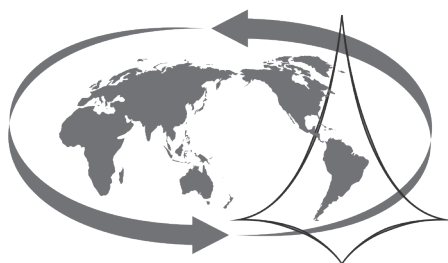


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- Centro de Estudos Internacionais sobre Governo (CEGOV)



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About the Journal

AUSTRAL: Brazilian Journal of Strategy and International Relations was the first Brazilian journal in the area of International Relations to be fully published in English (2012). It is an essentially academic vehicle, linked to the Brazilian Centre for Strategy & International Relations (NERINT) and the Doctoral Program in International Strategic Studies (PPGEEI) of the Faculty of Economics (FCE) of the Universidade Federal do Rio Grande do Sul (UFRGS). Its pluralist focus aims to contribute to the debate on the international political and economic order from the perspective of the developing world.

The journal publishes original articles in the area of Strategy and International Relations, with special interest in issues related to developing countries and South-South Cooperation – its security problems; the political, economic and diplomatic developments of emerging countries; and their relations with the traditional powers. *AUSTRAL* is published semi-annually in English and Portuguese. The journal's target audience consists of researchers, experts, diplomats, military personnel and graduate students of International Relations.

The content of the journal consists of in-depth analytical articles written by experts (Professors and Doctors), focusing on each of the great continents of the South: Asia, Latin America and Africa. Thus, the debate and diffusion of knowledge produced in these regions is stimulated. All contributions submitted to *AUSTRAL* are subject to rigorous scientific evaluation.

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EDITOR'S NOTE

This issue of *Austral: Brazilian Journal of Strategy and International Relations* was prepared during the extraordinary moment in which the coronavirus pandemic has affected the field of International Relations, a subject on which we have published a brief introductory note. The necessary discussion on the medical and health aspects of the problem, however, has left little room for a deeper analysis of its political, social, economic and diplomatic impacts. As it occurred during the Spanish Flu, political and strategic disputes and agendas continue to run their courses and even intensify. What we also observe is that, in addition to the deepening of the cleavages between powers, a difference between political, economic and societal models also emerges, in which the emphasis on a market-oriented worldview is opposed to that of the state.

The thematic addressed on this issue, on *World Scenarios and the Brazilian Recoil in International Affairs*, is of great relevance. A first set of three articles, written by Brazilian internationalists, analyses the recent changes in the country's foreign policy. The first addresses the decline of Brazil's international influence, the following the effects of the Brazilian crisis on South-South Cooperation and the third the participation of the country in the defunct South American Defence Council as a stabilising element in the South American region. What is observed is that the priority that was given to the domestic agenda has reduced and redirected the foreign policy program.

The second set of articles are focused on: Russian and American competition in Venezuela, authored by an Indian academic; Paraguay's relations with Taiwan, written by a Paraguayan academic; and the elements of subnational diplomacy in Chile. These three original approaches are focused on the South American regional scenario, which has shown unpredictable evolution. Against many predictions, the Venezuelan regime has survived until then. At the same time, the paradigmatic Chilean model finds itself in crisis, and Paraguay continues to resist Beijing's diplomatic offensive in the Americas, hence Paraguay is the largest country to maintain relations with the Republic of China (ROC).

The third set is composed of Eurasian articles, with one analysing the attitudes of NATO and the Organisation for Shanghai Cooperation in the Afghan conflict, signed by authors from Poland and Kyrgyzstan. Another addresses the geopolitics of Iran as a buffer state, and the following the

challenges and opportunities of the Chinese initiative of the Belt and Road. The first two authors' view on the role of the aforementioned International Organisations in relation to the Afghan conflict brings original elements to the table, in the same way that the article authored by the Iranian scholar discusses the geopolitical theory of the buffer state and applies it to the case of Iran. In its turn, the challenges and opportunities of the Belt and Road Initiative, presented by a Brazilian academic and a Russian scholar, also add a different view to the infrastructure project.

The last set of articles deals with economic, social and health problematics in the Geopolitical South, especially in Africa. The concept of semiperiphery in its development process and the role of International Organisations in the construction of a "poverty trap" in the African continent are thoroughly analysed. The African case studies showcased here receive an approach that reflects on the conditions of the persistence of poverty and the distribution of international resources in the health sector. The role of International Organisations in perpetuating African difficulties is analysed realistically, overcoming postmodern narratives, which impoverish the analysis of international relations.

As a registered trademark of *Austral: Brazilian Journal of Strategy and International Relations*, the Geopolitical South (Third World) constitutes not only the thematic focus of this issue, but also the theoretical and analytical axis for understanding major global problems.

This publication was possible thanks to the Research Office at UFRGS through the Support Program for Journal Editing (PAEP), as well as the entire team that worked on editing and translation, in particular Assistant Editors Guilherme Thudium and Magnus Kenji Hiraiwa, with the collaboration of Luana Margarete Geiger, Eduardo Secchi, Gabriela Ruchel, Maria Gabriela Vieira, Marina Felisberti, Catharina Becker and Felipe Samuel. Once again, we thank Professor Cristina Soreanu Pecequilo for reviewing the translations. The teamwork of the members of NERINT/UFRGS has made it possible to maintain the quality and regularity of *Austral: Brazilian Journal of Strategy & International Relations*.

Disclaimer: AUSTRAL prioritises British English as the standard variety of the English written language. Some English translations, however, may be written under the American English dialect.

BRIEF INTRODUCTION ON THE INTERNATIONAL IMPACTS OF THE 2020 PANDEMIC: CONTRIBUTION TO A STRATEGIC ANALYSIS

Paulo Fagundes Visentini
Coordinator, NERINT/UFRGS

The origins of the current pandemic are wrapped up in conspiracy theories, but what is known is that it reached the foundations of the world system based on economic globalisation, reinforcing national and social antagonisms. Analysing the situation during its unpredictable evolution is risky, but the costs of not trying are even greater, given the prevailing confusion and manipulation. The dimensions and speed of the spread of the virus are unprecedented, since the world is much more urbanised and connected than in previous pandemics. Dominant strategies and narratives simply lost their meaning, leaving a vacuum that is filled by short-term reactive actions. But is hard politics paralysed, or the crisis creates conditions for projects to be implemented almost without opposition?

The crisis deepened even before the pandemic

The analyst must always focus on the context in which the studied object or process is found, particularly the preceding situation, to assess its likely impact. Since 2009 there has been an American and British reaction in response to the subprime and Eurozone crisis, first with Barack Obama and then with Donald Trump. It consisted of more neoliberalism at the domestic level and new forms of conflict at the international level. Donald Trump did not create the agenda, he just assumed it with a business logic and without the diplomatic and multilateral rhetoric of the Democrats, who also defend *America First*. For almost two years, global economic growth has been dwindling, a phenomenon that was intensified in 2020, threatening the economic recovery of the Trump administration – who is running for re-election.

In the pre-pandemic world we witnessed Brexit, the attempted Colour Revolution in Hong Kong and the taxation of Chinese – in addition to pressures against 5G technology – and Franco-German products by the United States. Massive protests were also taking place in Colombia, Ecuador, Chile, Lebanon and Iraq, which could be contained or even intensify after the quarantine period. The embargoes against Iran and Venezuela, the arms and oil pressure against Russia (with the drop in prices before the pandemic) and the progressive depletion of the multilateral political and economic system were also extended. The alleged American gains in recent years, in addition to the weakening of the international foundations on which Washington's leadership itself is based, have been drained by the economic recession caused by the rapid advance of the pandemic in the US.

During the previous decade, societies were fragmented politically and socially and became ideologically disoriented through the so-called technological “social” networks. The rapid advancement of labour by mobile applications and the subcontracting of self-employed workers (the so-called “entrepreneurs”) fragmented the labour world to such an extent that the volume of financial aid needed by precarious people during the pandemic surprised governments worldwide. Virtual contact between people, through monitored and inductive networks, diluted any form of effective collective political action. Much of the social life has become virtual and political participation has become electronic and innocuous, mixing fantasy and reality: Orwell's 1984 merged with Huxley's *Brave New World* in a murky scenario.

In a recent interview, Noam Chomsky said he believed that a “Conservative International” was being formed, opposing the emergence of a “Progressive International”. The latter would be based on progressive personalities, such as Bernie Sanders, states that provide material (China) or medical (Cuba) support, and the civil society, driven by solidarity initiatives (which, in fact, are a minority). All in opposition to the conservative leaders of the US, Eastern Europe and India, among others. The problem is that many believe it to be enough just to share messages of support to a “politically correct” initiative for it to become reality.

Chomsky is well-known for his critical and ethical worldview, but also for being guided by a “magical thinking” that lacks a more accurate analysis of the reality and its contradictions. Today, as during the Great Depression of the 1930s, many people think that the crisis will have a progressive response as a logical reaction to the gravity and brutality of the current situation. However, what is already difficult may become even more complicated. At that time, massive unemployment and the resulting mobilisation amounted to fascism, genocidal nationalism and a world war.

The social impacts and the labour world

What is even more frightening is the impact that the Covid-19 meteor has had on society, as well as the political manipulation of the pandemic by authorities, from the international to the municipal levels. The middle class (the “enlightened” segment) went into irrational panic, withdrawn in total quarantine and ignoring large sectors of society with informal jobs – such as illegal immigrants and refugees –, which were left to their own fates. A real “every man for himself”, especially in the least developed nations. The quarantine of entire populations in poor countries without consistent public policies has reached paroxysm in India. The Prime Minister warned 1.4 billion people with just a few hours’ notice that there would be total lockdown, generating mayhem and tension in a disoriented population.

While charlatans share recycled “analysis”, spreading rumours, in the Geopolitical South parliamentarians in videoconference meetings, sometimes at night, approve reforms that will have a lasting negative social impact. Simultaneously, labour unions are forced to accept ways to make work even more flexible in order to avoid total unemployment, while a few large companies are bailed out. In the prevailing confusion, even serious people defend the anti-social and anti-labour home office, in which the employee pays the costs of work and the people lose its collective dimension. And the political struggles go on and even accelerate, while the demobilised population stays at home.

Different national models put to test

The 2020 pandemic has highlighted the existence of two groups of states: one is being efficient in managing the crisis (South Korea, China, Germany, Vietnam) and the other inefficient (the North American case is paradigmatic, not to mention the peripheral ones). Simply put, there is governmental and public health structure in the former, while the private health model has produced an unnecessary tragedy in the United States, where much of the population cannot afford its costs. In Brazil, the weakened Unified Health System (SUS) proved to be more comprehensive than the private sector, which serves a limited number of patients – many of whom will be forced to leave private health plans due to reduced income or unemployment. In Europe, there is also a difference between the mostly public model in the European Union and the British, weakened and increasingly private-owned.

Instead of focusing on absolute numbers, we should consider the per capita proportionality and the social conditions of the victims. Thus, a very

different map would emerge. But the interesting thing is that the difference between state and market is hidden by accusations about the responsibility for the emergence or spread of the virus. The induced psychological pressure and the dominance of technological networks may obscure a more grounded judgment on the need to maintain public health networks and governments that effectively have the means to implement public policies, as opposed to the minimal or politically fragmented state. In a context of growing xenophobia, China and the immigrant are singled out as enemies – and the refugee crises have disappeared from the public debate.

Perspectives

The near disappearance of work and tourism travels, which were massive, the drastic reduction in trade, the semi-paralysis of production and the drop in consumption make the future economic scenario of globalisation uncertain. Many analysts believe that the pandemic has made room for economic and socially progressive Keynesian policies. However, their adoption depends on the political dimension, which is often neglected. During the Great Depression, the United States and Germany adopted Keynesian-type policies, but with diametrically opposed means and objectives.

Is emergency aid for the unemployed sustainable for a prolonged period, and at the same time comparable to the bail out of large private corporations? The nationalisation, in whole or in part, of struggling airlines can be a way of covering private losses with public resources, only to reprivatise them afterwards. After all, most governments nowadays follow liberal policies and do not aim to use the state as the basis for a development model, but as a tool for crisis management – with the exception of China and a few other countries. Society itself, to a large extent, has absorbed a neoliberal individualistic and consumerist worldview. But what direction will their future frustrations take when it realises that the world will not be the same after the pandemic?

On the other hand, the economic crisis is leading to a massive transfer of social and national assets. There are segments that will come out of the crisis enriched while others will be ruined, due to the uneven impact of the crisis. Many countries are headed for collapse, while others stand in a better position to impose their agendas, even if relatively weakened. Mass unemployment and the new labour rules, supposedly extraordinary in order to “save jobs”, can lead the neoliberal model to a kind of apotheosis, in which a frightened society will accept the current situation passively, hence the only crisis that is identifiable is the health crisis.

Footages of streets deserted of people, but sometimes with wild animals strolling curiously, raise a contradiction that, at the same time, frightens and amazes. The crisis generated by the pandemic demonstrates that the current social model is seriously eroded and lacks the capacity for change – although it may carry on due to inertia. Nonetheless, the society is confused and frightened, which is politically dangerous. There does not seem to be an international conservative alliance, based on ideological identities, since they have conflicting material interests. On the other hand, in 150 years “progressives” have never been more fragmented and confused. This is the impasse that is raising the tensions in the world, with the virus being a mere catalyst.

There is still room for governments, for reasons of survival, to redirect their development strategies with a certain margin for manoeuvre, since the national question is returning strongly, but it may take different directions. Mega-urbanisation has proven to be counterproductive and the hedonistic and irresponsible use of nature, as a way to obtain easy profitability, is under increased criticism. The foundations for policies encouraging infrastructure projects and public works are set, but, as in 1929, conflicts of interests also emerge.

Finally, the crisis can create situations of international tension caused by internal political needs which, as in the 1930s, may evolve into armed conflicts. India, for example, with accelerated demographic growth and governance problems, may become an element of instability, with the aggravating aspect of its nuclear power status. Other countries do not possess the same geopolitical capacity and position. And onlicts like those in Yemen, Afghanistan and Syria have practically disappeared from the news cycle and academic discourse.

It is very likely that China will not accept a downgrade in the hierarchy of world power, and that a valued dollar will provide the United States with greater financial capacity for foreign investments without a compatible material basis. The capital would be used to acquire existing assets without generating new productive activity, unlike Asian investments in infrastructure and energy, for example, fomenting dangerous disputes in the periphery of the system. These are speculative questions, open to reflection, at a time when uncertainty prevails in international relations.

Porto Alegre, May 26th, 2020.

Translated by Guilherme Thudium.

THE DECLINE IN BRAZIL'S INTERNATIONAL INFLUENCE: FROM AN EMERGING COUNTRY TO AN INWARD-LOOKING STATE¹

Helio Caetano Farias²
Leonardo Pace Alves³

Introduction

From 2016 onwards, Brazil has lost its status as an emerging power. Domestic turmoil, systemic constraints and a passive foreign policy have reversed the previously achieved autonomy in international and regional affairs. A few scholars have attempted to explain that retreat by highlighting different reasons.

David Mares and Harold Trinkunas (2016) have argued that a historical pattern exists according to which Brazil has attempted to rise during times in which the liberal international order was under considerable strains. Yet, a less permissive international environment and insufficient domestic power have thwarted Brazil's emergence. In their view, weak internal institutions susceptible to economic and political crises have been the main cause of recurring setback. The 1980's debt crisis and the corruption scandals in 2014 illustrate that institutional weakness responsible for internal disarray. However, the authors have not elaborated on that inasmuch as they have not paid enough heed to "variations in domestic policy and politics".

¹ The opinions of the authors do not necessarily reflect those of the Brazilian government, especially their institutional affiliations.

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Andres Malamud (2017), in his turn, has asserted that president Rousseff's mismanagement along with adverse international conditions set the stage for Brazil's foreign policy retraction. Such a trend was accentuated during the discredited Temer administration, thereby tarnishing the country's international prestige. Other authors such as Oliver Stuenkel (2015), Kai Lehmann (2017), Alcides Vaz (2018) as well as Amado Cervo and Antonio Lessa (2014) also have posited that rollback in Brazil's international profile has started with Rousseff's lukewarm foreign policy, which was more easily seen in the South-American regional context. Still, the scholars have stayed on the surface without delving in the main roots of the political and economic crises linked to Brazil's international setback.

This paper aims to explain the current decline in Brazil's international influence. We hypothesize that Brazil's political and economic crises, caused by domestic power struggles and international meddling, have weakened its international presence.

We intend to focus simultaneously on the considerable obstacles raised by great powers to a peripheral country that struggles to play a more proactive role on the international stage as well as on the domestic hindrances to a more assertive foreign policy. In that sense, inspired by Peter Gourevitch's (1986) political sociology of historical coalitions and David Baldwin's (2016) conceptual analysis of power, we assess the geopolitical and the internal contexts in which the reversal in Brazil's foreign policy has taken place.

This paper is divided into four sections: firstly, we review part of the academic literature concerned with domestic coalitions and power so as to lay the ground for analyzing the reversal in Brazilian foreign policy. We also discuss autonomy in foreign policy and subsequently propose an alternative reading of that concept. Secondly, we review Brazil's foreign policy from 2003 to 2010. Thirdly, we assess the main drivers of Brazil's ongoing internal crisis as well as its detrimental effects on the country's foreign policy from 2011 to 2018. Finally, we draw general conclusions pointing out some obstacles that Brazil must overcome to resume an assertive international role.

