

New World Order or Disorder?

THE RISE OF THE 'REST' A DILEMMA FOR THE WEST



CENTRE
FOR INTERNATIONAL
RELATIONS

Analysis

11/2016

www.csm.org.pl



Patryk Kugiel

Head of the International Economic Relations and Global Issues Programme at the Polish Institute of International Affairs. Specialist on South Asia and international development co-operation. His research in PISM focuses on India's and Pakistan's foreign policies, security situation in South Asia, U.S. and EU policies towards the region; implications of India's rise on global order as well as development co-operation policy of Poland and the EU.

Russian aggression in Ukraine was a serious illustration that emerging powers strive to change international order. In fact we have witnessed, in recent years, more assertiveness from the rising “Rest” and the construction of an alternative world system. This brings more risks for global peace and stability and is a grave challenge to the Western powers. The changes in the international system in recent years - scrutinizing moves to set up parallel global institutions, norms and regulations by emerging powers – show two possible reactions of the West. A compromise would be the only sustainable way to avoid growing divisions. Although this will not be easy, the alternative – confrontation – is only worse.

NEW WORLD ORDER OR DISORDER? THE RISE OF THE 'REST' A DILEMMA FOR THE WEST | Patryk Kugiel

2

Russia's annexation of Crimea and crippling invasion of Ukraine in 2014 shocked the West and marked the end of the peaceful era in the post-Cold War Europe. President's Putin decision to invade Ukraine has been explained differently by a multitude of scholars and analysts, citing many internal, external, political, economic, and psychological factors. But most explanations were Euro-centric in nature and tended to ignore the global perspective. However, if this is seen as an aberration driven by a single man, or isolated incident of violation of the international order by a single nation, then the gravity of the situation is not fully understood. In fact, it was rather a symptom of much bigger process – a growing division between the West (understood here mainly as the EU and the US) and the Rest, and a rising assertiveness of emerging powers, more openly contesting the existing international system.

The West and the Rest

This division was evident in reaction to aggression on Ukraine by other members of BRICS (Brazil, Russia, India, China and South Africa) and many other developing states. Despite massive pressure major non-Western powers did not condemn Russia and did not join the West in imposing the sanctions. Instead President Putin was invited to participate in BRICS Summit in Fortaleza in July 2014 and thanks to them was not excluded from G20 Summit in Brisbane later that

year. In July 2015 Putin acted as a host of 7th BRICS Summit in Russian city Ufa. As was observed, this “Putin moment” was helpful to “show Moscow is not isolated”¹. For Russia, BRICS became a main partner to fend off growing Western pressure but was not the only one. Interestingly, when the UN General Assembly voted on the Western-tabled resolution on territorial integrity of Ukraine condemning Russian annexation of Crime on 27th March 2014, 58 countries abstained and 11 voted “no”. Although 100 states supported the West, in terms of world population, the majority was not on board.

This was not because they support violation of international laws, but think that the West is not any better. As commented by an Indian journalist: “The Russian President is being no more — or no less — hypocritical than the United States when he couches his actions in the language of humanitarianism or religious piety. This is how great powers behave.”² This must be a matter of serious concern for the EU and the US, which need to seriously rethink their policies and plan an appropriate reaction.

¹ Lidia Kelly, Katya Golubkova, BRICS summit gives Putin a chance to show Russia not isolated, The Reuters, Jul 6, 2015

² Srinath Raghavan, “For a warmer Russian bear hug”, Opinion, *The Hindu*, 10 December 2014.

NEW WORLD ORDER OR DISORDER? THE RISE OF THE 'REST' A DILEMMA FOR THE WEST | Patryk Kugiel

3

What does this trend mean for the world peace and development? Is there an anti-Western alliance in the making driven by BRICS (Brazil, Russia, India, China and South Africa)? How can the West and should it respond to these challenges? What are the main grievances and aspirations of developing world? Are we heading towards many alternative world orders and a growing confrontation between old and new powers? Or is a fundamentally new universal and inclusive system still possible? These are some questions addressed in this article. First, it shows how the parallel world system is being constructed. Then it explains the aims and motivations of new powers. In conclusion it describes possible responses of the West and suggest preferred ways to scale down growing tensions.

