millennium, owing to the large capital bases of emerging economies and the spurt of M&As initiated by multinational corporations that are head-quartered in these dynamic developing countries. But a trust gap is taking hold inside the G-77 as prospects of a Sinopec or a Petrobras empire in poorer states of Africa appear on the horizon. Shibboleths about Global South unity on international economic injustices cannot paper over the conflicts of interest that are widening due to uneven rise of large middle income countries.

If the expectation among advanced economies was that the G-20 would be a silver bullet international institution which could silence the chorus of attacks at the unrepresentative and exclusive nature of most keystone institutions that underlie the existing world order, the reverse effect has transpired. The G-20 suffers from a legitimacy deficit in the eyes of smaller developing countries. The criterion for inclusion in G-20 is to be a 'major economy', a condition that an Algeria, Kenya, Venezuela, Jamaica, Iran or Sri Lanka can never realistically satisfy.

Even Dominique Strauss-Kahn, the managing director of the IMF, an institution that most countries of the Global South want to urgently overhaul, has commented that the G-20 leaves out many poor countries whose "voices too must be heard" and who "deserve a stake in the global economy".¹⁶ Because the G-20 is a *modus vivendi* between the extreme desirable values of representativeness and small group efficiency, it naturally falls short of the expectations of least developed countries (LDCs) who seethe at their relegation to the bottom of the international system.

16. 2009. 'IMF, World Bank Map Road to Recovery', *Agence France-Press*, October 6th.

While there is little question that the G-20 is the most unique and consequential new international institution that attempts to join the North and South into a single forum, its carrying capacity in terms of influencing non-invitee states and non-state actors to follow its prescriptions and agreements on the global economy is in question. Simultaneously, other more formal—and older— institutions like the UN Security Council, the UN Human Rights Council, the Bretton Woods institutions, the World Trade Organisation, and even regional formations across the world are now venues for tremendous churning about their relevance and legitimacy.

The actors who have been left out or dictated to by these formal institutions are no less disenchanted about them as they were when the G-77 came into its own by demanding a ‘New International Economic Order’ (NIEO) nearly four decades ago. The composition of those crying for equity and importance within international institutions has changed due to varying economic trajectories of members of the Global South, but the root malaise of discontent with existing structures in the two macro spheres of international security and economic management has only grown in tandem with the ascent of transnational problems.

Why do existing international institutions inspire cynicism among the powerless even in a period of greater democratic distribution of power and the advent of a “polycentric” world order?¹⁷ The answer lies in the time tested attempts to manipulate international institutions by those who create or lead them and to use them as softer sticks, compared to military invasion or occupation, with which to impose unjust distribution of resources and capabilities. One set of actors can exercise indirect control over another by designing international institutions that work to the former’s advantage. As Michael Barnett and Raymond Duvall argue, global governance in its current avatar is not merely cooperation, coordination, consensus or normative progress but also “a matter of institutional or systemic bias, privilege and unequal constraints on action.”¹⁸

Neoliberal institutionalism has frequently neglected how power drives the selection of institutions, leaves many actors very little choice regarding their participation, and shapes the content of international norms and law. Powerful states often determine which informal institution or regime (e.g. democracy promotion, humanitarian intervention or attitude to foreign investment) is born, succeeds and has predominance over alternative institutions. International norms are largely those which are consistent with the liberal domestic norms of

17. 2010. ‘BRIC Summit to Help form new ‘Polycentric’ World Order: Russia’, *Press Trust of India*, April 8th.

18. Barnett, Michael and Duvall, Raymond (Eds). 2005. *Power in Global Governance* (Cambridge: Cambridge University Press), Introduction, p.17.

the most advanced industrialised economies. Savage policing and suppression of anti-privatisation and anti-globalisation institutions reveal a coercive side of global governance that reinforces commodification and expansion of the global capitalist class.

Neo-Marxist scholars have offered a rich vein of debunking views about what passes for global governance in the liberal discourse and what it should more ideally look like. Understanding the relations and processes of global governance entails analysis of class-based power and the social relations of capitalist which makes it possible. For instance, in order to meet the challenge of intra-capitalist divisions and transnational social movements that opposed corporate globalisation, new institutions like the World Economic Forum have been created with slogans like “entrepreneurship in the public interest.” What such institutions actually do is to provide a venue for a global capitalist class to self-organise and mobilise states to enact new norms and principles that will enable the expansion of political spaces which can be penetrated for accumulation of wealth.

The collective intent of a number of liberal international institutions, both formal and informal, since World War II has been to centralise market relations and market mechanisms in the domain of inter-state and transnational relations. A subject-object diarchy has emerged in the evolution of global governance thinking, whereby some materially and intellectually more privileged states have institutionalised their own conceptions of the ‘global’ and left the objects to carry a special burden of reproducing the colonial function of ‘governance’. HimadeepMuppidi has show how states that lack wealth, order or functionality have become “subjects of colonial governance.”¹⁹ Oran Young has likewise coined the phrase “imposed” regimes, as distinct from “spontaneous” or “negotiated” ones.²⁰ Coercive power and extraction by hegemons is the main characteristic of the former type of institutions, many of which are sadly leading the architecture of contemporary global governance.

Both realist and Marxist scholars have observed how the policy coordination achieved under international institutions is not through mutual adjustment and learning but weaker actors adjusting to the will of the stronger ones. In this theoretical lens, regimes and institutions are no more than mediators or intermediate variables between the unequal global distribution of power and outcomes in an issue area. Power politics not only determines the ‘focal

19. Muppidi, Himadeep. 2005. ‘Colonial and Post-Colonial Global Governance’, in Barnett, Michael and Raymond Duvall (Eds). 2005. *Power in Global Governance* (Cambridge: Cambridge University Press), p.278.

20. Young, Oran. 1989. *International Cooperation: Building Regimes for Natural Resources and the Environment* (Ithaca: Cornell University Press).

point' out of multiple equilibriums but also decides who is allowed to play the game in the first place. Rationalist interpretations of international institutions reveal how the latter are "the self-conscious creation of states (and, to a lesser extent, of interest groups and corporations)" with the motivation of furthering their own goals in a seemingly benign context of multilateral bargaining and *quid pro quo*.²¹

It is evident that without fairness considerations firmly in place to harness and restrain compulsory power of strong actors who sit at the high table of international institutions, there can be no durable global governance. This report is driven by the belief that solutions to grave cross-border problems will fail as long as international institutions that tackle them are plagued by the abovementioned distributional lacunae. Present-day institutions of governance need a huge injection of legitimacy not only along classic Global North vis-à-vis Global South lines but, internally within the variegated Global South. There is also a growing perception that the functional utility of institutions varies, with large multilateral bodies like the WTO looking jaded and stalemated vis-à-vis the comparatively more nimble G-20. Even within the Global South, it is evident that legitimacy and representativeness of international institutions alone do not equate with efficacy and solution-production.

It is easy to perceive a North vs. South dynamic in the ongoing gridlocks over international trade, climate change and foreign investment regimes, but the current stage of economic and political power allocation in the world system requires a more sophisticated approach to reforming/abolishing/creating institutions. We now have a Global South with some big stars like the BRIC economies and a mass of LDCs who feel abandoned by their former brethren from the G-77 ranks who are now preparing for the big league by coordinating policies and strategies with the foremost powers. The old binary asymmetry between North and South has now been replaced by a series of asymmetries from top to bottom of the international totem pole.

In such a heavily stratified environment where Immanuel Wallerstein's 'core' and 'periphery' are now mediated by an ever growing 'semi-peripheral' set of states²², it is impossible to speak about a singular Global South vision for international institutional change. Rather, the task is far more complex, necessitating concentric circles of policy coordination and convergence among great powers, a burgeoning lot of middle powers, and the vast majority of small powers. This paper does not purport to present a consolidated Global South view on contentious transnational issues. Instead it highlights the

21. Koremenos, Barbara, Lipson, Charles and Snidal, Duncan. 2001. 'The Rational Design of International Institutions', *International Organisation*, Volume 55, Number 4, p.762.

22. Wallerstein, *supra* note 6.

role of international institutions (and their reform) and fills the lacuna of a lack of broad primary study on South-South relations that extend beyond the North vs. South dynamic or the phenomenon of preferences of BRIC+ major economies.

Part II of this report lists a range of similarities and differences of opinions about the desirability or lack thereof of contemporary formal and informal institutions among developing countries that are at different stages of economic growth and power maturation. The empirical sections of Part II show how a select group of Southern states and societies approach ten different institutions through the prisms of their respective domestic conditions and experiences.

How can global institutions be amended or restructured to reflect this much more differentiated power distribution? What role, if any, can one project for situationally strategic states within the Global South who could act as bridge-builders? The policy-oriented Part III of this report revolves around the question of leadership by a purpose-driven middle power like India in possibly acting as key facilitator of the long-due task of rethinking and reformulating global institutions to reflect 21st century needs and power capabilities. The current juncture in history in terms of relative power concentration and transition from the 'West' to 'the rest' is most conducive for a rising power (which is not yet a great power) to intervene creatively as a rule-maker and rule-moderator at the level of international institutions.

But before entering into India's possible manifest destiny as a moderator of proposals for transforming global institutions, it is imperative that we study in empirical detail the nature and complexity of the coordination agenda that awaits any farsighted attempter.

PART II

VOICES AND TUSSELS ON GLOBAL INSTITUTIONS

Formal Institutions

A. Fighting for Relevance: The UN Security Council

The primary purpose of the United Nations (“UN”) is to “maintain international peace and security”, and to that end, to “take collective measures for prevention and removal of threats to peace” (Charter, Art.1(1)). The Security Council (“SC”) is the UN organ charged with the “primary” responsibility to maintain such peace and security (Charter, Art.24(1)). Chapters VI and VII of the UN Charter detail the SC powers and duties in this regard. Chapter VI, which deals with the Pacific Settlement of Disputes, provides the SC with the power to investigate situations that are likely to lead to disputes, and to direct parties to disputes that may endanger international peace and security, to settle such disputes by pacific means.

Chapter VII deals with situations where the SC has determined that a threat to international peace and security exists (Art.39), and provides it with the power to take measures which may be short of the use of armed force, such as sanctions (Art.41), or measures authorizing the use of armed force (Art.42), to maintain or restore international peace and security. With respect to voting, procedural matters are to be decided by 9 (of the 15 SC members’) affirmative votes (Art.27(2)), while decisions in all other matters require, as part of the 9 affirmative votes, the concurring votes of all 5 Permanent members (Art.27(3)).

In addition to this, the Charter also delineates the SC’s relationship with the other UN organs, and States. Thus, while the General Assembly (“GA”) has the power to look into and make recommendations regarding any matter within the scope of the Charter (Art.10), including the general principles relating to the maintenance of international peace and security (Art.11(1)), it is barred from doing so when the SC is considering the said situation (Art.12(1)). The SC *must* further invite a non-SC member-State to participate, without a vote, in cases where such State is a party to the dispute being considered by the SC (Art.32). However, when a State is *not* a party to any such dispute, it *may* only be invited to participate in SC proceedings at the discretion of the SC, if the latter considers the interests of that State to be “specially affected” by the situation in question (Art.31).

A-1) Dissatisfaction with the Security Council

Almost since the inception of the United Nations, States have pressed for reform of the Security Council. The reasons for proposing reform are many.

For the sake of simplicity we can divide the current rationales into three broad categories: the undemocratic nature of the SC, as evidenced through its structure (permanent vis-à-vis non-permanent members), working methods (a club of the most powerful victorious states after World War II), and practice (failure to prevent unilateralism by the US since the end of the Cold War).

A-2) *Politics and Proposals of the Global South on Security Council Reform*

It was only after the end of the Cold War that proposals for SC gained any real momentum. The General Assembly constituted an 'Open Working Group on the Question of Equitable Representation on and Increase in Membership of the Security Council and related matters' in 1993. The working group has been submitting yearly reports until 2009 (when it was finally disbanded on the grounds of not achieving any concrete results), and on the basis of these reports intergovernmental negotiations have taken place on the issues raised by the reports in 2009. The General Assembly, in furtherance of the work of the working group, in 2008, passed Resolution 62/557, on the basis of which the intergovernmental negotiations have been taking place.²³

In addition to this, due to the deadlock between States regarding the reform package in the 1990s, in 1997, the then President of the General Assembly, Ambassador Razali of Malaysia, introduced a three-step reform package, in an attempt to break the deadlock.²⁴ According to the Razali Proposal, in the first stage, the General Assembly would pass a resolution calling for Security Council enlargement by 5 new permanent members (2 from industrialized States, and 3 from developing States—one each from Asia, Africa and Eastern Europe). Stage 2 would require the General Assembly to identify by resolution, the candidate States (which would not enjoy the veto power enjoyed by the original permanent 5 ("P-5")). The resolution would then be voted upon by the General Assembly in accordance with Art.18. Finally, in the third stage, after the designation of candidate States, the General Assembly would vote on a resolution implementing the previous two resolutions implementing the two previous resolutions as Charter Amendments (therefore requiring the voting to be done in accordance with Art.108 of the Charter).

His initiative however, although supported by most of the Global North, was strongly opposed by Italy and the Non-Aligned Movement ("NAM") (although the proposal did find favour with individual NAM States), and thus failed.²⁵

23. 'Note by the President of the General Assembly', U.N. Doc. A/63/960, September 10, 2009. (hereinafter "GA President's Note. 2009.")

24. Bourantonis, Dimitris&Magliveras, Konstantinos. 2002. 'The Enlargement of the UN Security Council: Reflections from the Current Debate', *Politics*, Volume 22, Number 1, pp.24-25.

25. *Ibid.* pp.25-27.

The issue of Security Council Reform was also addressed by the UN Secretary General in his 2005 report titled “In Larger Freedom”, in which he proposed two possible models of Security Council Reform²⁶ Model A would provide for the creation 6 new permanent member seats (without veto), and 3 non-permanent two year seats. On the other hand, Model B would provide for no new permanent member seats, but rather the creation of a new category of 8 four-year renewable-term seats and 1 new two-year non-permanent (and non-renewable) seat.

It is evident that both the Razali and Secretary General Proposals focused only on Security Council Expansion as the key to reform. The Working Group on the other hand, and States’ views (in particular, those of the Global South), have been broader than mere SC expansion (although expansion remains a major component of any proposed reform initiative, as shall be seen below). Hence the ensuing analysis will focus on the intergovernmental debate generated by the work of the Working Group and Resolution 62/557 (2008).

Resolution 62/557, *inter alia*, decided that the basis for intergovernmental negotiations on the issue of SC reform would be the five “key” issues: categories of membership; the question of the veto; regional representation; size of an enlarged SC and working methods of the SC; and the relationship between the SC and the General Assembly (¶6(e)(ii)). The GA President’s Note on the issue of SC Reform puts together the different options expressed by States so far on each of these issues. In the 2009 session of the General Assembly, UN Members expressed their latest positions within these options. In the next section, we shall consider the view of the countries in the Global South on these five issues, as well as other issues these States have with respect to the SC (as evidenced by their Statements in the 2009 Session of the GA).²⁷

The various options that have come up so far on the issue of categories of membership of the SC are: (a) Increase in both permanent and non-permanent seats (with some delegations insisting on veto privileges being extended to new permanent members and others contesting the veto extension); (b) enlargement of only the non-permanent category (Some delegations in this category opposing increase in permanent seats were willing to negotiate the possibility of extending the tenure of the non-permanent seats); (c) questions of accountability (the options ranging from the election of a new member from a regional group by the countries belonging to that group, with the member

26. 2005. Report of the Secretary General. ‘In Larger Freedom: Towards Development, Security and Human Rights for All’, U.N. Doc. A/59/2005, p.170. March 25th.

27. Note that Serbia and Afghanistan have not given any views on the issue of SC reform; Afghanistan presumably because of the fact that its Ambassador to the UN has been serving as the Chair of the Inter-governmental negotiations; and Serbia, presumably because the Security Council, after the breakup of Yugoslavia, has had such a heavy presence in Serbia.

being accountable to such group, to the issue of accountability being dealt with through a system of “challenge” within a review mechanism); (d) proposals favouring the implementation of an immediate interim or transitional solution, containing reform in membership which enjoys the widest support, with the possibility of a future permanent solution.²⁸

Egypt (GA Records, 12-11-09, Session 1, p.7); India (GA Records, 12-11-09, Session 1, pp.15-16); Brazil (GA Records, 12-11-09, Session 1, p.25); South Africa (GA Records, 12-11-09, Session 2, p.12); and Cuba (GA Records, 12-11-09, Session 2, p.13); all support an increase in both permanent and non-permanent seats; yet the reasons for the same advanced by the States differ. India and South Africa support an increase membership in both categories because it is the view expressed by a majority of the States. For South Africa the view of the majority is important since it feels that the negotiating text should “narrow down” the options, focusing only on those that garner the maximum support (p. 12).

India does not give any particular reason for relying on the majority view, but adds that an increase in just the non-permanent seats would not make any difference to the working of the Security Council as is evidenced by the 1965 expansion of the Security Council from 11 to 15 members (p.16). For Egypt, the increase of permanent membership is synonymous with an African State being a permanent member, in order to rectify the “serious historical injustices” to Africa due to its non-representation in the SC’s permanent membership. Increase in only the non-permanent membership with neither rectify these injustices, nor change the existing power structures of the SC (p.7).

Cuba bases its argument on the fact that increasing only one category of membership will be self-defeating to the very purpose of SC reform, i.e. rectifying its unjustifiable under-representation of developing countries (increasing only non-permanent seats would further widen the “huge” gap that already exists between permanent and non-permanent members, while increasing only permanent members will make the SC even less representative a body that it already is, and further decrease its legitimacy and effectiveness) (pp.13-14)

Indonesia (GA Records, 12-11-09, Session 1, p. 25) and Argentina (GA Records, 13-11-09, Session 1, p.20) favour increasing only the non-permanent membership of the Security Council. For Indonesia, this is because, even though its ideal goal is increasing both categories of membership, such idealism must be tempered with pragmatism, and at this moment, Indonesia believes that the only pragmatically implementable option is increase in non-permanent

28. GA President’s Note. 2009. *supra* note 23, pp.6-7.

membership as a transitory or intermediate step. However, Indonesia also maintains that its preference for the intermediate goal does not mean that a future increase in permanent membership should be off the negotiating table (p.25).

Argentina, on the other hand, has policy reasons for not wanting an expansion of the SC's permanent membership. For Argentina, the cornerstone of SC reform is to make it more democratic by making it inclusive and more accountable to the international community. Thus an increase in permanent membership, which would only result in the "swelling of the ranks of the privileged", inherently contradicts the idea of legitimacy and democratic representation. (pp.19-20). While China states that is not in principle, opposed to "necessary and reasonable" SC reform, and believes that one such reform must be the increase of the SC's representativeness, in particular that of developing countries, it does not provide any distinct opinion on which categor(ies) of membership should be expanded (GA Records, 13-11-09, Session 2, pp. 4-5).

Regional rivalries are central to the different preferences of a number of Global South countries on reforming the SC. Like proverbial dogs in the manger, neighbours have been the strongest opponents of each other's candidatures for permanent and non-permanent seats in the SC. It is a tragedy, perhaps understandable in realist IR theory, that Mexico and Argentina bitterly oppose Brazil's bid for entering the SC as a permanent member, while China and South Korea have lobbied to prevent Japan's bid. Italy has opposed Germany's push for a permanent seat in the SC, just as Pakistan and China have blocked India's own claim for it.²⁹ The attempts of the 'G-4' set of countries (Brazil, Japan, Germany and India) to gain entry into the SC as a permanent member have been greatly stymied by regional enmities and counterbalancing behaviour.

A-3) Question of Veto

The General Assembly President's Note highlights the fact that most of the UN Member States (barring the P-5) consider the veto to be at the heart of the problem with SC reform. The P-5 on the other hand, consider the veto to be at the core of, and sustaining force behind the Charter system of collective security; they opine that it is inherently different from other elements of the reform process and thus should not be amenable to review or reform; further, they stress that the veto is not misused by them but is in fact exercise with restraint.³⁰

29. Ghose, Arundhati. 2010. 'Potholes on the Road to a Permanent Seat on UN Security Council', *Daily News & Analysis*, December 1st.

30. GA President's Note. 2009. *supra* note 23, p.10.

Yet, as stated earlier, veto reform is at the heart of SC reform for other members of the UN. Proposals on veto reform encompassed issues relating to the restriction of its use, prevention of its extension, non-inclusion of the veto issue at this stage (the “interim” model”), and its extension to all permanent members as long as it exists.³¹

Proposals regarding the restriction of the use of veto ranged from limiting instances where it can be used (such as excluding the use of the veto in decisions on situations of genocide, crimes against humanity and war crimes); establishing proper criteria of when it can be used (such as limiting its use only to Chapter VII situations); barring its use where a permanent member is a party to the conflict being considered by the SC; placing a yearly cap on the number of times a P-5 State can use the veto.³²

States supporting increase in membership in both categories fell along three broad lines on the issue of veto extension: (a) since the veto is a tool for inaction that does not contribute to the SC’s effectiveness, it should not be extended to new permanent members; (b) any such extension should be accompanied by a commitment not to use it until further review; and (c) automatic extension to new permanent members.³³

Here we find that the richness and breadth of proposals summarised in the President’s note rarely find expression in the views of the Global South. Most States merely press for either an abolition of the veto, or its extension to new permanent members, or do not mention the question of veto at all.

Egypt (GA Records, 12-11-09, Session 1, p.7), South Africa, India³⁴, Brazil³⁵ Cuba (GA Records, 12-11-09, Session 2, p.14) view the veto power as anachronistic and antidemocratic, and hence support its abolition in entirety. However, they also believe that as long as the veto exists, any new permanent members inducted into the SC should also have the right to use it in the same manner as the P-5). The only divergence here is that India³⁶, and Brazil³⁷ are open to a compromise in the form of a delayed veto power of the new permanent members, i.e. although the new permanent members would have the *de jure*

31. *Ibid.* p.9.

32. *Ibid.*

33. *Ibid.* p.10.

34. Wouters, Jan & Ruys, Tom. 2005. ‘Security Council Reform: A New Veto for a New Century?’, *Egmont Paper No. 9*, (Royal Inst. for Int’l Rel’ns), <http://aei.pitt.edu/8980/1/ep9.pdf>, p.23 (accessed 28 February, 2011).

35. *Ibid.*

36. 2009. ‘Security Council: India for Delayed Veto Power for New Members’, *Deccan Herald*, July 9th.

37. ‘UN Security Council Reform: Brazil’s Position’, G.A. Fifty-third Session, <http://www.un.int/brazil/brasil/brazil-scnu-reform.htm> (accessed 28 February, 2011).

power to exercise the veto, they would refrain *de facto* from exercising it for a certain period of time (15 years according to India).

Indonesia and Argentina, being open to an increase only in the non-permanent members, have not articulated any concrete views on the issue of the veto. Similarly China too, has no specific proposals regarding veto reform, since it is already a P-5 member. China is however, more open to veto reform than other P-5 States. For example, China is strongly against the SC interfering in matters that are solely within the domestic affairs of a particular state and pose no threat to international peace and security. (GA Records, 13-11-09, Session 2, p.4). Thus, in 1948, China had suggested an amendment to the Charter, proposing a waiver of veto power in all situations arising under Chapter VI, dealing with the peaceful settlement of disputes.³⁸ However such an amendment was not ultimately made.

Thus, we see that (apart from China), none of the Global South country positions analyzed here, express concrete suggestions for the reform of the veto *as it exists*.