Politics, Policies, Coalitions and International Autonomy

Gourevitch (1986) has posited that international relations and domestic politics are intertwined and therefore need to be jointly analyzed. He has qualified the second image described by Kenneth Waltz (1965) according to which a country's international behavior is explained based on domestic factors. Gourevitch has argued that the international system also has a huge impact on

domestic politics, even though states do have some room for maneuver.

He has underlined the relevance of domestic factors by focusing on politics whereby different groups bargain and vie for support in implementing policies. In that context of political negotiations and disputes on policy alternatives, most groups need to develop their legitimating arguments and build coalitions. In so doing, they affect the final content of originally formulated policies.

Gourevitch (1986) has deepened his analysis on a political sociology of historical coalitions based on the premise that “policy proposals emerges out of politics”. Political coalitions involve the construction of alliances among politicians, officeholders, public servants, parties, interest group leaders and economic actors. These political arrangements become more fluid during turbulent periods. Though traumatic, crises are interesting moments for social scientists inasmuch as they unveil hidden patterns of relationships that remain unnoticed in moments of greater tranquility. During these uncertain times, political strategies are put into question, old coalitions disintegrate and a new consensus needs to be forged.

In order to assess the impact of international crises on domestic politics, Gourevitch (1986) has compared responses given by Germany, the United States, France, the United Kingdom and Sweden to the deflation from 1873 to 1896, to the Great Depression from 1929 to 1949 and to the neoliberal shift since 1971. He has examined how these international economic crises engendered realignments in domestic political coalitions. In spite of suffering far-reaching effects on their national economies, those five countries pursued different strategies due to political bargaining within domestic coalitions, thereby indicating some autonomy vis-à-vis systemic constraints.

In highlighting the relation between politics and policies, Gourevitch (1986) makes a valuable contribution to grasp the importance of domestic political coalitions and their influence on the foreign policy orientation. We argue that it is possible to apply such an approach to gage the reversal of Brazilian foreign policy. In that sense, this paper explores the path opened by Gourevitch for the appraisal of political coalitions without confining itself to the perspective of the “second image reversed”. We understand that a two-way street exists with regard to the relationship between the international system and the domestic policy of a given state. The international system impacts on the domestic political coalitions, while the latter influence the stance that a certain country takes on the international scene.

Besides taking into account its domestic and systemic constraints, the evaluation of Brazilian foreign policy requires a better understanding of the concept of international autonomy. Inspired by Baldwin's conceptual analysis

on power, we posit that autonomy is a specific kind of power wielded by a developing country in the face of a stronger developed state.

Since the second half of the 20th century, Latin-American scholars have regarded the search for autonomy as a driving idea. Their interest in applying the concept of autonomy considerably increased in the 1970s against the backdrop of the debate on the U.S. decline. During that period, a few countries that wielded some regional influence, such as Brazil and Mexico, put the concept into practice by attempting to pursue a more autonomous foreign policy vis-à-vis the U.S. (Giacalone 2012, Russel and Tokatlian 2013, Ticker 2015)

Authors have given different meanings to the concept of autonomy without agreeing on a single definition. Yet, their reflection on that theme constitutes a good starting point to seek a better understanding of that concept, which, according to Fonseca (1998), embodies an aspiration and an asset at the same time. In his view, what autonomy means for any country varies both historically and spatially based on interests and power positions. In the same vein, Russel and Tokatlian (2013) have argued that autonomy is an “essentially political concept”. It is an intended objective as well as a scarce capacity that few Latin-American countries possess.

Tullo Vigevani and Gabriel Cepaluni (2007) have referred to autonomy as a country’s capacity to formulate and implement a foreign policy free from external constraints imposed by great powers, especially the U.S. In their view, any country finds itself on a continuum whose extremes are full autonomy and total dependence. Autonomy is a question of degree, which varies according to the level of dependence.

These authors have identified three ways of achieving autonomy: distance, participation and diversification. In seeking autonomy through distance, a developing country remains aloof from hegemonic powers and international regimes supported by developed countries in order to protect its sovereignty. It also resists a liberal economic agenda so as to carry out an inward-oriented development strategy. By contrast, autonomy through participation entails the acceptance of international liberal norms as well as an active participation in international regimes to influence the rule-making processes. Finally, autonomy through diversification involves the construction of South-South alliances with countries of Latin America, Africa and Asia. By forging new partnerships with non-traditional allies, a developing country intends to strengthen its bargaining position vis-à-vis developed countries in international regimes. The emphasis on diversification is also associated with the interest in promoting a multipolar world.

Monica Hirst and Maria Regina Lima (2014) have stressed the practical meanings of autonomy as a country’s capacity to take initiatives and have room

for maneuver by avoiding alignments with the great powers, mainly the U.S. They have regarded the participation in different international coalitions and in multilateral arrangements as a means to have some leeway by diversifying partnerships. According to them, from the perspective of a peripheral country, autonomy also refers to the preservation of its sovereignty and the promotion of development.

Arlene Tickner (2015) has understood autonomy as a defensive tool employed by developing countries to protect their national sovereignty against interference from stronger states, curb the influence of transnational actors and improve bargaining power at the negotiating table. She has made her point by noting that autonomy is essentially a concern of peripheral states whereas it is hardly an issue for developed countries. For that reason, the IR mainstream debates have not given due attention to autonomy. She has also posited that autonomy differs from power. The former has a defensive nature while the latter relates to the attempt to influence others' actions in one's interests.

We believe that David Baldwin's (2016) conceptual analysis on power provides valuable insights into the study of autonomy. He has criticized the "power-as-resources" approach in favor of the "relational power" approach. In his view, it is mistaken to portray power as a possession or a property of a single actor (persons, states, groups, etc.). What neorealists, such as Waltz, have referred as capabilities (military strength, economic clout, size of population, territory, resource endowment, and so on) does not paint a full picture of power. Rather, power only really exists within an existing or potential relation between actors.

Baldwin (2016) has based his perspective on Robert Dahl's (1957) well-known definition of power: "A has power over B to the extent that he can get B to do something that B would not otherwise do". According to Baldwin, power is both relational and multidimensional. Thus, throughout A's interaction with B, power can augment on one aspect and decline on another. Although pointing out at least eight dimensions of power (scope, domain, weight, base, means, cost, time and place), Baldwin has underlined that the first two are indispensable in any assessment of influence in a specific situation, i.e. the policy-contingency framework.

The scope has to do with the area in which A impacts on B's behavior. The domain pertains to the quantity and relevance of the actors on which A exerts influence. Baldwin has also argued that material power resources gain only relevance in a specific historical-geographical context.

The power analysis traditionally focuses on A's influence over B. Baldwin has indicated that it is possible to explore the other way around. B's response to A's influence may be given in a variety of ways that transcend compliance and

noncompliance. He has qualified the Melian dialogue narrated by Thucydides inasmuch as “the ‘strong’ cannot always do what they want; and the ‘weak’ do not always have to suffer what they must”. Hence, in an asymmetrical relationship, the weaker actor can counteract the influence of the stronger one through different forms. In doing so, the former will exercise its own power.

Most scholars usually equate autonomy to increasing one’s country room for maneuver. Inspired by Baldwin’s conceptual analysis, we advance the argument that autonomy is a specific kind of power wielded by the weak. It constitutes B’s ability to resist, counteract or neutralize A’s influence in a given situation. In that sense, autonomy amounts to the peripheral states’ counterpower in the face of great powers’ influence.

In being a sort of power in an asymmetric relationship between two or more actors, autonomy is not an asset, an attribute or the property of an agent. Nor is it an end in itself detached from the situation in which it is exercised. In principle, a peripheral state seeks autonomy as a defensive instrument. Nevertheless, by struggling to augment its counterpower, this state may end up extending its own influence over other developing countries.

We contend that one should not stick a label on autonomy to avoid restricting and consequently impoverishing the concept. Indeed, there are various ways of exerting autonomy - by diplomatic, economic, symbolic, military means etc. - in a given context. Besides, a country may use simultaneously a diverse set of instruments to secure its autonomy in the face of the great powers’ initiatives.

A consensus exists among scholars that the U.S. is the main point of reference for assessing their countries’ degree of autonomy. As the dominant state in the Western Hemisphere, the U.S. policies may severely constrain other countries’ latitude in that region. Brazil is no exception to that situation inasmuch as its leeway to conduct an autonomous foreign policy hinges on the nature of the relationship between Brasilia and Washington in different spheres, notably diplomatic, economic and technological ones.

However, Brazil does not exert its autonomy only vis-à-vis the U.S. Nor should the quest for autonomy be confused with a kind of anti-Americanism since it does not rule out the possibility of cooperating with the U.S. in some matters. Notwithstanding the American pre-eminence in the Western Hemisphere, Brazil also wields some counterpower over other asymmetric interactions in the international system.

Since it is a sort of power, one faces the same difficulty in estimating the degree of autonomy of any country. Besides, any attempt to gauge it is meaningless without situating the scope and domain in which a developing

country seeks to counter a great power's influence.

Brazil's domestic coalitions and its foreign policy from 2003 to 2010

We analyze the dynamics of Lula's internal politics based on the existence of two distinct coalitions centered on the Brazilian Social Democratic Party (PSDB) and the Workers' Party (PT). The opposition between a neoliberal-conservative coalition and a social-developmental coalition crystallized during the Fernando Henrique Cardoso (1995-2002) and Luiz Inácio Lula da Silva (2003-2010) administrations. Besides, it reached extreme polarization during Dilma Rousseff administration (2011-2016).

During his two terms in office, Lula's predecessor, former President Cardoso (1995-2002), managed to curb inflation and consolidate democracy, thereby ensuring a relative political and economic stability to Brazil. However, slow growth, high unemployment and external vulnerability to international financial crises tempered these feats. Likewise, from the standpoint of the neoliberal-conservative coalition that supported Cardoso administration, the reduction of Brazil's high social inequality was not the overriding objective.

In 1994 and 1998, Cardoso won the presidential election by building a center-right coalition centered on the PSDB, the Liberal Front Party (PFL) and the Brazilian Labor Party (PTB). The Brazilian Democratic Movement Party (PMDB) later integrated the PSDB-led governmental coalition, thereby providing the necessary parliamentary support to Cardoso administration.

The center-right coalition represented mainly the interests of the entrepreneurs closely linked to international capital, the large landowners and the upper middle class. Policies such as inflation control, Central Bank independence, liberalization of international capital movements, privatizations, market deregulation and the international alignment with developed nations, especially the United States, were among the neoliberal-conservative coalition's main priorities (Boito and Berringer 2014).

In 2002, in his fourth presidential race, Lula defeated José Serra (PSDB-PMDB's candidate), forging an alliance among PT, the Brazilian Communist Party (PCB), the Communist Party of Brazil (PC do B), the Liberal Party (PL) and the National Mobilization Party (PMN). Lula's election victory marked the return of a progressive coalition to power, which had not occurred since the Goulart administration in the 1960s. For the first time in their history, the Brazilian people chose a left-wing candidate as the country's new leader. After more than ten years of neoliberal economic policies, there was a widespread

desire for change.

Unionized workers, organized peasants, the lower middle class, several informal and marginalized workers as well as entrepreneurs from different sectors - construction industry, shipbuilding industry, agribusiness, food processing, etc. - supported the new government. Such social-developmental coalition aimed at fostering development and promoting social inclusion by expanding the internal market for mass consumption through income redistribution and the reduction of inequalities. In order to achieve these goals, the Brazilian state was supposed to play a leading role in the process of economic growth and wealth distribution by focusing on the rise of minimum wage, the expansion of social welfare program, the support of family agriculture, the expansion of federal universities, public housing programs (Boito and Saad-Filho 2016).

Criticisms about Cardoso administration's neoliberal policies have given rise to the formulation of a social-developmental economic approach. Lula administration pursued a contradictory and hybrid economic policy, inasmuch as it combined social-developmentalism with neoliberal measures (Bielschowsky 2012). Even so, from 2003 to 2006, heterodox initiatives aimed at fostering economic growth and reducing social inequality gradually gained ground against orthodox practices, though the latter continued to be applied (Werneck 2014).

From 2004 onwards, Brazil's economy started growing with inflation under control. The surge in commodity prices boosted its exports to China. As a result, impressive current account surpluses and an improvement in the balance of payments took place, which increased Brazil's international reserves. At the same time, social policies aimed at reducing poverty began to bear fruit. Faced with a promising economic picture, Lula administration announced the early payment of Brazil's foreign debt with the IMF in December 2005.

Such positive prospects explain why President Lula has managed to surmount the worst political crisis during his first term in office, thereby securing his re-election in 2006. The so-called Mensalão (big monthly payment) scandal, a votes-for-cash scheme, has tarnished PT's image and put at risk Lula administration. Nevertheless, in enjoying high rates of popular support, President Lula has weathered the political storm by distancing himself from corruption allegations.

Furthermore, the PT began to court the PMDB with a view to ensuring a parliamentary supermajority. That initiative aimed simultaneously to preserve governability and avert an impeachment process. Lula also chose Dilma Rousseff, then Minister of Mines and Energy, to replace José Dirceu as the Chief of Staff Minister. It is worth stressing that the above-mentioned political turmoil did not jeopardize the economy's performance, which contributed to maintaining Lula's popularity (Nobre 2013).

In early 2006, in the wake of the Mensalão scandal, the finance minister Antonio Palocci had to resign amid corruption allegations. While in office, he had strongly advocated the continuation of neoliberal policies. In his place, president Lula chose Guido Mantega who had a more development-oriented approach. He remained the finance minister during Rousseff's first term in office (2011-2014). The appointment of Luciano Coutinho as the President of Brazilian Development Bank (BNDES) also contributed to reinforce that economic orientation from 2007 to 2016.

Conversely, President Lula maintained Henrique Meirelles as the Central Bank's president from 2003 to 2010. The former president of BankBoston defended high interest rates. Such monetary policy fulfilled the expectations of the international financial system. Hence, Lula administration pursued a compromise policy that met the interests of different social fractions, especially the wealthiest and the poorest (Bresser Pereira 2014, Singer 2015).

In January 2007, at the beginning of his second term, Lula administration strengthened state planning and increased public spending by launching the Growth Acceleration Program (PAC). That initiative focused on major infrastructure projects in the social, urban, logistics and energy areas. It also included a set of financial incentives to facilitate private sector participation. The elimination of bottlenecks to the country's growth and the reduction of regional inequalities were two of its main objectives. The PAC's investments, the discovery of pre-salt oil in the Brazilian offshore and the investment grade, which was granted by the risk agency Standard & Poor's, in April 2008, heralded that Brazil's economic growth would continue (Jardim and Silva 2015).

However, the worsening of the international financial crisis raised doubts about Brazil's ability to keep on growing. The launch of countercyclical measures by the Lula administration helped mitigate the negative economic effects of that crisis. In the political sphere, the crisis' potential pitfalls served to intensify power struggles within the government between the defenders of neoliberal policies (such as high interest rates and high exchange rates) and advocates of further social-developmental measures. Both Dilma Rousseff and Guido Mantega strongly criticized Henrique Meirelles' decision to keep raising interest rates during the international financial crisis. Ironically, the softening of IMF and World Bank's orthodox prescriptions regarding tight fiscal discipline as well as the Keynesian policies adopted by developed countries favored the defenders of social-developmentalism. They encountered less internal and external resistance to advance their progressive agenda. In that sense, the Brazilian government adopted an expansive fiscal policy by increasing public spending and available credit (Werneck 2014).

Besides the aforementioned countercyclical measures, Lula

administration capitalized BNDES. This way, the development bank was able to provide subsidized loans to a larger number of Brazilian companies in order to encourage their deeper internationalization, especially to South America and Africa, and make them national champions capable of competing with major foreign companies in the sale of products and services (Farias 2017).

By and large, these policies were successful until 2010. Internationally, Brazil was regarded as an emerging market country that paid off its foreign debts, managed to withstand the global financial crisis and would host the 2014 World Cup and the 2016 Olympic Games. Domestically, Lula ended his administration enjoying unprecedented high popularity and succeeded in choosing President Dilma Rousseff as his successor (Bresser Pereira 2014).

On Brazil's foreign policy (2003-2010), President Lula resumed an active diplomacy that bore some resemblance to the "Independent Foreign Policy" and the "Responsible Pragmatism" (Alves 2018). According to his Foreign Minister, Celso Amorim, Brazil has adopted an engaged approach to reshape its international standing.

Lula administration has pursued a multidimensional diplomacy marked by simultaneous action at the global, regional and bilateral levels. In this regard, Brazil has paid special attention to south-south relations with other peripheral countries in Latin America, Africa and Asia without disregarding the need to enhance the relationship with traditional northern partners. Indeed, Brazil's rapprochement with other developing nations has served to augment its international recognition, thereby raising developed nations' interests in seeking new partnerships with it. Thus, in strengthening the south-south axis, Brazil has gained more bargaining power on the north-south axis (Silva 2015).

At the global level, Brazil has improved its international profile by forging different international coalitions aimed at increasing the power of joint negotiation in multilateral forums. The IBAS Forum - India, Brazil, South Africa -, the G-20 developing nations and the BRICS - Brazil, Russia, India, China and South Africa - stand out as neat examples of political coalitions in which Brazil has participated. These coalitions combine "soft revisionism" with respect to multilateral institutions with constructive proposals to advance international governance. The exercise of political agency through international coalitions has represented a key asset to deal with the great powers (Lima 2010).