I. Alternative World Order

The literature on changing international system over last two decades is already very rich. Most scholars agree about the relative decline of the Western powers, rise of the Rest and shift of global wealth and power to the East³. This post-

³ See for instance: Fareed Zakaria, *The Post-American World*. New York and London: W. W. Norton & Company, 2008; Kishore Mahbubani, *The New Asian Hemisphere: The Irresistible Shift of Global Power to the East*, New York: PublicAffairs, 2008

American world is being characterised differently – from multipolar, to multiplex⁴, to “no-one’s world”⁵. However, instead of the assumed evolution from unipolarity to multipolarity, what we actually witness is a shift from one universal system to two alternative orders, with their own set of institutions, norms and regulations. This second world system is being constructed by the emerging powers in opposition and reaction to the current order dominated by the West⁶. Although representatives of this additional system claim it is not rival to the existing one, having parallel structures of global governance brings risk of more instability and chaos.

In this prism we must see recent policy of Russia. Its aggression on Ukraine has been an open and the gravest challenge to the current system, but there are more signs of growing assertiveness of the Rest. China became recently more assertive in

⁴ Amitav Acharya, *The end of American world order*, Cambridge; Malden: Polity, 2014

⁵ Charles A. Kupchan, *No one’s world: the West, the rising rest, and the coming global turn*, Oxford: Oxford University Press, 2012.

⁶ Thomas Renard, *BRICS: An alternative order in construction (Summit takeaways)*, Egmont Royal Institute for International Relations, 15-07-2015; see more: Cedric de Coning (Editor), Thomas Mandrup (Editor), Liselotte Odgaard (Editor) *The BRICS and Coexistence: An Alternative Vision of World Order*, Routledge: 2014.

NEW WORLD ORDER OR DISORDER? THE RISE OF THE 'REST' A DILEMMA FOR THE WEST | Patryk Kugiel

4

the South China Sea and directly challenges US supremacy in world affairs. Its defiant rejection of an international arbitration court's jurisdiction over a case brought by the Philippines in July 2016 was another blow to international law.⁷ As Moscow is now contesting American positions in Europe and the Middle East, China seems to be challenging the historic US primacy in East Asia and the Pacific. In the past, the coalition of BASIC coalition (Brazil, South Africa, India and China) has blocked the climate deal in Copenhagen in 2009 and stalled Western-led trade agenda under WTO Doha Round. Emerging powers managed to get more voting shares in International Monetary Fund in 2010 reform (subsequently blocked by US Congress) and joined G-20 as a premier financial governance institution. They criticize Western-led trade deals (TTP, TTIP) while at the same time negotiate their own FTA's with other developing partners and mega trade deals (like Regional Comprehensive Economic Partnership, RCEP). They present different perspective on development cooperation, security issues and economic development.

⁷ "Testing the Rule of Law in the South China Sea", Editorial, *The New York Times*, July 12, 2016 <http://www.nytimes.com/2016/07/13/opinion/testing-the-rule-of-law-in-the-south-china-sea.html?ref=world&r=0>

Role of BRICS

At the forefront of construction of alternative world order stands BRICS. This once an analytical concept coined by the Goldman Sachs economist in 2001⁸, BRIC (Brazil, Russia, India and China) evolved towards formal grouping with the first meeting of Foreign Ministers in New York in September 2006 and the 1st Summit in Yekaterinburg, Russia, on 16 June 2009. With inclusion of South Africa in 2010, it morphed into BRICS and soon institutionalized its cooperation in number of mechanisms and platforms. Besides annual summits (eight thus far) it holds meetings of Ministers of Finance, Trade, Health, S&T, Education, Agriculture, Communication, and Labour. Alongside this, there are conferences for Central Bank Governors, a number of Working Groups and Senior Official's meetings, and a few additional interactions involving civil society (business and youth, BRICS Think Tanks Council (BTTC), Business Council, Academic Forum, Business Forum, and Financial Forum).

Reform of global governance became a primary motivation of BRICS intensified cooperation of this, otherwise, quite heterogeneous group. Major

⁸ Jim O'Neill, "Building Better Global Economic BRICs", Global Paper No 66, Goldman Sachs, 30th November 2001