A-4) Divide on Regional Representation

The President's Note highlights the common understanding of member states that the current composition of the SC does not reflect geopolitical realities and thus needs to be adequately rebalanced, the majority view being that this rebalancing should be based on the contribution of the new SC members to the maintenance of international peace and security, and on "equitable geographical representation".³⁹

There were however, two different understandings of the term "regional representation": (a) the term being identical to "equitable geographical representation" in Art. 23(1) of the Charter; and (b) "regional representation" to be understood as the regional seat leading to regional accountability, (see regional election proposal *supra* Categories of Membership). This proposal however, was only limited to the permanent seats, not non-permanent ones.⁴⁰ The various under-represented groups were categorized as Africa, Asia, Group of Latin American and Caribbean States, Group of Eastern European Countries. Some delegations also opined that the SC should represent all cultures, religions (such as having an Islamic State as a permanent member) and civilizations as well.⁴¹

38. Wouters&Ruys, *supra* note 34, p. 21.

39. GA President's Note. 2009. *Supra* note 23, p.13

40. *Ibid.* p.14.

41. *Ibid.*

Most of the Global South countries are united in their opinion that the current membership of the SC does not adequately reflect regional representation and must be amended immediately. The only major difference is seen in the position of the African Union States, including Egypt and South Africa. These States (Egypt—GA Records, 12-11-09, Session 1, p.8; South Africa—GA Records, 12-11-09, Session 2, p.13) opine that it is the regional group that the new members will represent (in this case, Africa), that should have the main responsibility of selecting the new members from that group, to whom such members will also be responsible.

A-5) Size of an Enlarged SC and Transparency Concerns

Here, the suggestions expressed in the President's note ranged from specific numbers, to the increase in SC membership being determined by other factors, such as equitable geographical distribution, enhanced credibility and efficiency and effectiveness of the SC; financial and diplomatic contribution to the UN; and respect for democracy and human rights.⁴² On the question of Working Methods, most States felt that the SC needed more transparency and accountability in its working methods, in particular, through keeping member-states informed of its activities; issuing regular and detailed yearly reports of its decisions; better access to SC meetings.⁴³

All the Global South states studied here are more or less united with respect to the issue of the Working Methods of the SC, which they believe to be opaque and non-inclusive. All these states understand reform of the SC to be such as to promote its transparency and accountability, in particular through the SC issuing a detailed, analytical and substantive report of its activities during the year instead of the present statistical form the report takes.

India for instance, has detailed views on this. (See GA Records, 12-11-09, Session 1, p.15). Another proposal for reform of the SC's working methods, brought to light by South Africa (GA Records, 12-11-09, Session 2, p.11), is that of the SC holding open meetings, open debates, and open briefings, so as to ensure transparency of its decision making process. Another South African move is to ensure the SC's engagement with the communities affected by items of the SC agenda. This can only be done, according to South Africa, through close cooperation with regional organisations, in particular with the AU (since most items on the SC agenda concern African situations).

With respect to the size of the enlarged SC, states differ on the specific number, although they agree in principle on the issue of regional representation. For

42. *Ibid.* p.16.

43. *Ibid.* p.18.

example, while for Egypt (GA Records, 12-11-09, Session 1, p.7) and Cuba (GA Records, 12-11-09, Session 2, p.13), the expanded SC should have at least 26 members, Brazil favours 25, with six new permanent and four new non-permanent seats. (GA Records, 12-11-09, Session 1, p.25). While, Egypt, (joined by South-Africa) re-iterated the common African demand for no less than two permanent, and two non-permanent seats from Africa, Cuba favours only one such African seat (in both categories). Other states, however, have not unequivocally expressed any such numbers.

A-6) *Reordering the SC's Relationship with the GA*

The main issue taken up by the member-states in this regard was the so called “encroachment” of the SC on matters within the jurisdiction of the GA, due to the SC’s broadening of the definition of “security”.⁴⁴

Again, all the states in the Global South analyzed here (including China), are united in their demand that the SC not encroach on areas within the competence of the GA, and that it strictly follow its functions and relationship with the GA, as delineated in the Charter. The NAM, in particular (of which most of the states analyzed here are members) has called on the SC to refrain from using Chapter VII as an umbrella for addressing issues that do not necessarily pose a threat to peace and security, and hence do not fall within the SC’s sole competence.⁴⁵

A-7) *Seeking a United Agenda for SC Reform*

After studying the perspectives of the Global South on the SC, we need to consider one main issue before trying to build a coherent united Global South stand on the SC. So far, we have considered the views of the Global South states on the SC, through the *explicit* statements made by the heads of these states (or their agents) in a global forum. Essentially, we have considered the *justificatory discourse*⁴⁶ of the States—why the States say they do what they do.

However, we, as *interpretative communities* need to identify how much of this justificatory discourse is based on reasoned argumentation, and how much is just, to put it in a crude way, ‘cheap talk’, based more on such states, own rivalries/agendas regarding other states, than on reasoned legal argumentation. It is only when we can unravel the Global South’s issues vis-à-vis itself, that we can move to build a coherent united agenda for SC reform.

44. *Ibid.* p.21.

45. 2009. ‘Letter from Permanent Representative of Egypt, on behalf of the Non-Aligned Movement, to the United Nations addressed to the Secretary-General’, U.N. Doc. A/63/965—S/2009/514, September 14th, p.40.

46. Johnstone, Ian. 2003. ‘Security Council Deliberations: The Power of Better Argument’, *European Journal of International Law*, Volume 14, Number 3, p.437.

It is here that the importance of consensus builders and aggregators of positions becomes evident. The concluding section of this report argues that India must aim to situate and project itself as a bridge builder that caters to the aspirations of these diverse views within the Global South on how to transform the central institution for world peace and security.

B. The World Bank at the Crossroads

The World Bank, comprising two institutions, namely, the International Bank of Reconstruction and Development and International Development Association, established in 1944 is an international lending institution providing loans, grants and technical knowledge to mainly developing countries and LDCs. It is supported by International Finance Corporation, Multilateral Investment Guarantee Agency and the International Centre for the Settlement of Investment Disputes. The predominant goal as professed by the Bank is to counter poverty “by providing resources, sharing knowledge, building capacity and forging partnerships in the public and private sectors.”⁴⁷

The resources and technical expertise available with the World Bank is vital for the development of developing and transition countries. The Bank is owned by its 187 member countries. Yet, there is a sense of dissatisfaction on different grounds amongst the countries mainly comprising the Global South. The two major areas of reform of the institution, supported by most of the countries of Global South are, viz. more equitable voting share of developing countries and, secondly, structural adjustments as a precondition to provision of loans to be revisited.

The following paragraphs give a brief overview of the ongoing projects funded by the World Bank in some of the developing countries of the world, emphasizing the specific needs in terms of different sectors needing funding and technological knowledge in different countries. This, together with the views expressed by the respective State governments through public statements and country specific proposals for reforms in the World Bank, reveal that though there are common issues of concerns pertaining to the Global South as a whole, yet subtle differences within the different Southern countries exist, depending upon their particular stage of development and economic progress. This exercise reveals the nuances within the stand taken by the Global South on this most significant international financial institution and also reveals the critical need for one or more aggregators and articulators of minimum common denominator positions of the Global South to improve the World Bank.

47. <http://web.worldbank.org/WBSITE/EXTERNAL/EXTABOUTUS/0,,pagePK:50004410~piPK:36602~theSitePK:29708,00.html> (accessed 5 March, 2011).

B-1) Afghanistan

The World Bank has been a major source of finance for Afghan reconstruction. Prior to 1979, the World Bank had provided 21 no-interest loans, known as “credits” to Afghanistan across a wide range of areas including education, roads, and agriculture. Afghanistan Reconstruction Trust Fund (ARTF), a vehicle for 28 countries to help Afghanistan rebuild, which is administered by the World Bank was set up in May 2002 after the US-led invasion overthrew the de facto state of the Taliban. The World Bank’s funds help the government finance spending such as salaries of teachers, health workers etc. Since 2002, the World Bank has committed over US\$1.45 billion for 35 reconstruction projects. IDA (International Development Association) too is deeply involved in Afghanistan through various programs on Irrigation, Healthcare, Microfinance etc.⁴⁸

However, despite the influx of billions of dollars as aid into Afghanistan since 2001, it continues to have some of the world’s worst human development indicators and remains one of the poorest countries in the world.⁴⁹

Under these circumstances, Afghanistan Ministry of Foreign Affairs established a Steering Committee on Regional Cooperation (SCRC) in February 2007 to further institutionalize regional cooperation within the government ministries, with the neighbors and with the donor community involving institutions like World Bank and IMF. Though it is acknowledged that the World Bank’s involvement in post-conflict reconstruction due to the breadth and size of its operations is remarkable,⁵⁰ yet its involvement is criticized due to the fact that most grants and loans are conditional on some sort of “sensitive policy reform,” such as price liberalization, privatization, public trade reforms etc.

In Afghanistan, privatization-related conditions attached to the grant of loans is estimated to result in privatization of more than 50 state-owned enterprises and the consequent loss of about 14,500 jobs.⁵¹ The grander objective of ‘post-conflict reconstruction’ to benefit neoliberal interests has always been part of the vision of the World Bank and the IMF⁵², costing the societies on the

48. <http://www.worldbank.org.af/external/default/main?menuPK=306016&pagePK=141155&piPK=141124&theSitePK=305985> (accessed 5 March, 2011).

49. Whitaker, Josephine. 2010. ‘World leaders debate the future of Afghanistan’, January 28th, http://www.opendemocracy.net/opensecurity/security_briefings/280110 (accessed 5 March, 2011).

50. Bello, Walden. 2006. The Rise of the Relief and Reconstruction Complex, *Journal of International Affairs*, Spring/Summer issue, <http://www.tni.org/article/rise-relief-and-reconstruction-complex> (accessed 5 March, 2011).

51. 2007. Eurodad Report: Untying the knots: How the world Bank is failing to deliver real change on conditionality, November; Klein, Naomi. 2005. ‘The Rise of Disaster Capitalism’, *Nation*, May 2nd.

52. Cf. Fitzgerald, Caitlin. 2009. ‘Reassessing Neoliberal Economic Reform in Post-Conflict Societies: Operation Iraqi Freedom’, *Critique: A Worldwide Journal of Politics*, Fall issue.

ground a great deal of iniquities. For a war-beaten and occupied country like Afghanistan, the choices of breaking out of the restrictive conditionalities of the World Bank and the IMF are meagre, unless a regional solution to the armed conflict is found and neighbouring powers like China, Russia, Iran and India step in with an alternative vision for Afghan security and economic uplift.⁵³

B-2) Argentina

Argentina underwent a major economic meltdown beginning in 1998. It defaulted in paying back an \$ 802 million loan to the World Bank. Still, the World Bank has committed around US\$3 billion to Argentina over the next three years in a new Country Partnership Strategy (CPS) in addition to provide funds for other programs like the Matanza-Riachuelo river basin clean up and to shore up funding for the country's social safety net system.⁵⁴

Despite this funding, concerns and criticisms have been raised from various quarters especially with regard to structural changes in economy required in lieu of the funding. Measures such as major reduction in government spending via cuts in the salaries of pensioners and public servants, pegging of peso to the dollar were highly unpopular and led to "revolving-door presidencies."⁵⁵

In view of the accusations that the financial crises faced in Argentina are directly related to free trade, privatization, austerity and market liberalization policies leading to social inequalities and poor income distribution, institutions such the Economic Commission for Latin America and the Caribbean (ECLAC) have requested for a re-evaluation of the structural adjustment policies promoted by the international financial institutions.⁵⁶

Though, the former President Fernandez de Kirchner appreciated the World Bank's role in Argentina,⁵⁷ he continued with government spending programs despite the suggestions to the contrary by IMF. He also worked closely with other Leftist governments like Brazil, Venezuela, Ecuador and Bolivia through institutions such as UNASUR (the Union of South American Nations), Mercusor (the South American trading bloc), and numerous commercial agreements in an effort to counterbalance the hegemonic role of the World Bank and the

53. Chaulia, Sreeram. 2010. 'Endgame for Afghanistan', *YaleGlobal*, November 17th.

54. <http://web.worldbank.org/WBSITE/EXTERNAL/PROJECTS/0,,menuPK:115635~pagePK:64020917~piPK:64021009~theSitePK:40941,00.html> (accessed 5 March, 2011).

55. http://www.monstersandcritics.com/news/business/news/article_1553785.php/Argentine-president-warns-Greece-against-austerity-measures (accessed 5 March, 2011).

56. <http://www.choike.org/2009/eng/informes/778.html> (accessed 5 March, 2011).

57. <http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/LACEXT/0,,contentMDK:22381317~menuPK:258559~pagePK:2865106~piPK:2865128~theSitePK:258554,00.html> (accessed 5 March, 2011).

IMF.⁵⁸ As in the case of Afghanistan, the importance of regional solidarity to ward off overwhelming domination of public policies by the international financial institutions is obvious.

B-3) Brazil

Currently, there are 62 active projects of the World Bank in Brazil in areas like agriculture, fishing and forestry, education, energy and mining, finance, law and justice and public administration, water, sanitation and flood protection, amounting to about US\$ 8 billion. Together with the Country Partnership Strategy, the World Bank Board also approved the first three loans for Brazil under the new framework. A record single-day loan approval for Brazil amounting to US\$ 1.6 billion has been made.⁵⁹

Though Brazil is immensely benefiting from funds allotted by the World Bank, it is also playing a pivotal role in campaigning for the reform of the governance structure of the major international finance institutions like the World Bank and IMF. It has also played an important role in the transfer of global financial discussions from the G-8 group of the industrialized countries to the G-20 group that includes the most important developing countries from Africa, Asia, and Latin America.⁶⁰

The attempt is to both strengthen the institutions like World Bank and IMF, whose functions are irreplaceable in the current world-system, and simultaneously to bring about structural changes in these institutions in favor of the developing countries and LDCs. Speaking at the opening ceremony of the UN General Assembly, Former President of Brazil, Luiz Inacio Lula da Silva said that “Rich countries are putting off reform at multilateral agencies like the IMF and the World Bank...Poor and underdeveloped countries must increase their shares in the IMF, World Bank...Only more representative and democratic international agencies will be able to deal with complex problems like reorganizing the international monetary system.”⁶¹ Mr. Da Silva also added the refrain common throughout the Global South, “Sixty five years later, the world can no longer be run by the same rules and values that prevailed at the Bretton Woods Conference.”⁶²

58. <http://www.commondreams.org/view/2010/10/27-9> (accessed 5 March, 2011).

59. <http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/LACEXT/BRAZILEXTN/0,,cont entMDK:21753167~menuPK:5412752~pagePK:1497618~piPK:217854~theSitePK:322341,00. html> (accessed 5 March, 2011).

60. <http://www.thedialogue.org/page.cfm?pageID=32&pubID=2273%20> (accessed 5 March, 2011).

61. Fabiola Moura, Brazil's Lula Says World Bank, IMF Both Need Reforms (Update2), September 23, 2009 13:23 EDT

<http://www.bloomberg.com/apps/news?pid=newsarchive&sid=awemHfQATQbY> (accessed 5 March, 2011).

62. President Luiz Inácio Lula da Silva at the General Debate of the 64th UN General Assembly —

B-4) China

The cumulative lending to China by World Bank since 1981 till June 30, 2009 is about US\$ 46 billion for a total of 309 development projects, out of which 69 are under implementation, making China's portfolio one of the largest in the Bank. The World Bank acknowledges that "China is among the World Bank's best-performing member countries in terms of project implementation." The Bank's focus has shifted from introducing modern project appraisal, management and construction techniques to redressing environmental and social externalities consequent to China's rapid growth.⁶³

As a result of this growth, China has moved on from receiving loans from IDA to IBRD now. China's partnership with the World Bank has strengthened over the years. On the 30th anniversary of China's cooperation with the bank, Chinese Vice-Premier Li Keqiang remarked that "China wishes to bring its cooperation with the World Bank to higher levels... China and the World Bank have extensive cooperation in poverty relief and development projects both in China and other countries in the world. The success rate of the bank's projects in China is among the highest in the world...The cooperation between China and the World Bank is fruitful and mutually beneficial."⁶⁴

Yet China recognises and acknowledges the need for reforming the voting structure of World Bank. Beijing has continually urged the Bank to actively promote the formulation of new international economic rules and standards, and give more say and presence to developing nations. Under the pressure from developing countries, the voting share pattern at the World Bank has been made more equitable. China's voting share in the IBRD has increased from 2.77 percent to 4.42 percent, reflecting its status as the world's third-largest economy.⁶⁵

Chinese Vice Premier Wang Qishan remarked in a meeting with World Bank President Robert Zoellick that the international financial crisis provided an opportunity for international financial reform, and that an increased say for developing countries in major international financial organisations was an important step.⁶⁶ The caution and conservatism with which China has tried

New York, 23 September 2009. h http://www.brazil.org.uk/press/speeches_files/20090923.html (accessed 5 March, 2011).

63. <http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/EASTASIAPACIFICEXT/CHINAEXTN/0,,contentMDK:21564436~menuPK:318982~pagePK:1497618~piPK:217854~theSitePK:318950,00.html> (accessed 5 March, 2011).

64. 2010. China to boost cooperation with World Bank: Vice Premier, *People's Daily Online*, September 14th, <http://english.peopledaily.com.cn/90001/90776/90883/7139243.html> (accessed 5 March, 2011).

65. <http://www.reuters.com/article/idUSTRE63O1RQ20100425>(accessed 5 March, 2011).

66. 2010. 'China urges World Bank to give more say to Developing Countries', *People's Daily On-*

to climb up the ladder within the World Bank by garnering greater vote share and by investing some of its vast foreign exchange reserves in the international financial institutions is reflective of one model of reforming or changing the power equations in these bodies from within.

B-5) Cuba

Unlike Brazil or China, Cuba is diametrically different and highly radical in its approach to the international financial institutions. The government of Cuba withdrew membership from the World Bank with effect from November 14, 1960, after Fidel Castro took power. Thus, Cuba also automatically ceased to be a member of the International Finance Corporation, an affiliate of the Bank. Neither the Bank nor the Corporation have been allowed to make any investments in Cuba.⁶⁷ This withdrawal was partly in opposition to neo-liberal orthodoxy that had dominated the Bank's policy advice and its controversial structural adjustment programmes (SAPs).

In spite of this withdrawal and Cuba's implementation of economic policies which have been virtually antithetical of the "Washington Consensus," on 30 April 2001, at the conclusion of the annual spring meeting of the World Bank and International Monetary Fund, the World Bank President James Wolfensohn extolled the Communist government of President Fidel Castro for doing providing for the social welfare of the Cuban people. He remarked that "Cuba has done a great job on education and health...and it does not embarrass me to admit it."⁶⁸ But the Cuban model of socio-economic development with a high emphasis on equality and provision of public goods by the state does pose an existential challenge to the World Bank, which has never minced words in attacking various aspects of command economies.

B-6) Egypt

The amount loaned by the International Bank for Reconstruction and Development to Egypt increased from \$ 140 million in 2005 to \$870 million in the fiscal year 2009. Some of the active projects funded by the World Bank during the old dictatorial pro-American reign of President Hosni Mubarak of Egypt are wind power development project, finance for micro and small enterprises, Cairo airport development project, health insurance development project etc.⁶⁹

line, September 15th, <http://english.peopledaily.com.cn/90001/90776/90883/7141439.html>.

67. 1960. World Bank Press Release, November 15th, <http://web.worldbank.org/WBSITE/EXTERNAL/EXTABOUTUS/EXTARCHIVES/0,,contentMDK:64055067~menuPK:64319211~pagePK:36726~piPK:36092~theSitePK:29506,00.html> (accessed 5 March, 2011).

68. 2001. Speech by the World Bank President, James Wolfensohn, Washington, April 30th, <http://www.twinside.org.sg/title/learn.htm> (accessed 5 March, 2011).

69. <http://web.worldbank.org/external/default/main?menuPK=287189&pagePK=141143&piPK=14>

A report released by the World Bank acknowledged that the reforms implemented by the Mubarak government had made the investment climate more conducive. It topped the list of countries in the report “doing business” for the year 2008. The GDP grew from 3.5% in 2001-2004 to 7.1% in 2007. The Bank stated that Egypt was “able to continue to work to achieve its agenda of economic reforms on a large scale, especially in the market, business which also includes the sectors of health, education, transport and infrastructure.”⁷⁰

Egypt welcomed the appointment of its Investment Minister, Mahmoud Mohieldin as a Managing Director at the World Bank. According to a statement made by the Egyptian cabinet, he helped boost economic growth and attracted foreign investment of about \$ 39 billion since 2004. According to the World Bank, he facilitated important reforms such as creation of a single regulator for the non-bank financial sector, building a stock market for small and medium sized companies and production of the First Arabic code of Conduct for corporate governance.⁷¹

But, the economic policies followed by Egypt pursuant to the receipt of the World Bank loans have been criticized in various quarters. Harrigan and Hamed Al-Said, in a study of African countries like Egypt, Morocco etc. in the sphere of economic policy reform under the aegis of World Bank and IMF, concluded that though in short term growth was observable as a consequence of reforms introduced, but in long term the economic growth was slow and spasmodic.⁷²

After the overthrow of the Mubarak regime in early 2011, some of the World Bank’s glowing tributes to economic growth and reforms in Egypt came home as shallow and totally misplaced. The “stability” and progress which the international financial institutions were crediting Mubarak for came undone and exposed the clash between the Bank’s neoliberal yardsticks for measuring economic development and the Egyptian people’s own understanding of suffering and marginalisation. The World Bank’s tight relationship with an unsavoury authoritarian regime like Egypt is a prime example of how

1103&theSitePK=256307 (accessed 5 March, 2011).

70. <http://bikyamasr.com/wordpress/?p=19187> (accessed 5 March, 2011).

71. Wahba, Abdel Latif. 2010. *Egypt to Let Investment Minister Mohieldin Take Position at World Bank*, September 8th,

<http://www.bloomberg.com/news/2010-09-08/egypt-to-let-investment-minister-mohieldin-take-position-at-world-bank.html> (accessed 5 March, 2011).

72. Harrigan, Jane R. and El-Said, Hamed. 2010. The Economic Impact of IMF and World Bank Programs in the Middle East and North Africa: A Case Study of Jordan, Egypt, Morocco and Tunisia, 1983 – 2004, 6 Review of Middle East Economics and Finance, *Berkeley Electronic Press*.

international institutions have failed in meeting the aspirations of the people of the Global South.

B-7) Indonesia

Since 1967, the World Bank has financed 280 development projects and programs worth approximately US\$25 billion, in all sectors of the economy. By the 1990s, the Bank's annual lending to Indonesia had reached US\$1 billion covering areas such as development of energy, industry, agriculture, and infrastructure dominated. Following the financial crisis in 2000, the Bank reduced the level of annual lending to US\$460 million. The World Bank in Indonesia also has one of the largest grant programs with more than US\$1 billion in 133 trust funds. In 2009, the World Bank Group approved the new Country Partnership Strategy (CPS) for Indonesia. This will govern the World Bank Group's program from fiscal years 2009 to 2012.

But, the institutions like the World Bank and IMF have been blamed as fuelling the economic crisis and the resulting unrest of 1990s for their advice on balancing the country's budget, open its markets and privatize the industries, and yet failing to make much headway in banishing poverty.⁷³ Indonesia is a classic instance of how the World Bank and the IMF coddled US-favoured conservative dictatorships like those under the iron thumb of General Suharto of Indonesia⁷⁴, and how this skewed political order and socioeconomic indices in the country for decades.