At the regional level, like the former Cardoso administration, Lula's diplomacy has deemed South America to be the priority area. From 2003 to 2010, there were vigorous efforts and new initiatives to integrate the subcontinent. In that period, the National Defense Policy and the National Defense Strategy of Brazil (PND and END 2012) were published in 2008 and reaffirmed in 2012. These documents associate the national defense strategy with the development

strategy and with regional integration. South America and Africa are deemed strategic for expanding and consolidating international partnerships.

In December 2004, the South American Community of Nations (CASA) was created encompassing the countries of Mercosur and the Andean Community of Nations. In 2007, the name of CASA was changed to the Union of South American Nations (UNASUR). It was formalized by the signing of its Constitutive Treaty in May 2008.

In the same year, under the Brazilian initiative, UNASUR approved the creation of the South American Defense Council (CDS). It is a body for consultation, cooperation and coordination in security matters, which is capable of tackling sensitive issues. It is worth noting that the activities undertaken by the CDS overlapped with a few security practices of the Organization of American States (OAS), which Washington dominates. In reality, the CDS has emulated the OAS in some respects while it has sought to replace it, thereby weakening the inter-American system forged by the United States (Weiffen, Wehner, and Nolte 2013).

From 2003 to 2005, Brazil and the US co-chaired FTAA negotiations seeking opposing goals. Washington aimed at successfully concluding the discussions that had begun in 1994 through the gradual removal of customs barriers. Conversely, taking into account the significant asymmetry in economic weight, Brasília endeavored to block or at least delay a complete agreement. Instead. In 2005, during the Mar del Plata Summit, the 34 American countries failed to reach any agreement, thereby halting negotiations (Pecequillo 2011).

In Colombia, in 2009, the United States signed a military agreement that would allow the set-up of seven American bases. Although no strategic rivalry has existed between Bogotá and Brasília, the military strengthening of Colombia associated with the presence of American troops near the Brazilian border constituted a source of concern to Lula administration. That is why Brazil has brought that subject to Unasur discussion. Yet, that agreement ended up not being implemented because the Colombian Supreme Court of Justice has judged it unconstitutional (Wehner 2015).

Brazil's Domestic Coalitions, Internal Crisis and the Reversal in its Foreign Policy (2011-2018)

Dilma Rousseff (PT) won the 2010 presidential race against José Serra (PSDB). She was re-elected in 2014 defeating Aécio Neves (PSDB). She had Michel Temer (PMDB) as her vice president. Her re-election indicated the possibility of maintaining a progressive coalition in power for sixteen years. Yet,

in August 2016, the President's impeachment interrupted this history.

At the beginning of the administration (2011-2014), Rousseff implemented tight fiscal and monetary policies. She cut public spending to increase the primary surplus and raised interest rates to curb inflation. However, these measures were taken in an international economic landscape marked by uncertainty. The Eurozone financial crisis, the slowdown of the U.S. economic recovery from the 2008 crisis and China's decision to reduce growth pointed to a bleak picture. The third element put an end to the so-called commodity boom, which decreased Brazilian exports to China. As a response to that adverse international situation, Rousseff administration sought to further social-developmentalism (Dweck and Teixeira 2017).

Minister Guido Mantega's "new economic matrix" was geared toward: a) reducing interest rates, b) increasing BNDES support for Brazilian companies, c) fostering an industrial policy focused on innovation, d) reducing companies payroll, e) launching the Investment Program in Logistics (PIL), f) lowering the price of electricity to reduce production costs, g) devaluing Brazilian currency to decrease imports and increase exports of industrialized goods, h) imposing greater control over international capital, i) increasing a few import tariffs and j) encouraging local content in strategic sectors (Singer 2016).

At the beginning of the Rousseff administration, through the replacement of Meirelles by Alexandre Tombini, the Central Bank reassessed the inflation targeting system, thereby toning down the importance attributed to interest as a nearly exclusive tool of monetary policy. The interest rate's decrease added to other measures aimed at promoting investment in industrial production. From August 2011 to April 2013, Rousseff administration managed not only to reduce interest rates from 12.5% to 7.5%, but also to diminish bank spread (Singer 2016). Rentiers harshly criticized such an orientation.

In June 2013, street protests worsened political problems. Initially centered on bus fares, street protests metamorphosed into several diffuse claims. Education and health problems, heavy expenditure on the 2014 World Cup and the 2016 Olympics as well as endemic corruption were some of the issues raised by the protesters. It is noteworthy that, from the second half of 2012 onwards, corruption had become a prominent issue because of the extensive media coverage of the Mensalão (big monthly payment) scandal (Santos 2017).

President Dilma reacted to street protests by trying to engage governors and mayors in favor of fiscal responsibility, inflation control, political reform and improvement of public services in the fields of education, health and transportation. She also sought to steer street pressure toward pushing the Congress to approve legislative proposals that were unexamined. Because of congresspersons strong resistance, the federal government made little progress.

Thus, among the initiatives effectively carried out, a reduction of 10 billion reais in the 2013 public budget stood out (Singer 2016).

Due to the uncertain political environment fueled by operation Lava-Jato, entrepreneurs' reluctance to invest in production alongside with fiscal tightening and rising interest rates ended up hindering economic growth in 2014, which was just 0.1 %. Against this backdrop, Dilma Rousseff won the 2014 elections with a three-point lead over her main opponent.

Without accepting its narrow-margin defeat, on October 30, PSDB filed a petition to the Electoral Supreme Court (TSE) requesting a "special audit" to determine whether there was fraud in the election results. Shortly thereafter, in December, PSDB filed a lawsuit to the TSE. It had two main goals, namely, to cancel the registration of Rousseff-Temer's candidacy on account of alleged electoral irregularities and to invest Aécio Neves as Brazil's president. What Santos (2017) has called the "coalition of conservative assault on power" was about to be built.

According to Singer, the main explanation for Rousseff's removal from office lies in a shift that took place within two opposing coalitions. The rentier coalition was led by national and international financial capital and comprised the traditional middle class. In accordance with neoliberal prescriptions, that coalition was interested in maintaining a valued national currency and high interest rates. From a geopolitical perspective, the rentier coalition passively accepted the American leadership. In contrast, the productivist coalition was made up of entrepreneurs and industrial workers who defended economic growth, reindustrialization and income distribution.

By taking into account the "correlation of forces", Lula administration managed to act as an arbiter between those two coalitions with the poorest workers. Conversely, Rousseff administration put an end to that delicate balance. She collided with the "rentier coalition" by altering the interest rate policy, nationalizing strategic sectors and cozying up to industrial workers. The existing overlap between financial and industrial capitals as well as the industrial entrepreneurs' preoccupation with the strengthening of workers' bargaining power have engendered a political realignment. The industrial entrepreneurs left the productivist coalition and joined the rentier one (Singer 2016).

Singer (2006) provides a relevant analytical contribution by presupposing the reaction of a strengthened rentier coalition. However, the idea of arbitration by the government, which assumes a political detachment from the two coalitions to keep them in balance, does not seem compelling. Because of its social-developmental economic orientation, the Lula administration did have the "productivist coalition" as one of its political pillars, in spite of the fact that his government made some concessions to the "rentier coalition". In

contrast, Rousseff administration confronted the latter's interests.

On his part, Wanderley Santos (2017) reckons that a broad and heterogeneous coalition launched the "conservative assault on power". The national congress, the Judiciary, the business community and the mainstream media were the main agents of Rousseff's political demise. They were in tune with transnational groups' interests marked by "American hegemony".

Notwithstanding their different perspectives, all the aforementioned scholars identify the rise of a heterogeneous neoliberal-conservative coalition aimed at reverting the progressive policies adopted since 2003. We contend that a better understanding of the domestic political dynamics that preceded the "conservative assault on power" may be achieved by adding Brazilian foreign policy to the analysis.

A few studies that have assessed Rousseff's foreign policy have highlighted her missteps. Cervo and Lessa (2014) point out the reversal of Brazil's position as an emerging power from 2011 to 2014. From their viewpoint, the lack of new driving ideas on foreign policy, state inefficiency linked to the loss of its inducible capacity as well as the weakening of dialogue between government and society are the major causes of that "relative decline". Yet, they notice the continuity of some international initiatives triggered by Lula administration, though without the same vigor. Similarly, Rubens Ricupero (2017) describes Rousseff's diplomacy as discredited and uncreative. He also emphasizes Rousseff's lack of vocation to and interest in international affairs. On her part, Miriam Saraiva (2016) refers to the frosty relations between the President and the Foreign Minister as well as the existence of adverse domestic and international contexts. Rousseff administration was less willing to lead South American integration by virtue of its overwhelming focus on the BRICS.

In a nutshell, the abovementioned scholars call attention to a paralysis or a retreat regarding an active foreign policy. Rousseff's mismanagement, which is linked to political and economic crises, is deemed as the main cause of that setback. Such studies fail to realize that, in the opposite direction, Brazilian foreign policy displayed greater assertiveness on some issues that clashed with Western powers' agenda, notably the one set by the United States. Brazils attempted to dissipate tensions engendered by the Tehran Declaration so as to enhance diplomatic relations with the U.S. That new course of action represented a small shift with respect to Lula's foreign policy.

In March 2011, Barack Obama's visit to Brasilia paved the way for a rapprochement between the two countries. Obama and Rousseff signed several agreements, thereby fostering cooperation in areas of mutual interest such as trade and investment, technical assistance to third countries, educational exchanges and aviation biofuels. In April 2012, Rousseff gave the next step

aimed at constructing a “United States-Brazil partnership for the 21st century” by visiting Washington. In fact, that bilateral partnership would be consolidated with Rousseff’s state visit to the U.S. in October 2013.

The revelation of NSA’s espionage against Brazil led to indefinite postponement of Rousseff’s trip to Washington. The information that Edward Snowden disclosed was quite serious since it involved the tapping of Rousseff’s telephone as well as the communications of Petrobras’ senior executives. From 2014 onwards, Petrobras happened to be the object of the investigations carried out by Lava-Jato operation. In the absence of apologies from the US government, Rousseff not only criticized espionage at the 68th UN General Assembly, but also presented with Germany a draft resolution against clandestine surveillance programs. At last, Rousseff’s trip to Washington occurred only in June 2015 amid the worsening of Brazil’s domestic crises (Ricupero 2017).

According to National Defense Policy and National Strategy of Defense (2012), the core of a development and defense strategies is the coordination between an independent foreign policy and “a robust defense policy”. As Celso Amorim has written, Brazil’s soft power should be strengthened by hard power. There is the need to reinvigorate Brazilian national defense industry with a view to obtaining technological autonomy. “The Naval Submarine Program (PROSUB), the creation of the Army’s Cyber Defense Center (CDCiber) and the acquisition of new air force combat units (the F-X2 project) stand out as net examples of Brazilian military modernization. It is worth noting that the agreements reached with France (2008) and Sweden (2013) for the development of nuclear-powered submarines and for the acquisition of Gripen NG fighters involve the transfer of military technology.

The implementation of national strategy of defense and an assertive foreign policy was based on the assessment that a decentralization of world power was in progress opening the way for an international multipolar system. That prospect would create opportunities for Brazil to develop and project its influence over international politics. At the same time, it would be marked by uncertainty due to fiercer international competition for natural resources (food, water and energy), which Brazil and its other South-American neighbors have enough and should safeguard (Amorim 2016).

The attention given to BRICS by the Rousseff administration coincided with a greater engagement and convergence of positions among the members of that coalition in international security matters. It also contributed to a greater institutionalization of the partnership in the economic sphere. Even though the BRICS countries do not directly challenge the established international order, the adoption of a concerted position has increasingly antagonized Western interests. This is especially true with regard to the discussions at the UN

Security Council on the Greater Middle East.

In 2011, South Africa, Brazil and India held seats, as non-permanent members, on the UN Security Council along with China and Russia. The simultaneous presence of the five BRICS countries rendered possible greater coordination of their position vis-à-vis the debates on Libya and Syria (HAM 2015).

In March 2012, at the end of the Fourth BRICS Summit, which took place in New Delhi, the five nations expressed concern over a possible Western intervention on Syria. They encouraged the solution of the crisis by peaceful means as well as the respect for “independence, territorial integrity and Syrian sovereignty”. The same stance, at odds with Western interests, continued in the following BRICS summits. In September 2015, Russia intervened militarily in the civil war in favor of Bashar al-Assad administration with a view to allegedly combating terrorism. The other four BRICS countries tacitly supported that geopolitical maneuver, as they did not criticize Russia (HAM, 2015).

It is worth noting that those four BRICS had already supported Russian geopolitical assertiveness in Eurasia. South Africa, Brazil, China and India not only abstained from voting on the General Assembly resolution, which criticized the referendum in Crimea, but also opposed the Australian initiative to exclude Russia’s participation in the G-20 Summit in Brisbane. In doing so, they succeeded in undermining the efforts of the Western powers to isolate Moscow internationally. According to Stuenkel (2015), no Brazilian authority condemned the annexation of Crimea by Russia. Brasília intended to preserve internal cohesion within the BRICS so as to ensure Vladimir Putin’s participation in the 6th BRICS Summit that was hosted by Brazil.

That conference among BRICS’ heads of state took place in July 2014. In the Fortaleza Declaration, the five nations condemned “unilateral military interventions and economic sanctions in violation of international law and universally recognized norms of international relations.” They also expressed “deep concern about the situation in Ukraine” and called for “a comprehensive dialogue, the lessening of tensions in the conflict and the restraint of all actors involved” without mentioning the annexation of the Crimea by Russia (MRE 2014). The Western powers interpreted it as tacit support for Moscow’s actions. In analyzing the relationship between the U.S. and Brazil, Peter Meyer (2016) notes that “bilateral ties have been strained from time to time as the countries’ occasionally divergent national interests and independent foreign policies have led to disagreements”. The U.S. officials have been disappointed by Brazil’s positions on Russia and Venezuela.

The Fortaleza Declaration (MRE 2014) also announced the creation of a new development bank (to finance infrastructure and sustainable development

projects) and the establishment of the Contingent Reserve Arrangement (in order to alleviate problems in the balance of payments of the BRICS states and other developing countries). The creation of both instruments represented the first significant step toward institutionalizing financial cooperation among the BRICS. Hence, the five nations not only indicated the failure of the Bretton Woods' institutions to meet their needs (due to the slow pace of internal reforms in the IMF and the World Bank to enable emerging countries' greater participation), but also they started building parallel and alternative structures to those dominated by the western powers (Stuenkel 2015).

At the 6th BRICS summit, a joint session was also held with Unasur's leaders. It allowed China and Russia to forge closer relations with the South-American countries. Furthermore, in Brasilia, President Xi Jinping met with all CELAC leaders, issuing a joint declaration. It announced the official launch of the China-CELAC Forum and the holding of the first ministerial meeting in Beijing, linked to the promise of large loans. Beijing and Moscow have thus increased their presence in the traditional area of American influence (Fiori 2014).

Brazil's outline of an autonomous "grand strategy" as well as the growing geopolitical weight of the BRICS has augmented the challenge to U.S. hegemony. According to the American 2015 National Military Strategy, the so-called "revisionist states" and "violent extremist organizations" (Al-Qaeda and Islamic State) pose the main threats to the superpower's national security. The "revisionist states" would seek to challenge international norms to alter the existing world order. Although that document only cites China and Russia alongside Iran and North Korea, one can infer that the reformist agenda advocated by the BRICS countries regarding international governance is also inexplicitly deemed as a threat. In this context, there are a few signs that the US has nurtured ties with the Brazilian neoliberal-conservative coalition to thwart Brazil's growing international autonomy (Fernandes 2016).

Moreover, the targets chosen by Lava-Jato operation - Petrobras, BNDES, the main Brazilian construction companies and the Brazilian nuclear submarine program - go beyond the neoliberal-conservative coalition's interest in toppling the government on the pretext of waging a crusade against corruption. The return of neoliberal policies, the weakening of domestic cohesion within the Brazilian society and the end of an independent foreign policy are in line with Western powers' intent to obstruct the rise of the BRICS countries, thereby maintaining the existing international order.

In the aftermath of Rousseff's controversial impeachment, Brazil has undergone a major political setback. In the domestic sphere, the Temer administration (2016-2018) has undermined important social policies. That

government froze public spending on health and education for twenty years, tried to narrow the definition of slave labor to benefit landowners, loosened labor laws reducing safeguards for workers, changed pre-salt regulation to favor foreign companies.

On the international scene, that administration claimed that it would render foreign policy less ideological. Broadly speaking, Brazil placed emphasis on trade diplomacy to the detriment of a geopolitical grand strategy and focused on strengthening the ties with traditional partners: U.S, Europa and Japan. Hence, the Temer administration tried to reinvigorate Mercosur-EU negotiations, which have been dragging on since 1995, without succeeding in finishing them. In May 2017, Brazil also formally applied to become a full member of the Organisation for Economic Co-operation and Development (OECD). However, Temer administration encountered resistance on the part of the US to an enlargement of the OECD that would encompass at once six countries, namely Argentina, Peru, Croatia, Bulgaria, Romania and Brazil.

In turn, Brazil decreased its engagement in the South-South axis while attempting to preserve the relations with important countries on which depend its foreign currency earnings, notably China. Thus, Temer administration carried on Brazil's participation in the BRICS' meetings. Yet, the former objective of overhauling global governance to advance developing nations' interests gave way to less ambitious economic and financial considerations. Indeed, President Temer has mentioned a "truly universalist" foreign policy in a few speeches (Temer 2018). Nonetheless, in those occasions, a universalist approach only has connoted an interest in increasing trade and investment flows. In Africa, the new government simply continued the trend to scale down Brazil's involvement, which was already visible during Rousseff administration.