NEW WORLD ORDER OR DISORDER? THE RISE OF THE 'REST' A DILEMMA FOR THE WEST | Patryk Kugiel

5

powers first pushed to transform existing global institutions, but when this failed, they chose simply to contest existing rules and construct new ones. In Fortaleza Summit in 2014 BRICS established a New Development Bank (NDB), an alternative to World Bank, and Contingency Reserves Fund as parallel to International Monetary Fund (IMF). In March 2015, China formed the Asian Infrastructure Investment Bank (AIIB) as a challenge to the Asian Development Bank, dominated by Japan and the US. New financial system is further complemented by number of Chinese regional initiatives, like the Silk Road Fund. Also the new Chinese strategies of “One Belt, One Road” or the “New Silk Road” can be seen “in the long term becoming an element of the construction of the Chinese international order, which is alternative to the one dominated by the United States.”⁹ In political terms, the Shanghai Cooperation Organisation, which recently accepted India and Pakistan as new members, has emerged as major security organisation in Asia. Russia’ led Euroasiatic Union is promoted as an alternative to the European Un-

ion. In addition to BRICS, Russia, China and India meet regularly in trilateral RIC format. Emergence of BRICS and their propositions seem increasingly attractive to many in the Global South and pose an open question to domination of the West.

The contest for the international system is not confined to global institutions only. Searching for more power and independence in foreign policy, some BRICS members started working towards internationalization of their currencies to undermine the dominance of USD and Euro as global currencies. China has already managed to make IMF to include renminbi/yuan to Special Drawing Rights basket in November 2015. According to Klaus Regling, CEO of the European Financial Stability Facility (EFSF), the Indian *rupee* or Brazilian *real* are likely to become in future a part of multipolar currency system along with US dollar and Euro¹⁰. Moreover, these new players have put a challenge to Western rating agencies, accusing them of promoting political interests of the US. A Chinese agency, Dagong Global Credit

⁹ Marcin Kaczmarek, “The New Silk Road: a versatile instrument in China’s policy”, *OSW Commentary*, 2015-02-10, available at <http://www.osw.waw.pl/en/publikacje/osw-commentary/2015-02-10/new-silk-road-a-versatile-instrument-chinas-policy>

¹⁰ “Rupee will be part of multi-currency system: Klaus Regling, CEO of the EFSF”, *Economic Times*, 22 Aug, 2012, http://economictimes.indiatimes.com/articleshow/15596726.cms?curpg=2&utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

NEW WORLD ORDER OR DISORDER? THE RISE OF THE 'REST' A DILEMMA FOR THE WEST | Patryk Kugiel

6

Rating, was established already in 1994, but it intensified its operations in the aftermath of 2008 financial crisis. In 2015 Russian Central Bank started its own institution - Analytical Credit Rating Agency (ACRA) - to fight back against the domination of Standard & Poor's, Moody's and Fitch¹¹. In 2016 Russia adopted new regulations on operation of rating agencies which pushed major international players to exit or scale down presence on its market¹². Moreover there has been some indication since 2014 that Russia and China wanted to create a joint rating agency to curb the influence of the US-based 'Big Three' in the ratings business¹³. At the recent BRICS Summit in Goa, India leaders discussed creating

joint BRICS rating agency. Although the outreach and credibility of these new agencies are still restricted to their national markets, in the long term they may gain bigger market share in countries dependent on Russia and China, and make credits for developing countries cheaper.

Not only money

The Alternative world order is not confined to financial architecture only. BRICS propose new ideas and models for development cooperation, cultural promotion or agenda setting. Whilst new powers have spent more and more on foreign aid in developing countries, they reject the rules, standards and principles of international development cooperation promoted by the OECD Development Assistance Committee¹⁴. They do not comply with DAC definition of official development aid and use different statistics making calculations about precise aid levels impossible. BRICS offer assistance and FDIs with no strings attached and promote South-South cooperation based on principle of "mutual bene-

¹¹ "Russia is so fed-up with Western credit rating agencies, it has launched its own", *The Telegraph*, 11 Dec 2015, <http://www.telegraph.co.uk/finance/economics/12046291/Russia-is-so-fed-up-with-Western-credit-rating-agencies-it-has-launched-its-own.html>

¹² Anna Baraulina, Anna Andrianova, *Vladimir Putin Starts His Own Ratings Firm*, Bloomberg, March 17, 2016, <http://www.bloomberg.com/news/articles/2016-03-17/putin-starts-own-rating-firm-as-fleeing-americans-leave-void>

¹³ "Russia, China create joint rating agency to counter US dominance", *Deutsche Welle*, 03.06.2016, <http://www.dw.com/en/russia-china-create-joint-rating-agency-to-counter-us-dominance/a-17679771>

¹⁴ see: Emma Mawdsley *From Recipients to Donors: Emerging powers and the changing development landscape*, Zed Books Ltd, 2012; Emma Mawdsley, *Development and the India-EU Strategic Partnership: Missing incentives and divergent identities*, Policy Brief 14, FRIDE, October 2014.