It remains to be seen whether fast growing major economies like Indonesia (which has been named by the Goldman Sachs economist Jim O'Neill as one of the 'MIST' economies that will attract significant foreign investment in this decade)⁷⁵ will approach the World Bank. As former recipients of World Bank largesse who were subjected to disastrous conditionalities, but as current emerging economic powerhouses, states like Indonesia may follow China, India and Brazil by trying to gain greater voting share and board memberships of international financial institutions, thereby hoping to transform these organisations from inside.

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73. Staff Writer. 2005. 'Paul Blustein, Wolfowitz Strives To Quell Criticism-World Bank Nominee Bolstering Image', *Washington Post*, 21 March 2005, p.A01.
<http://www.washingtonpost.com/wp-dyn/articles/A52375-2005Mar20.html> (accessed 5 March, 2011);
2000. 'Indonesia's foreign debt: imprisoning the people of Indonesia? Response to the CGI Meeting, INFID', Background Paper, October 4th, Tokyo, Japan,
<http://www.odiousdebts.org/odiousdebts/index.cfm?DSP=content&ContentID=2385> (accessed 5 March, 2011).
74. Cf. Woods, Ngaire. 2006. *The Globalizers: The IMF, the World Bank and their Borrowers* (Cornell: Cornell University Press).
75. Chaulia, Sreeram. 2011. 'Long Live BRIC, Welcome MIST', *Asia Times*, January 26th.

B-8) Serbia

Serbia is a middle-income country recovering from devastating wars of the 1990s and aspiring for EU membership.⁷⁶ The assistance of the World Bank is important with regard to Serbia's development goals and agenda. The World Bank has proposed a set of reforms like adopting a new company law and eliminating outdated regulations so as to increase the possibility of Serbia obtaining some \$400 million in borrowing.

These conditions have been criticized in various quarters on grounds of increasing privatization, increased job loss, lesser government spending etc.⁷⁷ Such critiques are similar to the ones raised elsewhere about the structural adjustment requirements as conditions for provision of loans to developing countries. Given that the EU is the natural regional nest for an aspiring applicant like Serbia, it remains to be seen as to how eventual membership of this supranational regional organisation will alter Serbia's negotiating and bargaining position vis-à-vis the international financial institutions.

B-9) South Africa

On 26 April 2010, the World Bank and the International Monetary Fund approved a shift of certain percentage of voting shares in favor of developing countries, while simultaneously agreeing to raise more money for global aid. Emerging economies like India, China and Brazil have been given more voting rights in the World Bank. A total shift of 4.59 per cent voting share in favor of developing and transition countries has taken place.

India's voting power increased from 2.77 per cent to 2.91 per cent while China has emerged as the biggest beneficiary, its rights increasing from 2.77 per cent to 4.42 per cent. But, PravinGordhan, South Africa's finance minister, expressed disappointment with the outcome. He said that "We are disappointed that the process has resulted in dilution of the voting power of some sub-Saharan African countries, in spite of the collective acknowledgment of the need to protect them."⁷⁸

76. Castle, Stephen. 2010. 'Serbia's E.U. Aspirations Face Long Road Ahead', *The New York Times*, October 28th;

2010. 'Serbia woos the EU: While EU foreign ministers lower the bar for the Serbs to begin the membership process', *GlobalPost*, November 6th, <http://www.globalpost.com/dispatch/ben-elux/101105/serbia-woos-the-eu> (accessed 5 March, 2011).

77. Filipovic, Gordana. 2010. 'Serbia Must Deliver on Reforms to Get Borrowing Backing, World Bank Says', November 2nd,

<http://www.bloomberg.com/news/2010-11-02/serbia-must-deliver-on-reforms-to-get-borrowing-backing-world-bank-says.html> (accessed 5 March, 2011).

78. 2010. 'World Bank Revamps Voting Structure', *Al Jazeera*, April 26th.

<http://english.aljazeera.net/business/2010/04/201042674724512684.html> (accessed 5 March, 2011).

Here, South Africa is playing the role of an advocate of the interests of its fellow African countries, which feel most disenfranchised by the workings of international financial institutions. Although South Africa is itself a major recipient of World Bank assistance, it is also simultaneously projecting itself as a regional benign 'Big Brother' that speaks on behalf of the interests of its fellow sub-Saharan neighbours. Unlike Brazil, China and India, which have largely advocated for themselves in the changing internal balance of power games of international financial institutions, South Africa has adopted a different strategy that is worth studying by the other major economies. We will revisit this theme in the concluding section of this report.

B-10) Venezuela

Venezuela repaid its debts to the World Bank five years ahead of schedule, saving \$8 million. It also paid off all its debts to the IMF shortly after the radical President Hugo Chavez assumed office in 1999. Chavez made the announcement of Venezuela's withdrawal from the World Bank and IMF on 1 May 2007, a day after telling a meeting of allied leaders that Latin America overall would be better off without the U.S.-backed World Bank or IMF, blaming their lending policies for perpetuating poverty.⁷⁹

Venezuela's option of divorcing itself from the World Bank and calling for its abolition is similar to that of Cuba and the antithesis of what Brazil, China and India have been pursuing. Venezuela's revolutionary approach to international institutions stands it apart from the gradualism of emerging economies. The creation of ALBA (Bolivarian Alliance for the Americas) and the Bank of the South are concrete institutional alternatives to the Washington Consensus and the Bretton Woods architecture.

The existence of two strands within the Global South on the question of reforming or abolishing the World Bank and its sister institutions makes a *modus vivendi* or a minimum common denominator position difficult to arrive at. But the polar opposite views of state like Cuba and Venezuela on one hand and the more 'normal' powers like China, India and Brazil makes the case for a bridge-builder within the Global South even more pertinent.

C. The IMF: Old Wine in a New Bottle?

For the last thirty years, the International Monetary Fund (IMF), in tandem with the World Bank and the U.S. Treasury Department, has played a leading role in setting the agenda of economic development in the Global South. The IMF was not always intended for such a role, with its early mandate restricted to assisting in the management of fixed exchange rates. Although ostensibly

79. Tran, Mark. 2007. 'Venezuela quits IMF and World Bank', *The Guardian*, May 1st.

the world's banker, the IMF has had disproportionately pervasive impact on the developing world, with the role of the IMF in Africa and Latin America at times assuming hegemonic dimensions.

The IMF is distinguishable from the World Bank by its focus on macroeconomics: central banks and the liberalisation of exchange rates and financial markets. Its activities often blur with those of the World Bank, however, in advancing the Washington Consensus, a package of market and institutional reforms, as a condition on its loans to developing countries. The Washington Consensus is itself premised on a neoliberal set of policies that views markets as self-correcting. Along with debt reduction, the Washington Consensus could be summed up by: privatisation and liberalisation, with the latter generally meaning the reduction of barriers to trade and foreign investment. While the IMF focused on macroeconomic policy, and the World Bank on structural change for developing countries, the two were tethered by the fact that World Bank does not extend loans to countries that do not meet IMF conditions for their loans, ensuring that in most cases, developing countries submitted to full-scale institutional reform on the basis of the Washington Consensus.

IMF 'conditionality,' or the extension of loans contingent upon institutional reforms, has been the most controversial aspect of its lending policies, particularly when coupled with World Bank's structural adjustment programs. Obviously, conditionality requirements increase with higher risk loans, or when countries need larger loans that allowed per their IMF quota.

Since the economic crash of 2008 and the challenges to neoliberalism, the IMF has reversed some of its neoliberal mantras about downsizing government and privatising all economic spaces. Circumstances briefly pushed the Fund into even advocating continued government stimuli and a larger role for the state, but the laissez faire ideology and material interests behind the Fund prevailed by early 2010 to begin pushing for 'exit' strategies from stimulus spending.⁸⁰ The expectation that the Fund would be chastened by the economic crisis and reverse its pro-free market conditionalities in doling out aid to the Global South were also belied.⁸¹

C-1) Conditionality and Global South Animosity

The extent to which conditionality can impede upon a nation's sovereignty is indicative both through the expansiveness of the Fund's own mandate,⁸² and

80. 2010. 'New IMF Report Advises on Stimulus Exit Strategies', *IMF Survey Magazine*, February 24th.

81. 2009. 'The IMF's Financial Crisis Loans: No Change in Conditionalities', *Third World Network*, March 11th.

82. "The Fund's core areas of responsibility in this context comprise: macroeconomic stabilization; monetary, fiscal, and exchange rate policies, including the underlying institutional arrange-

illustrated by the example that in the 1990s, conditionality on an Indonesian IMF loan required 140 mandatory institutional reforms.⁸³ Since neoliberal reforms under the Washington Consensus have an at best spotty record, IMF conditionality engenders significant animosity amongst members of the Developing World. The Fund's handling of the 1997 Asian Crisis, and the 1999 Argentinean crisis, in particular, has garnered criticism.

Ross Buckley explains that the Argentine government of the 1990s was a "model IMF pupil,"⁸⁴ adopting reliance on foreign capital inflows and a fixed exchange rate, only to be refused further IMF funding as the crisis worsened in 2001. However much corruption may have existed (one of the reasons cited by the IMF in its refusal to continue emergency funding, believing its economic programmes to be "unstable," the Fund's role in advising ultimately crippling market conditions left indelible scars in Argentina and Latin America more broadly.

In fact, Argentina's centre-left government has barred the IMF from conducting routine annual evaluations of its economy since 2006, saying the fund's policy recommendations helped cause the country's devastating 2001-02 economic crisis, instead advocating for a Mutual Assessment Process (MAP), which would greatly alter the IMF's operations in favor of a greater role for the G-20. Similarly, Indonesia, scarred by the 1997 Asian crisis, is wary of IMF's neoliberal prescriptions, and recently rejected a \$2 billion loan offer by the Fund.⁸⁵ More extreme views include those of former Cuban President Fidel Castro, who slammed the Washington-based IMF as "the executioner which pulls the string so that the guillotine's blade falls on the heads of Third World nations."⁸⁶

C-2) Economic Regulation and Global Stratification

During the last three decades, the IMF's interaction with the Developing World, as compared with Emerging Markets (together composing the Global

ments and closely related structural measures; and financial system issues related to the functioning of both domestic and international financial markets." See the Guidelines on Conditionality, 2002, p.3, <http://www.imf.org/External/np/pdr/cond/2002/eng/guid/092302.pdf> (accessed 5 March, 2011).

83. Buirra, Ariel. 2003. 'An Analysis of IMF Conditionality', Paper prepared for the XVI Technical Group Meeting of the Intergovernmental Group of 24, Port of Spain, Trinidad and Tobago, February 13-14th, <http://www.g24.org/buirratgm.pdf> (accessed 5 March, 2011).
84. Buckley, Ross P. 2008. 'Re-Envisioning Economic Sovereignty: Developing Countries and the International Monetary Fund', in Jacobsen, Trudy et al. (Eds.), *Re-Envisioning Sovereignty: The End of Westphalia?* (Ashgate, Hampshire, pp.267 – 283.
85. 2003. Indonesia rejects IMF Help, *BBC News World Edition*, January 21st, <http://news.bbc.co.uk/2/hi/business/2679915.stm> (accessed 5 March, 2011).
86. Fletcher, Pascal. 2000. 'Castro says Cuba lives free of IMF executioner,' *Cubanews*, January 29th, <http://www.cubanet.org/CNews/y00/jan00/31e5.htm> (accessed 5 March, 2011).

South) has created two classes: one in which sufficient economic weight of a country results in interaction with the Fund largely on its own terms (e.g. continuing capital controls in India and China), and a class of countries that have no bargaining power with the Fund, and must implement a full range of neoliberal policies to ensure that Fund assistance continues. Former Chairman of the Federal Reserve, Paul Volcker, puts it this way, “When the Fund consults with a poor and weak country, the country gets in line. When it consults with a big and strong country, the Fund gets in line.”⁸⁷

C-3) Reforming the IMF's Voting Shares

Upon joining the IMF, the new member is grouped with other economies of a similar size and profile (amongst the 187 members), and given a quota that nominates both its subscription to the Fund, or contribution, to the IMF and its voting share, which approximates its influence on IMF policy. Current quotas result in a 24-country African group collectively wielding 1.42% of voting shares, with the US holding 16.74%.⁸⁸ Note that under existing IMF governance rules, with 85% of votes needed for major policy decisions, the U.S. holds an effective veto.

Reforms to the quotas, and by extension, voting shares have recently been hammered out: proposed 6% shift from advanced economies to Emerging Markets and Developing Countries. The single largest beneficiary is China, which held a 2.9% voting share in 2006, but under the proposed changes would gain a 6.07% share. India has less to gain, moving from a 1.9% share to 2.6%. Brazil stands to move from 1.4% to 2.2%.⁸⁹ Interestingly, the voting share of other surveyed countries will decrease under the reform proposal, to be approved by members in time for the 2012 Annual Meeting. This group includes Venezuela, Argentina, Indonesia, South Africa, and Nigeria, in favor of larger emerging market powers, and smaller developing nations.

Notably, these quota reforms need to be approved by individual members, and such approvals often require parliamentary assent for the country in question. It remains to be seen whether countries that stand to lose by the voting share reforms will acquiesce to the process that is purported to promote greater equity in IMF governance.

An interesting battle broke out in 2010 over the tangential issue of the

87. Volcker, Paul and Toyoo, Gyoten. 1992. ‘Changing Fortunes: The World’s Money and the Threat to American Leadership’, *NY Times Books*, p.143.

88. 2010. ‘IMF Executive Board Approves Major Overhaul of Quotas and Governance’, *Press Release No.10/418*, November 5th, <http://www.imf.org/external/np/sec/pr/2010/pr10418.htm> (accessed 5 March, 2011).

89. http://www.imf.org/external/np/sec/pr/2010/pdfs/pr10418_table.pdf#check (accessed 5 March, 2011).

representativeness of the Fund's Executive Board. European members were keen to perpetuate their numerical strength on the Board but their plans got a jolt from the US, which openly championed the cause of unrepresented developing economies at the cost of European seat-holders like Belgium, Switzerland, Denmark and the Netherlands. The US Treasury defended its blocking of the status quo-extension by professing faith in reforms to "make the Board better reflect the realities of today's global economy." The Americans preferred that smaller and economically shrinking European states give way to emerging powers like Indonesia, Turkey, South Africa and Mexico, all of whom are crucial US allies in strategic regions of the world.

Political scientist SreeramChaulia interpreted this North vs. North tension on the future controlling levers of the Fund as a case of "the US chasing its ideal outcome of an IMF that incorporates more emerging economies, grows in global acceptability, and yet hews to an American-centric vision of managing world affairs."⁹⁰ Here again, we see a clear manifestation of the complex formations to reform international institutions that go beyond the classic North vs. South faceoff. Some countries of the Global South have more in common with their erstwhile neo-colonial oppressors on specific issue areas than with fellow Southern states.

C-4) G-20: The IMF's New Governing Body?

Overall, IMF lending dropped precipitously post-2005, as requests for loan aid reached long-time lows.⁹¹ This corresponded with a buildup of significant reserves in fast-growing Global South economies, together circumstantial evidence of an attempt to avoid retaining IMF assistance by members of the Global South.

The IMF was dusted back off in response to the 2008 Financial Crisis. At an April 2009 G-20 Summit, it was announced that Fund resources were to be bulked up with several hundred billion in contributions from China, Japan, the US and EU, in addition to its unused reserves.⁹² The IMF in turn created a series of expedited emergency fund loans with many fewer conditions than traditionally attached, posturing itself as a global slush fund in response to the Crisis. A year later, in November 2010, quota reforms were endorsed by G-20 leaders in the Seoul summit.

90. Chaulia, Sreeram. 2010. 'Board Games', *The Financial Express*, September 8th.

91. In 2006, PGRT loans at lowest point since 1991-1992, and GRA purchases at a tenth of what they were in 2003 – Reference, April 8th, <http://www.imf.org/external/np/fin/tad/extcred1.aspx>; see generally, 2009. 'IMF: Mission Possible', *The Economist*, <http://www.economist.com/node/13447231> (accessed 5 March, 2011).

92. 2009. 'IMF: Mission Possible', *The Economist*, April 8th, <http://www.economist.com/node/13447231> (accessed 5 March, 2011).

On one hand, it is probably unremarkable that the G-20 proved, in response to the 2008 Financial Crisis, to be a—at least initially—nimble forum for coordinated financial responses. However, if the G-20 over the course of 2009-2010, did more to revive and reform the IMF than IMF governance mechanisms then had occurred in the previous two decades, and then it at least raises the question of whether the G-20 acted effectively as the equivalent of a shareholder's meeting for the Fund.

It raises concern for further striation in the Global South if decisions relating to the Fund are taken without even nominal input from peripheral IMF voting groups, leaving, for example, South Africa as Africa's only voice on the G-20. Granted, approval for voting share reform is now before the IMF body as a whole, subject to super-majority approval, and that these reforms had been initiated prior to the G-20 Summit.

However, post-2008, the political direction of the Fund was clearly emanating from the G-20, with a very select group of Global South nations in its midst—a core group which provided the political will to hammer out a difficult consensus. It remains to be seen how this dynamic will affect the governance, along with Global South reactions to, the IMF.⁹³

Some Global South nations have been eager to pounce on this trend, given animosity against the IMF. Argentina and Brazil now favor a Mutual Assessment Process (MAP) by G-20 nations over the usual IMF evaluation procedure. MAP was initiated in light of the 2008 Financial Crisis, and seems to have the support of Global South G-20 nations for an expanded role. Argentinean President Christina Fernandez has come out in support of the MAP procedure in the Spanish speaking press, and Argentina recently presented its financial report to MAP. Having refused access to IMF evaluators since 2006, Argentina makes a strong case for a greater horizontal process of financial reporting.⁹⁴

D. The World Trade Organisation and Flagging Multilateralism

Assessing the World Trade Organisation from a Global South perspective is to increasingly ask the question about the fate of multilateralism in the global trade regime. Whereas the Uruguay Round represented a Herculean achievement of multilateralism, translating the General Agreement on Tariffs

93. Further evidence for a changing centre of power for global macroeconomic policy: the IMF proved a side show to the G-20 in the 2010 currency wars that centered around the undervaluation of the Chinese yuan.

94. Deciancio, Melisa. National Perspectives on Global Leadership: Argentina, *CIGI*, <http://www.cigionline.org/publications/2010/11/national-perspectives-global-leadership-argentina> (accessed 5 March, 2011).

and Trade (GATT) into the World Trade Organisation(WTO) with sufficient common ground to corral 123 ‘contracting parties,’ the current Doha Round, intended to be focused on the often-troubled interface of trade and economic development, looks set to suffocate.

The watershed moment was the Seattle Ministerial Conference in 1999, in which developing countries staged an ugly walk-out. The formation of the WTO in 1995 had installed agreements on intellectual property (Trade-Related Aspects of Intellectual Property Rights, or TRIPS) and investment, but big topics for the Global South such as agriculture garnered little attention at Ministerial Conferences. The difference of priority became clear at the Seattle Ministerial Conference, where the Global North wanted the next round of negotiations to focus on competition law, and the Global South insisted that agriculture instead be the focus.

Seattle seemed to provide an awakening to Global South WTO members that multilateralism could be turned in their favor (the WTO operates under three basic tenets: consensus, equality of WTO members, and the notion of a single undertaking; that accession to the WTO required adoption of the entire package of WTO-mandated reforms). In 2001, at the Doha Ministerial Conference in Qatar, the WTO set a development agenda as focus for the next round of negotiations.

Ten years later, stalemate still ensues. Sticking points include roughly three issues: agricultural subsidies, and agricultural and industrial tariffs, each an uneasy prisoner’s dilemma in which no party wants to first concede.⁹⁵ WTO President, Pascal Lamy, made recent calls to change ‘atmospherics’ into tangible progress.⁹⁶ The fact remains that in a forum premised on multilateralism, 30 WTO Members account for 90% of world trade. Global South leaders regularly highlight what they perceive to be unfair concessions sought by the Global North (particularly the US and EU) in the current Doha Round. At a ministerial conference in Geneva in November 2009, Brazil’s Foreign Minister Celso Amorim said: “It is unreasonable to expect that concluding the Round would involve additional unilateral concessions from developing countries.”⁹⁷ China’s Commerce Minister, Bo Xilai, accurately summed prevailing Global South sentiment at the Hong Kong Ministerial Conference: “...(T)here already exists a serious imbalance in terms of the general levels of development

95. For general introduction to issues in the current Doha Round, consult the *Oxford Handbook for International Trade*, 2010.

96. Director General’s address to the Trade Negotiation Committee, http://www.wto.org/english/news_e/news11_e/tnc_dg_stat_02feb11_e.htm (accessed 5 March 2011).

97. 2009. WTO warns time running out for Doha deal, Dec 2nd, http://www.swissinfo.ch/eng/top_news/WTO_warns_time_running_out_for_Doha_deal.html?cid=7817622&rss=true (accessed 5 March, 2011).

between rich nations and the poor ones...To address this imbalance developed countries must do more in this Round and must be willing to consider sufficient policy space for developing countries.”⁹⁸

D-1) Trade Multilateralism as a Viable Option for the Global South?

After ten long years, and two unproductive Ministerial Conferences in Cancun (2003) and Hong Kong (2005), the question to be asked by the Global South is the extent to which multilateralism with the WTO construct remains viable, or whether there are increased attention on regional and bilateral trade alternatives, particularly for those surveyed countries whose fast-growing economies confer on them a certain amount of autonomy in their development choices.

It is undeniable that the WTO continues to be seen as a significant stepping-stone towards growth. Over the last fifteen years, and during the period of the Doha round, major economies and Surveyed countries such as India and China have gained accession to the WTO (India in 1995, China in 2001), with the automatic result a conference of Most Favored Nation status, and the trade benefits it confers between the now 153 WTO member states. Trade multilateralism is more than a zero-sum game. Again, it should be emphasized that accession to the WTO has had major impacts on domestic legislative reforms in Surveyed countries like India and China. However, with the aim of this Report to assess Global South perspectives on global governance institutions like the WTO, the future of trade multilateralism—and meaningful Global South participation in the process—remains murky.

D-2) Dispute Settlement Mechanism: A Tool of the Global North?

The Dispute Settlement Mechanism was established by the WTO in 1995, with mixed participation by the Global South since then. On face value, the Global South has initiated just over 30 % of disputes brought before the DSM,⁹⁹ with an upswing in Global South participation in the second half of the initial ten-year period.¹⁰⁰ This, despite the fact that the US and EU are by far the leading litigants. However, the vast majority of cases brought by Global South nations are initiated by emerging market powers: 60% by Brazil, India, Thailand, Chile,

98. Leng Lim, Chin and Wang, Jiang Yu. 2009. 'China and Doha Development Agenda,' *Working paper, WTO Forum, Geneva*, September 28th; Part of the “BRICS at the Doha Development Round” project at the North-South Institute,

<http://www.nsi-ins.ca/english/pdf/China%20at%20Doha.pdf> (accessed 5 March, 2011).

99. Abbott, Roderick . 2007. 'Are Developing Countries Deterred from Using the WTO Dispute Settlement System? Participation of Developing Countries in the DSM in the years 1995-2005,' *ECIPE Working Paper No. 01/2007*, <http://www.ecipe.org/publications/ecipe-working-papers/are-developing-countries-deterred-from-using-the-wto-dispute-settlement-system> (accessed 5 March, 2011).