At the regional level, the Temer administration soured Brazil's relations with left-wing countries such as Bolivia, Cuba, Ecuador, Nicaragua and Venezuela. At the same time, it struggled to strengthen ties with Pacific Alliance's nations (Chile, Colombia, Mexico and Peru). That regional bloc adopted a liberal approach aligned with the U.S. agenda for the Western Hemisphere. By disregarding its former engagement in an autonomous regional integration's project, the Temer administration also contributed to undermine Unasur. In April 2018, Brazil suspended its membership of that regional organization alongside Argentina, Chile, Colombia, Paraguay and Peru. That misstep further downgraded Brazil's regional status.

Instead of a return to what Cardoso administration controversially named as "autonomy through integration", Temer's foreign policy was a byproduct of a serious domestic turmoil that has demeaned Brazil's role in international affairs. Ironically, in May 2017, the Special Secretariat for Strategic

Affairs of the Brazilian Presidency acknowledged that lack of national dignity by means of a situation report. This document indicated the absence of a "strategic and coherent foreign policy" "that goes beyond the attempt to legitimize the new government and reassure international investors. After all, as the document affirms "foreign policy is not pursued in a vacuum" (Kalout and Degaut 2017).

Final Remarks

During Lula administration, the building of a domestic social-developmental coalition in parallel with the international rise of other countries (mainly China and Russia) opened up opportunities to the full resumption of Brazil's quest for international autonomy through the adoption of an assertive foreign policy.

Brazil's emphasis on domestic policies so as to reduce poverty and social inequality gave greater legitimacy and vigor to horizontal cooperation with South-American and African countries. At the same time, the focus on development and the goal of making the so-called global governance more congruent with the ongoing changes in world power distribution encouraged the rapprochement with BRICS partners. At first, the diversification and deepening of ties with peripheral nations increased Brazil's international recognition, thereby widening its leeway vis-à-vis developed countries, especially with regard to the United States. However, ever since Rousseff administration, that situation was reversed due to acute domestic political-economic crises that led to the president's controversial impeachment.

Throughout Cardoso (1995-2002) and Lula (2003-2010) administrations, a contest between the neoliberal-conservative and social-developmental coalitions was consolidated. It later moved toward intense polarization during Rousseff administration (2011-2016). The progressive coalition centered on PT resumed the leading role played by the state to foster economic growth and social wealth distribution. The implementation of a hybrid economic policy, in which neoliberal measures coexisted with social-development initiatives, allowed the Lula administration to maintain a compromise policy that met the interests of different social segments, especially those of the richest and the poorest.

Rousseff's administration altered that orientation through the "new economic matrix", which sought to deepen the social-developmental dimension and abandon a few neoliberal practices, especially with respect to monetary policy. The end of the compromise policy precipitated the neoliberal-conservative coalition's reaction.

The assessment of the competition between the two antagonistic political coalitions allows only a partial understanding of the “conservative assault on power.” A better comprehension of that event may be achieved by situating Brazil’s foreign policy in the geopolitical landscape.

In South America, the end of Argentina’s automatic alignment with the U.S. and Brazil’s resumption of an autonomous foreign policy enabled the inauguration of a “strategic partnership” between the two neighbors, governed by progressive forces, with a view to boosting regional integration. Despite existing divergences, against the backdrop of an increasing power asymmetry between the two neighbors, Brasília and Buenos Aires converged in strengthening Mercosur. The bilateral understanding laid the foundation for the advent of UNASUR. That regional arrangement, with the focus on the establishment of the South American Defense Council, associated with the failure of FTAA negotiations, have contributed to weakening American influence over Latin America.

Notwithstanding the importance of the Greater Middle East in the midst of the war on terror, the South-American region has not lost its strategic relevance to the superpower. Indeed, unlike the common narrative on the paralysis or retreat of Brazilian foreign policy during the Rousseff administration, we have argued that a few initiatives collided head-on with the Western agenda, notably with the U.S interests. That situation has unfolded in an increasingly competitive international environment among the great powers.

There are already a few indications that the “conservative assault on power” did not only come out of the liberal-conservative coalition’s deeds. The ties of that coalition with foreign capitals as well as the U.S. counter-offensive to regain its ascendancy over the Western Hemisphere and contain the BRICS countries’ revisionism (under the leadership of China and Russia) indicate that Rousseff’s controversial impeachment happened in a wider geopolitical context.

The increase in Brazil’s international autonomy during Lula administration was followed by the political-economic crises that led to the weakening of that countervailing power in Rousseff’s government. That crisis was marked by its predominantly political origin, which produced a deleterious impact on the developmental drive. In being a kind of peripheral power of a relational nature, which is exercised in a specific historical-geographical context, autonomy is not constant nor can be regarded as a permanent feature of Brazilian diplomacy. Brazil’s ability to resist, neutralize or withstand the influence of great powers, especially the one from the U.S., varies in the course of its history. The achievement of a greater degree of autonomy by Brazilian foreign policy from 2003 to 2014 was a transitory circumstance.

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ABSTRACT

Why has Brazil's international influence subsided? From 2003 to 2014, Brazil fostered its socioeconomic development and pursued an assertive foreign policy that raised its international profile. Besides promoting regional integration, with Mercosur and UNASUR, Brazil played an important role in international coalitions such as the BRICS and the G 20. However, those initiatives have lost momentum from 2015 onwards. This paper aims to explain the decline in Brazil's international influence. We hypothesize that Brazil's politico-economic crisis, caused by domestic power struggles and international reaction to its ascent, has weakened its position as an emerging country. International systemic constraints are important, albeit not enough to account for such a setback. A comprehensive explanation needs to take in consideration both geopolitical factors and domestic power struggles.

KEYWORDS

Brazil; Geopolitics; Brazilian Foreign Policy

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ANALYSIS OF THE BRAZILIAN CRISIS: PRELIMINARY EFFECTS ON SOUTH-SOUTH COOPERATION¹

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Introduction

Brazilian international cooperation can be historically characterized as a 'peaceful insertion' with a focus on commercial alliances. The international insertion of the country was developed through alliances and free trade agreements and/or integration through blocs of states, sometimes led by developed countries (Guimarães 2013, Pecequillo 2012). Brazil has also maintained a long-standing pragmatic alignment with the United States, referred to as North-South, or vertical cooperation. In addition, historic patterns of international cooperation confirm that Brazil is a country with significant participation in negotiations, international assemblies and in the UN Security Council since the Second World War. These activities were intensified throughout the 2000's.

When United Nations launched its 1994 Development Agenda, it represented an expansion of the UN approach to International Cooperation and Development (ICD). According to Milani (2012), a central characteristic of this type of cooperation is that it seeks development based on solidarity in efforts to face the dilemmas and inequalities generated by capitalism. This approach to ICD came to be characterized as South-South Cooperation

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(SSC) consisting of an expansion of ICD focused on countries of the South as many of them experienced periods increasing growth and development in the past decade, thus transforming themselves into potential “donors” with the possibility to offer loans, technical assistance and various forms of foreign investments to promote regional development. (Silva and Almeida Filho 2019).

Throughout the period following the election of former president Luís Ignácio Lula da Silva, national interests were structurally brought into conformity with ICD objectives (starting with the Zero Hunger initiative that eventually gained international recognition for its significant results in fighting hunger and poverty through social policy) and Brazil came to stand out amongst countries in similar situations. According to Chediek (2017), the development of a partnership between the Brazilian government and the United Nations Development Program (UNDP) happened after 2010 when bilateral and multilateral international cooperation was expanded through the Brazilian Cooperation Agency (ABC).

Fraundorfer (2012) analyzed this partnership, particularly the centers of research excellence. The first such center was the International Policy Centre for Inclusive Growth (IPC-IG), established in 2004. According to the Centre’s website⁴, IPC-IG is a global forum for South-South dialogue about innovative development policies, seeking the production and dissemination of papers, policy recommendations and the exchange of best practices, establishing contact with several national and international institutions.

The Social Protection.Org platform was established in 2015, also focusing on the dissemination of knowledge in the area of social protection. According to the platform’s website⁵, it was created following a request from the G20 Development Working Group. Its purpose is to serve as a repository of learning resources on social protection for policymakers, development practitioners and specialists, with an interest in South-South learning. Currently, the platform is composed of 3,631 members and 973 registered institutions from around the world. Brazilian institutions such as the Institute of Applied Economic Research (IPEA), the Ministry of Social Development (MDS), the National Council of Social Assistance (CNAS) are part of the platform.

These activities evidence a growing focus on ICD and SSC. Two reports of the IPEA and the Brazilian Agency for Cooperation (ABC) confirmed this focus with an analysis of investments in this area. The reports demonstrate

4 More information available at <<http://www.ipc-undp.org/pt-br/>>

5 More information available at <<http://socialprotection.org/>>

that the amount spent by the Brazilian government on ICD was close to US\$ 1.5 billion between 2011 and 2013 applied in almost 160 countries. These resources were utilized for “the dissemination of successful Brazilian practices, training of foreign specialists and granting of scholarships in educational institutions in Brazil” (IPEA and ABC 2016, 17, author’s translation).

However, since the impeachment of ex-president Dilma Rousseff in 2016, it has become increasingly clear that the current government does not prioritize ICD or SCC. The government’s own plan of action⁶ that it presented to the public included a narrow focus on the negotiation of trade agreements (with or without Mercosur). This article analyzes preliminary changes to Brazilian activities and participation in SSC in the period after 2004 and presents future perspectives taking the current state of crisis into account. A bibliographical review is combined with an analysis of published information available about the participation of Brazilian government agents in relevant platforms and networks analysis related to socialprotection.org. Following this introduction, this article is divided into the following sections: a) SSC: Synthesis of theoretical aspects and recent evolution; b) Social Network Analysis: The case of the Socialprotection.org platform; c) Final considerations; d) References and e) Annex I.

SSC: Synthesis of Theoretical Aspects and Recent Changes

Synthesis of Theoretical Aspects

The historical evolution of successive Brazilian governments’ international activities offers insights into temporal political specificities despite the country’s historically consistent presence in major international activities and negotiations. According to Guimarães (2013), Brazil’s geographic location, regional importance and territorial dimension are key factors in this continuous presence. Importantly, Silva and Almeida Filho (2019) highlight that since 1900 the country has been working to consolidate its relations with North America through a submissive alliance with developed countries, particularly those from the North.

Pecequillo (2012, 2008) investigated the first movements away from these historic submissive North-focused relations that began in the 1960’s when the country was going through considerable internal and external changes. Additionally, it is important to highlight the early attempts at an

6 The government plan is available here: <<https://www.fundacaoulisses.org.br/wp-content/uploads/2016/11/UMA-PONTE-PARA-O-FUTURO.pdf>>

import substitution strategy that began in Brazil in the 1930's. Another key external factor that provoked substantive changes to Brazil's insertion internationally was the shifting power balance throughout and since the Cold War.

Milani (2012) confirms that the Cold War served as an important mechanism for the institutionalization of multilateralism, elevating the importance of ICD because the 'Soviet threat' elicited an improvement to U.S international development programs. ICD aims to promote "dialogues through public policies on the basis of selectivity and training programs (...), therefore, international aid has come under the logic of cooperation and partnerships" (Milani 2012, 214, author's translation).

SSC follows the expansion of ICD activities in countries of the global South, including in Brazil. According to Silva and Almeida Filho (2019), the creation of the Brazilian Cooperation Agency (ABC) in 1987 had the objective of creating technical cooperation programs in several areas that brought international organizations and governments together with an explicit focus on development projects in the south.

In his commemorative book marking the 30th anniversary of the ABC (published in 2017), Chediek highlighted the fact that, "the guiding principles of SSC are included in several official United Nations documents: the respect for national sovereignty, appropriation and independence, equality, non-conditionality, non-interference in domestic affairs and mutual benefit" (Chediek 2017, 44, author's translation). Additionally, it is necessary to reference the important contribution of a document prepared at the United Nations High Level Conference in Nairobi in 2009. According to this document (UN 2009, 4) at points 10 and 11, the United Nations clearly recognizes the importance of CSS:

We recognize the importance and different history and particularities of South- South cooperation, and we reaffirm our view of South-South cooperation as a manifestation of solidarity among peoples and countries of the South that contributes to their national well-being, their national and collective self-reliance and the attainment of internationally agreed development goals, including the Millennium Development Goals. South-South cooperation and its agenda have to be set by countries of the South and should continue to be guided by the principles of respect for national sovereignty, national ownership and independence, equality, non-conditionality, non-interference in domestic affairs and mutual benefit.

Milani (2012), Hirst (2012) and Leite, Suyama and Waisbich (2013)

demonstrate that following the positive results of Brazilian social policy throughout the 2000s⁷, projects developed in these areas gained the attention of international managers, particularly those from Southern countries who were eager to learn about the Brazilian experience of effective strategies to reduce both poverty and inequality. Analyzing the relationship between the UN and the Brazilian government during the 2000's, Silva and Almeida Filho (2019) report the growth of a closer relationship in the context of the UN Millennium Development Goals (MDGs), which have now been incorporated into Agenda 2030 (Sustainable Development Goals - SDGs⁸) the goal of which is to eradicate poverty in all its forms by 2030. SSC is an important tool for achieving these goals as it gives priority to emerging (mostly southern) countries.

These same authors affirm that throughout the 2000s the Brazilian government operationalized a synchrony between internal objectives (especially the fight against extreme poverty), the UN SDGs and SSC. According to ex-foreign minister Celso Amorim (2007), this synchrony was eventually concretized in the government's desire to obtain a permanent seat at the UN Security Council. As the UN document referenced above (2009) demonstrates, the existence of CSS does not modify or compete with traditional North-South (vertical) cooperation, especially the negotiation and operationalization of bilateral and multilateral trade agreements, but rather maintains a conciliatory and sometimes even submissive role for southern countries (including Brazil) in relation to developed economies and governments.

In this sense, Brazilian official government discourse knowledge transfer and technical cooperation, focusing on sharing national practices with countries with similar challenges. According to Leite et. al. (2014, 20), "Brazil claims to have a firsthand understanding of poverty and underdevelopment, which differentiates it from industrialised countries. The importance of the adaptation process, the recognition of local experiences and the existence of synergies between partners is also recognized".

It is possible to observe that the Brazilian government's focus on SSC grew substantively between 2004 and 2010 with the creation (in 2004) of the "General Coordination of Humanitarian Cooperation and Fight against Hunger" in the Ministry of International Relations (referred to as Itamaraty in Brazil) to coordinate international actions to alleviate poverty in other countries. These actions enhanced partnerships with United Nations agencies (with the

⁷ For further details, see Silva (2017).

⁸ Further details about the SDGs available here: <<https://www.un.org/sustainabledevelopment/sustainable-development-goals/>>

UNDP and the Food and Agriculture Organization – FAO in particular) and were fundamental to the dissemination and exchange of experiences between Southern countries. Chediek (2017, 57, author's translation) reported that this partnership led to:

...four main types of UNDP support for Brazilian SSC: a) institutional capacity building; b) operational support for bilateral and trilateral technical cooperation; c) research, collection and analysis of Brazilian practices and policies; and, d) facilitation of knowledge sharing and partnerships. These approaches had a central objective: maximize Brazilian potential for technical cooperation and their successful good practices and social policy.

This partnership also led to the creation of centers of research excellence including the Center of Excellence against Hunger and World Center for Sustainable Development which were developed to maximize the potential of SSC. Silva and Almeida Filho (2019) and Fraundorfer (2012) all highlight that the first center of excellence created in 2004, the International Policy Centre for Inclusive Growth (IPC-IG) constructed various connections with relevant international agents with a focus on research and dissemination of knowledge in the area of social protection. “Since 2009, the Centre has expanded this network through their involvement in academic forum's, BRIC's think tanks seminars and the G20 working groups.” (Fraundorfer 2012, p 104, author's translation).

This series of consecutive efforts and investments made by the Brazilian government and international organizations (particularly those of the FAO and the UNDP) to deepen SSC over the past decade were very important. They yielded mechanisms for experience sharing (particularly experiences with innovative social policy) the creation of research centers, thus elevating the importance of international insertion at a regional level.

Recent Changes on SSC

It is important to study recent Brazilian history of involvement in SSC and given the structural limits on the Brazilian fiscal regime, and the period of economic growth experienced by the Brazilian economy in the last decade, the beginning of the 21st century presented the possibility of a considerable expansion of social policy in Brazil (Silva 2017, Silva and Almeida Filho 2019) and, consequently of SSC as demonstrated before. There was real and continuous appreciation of the minimum wage (with significant impacts on social security and pensions) and several poverty eradication and inequality

reduction policies were implemented. The effects of this period of economic growth and these policies can be observed in the Brazilian indicators of poverty and inequality. Extreme poverty between 2004 and 2014 was reduced from 16.4% to 4.7% and the Gini Index fell from 0.570 to 0.515. Average per capita household income rose from R\$549.83 to R\$ 861.23 during the same period. (Osório 2015).

According to Silva and Almeida Filho (2019), as of 2014 (the beginning of the second Dilma government) reforms and parliamentary amendments were already demonstrating a change in direction towards fiscal adjustment and spending containment (concurrent with a significant reduction in economic growth), a tendency that was intensified after Dilma's impeachment and, most significantly, institutionalized with the approval of EC (constitutional amendment) 95. Ulhôa and Almeida Filho (2018) demonstrate that the main objective of EC95 was to consolidate the previous fiscal regime through the compulsory generation of a primary accounts (balance of payments) surplus.