NEW WORLD ORDER OR DISORDER? THE RISE OF THE 'REST' A DILEMMA FOR THE WEST | Patryk Kugiel

7

fit” that is a welcome alternative to donor-driven and conditional assistance of traditional donors. There is growing understanding that BRICS-led New Development Bank (NDB) poses challenge to European Union as it can “dilute the very standards in development finance that the EU has long championed”¹⁵.

As long as international news agencies and TV channels were mostly from the US and EU (CNN, BBC, AFP, France 24, Deutsche Welle, etc.), the West could have easily promoted its vision on world affairs and shape the global agenda. However, in recent years this became more problematic with a rise of news channels from the emerging countries, from Qatar’s Al Jazeera, to Russian Russia Today to Chinese CTV4 – often presenting contradictory or alternative narrative and perspectives. The war for hearts and minds has a new dimension – the struggle over ideas and perceptions and information wars. China embarked on “charm offensive” with several hundred Confucius Institutes around the world. As an alternative to Nobel Peace Prize, assumed to promote Western values and political agenda, China started awarding the

Confucius Peace Prize in 2010, and India confers the Gandhi Peace Prize since 1995. International NGOs, media and human rights groups based in the West became regarded as “foreign agents” and their activities constrained or banned not only in Russia, but in China, Egypt, India and many others. At the same time Russia and others use the same instruments in its policy towards the West. It started funding friendly NGOs, media and political parties to influence domestic audiences abroad. In a new division of labour, while Russia confronts the West militarily and more openly, others do it more indirectly in global trade, finance or governance.

The division between the West and BRICS is well exposed in voting in UN General Assembly. For instance in 2014 coincidence of voting with the US in the UN General Assembly for Russia – was 43,9%, Brazil – 37,3%, South Africa – 37%, China – 35,9%, and India – 26,5% - much lower than total average – 44,6%. For comparison the relevant numbers for European countries were much higher – UK- 78,9%, France - 76,1%, Germany – 64,9% and Poland – 63,9%¹⁶. This clearly shows that BRICs share position on

¹⁵ Balazs Ujvari, “The BRICS’ New Development Bank and the EU’s options”, *College of Europe Policy Brief* no 7.16, April 2016.

¹⁶ *Voting Practices in the United Nations — 2014. Report to Congress Submitted Pursuant to Public Laws 101-246 and 108-447*, Department of State, July 2015

NEW WORLD ORDER OR DISORDER? THE RISE OF THE 'REST' A DILEMMA FOR THE WEST | Patryk Kugiel

8

many global issues, as opposed to similar views of the US and Europe.

II. Why the Rest wants its way?

While observing global processes it is important to understand why many countries contest Western leadership in global affairs? Why they challenge the current system and strive to form alternative structures? From the Euro-centric perspective all looks well. The EU is still the largest contributor to the world economy, biggest donor of development assistance, major source of foreign investments and trade partner, leader of fight with the climate change, staunch promoter of democracy, human rights and good governance. Also the US could be proud for many things. The problem is not all perceive this so positively. Especially beyond the transatlantic area.

More just world order

For years after the end of Cold War developing countries were calling for more just and multipolar world order. As their concerns and aspirations have been turned down, there was growing sentiment of alienation and frustration. As underprivileged citizens in many Western countries turned to the streets following the economic crisis demanding more equality and empowerment (like an American Occupy Wall Street movement, Indignados in Spain, and political parties like Syriza in the Greece), so “marginalized” states

have become more vocal in expressing their voices.

There are three broad categories of motivations of these players: economic, political and symbolic. First it can be seen as a division between developed and developing countries or “haves” and “have-nots” accelerated by globalisation and growing economic inequalities, spread of technology and communications and rising aspirations. Second it is natural struggle between the “status quo” and the rising powers. And finally it is a symbolic war for hearts and minds and competing models of global governance and cooperation.

It is not only that many in the world became disappointed by American leadership under the President G.W. Bush. Not only were many frustrated with the Western unilateralism in global governance, they simply find that the current system, which was created over 70 years after the Second World War by victorious powers, does not reflect the reality of the modern world. Importantly, it is believed that the international economic system based on Bretton Woods institutions is designed in such a way as to serve mostly the interests of West. The Promotion of liberal Washington Consensus is sometimes accused as a form of neo-colonialism, and conditionality attached to foreign aid is seen as an interference in domestic affairs of other countries.