100. Oxford Handbook, p. 489.

Argentina (3 Surveyed countries), and 90% by just 13 members of the Global South. In 2009, India was the single biggest initiator of cases before the DSM. Amongst Surveyed countries, China, Indonesia, South Africa, and Egypt are notable in their limited usage of the DSM.¹⁰¹ Although, after initiating 3 cases in the 7 years since its accession to the WTO, in 2009, China initiated four cases against the EU and the US. The harsh fact remains, however, that of all the LDCs, only Bangladesh has initiated consultations in front of the DSM.¹⁰²

There are obvious issues of legal expertise capacities and the cost of a dispute, which can regularly run into the millions in legal fees alone. The measures taken under the Dispute Settlement Understanding (DSU) are intended to contemplate limitations for LDCs, but as Hunter Nottage points out, there are limits to the benefit of expert opinion that is available, as the opinion of experts is available only impartially, and only after the initiation of the dispute. LDCs seem not to have used an expedited process also set out under the DSU.¹⁰³

DSM usage highlights an emerging divide between the upper echelon of Emerging Market powers and other members of the Global South, including some solidly middle-income countries, but certainly extending to almost all LDCs. For emerging market powers such as Brazil, the DSM has provided significant leverage. By way of recent example, the WTO compliance panel has consistently sided with Brazil over US cotton subsidies, and Brazil is currently seeking permission to apply \$2.5 billion in retaliatory sanctions in other sectors. Similarly, the Latin America-EU banana dispute recently reached an arbitrated conclusion, after a series of WTO DSM decisions that went against the EU. However, it should be noted, that it was the US that led the charge on behalf of Mexico, Honduras, and Ecuador on behalf of US business interests in Latin America.

D-3) Global South Leadership in WTO Negotiations

The vast majority of Surveyed countries (10 of 12) are members of the so-called Group of 20, a block of member states in the WTO that are pushing for ambitious reforms of agriculture in developed countries, and greater flexibility for protection of agriculture in developing countries. The Group includes: Argentina, Brazil, China, Cuba, Egypt, India, Indonesia, Nigeria, South Africa, and Venezuela, a relatively diverse set of Global South nations. Controlling for ideological motivations (e.g. Cuba), a majority of these Surveyed country economies can be described by growth rates as the emerging world, and together one of the strongest negotiating blocks in the WTO system.

101. WTO, 'Disputes by Country,' http://www.wto.org/english/tratop_e/dispu_e/dispu_by_country_e.htm (accessed 5 March, 2011).

102. Oxford Handbook, *supra* note 73, p. 490.

103. Oxford Handbook, *supra* note 73, p. 492.

The Group of 20, which emerged at the Cancun MC in 2003, finds Global North allies in the Member Nations of the Cairns Group of agricultural exporting nations, who for domestic considerations (competitive agricultural sectors), advocate elimination of agricultural subsidies and tariff reductions. Several Surveyed countries are members of both the Group of 20 and the Cairns Group (Argentina, Brazil, Indonesia, South Africa). They are joined in the latter group by a minority of representatives from the Global North, including Australia, Canada, and New Zealand. Unsurprisingly, the major Global North-Global South divide pits the United States and the European Union against Group of 20—and larger—developing nation concerns. Many of the Group of 20 nations are also represented in NAMA-11, a negotiating group within the WTO that seeks to retain protective tariffs for industrial goods.

New trade powers like China, India and Brazil and South Africa have a particular footing to veto negotiations that do not serve their interests, as well as to engage directly with the US and EU in bilateral and plurilateral negotiations that suit their interests. Nevertheless, the interests of emerging market powers can remain complicated. In India's case, almost 70% of population live rurally, dependent on governmental agricultural subsidies. However, India's agricultural sector contributes only 1/5 towards India's GNP. As a result, India's negotiating stance on agricultural subsidies is quite distinct from its stance on liberalization of services, a sector in which India is a global leader. India joins the majority of Global South nations in demanding reduction of agricultural subsidies in the US and EU, but unwilling to undermine its own agricultural self-sufficiency.¹⁰⁴ Nevertheless, India has shown signs of willingness to take the lead in the negotiating deadlock. New Delhi convened a meeting of Trade Ministers in India in September 2009, seeking to 're-energize' the Doha negotiations in the lead up to the G-20 summit in Pittsburgh, PA.¹⁰⁵

D-4) Is Bi/Pluri-Lateralism the New Trade Regime?

There is growing acknowledgement within the WTO that global trade will, increasingly and irrevocably, consist of layers of overlapping regional and bilateral trade regulations, along with the multilateral WTO regulations. Preferential Trade Agreements (PTAs) exist in varying forms—some as bilateral agreements and plurilateral regional agreements, or customs unions,

104. As general reference, see Saggi, Kamal. 2010. 'India at the WTO: From Uruguay to Doha and Beyond,' *Working Paper No. 425, Stanford Center for international Development*, August, http://scid.stanford.edu/?q=system/files/shared/pubs/425_Saggi.pdf (accessed 5 March, 2011).

105. Other examples of Global South initiative in trade and development exist, within and sometimes outside of the WTO structure. Egypt has taken a lead in the development of NEPAD, or New Partnership for Africa's Development, an offshoot of the African Union.

such as the European Community (EC), and the Common Market of the South (MERCOSUR), a customs union between Latin American economic powers intended to promote free trade. As of 2008, 330 PTAs alone had been notified to the WTO. Increasingly, regionalism is not even a condition. In 2010, the EU announced a PTA with South Korea, and is working hard to finalize a PTA with India this year.

Perhaps because PTAs are now an unavoidable reality, there is increasing purchase to the idea that PTAs need not have a negative impact on the WTO trading scheme. In one view, PTAs achieve on a smaller level the ultimate goal of the WTO—the reduction of trade barriers.

However, there is no denying the fact that trade liberalization through PTAs represents preferential agreements, rather than proliferation of the Most Favored Nations (MNF) model touted by the WTO.¹⁰⁶ Since the formation of the WTO, the fastest growing PTA partnerships have been amongst so-called transition economies. Parsing the information presented in Fiorentino *et al.*, since the formation of the WTO, PTAs between ‘transitioning economies’ constitute the largest grouping (34%) of the 124 PTAs that have been notified since the establishment of the WTO in 1995. The second largest grouping consists of PTA created by ‘developed-developing’ partnerships PTAs at 29%, and by PTAs between developing countries only at 23% (percentages drawn from data in Table 1). Simple math will tell the reader that almost 60% of PTAs notified since 1995 have been formulated by members of the Global South, and that 80% of PTAs formed have involved a member of the Global South.

A realist view sees the increasing fragmentation of trade groupings outside of the WTO as a development that will diminish the WTO’s role over time. In the context of the current protracted Doha Round, it is hard not to view the proliferation of PTAs as a means—predominantly by members of the Global South—to circumvent the stalemate.

Every Surveyed country is a member of one or more PTA. Examples of trade groupings with significant clout and high level of integration include: Common Market of the South (MERCOSUR, a customs union which has reached considerable integration), SADC, ASEAN, are particularly strong. Others, including SAARC, CARICOM (Caribbean Community and Common Market), Economic Community of West African States (ECOWAS) perhaps not as strong

106. Fiorentino, Roberto V. et al., 2006. ‘The Changing Landscape of Regional Trade Agreements: 2006 Update,’ Discussion Paper No. 12, World Trade Organisation, <http://www.iadb.org/intal/intalcdi/PE/2010/05131.pdf> (accessed 5 March, 2011).

in terms of market share, but nonetheless significant within the region.¹⁰⁷ There are undeniable geopolitical elements to these groupings, as is described in the section on regional organisations.

D-5) Towards North-South Trade Bilateralism

Usage of DSM by Global South nations is limited to a small group of users, resulting in a split between members of the Global South who have the expertise, the money, and/or the political will to utilize the mechanism. Notably, this split is not as predictable as that between emerging market powers and the rest of the Developing World.

Despite recriminations that seem to center on a Global North-South divide, on the Doha Round, Global South participation within the WTO negotiating framework remains notable. Nevertheless, the attrition of the Doha Round seems to encourage greater focus on regionalism and PTAs as a means of promoting trade interests on more equitable terms. The evident strength of Global South participation in the development of PTAs since 1995, and particularly in the last decade since the commencement of the Doha Round, is an undeniable trend that may result in regional (Global South) trade advantages, but also in the formation of larger blocks of Global South political capital within the WTO.

Global North-South bilateralism is also on the rise. Take for example, new calls (January 2011) for EU PTAs with Emerging Economies from British Prime Minister David Cameron – FTA with India in the final stages of negotiation. One particularly striking motivation was the focus on sovereign debt crisis in Europe (and the UK's own austerity drive).¹⁰⁸ The power (im) balance is different depending on the participants in North-South bilateral PTAs. In the past, PTAs have been seen as systems of barter that allows Global South nations to boost trade in strategic sectors as the cost of conceding in other areas such as intellectual property rights. North-South PTAs may result in the fragmentation of a Global South voice, as imperatives to achieve a multilateral solution diminish for key Global South partners. However, it remains the case that transitioning economies may never have been in a stronger position in world trade and international financial policy-making than is the case today.

107. The lack of development of the SAARC trade group may represent a lack of development of the potential of the market for a variety of geopolitical reasons, with India's focus on the more strategic, less politically problematic ASEAN grouping.

108. <http://www.business-standard.com/india/news/ftasemerging-economies-to-boost-growth-in-europe-cameron/123886/on> (accessed 5 March, 2011).

E. Regional Organisations as Fulcrums of Institutional Change

The international political environment after World War II experienced a transition in terms of inter-state relations. This was the period when the world was divided into Global North and the Global South— the developed and the less developed countries. The South recently came out of colonialism but was entirely dependable on the North in terms of trade, investment, financial aid and security. The Cold War era divided the world into two, segregated the nation states on the pretext of survival in an international system governed by great powers. During this period of strong North-South system in terms of inter-state relations, the world saw the rise of newly independent states against neo-colonialism, imperialism and racism. This resulted in the emergence of the Non-Aligned Movement (NAM) to counter the vortex called the Cold War. It can be termed as a classic case of emergence of new world order where the very manifestation of relations among the LDCs was based on trust, respect and principle of coexistence.

NAM further paved the way for the formation of regional organisations not only on the basis of geographical dimensions but also the common traditions and interest shared by nation states. To carry forward these shared ideas and motives, several regional organisations came into being. The collapse of Soviet Union marked the end of Cold War and beginning of a new era when nation states started identifying their shared political interests and common economic goals as vital for their national interest. Regional organisations like African Union, Mercosur, Union of South American Nations (UNASUR), Rio Group, Caribbean Community (CARICOM) and the Association of Caribbean States (ACS) are worth mentioning, because of the widely felt need for an intergovernmental union for economic growth and collective security. Regional institutional development was important in Africa and Latin America as these continents suffered from the absence of democratic reforms and were marred by civil wars.

Regional organisations also play an important role in democracy promotion and development of the economically weak nations through financial aid. Democracy, respects towards human rights and good governance are interrelated. Respect for human rights and good governance is the cardinal virtue on which a democracy rests. Therefore, democracy promotion is vital for overall development of nation states. Among the countries of the South, there are established democracies and a few more have emerged in the recent times. Therefore, a commitment for the promotion of democracy not only within the state but throughout the one's region is important for stronger South-South relations.

It bears reiteration that regional organisations are extremely critical for bringing about change in international institutions. As was observed in an earlier part of this report, cohesiveness or lack thereof on UN Security Council reforms and the future direction of the World Bank and the IMF derive from how solid regional unity is in different parts of the world.

To understand the intricacies of the role played by regional organisations in influencing the cooperation among Global South, nine countries have been chosen from the South due to their influence and active role in regional as well as international forums. The following section of the report outlines key similarities and differences in attitudes towards regionalism and regional organisations among Brazil, Argentina, Cuba, South Africa, Egypt, China, Indonesia and Afghanistan.

E-1) Brazil

Brazil is the strongest economy and power in South America. With passage of time, Brazilian leaders developed a comprehensive South-South strategy not only to build strong economic relations with their immediate neighbours but going beyond continental limits to form IBSA (India-Brazil-South Africa) – a trilateral developmental initiative between India, Brazil and South Africa to promote South-South cooperation.

On the regional front, Brazil along with Argentina, Paraguay and Uruguay, created the southern common market, MERCOSUR, which is now the fourth largest trading bloc after NAFTA (North American Free Trade Agreement), EU (European Union) and ASEAN. The magnitude of Brazilian leadership can be well asserted from the fact that the former President Luiz Inácio Lula da Silva created the G-20 at the World Trade Organisation (WTO) Ministerial meeting in Cancun in 2003 and assumed a prominent role during the Doha Round of trade talks.¹⁰⁹

Concerning MERCOSUR, Brazil experienced oppositions at home and differences with the member states. Former President Lula da Silva saw it as a challenge to consolidate MERCOSUR and while taking the group's chair from Argentine President Cristina Fernandez de Kirchner on 3 August 2010, he said, "We must keep advancing so that MERCOSUR is something nobody can have doubts about: that we are convinced-friends in the construction of a political, economic, social and cultural block."¹¹⁰ Brazil's overall strategy seems to be to use regional forums like MERCOSUR to consolidate its own leadership status in Latin America.

109. 2007. 'New Direction in Brazilian Foreign Relations,' Foreign Policy at Brookings, Washington D.C., September 28th, p.3,

110. 2010. 'Lula da Silva's double challenge as Mercosur chair,' *MercoPress*, August 4th, <http://en.mercopress.com/2010/08/04/lula-da-silva-s-double-challenge-as-mercosur-chair> (accessed 13 December, 2010)

E-2) Argentina

Argentina has an entirely different approach to MERCOSUR. Being a founding member, Argentina is an opponent to Brazil and Uruguay's policy of greater opening of markets of industrial goods. Consolidation of the European Union (EU) and MERCOSUR has always been emphasized by President Lula da Silva of Brazil, but not so much by Argentina. In 2008, EU represented 20.7 % of MERCOSUR's total trade, making it MERCOSUR's largest trading partner.¹¹¹ There is a great debate between Argentina and Uruguay on Argentine policy of protectionism, where Uruguay is in favour of elimination of tariff and non-tariff barriers and free trade.

Despite attestations to Brazil and Argentina becoming "strategic allies", the two have clashed on reforming of the UN Security Council and on the Doha Round of multilateral trade negotiations at the WTO. There is also a long running tug-of-war between MERCOSUR and the Andean Community (which is a rival regional organisation of Colombia, Peru, Ecuador and Bolivia) on trade policies and relations with the United States. Absence of continental regional unity has been a stumbling block in Latin America, where neither the anti-American 'Bolivarian' alternative led by Venezuela nor the pro-American block led by Colombia has succeeded in bringing about consensus on which why international institutions should go in the era of multipolarity.

E-3) Cuba

Cuba is a key member of CARICOM and has long exercised a leadership role in the Caribbean region and beyond. Cuba was the founding member of Association of Caribbean States along with CARICOM members and was a pioneer in providing scholarships, technical assistance, medical personnel and assistance during natural disasters. Cuba became the member of African-Caribbean-Pacific (ACP) group of countries through CARICOM's intermediation.¹¹² In spite of, and sometimes because of, its rivalry with United States, Cuba has had a disproportionate influence in Latin America and is presently playing a significant role in the post-earthquake reconstruction of Haiti.

Because of its revolutionary approach to foreign policy, Cuba has been kept out of the Organisation of American States (OAS) by Washington. The OAS is a 35-member grouping of most Latin American states, but the exclusion of

111. European Commission, Trade-MERCOSUR,
<http://ec.europa.eu/trade/creating-opportunities/bilateral-relations/regions/mercosur/> (accessed 13 December, 2010)

112. Girvan, Norman. 2010. 'Cuba CARICOM cements ties: The greater Caribbean this week,' *Association of Caribbean States*,
<http://www.acs-aec.org/column/index63.htm> (accessed 14 December, 2010)

Cuba has been a major point of contestation in regional affairs. Signs of easing tensions between Cuba and the US under President Barack Obama have generated hopes that the former will be readmitted unconditionally into the OAS, but numerous conservative constituencies in the US and in the region continue to occlude this possibility.

Frustrated by the political hurdles in the readmission process into the OAS, Havana has called for creating a mega-Latin American and Caribbean regional body “that does not include the United States.”¹¹³ Resolution of Cuba’s reintegration into the main Latin American regional institutions holds the key to generating unified regional views on international institutional change.

E-4) China

China is today a great power not only in the Asian sphere but also on the world stage. Given its low but rising per capita income, it may be viable to still place China in Global South. China has strong political presence on the global platform as a permanent member of the UN Security Council. It has an authoritative presence in all regions surrounding it and is a member of various regional institutions like the SCO (Shanghai Cooperation Organisation), ASEAN+3 and the East Asia Summit (EAS). China’s remarkable economic growth and active diplomacy has influenced its own neighbourhood as well as regions as far as Africa and Latin America. It is clearly paving the way for China to challenge the United States’ status as a regional hegemon in different parts of the world.

The China-ASEAN FTA is the third largest free trade area in the world, with a combined GDP of \$6.6 trillion and total trade of \$4.3 trillion.¹¹⁴ China’s “win-win” formula of economic diplomacy has scored big victories in case of ASEAN, but less so in SCO with Russia and Central Asia, and only moderately in six-party talks over the North Korean nuclear program. ASEAN looks towards China as a major trading partner. The Secretary General of ASEAN, Dr. SurinPitsuwan said, “We in ASEAN have an operating principle: When China grows, ASEAN grows with it and when ASEAN prospers, China also benefits.”¹¹⁵

Yet, even in Southeast Asia, the fear of China’s unprecedented rise and its bullying behaviour in regional disputes has led to a regrouping of Cold War-era

113. Patricia, Grogg. 2009. ‘Cuba Wants Integration Without OAS’, *Inter Press Service*, June 4th.

114. 2010. China Ready to Accommodate on ASEAN-China FTA’, *ASEAN Secretariat*, January 22nd <http://www.aseansec.org/24209.htm> (accessed 14 December, 2010)

115. 2010. ‘People’s Republic of China keen to deepen cooperation with ASEAN on several fronts, says Secretary General of ASEAN,’ *ASEAN Secretariat*, March 24th, <http://www.aseansec.org/24430.htm> (accessed 14 December, 2010)

security and trading alliances among Japan, South Korea, Taiwan, Indonesia, Vietnam, Thailand, the Philippines, Australia and the US. The task of containing China through a series of counterbalancing military and economic coordination maneuvers is now widely accepted as necessary in the Asia-Pacific region. China's own strategy in all the key regional institutions has been to allay fears of its rise, but the sheer asymmetry of China's might vis-à-vis that of all other neighbouring powers has created a vicious environment of mistrust and tension.

No common East Asian view of international institutions is possible as long as China sticks to a hardnosed approach in its neighbourhood and tries to prevent the rise of rival centres of power. China's desire for a unipolar Asia under its hegemony and a multipolar world where Beijing shares influence with Washington and Brussels¹¹⁶ is not conducive for consensus building on international institutional change.

E-5) Indonesia

In Southeast Asia, Indonesia has always been a strategically and demographically significant country. President Sukarno was the flag bearer in the formation of NAM. In recent years, Indonesia has moved towards democracy and emerged as an economic power in Southeast Asia. As the fourth most populous country in the world, it is one of the leading members of ASEAN and an emerging economy with a major role to play in the region.

Within ASEAN, Indonesia had strained relations with Malaysia pertaining to British colonialism in Southeast Asia and with other member states during the crisis in East Timor. Apart from these issues, Indonesia is enhancing its footprint in ASEAN for its own economic prosperity. Ahead of Indonesia's Chairmanship of ASEAN in 2013, Finance Minister Marty Natalegawa emphasized the role of Indonesia in the region said, "Our role in and contribution to ASEAN should not only be maintained but enhanced for the economic interest of Indonesia. We have to ensure that Indonesians can reap the benefits of ASEAN to increase their welfare."¹¹⁷

The belief among strategic elites in Washington that Indonesia can resume being a Cold War-style bulwark against Chinese expansionism¹¹⁸ has driven Western understanding of Jakarta's value in recent times. However, the extent

116 Cf. Chellaney, Brahma. 2010. 'Asia's Changing Dynamics', *The Japan Times*, January 13th.

117. 2010. 'Indonesia to enhance role in ASEAN for national economic interest: FM,' *Xinhua*, February 10th,
<http://english.peopledaily.com.cn/90001/90778/90858/90863/6892631.html> (accessed 14 December, 2010).

118. Cf. Bower, Ernest. 2010. 'President Obama's Asia Travel: Why Getting to Indonesia Matters', Center for Strategic and International Studies', November 2nd.

to which Indonesia can avoid becoming fully dependent on Washington or on Beijing will be critical to balance of power and institutional development in Southeast and East Asia.

E-6) Egypt

There has always been skepticism about Egypt's role in regional affairs, as it is geographically located at the crossroads of the Middle East and Africa. Under President Nasser, Egypt was one of the most important founding members of NAM and professed belief in a framework of cooperation on political, social and economic issues among the developing countries. In Africa, Egypt played a pivotal role in the creation of the Organisation of African Unity in 1963. Presently, Egypt along with four other states— South Africa, Libya, Algeria and Nigeria— contributes 75 percent of the annual budget of AU.¹¹⁹ Egypt was the first African country to represent the continent of Africa in the UN Security Council from January 1946 to December 1947 and to sponsor the first resolution of United Nations aimed at apartheid, which was finally adopted in 1952.¹²⁰

On economic development, Egypt has been a member of the Common Market for Eastern and Southern Africa (COMESA), Sahel and Sahara Union (SEN-SAD). Egypt contributed and is committed to contribute its armed forces for peace-keeping missions under the UN flag.

However, the close association of Egypt with the US-Israel alliance in the Middle East and the long and brutal dictatorship of former President Hosni Mubarak robbed Egypt of its historical importance as an intellectual and spiritual leader of Arab states. Domestic institutional decay paralleled Egypt's inability to forge a common front of all Arab states on reforming global institutions.

E-7) South Africa

After its democratisation in 1994, South Africa assumed a leadership role in the development of Africa. Nelson Mandela emerged as an iconic figure to promote peace and stability in the region. South Africa was the victim of apartheid and assumed its moral responsibility to propagate peace and initiate development in other states of Africa after it attained majority rule.

South Africa is the first nation in the world to give up its nuclear weapons and played a significant role in the establishment of African Nuclear Weapons Free Zone, also referred to as Treaty of Pelindaba. President Mbeki played a leading

119. Souar, Issaka K. 2008. 'Egypt's Evolving Role in Africa: A Sub-Saharan Perspective,' *Institute for Security Studies*, p.5, http://www.darfurconsortium.org/member_publications/2008/April/ISS.040708.pdf (accessed 14 December, 2010).

120. *Ibid.* p.4

role in the formulation of New Partnership of African Development (NEPAD), which was presented to the OAU summit in Lusaka in July 2001.¹²¹ South Africa gave the rest of Africa access to the G-20 to extend Africa's voice to the stronger Global North.

South Africa is the tenth largest troop contributor in UN peace keeping missions. Apart from the G-20, South Africa is party to IBSA, an initiative for the cooperation among Southern democracies, and serves as a bridge between North and South because of the strong confidence it enjoys from neighbours in its own vicinity. As we saw earlier in this report, South Africa's regional citizen initiatives have created a benign environment in its own neighbourhood and given it authority to speak on behalf of the entire AU on international institutional issues. Although Pretoria's support for dictatorship in Zimbabwe has been a sore point, its overall record in practicing regionalism is quite successful.