Several researchers have warned of the negative effects of setting limits on primary expenditure on public policies, especially social policies. In addition, the Synthesis of Social Indicators of IBGE (2017) shows that the drop in health and education expenditures was 3.1% in 2017, after discounting inflation. Another important measure that indicates how social policy is impacted by this kind of fiscal adjustment is the return of the growth of poverty indicators which, according to a report that analyzed data from the Getúlio Vargas Foundation (FGV), "between 2014 and 2017, the number of people living below the poverty line in Brazil grew 33%, which means 6.3 million new poor people in the country - the equivalent of almost twice the population of Uruguay"⁹.

Faced with this scenario of crisis, cuts to public policy expenditures and their effects that are beginning to emerge and are being made clear by the poverty indicators cited above, the focus of this article, SSC will certainly not be exempt from cuts. There is little direct, detailed information on either ICD or SSC. The most significant consequences to date have been published in reports from 2010 and 2016 through a partnership between the ABC and the IPEA that assesses the performance of Brazilian ICD.

Silva and Almeida Filho (2019) analyzed both of these reports and demonstrated that in monetary values, ICD spending practically doubled between 2005 and 2009, an increase from R\$ 384.2 million to more than

9 Article available at: <<https://noticias.uol.com.br/cotidiano/ultimas-noticias/2018/09/13/mais-de-6-milhoes-cairam-abaixo-da-linha-de-pobreza-desde-2014-aponta-fgv.htm>>.

R\$ 724 million in nominal values. According to these same authors, when divided into sub-items, spending on humanitarian assistance and technical cooperation increased from 7.53% of the total in 2005 to 25.51% in 2009, a six-fold increase. However, the 2016 report points out that this growth loses strength between 2011 and 2013, with an increase from R\$ 985 million in 2011, to approximately R\$ 1 billion in 2012 and then a reduction to R\$ 857 million in 2013.

The 2016 IPEA/ABC Report explains that a South-South Cooperation Trust Fund was created. The Brazilian government's financial contribution to this fund was R\$ 11.8 million between 2011 and 2013. This investment was used to fund 14 projects with the goals of sharing technology, knowledge and resources in the areas of agriculture, governance and social development.

There is a clear commitment and effort on the part of the Brazilian government throughout the last decade to operationalize successful social policies and to offer Brazilian programs and projects as examples for other countries in similar conditions. Integration with the United Nations was deepened through several centers of excellence and bi and trilateral SSC projects. As noted in the previous section, the first center of excellence in research created between the UN (through the UNDP) and the Brazilian government was the International Policy Centre for Inclusive Growth (IPC-IG), which has as one of its objectives to be a global forum for South-South dialogue.

Since 2015, the IPC-IG has hosted the socialprotection.org platform that focuses on the dissemination of knowledge in the area of social protection and South-South learning. This work has as a general hypothesis that the decrease in public spending on social policy will compromise the performance of SSC and will use the socialprotection.org platform as a case study to explore its main agents (stakeholders) and impacts on Brazilian participation in the network of other southern countries. The next section will explore the methodology used in this study, elaborate a historical mapping (which includes an analysis of the platform and interviews with external agents and current collaborators) and examine the current network of stakeholders.

Social Network Analysis: The socialprotection.org Platform

The objective of first section was to show the Brazilian government efforts to create partnerships with international organizations to disseminate the ICD and SSC. In this sense, this section will explore the creation of the first center of research excellence in 2004, the International Policy Centre for

Inclusive Growth (IPC-IG) with focus on the socialprotection.org platform, as mentioned before.

The IPC-IG is a center built between Brazilian government partnerships with United Nations. It has been constructed various connections with relevant international agents with a focus on research and dissemination of knowledge in different areas of development. In 2015, the IPC-IG launched the platform socialprotection.org with focus on dissemination of knowledge on social protection around the world. Using the platform we intend to analyze how the Brazilian government was (and if it still is) involved and if the current crisis affected the government participation on socialprotection.org. Searching to discover this effects the article will use a social network analysis and it divided this session in: historical network analysis and NetMap results.

Historical Network Analysis

According to the socialprotection.org website and two of its own recent annual reports (2016 and 2017), the platform was established through an official agreement between the IPC-IG and the Department of Foreign Affairs and Trade of Australia (DFAT) that was signed in January 2014. That agreement created a prototype that was officially launched on 12 September 2015 which is the United Nations Day for South-South Cooperation. The platform's mission is to be an online focal point for the repository of knowledge and sharing on social protection in the South. Institutions and individuals interested in this area can register for free online (Social Protection.org 2016; 2017).

For the platform itself, social protection is a concept that encompasses a range of policies and programmes designed to provide individual or family support where social vulnerability exists. Social protection thus defined seeks the inclusion and construction of human and social capital by increasing income, consumption and ensuring access to basic human rights, as well as stimulating production through the capacity development, and the securing of rights and opportunities. (Social Protection.org 2016).

Once registered on the platform, members can benefit from 4 main platform tools: a) Discover: where publications are gathered and shared by/ with members; b) Connect: the platform has several online communities subdivided into various topics related to social protection; c) Learn: virtual campus where it is possible to search for courses in social protection offered by members of the platform and, finally, d) Share: where members can add a publication, a program, an institution, an online community, events etc.

A steady and significant increase in the number of registered members and institutions is observable since the inception of the platform. Together with

the Australian DFAT and some other institutions, the German Gesellschaft für Internationale Zusammenarbeit (GIZ) has offered steady financial support to the platform since December 2015. In addition to understanding these funding sources, it is necessary to investigate the background that influenced the creation of the platform, which goes back to the very creation of the IPC-IG and the work carried out by the research centre since 2004.

The interview with the senior coordinators of the IPC-IG revealed that the conception of the creation of this centre predates the Lula administration, since the initial assumption was to replicate the work carried out by the IPEA on poverty studies and pro-poor growth¹⁰. The IPC-IG was understood to be a partnership between the Brazilian government and the UNDP to provide international scope for such research and not serve as an instrument to promote SSC.

The first IPC-IG implementation agreement was signed by the Lula government in 2004. This agreement defined that the Centre would be an integral part of the UNDP structure, observing a formal but weak institutional framework which was built over the years until 2009, when a second and definitive agreement was reached. Since 2004, the Brazilian government has collaborated by hosting the IPC-IG on one of the floors of the IPEA building, with the IPEA coordinator being housed within the Centre (at the time represented by its president, Marcelo Medeiros) and with shared IPEA technicians making up the staff of researchers and coordinators. According to the interviewees, at that time, it was very close to what IPEA is today with a strong focus on the area of quantitative studies of poverty reduction. Thus, even with the formal agreement and the professional science of the ABC, it was not expected that the IPC-IG would become an important research centre in the area of learning in the South.

The change of the Centre's interests from an academic profile to one that could work in direct partnership with international managers began between 2005 and 2006 and occurred through two distinct processes:

1) A survey conducted by IPEA by Soares et. al. (2007) which explored and compared the impacts of the Bolsa Família Programme on inequality and poverty in Brazil with results of local programmes in Chile and Mexico. This survey was based on data from the 2004 National Household Sample Survey (PNAD) and was also published as Working Paper by the IPC-IG in English

¹⁰ Among these studies the following stand out as important: Barros et. al. (2000;2007). Ricardo Paes de Barros was the director of the Social Studies Council of the IPEA between 1999 and 2002.

(Soares, Riba and Osório 2007). This publication was widely disseminated in the international academic community through the Development Policy Review, the journal of the Overseas Development Institute (ODI)¹¹. The researcher Rachel Slater came into contact with this work and would subsequently recommend that the IPC-IG host a platform to disseminate knowledge on social protection for developing countries;

2) Between 2005 and 2006, researchers (including Stephen Kidd) from the UK Department for International Development (DFID), and its counterpart in Brazil held two meetings: a) one with the IPC-IG to carry out research and simulations of cash transfer programmes in African countries and; b) a second where DFID sought someone to articulate within the Brazilian government to initiate cooperation with African countries in the area of social protection.

According to the interviewees, relations between counterparts in African countries and IPC-IG researchers were strengthened after these meetings as the Brazilians received and accepted several invitations to present their research at international seminars, especially in Africa. In sequence, another DFID mission was organized in Brazil to organize a major social protection survey in Africa (in Kenya, Zambia and Uganda) in partnership with local researchers in order to improve monitoring and knowledge transfer. During this period, meetings were held between the ABC and DFID, where the DFID suggested that the IPC-IG should be the executing agent and facilitator of the project (including translating the documentation of the Brazilian experience). However, according to the Brazilian government this trilateral cooperation project was beyond the scope of the ABC due to the need for documentation of the Brazilian experience. Instead, the joint project was managed directly by the international advisor of the Ministry of Social Development (MDS).

This initiative was of fundamental importance to the development of cash transfer programmes in Africa. This project generated other cooperation projects between Brazil and Africa including Brazil-Africa I in 2006, and then the proposal for a new Brazil-Africa II project, in 2014. The second project included the proposal to create a platform for the dissemination of knowledge on social protection. That proposal was realized with the creation of the socialprotection.org platform.

Importantly, one of the DFID researchers involved the negotiation of the Brazil-Africa I project, is the current founder and senior coordinator of

¹¹ More information available at: <<https://www.odi.org/>>

the Development Pathways¹² consultancy. He granted an interview via Skype, where he recalled some important dimensions from this period. According to the interviewee, who participated in the first years of the construction of the project indicated that at the time there was considerable international interest in learning about the Brazilian experience with the Bolsa Família program. After understanding the Brazilian social protection system better, he believed it to be a great mistake, arguing that other programs (such as our retirement system) have much greater poverty and inequality reduction effects than cash transfer programs¹³.

All interviewees pointed out that several conferences were held during this period and that the DFID, IPC-IG and the MDS participated in this process in Africa. However, the IPC-IG coordinator pointed out that, “the central problem for the Brazilian government in relation to international cooperation was (and is): insufficient volume of resources and available technicians.” Also, the former DFID official’s insistence that despite MDS promotion, the Bolsa Família was detrimental to other Brazilian social protection programmes. Finally, it was highlighted that due to internal (economic and political) conditions of the African countries themselves there were not sufficient resources or political interest for the construction of large-scale programmes of social protection.

According to the interview with IPC-IG researchers, the Brazil-Africa project was an important moment for Brazilian ICD. It was also reported that a few years later, after the first Dilma government, a retraction of the Brazilian government from SSC occurred which confirmed a break with previous international insertion strategy as resources invested in SSC were reduced relative to previous years (IPEA 2016, ABC 2016). During this period, MDS initiated a series of annual international seminars, with the justification that it would not be possible to meet all the international demands, so they would all be grouped into a single event.

The seminars led to a degree of dissatisfaction among international managers as they proved insufficient to effectively pass on knowledge through technical assistance. The IPC-IG received new demands for technical assistance from partners based in African countries which was subsequently carried out through a study tour at the Centre.

The IPC-IG made great strides towards direct participation in social

¹² Available at: < <http://www.developmentpathways.co.uk/>>

¹³ According to an article published by the interviewee, (Kidd and Huda 2013) when analyzing the data of Soares et. al. (2006) the Bolsa Família and Benefício de Prestação Continuada (BPC) income transfer social programs contributed to a 5% reduction in poverty, while the retirement policies reduce poverty in 17%.

protection projects during this period. After 2010 the organization was sought out by other international institutions including the Australia Department of Foreign Affairs and Trade (DFAT)¹⁴ and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)¹⁵. In the specific case of the DFAT, the IPC-IG was asked to create a platform for the dissemination of content on social protection. The so-called ‘Social Protection Gateway’ was being developed as a prototype, but there was no follow-up at the time.

A recommendation¹⁶ to create a platform focused on social protection and knowledge sharing was made at the 2011 G20 Development Group meeting. This recommendation would operationalize an integral part of the future objectives of the organization’s “Pillar 6” (Growth with Resilience) and “Pillar 9” (Knowledge Sharing). According to the meeting’s report, construction of this platform should be carried out by and/or in cooperation with international organizations that make use of pre-existing tools. Interviewees pointed out that the Brazilian government does not recognize the G20 Development Group as a social forum, so no Brazilian institution participates in its working groups focused on social issues.

The IPC-IG accumulated experience from the Social Protection Gateway tool and in 2013 the DFAT (aware of the recommendation of the G20 Development Group) made a proposal to revive the platform through new funding. DFAT’s interest was due to several interrelated factors including growing demands from countries where Australia financed investments in social protection, a desire to highlight the country as an important contributor to the construction of social protection research globally, efforts to maintain the credibility and ability of the country to influence debates in this area, especially in the Pacific region and finally, Australia was scheduled to assume the presidency of the G20 Development Group in 2014.

It is also important to highlight the withdrawal of the MDS from these activities during this period as it focused on projects with conditionality models (for example, the Bolsa Família Program) for Africa with the World Bank and its Community of Practices (CoP)¹⁷. Another key element in 2013

¹⁴ More information available at: <<https://dfat.gov.au/pages/default.aspx>>

¹⁵ More information available at: <<https://www.giz.de/en/html/index.html>>

¹⁶ Report of the 2011 G20 Development Group meeting in France: <https://reliefweb.int/sites/reliefweb.int/files/resources/20111028_REPORT_WG_DEVELOPMENT_vANG%5B1%5D.pdf>

¹⁷ Communities of Practice (CoP) is an initiative undertaken by the World Bank and UNDP since 2002 with the aim of contributing to development in the Middle East and North Africa. It is an opportunity for policy makers to share experiences and knowledge. (JOHNSON and KHALID, 2005).

was the hosting of one of the meetings of the Social Protection Inter-Agency Cooperation Board (SPIAC-B)¹⁸, where two events stood out¹⁹: a) The IPC-IG formally presented the proposal to create the social protection platform together with the UNDP's Poverty Practice and in consultation with the World Bank and the ILO and; b) the United Nations Children's Fund (UNICEF) and the FAO proposed a project to evaluate cash transfer programmes in 8 African countries which led to IPC-IG participation in the coordination meetings for these evaluations since 2008. A specific CoP for African countries was also suggested at this meeting with the World Bank itself suggesting that the event be held in the Brazilian city of Fortaleza. The IPC-IG was invited to participate in this CoP which was held in March 2014.

The Fortaleza CoP was a key event for the socialprotection.org platform as the formal proposal for its creation was made in Fortaleza. Interviewees indicated that simultaneously, DFID Brazil created a new division on social protection and food security in order to carry out a new round of projects such as those carried out by Brazil-Africa, where the IPC-IG would deal with the social protection dimension. Thus, the Centre organized a meeting with the ABC, the MDS and African representatives to systematize this demand despite the lack of support from Brazilian institutions. In order not to create problems with the ABC, the Research Centre uses the term South-South Learning and not South-South Cooperation, as the ABC has its own definition of what SSC²⁰ should be.

Since the Australian government assumed the presidency of the G20 Development Group in 2014, there has been a substantial boost to the growth of socialprotection.org which now also included content on social protection and experiences sharing between middle-income and low-income countries. Thus, through the indication of Rachel Slate (who had become aware of the work developed at the IPC-IG), the Centre was indicated as a possible host for the platform since it was essential that it be developed by an institution based in the South and that maintained sufficient knowledge on the subject.

18 SPIAC-B is an inter-agency organization composed of several representatives of international organizations and bilateral institutions, with the purpose of improving global coordination in the defense of social protection and coordination of international cooperation projects in this area. Further information: <<https://www.ilo.org/newyork/issues-at-work/social-protection/social-protection-inter-agency-cooperation-board/lang-en/index.htm>>

19 2013 SPIAC-B meeting report available at: <https://www.ilo.org/wcmsp5/groups/public/---dgreports/---nylo/documents/genericdocument/wcms_231369.pdf>

20 The work of Silva e Almeida Filho (2019) explores the definition of SSC and it follows the principles defended by the UN (2009) in Nairobi, which are also reconfirmed by most international organizations. Thus, it is difficult to understand what the definitional difference is for ABC.

The socialprotection.org platform was established in 2015. Interviewees highlighted the fact that the platform is not directly connected to the Brazilian government. Rather, the initiative for the building of the platform was an indirect result of Brazil's emphasis on SSC, including the creation of the IPC-IG, which became the platform's host. Table 1 systematizes the historical mapping of the main processes, including the indirect but important support that came from ICD and SSC practiced by the Brazilian government throughout the period under analysis.

Despite the platform being totally globalized and integrating experience and knowledge from members and institutions from around the world the indirect importance of the Brazilian government in the platform is clear when the history of its creation is considered. The next section will review the main institutions that currently use socialprotection.org and analyze the Brazilian government's participation, mapping its involvement using NetMap.

Table 1. Historical mapping of the creation of the socialprotection.org platform

Period	Process	Participating institutions
2005-2006	Publication of the work of Soares et. al. (2007) on the comparative impacts of the Bolsa Família Programme on inequality and poverty in Brazil with similar programs in Chile and Mexico	IPEA and IPC-IG
2005-2006	Growth in DFID's interest in conducting social protection studies and programmes in Africa	IPC-IG, DFID – Brazilian institutions
2006	Project Brazil-Africa I	IPC-IG, DFID, MDS, among others
2006-2010	Seminars and various meetings related to the Brazil-Africa Project	IPC-IG, DFID, MDS, among others
2010	Creation of the Social Protection Gateway prototype	DFAT e IPC-IG

2011	Demand from the G20 Development Group for the creation of a platform for sharing content on social protection aimed at exchanging experiences between middle-income and low-income countries	Various
2013	SPIAC-B meeting where the IPC-IG presented the socialprotection.org platform and UNICEF and FAO proposed a project to evaluate cash transfer programmes in 8 African countries, and a specific CoP for Africa in Fortaleza	Various
2014	CoP in Fortaleza	Various
2014	DFID Brazil proposes a new round of Brazil-Africa II projects through its division for social protection and food security	DFID-BR; IPC-IG; MDS, ABC, among others
2014	Australian government assumes Presidency of the G20 Development Group, which then appointed the IPC-IG as the developer and host of an online platform for social protection	Various (no Brazilian institutions)
2015	Creation of the socialprotection.org platform	IPC-IG; DFAT; GIZ, among others

Source: Field research

NetMap: Results

A case study can be understood as a methodology in which the choice of an object of study is defined by an interest in individual cases (Silva

2015). Thus, it is possible to understand and apply this approach to analysis of networks since its main objectives are also to understand the various relationships that exist between the agents that make up a community.