NEW WORLD ORDER OR DISORDER? THE RISE OF THE 'REST' A DILEMMA FOR THE WEST | Patryk Kugiel

9

An ambitious climate change agenda, that tried to impose bidding commitments on developing countries is criticised as “green imperialism” exercised by the West and a new method to slow down growth in emerging economies. As observed by one Indian expert: “Europe wants India to be the first country that move from pre-industrial to industrial phase without use of fossil fuels. And China – to be the last.”¹⁷ Similarly, international trade regulations are seen as unfair and serving mostly interests of the US and Europe. Subsidies to domestic agriculture in the EU and US, worth several hundred billions of dollars or rigid Intellectual Property Rights are perceived as disturbing free flow of goods. New Western-led mega trade deals (like TPP and TTIP) are seen as another threat to trade and a measure to secure privileged position of OECD states by overcoming more equitable regime under the WTO.

Arrogant West?

In a popular perception, the West has violated international law over the last two decades (like Kosovo 1998, Iraq 2003, Libya 2011) and been unpunished. That’s why when it criticised the

Russian aggression in Ukraine in 2014, it did not simply sound credible. Many developing countries, attached to principles of sovereignty, territorial integrity and non-interference, reject “foreign interference in domestic affairs” practiced by the Western powers in the South under the guise of humanitarian intervention or democracy promotion. Examples from Afghanistan, Iraq or Libya are vivid evidence to many in the Global South that this cannot bring anything good. Russia, India and China did not blocked UN Security Council resolution on Libya in 2011 but claimed subsequently that NATO went beyond its mandate by going from protection of civilians to regime change there. Therefore BRICS hold now the West responsible for the situation in Libya: “the breakdown of integrated state institutions, effective army and law-enforcement bodies, which in turn contributed to the rise of activities of terrorist and extremist groups”¹⁸.

Western attitude has been seen as unresponsive and arrogant, based on the false assumption of the universalism of its own liberal principles and ideas. Promotion of liberal values is more often rejected as cultural imperialism, and the spread of democracy is seen as a toll of regime change and

¹⁷ Seminar with experts from the Observer Research Foundation, Polish Institute of International Affairs, Warsaw, 24.06.2015.

¹⁸ VII BRICS Summit: 2015 Ufa Declaration, Ufa, Russia, July 9, 2015

NEW WORLD ORDER OR DISORDER? THE RISE OF THE 'REST' A DILEMMA FOR THE WEST | Patryk Kugiel

10

imposition of Western ideology. The support to NGOs is increasingly seen with suspicion. Moreover the West is often accused of hypocrisy and double standards, as it upholds relations with dictators when it serves its interests. For years, the EU talked about building effective multilateralism, but they did little to go beyond the rhetoric. The US under president Obama took a step back from the role of global policeman and made some conciliatory gestures (the reset with Russia, engagement with Iran, Myanmar and Cuba) but failed to reform global governance (with the stalled IMF reform a case in point). For more hawkish observers on both sides of the Atlantic, the concessions that were made have been seen as a sign of weakness to other great powers, but for those in developing countries, these concessions did not go far enough.

Even the growing radicalisation in the Muslim world and rising terrorism threat can be seen as offshoot of anti-Americanism and the most radical revolt against the West, their allies in the Middle East and their liberal values. Problems in tackling the refugee crisis, or the never ending deliberations about accession of Turkey, or the uncertain status of Ukraine, consolidate the view of Europe as continent of prosperity whose high moral values only exist in official documents. Therefore criticism of the international system gains traction in many developing countries, not only in BRICS, as UNGA voting on Crimea has

shown. Even in Africa, the Caribbean and the Pacific Group of states, despite major aid from the European Union, they do not fully support Western positions on major global issues and point that “the idea of political conditionality through financial leverage as a means to incentivise or coerce democratisation is in need of a thorough review¹⁹.”