E-8) Afghanistan

In Central Asia, Afghanistan is one of the most impoverished, ravaged and war-torn countries. The future of Afghanistan not only depends upon its people, but on its neighbours too. Apart from the United States and its allies, the role of regional players is important for building a new Afghanistan. It is important to build democracy in Afghanistan, where hardline militant groups and a kleptocratic state are thriving.

Afghanistan is struggling to ensure its economic growth and long term stability by entering into the regional organisations. It is now a member state of SAARC and CICA (Conference on Interaction and Confidence Building in Asia), but the state of war and occupation it finds itself in does not lend any power or resources with which to promote regionalism or international institutional change. As mentioned in a previous section of this report, regional consensus will be crucial to provide a lasting settlement to the prolonged armed conflict that has devastated this country. A Central Asian or South Asian voice on reformulating global institutions is inconceivable as long as the Afghan sore remains unhealed.

121. Gelb, Stephen. 2001. 'South Africa's Role And Importance In Africa And For The Development Of The African Agenda,' *The Edge institute*, October, <http://wiserweb.wits.ac.za/PDF%20Files/wirs%20-%20gelb.PDF> (accessed 14 December, 2001).

Informal Institutions

F. Humanitarian Intervention: Balancing Sovereignty and Human Rights

In most instances, “humanitarian intervention” or the emerging norm of “responsibility to protect” has not been *specifically or solely* claimed by a state or group of states to legally justify any forcible intervention in a sovereign state. However, there are situations where i) claims of humanitarian purpose, which may be seen as a claim of humanitarian intervention, have been made in conjunction with other justifications for the recourse to force, and ii), the issue of humanitarian intervention has been discussed/raised by both States, as well as scholars, in conjunction with such interventions.

The prime tension in this entire discourse is whether primacy should be accorded to protection of universal human rights or to national sovereignty, whose own meaning is undergoing rapid transformation due to the spread of democratic polities and liberal values around the planet. Humanitarian interventions raise germane questions of power and equity as to who has the right and the means to intervene and whether human life and its protection have equal value in every part of the world.

While there is a strong perception among critics in academia and in the policy world that humanitarian interventions are inventions of the West to impose “liberal imperialism” in the Global South, there are a number of instances where the said interventions were carried out by Southern states against each other. The following sections will examine a variety of specific instances, and analyse Global South perspectives on humanitarian intervention, as they have evolved during and after the Cold War.

F-1) Indian Intervention in East Pakistan

By 1971, relations between West and East Pakistan had deteriorated due to the West Pakistani control of the military, bureaucracy and economy, spawning a movement in the East by the Awami League for regional autonomy.¹²² The government began to fear the League’s secessionist ambitions, and thus decided to forcibly suppress the rebellion, through the targeting of the political leaders and supporters of the Awami League and the widespread killing and torture of civilians through ‘extermination camps’.¹²³

This resulted in an inflow of an estimated 10 million refugees into India, thus causing India to express concern at the situation of gross human rights

122. Wheeler, Nicholas J. 2000. *Saving Strangers: Humanitarian Intervention in International Society*, pp.55-56.

123. *Ibid.* p. 57.

violations in East Pakistan and to warn the international community that unless it acted, India would unjustifiably have to bear the intolerable burden.¹²⁴ However, the dominant view in the UN Security Council at that time echoed Pakistan's position that the situation was essentially within its own domestic jurisdiction, and hence under Art.2(7) of the UN Charter, the UN could not intervene.¹²⁵

On December 3, 1971, Pakistani forces launched a full-scale attack on 8 Indian airfields, resulting in India's immediate invasion of East Pakistan, and the outbreak of an open war. The Security Council then met in an emergency session to discuss the issue on December 5, 1971, but could not attain any consensus due to the USSR's threat and use of its veto power in favour of India. Thus, finally, in Resolution 303 of December 6, 1971, the SC referred the issue to the General Assembly through the mechanism of the Uniting for Peace Resolution of 1950. The UN General Assembly then deliberated on the issue, passing Resolution 2973 on December 7, 1971, which, while not attributing responsibility to any one party, expressed concern at the situation, and called for an immediate cease-fire, repatriation of refugees and observance of principles of international humanitarian law.

Pakistan, understandably, called the Indian intervention an act of aggression against Pakistan, as well as an attempt to dismember the state of Pakistan.¹²⁶ India then tried to justify its actions as a result of Pakistan acting first, in the form of the attacks on Indian air force bases (p.147; Wheeler, 2000, p.60). Thus, although India did not specifically refer to the right to self-defence under Article 51 of the Charter, self-defence appeared to be India's first line of justification for the intervention.¹²⁷

This justification was not received well by the other States on the Council, with China openly calling the intervention an act of aggression against the territorial integrity of Pakistan, and the non-permanent members, including Argentina, calling for an immediate end to hostilities and the withdrawal of Indian forces from East Pakistan.¹²⁸ The USSR seemed to be India's only ally in the Council, arguing that the situation in East Pakistan was due to Pakistan's actions, and thus could only be resolved through a political settlement involving the people of East Pakistan.¹²⁹

124. Franck, Thomas M. 2002. *Recourse to Force: State Action against Threats and Armed Attacks*, p.140.

125. Wheeler, supra note 122, p.58; Franck, *ibid.* p.140.

126. *Ibid.* p.146.

127. Wheeler, supra note 122, p.60.

128. 1971. *United Nations Yearbook*, p.147. (hereinafter 1971 UNYB).

129. *Ibid.* p. 148.

India's next line of defence is something that can be seen as akin to a humanitarian justification for its intervention. India stressed on the Pakistan "genocide" of the Bengali people, India argued that no country could remain "unconcerned" with such a situation and that silence and inaction in the face of such a human tragedy could only be seen as indifference.¹³⁰ However, India again, did not *specifically* argue that it had intervened for humanitarian reasons. Instead, India used a sort of combination of self-defence and humanitarian concerns for its intervention, arguing that the influx of refugees into India due to the Pakistani genocide, constituted a kind of "refugee aggression" against India, thus necessitating the Indian intervention.¹³¹ Thus, it appears, that for India, a forcible intervention was legal when necessitated by a combination of humanitarian and security (of one's own state) concerns.

F-2) Global South's Responses to India's East Pakistan Intervention

In the Uniting for Peace Resolution that would follow Security Council paralysis, the General Assembly considered the introduction of a resolution sponsored by 34 States, including two of the Global South states under study in this report— Argentina and Brazil. This Resolution, although it did not name India as an aggressor, expressed concern at the situation in the sub-continent, recalling the Charter prohibition on the use of force, and called for an immediate cessation of hostilities, withdrawal of armed forces, and cooperation with the Secretary-General for the repatriation of refugees.¹³²

In the debate on this resolution, India repeated its justification for its intervention, namely that it could not ignore what was happening across the border and that the resultant refugee influx was a "civil aggression" against India.¹³³ Pakistan acknowledged that it was suffering from an internal crisis; however, according to Pakistan, that gave India no right to intervene in its domestic affairs and commit an aggression against Pakistan aimed at dismembering it.¹³⁴ China also followed the same line—arguing that India, with USSR's support, was committing aggression against Pakistan.¹³⁵ The resolution (GA Resolution 2793 of December 7, 1971), when put to vote was passed with an overwhelming majority, with 104 votes to 11, with 10 abstentions.

Of the Southern states under study in this report, the ones that voted for the Resolution were: Argentina, Brazil, China, Egypt, Indonesia, South Africa and Yugoslavia. Cuba and India voted against the resolution, while Argentina

130. Franck, *supra* note 124, p.140.

131. Wheeler, *supra* note 122, p. 61.

132. 1971 UNYB, *supra* note 128, pp.150-51.

133. *Ibid.* p. 151.

134. *Ibid.*

135. *Ibid.* p.152.

abstained from voting.¹³⁶ This voting pattern was, as is to be expected, a reflection of the extant international alliance systems and political calculations of each country.

F-3) The Indian Flip Flop on Vietnam's Intervention in Cambodia

Interestingly, in the second instance where humanitarian intervention seemed of unspoken relevance—Vietnam's incursion into Cambodia in 1978—India, contrary to its protestations surrounding the unique humanitarian aspect of the East Pakistan conflict, vigorously opposed Vietnam's intervention. India's statement to the Security Council emphasized that the principles of sovereignty and non-interference were of universal application and that there could be “no exceptions” to them.¹³⁷ Other ASEAN and non-aligned countries were similarly opposed. The ASEAN countries, led by Indonesia, expressed concern over the situation [perhaps fearing that the war might spill into their territories, and an associated refugee crisis.¹³⁸], deplored the armed intervention, affirmed the right of the Kampuchean people to determine their future by themselves, and called for an immediate withdrawal of forces.¹³⁹

The non-aligned countries sponsored a resolution, which reaffirmed the sovereignty, territorial integrity and political independence of every state; called upon all forces involved to scrupulously observe an immediate cease-fire and to withdraw from Cambodia; and demanded that all parties involved strictly adhere to the principle of non-interference. This resolution, when put to vote, was defeated by a USSR veto, which considered the resolution a one-sided document based on distorted facts about the actual situation on the ground.¹⁴⁰

Vietnam's response, supported by the USSR, was that it had not invaded Cambodia, since there were “two wars” at play here—the first being the border war started by Pol Pot against Vietnam, and the other, the revolutionary war of the Kampuchean people. Thus, according to Vietnam, it had not committed aggression against Cambodia, since, it was only acting in self-defence to Pol Pot's attack on its borders; the fall of the Khmer Rouge was due to the people of Cambodia deciding to revolt against Pol Pot, in which there had been no Vietnamese involvement, although Vietnam, in principle, supported the Kampuchean cause.¹⁴¹ Thus, Vietnam did not at the raise any humanitarian motive for its actions at the UN Security Council.

136. *Ibid.* p.160.

137. Wheeler, *supra* note 122, p. 97.

138. *Ibid.* pp.89-90.

139. 1979. *United Nations Yearbook*, p.272 (hereinafter 1979 UNYB).

140. *Ibid.* p.275.

141. *Ibid.* p. 272.

F-4) Tanzanian Intervention in Uganda: a Dubious Precedent

Unlike India and Vietnam, Tanzania's incursion into Uganda in 1979 was not condemned by the Security Council, and in fact the Tanzanian-supported new government of Uganda received widespread recognition. However, as argued by Franck, the lack of condemnation in the Tanzanian case was simply because most states (including African States—the most active in condemning violations of sovereignty, and the USSR, which was the Ugandan protector in the Cold War) were embarrassed by the ousted Ugandan leader, Idi Amin's actions and were glad to see him deposed.¹⁴² Yet whether this case can be viewed as the Global South accepting the *legality* (as opposed to legitimacy) of Humanitarian Intervention per se, is debatable.

F-5) Global Consensus for No Fly Zones in Northern Iraq?

During the 1990-'91 US-Iraq war, President Saddam Hussein's persecution of the Kurds led to their exodus towards Iran and Turkey to escape the carnage. However, many still perished at the hands of the Iraqi forces.¹⁴³ The Security Council then passed Resolution 688, which condemned the Iraqi repression and, while not specifically authorizing the use of force, did authorize the Secretary-General to "use all the resources at his disposal" to put an end to the repression.

The US, along with France and UK, responded to the exodus by launching Operation Provide Comfort, declaring Northern Iraq to be a no-fly zone (NFZ) and out of bounds for Iraqi forces, commencing aerial drops of food and announcing the dispatch of 10,000 troops to protect the Kurds.¹⁴⁴

Res. 688 did not specifically authorise the use of force by member states due to the threat of Chinese and Russian vetoes.¹⁴⁵ Another interesting point is how the end of the Cold-War led to a reversal in the Russian position regarding interventions for humanitarian purposes, and the end of its geopolitical opposition of China. Second, while the coalition relied largely on the implied authority of Res. 688 to justify the NFZs.¹⁴⁶ UK

142. Franck, *supra* note 124, p. 144.

143. Eisner, Douglas. 1993. 'Humanitarian Intervention in the Post-Cold War Era'. *Boston University International Law Journal*, Volume 11, p.195, at p.213.

144. Franck, *supra* note 122, p.153.

145. Davis, Jonathan E. forthcoming, 2011. 'From Ideology to Pragmatism: China's Position on Humanitarian Intervention in the Post-Cold War Era'. *Vanderbilt Journal of Transnational Law*, Volume 44.

146. Gordon, Ruth E. 1996. 'Intervention by the United Nations: Iraq, Somalia and Haiti'. *Texas Journal of International Law*, Volume 31, p.43, at p.49; Chesterman, Simon. 2007. 'No More Rwandas vs. No More Kosovos: Intervention and Prevention' in. Ana Covarrubias Velasco & Daniel Ortega Nieto eds. 2007. *Protection of Human Rights: A Challenge in the XXIst Century*, p.185.

attempted to *post facto* invoke a right to humanitarian intervention in such situations.¹⁴⁷

This was the first time humanitarian intervention was explicitly argued in international politics (unlike the earlier three cases, where the intervening States relied primarily on the right to self-defence to justify their use of force). Despite China's unease at the deployment of NFZs, Cuba was the only Global South state to explicitly vote against Res. 688, and to condemn Operation Provide Comfort.

F-6) NATO in Kosovo: Unilateral Humanitarianism

The Kosovo crisis dates back to its declaration of independence in 1991, and the resulting human rights crisis in the region. The question of humanitarian intervention revolves around the air strikes conducted by NATO in Kosovo in 1999.

The region had seen severe brutalities by the Federal Republic of Yugoslavia ("FRY") (led by Milosevic) against Kosovar Albanians in the years preceding the 1999 air strikes. As the situation in Kosovo continued to deteriorate, the Security Council passed two Resolutions in 1998—Resolution 1160 (March 31), and Resolution 1199 (September 23)—which expressed grave concern at the situation; ordered that immediate steps be taken by both sides to avert the impending humanitarian catastrophe; called for a peaceful political solution which would grant greater autonomy to Kosovo; and condemned the indiscriminate and excessive use of force by Serbian security forces.

More importantly, each resolution explicitly stated that if the measures imposed by it were not complied with, the Security Council would "consider further action and additional measures" to restore peace and security in the region. This was followed by Resolution 1203 (October 1998), which called for compliance by the FRY of the previous two resolutions and agreements it had entered into with the OSCE; and for substantially greater autonomy to the Kosovars.

These resolutions however, were not complied with by the FRY, and were followed by brutal massacres of Kosovar Albanians in January 1999.¹⁴⁸ On March 24, NATO forces began their air strikes even though there was no explicit Security Council approval for them. The Security Council met in an emergency session on March 26th, where Russia proposed a resolution condemning the strikes, which was defeated. The air strikes ended on June 10, 1999, with the Military-Technical Agreement between FRY and NATO, and the withdrawal

147. Franck, *supra* note 124, p.155; Gray, Christine. 2008. *International Law and the Use of Force*, p.349.

148. Franck, *supra* note 122, p.165.

of FRY security forces from Kosovo. Thereafter the SC passed Resolution 1244 of June 10, 1999 which, *inter alia*, authorized the UN Secretary General to establish an international civil presence in Kosovo, in order to provide an interim administration for Kosovo.

The official NATO statement following the strikes does not provide any particular justification or legal grounds for the strikes, except stating that NATO's "military action is intended to support the political aims of the international community."¹⁴⁹ While the intervening countries relied more explicitly on humanitarian grounds than in the previous instances, here too, the reliance on humanitarian grounds was tempered by other factors.

For example, in the UN Security Council emergency session, the United States, France and Canada argued that since FRY was in violation of the legal obligations imposed by Resolutions 1160, 1199 and 1203, NATO was entitled to act under implied SC authorization.¹⁵⁰ It was only the UK and the Netherlands that specifically argued that the strikes were a *legal* response to a humanitarian catastrophe, and could be justified as an exceptional measure.¹⁵¹ After the strikes, FRY brought legal proceedings before the International Court of Justice against the ten NATO member states who had participated in the strikes.

Belgium, represented by Professor Ian Brownlie, was the only state to raise a legal justification for the actions—relying on implied SC authorizations, a doctrine of humanitarian intervention, and the argument of the existence of a state of necessity.¹⁵² After the strikes ended, the US was quick to emphasize the exceptional "*sui generis*" nature of the situation in the Balkans, and conclude that one should not "overdraw the lessons that come out of it".¹⁵³ This was quickly repeated by other NATO states, like Germany, as well.¹⁵⁴ The UK too, hitherto one of the only states to specifically advance a legal humanitarian justification for the actions, catapulted from its position (UK was the only state to advance grounds for when humanitarian intervention may be necessitated¹⁵⁵) and stressed on the exceptional nature of the strikes.¹⁵⁶

149. 1999. 'Statement by Secretary General', March 23rd in Heike Krieger ed. 2001. *The Kosovo Conflict and International Law: An Analytical Documentation—1974-99*, p.304.

150. Chesterman, *supra* note 146, p.211; Gray, *supra* note 147, p.353.

151. Chesterman, *supra* note 146, p.212.

152. Legality of Use of Force, FRY v. Belgium—oral pleadings of Belgium, May 10, 1999.

153. Chesterman, *supra* note 146, p.216 (quoting then US Secretary of State Albright).

154. Caplan, Richard. 2000. 'Humanitarian Intervention: Which Way Forward?' *Ethics and International Affairs*, Volume 14, p.23, at pp.30-31.

155. 1999. Statement of Foreign Secretary, March 25th in Krieger, *supra* note 149, p.410; Roberts, Adam. 1999. 'NATO's "Humanitarian War" over Kosovo'. *Survival*, Volume 41, p.102, at p. 106.

156. Chesterman, *supra* note 146, p.216.

F-7) *Southern Responses to the Kosovo Intervention*

The international reactions to the crisis in Kosovo were most starkly evident in the debates in the March 26 emergency Security Council meeting, where Russia, China and Namibia sponsored a draft resolution condemning and ordering the cessation of the strikes. Russia, China, Cuba and India (invited to participate without vote), along with of course, FRY, were the only three countries in the Council to specifically condemn the strikes as an act of aggression against FRY's sovereignty.¹⁵⁷

While Brazil and Argentina voted against the resolution, they did not advance any legal justification for NATO's actions. Argentina for example, explained that its negative vote was based on the need to put an end to the human rights violations in Kosovo, and that the draft resolution did not capture these aspects of the situation.¹⁵⁸ In a press statement following the strikes, South Africa also condemned the strikes as a violation of the Charter and accepted norms of international law¹⁵⁹, while Egypt stresses that even though the human rights situation in Kosovo was unacceptable, the appropriate forum for its resolution could only be the SC.¹⁶⁰ The NAM too, issued a statement in April 1999, which while not directly condemning the NATO strikes, affirmed the Security Council as being the body with the responsibility to handle the situation, and called for an immediate end to the hostilities.¹⁶¹

Independent assessments of the NATO intervention generally accept the moral legitimacy of the strikes. For instance, the International Commission on Kosovo, headed by Richard Goldstone concluded that the intervention was "illegal but legitimate" (illegal due to the absence of SC authorization).¹⁶² Whether the Kosovo intervention was purely humanitarian in nature or not, it forms the major precedent for humanitarian interventions in the post-Cold War era. Whether it was accepted by the Global South or not, the point remains that Kosovo, and the issues it raised (for example, UK Prime Minister Tony Blair's five major issues to be considered in deliberations on "when and whether to intervene"¹⁶³) formed the basis of the "Responsibility to Protect" shift in the 21st century.

157. Krieger, *supra* note 149, pp.429-31, p.438.

158. *Ibid.* p.435.

159. *Ibid.* p.493.

160. *Ibid.*

161. *Ibid.* pp.496-97.

162. 2000. *The Kosovo Report*, <http://www.kosovocommission.org>, p.4. (accessed January 17, 2011).

163. Roberts, *supra* note 155, p.119.

F-8) The Darfur Crisis: Power over Principle

The humanitarian crisis in Darfur reached its peak during and after the endorsement of the concept of Responsibility to Protect at the World Summit in 2005. Yet, as we shall see, the lack of effective response from the international community demonstrates the unwillingness of states in practice, for humanitarian intervention.

Despite the endorsement of 'R2P' and the clear evidence of a serious humanitarian crisis in Darfur, the Security Council chose to not to act. Western powers, which had hitherto been so active in "humanitarian" operations in the post Cold-War period, did not act, and the perspectives of the Global South states also varied greatly on Darfur.

The lack of political will to effectively address Darfur, especially on the part of the Global South, can be attributed, in large part, to the political environment prevalent in 2003-2004. US and NATO troops, for example, were occupied in Iraq and Afghanistan, and hence these states were unwilling to commit their military forces to the region.¹⁶⁴ It is this aftermath of 9/11, that is, the spread of the war on terror to Iraq on grounds of "humanitarianism" that resulted in the Global South's further mistrust of humanitarian intervention or R2P as a "veiled pretext for imperialism".¹⁶⁵

On the other side of the spectrum, strategic and economic interests of states like China (the single largest investor in Sudan's oil industry), and Russia (which supplied weapons and military equipment to Sudan, and which was also reluctant to endorse any intervention in any state, given the situation in Chechnya) formed the basis of their opposition to any measure jeopardizing the sovereignty of Sudan in this manner.¹⁶⁶

The Philippines was the only state to explicitly articulate that Sudan had failed in its responsibility to protect its citizens, thus warranting international action. Most countries of the Global South (notably China, Pakistan and Brazil) refused to even contemplate the question of intervention, despite the worsening situation on the ground in Darfur.¹⁶⁷

The second issue was on whom the responsibility (if any) to protect fell—the UN, Sudan or the African Union (AU)? The AU had deployed a peace operation

164. Weiss, Thomas G. 2006. 'R2P After 9/11 and the World Summit'. *Wisconsin International Law Journal*, Volume 24, p.741, at pp.745-47.

165. *Ibid.* p.746; Ayoob, Mohammed. 2004. 'Third World Perspectives on Humanitarian Intervention and International Administration'. *Global Governance*, Volume 10, p.99, at p.101.

166. Deans, Nadia A. 2005. 'Tragedy of Humanity: The Issue of Intervention in the Darfur Crisis'. *Emory International Law Review*, Volume 19, p. 1653, at p.1692.

167. Bellamy, Alex J. 2005. 'The Responsibility to Protect of Trojan Horse? Darfur and Humanitarian Intervention After Iraq'. *Ethics and International Affairs*, Volume 19, p.31, at p.42.

in Sudan (in which Egypt and South Africa contributed), but only when the Sudanese government agreed to such an operation. The AU did not invoke Art.4(h) of its Charter, which would have allowed it to intervene and set aside Sudanese sovereignty in the matter.¹⁶⁸

Thus, for the African states, Sudanese sovereignty was of paramount importance, despite the clear indicators of a humanitarian emergency in Darfur.¹⁶⁹ Eventually, the only effective action was the referral of the situation to the International Criminal Court for prosecution of the Sudanese President Omar al-Bashir.

F-9) In Search of a Global South Coordinator on Humanitarian Interventions

As previous sections of this report have highlighted, regional consensus and unity is paramount for solving major security crises such as wars and genocides. The failure of the AU to come out unanimously for the cause of democracy in Zimbabwe or to prevent mass killing in Sudan speaks of the frailty of political will and rapid response capabilities in the regional institutional scaffolding of Africa.

Humanitarian intervention can become an acceptable norm for the Global South, as it has been on some occasions in the past, if there is at least a broad-based regional agreement on a specific case that also accords with international law and considerations of basic human dignity. One of the tasks that remains unaccomplished, much to the chagrin of victims of serious atrocities, is that decisions as to whether an intervention is justified or unfair have been left to an often paralysed UN system or to powerful 'coalitions of the willing'.