Research based on the use of case studies was popularized in the 1970s and has grown continuously throughout the last decades. Many authors have applied this methodology to study networks in a wide diversity of contexts. The representation of a network can be made in several ways. One important manner to describe and study a network is an analysis of the links connecting the agents belonging to the given community. Participating agents can be defined as the network nodes that connect to other agents through the links, or lines that connect the different points.

This connection can be either directional (where node “A” connects to node “B” but node “B” does not directly relate to node “A”) or bidirectional (where node “A” connects to node “B” and vice versa). Examples of bidirectional networks can be found in family relationships, where all agents relate to each other and, in the case of targeted ones, to the relationships between employers and workers, as illustrated in Figure 1 (Silva 2015).

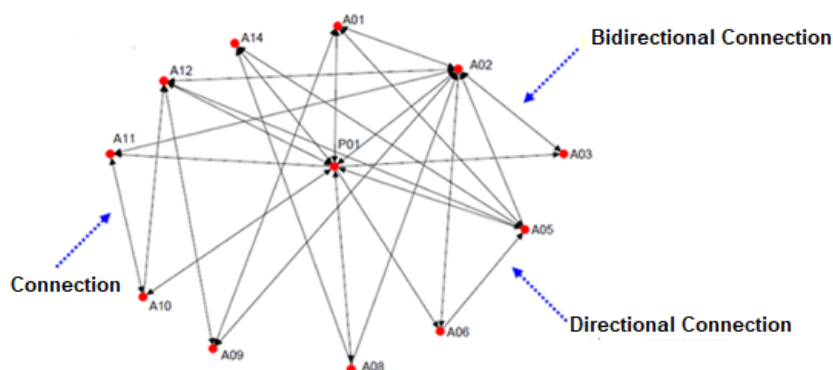
Among the various social network methodologies, we highlight the NetMap developed by Eva Schiffer which consists of the elaboration of maps with all the agents belonging to a given group, their relationships, their hierarchy and their objectives. The application of the method is performed, according to Schiffer (2007) and Schiffer and Waale (2008), from an egocentric perspective (the interview is conducted according to the perceptions of an agent or a group of agents) and the agents can be classified according to existing sectors of the economy, and then networks can be subdivided according to the types of existing relationships, being distinguished by the use of different colors in the map design. Interviews are based on a set of semi-structured questions such as: a) “*Who is involved?*”: the intention is to observe all of the agents involved in a given community; b) “*How do those involved relate?*”: this question is fundamental to the identification of the types of relationships existing between the agents involved; c) “*What is the degree of influence of each agent?*”: this demonstrates the degree of influence of each agent belonging to the network; d) “*What are the objectives of each agent?*”: the different objectives that each actor seeks to achieve within the network.

This information is essential to understanding the design of the network and, moreover, is essential to an appreciation of the intrinsic dynamics of existing relationships, their supports, their conflicts, characters that stand out, etc. and, after the interviews, the map is consolidated and then converted into a binary matrix.

The second step in the (re)construction of networks is the inclusion of

indicators where the map should be transformed into square matrices with the agents arranged in rows and columns and their relationships arranged at the intersections between them. Following the construction of the matrices (it is recommended that they are inputted in Excel format, as this is the most compatible model for later conversions into other software) it is possible to see the network and calculate the indicators that were developed from the Pajek software²¹.

Figure 1. Basic elements of an Interaction Network



Source: Alejandro and Norman (2005)

According to Nooy et. al. (2005), the network indicators can be subdivided into three categories: cohesion, intermediation and position indicators. In the first criteria, the objective is to investigate cohesion among the agents, i.e., with whom the agents relate, with a focus on behaviors that express an “us” and the degree of those relationships that are present. Next, intermediation indicators measure the capacity of agents to transport information, services or goods, making clear that some individuals occupy central or strategic positions within the network. Finally, position indicators analyze asymmetry between the agents, making clear (through the volume of relations received or sent) the agents who collaborate decisively so that cohesion and bridges with others are formed.

In accordance with this model, the following indicators of cohesion are used: a) Total degree centrality²²: calculated through the degree distribution,

²¹ Software available for download here: < <http://mrvar.fdv.uni-lj.si/pajek/> >.

²² For the calculation of cohesion indicators, according to Nooy et. al. (2005), the network should be symmetrised, i.e., the direction of relationships (bi- or uni-directional) are not computed.

which demonstrates the number of agents with which an actor is connected (his/her degree), according to the weight of relationships²³. This measure makes clear who the central agents are (the most connected) in the network and b) Proximity centrality: the proximity centrality of a vertex is based on the total distance between the vertex and all the others. Greater distances produce smaller proximity centrality scores. The closer a vertex is to all other vertices, the greater its centrality will vary between 0 and 1.

The degree of intermediation (intermediation indicator) measures the nodes that are “bridge agents”, i.e., those that obtain the ability to intermediate relationships between other nodes. This indicator, which also varies between 0 and 1, measures the capacity that the relationships formed have to create trajectories between them and leverage the development of the network.

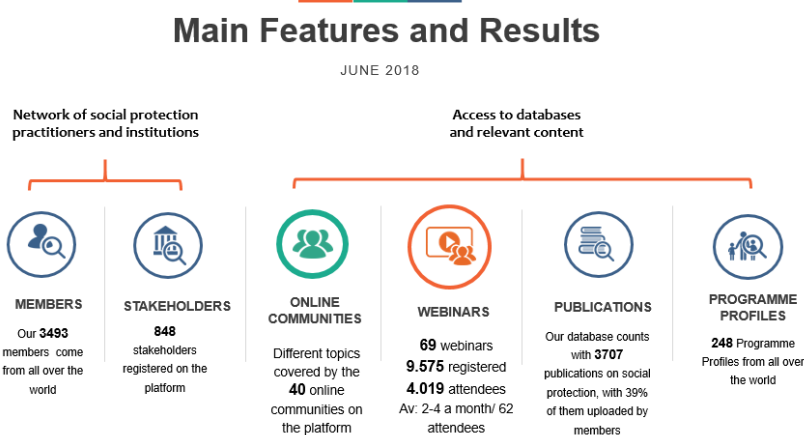
Finally, a specific method of measuring the popularity of network agents is calculated to determine the Position (indicator) which displays the centrality of the degree of entry (indegree) of each node, that is, the number of relationships wherein each actor exclusively receives, demonstrating the most popular a within the network.

All indicators were used in the social protection.Org NetMap analysis, however, prior to analysis of the NetMap results, it is important to note that (according to figure 2), the socialprotection.org platform had more than 3,400 members and 800 institutions registered in the platform in June 2018. The platform has organized 69 webinars, has more than 100 posts on its blog with more than 3,700 publications that have been shared around the world. In addition, the platform hosts 40 online communities in the area of social protection and maintains thousands of followers on their social networks.

Figure 3 identifies funding sources. The main partners of the platform since its inception have been DFAT, GIZ, DFID, UNICEF and the TRANSFORM inter-agency initiative and more recently, the FAO. The volume of resources invested has grown every year with the exception of a slight decrease in 2017. Growth was resumed and maintained since, demonstrating the satisfaction of cooperating institutions with the platform and the services provided in the area of international cooperation. It is important to emphasize that a portion of these resources was intended as aid while the rest is invested in projects which the platform will executes through courses and/or other activities.







23 When two agents have more than one type of bond, it is weighted as number 2, while the others are standardized and weighted as 1.

Figure 2. Principal Results of the Platform up until 2018



Source: socialprotection.org. GIZ Presentation, 2018

Figure 3. Financial resources received by the socialprotection.org Platform

Financial resources									
Partner	Total (USD)	2014	2015	2016	2017	2018	2019	2020	2021
 Australian Aid	901,402	156,378	156,378	156,378	216,134	216,134			
 German Development Cooperation	265,351			115,021	31,847	118,483	*	*	*
 UKaid	50,000		25,000	25,000					
 UNICEF	46,000		23,000	23,000		*			
 DFAT	103,056				31,528	71,528			
 EU-SPS/OECD	30,000					30,000			
	1,324,281	156,378	204,378	319,399	279,509	436,145			

DFAT and GIZ have been the main supporters of the platform's maintenance and development. They have also contributed through knowledge management projects. Other activities have been supported by UNICEF, DFID, FAO and the EU-SPS/OECD.

Source: socialprotection.org. GIZ Presentation, 2018.

An interview was conducted with the socialprotection.org platform coordinator in order to initiate the NetMap analysis. The 4 principal thematic questions related to construction of the map (as described in the methodology above) that were included in this interview focused on identifying the principal institutions involved, the types of relationships between them, the intensity of

those relationships and the objectives of each.

Based on this interview, 22 distinct agents were mapped, each one having a specific and different type of relationships within the platform (Annex I contains a list of the institutions and their acronyms). These agents were categorized as International Organizations, Governmental Institutions, Non-Governmental Organizations (NGOs), Online Projects and Platforms or Consultancies. The following types of relationships were identified:

- a) Institutional: Agents that provide institutional support for the platform to operate
- b) Financial: Agents that contribute financially to the costs related to the creation, implementation and maintenance of the platform
- c) Learning: Agents that have conducted webinars, courses or created online communities using the services of socialprotection.org on more than one occasion
- d) Use: Agents that use the platform as a repository of social protection content

It is common that agents maintain more than one type of relationship with socialprotection.org. Double, triple and even quadruple²⁴ relationships were identified during this research. The most common were:

- e) Dual Relationship: Learning and Use
- f) Triple Relationships: Institutional, Learning and Use or Financial, Learning and Use.
- g) Quadruple Relationships: Institutional, Financial, Learning and Use.

Figure 4 displays the network of agents that currently belong to the platform and identifies the most active institutions in the platform. International organizations (11 agents) are clearly the most important. The vast majority of these international organizations have at least double relationships with the platform. It is necessary to recognize the difficulty of knowing and understanding all of the relationships that exist between these institutions because agents are active in partnerships, projects and networks beyond the platform. Despite this inherent limitation, it remains worth highlighting the intensity of relations maintained by the IPC-IG, which hosts the platform and (despite being an international body) is the result of a collaboration with the Brazilian government. Inter-agency organizations such as SPIAC-B and TRANSFORM also stand out.

The institutions of German government (GIZ), the English

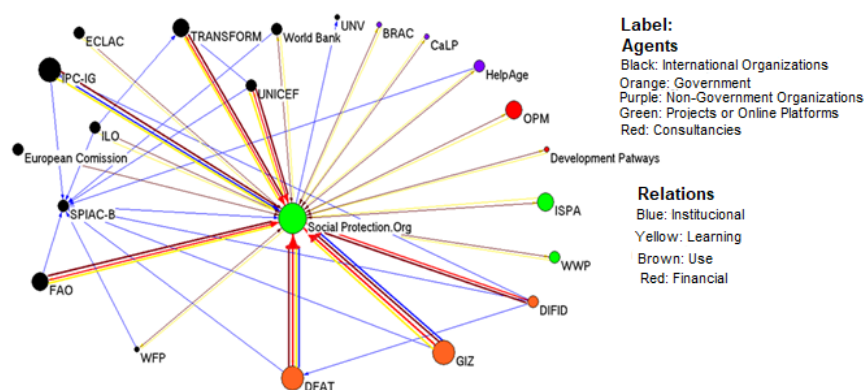
²⁴ These relationships have weight of 2 in the network

government (DFID) and, the Australian government (DFAT) were the only ones to have quadruple connections, that is, to achieve all types of existing relations. Specific efforts have been made to attract NGOs, consultancies and other online platforms that, despite their focus on ‘Use’ and ‘Learning’ relationships, obtain (according to the platform’s coordinator) significant opportunities to enhance their participation in the short and medium term.

An initial analysis of Figure 4 also shows the low level of participation and interest of the Brazilian government in the platform. The map displays exclusively indirect participation because the Brazilian government it is only a part of the agreement to create the IPC-IG platform and to assist with the migration of content developed through the online platform WWP²⁵ (World Without Poverty) to socialprotection.org, after its end in December 2017. Through observation of the institutions registered on the platform’s website, it is possible to find Brazilian institutions such as the MDS, however, there is no record of registered courses and the number of shared publications is much lower than the other institutions included in the map.

According to the platform’s coordinator, the platform is global and explicitly avoids focusing its work on particular governments or institutions; all agents are actively encouraged to participate in platform activities. “The use of the platform, although it is described as South-South learning, in practice has a triangular effect on countries, since in most cases it is the international organizations that use the platform as a source of inspiration for new projects” (Interview with socialprotection.org coordinator).

Figure 4. NetMap of the Main Institutions Participating in the socialprotection.org Platform

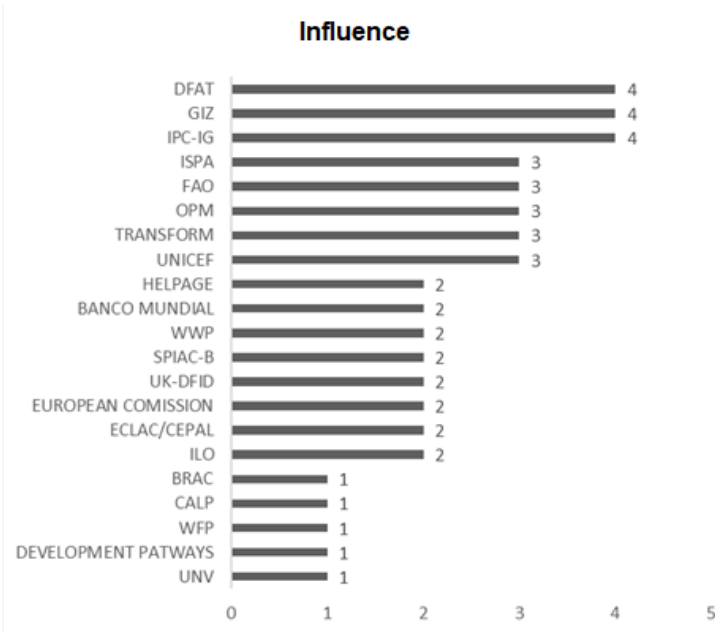


Source: Field research

Another relevant factor that can be observed in Figure 4 is the size of the nodes of each agent, representing the degree of influence. As highlighted in the methodology, this ranking ranges from 0 to 5 and, according to Graph 1, the most influential agents are precisely those that provide institutional and financial support including the IPC-IG, DFID, DFAT and GIZ. On the other hand, UNV, WFP and consultancies such as Development Pathways, BRAC and CaLP maintain a strong influence and a high level of participation, indicating that there is room to grow their contributions.

The objectives of the actors follow the definitions articulated in the typologies of relationships. Most of them aim to use the platform for sharing of publications and programs ('Use') and 'Learning' through conducting and participating in webinars, courses and online communities. Only GIZ, DFAT and DFID stand out for having multiple objectives; both 'Institutional' and 'Use'. It is important to mention that no conflicts were detected in this network, which indicates that there is more space to add new members and increase the sharing of information.

Graph 1. Influence Ranking of the Network Agents of the socialprotection.org platform



Source: Field research.

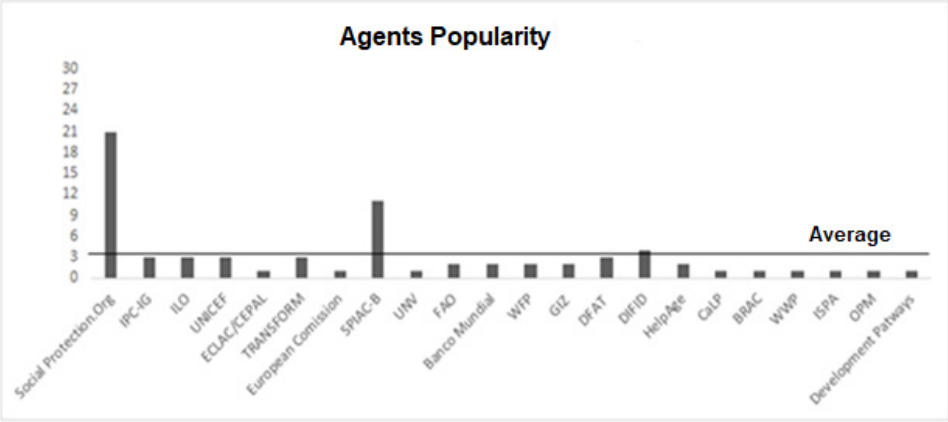
Observing the Cohesion indicators, the degree of network centrality demonstrates that, on average, each agent obtains close to 3.18 connections and, as expected, socialprotection.org has the highest number (with 21 connections). Among the actors with the lowest number of connections was the UNV and the European Commission. SPIAC-B stands out with 11 connections and a value of 0.68 for degree of centrality, which is expected since it is an international inter-agency body that maintains several simultaneous connections between different institutions. The other agents are within the average for the number of relationships and obtain values for degree of centrality of between 0.50 and 0.60, mainly due to the difficulty in obtaining information about existing relationships between international organizations since they coordinate and participate in numerous projects and maintain a broad diversity of bi and multilateral partnerships.