Russia: leader of The Rest

Russian aggression on Ukraine in 2014 proved that the old security system based on balance of power is not working. Although there were some isolated voices in the West pointing that “the United States and its European allies share most of the responsibility for the crisis”²⁰ the majority put a blame on Russia. Still, it was evident that that “The crisis in Ukraine has revealed that many non-Western powers are uninterested in investing in the preservation of Europe’s post-modern

¹⁹ *The Future of ACP-EU Relations: A Political Economy Analysis Perspective. Progress Report with Preliminary Findings and Emerging Conclusions, Revised version, ECDPM, 13 October 2015, p. 27.*

²⁰ John J. Mearsheimer, Why the Ukraine Crisis Is the West’s Fault. The Liberal Delusions That Provoked Putin, *Foreign Affairs*, Volume 93, Number 5, September/October 2014

NEW WORLD ORDER OR DISORDER? THE RISE OF THE 'REST' A DILEMMA FOR THE WEST | Patryk Kugiel

11

order”²¹. More than this, with its open confrontation with the West, Putin has emerged as a self-declared leader expressing grievances and frustration of many developing states that often felt marginalised and exploited by the dominating West.

Already when Russia’s President Vladimir Putin blocked US intervention in Syria and criticised “American exceptionalism” in an article in the *New York Times* in November 2013, he found many admirers in other countries of Global South. He assumed the role of protector of international law when saying “preserving law and order in today’s complex and turbulent world is one of the few ways to keep international relations from sliding into chaos”²². After he sent troops to Crimea, the main Indian weekly “The Frontline” published in mid-April 2014 an issue with Vladimir Putin on the cover and title: “Standing up to the Empire”. In the main article author explained that “With the intervention in Crimea, Russia is sending a clear message to the U.S. and its Western allies that unipolar world

order is not viable anymore and rules of engagement have to be changed”. This was a dramatic lesson given to the US and its allies. Although many leaders of other non-Western powers did not say it in the public they wished Putin well in his confrontation.

In addition, Russia’s engagement in Syria’s war in September 2015 to support Bashar al-Assad’s failing regime proved the country’s capabilities to deploy forces beyond immediate neighbourhood and fend off its allies against any Western intervention in future. If China may claim to offer alternative political and economic model to that of the West, Russia proposed alternative military assistance. This must be worrying as it undermined Western credibility in new area long-dominated by the US and NATO.

Towards a change

The opposition and criticism of the West is naturally not new. Why, then has it become so vocal and open only recently? It seems that as long as developing countries and emerging powers were weak and focused on their domestic economic growth they remained silent and obeyed by Western dominance in the international order. As soon as they became stronger and more self-confident they are more assertive and confrontational. Naturally, the rise of the Rest is fastened by the economic and financial crisis affecting Euro Atlantic world since 2008. Moreo-

²¹ Ivan Krastev, “Dancing with the Bear. How the West should Handle its Relations with Russia”, in Ricardo Alcaro (ed.), *West-Russia Relations in Light of the Ukraine Crisis*, IAI Research Paper, 2015, p. 19.

²² Vladimir V. Putin, “A Plea for Caution From Russia”, *New York Times*, September 11, 2013

NEW WORLD ORDER OR DISORDER? THE RISE OF THE 'REST' A DILEMMA FOR THE WEST | Patryk Kugiel

12

ver, the refugee crisis, the real prospect of Brexit, rising populism and renationalisation of policies in Europe have exposed internal tensions in the European project and proves to many the West's inability to lead the community of nations.

But why the signal for rebellion that has been sparked then by Russia? Not because it is the greatest or the wealthiest among rising powers. It seems rather that new assertiveness of Russia and rising powers come not from their strengths but weaknesses²³. And while others show their concerns by economic, diplomatic or soft power means, Russia used its military tools – the only it has at its disposal. Moreover the difference between Russia and the rest of BRICS is that while the latter are really emerging powers, the first is rather declining. Demographic and economic trends or failing oil prices shows that Russia's relative position is becoming weaker year by year. While for China or India time works in favour, Russia has not long left to promote its views on global arena. It stood up to the West before it was too late.

III. Scenarios for the Future

²³ Robert D. Kaplan, "Eurasia's Coming Anarchy. The Risks of Chinese and Russian Weakness", *Foreign Affairs*, Volume 95, Number 2, March/April 2016

If the Ukraine crisis marked the beginning of a new era of open confrontation between the West and the Rest, the future does not look bright. How the West can and should react to this challenge? There are two main possible answers: confrontation and containment or compromise and engagement. Either Western insistence on maintenance of status quo will clash with BRICS' call for change leading to more conflicts, tensions and instability, or all sides will be able to compromise and cooperate to set new rules and principles for a 21st century global order.