The deep divisions within the G-77 group, which now has over 130 member states from the Global South, is a further problem, as it intensifies the fog of uncertainty and misuse of humanitarian charades for powerful vested interests to hijack the 'R2P' idea to further destabilise conflict-affected regions. The concluding part of this report calls for a Standing Committee on International Institutional Reform in the G-77, under the aegis of India, to create an institutional environment in which more consolidated positions are reached on sensitive issues such as ethnic cleansing and grave crimes against humanity being committed by states or non-state actors whose cannot be stopped by the state concerned.

168. Williams, Paul D. 2007. 'From Non-Intervention to Non-Indifference: The Origins and Development of the African Union's Security Culture'. *African Affairs*, Volume 106, p.253, at p.277.

169. Badescu, Cristina G. & Bergholm, Linnea . 2009. 'The Responsibility to Protect and the Crisis in Darfur: The Big Let-Down', *Security Dialogue*, Volume 40, p.287, at p.297.

Such a Standing Committee would be a worthy investment, insofar as states of the Global South are almost inevitably the playgrounds on which humanitarian intervention is carried out. Such a Standing Committee will undoubtedly also bring wider benefits of building bridges between Global North and Global South at a time when sovereignty has become fluid and penetrable and is yet being used as a shield behind which great human rights abuses are being committed with impunity.

G. Democracy Promotion: A Contested Norm

The desirability of democracy as the ideal way to organise one's polity is under severe contestation nearly twenty years after Francis Fukuyama predicted that liberal democracy was heading to be the only game in town worldwide. China, being a communist state and a rising economic power, is very far from the universally accepted principles of democracy. According to the Chinese Communist Party, democracy leads to turmoil and chaos. Given its size and global influence, it would not be an exaggeration to say that the future of democracy in the world depends on whether China's "trapped transition"¹⁷⁰ gets a move on in the right direction.

Indonesia, on the other hand, is an upcoming democracy despite the existence of numerous fissiparous tendencies inside the country. Indonesia is not only institutionalising democracy at the national level but also in regional forums. South Africa was a direct victim of apartheid that successfully consolidated its democratic transition. Africa has lessons to learn from South Africa, which institutionalized non-racial democracy. Egypt, on the other hand, is a regional partner of South Africa in developmental activities in Africa but still lags behind in ushering in stable democracy. Afghanistan is in the infant stages of democracy, and without the participation of its immediate neighbours, especially the great democracy of India, a stable democratic transition is not possible in Afghanistan.

In the paper 'Diffusion of Democracy, 1946-1994', the changing distribution of democracy was summarized, where it was noticed that dramatic changes occurred in Latin America— partly democratic in 1950, to autocratic in 1972, to mostly democratic in 1994, whereas Brazil experienced the "reverse waves" towards autocracy from 1950 to 1972.¹⁷¹ Real democratic activism in Brazil started during former President Lula da Silva's regime, when Brazil not only

170. Pei, Minxin. 2008. *China's Trapped Transition: The Limits of Developmental Autocracy* (Cambridge: Harvard University Press).

171. O'Loughlin, John et al. 1998. 'Diffusion of Democracy, 1946-1994', in *Association of American Geographers*, Volume. 88, Number. 4, p.555. <http://www.jstor.org/stable/2564092> (accessed 15 December, 2010).

started democratic reforms at home but preached democracy in South-South cooperation forums. Brazil did so especially through regional organisations and international forums it initiated, such as IBSA and G-20.

Brazil's immediate neighbour Argentina is participating in democratic endeavours collectively alongside other members of MERCOSUR, and in the past was active in promoting democracy to its Andean neighbours. A recent test of democracy in Latin America was the military *coup d'état* against the lawfully elected President, Manuel Zelaya, in 2009. Brazil and Argentina demanded Zelaya's restoration and the former even provided shelter to the ousted president in its embassy in Honduras. Yet, despite continent-wide unity on bringing Zelaya back, the status quo prevailed due to the efforts of conservative lobbies within the US body politic and in the region.¹⁷²

Cuba is one of the few Marxist states on the planet. To pursue democratic reforms in Cuba, opening up people-to-people contacts is necessary. US President Barack Obama lifted restrictions on travel and remittances by Cuban Americans, but US sanctions remain a hurdle to democratisation in Cuba. Havana can be influenced by regional partners through CARICOM to initiate democratic reforms gradually, but the hostility of the US and some of its allies in Latin America to Cuba has derailed this project.

Given these widespread differences in regime type and potential for democratisation within key states of the Global South, a common position for the entire developing world on the appropriateness of democracy promotion as an informal global norm is yet to emerge. The following section looks at how a cross-section of Southern states have approached the controversial question of whether or not to promote democracy in their regions and across the globe.

G-1) Brazil

Promotion of democracy has become a keystone of Brazilian foreign policy since the ascent of former President Lula Da Silva. The role of Brazil in preserving the democratic order can be well judged through its stance during the aborted putsch in Venezuela against President Chavez in 2002 and during the social and political unrest in Haiti. When then Haitian President Jean Bertrand Aristide fled the country, Brazil volunteered to take a lead in the United Nations stabilizing force in Haiti.¹⁷³

As a reflection of its commitment towards democracy, Brazil always supported the inclusion of references to democracy in the new preamble of the OAS (Organization of American States) and in regional declarations.

172. 2009. 'US Conservatives Support Ouster of Honduran President', *VOA News*, July 3rd.

173. Burges, Sean W. & Daudelin, Jean. 2007. 'Brazil: How realists defend democracy,' in Legler, Thomas et al. *Democracy in the Americas*, p.108.

It has been observed that “the importance of democracy in the constitution and the activities of the Rio Group, MERCOSUR, and the more recent South American community of nations can be to a large extent traced back to Brazil’s activism.”¹⁷⁴ This is also quite evident from the statement given by President Lula da Silva at the 63rd Session of United Nations General Assembly, where he said that his government has managed to deliver “an environment of strong growth, economic stability, lower external vulnerability and, above all, stronger democracy with the intense participation of our people.”¹⁷⁵

G-2) Argentina

Since the return to civilian rule in 1983, democracy promotion has been a salient feature of Argentina’s foreign policy agenda. Argentina is among those Latin American states which participated in multilateral efforts to defend democracy in numerous crises in the continent. Despite the presence of dynastic forms of democratic rulers, Argentina is advancing democracy at regional forums like MERCOSUR and OAS. As in the case of Brazil, the long experience of harsh military rule in South America has created a national consensus within Argentina in favour of representative government.

G-3) Cuba

Cuba is a classic case of authoritarian rule in Latin America. It is a hardline Marxist state which remained under the authoritarian rule of Fidel Castro till 2008, who paved the way for his brother Raul Castro to be his successor. But the increasing involvement of Cuba in Caribbean regional affairs in a constructive manner is generating hopes of slow democratic changes appearing in the country. Cuba’s challenge to undemocratic global institutions will be more credible if the Castros devolve more power and civil liberties to their people. But, as has been mentioned earlier in this report, the Damocles Sword of US sanctions on Cuba will have to be removed for democracy promotion to take off meaningfully in that country and in its neighbourhood.

G-4) China

China is a communist state with a single party system. It is a hardline state serving as a key source of survival for dictatorships in Burma and North Korea, both of which have been nurtured by Beijing’s patronage. The stupendous economic growth and global outreach of China have increased the country’s

174. Ibid. p. 110.

175. 2008. ‘Statement by H. E. Luiz Inácio Lula da Silva, President of the Federative Republic of Brazil’, *The 63rd Session of the United Nations General Assembly*, September 23rd. <http://www.un.int/brazil/speech/008d-CS-agnu-Open%20debate%20230908.html> (accessed 15 December, 2010).

propensity to “ask no questions” and coddle brutal tyrannies in Africa, which, incidentally, could also be a charge against many US and Western foreign policy approaches. However, China’s cosy relationship with, for example, Sudan’s President Omar al Bashir¹⁷⁶, who has been indicted of crimes against humanity by the International Criminal Court, is a quintessential example of the negative externalities of Beijing’s rise in world affairs, and appears to be a perpetuation of the type of self-interested regime maintenance that characterised much of the Cold War.

G-5) Indonesia

As the third largest democracy in the world, Indonesia proposed to transform Asia into a security community which required ASEAN to become a democratic entity. The proposal clearly amounted to a call for democracy in Southeast Asia.¹⁷⁷ On Indonesia’s stance on democracy, the Minister of Foreign Affairs Dr. R.M. Marty M. Natalegawa speaking at the 65th Session of United Nations General Assembly emphasized the importance of democracy and said, “...while the promotion of democracy is a global concern, we are also vigorously promoting democratic values in our region.....In 2008, Indonesia launched the Bali Democracy Forum, the only intergovernmental forum on political development in Asia.”¹⁷⁸ It is noteworthy that Indonesia is a frontline state within ASEAN to pressure the military junta in Burma to usher in a democratic transition.¹⁷⁹ In this sense, Indonesia is the antithesis of China and a model worth emulating by other emerging economies.

G-6). South Africa

At the regional level, South Africa’s foreign policy is based on promoting African renaissance through democracy and peace building.¹⁸⁰ The democrats fighting apartheid in South Africa induce this normative framework to garner

176. 2009. ‘China Wants Bashir Case Suspended’, *Al Jazeera*, March 5th.

177. Sukma, Rizal. 2009. ‘Democracy Building in South East Asia: The ASEAN Security Community and Options for the European Union,’ (International Institute for Democracy and Electoral Assistance)

http://www.idea.int/resources/analysis/upload/Sukma_paper14.pdf (accessed 15 December, 2010)

178. 2010. ‘Statement by Minister for Foreign Affairs, Indonesia’, *The 65th Session of the United Nations General Assembly*, September 28th.

http://www.un.org/en/ga/65/meetings/generaldebate/Portals/1/statements/634212875285000000ID_en.pdf (accessed 15 December, 2010).

179. Adamrah, Mustaqim. 2010. ‘Indonesia, SuuKyi Join Efforts to Push for Democratic Myanmar’, *The Jakarta Post*, February 24th.

180. April, YaziniFuneka, ‘Assessing South Africa’s strategic options of soft power application through civic interest groups’

<<http://ajol.info/index.php/ajcr/article/viewFile/52168/40794>> (accessed 15 December, 2010).

legitimacy and at the same time weaken autocratic influence throughout the continent. Yet, as mentioned before, the failure of South Africa to use the African Union forum and help release the people of Zimbabwe from the Robert Mugabe dictatorship has been a colossal failure for Pretoria's self-image as a democracy promoter.¹⁸¹

G-7) Egypt

Egypt has been under sustained military rule for over half a century and has only recently undergone a popular revolution for democracy. A strong executive with authoritarian powers has been at the helm of affairs for decades, and this domestic tyranny has translated into support for authoritarianism in the Middle East and beyond. The fact that Egypt is the intellectual centre of the Arab world means that it is, like China in East Asia, a crucial building block for democratisation. Should Egypt make a successful transition to democracy, it will have a multiplier effect on the prospects for democratisation in its extended neighbourhood, similar to the way Turkey has influenced Islamic societies as an example of moderate democracy.

G-8) Afghanistan

Afghanistan is still a democracy in making because of the fact that Taliban is in control of much of its territory and due to the widespread corruption in the Karzai regime. The only hope for Afghanistan is the greater participation by its neighbours in establishing democratic institutions and practices. The undue influence of Pakistan, which itself is a military-dominated polity, on Afghan affairs is a regional problem that can only be tackled through concerted involvement of democratic players like the US and India. Given that Afghanistan's surroundings are largely undemocratic, however, the chances of a lasting democracy emerging in that country are remote. The extent to which outside intervention has deepened the democratic deficit in Afghanistan needs to be considered seriously at the multilateral level.

Whether or not democratic institutions can develop in Afghanistan depends largely on the civil-military balance within Pakistan, which has a long history of unwarranted interference in Afghanistan's affairs. What kind of international institutional framework can be designed to end the war in Afghanistan and promote democracy in that country? As mentioned earlier in this report, the key lies in finding a harmonious regional solution which does not necessarily exclude the influence of the United States.

181. Baldauf, Scott. 2008. 'Why South Africa's Mbeki Won't Rein in Mugabe', *Christian Science Monitor*, July 1st.

H. Intellectual Property Rights: Institutional Conflict Goes Public

This report has sought Global South perspectives on a variety of global governance institutions. As such, the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS) was selected as an institution distinct from its WTO framework. TRIPS emerged from the Uruguay Round in 1995 as an effort to establish universal minimums for intellectual property protection. TRIPS is unique within the WTO because disputes over enforcement of patent rights has reached a high level of discourse over the last decade, largely pitting the Global North against the Global South. Secondly, and importantly, application of TRIPS is one of the few areas—unlike stalled debates over agricultural and NAMA subsidies—that has been interpreted in light of the Doha Declaration.

At the heart of the interpretation of TRIPS in light of the Doha Declaration has been the question of the use of compulsory licensing to access essential medicines. To be sure, there are other contentious aspects of TRIPS, including traditional knowledge,¹⁸² copyright and open source, etc. However, TRIPS remains the focus for its insight into the Global South approach to international institutions. As a corollary, this section first considers the changing role of the World Intellectual Property Organisation (WIPO).

H-1) WIPO: Coercion through Inclusion?

WIPO plays important infrastructural role in the implementation of a global system of intellectual property. It is through WIPO's Patent Cooperation Treaty (PCT), for example, that patent holders from any 142 signatory member nations can apply for patent protection in multiple countries. Top countries of origin for PCT applicants were, according to 2010 WIPO data, the usual suspects—United States, Japan, and Germany.

However, China moved into fourth place, while amongst developing countries, China was followed in quick succession by India, Brazil, and South Africa.¹⁸³ WIPO has traditionally been criticised by the Global South as serving the interests of Global North multinational corporations, in extending technical assistance to countries for implementation of IPR minimums. Since 2006, WIPO has attempted to mainstream development into its intellectual property agenda, responding to a proposal initially brought by Argentina and Brazil.

182. See, for example, Arewa, Olufunmilayo B. 2006. 'TRIPs and Traditional Knowledge: Local Communities, Local Knowledge and Global Intellectual Property Framework', *Marquette Intellectual Property Law Review*, Volume 10. Number 2, p. 156. <http://law.marquette.edu/ip/Arewa.pdf> (accessed, March 6, 2011).

183. 2010. 'WIPO: An Overview', p. 24. http://www.wipo.int/export/sites/www/freepublications/en/general/1007/wipo_pub_1007_2010.pdf (accessed March 6, 2011).

In 2007, India was recognized by WIPO as an International Searching Authority (ISA) and an International Preliminary Examining Authority (IPEA), joining a “coveted league” of only 15 other members,¹⁸⁴ including Brazil. What remains unclear is whether it remains a mark of appreciation for IPR implementation by Brazil and India, or whether it represents a softer form of coercion through inclusion. As such, we see increasing functional participation in WIPO as an organisation, and use of WIPO by emerging market powers. Seen as a sideshow to TRIPS for the last 15 years, WIPO may be reclaiming a greater institutional role for Global South nations, perhaps because TRIPS has proven so controversial in the context of the Doha Round.

H-2) Formal Responses to the Essential Medicines Debate

To generalise, pharmaceutical companies, largely supported by the US and the EU have sharply differed from Global South countries on the use of compulsory licenses. Compulsory licenses, permissible under Article 31 of TRIPS can, in certain circumstances, be used to override the intellectual property rights of the patent holder. The use of compulsory licensing has, in the last decade, spawned a faceoff between Global North and South interests that provides fascinating insight into both the advocacy—and the limits of advocacy—for Global South nations within international frameworks such as TRIPS.

Infectious disease burden is borne disproportionately by the Global South.¹⁸⁵ Prior to implementation of the 2005 Patent Act associated with its accession to the WTO, India provided 50% of ART drugs to patients in developing countries through its generic industry that had flourished under the permissive 1970 Patent Act.¹⁸⁶

As a consequence, since 2001, the Doha Round of TRIPS negotiations had focused attention squarely on the relationship between patent rights and the health needs of the developing world. The resultant Doha Declaration on the TRIPS Agreement and Public Health (‘Doha Declaration’) had sought to establish flexibilities within the TRIPS agreement that would enable access to medicines initiatives. Notably, article 5(b) of Doha highlighted the role of compulsory licensing under article 31(b) of TRIPS, emphasising the autonomy of member nations to ‘determine the grounds upon which such licenses are

184. 2007. ‘India Recognized as International Searching Authority and International Preliminary Examining Authority India Retains Second Position in FDI Confidence Index 2007’ http://commerce.nic.in/pressrelease/pressrelease_detail.asp?id=2170 (accessed March 6, 2011).

185. UNAIDS. 2009. *AIDS Epidemic Update*, available at <http://www.unaids.org>.

186. Medecins sans Frontieres. 2005. *Will the lifeline of affordable medicines for poor countries be cut: consequences of medicines patenting in India*, February 24th. http://www.msfaaccess.org/fileadmin/user_upload/medinnov_accesspatents/India%20briefing%20note.pdf (accessed March 6, 2011).

granted'. With the focus on compulsory licensing, however, came concern about the viability of the mechanism for least developed countries ('LDCs'), member nations with little or no manufacturing capacity. Article 31(f), after all, limits the use of compulsory licenses for 'predominantly domestic purposes'. This became known as the Paragraph 6 Problem.

A response initiated by the TRIPS Council as the result of protracted negotiations ('Decision of the General Council of 30 August 2003') was later formalised as a permanent amendment and entrenched in article 31*bis*. The article 31*bis* mechanism is aimed at LDCs, with a utility for middle-income nations limited to those who can demonstrate insufficient domestic pharmaceutical manufacturing capacity for the patent in question.

Art. 31*bis* did not work. The EU, Canada, and Norway amongst a handful of others passed legislation under the Art. 31*bis* guidelines. Cost considerations and red tape made the legislations little more than rhetorical. The only successful export of generic medicines was under Canada's *Jean Chretien Pledge to Africa Act*, 2004. In 2007, Rwanda sought to import generic ARVs under the Canadian legislation. This one-time export proved to be far too bureaucratic to be cost effective, and it was not repeated.¹⁸⁷

H-3) Doha as Leverage: Compulsory Licensing as a Global South 'Right'

Early in the decade, it seemed that the mere threat of compulsory licensing was sufficient to gain superior bargaining position in negotiations with pharmaceutical companies for Surveyed countries like Brazil and South Africa.

In January 2001, the Office of the United States Trade Representative (USTR) filed a complaint against Brazil for enactment of a compulsory licensing law before the Dispute Settlement Body of World Trade Organisation (WTO). Brazil issued a notice saying that it was considering grant of compulsory licenses for patents on two drugs, nelfinavir and efavirenz. Later, the Brazilian government agreed to settle for price discounts on the drug efavirenz, instead of granting compulsory license.

In August, 2001 Jose Serra, the Brazilian Health Minister announced the possible issue of a compulsory license for the manufacture of an antiretroviral drug (nelfinavir). The Brazilian government again reached a settlement with Roche, a drug manufacturer for a further discount of 40 %. Similarly in 2003 and 2005 Brazil managed to obtain price concessions from various drug manufacturers/patent holders on drugs Kaletra and Viread. In 2005, China

187. Rimmer, Matthew. 2008. 'Race Against Time: The Export of Essential Medicines to Rwanda', *Public Health Ethics*, Volume 1, Number 2, p. 89.

also used the threat of compulsory licensing to obtain price discount on the drug, Tamiflu.¹⁸⁸

In 2007, the stakes of the game had been raised. There was stiffer resistance with respect to second-line ARVs, such as Kaletra, and Efavirenz, at once more lucrative and effective than the first-line AIDS drugs that had preceded them. In 2007, the Brazilian Health Minister, José Gomes Temporão, initiated the process of compulsory licensing of Efavirenz, only for Merck to fold, agreeing to a price fix several-fold lower, benefiting a considerable size of the HIV affected population of Brazil.¹⁸⁹

Thailand would be the first country to actually issue a compulsory license. Over 2006 and 2007, the Thai government issued licenses for Efavirenz, Kaletra, and then, surprisingly, the cardiac drug, Plavix. Arguments centered around the proper usage of compulsory licensing in light of the Doha Declaration and its application to TRIPS Art. 31. The Thai experience would be closely watched by other Surveyed countries. In March 2007, Indonesia reportedly issued a compulsory license for patents on the AIDS drug efavirenz.¹⁹⁰ South Africa has fought several high profile battles over generic drugs.

As countries like Brazil and Thailand know, however, there is a political cost to aggressive interpretation of compulsory licensing provisions under Art. 21. It remains true that the Doha Declaration has proven an invaluable source of commentary for arguing latitude to set independent standards as to the circumstances in which a compulsory license is warranted, within broad parameters of a 'public health emergency.' However, these parameters are arguably being stretched, given the push back by pharmaceutical companies, along with US and EU trade representatives.

As one paper has argued, the conflict surrounding issuance of compulsory licenses can lead to a situation where countries like Thailand hold themselves to a higher standard of proof of necessity than that required by Art. 31(b) of TRIPS itself.¹⁹¹ Such TRIPS-Plus conditions are also seen in bilateral agreements being negotiated by the EU and US with various Global South partners. TRIPS-Plus conditions are often appended to larger trade agreements, appearing to be almost a form of barter.

188. Love, James Packard. 2007. 'Recent examples of the use of compulsory licenses on patents', (Knowledge Ecology International, KEI Research Note 2007:2) May 6th. <http://keionline.org/content/view/41/1>. (accessed March 6, 2011).

189. *Ibid.*

190. *Ibid.*

191. Burton-MacLeod, Jonathan. 2010 'The Tipping Point: Politics and Compulsory Licensing of HIV/AIDS Drugs in Thailand,' in Rubenstein, Kim et al., eds. *Incentives for Global Health: Patent Law and Access to Essential Medicines* (Cambridge University Press).

The compulsory licensing debate highlights the prime example of a multilateral body—the WTO—trying to address development concerns. While the TRIPS Decision was intended to ensure that patent laws did not vie with a right to health, the cumbersome institutional response has simply pushed the fight out into the street, so to speak. Global South participants such as Brazil, Thailand, and South Africa have taken unilateral action to aggressively interpret provisions of TRIPS, to which they all are a party—with some benefit, and at substantial political cost.

The wild card for the future of patent law and development, and indeed IPR as a whole is India, which has yet to reconcile the implementation of the 2005 Patent Act provisions with the permissive 1970 Patent Act that made it the world leader in generic medicines manufacturing. If the experience of the Global South around the institution of IPR is any lesson, however, the future of IPR and development will likely be fought in the public—not the institutional—forum.

I. Foreign Investment's Southern Face

Conceptualising foreign investment as an institution requires a step away from a singular view of institutions as formal, supra-national bodies, and a step towards the idea of an institution as a set of actors held together by common interest. Foreign investment has fueled unprecedented growth in the Global South in increasing measures over the past two decades, and therefore as an institution, it becomes an important coalescing point—as well as flash point—for state concern and expression.

In this report, foreign investment is considered separately from investment by International Financial Institutions (IFIs) such as infrastructural investment by the World Bank and macroeconomic assistance from the International Monetary Fund (IMF). As a result, private foreign investment presents the classic disaggregated picture of globalization as State-State interactions giving way to State-private interactions.

Significantly, the ability to attract private foreign investment beyond World Bank and IMF investment creates a growing 'emerging market' differentiation that proves to be one of the biggest fault lines in the Global South. The following analysis divides surveyed countries into two groups. In one group, high level of foreign investment in Global South nations fuels the economic and geopolitical rise of these nations. In the second group, geopolitics heavily impacts the level—and type of foreign investment. In this latter group, foreign investment is not always commensurate with economic growth.