Proximity centrality values measure the ‘closeness’ of agents the network. Actors such as SPIAC-B (0.67), IPC-IG, FAO, GIZ, DFID and DFAT between 0.53 and 0.60 all stand out for having high values centrality values. This indicates that they all have the capacity to enter into relations with the others and that there are no isolated actors in the network. Analyzing the degree of intermediation, it is noted that the capacity to intermediate relations is 0.88 and, with 1 being the maximum value, the capacity of these agents to intermediate relations is very high.

Finally, when considering the popularity of the agents, as illustrated in Graph 2, it is clear that after removing the platform itself and SPIAC-B, all the other agents are within the average (3.18 connections), which shows, on the one hand, openness to new connections between these agents (mainly because they already participate in an online platform for sharing information) and, on the other, the inability to identify all the relationships involved by the various international agencies, due to their extensivity.

Since the creation of the platform, the ranking of influence and the cohesion, intermediation and position indicators, one conclusion is clear: participation of the Brazilian government agencies in the network led to connections to the most influential actors through the IPC-IG and the WWP and only indirectly to the government itself. Thus, the federal Brazilian government and the agencies linked to the Ministry of Foreign Affairs (MRE) such as the ABC, lost the opportunity to connect to platform agents focused on social protection and South-South learning that are inserted internationally.

Graph 2. Popularity of the socialprotection.org platform agents



Source: Field research

Consequently, any reduction or crisis in Brazilian SSC will not directly affect the platform, since there are few existing direct connections. Thus, the hypothesis that the decrease in public spending on social policy compromises SSC using the socialprotection.org platform as a representative proxy is not fully confirmed since before the crisis that began shortly after 2016, the Brazilian government no longer had strong participation in the platform. Regardless of the platform, the Brazilian SSC crisis already shows strong signs of having started in 2011 and, according to the evidence gathered, the current crisis will only deepen what was already a tendency.

The difficulty in solidifying the links between platform agents, including the excessive focus on specific social protection programs in Brazil, such as the Bolsa Família, makes knowledge in the area less widespread and hinders communication and experience exchanges, exactly the opposite of what is advocated by ICD and SSC objectives which should be included in future government plans.

Final Remarks

Brazilian foreign policy has historically taken the form of insertion based on trade and peaceful actions. Since the end of the Second World War, the international system has become more multilateral and, with the support

of the United Nations, ICD and SSC, particularly in South America stand out as mechanisms for sharing experiences, projects, and knowledge between emerging countries, particularly between middle-income and low-income countries.

Efforts made between 2005 and 2009 to promote ICD and SSC by increasing the volume of resources applied in this area six-fold, was essential to the implementation of a series of agreements, research centers and projects in Latin American, African and Caribbean countries. The importance of partnerships with the United Nations, both UNDP and FAO after 2004 were of special importance. The first center of research excellence, the IPC-IG, was founded in 2004 and since then has provided a global forum for South-South dialogue on innovative development policies while seeking to produce and disseminate projects, policies and exchanges of best practices.

Among the various activities carried out by the Centre, the creation of the social protection.org platform emerged as a specific recommendation of the G20 Development Group. Since its launch in 2015 this platform has been a repository of learning resources on social protection, with a specific interest in South-South learning. The execution of this research included interviews with senior coordinators of the IPC-IG, the coordinator of the platform and the current founder of the consultancy firm Development Pathways (an ex-DIFID official).

According to the historical network analysis, the collaboration of the Brazilian government since the launch of the Centre is clear. However, its initial intention was not to be an organ aimed at building South-South learning tools. This change occurred gradually and resulted from the lack of technical capacity and resources of the Brazilian government itself to meet international demand and its excessive focus on the Bolsa Familia program. The gradual steps towards the crisis that was evident in 2016 began in 2011, when the relative deceleration of the volume of resources dedicated to ICD and SSC began.

The socialprotection.org platform, hosted by IPC-IG, has proved its global utility and has continuously increased the number of members, institutions and online communities over the years. The most prominent institutions and international organizations that are the main collaborators are government institutions principally those from Germany, Australia and England. Brazilian government participation has always been indirect and marginal, demonstrating that has consistently missed the opportunity to actively participate in an international online platform. This is a situation that will most likely worsen coming years. Importantly, this indirect and marginal connectivity means that any deepening of the crisis in Brazilian ICD and SSC

will not compromise the continued work of the platform.

Clearly, the current crisis in ICD and SSC did not begin in 2016. ICD and SSC as policies and strategies for international cooperation were losing priority and focus as early as 2011. The current scenario clearly presents a recipe for a deepening of this ongoing crisis (due to the cuts institutionalized with constitutional amendment (EC) 95 and the explicitly neoliberal government plan known as “A Bridge to the Future”). Despite these immediate, near term difficulties, it is expected that future governments will modify this position and that they will return to the alliances that have been consolidated over decades, particularly those with the United Nations and its diverse departments and agencies.

ANNEX

Acronyms	Institutions
IPC-IG	International Policy Centre for Inclusive Growth
ILO	International Labour Organization
UNICEF	United Nations Children’s Fund
ECLAC/CEPAL	United Nations Economic Commission for Latin America and the Caribbean
TRANSFORM	Leadership & Transformation Curriculum on Building and Managing Social Protection Floors in Africa
EC	European Commission
SPIAC-B	Social Protection Inter-Agency Cooperation Board
UNV	The United Nations Volunteers
FAO	Food and Agriculture Organization of the United Nations
WB	World Bank
WFP	World Food Programme
GIZ	Deutsche - Gesellschaft für Internationale Zusammenarbeit
DFAT	Australia - Department of Foreign Affairs and Trade
DFID	UK- Department for International Development

HelpAge	HelpAge International
CaLP	Cash Learning Partnership
BRAC	International Development Organization based in Bangladesh
WWP	World Without Poverty
ISPA	Inter Agency Social Protection Assessments
socialprotection.org	socialprotection.org
OPM	Oxford Policy Management
Development Pathways	Development Pathways

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ABSTRACT

The current Brazilian political and economic context is one of intense crisis and it will inevitably impact public policies. In 2000's, practices of International Cooperation and Development (ICD) gained emphasis through organized experience sharing between developing country governments and international organizations. Brazil deepened its partnerships with others Southern countries, a practice that came to be known as South-South Cooperation (SSC). However, following the impeachment of President Dilma Rousseff in 2016, the incoming administration introduced government spending limits in the form of a Constitutional Amendment (95/2016) which structurally decreased resources available for SSC and consequently limited possibilities to continue deepening international involvement. This article analyzes the first effects of the new fiscal regime for SSC using a bibliographic review and a case study of the Social Protection.Org platform which is managed by the International Policy Centre for Inclusive Growth (IPC-IG), a centre of research excellence established through a partnership between the United Nations and Brazilian government.

KEYWORDS

South-South Cooperation; Brazilian Fiscal Regime; Brazilian Crisis.

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REGIONAL STABILITY: BRAZIL AND THE SOUTH AMERICAN DEFENSE COUNCIL

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Introduction

South America, according to the United Nations Statistics Division (UN 2017), is composed of twelve countries and five territories. Thus, the independent countries are: Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Guyana, Paraguay, Peru, Suriname, Uruguay and Venezuela. The territories of other countries in the subcontinent are: South Georgia, South Sandwich and the Falkland Islands, from the United Kingdom; French Guiana, from France; and Bouvet Island, from Norway. It appears that there are two European powers on the subcontinent, implying the importance of thinking about Defense in South America: France, in its overseas department (France 2017), being the 8th defense budget worldwide in 2016 (IISS 2017) and the 5th largest war power in the world (GFP 2017); and England, which owns overseas territories surrounding South America, of which the Falkland Islands stand out, contested by Argentina (UK 2012), being the 5th largest defense budget in the world in 2016 (IISS 2017) and the 6th greatest war power in the world (GFP 2017).

Although there were no wars in South America in the last century and it does not present a current scenario of conflicts, such as those that occurred in the Middle East (Medeiros Filho 2010), it can be said that, politically, the region is not absolutely stable. An example of this is the diagnosis made by Cepik (2005), who identified, just over a decade ago, three crisis risks around the security issue: between Colombia and Venezuela; between Bolivia and Ecuador; and in Brazil itself. Also, Medeiros Filho (2010), approximately seven years ago, also identified three regions with threats of territorial conflicts, which he called an arc of instability: the border between Chile, Peru

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and Bolivia; the border between Colombia and Venezuela; and the border between Venezuela and Guyana.

Proof of this regional instability, although in a different location from those identified above, was the recent Anglo-Argentine dispute over the Falkland or Malvinas Islands, the name depends on whoever claims it, involving economic, diplomatic, property, law of the sea, among others (Carvalho 2016). Venezuela, in accordance with diagnoses made after the death of Hugo Chávez in 2013, has been showing political instability with military support. Since 2016, the current president, Nicolás Maduro, has found it difficult to remain in power, with constant confrontations of the population against official forces (BBC 2017). The crisis intensified in 2017, with signs that the regime had become dictatorial and based on military support. However, opposition to the government, accused of disrespect for human rights, with allegations of torture and property invasions, has generated popular uprisings, and even military ones, such as the one broadcasted in the media on August 6, 2017, in Fort Paramacay (Melo 2017). At the end of 2018 and beginning of 2019, the crisis escalated, including demonstrations made by the Americans, the Organization of American States (OAS) and the United Nations (UN), affirming that the government of Nicolás Maduro was illegitimate (GI 2019).

It must be understood that the referred crisis escalated in such a way that Donald Trump, president of the United States of America (USA), affirmed that “Venezuela is a disaster, it is a very dangerous disaster and a very sad situation”. Trump even recalled the economic embargo on Venezuelan oil exports, until then the third largest supplier to the United States, and said that the military option exists to defend American interests (Uol 2017), although none US military operation for the region was confirmed., according to Pentagon spokesman Eric Pahon (Fox 2017).

In this context, one must be remembered of a regional institution, the South American Defense Council (SADC). Among the general objectives of this council of the Union of South American Nations (UNASUR), originally formed by the twelve countries of South America, is “consolidating South America as a zone of peace, the basis for democratic stability and integral development of our peoples and as a contribution to world peace.” (letter a, of Art. 4, of the SADC Statute, UNASUR 2008).

Due to the fact that Brazil is indicated as one of the possible protagonists in the region, having objectives and interests to be defended along with the SADC (ABDUL-HAK, 2013), the present work aims to: first, confirm, in military terms, the condition of Brazil as an important player in the region; and then analyze its possible contribution to the SADC in favor of South American stability. The relevance of this study is based on the fact

that there are those who argue that Brazil, although representing the main guarantor of the creation of the SADC, lacks in performance coherence, frequently presenting itself in a diachronic manner (Fuccile and Rezende 2013, 92). In addition to that is the fact that the Armed Forces Joint Chiefs of Staff is studying the relevance and strategy to be adopted in relation to sending military personnel to missions at the SADC, as explained by General Elias, Deputy Chief of American Organizations, from the Head of Strategic Affairs, of the Armed Forces Joint Chiefs of Staff, in a Lecture on EMCFA at the Brazilian Army Command and General Staff School (ECEME), on August 11, 2017 (Martins Filho 2017).

Methodologically, this article employs a dialectical approach, as it allows, mainly, the interpretation of reality in a dynamic and procedural way, besides considering the facts in a constant flow of transformation (Demo 1985). The research can be classified as documental and bibliographic, by the exploratory research in documents and official websites of the analyzed countries (Gil 2002). In the methodology, among the Semantic Units that are the focus of the research stand out: regional stability; balance of military power in South America; Brazilian protagonism in South America; and South American Defense Council.

The organization of the article comprises 3 sections, in addition to the introduction and conclusion: in the second section, the SADC is studied, with an emphasis on regional stability; in the third section, the question of the Regional Defense Identity is analyzed, focusing on Civil-Military Relations; in the fourth section, a diagnosis of the regional Military Power is made, based on updated data from South American Armed Forces (FA).

The Council of South American Defense and regional stability

Great transformations have taken place in South America after the end of the Cold War, generating reforms and changes in public policies, including in the Defense Sector (Rodrigues 2013). Ambassador Tabajara (Oliveira 2017), during a Political Panel for the Brazilian Army Command and General Staff School delegation in the Ministry of Foreign Affairs, during the Strategic Studies Visit in 2007, listed three phases of the evolution of peace and war relations in South America, the first being marked by wars, such as the War of Paraguay, Chaco and Pacific. The second phase would be marked by collective attempts, during the 19th century, to establish peace through legal conferences, such as the Panama Congress, the two Lima congresses and the Washington Congress. The last phase, which began in the 20th

century, would be characterized, until today, by attempts, more effective than those of previous periods, such as the OAS, UNASUR, the Inter-American Defense Board (IADB) from 1941, the Inter-American Reciprocal Assistance Treaty (TIAR), from 1947, and the SADC, from 2008 – the latter, typically for Defense. Abdul-Hak (2013) addresses the antecedents of cooperation in regional defense from the 1950s, commenting that the communist threat reduced the risk of interstate conflicts in South America, accentuating, however, geopolitical rivalries between military governments as it generated instability and hindered cooperation for a long time.

That is why D'Araujo (2010) states that “for the first time, in about two centuries of independent countries in the region, the issue of democracy was understood as the best formal condition for coexistence between countries and peoples” (p. 8). This expansion of democracy in South America is a consequence of the reduction of communist risk in the region, allowing the military governments to be replaced by civilians, and democracy and its themes to have more space on the political agendas of the South American countries. Despite this, many governments in the region have not yet reduced the military's autonomy, generating so-called “reserve domains” in defense matters (Barany 2012, Huntington 1996, Rial 1996, Serra 2010, Velázquez 2008), risking regional stability due to the possibility of coups and the establishment of authoritarian regimes (Acemoglu and Robinson 2012). At this point, Rodrigues (2013), although starting from the premise that there is a Latin American institutional pattern, points that there are differences between them, to the point of identifying three countries at risk of instability: Venezuela, Ecuador and Bolivia. And, as already noted in the introduction, the Venezuelan crisis that started in 2016, and that continues until the present year of 2019, proves part of Rodrigues' forecast.

The discussion of this article focuses on the operationalization of objectives contained in the SADC Statute (UNASUR, 2008). The SADC, created in 2008 as an organ belonging to UNASUR, had its creation led by Brazil, with Colombia's opposition. This Colombian resistance deserves to be highlighted, as its acceptance was the result Brazilian efforts, marking its position as an articulator in the formation of a regional security subcomplex in South America (Rezende 2013, Buzan and Waever 2003). This cooperative environment emerged as a reaction to changes in the global geopolitical context: the emergence of new threats, the dynamics of the decline of American unipolarity, the growth of terrorism after 2001, among others. Thus, the SADC has been an important forum for discussion that has marked advances in regional defense, facilitating the formation of a regional security subcomplex. Among these advances, Fuccile and Rezende (2013, p. 91) mention:

[...] the definition of common Action Plans on security and defense issues; the establishment of measures of mutual trust, the creation of the Center for Strategic Defense Studies (CEED), the construction of a common methodology for measuring defense expenditures, an important exchange in matters of military training and capacity building, among others.

Thus, this work primarily focuses on a specific objective of the SADC, to analyze the region in order to identify risks and threats that may affect regional peace (letter b, Article 5). The second objective of the SADC addresses has a general feature and consists in the promotion of a South American regional defense identity (letter b, Art 4ffl). It should be noted that the SADC has three negative consensus, that is, excluded from any initiative of the institution: the SADC is not a collective security body; the SADC does not address security issues; and the SADC does not identify common opponents. In order to comply with the two objectives presented and the others foreseen, in compliance with the aforementioned imposed exclusions, the Center for Strategic Defense Studies (CEED) was created, linked to the SADC, to: identify the threats and risks to the region; foster a shared vision on Defense and Security; and to develop common conceptual approaches that allow the articulation of regional security and defense forces (UNASUR, 2010).

Another initiative that deserves appreciation was the creation of the South American Defense School (ESD) in 2015, in Ecuador. The objective of this school is to contribute to the materialization of the SADC's objectives, having to coordinate its actions with CEED and national schools (UNASUR, 2015).

Therefore, it is clear that the main mechanisms of the SADC that prepare the region to face threats to regional peace are CEED and ESD. In this sense, these institutions must, among other duties, also promote the formation of a South American defense identity.

Promotion of a South American Defense Identity

The promotion of a regional South American Defense identity can be analyzed from different perspectives, however, for the purposes of this work, the lens of civil-military relations is chosen. One must first understand what these concepts consist of.

Regional defense identity is the result of the evolution of a broader concept, that of "security community", which refers to a region whose member States would have the political will not to fight each other, cooperating in security matters in order to guarantee peace (Deutsch 1966). Thus, there were,

basically, two types of communities: those that only consider the relationship between its members (cooperating “inwardly”) and those that also understand the relationship with third parties (deterring “outwardly”) (Medeiros Filho 2017). In this sense, it appears that when establishing their common security interests, each security community adopts its own personality, a regional defense identity.