Scenario 1: confrontation

What we are witnessing currently is drive towards more confrontation. Continuing isolation of Russia, more frequent military exercises by both NATO and Russia, and deployments of more troops in Central Europe by both sides point at resurgence of Cold War logic. Along the classical "security dilemma" this can lead to new arms race and more instability in Europe. The new atmosphere paints anyone explaining the West's position to Moscow as a "foreign agent", and anyone showing more understanding to Russia ends up labelled as a "useful idiot". At the same time growing tensions in the South China Sea and recognition of China as main military threat in

NEW WORLD ORDER OR DISORDER? THE RISE OF THE 'REST' A DILEMMA FOR THE WEST | Patryk Kugiel

13

new US 2015 National Military Strategy, suggest growing rivalry in Asia²⁴. Competing interests of the West and the Rest on trade regulations, climate change, or over influences in Africa or Asia point at more contentious issues. In reaction one can hear more often about strengthening of EU-US alliance, revival of ideas of formation of League of Democracies against authoritarian states and need of protection of universal values and norms. Even the negotiated transatlantic economic agreement – the TTIP – is presented as expressions of “geopolitical partnership” of Western partners rather than just a free trade area²⁵. Confrontation scenario may be strengthened by the rising populism and growing radicalisation across Western democracies. If Donald Trump wins US presidential elections or Marie Le Pen gains more influence over French policy, the West will invest even more on defending the status quo. This will limit the space for compromise and negotiated solutions.

²⁴ “Russia and China pose largest security threats, says US military report”, *The Guardian*, 1 July 2015, <http://www.theguardian.com/us-news/2015/jul/01/russia-china-us-military-national-security>

²⁵ *Statement by European Council President Donald Tusk after his telephone call with U.S. President Barack Obama, 1 December 2014*, Statement, European Council President, Brussels, 1 December 2014.

However, the solidification of the EU and US on their already rigid positions brings more risks that the global confrontation will develop negatively. The strategy based on protecting of privileges of the West is bound to fail, and the consequences can be hard to imagine. It will feed the alienation and frustration of the Rest, motivate them to go ahead with more alternative institutions, norms and mechanisms. Increased protectionism and militarisation can provoke more clashes and tensions with emerging powers. After period of intense rivalry it may end in a global conflict.

The history teaches us that fundamental shifts in global order took place only after devastating wars – “concert of powers” was born at the Vienna Congress in 1815 following the Napoleonic wars, Versailles Treaty established new system after World War I, and Cold War order emerged after devastating World War II. Whilst history has a habit of repeating itself, we are currently at a fork in the road, where we have the chance to break the cycle.

Scenario 2: dialogue

There is another possible way out. The second scenario is based on engagement of the Rest in the reform of global governance based on compromise and dialogue. That would come at the expense of position of the West in many institutions of global governance. Although this option does not sound the most attractive, it is highest

NEW WORLD ORDER OR DISORDER? THE RISE OF THE 'REST' A DILEMMA FOR THE WEST | Patryk Kugiel

14

time to face the reality and commit to more inclusive and equitable world order.

The inconvenient truth is, that the EU and USA are home to only 12% of world population. Their combined share in world economy have shrunk between 1990 and 2014 from 27.19% to 16.7% in case of the EU and from 22.54% to 16.3% for the US²⁶. Similarly their role in international trade and investments dropped considerably over the years. This trend is most likely to continue, as economic and demographic models suggest.

This means there is a need for major adjustments in global governance and making more space for emerging powers and the developing world. The democratisation of world system and reform in major institutions would better reflect contemporary realities. The most pressing issue would be reform of the United Nations. Here, nothing really can change without consent of the West – US, UK and France are permanent members with veto rights. Naturally one can always count on some conflict within the BRICS group or sudden collapse of emerging economies, as recent slowdown in China suggests. Although BRICS is still highly heterogeneous group, and not a formal alliance, and most of its members are currently

undergoing economic and political crises, any predictions about its demise seem premature. On the contrary the weaker are individual BRICS members the more they need each other to promote their shared agenda on the world stage. Also other emerging markets such as Turkey, Iran, Mexico, Indonesia and Nigeria are said to be interested in joining the platform at a later date. Moreover, in today's globalised and interconnected era collapse of any BRICS member would mean a disaster also for the global economy and hence, for the West. It would lead to major economic crisis, more regional wars and humanitarian catastrophe.

Inclusive world order

Despite recent problems, BRICS is now the main force capable of challenging the world system and rewriting global rules. It has already made tentative first steps in the construction of alternative institutions and organisations. This risks that instead of one universal system there will be two parallel orders with its own institutions, regulations and principles. Every action will be explained and legitimised through the prism of one block widening divisions, global instability and chaos, and leading to more fragmentation of international law.