The relative stability of large Global South economies during the 2008 Financial Crisis resulted in vast flows of foreign investment into emerging economies, making their continued growth rates a global imperative. Inward flows from the Global North to the Global South highlighted two very different types of foreign investment. Foreign institutional investment (FII), or portfolio investment, refers to speculative, often short-term, investment in financial markets. Foreign direct investment (FDI) in turn, describes longer-term investment, often the result of market expansion, by foreign investors. The two types of investment give rise to different concerns.

In an effort to stem short-term currency flows, most emerging economies raised tariffs and slashed interest rates in an effort to stave off the instability of this type of ‘hot money.’¹⁹² While variable, concerns over FII regulation are not particularly unique to the Global South in today’s integrated global market. The central focus for this report will be FDI.

This section makes three major points: i) there are significant commonalities in views on and responses to foreign direct investment by many members of the Global South, particularly those labeled ‘emerging economies.’ These will be dealt with in a section below, considering nationalist rhetoric and foreign direct investment in a number of the surveyed countries. ii) However, the influence of geopolitics first creates a separate class of surveyed countries for consideration. iii) Throughout, the World Bank’s ‘Ease of Doing Business’ assessment will provide a common denominator for understanding the complexities of foreign investment.

I-1) Ease of Doing Business Rankings

The nine topics considered in the World Bank’s Ease of Doing Business (EDB) Rankings include: starting a business, dealing with construction permits, registering property, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts and closing a business. The Rankings describe themselves as focusing on “the regulatory environment... conducive to the starting and operation of a local firm.” The EDB Rankings recognize their own limitations: “The ease of doing business index is limited in scope. It does not account for... the quality of its infrastructure services..., the strength of its financial system..., or the strength of underlying institutions.”¹⁹³

Within the EDB Rankings, arguably, the sub-rankings for “protecting investors” and “paying taxes” give a snapshot into the pro-activity of the government in attracting foreign investment—the measures to which a government will go to create tax-friendly environments, and the extent to which governments will

192. Chaulia, Sreeram. 2010. ‘Brazil Ups the Ante’, *The Financial Express*, October 14th.

193. *Economy Rankings*. <http://doingbusiness.org/rankings> (accessed March 6, 2011).

favor domestic investors over foreign counterparts, and/or whether there exists private remedy for foreign shareholders.

Thailand at 19, and Malaysia at 21 are the Global South's first EDB achievers. The surprise Surveyed country is South Africa at 34, with the remainder of Surveyed countries bunched around the 50th percentile or considerably worse: China at 79 (Pakistan is at 83), with Serbia at 89, Egypt at 94, Argentina at 115, Indonesia at 121, Brazil at 127, India at 134 (West Bank and Gaza is ranked 135), Nigeria 137, Afghanistan 167, Venezuela 172 (with Eritrea, Central African Republic, and Chad bringing up the rear). Particularly striking are the rankings for Brazil and India, clustered around the 70th percentile.

I-2) Emerging Economies, Foreign Investment, and Nationalist Rhetoric

This section analyses views on foreign investment by the surveyed country 'haves'. As in other portions of this report, it evidences a growing gulf between economies that are strong enough to supersede geopolitical currents, and those in the above section that are generally at a lower, or at least more conflicted stage of development.

Indeed, Brazil, South Africa, India, China, and Indonesia are all (relatively) happy parts of trendy economic acronyms relating to foreign investment.¹⁹⁴ As such, these surveyed countries share overlap in their views and handling of foreign investment that may be best described by a focus on nationalist forms of development. There are, of course, dissimilarities amongst these countries that relate to different political systems, structural economic differences, and geopolitical influence.

However, each of these surveyed countries seeks to maximize foreign investment—within limits. These limits may include equity caps on certain market sectors, the protection of 'national champion' industries, or the continued centralization of large economic sectors. The result is a sometimes Janus-faced approach to foreign investment, with distinct flavoring in each national context.

GDP growth rates in 2010 for China (9.5%), India (8.9%), and to a lesser extent Brazil (5.1%), South Africa (4.5%), and now Indonesia (6%), have been nothing short of extraordinary. BRIC, IPSA and now MIST,¹⁹⁵ represent the attractiveness—particularly in a post-2008 financial crisis world—of developing world economies.

194. BRIC, IBSA, and MIST.

195. Mexico, Indonesia, South Korea, Turkey; See Chaulia, Sreeram S. 2011. 'Long Live BRIC, Welcome MIST', *Asia Times Online*, January 16th. http://atimes.com/atimes/South_Asia/MA26Df02.html. (accessed March 6, 2011).

Interestingly, the attractiveness of foreign investment in the above economies is not always commensurate with EDB rankings, suggesting that investment opportunities are often driven by the sheer inertia of developing economies, and not simply because host nations have successfully untangled the complex matrix of regulations surrounding foreign investment. Indeed, some studies suggest that the difference in growth rate between China and India can be traced back to the relative streamlining of regulations governing foreign investment.¹⁹⁶

Another increasing difference between China and India (and other analogous surveyed countries) is the accessibility for foreign investment to a variety of market sectors. By and large, with substantial portions of its economy centralised, China only allows foreign investment in certain manufacturing sectors, a move that has resulted in sustained foreign direct investment over the last two decades, and that has fueled China's export-driven growth. By contrast, since 2005, India has further raised equity caps, and opened new market sectors for foreign investment, including telecommunications, insurance, and real estate sectors.¹⁹⁷ Even in India, however, foreign investment controls continue in sectors that deemed central to the national interest, either for security reasons, such as in the nuclear and banking sectors, or for uniquely political and social reasons, as in the case of the retail and agricultural sectors.¹⁹⁸

Roughly, what is common to the surveyed countries listed in this section is that in addition to having sufficiently large economies to attract high levels of foreign investment, they have the political capital to regulate foreign investment according to perceived national interest: this despite an outsized reliance on foreign investment to fuel their growth in an integrated global economy. It remains to be seen whether—and when—the pendulum will rebound, as investment protection treaties are implemented, and competition increases amongst Global South markets.

I-3) Geopolitics, and Resource-Based Foreign Investment

In terms of foreign investment, for geopolitical reasons, Afghanistan, Serbia, Venezuela and Nigeria need to be surveyed in a separate class. In this group, foreign investment is not always commensurate with economic growth, or

196. Sachdev, Rohit. 2006. 'Comparing the Legal Foundations of Foreign Direct Investment in India and China: Law and the Rule of Law in the Indian Foreign Direct Investment Context,' *Columbia Business Law Review*, p. 167.

197. Satyanand, Premila N. & Raghavendran, Pramila. 2010 'Inward FDI in India and its Policy Context', *Columbia FDI Files*, p.5. March 12th. http://www.vcc.columbia.edu/files/vale/documents/India_IFDI_2010_-_FINAL.pdf (accessed March 6, 2011).

198. *Ibid.*

foreign investment is problematized by social and political backlash.

Serbia is currently applying for accession to the European Union, arguably giving rise to a separate set of concerns over foreign investment than beset other members of the Global South. Relative to European counterparts, it's EDB ranking is quite low, despite post-Balkan war growth-rate of around 6% until the 2008 Financial Crisis.

In Afghanistan, the clouded difference between foreign aid and foreign investment emphasizes the strategic imperative of nation-building. There are distinguishable investments by non-occupying forces, however. China and the U.S. got in a recent scrap over Chinese acquisition of mineral deposits.¹⁹⁹ India, also interested in creating a strategic sphere of influence that extends to Afghanistan, and encircles Pakistan, is the biggest non-NATO contributor of foreign aid, largely funneled into infrastructural projects. The Kharzi government, dependent on U.S. occupation, wins political points by panning foreign investment as imperialist. However, the uniquely strategic interests of foreign investors in Afghanistan make it an outlier in the current analysis.

Venezuela makes the surveyed country list mostly on account of its radical views on Global North-Global South relations. While one of several Latin American socialist regimes, Venezuela's President Hugo Chavez is particularly vocal in his anti-Western views, and has been instrumental in building alliances with regimes that hold similar views. For example, in 2009, following the G-20 summit in Pittsburg, Chavez hosted the likes of Libyan dictator Muammar Gaddafi and Fidel Castro. Despite anti-capitalist railings, Venezuela's economy is disproportionately dependent on fossil fuels, meaning that socialization of Venezuelan's oil and gas resources has met with the capitalist peddling of oil and natural gas in curiously ironic patterns. Nevertheless, Chavez represents a very real and rhetorically significant sector of Global South views, as explored in other sections of this Report.

For some, Nigeria has been the perfect example of the 'resource curse.' While Nigeria sits on vast oil and gas reserves, the extraction of resources by foreign multinationals is not commensurate with domestic growth. While Lagos' elite benefit from royalties, tensions fueled by industrial activity near the delta and three decades of ethnically-based violence spilling over into intermittent civil war, have diluted the foreign investment-development promise, resulting in jaded and sectarian views on foreign investment in West Africa.

199. Huq, Aziz. 2010. 'Chinese Takeout,' *Foreign Policy*, June 15th. http://www.foreignpolicy.com/articles/2010/06/15/chinese_takeout (accessed March 6, 2011); Partlow, Joshua Partlow. 2009. 'Afghan Minister Accused of Taking Bribe: Massive Mining Contract Awarded to Chinese Firm', *Washington Post*, November 18th.

I-4) Horizontal investment and BRIC investment in the Global South

Emerging market powers are not simply foreign investment destinations. They are also foreign investors in their own right, particularly to fulfill energy and industrial needs. Chinese and Indian investment in Africa has been a widely noted trend in the last decade. As investors, India and China may continue to side with a liberal market model for investment nations and Global South partners to prevent curtailing of their own investment opportunities. On the other hand, there is a possibility that popular mobilisation to protect local community interests in Africa and Latin America, as well as nesting of outward FDI in the Global South by Southern powers in a loop of South-South camaraderie under the umbrella of the G-77 or a similar formation.²⁰⁰

J. Foreign Development Aid: The Coloured Man's Burden?

Traditionally, countries of the Global South have not managed to develop strong foreign aid bureaucracies or systems to channel economic and humanitarian aid via intergovernmental (IGOs) and international nongovernmental organisations (NGOs). This was unlike advanced capitalist donor states, which possessed vastly powerful capitalist classes that had global footprints and interests. For instance, the material and ideational thrust of the capitalist class in India is inward and oriented towards the domestic market within the country. For India's ruling elites to imagine playing a role as provider and pusher of economic aid in the Global South via international organisations, it will perhaps take another generation of capitalist growth.

Why are capitalist states most prone to giving development and humanitarian aid? There is often a circular process in which aid that is transferred by USAID or ECHO to impoverished and conflict-affected zones in the Global South via humanitarian and developmental NGOs and IGOs eventually returns to the Global North in the form of earnings for Western corporations. The penchant of most IOs for material relief and assistance is thus tied into the search of the capitalist world-system for opening up new markets. Through development aid, humanitarian aid and 'post-war reconstruction' packages, the capitalist world-system lengthens its shadows and deepens its appeal.

These correlations can best be exemplified by the case of Japan, one of the leading donor states of the world. Japan's profile as Asia's most prominent giver for humanitarian and development IOs arose in a context in the late 1980s, when it sought to open up new markets. The thrust of Japan's status as

200. Campbell, Horace & Chaulia, SreeramS. 2009. 'Unequal Equals: Angola and China', *World Affairs*, May.

a bankroller of international development and humanitarian IOs comes from the needs of its commercial capitalist class.²⁰¹

Yet, is it not logical to assume that the rise of emerging economies and their own multinational corporations which are engaged in intense global competition for mergers and acquisitions (M & As) of productive assets will soon bring in a scenario of a 'coloured man's burden' in least developed countries (LDCs)? The approaches of countries of the Global South to receiving as well as giving developmental aid are bound to change as variegation and power equations change within the G-77 community.

J-1) Many Shades of South on the Aid Regime

The Brazilian Cooperation Agency (ABC) is a state foreign aid agency which coordinates the international technical cooperation and assistance received by Brazil from foreign donors. Because of its leading role in the international forums, Brazil is also gradually becoming one of the world's biggest provider of aid to poorer countries. ABC has a budget of \$30 million, but studies reveal that other Brazilian institutions spend 15 times more than ABC's budget in technical assistance.²⁰²

Brazil's contribution to the United Nations Development Programme (UNDP) is \$20 to \$25 million, apart from its commitment to the World Food Programme and to reconstruction in post-earthquake Haiti. Brazil's gross development aid is estimate to reach around \$4 billion as it grows as an economy and generated capitalist and state surpluses.²⁰³

Brazil of course continued to simultaneously receive aid from United States. USAID collaborates with bilateral and multilateral donors, along with the Government of Brazil and the private sector undertakings, for the purpose of leveraging funds in sectors such as environment, health and economy. Apart from USAID assistance, Brazil is being assisted by the World Bank through its \$331 million programme to conserve the Amazon rain forests.

As we have seen in earlier sections of this report, Brazil has adopted a gradualist stance on foreign aid by not rejecting it entirely (i.e. remaining in the eyes of advanced capitalist donor states as a 'need country') while opening its own cheque book of magnanimity in LDCs where it has a strategic or economic interest.²⁰⁴

201. Cf. Johnson, Bryan. 1990. *Japanese Foreign Aid: Defining America's Interests* (Washington, D.C.: The Heritage Foundation).

202. 2010. 'Brazilian foreign-aid programme: Speak softly and carry a blank cheque,' *The Economist*, July 15th.

203. *Ibid.*

204. Foley, Conor. 2010. 'Brazil's Poverty makes its Aid Donations both Natural and Surprising', *The Guardian*, July 21st.

Argentina went through its worst political and economic crisis in 2002. There was a state of chaos with widespread unrest in the country. Nearly \$30 billion of foreign aid provided by the international financial institutions since 1983 could not prevent this crisis.²⁰⁵ This led to national soul searching as to how beneficial foreign aid is and whether or not Argentina was turned into a laboratory of the neoliberal aid and debt traps.²⁰⁶ That crisis revealed an economic system dominated by large business conglomerates which had a role in the receipt and iniquitous distribution of foreign aid and investment.

As Argentine civil society activists continue to view foreign aid and its repayment as enslaving, state elites have themselves come around to retake some of the policymaking autonomy that had been left to private players and aid donors. Political scientists have named this transformation through bitter experience the “post-neoliberal” condition in Argentina.²⁰⁷

Quite unlike Brazil and Argentina, Cuba is a revolutionary state that refuses Western donor aid completely, and is also committed to extend its aid to LDCs for its own ideological agenda. Cuba has a long history of civilian assistance, especially through its medical aid program. Cuba’s first foray into medical aid was in 1960, when it sent the medical assistance team to earthquake-hit Chile, with which it did not had diplomatic relations at that time.²⁰⁸ Cuba initiated the medical aid program as a means of its diplomatic outreach.

Apart from medical aid, Cuba assists fellow Southern countries in medical education since 1960. From 1966 till 2004, nearly 4000 international students graduated from Cuban medical schools.²⁰⁹ Cuba has launched international collaborative initiatives against HIV/AIDS in 19 countries and provides assistance to Venezuela in bolstering its health services. Cuba’s ‘vision restoration programme’ in Latin American and Caribbean countries and its Henry Reeve Disaster Response (HRDS) contingent, which is established as a permanent volunteer corps of health professionals for disaster response, have won admiration and praise within the G-77.²¹⁰

205. Ana Eiras. 2000. ‘Argentina: No aid without reform’ *Heritage Foundation*, April 17th.

<http://www.heritage.org/research/reports/2002/04/argentina-no-aid-without-reform> (accessed 15 December 2010).

206. Teubal, M. 2004. ‘Rise and Collapse of Neoliberalism in Argentina: The Role of Economic Groups’, *Journal of Developing Societies*, Volume 20, Number 3-4.

207. Macdonald, Laura & Ruckert, Arne. 2010. *Post-Neoliberalism in the Americas* (New York: Palgrave Macmillan).

208. Erisman, H. Michael. 2008. ‘Cuba’s Overseas Medical Aid Programs and Soft Power Politics’, http://www.cubastudies.org/londonmet/library/u64480_3.pdf. (accessed December 15, 2010).

209. Keck, C. William. 2007. ‘Cuba’s Contribution to Global Health Diplomacy’, *Global Health Diplomacy Workshop*, March 12th. <http://igcc.ucsd.edu/research/globalhealth/presentations/keck.pdf> (accessed December 15, 2010)

210. *Ibid.* p.4

During the earthquake in Haiti, Cuba played a major role in medical relief through HRDS. Cuba is also pivotal in educational assistance to students through scholarships. It has reified the rhetoric of South-South comradeship through this unique approach, which bypasses the usual IGO and INGO circuits for capital flows for economic aid. As we have seen in other sections of this report, the Cuban model is an alternative one to the gradualist one adopted by BRIC powers since the former does not conform to the existing international development aid paradigm that depends on corporations, IGOs and INGOs. It has emulation value for some emerging economies like India, which have highly skilled human resources that can be lent to LDCs to raise the latter's human capital base in a non-exploitative way.²¹¹

China is a recipient of foreign aid as well as a donor. It receives more than \$2.6 billion as foreign government aid, according to the latest figure available from the Organization of Economic Cooperation and Development.²¹² China receives major aid from UNDP, UNICEF, the EU, Japan Australia and Germany. It also received \$65 million from the United States in 2008 for promoting safe nuclear energy, health, human rights and disaster relief.

Apart from receiving the aid from other countries, China has formulated a new approach of 'diplomacy and development' by providing aid to weaker economies. Until 2006, China's disbursements in Africa were around \$2.7 billion as foreign aid.²¹³ Apart from aid, China invests significantly in Africa and is Africa's largest trading partner, which is a new approach in fostering South-South Relations and creating strategic depth in Africa. The high volumes of grants and low-interest loans China has dished out in Latin America and Africa have raised concerns as to whether this great power is positioning itself to be a "new empire" that exploits behind the veil of humanitarian charity.²¹⁴

Indonesia is one of the major recipients of foreign aid in Southeast Asia. It got assistance worth \$43 billion from the IMF in the late 1990s during the Asian economic crisis. The United States and Australia are the major donors to Indonesia, which is viewed as a strategic lynchpin in Western efforts to contain Islamic extremism as well as the stupendous rise of China. While Indonesia grows in prominence as one of the 'MIST' economies, a major crossroad would be national rethinking as to whether to remain in hock to donor countries and agencies or to adopt a self-reliant path.

211. Chaulia, Sreeram S. 2010. 'Aiding Soft Power', *The Financial Express*, February 17th.

212. 2010. 'China Rises and Rises, yet still gets Foreign Aid', *The Economic Times*, September 26th.

213. Kurlantzick, Joshua et al. 2006. 'China's Africa Strategy: A new approach to development and diplomacy?' *Carnegie Endowment for International Peace*, December 12th. <http://www.carnegieendowment.org/events/?fa=eventDetail&id=941> (accessed 15 December 2010).

214. See, for instance, French, Howard. 2010. 'The Next Empire', *The Atlantic*, May.

Under the dictatorship of former president Hosni Mubarak, Egypt was a major recipient of loans and grants from USAID. On the occasion of 30th anniversary celebration of the USAID programme in Egypt in 2006, the aid given totaled to \$28 billion, which is a largest amount of developmental aid given to any country by United States.²¹⁵ That this humungous amount of aid did nothing to lift ordinary Egyptians from poverty and unemployment was evident when popular revolutions overthrew the Mubarak dictatorship in early 2011 and generated a backlash against Egyptian development policies being bound to the strategic agenda of the United States.

South Africa takes major aid from USAID focuses on strengthening small and medium sized enterprises, creating employment, strengthening the health systems and addressing the most important issue of HIV/AIDS.²¹⁶ USAID projects are claimed to serve South Africa's management and technical capacity by working along nongovernmental organizations, public and private sectors and lending support to health care and community based workers.²¹⁷ Thanks to a vibrant democracy, South African civil society bodies have opposed the aid regime imposed through the Washington Consensus.

On the issue of South African outward assistance to other countries, such aid is directed to African nations being inspired by the idea of 'African Renaissance'. Seventy percent of the South African Development Assistance is directed to address the issues of improvement in governance, conflict prevention, resolution and remediation.²¹⁸ In years to come, as South Africa grows as a major economy, one expects it to join the ranks of the BRIC+ countries in developing a more extensive outward economic development aid portfolio that will steer away from the Cuban-Venezuelan model and embrace IGOs, INGOs and corporations that have a stake in material aid distribution.

Afghanistan has been under the cloud of war for the last three decades. Its largest ODA comes from the United States through USAID. USAID contributed \$1816 million to Afghanistan in 2008, with net ODA of \$4865 million.²¹⁹ Apart

215. 'U.S. aid to Egypt totals \$28 billion in three decades,' *USAID*

http://www.usaid.gov/our_work/features/egypt/ (accessed 15 December 2010).

216. 'USAID – Sub-Saharan Africa, South Africa'

http://www.usaid.gov/locations/sub-saharan_africa/countries/southafrica/ (accessed 15 December 2010).

217. *Ibid.*

218. Braude, Wolfe et al. 2008. 'Emerging Donors in international Development Assistance: The South Africa Case', *South African Institute of International Affairs*

http://www.idrc.ca/uploads/user-S/12345531711SouthAfrica_Final_Summary.pdf (accessed 15 December 2010)

219. Aids Statistics – Recipient aid charts. OECD

http://www.oecd.org/countrylist/0,3349,en_2649_34447_25602317_1_1_1_1,00.html (accessed

from United States, the major donors are the EU, United Kingdom, Canada, Germany, IDA, Japan, Norway, Turkey and Netherlands. Afghanistan's immediate neighbour, India, has pledged to assist Afghanistan with \$1.2 billion, which includes projects vital for the Afghan economy and its yet-to-materialise democracy.²²⁰ As mentioned before in other sections of this report, Afghanistan will be a litmus case for South-South cooperation to mitigate its stunning levels of poverty and lack of human development. The regional route, provided it gains traction through consensus building, holds the only hope for building institutions within and outside Afghanistan that can facilitate this country's economic growth and transition from war to peace.

15 December, 2010).

220. Wonacott, Peter.2009. 'India Befriends Afghanistan Irking Pakistan',*The Wall Street Journal*, August 19th.

<http://online.wsj.com/article/SB125061548456340511.html> (accessed 15 December, 2010).

PART III

INDIA AS A NORTH-SOUTH CONVENER ON INSTITUTIONAL CHANGE

The current liberal international order places a premium on soft skills that can contribute to political stability, which in turn is a prerequisite for the wheels of commerce and capital to move effortlessly. Fast-rising developing countries are neither fully neo-imperial in intent nor condemned to performing insignificant functions in the international system. They have the right mix of attributes to intervene creatively as peacemakers in crisis zones and as consensus-forgers on the right direction of global institutional reform.

States which act in the global interest will steal a march ahead of those who artificially restrict the scope of their diplomatic domain. Vijay Nambiar, Chief of Staff to the UN Secretary General, aptly commented in the context of India's stalled bid for a permanent seat in the Security Council that it "should play a more participatory role in world affairs."²²¹

India's pride as a land where intellect and mental skills are rewarded needs to be put to test at the global level. Anything less will render it a pretender that failed to capitalise on historic chances that come by states at specific stages of economic development and power progression. In Wallerstein's classification, India is a 'semi-peripheral' state that has attributes like democratic domestic institutions and peaceful domestic coexistence of an extremely multi-religious and multi-ethnic society, qualities which are widely admired both in the Global South and the North.