However, as the beneficiaries of the status quo do not see enough reason to make adjustments and aspiring states do not accept the current system

²⁶ Own Calculation based on World Development Indicators, World Bank.

NEW WORLD ORDER OR DISORDER? THE RISE OF THE 'REST' A DILEMMA FOR THE WEST | Patryk Kugiel

15

the world is heading towards more turbulence. It seems that confrontation is the prevailing scenario, with two large icebergs on the collision course and no-one wants to change direction. Rising tensions and occasional conflicts, or proxy wars like in Syria or Ukraine, are more likely to occur more often, not only with Russia. After the Cold War we have moved from bipolar world order to unipolar order and now we are heading to global disorder. Such a scenario is not good for the West nor the Rest.

One needs to remember that confrontation between the rising and the status quo powers is natural in world's history unless there is an inclusive framework to negotiate competing interests and goals of all sides. As case of Ukraine signalled, we must produce new rules of international system, not because we want so, but because it became indispensable. As showed here, Russia was not totally isolated internationally for its action, as many would have hoped for, and was not alone in its critical stance on the current system. On the contrary, there are more significant players sharing its views on world affairs. It means it is high time to start dialogue about possible changes in global institutions and work together on new international system. The time when the West can impose its solutions and regulations on others is wearing thin. It does not mean the US and the EU must give up on its principles, values and interests, they must be only

more receptive to concerns and aspirations of other countries. Serious talks on reform of the UN and Bretton Wood institutions, a more just climate change deal and fair rules of trade, investments, taxation, and others are necessary to address ambitions of developing countries. If we want emerging powers to share more responsibilities for world's peace and growth we must give them also more say and rights.

Challenges for the West

Although the US will remain the strongest power for decades to come, relative decline of the West is a fact. The changes in international system seems inevitable driven by demographic, economic and technological trends. Although the West cannot stop the global processes, it can still control how it will evolve. It can lead formulation of one inclusive system that will retain many principles and norms of the current one. Instead of confrontation, more dialogue and engagement is the only way towards more stable and prosperous world. The continuation of the status quo is simply not sustainable and the alternative is even less optimistic and predictable.

Hence, the EU and US, while assessing and reacting to Russia's confrontational posturing, must see it in a broader global context – that of the rising Rest. More of isolation and tensions may strengthen Russia-China axis and solidify BRICS as an anti-Western block. This would

NEW WORLD ORDER OR DISORDER? **THE RISE OF THE 'REST' A DILEMMA FOR THE WEST** **| Patryk Kugiel**

16

only accelerate the emergence of an alternative world order. Yet, when the return to business as usual with Russia is impossible without a major change in Russian policy, the West must pay more attention to relations with other non-Western powers, like Brazil, India, and South Africa - major democracies regarded as “swing states” – on which choices future global order may depend. The evolution of world system poses special challenge to the European Union. First, Europe must reflect on its global role and adapt to changing international context. With its insistence of multilateralism, the EU may play a central role in reshaping international order and preventing it from creating further fault lines and grievances. It should reenergize strategic partnerships with major powers and engage in tangible dialogue on global governance and global public goods. The second lesson the EU must draw from this process is that only if it stays united it can remain a pole of multipolar order and equal partner to rising powers. This global context must be brought into discussions about future vision of European integration project and stay as warning against any Eurosceptic inclinations in some EU Member States.

Patryk Kugiel

Centre for International Relations (CIR) is an independent, non-government analytical centre established in 1996 which deals with Polish foreign policy and the most important issues of international politics. CIR is active in research, education and publishing, organises conferences and meetings, and participates in international projects in collaboration with similar institutions in many countries. CIR creates a forum for debate and exchange of ideas in matters of international politics, relations between states and challenges in the global world. CIR's activities are addressed above all to local-government officials and to entrepreneurs, as well as to officials of the central administration, politicians, diplomats, political scientists and the media. In 2014, CIR was again recognised as one of the best think-tanks in East-Central Europe in the study "The Leading Public Policy Research Organisations in the World" conducted by the University of Pennsylvania.

CENTRE FOR INTERNATIONAL RELATIONS ul. Mińska 25, 03-808 Warszawa t: +48 22 646 52 67

 www.twitter.com/CIR_CSM

 www.facebook.com/CIR.CSM



CENTRE
FOR INTERNATIONAL
RELATIONS