Unlike China, whose domestic political norm is authoritarian capitalism and external behaviour is based on predatory exports and military threats, India possesses a certain attraction by virtue of having grown in recent years not in zero-sum fashion with the rest of the world but by sharing prosperity.²²² Yet, a puzzling indecisiveness and parochial orientation towards global issues has gripped India's strategic elite, obfuscating the benefits that could accrue to New Delhi if it took on a greater mantle of peacemaker and coordinator of the somewhat varied visions of global institutional change that we encountered in Part II of this report.

In contrast to the path-finding globalist foreign policies of China, Brazil and Turkey— all 'semi-peripheral' emerging economies, stands the curious figure of India, an equal of Brazil in economic might but a pygmy when it comes

221 2007. 'India has to do More to get UNSC Permanent Seat', Press Trust of India, August 5th.

222. Cf. Chaulia, Sreeram S. 2010. 'Beijing Bullies, Mumbai Entices', *The Financial Express*, October 28th.

to diplomatically venturing out of its comfort zones of South Asia and the traditional realpolitik sphere of security competition. India has boxed itself in as an Asian power due to mental blinders rather than lack of resources to become a global peace-maker and institutional bridge-builder. The India of today is a conservative and over-cautious diplomatic actor on the world stage, cocooned in the indolence of minding its own business far too much.

The thinking prevalent in Indian foreign policy circles, unlike their Brazilian counterparts, is that if the country fixes its internal bottlenecks like infrastructure deficiency and keeps growing, then it would automatically be acknowledged as a great power in times to come. If a conflict or a global institutional loophole does not have a visible impact on India's strategic objectives, then it is simply bypassed in New Delhi as someone else's brief.

Unlike Brazil under its former President Lula da Silva, which sensed opportunities in far-flung disputes and regional regimes like those in the Middle East, India chooses to be self-absorbed, assuming that staying out of trouble zones is a rational tactic for a growing economy. Focussing on the home front with one's head down is a tried and tested formula that China itself practised in the Deng Xiaoping period (1979-97).

But as China itself has taken to measured diplomatic activism, and Brazil and Turkey pulled off more diplomatic coups like the Iran nuclear swap, India's basic premise that enhancing one's own hard economic power alone is sufficient to hoist it to world leader ranks is being exposed as a pretext for shortsightedness. Judiciously choosing specific armed conflicts and institutions that need fixing outside South Asia in theatres where India has innate strengths and attraction as a third party facilitator can minimise risks of diplomatic initiatives backfiring on New Delhi.

Unlike the days of the 'Indira Doctrine', when domination of South Asia was a transparent and suffused aim of Indian foreign policy, we now live in an interconnected world where India must register its strong presence in far-flung parts of the world to be recognised as a genuine, global power. Indian policy planners have to revisit lessons from the gradual displacement of New Delhi by Beijing as the pre-eminent Asian power in Africa: first by means of Mao Zedong's radical "Afro-Asianism" and later through proactive loans and natural resource-centric infrastructure building sprees.²²³

Be it the post-Nehruvian 1960s or the 2000s, India has been passive and lacking in concrete tools for courting and winning over African nations and people. It is largely due to foreign policy neglect and underestimation of Africa's economic

223. Garver, John. 2001. *Protracted Contest: Sino-Indian Rivalry in the Twentieth Century* (Oxford: Oxford University Press).

and human potential that New Delhi has been left with a tough mission of playing catch-up with Beijing. Given the high priority of gaining traction in Africa, the MEA's policy planners must devise quick impact projects, funds and programmes on a war footing that would reconnect African states and societies with their Indian counterparts.

More importantly, India needs to enter into sustained dialogue with African and Latin American states about their desired vision of global institutions and how some of the commonalities among all of them can be jointly compiled into a manifesto for reforming the building blocks of global governance in the interests of weak states and societies.

Contemporary India is not known for 'thinking big' on foreign policy thrusts despite the legacy of Nehruvian globalism. The narrow educational and experiential backgrounds of the current Indian political class and the obsessive media focus on just the country's immediate neighbours have reproduced a frog-in-the-well mentality that discourages knowledge accumulation and production beyond a certain geographical radius or comfort zone. There are, for example, countless Pakistan and Sri Lanka hands in and outside government in India but hardly anyone who has a masterly grasp of the politics and predilections of the Caribbean or Bolivarian America.

Grand foreign policy planners in India should have the luxury of not being entrusted with one particular brief and instead should have the whole world as their horizon. They must acquire the acumen to interpret the direct or indirect ramifications for India of a disputed election in Ukraine, a coup in Côte d'Ivoire, or a flared up boundary dispute between Thailand and Cambodia. Inputs do come into India's Ministry of External Affairs (MEA) from different embassies and consular missions around the world, but more than collating in-house diplomatic cables and emails is required to arrive at comprehensive estimates and policy adjustments that keep relating back and forth to the refrain of India's pre-eminent doctrinal foreign policy principles.

Intellectual talents that are outside the charmed circle of power holders will have to be mined extensively for situating Indian concerns within larger contexts and for projecting India's good offices to thresh out proposals for global institutional reforms. MEA's policy planners should embark on their historic mission with the basic presumption that the entire world is or soon will be India's backyard. While the primacy of some regions or issues may demand greater attention at times, Indian foreign policy must be ready with doctrines and deeds to exert influence in the remotest of corners. Since all of planet earth and outer space are India's theatres, a robust and competent foreign policy planning arm with an eye on shaping global institutions becomes a pressing need.

A UN Security Council without the constant attendance of India might be an anomaly that is eventually corrected, but the plenitude of international institutions in the contemporary world's thickset governance architecture means there is life outside the UN. India will do commendably if, while waiting for its red letter day in New York, it participates with gusto in new security and economic institutions like the Shanghai Cooperation Organisation and the East Asia Summit that are sprouting in its extended neighbourhood.

In the sphere of international security, India has been viewed as a link to leading world problems, and to shifting multipolarity, albeit a passive one. If India is the unspoken key to handling Af-Pak security questions²²⁴, and was at least during the Bush presidency, seen as a buffer against China's ascendancy, there has yet to be an active projection as to how India sees its own role as a provider of solutions in far-flung inter- and intra-state armed conflicts. Rediscovering the Nehruvian mojo of a truly globalised foreign policy is a major psychological shift awaiting India.²²⁵

How India shuffles its deck at the G-20, which has been declared the premier international institution to manage the global economy, is going to be more widely followed than India's routine omissions and commissions inside the UN. The vicissitudes of international alliances, configurations and structures since colonised India's RamaswamyMudaliar signed the UN Charter in June 1945 prove beyond doubt that the surest route to the hub of global policymaking emanates from a combination of national power accumulation and prescient foreign policy planning that dovetails the prevailing international institutional ethos. If India understands its own capacities and executes pointed actions that carry it from the semi-periphery to the centre of international institutions, the icing on the cake of a permanent Security Council seat will be the beginning, not the end, of a national quest to co-govern the planet.

Institutional Coordination as a Soft Power Multiplier

For India to assume the mantle of a consensus and bridge builder within and beyond the Global South on institutional change, it will first need to revamp its currently minimalist conception of soft power that is overloaded with cultural symbols like Bollywood and Yoga but lacks a foreign policy strategy for leading the efforts for global institutional reform.

Of the categories of power that add up to collective national strength of a state, soft power has received increasing attention ever since the liberal scholar

224. 2010. 'US Acknowledges India's Role in Inking of Key Af-Pak Agreement', *Hindustan Times*, October 30th.

225. Chaulia, Sreeram S. 2010. 'India in a Globalised World', *Geopolitics*, May.

Joseph Nye invented the concept in 1990.²²⁶ The ability of a state to influence and lead other states through attraction and goodwill has been central to the hegemony of the United States in the post-World War II and immediate post-Cold War eras. The belief that the US state and American socio-economic institutions like Wall Street and Hollywood worked not only for their own interests but in the general interests of world order by spreading public goods like security, free markets and universal entertainment underpinned US global leadership until the disastrous 'war on terrorism' and the collapse of the financial sector.

The remarkable fall in favourability ratings of the US in international public opinion over the last decade²²⁷ was a critical factor in ending the unipolar moment since 1991 and taking the world towards multipolarity. If the traditional analysis of the waxing and waning of dominant states is overloaded with hard power variables like military and economic strength²²⁸, the media- and opinion-saturated information age is bound to elevate the importance of soft power in the overall power calculations for any state.

India began its journey as a self-determining state in 1947 with a soft power bang that faded away after its greatest exponent, the country's first Prime Minister Jawaharlal Nehru, exited the scene in 1964. In the Nehru years, India was a pygmy in hard power indices but a giant in soft power because Indian foreign policy was global in scope and based on universally appealing concepts such as peaceful coexistence and distributional equity in the world economy. The number of diplomatic forays Nehru made into distant conflicts around the world and his persistent involvement in reform proposals to make global institutions more equitable was dizzying and brought instant liking and recognition for India as a responsible Asian country that was trying to solve global problems.²²⁹

But a narrowing of India's domain of foreign policy interest due to generational change in political leadership and harsh realities of war with China and Pakistan reduced the country's soft power range and limited it, at best, to the status of a South Asian hegemon. Ironically, even as India practically disappeared as an actor with influence in far-flung regions of the Global South like Africa and Latin America by the turn of the century, it began to improve

226. Nye, Joseph. 1990. *Bound to Lead: The Changing Nature of American Power* (New York: Basic Books).

227. 'Global Public Opinion in the Bush Years (2001-2008)' (Pew Global Attitudes Project, Washington D.C.) December 18th. <http://pewglobal.org/files/pdf/263.pdf>. (accessed March 6, 2011).

228. See, for instance, Kennedy, Paul. 1987. *The Rise and Fall of the Great Powers: Economic Change and Military Conflict From 1500 to 2000* (New York: Random House).

229. Chaulia, Sreeram S. 2007. 'India's Soft Power: Lessons from Nehru', *Indo Asian News Service*, March 12th.

its hard power attributes by logging higher economic growth and military prowess.

Counter-factually, if only India's current leadership and strategic elite corps had the global vision of a Nehru, they could work wonders for the country's image and reputation because they sit atop ever-accumulating hard power that Nehru could only dream of. But the attitudinal change required in India's foreign policy bureaucracy to reorient itself and redefine India's sphere of interest in global rather than regional or continental proportions has not yet occurred.

The status quo is riddled with an obsession for happenings in the immediate neighbourhood, neglect of political developments in geographically distant parts of the world and their potential impact on India's fundamental long-term projected foreign policy ambitions. A paucity of endogenous knowledge accumulation in International Relations theory and application in Indian academia and policymaking²³⁰ has also condemned the strategic discourse in the country to be a mere recipient of new thinking about statecraft from overseas rather than producing its own recognisable brand of action in world politics that could be admired or emulated by others.

Unlike China, for instance, which has coined the catchy phrase 'peaceful rise' to portray its own ascent in international power standings and build a coherent literature and narrative to go with it²³¹, India finds itself intellectually handicapped in confecting long-term foreign policy planning mantras that would set it apart as a desirable state whose upward mobility is mostly welcomed, not feared.

India has not leveraged its core strength, its vast pool of English-speaking mathematics, engineering and medical graduates, to good effect when they could easily spearhead the country's overseas aid missions and earn much-needed international empathy. India's vibrant cultural exports like Bollywood films, yoga, spirituality and the kamasutra definitely count in slowly rebuilding its soft power points tally, but there does not appear to be a methodical plan involving state and civil society coordination to purposefully expand them on a global scale the way China has managed through its burgeoning Confucius Institutes.²³² Better utilisation of the country's finest minds for public relations and diplomacy overseas remains one of the many items in India's overflowing 'to do' list.

230. Bajpai, Kanti. 2005. 'Enter, the Dragon', *Indian Express*, August 16th.

231. Bijian, Zheng. 2005. 'China's "Peaceful Rise" to Great Power Status', *Foreign Affairs*, September/October.

232. Qingchuan, Y. 2008. 'Booming Confucius Institutes Enhance China's Soft Power', *Xinhua*, November 2nd.

India has bristled in recent years at being depicted as a spoiler state on keystone institutions underpinning the international system such as nuclear non-proliferation, climate change and multilateral trade, but an image problem has persisted that it is an adamant country that flouts global norms and acts exclusively for narrow self-interest.²³³ To an extent, India can claim to be victim of a vilification campaign by Western media houses that are unable to digest the ongoing power shift to Asia. But the country's rulers have not given enough thought to branding India's foreign policy and unique domestic social attributes like pluralism, democracy and tolerance to the level that authoritarian China has done through a masterful 'charm offensive'.²³⁴

That these domestic traits make India a natural candidate to further the cause of position coordination among countries of the Global South on formal and informal institutional change is a truth that has not been grasped by the country's strategic elites. India is not yet at a stage of foreign policy planning where it has developed the skills of drafting and presenting to the entire international community a compound document that contains agreed common denominators from the entire Global South on controversial informal institutions such as humanitarian intervention or democracy promotion.

As mentioned before in this report, Indian leaders need to realise that there is a close body and shadow-like linkage between domestic norms and institutions and their international counterparts. Martha Finnemore and Kathryn Sikkink have succinctly noted that domestic institutions are "deeply entwined with the workings of international norms" and that "many international norms begin as domestic norms and become international through the efforts of entrepreneurs."²³⁵ The ability of Indian polity, warts and all, to accommodate a bewildering variety of contesting interests and identities into a stable and democratic order, is the biggest plus point in terms of credentials for India to undertake the mission of a coordinator of Global South demands for a fairer international institutional order.

233. See, for instance, Crossette, Barbara. 2010. 'The Elephant in the Room', *Foreign Policy*, January/February.

234. Kurlantzick, Joshua. 2007. *Charm Offensive: How China's Soft Power is Transforming the World* (Connecticut: Yale University Press).

235. Finnemore, Martha & Sikkink, Kathryn. 2005. 'International Norm Dynamics and Political Change', *International Organisation*, Volume 52, Number 4, p.893.

PART IV: CONCLUSION AND RECOMMENDATIONS

International Institutions that Reflect Global Aspirations

It is not happenstance that five of the ten institutions surveyed in this report are international economic institutions, viz. foreign investment, the IMF, the World Bank, the World Trade Organisation and protection of Intellectual Property Rights. The table of the G-20, the premier economic coordinating institution of the world of our times, not only seats BRIC and South Africa but also emerging economic powerhouses like Indonesia, Mexico, Turkey, and Argentina. Amongst other things, it appeared that the 2008-2009 Financial Crisis had served an undeniable reminder of the interdependence of world economies, and of a suddenly amplified interdependence of Global North economies on the still surging Global South emerging markets. G-20 is a reflection of this reality.²³⁶

The emergence of 'post-millennium' institutions such as the G-20 will undoubtedly shake the existing international institutional landscape. Previous sections of this report have outlined convergence and fragmentation of the traditional roles and understandings of formal and informal international institutions in the Global South. It is clear that, often at the initiative of increasingly empowered Global South actors, and sometimes simply because of the shift towards economic multipolarity, international institutions are undergoing substantial change.

Where these institutions remain too rigid or resistant to change, they risk increasing irrelevance, as described in the sections relating to the UN Security Council. In these cases, post-millennium institutions will gradually emerge in their place. The IMF may have been saved from irrelevance by the 2008-2009 financial crisis. Reforms to IMF voting rights in favor of emerging markets are underway. However, it is notable that these reforms were conceived and implemented by the G-20, which appears to be acting a majority-shareholder's group. Intense Global South animosity looks set to further shift its development role away from the IMF and potentially towards a G-20, or similarly horizontal, economic inspection process.

The stagnation of the Doha Round, considering development and trade, has entrenched a Global North-Global South divide in the WTO's multilateral trade forum. The greatest proliferation of preferential treatment agreements (PTAs) since the creation of the WTO has occurred amongst, and between,

236. Chaulia, Sreeram S. 2010. 'A Friend in Need...' *The Financial Express*, November 12th.

Global South nations. At the same time, a similar bifurcation within the Global South has occurred between nations who have the economic and political weight to utilise the WTO dispute settlement system (DSM). The data on the initiation of disputes at the DSB shows clear striation in the ability to leverage the dispute resolution mechanisms of the WTO. Global South nations seem to see advantage in the cultivation of PTAs, but these PTAs increasingly lack regional characteristics, favoring rapidly growing economies over Global South regional blocs.

In the context of intellectual property rights (IPR), the Doha Round of multilateralism has conferred advantages—however complicated—to Global South countries in interpreting TRIPS provisions. IPR in the Global South is currently at a critical phase. However, to the extent that Global South countries have displayed a willingness to redefine IPR in their favor, it again highlights the clout held by emerging market ‘haves’, relative to their Global South ‘do not yet have’ counterparts. Importantly, however, the interpretation of TRIPS in light of the WTO’s Doha Round shows the ability for certain members of the Global South to selectively leverage existing international institutions to their advantage.

The Global South is the fastest growing destination for foreign investment. However, not all Global South actors are created equal, and countries who have been able to set protectionist limits on foreign investment, along with regulation of portfolio investment, have enjoyed outsized economic growth. Other, slower developing nations have been subject to the neoliberal conditions of the IMF and the World Bank. The record of success has been spotty at best. In sum, market strength has translated in geopolitical benefits for several rounds of emerging market economies, but for other members of the Global South, geopolitics has limited their growth potential.

One consistent theme, evidenced by the shooting arc of the G-20 in international economic affairs, or the proliferation of PTAs in the trade context, is the convergence of interests and functions among existing international institutions. The WTO cannot properly address global trade imbalance without addressing currency controls, which is in the purview of the IMF; and apparently neither can operate without direction from the G-20. This report highlights simultaneous convergence and devolution of the role of traditional international institutions as a result of developments in, and initiatives from, the Global South.

Where Global South actors may still hold the cards is in the area of foreign investment. The shift of global GDP from stagnating Global North markets towards a first, and a second tier of powerful emerging markets, results in the ability to set the terms for entry of foreign investment. It is telling that

foreign investment does not have an umbrella intergovernmental organisation. Current foreign investment regulation seems to be produced at the national level and defended at the international level in Global North-initiated institutions such as the G-20 and the World Economic Forum (WEF).

Can the Global South Fill an Institutional Void?

This report has raised significant questions as to what kind of institutions will fill the void in policymaking spaces generated by the increasing demand for global governance mechanisms. The operations of formal international institutions continue in countries with lower rates of development, even while they are reduced, if not nullified, in emerging markets. The result is an intense stratification of the international institutions within which, and the modalities by which, Global South nations can pursue their own interests.

This stratification calls into question the role India will take within the Global South in identifying new forums for less fragmented pursuit of Global South economic and security interests. The rise of the G-20 as a post-millennium institution insists on the need for the rise of parallel post-millennium institutions initiated from the Global South. Such institutions would provide a pragmatic forum for Global South debate on development economics, integration of the global economy, balancing the rights of national sovereignty and the 'responsibility to protect', and carving out compromise amongst increasingly fragmented Global South views.

Immediately following the Pittsburg G-20 Summit, Venezuelan President Hugo Chavez hosted 61 Global South heads of state in an Africa-South America Summit in Caracas. The Western media described it as a 'who's who' of malcontents, from Qaddafi to Castro to Mugabe to Chavez to Algeria's Bouteflika. However, the summit also hosted Brazilian President Lula da Silva and South Africa's President Zuma. The summit proposed stronger African, South American ties, predicated on a shared history of colonial oppression. From a practical perspective, the summit was intended to ramp up South-South economic ties, including preferential trade and investment initiatives. It also provided a rhetorical forum from which to rail at the failures of international economic institutions.

The Africa-South America summit highlighted an unresolved, but crucial question: what sort of post-millennium economic institutions are envisioned to counter the G-20 as an adequate representation of Global South elites. *The Economist* magazine recently considered the role for domestic middle class groups in emerging economies:

"Compared with the poor and the rich, the middle class contains a greater range of interests. Other things being equal, any group in the middle should

act as a moderating influence on social conflicts... [but] middle classes in other emerging countries, faced with the disputes and strains of democratisation, seem more likely to deepen political divisions than to resolve them.”²³⁷

On a global scale, middle class elitism by emerging market powers could result in a similar outcome for the Global South. The inclusion of emerging market powers in the G-20 is a reflection of integration of the global economy, and represents the positive substantial autonomy of this strata of Global South nations. The ability of those same emerging markets to leverage current international economic institutions, such as the WTO’s dispute settlement body or Doha-based interpretations of TRIPS, remains an undeniable positive for Global North-South integration.

A Southern Standing Committee on International Institutional Reform

The lingering question, however, is whether the emerging market countries have the foresight to augment their global geopolitical position by simultaneously engaging with weaker Global South counterparts in reinventing the landscape of international economic institutions. One of the ideas that could materialise in this context is the creation of a ***Standing Committee in the G-77 chaired by a widely respected country like India*** to promote internal consensus within the Global South on transforming all critical formal and informal international institutions. This Committee should not restrict itself to one or two institutions, but rather come up with a holistic manifesto that covers the entire horizon of global institutional architecture. The Committee will need an active moderator, which ensures that it receives similar levels of attention and prestige to that enjoyed by G-20 summits.

To claim that reforming/abolishing/creating international institutions and thematic regimes is the single most important task for global stability is no exaggeration. This report has demonstrated through theoretical and empirical means that fairer, more inclusive and effective institutions can rectify some of the current injustices that permeate the international system. There is a clearly felt call for reinvention of international institutions, as manifested in the rise of regional organisations, bilateralism and growing crises of vocalism and unmet expectations in traditional institutions. This is an opportunity for India, and also for dialogue amongst Global South participants in such a way that the notion of ‘emerging powers’ is not consonant with graduation and leaving behind peers to wallow in weakness and poverty, but active mediation to lift all boats together.

237. 2009. ‘The Other Moore’s Law: A Special Report on the New Middle Classes in Emerging Markets’, *The Economist*, February 12th. <http://www.economist.com/node/13063306> (accessed March 6, 2011).

This report have also floated the idea that India stands to gain significantly in soft power by inserting itself into the thicket of disparate voices surrounding the question of what is working and what is wrong with existing formal and informal institutions. In 2003, nuclear specialist George Perkovich concluded on the basis of an itemised check list that India “must make great strides before it can attain significant power over other states and thus in the international system at large.”²³⁸ Since that time, the Indian economy has been a flag bearer for the national quest to be accepted as a genuine great power. Economic growth remains India’s main claim for entry into the hallowed portals of influential states, and this attribute is likely to keep impressing itself on the rest of the world with even bigger voice in decades to come. Should infrastructure revamping and skilling of the population succeed, the sky is the limit for India’s entrepreneurial energies.

But simultaneous enhancements are warranted for India’s soft power as a “norm entrepreneur”, which can be augmented by harnessing the country’s talented sections of the labour force and introducing an element of creativity, flexibility and global vision into foreign policy. The day Indian strategic elites wake up to the fact that retaking the role of a leader of the Global South to replace or reform the presently iniquitous institutional mechanisms is as vital an interest as balancing China’s rise through alliances and military modernisation will be a special moment.

The stage is set and it is up to India to step into the vacuum in the global policy space where institutions keep proliferating but lack legitimacy as well as efficacy. If India’s foreign policy establishment grabs the idea of the Standing Committee on international institutional reform and shepherds it into reality, it would be laying the foundations of its own entry into the ranks of a global power. This historic window may not stay open for too long if India sleeps at the wheel and someone more enterprising from within the Global South shoves it aside.

238. Perkovich, George. 2003. ‘Is India a Major Power?’ *The Washington Quarterly*, Volume 27, Number 1, p.129.

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