The civil-military relationship, on the other hand, is an essential concept when studying the construction of modern states and talking about Strategic Studies. In a Weberian view, it can be explained that the State has a legitimate monopoly on the use of force in its territory, with such truth being valid for various types of competing political organizations: feuds, cities, republics, kingdoms, clans and other types. In this line of thought, the rationalization of this use of force and the specialization of public functions, including the military, combined with the concentration of power and wealth, guarantees that in the clash between competing political organizations, the one that has the greatest rationalization and the greatest concentration of resources will most likely reach victory (Tilly 1990). From the specialization of the essentially military public service emerged the study of the civil-military relationship, having a diverse field of study, including areas such as: the relationship between the Armed Forces, society and the State; defense and security in an international and regional perspective; coups d'état; democratic consolidation; Armed Forces and diplomacy; among others (Costa 2014). In this path, since Clausewitz (1984), and more recently (Huntington 2016), the civil-military relationship is understood, in very tight synthesis, as the objective civil control of political power over military power.

As this work presents regional stability as one of its focuses, it must be understood that the objective civilian control elevates society's military security to the maximum, providing balance to the system and that military security aims to respond to external threats. However, the civil-military relationship, if understood in the context of a National Security Policy, which focuses not only on military security, but also on internal security - against internal threats (subversion), and on situational security - against the risk of erosion of the system itself (Huntington 2016), there should be other concerns. In this sense, it can be understood that talking about civil-military relations, while speaking only in defense against external threats, when thinking about the South American region, one must, necessarily, also consider the effects of the erosion of a country, or a subversion, over the entire region in which it operates.

When speaking of civil-military relations one is also speaking of control. Clausewitz (1984) already stated that military power must be

subordinated to political power. This subordination relationship, commonly named civil-military relationship, comprises the traditional discussion around civil control to be exercised by two basic mechanisms that must be internalized: institutions and the supervision of military actions by the civil leadership. This concern occurs because “any armed force strong enough to defend a country is also strong enough to overthrow a government, possibly with a coup.” (Bruneau 2016, 434).

However, this discussion around control is not enough and Bruneau (2016) proposes a model of analysis with a focus on public spending, involving, in addition to the control of Military Power, the measurement of effectiveness as a capacity to be demanded by political power, on the expenditure execution. In this way, the author defines effectiveness as “the ability to execute policies and obtain the expected results”, distinguishing it from efficiency, which would be the “ability to carry out the assigned tasks and missions at an optimal cost.” (437).

Regarding effectiveness, Bruneau (2016) proposes three basic requirements for the Armed Forces to fulfill their missions, whether it be for external defense, homeland security or peace and humanitarian aid missions, for example: i) there must be a plan that can be called doctrine or strategy; ii) there must be structures and processes to formulate plans and execute them; and iii) there must be a commitment of resources, financial and personnel, to ensure the implementation of the plan.

Thus, in order to obtain a South American defense identity based on the civil-military relationship, as a capacity for control and effectiveness, this discussion is based on two basic assumptions set out as follows. The first assumption considers that the place and function of military institutions in society are determining factors for the stability of the State (Vieira 2004). This relationship was verified by Bruneau (2016) in the Portuguese case, as he found that not only the Portuguese military, but also civilians are directly influenced by internal political stability and by external actors, such as the North Atlantic Treaty Organization (NATO) and the European Union. Regarding institutionalization, he identified the General Staff of the Armed Forces and the joint military professional training as essential elements for the effectiveness of the Portuguese Armed Forces’ actions, even in the midst of the economic crisis experienced by Portugal. Rodrigues (2013), in the same sense, relates the risk of military intervention in a country to several factors: the level of professionalism in the AF, the military ideology, the strength of political institutions, the protection of one’s interests by the military, the weakness of civil governments, and the country’s political culture.

The second assumption is that public opinion is extremely relevant to

this civil-military relationship (Ramos 2012). In this sense, Rodrigues (2013) and D'Araujo (2010) argue that the use of the AF to maintain internal order, as has occurred in Brazil and the Andean countries of South America, would be a risk of domestic intervention, due to the construction of a military ideology that protects society and the construction of public opinion that views the AF as the salvation for the weakness of civil governments. Likewise, returning to the question of the effectiveness of military spending, currently, the concept of governance has linked this mechanism not only to political power, at the institutional level, but also to society itself, acting directly on public bodies (Brasil 2014, Nardes et al 2014).

For the reasons that have been exposed, the analysis will consist of an appreciation of the following factors, in order to verify the risk of misuse of the Armed Forces by the political power of the studied countries: level of control of the military over the civil power, depending on: the existence of control institutions, such as the Ministry of Defense and the Joint Chiefs of Staff; the existence of institutions of effectiveness in the field of military expenses; and public opinion research on political and military institutions in the countries of South America.

In addition to the factors indicated in Table 1, the existence of a normative provision, whether in the Constitution or in Law, is also considered a relevant factor, as the attribution of the AF to guarantee the constitutional order, stability, or, as it appears in Art. 142, of the Constitution of the Federative Republic of Brazil, 1988: "they are intended to defend the country, to guarantee constitutional powers". In addition to Brazil, according to the Comparative Atlas of Defense in Latin America and the Caribbean (Donadio 2016), only three countries in South America have such normative predictions: Chile, Ecuador and Paraguay.

Thus, beforehand, it can be pointed out that Guyana and Suriname were not identified in the sources surveyed. In relation to civilian control, it is clear that only Peru and Venezuela have the possibility of active military personnel taking over the Ministry of Defense, a situation that undermines the characterization of civilian control, as it will be limited to the President of the Republic. Regarding effectiveness, the research was limited to verifying the existence of external control institutions, without considering internal controls, legal provision for systematizing control or its suitability for international standards. But, by making use of only this parameter, it can be said that of the twelve South American countries, ten present external control institutions - without being able to specify Guyana and Suriname, for not having been found, based on the sources used. Regarding the level of confidence in governments, only two countries exceeded 80%: Uruguay and

Ecuador. The worst country in confidence in the government was Venezuela, with 49.4%. Regarding the level of confidence in the Armed Forces, it can be said that in five countries acceptance exceeds 80%: Ecuador, Chile, Brazil, Colombia and Peru, in that order. Being the only one to exceed 90% Ecuador, presents 92% confidence. The country with the worst confidence in the AF was Venezuela, with 61%, and all the others were above 70%.

Table 1 – Data Comparison on Civil-Military Relations Between South American Countries

Country	Civil-Military Relations Institutionalization		Public Opinion – Confidence ³	
	Civil Control ¹	Efficiency ²	Government	Armed Forces
Argentina (ARG)	MD ⁴ e EMCFA	Auditoria General de la Nación Argentina	66,5	74,2
Bolivia (BOL)	MD ⁴ e EMCFA	Controladoria General del Estado Plurinacional de Bolivia	78,2	74,2
Brasil (BRZ)	MD ⁴ e EMCFA	Tribunal de Contas da União	56,5	84
Chile (CHL)	MD ⁴ e EMCFA	Controladoria General de la Republica de Chile	77,7	86,3
Colômbia (COL)	MD ⁴	Controladoria General de la Republica de Colombia	62,4	82,3
Equador (ECU)	MD ⁴	Controladoria General del Estado de la Republica del Ecuador	81,5	92
Guiana (GUY)	-	-	-	-
Paraguai (PRY)	MD ⁴ e EMCFA	Controladoria General de la Republica de Paraguay	76,7	76,6
Peru (PER)	MD e EMCFA	Controladoria General de la Republica de Peru	58,6	81,4
Suriname (SUR)	-	-	-	-
Uruguai (URY)	MD ⁴ e EMCFA	Tribunal de Cuentas de la Republica Oriental del Uruguay	82,9	79
Venezuela (VEN)	MD e EMCFA	Controladoria General de la Republica Bolivariana de Venezuela	49,4	61

Source: Elaborated by the author.

Observations:

- Acronyms: MD – Ministry of Defense or similar; EMCFA – Armed Forces Joint Chiefs of Staff or similar.

¹Atlas Comparativo de la Defensa em América Latina y caribe: ed 2016 (DONADIO, 2016)

²According to the list of members of the Latin American and Caribbean Organization of Supreme Audit Institutions. Available at: <<http://www.olacefs.com/listado-de-miembros/>>. Access on 19 Aug. 2017.

³Latinobarómetro, 2015. Available at: <<http://www.latinobarometro.org/>>. Access on 19 Aug. 2017. Criterion: Sum of the confidence values for the options: a lot, some and little; discarding the options: no confidence, did not answer or did not know.

⁴The Minister of Defense can be from the military, as long as a reserve military.

Therefore, it can be inferred, based on the current crisis in Venezuela, exposed in the introduction, that internal instabilities with support from the military can be better generated when the Ministry of Defense accepts the appointment of an active military, the Government does not enjoy confidence of the people, and the AFs are also unreliable. From the above, and considering that this work focuses only on military identity and not on government policy, implying the lack of confidence in the government for this partial conclusion, that the AFs of the following countries may have an identity that best contributes to the stability of South America: Brazil and Chile, as they are the only ones who: have MD and EMCFA; that to be Minister of Defense, the military must be from the reserve, giving priority to civilian control; have an external control institution, guaranteeing the effectiveness of the control; and confidence in AF is over 80%.

Military Power in South America

Hobbes (1974) identified three basic elements of power: the military, the economic and the ideological. These elements can be classified in two parts: the power of empire, temporal, focused on the security aspect, involving only the military power; and the power of dominance, focusing on supporting the first, whether with resources - economic power, or will and ideology - ideological power. In this way, “the limitation of power endangers the peace and security of the State, since the control and possibilities of manipulating resources are restricted. Therefore, one must maximize power, in order to guarantee greater autonomy to the exercise of politics. Here, then, is the proposal for the accumulation of multidimensional power”. (Rochman 1999).

One of the theorists who methodized this assessment of power was Ray S. Cline (1994). Inspired by Realist authors, he grouped the existing criteria into five major factors, which are divided into concrete and intangible. The concrete factors are: critical mass, economic capacity and military capacity. Intangibles include: national will and national strategy. Cline's Perceptible Power Theory is not being analyzed here and, therefore, the formula will not be presented, nor will each item be analyzed, paying attention only to the military capacity factor. Military capacity was treated from the conventional

point of view, that is, Army, Navy and Air Force, including strategic weapons, such as nuclear artifacts. Issues such as strategic scope and military effort were not included in military capacity, as they are part of the synergy with issues of geographic positioning and military expenditures. Over time it became clear that this concrete component had other intangible issues such as the training of troops, the effectiveness of armaments, the logistics infrastructure, among other issues that make the analysis very complex (Rochman 1999)

The attempt to quantify military power did not end with Cline - its formula was expanded by some and other formulas and methods were developed over time. Gen. Meira Mattos (1977), for example, added to Cline's formula the ability to persuade intangible elements and, more contemporaneously, culture was included (Monteiro-Costa and Vlach 2007). The following are examples: the Organski-Kugler Index; the Elcano Index of Global Presence; and Castro's Formula of International Power (Castro 2012, 179).

An analysis of the South American region, theoretically, deals with the formation of the balance of military power in South America, not with focus in deterrence between countries, but in a regional security complex (Buzan 1991). Along this path, the region should be classified, in an intermediate way, as a "security regime", located between the intense African conflicts and the peace of Western Europe (Buzan and Waever 2003). Thus, the result presented in Table 2 was based on indicators from the following repositories: Global Fire Power (GFP 2017) and Military Balance of the International Institute for Strategic Studies (IISS 2017).

From what is shown in Table 2 (next page), it can be seen that, although a regional power balance is difficult to ascertain, and here there is no presumption of quantifying with methods such as Cline's or others, as previously indicated, there is sufficient data to make some comparison. The limitations of these comparisons are known because, as it can be seen, the defense budget values in the GFP and IISS are examples of divergence, putting the reliability of the comparisons at risk. However, because they are recognized bodies in this area and because the variation is small, possibly due to the compilation criteria used, they nonetheless become valid for the proposed objective.

It can be seen that Brazil, as listed by the GFP, really has a prominent position among the others, as it is the winner in terms of effective troops, air assets, artillery pieces, rocket launchers and defense budget. With the highlight that, adding all the troops from the other countries, Brazil continues to be the one with the largest number. There are, however, other countries with relative military capabilities, as they are among the 50 largest military powers

in the world, such as Argentina, Peru, Colombia, Venezuela and Chile. Also noteworthy are specific aspects such as Chile's capacity in armored tanks, with the largest number in the region; Colombia's largest naval capacity, although presenting the highest percentage in military spending, its effective amount is the 2nd in the region. Therefore, it can be inferred that Brazil really is a regional power in South America in military terms, being even able to face a coalition formed by other countries.

Table 2 – Military Power Comparison Between South American Countries

Country	GFP 2017								Military Balance (IISS) 2017				
	Position in PwCIndx	Total Military Manpower	Total Aerial Means	Armored Tanks	Artillery Pieces	Rocket Launchers	Total Naval Means	Defense Budget (ml US\$)	International Training Activities	Defense Expenditure (ml US\$)	Defense Expenditure (% GDP)	Active Armed Forces (thousand)	Estimated Reserve (thousand)
Brasil	17°	1.987.000	697	1707	563	180	110	24.500.000	4	23.545	1,33	335.000	1.340.000
Argentina	35°	127.720	248	828	289	32	42	4.330.000	4	5.181	0,96	74.000	-
Peru	39°	369.330	267	890	243	80	60	2.560.000	4	2.086	1,16	81.000	188.000
Colômbia	40°	511.550	457	1345	155	0	234	12.145.000	5	8.953	3,35	293.000	35.000
Venezuela	45°	123.000	280	700	104	52	50	4.000.000	0	1.444	0,43	115.000	8.000
Chile	47°	137.850	243	2346	0	8	69	5.483.000	6	3.318	1,41	65.000	40.000
Bolívia	61°	81.900	85	137	86	0	173	315.000	0	443	1,24	1.220	1.310
Equador	70°	158.500	122	385	100	18	19	2.400.000	1	1.565	1,58	40.000	118.000
Uruguai	104°	25.900	50	434	64	0	20	490.000	2	494	0,91	25.000	-
Paraguai	105°	183.200	31	63	50	0	40	145.000	2	267	0,98	11.000	165.000
Suriname	132°	2.270	3	40	0	0	3	67.410	1	0	0	2.000	-
Guiana	-	0	0	0	0	0	0	0	2	46	1,34	3.000	1.000
TOTAL		1.721.220	1.786	7.168	1.091	190	710	31.935.410	27	23.797	13	710.220	556.310

Source: Elaborated by the author.

However, to be able to speak of a Brazilian protagonism, it must be understood that such political will must, first, be translated into national public policies. Defense public policies should be seen not only as government policies, but as State policies, as they deal with Security and National Defense. In this context, they presuppose agreements between political parties and society, as well as between diplomacy and the military (Oliveira 2005). The original Brazilian project, in 2006, aimed at regional technological development in the Defense sector and the institutionalization of defense ministers' meetings (Medeiros Filho 2010). In 2008, in the mission that Defense Minister Nelson Jobim called "military diplomacy", he toured the neighboring countries

defending the greater exchange of personnel, the holding of joint military exercises, the participation of joint peacekeeping missions and the integration of defense industrial bases (Jobim 2010). Both Jobim, in his period as Minister of Defense (2007-2011), and Celso Amorim (2011-2015), defended cooperation in the SADC as an “extra-regional deterrence factor”, aiming to defend the region’s countless natural resources, although not becoming a conventional military organ such as NATO, (Medeiros Filho 2017). As a result, the regional identity assumed by Brazil, in the period, remained in line with the identity sought by the SADC: cooperation “inwards” and deterrence “outwards”.

It should also be noted that at the time when the SADC was being negotiated and institutionalized, in the years 2007 and 2008, Brazil remained with considerable economic growth, being one of the BRICS. This situation of economic prosperity later changed, with a reduction in the Brazilian scenario. Likewise, Brazil’s cooperation agreements with countries in the region, which between 2002 and 2010 added up to twelve bilateral defense agreements, were not surpassed afterwards (Rezende 2013).

Final Remarks

South America is a region that, in the last two centuries, has sought to maintain regional peace and stability, not as a primary goal, but even as a consequence of internal political contexts, the countries were busy with domestic problems. Currently, there is an evolution in the attempts at cooperation, mainly in the military area, with emphasis on UNASUR, with its SADC.

The SADC has objectives to be achieved, of which the identification of risks and threats that may affect regional peace and the promotion of a regional South American Defense identity stands out. Thus, it appears that the Civil-Military Relationship itself has a great impact on regional stability, in which if not well developed, it could represent a risk to State sovereignty, as it increases the possibility of coups and the establishment of authoritarian regimes through the inappropriate, and to the advantage of illegitimate pressure groups, use.

Regarding the South American Defense identity, it is clear that there is a tendency towards effective control of AF, the vast majority of verified countries converging to the existence of civilian institutions of control and efficiency in resource spending. However, it was also possible to perceive the tendency towards greater confidence in the FA than in Political Power, which increases the risk of them being employed illegitimately, as effective

control in the hands of illegitimate groups can generate authoritarianism and instability. In this context, the Armed Forces that stood out most in terms of confidence, which could shield the State from this risk, were Brazil and Chile. However, due to the great military capacity in the continent, Brazil would be the only one to be able to disseminate this Brazilian military identity in the South American subcontinent, contributing substantially to the formation of the South American Defense identity in favor of stability in South America.

In view of the above, it is concluded that it would be desirable for the Brazilian government to defend a greater role in military terms in South America, with the SADC being the main field of action. Although the challenges exist, the gains in domestic and foreign political stability, regional security and national development outweigh the efforts, justifying a national strategy in this regard. Thus, it is suggested in this work that forums, such as the Center for Strategic Defense Studies and the South American Defense School, constituents of the SADC, should be sought by Brazilian Armed Forces in order to expand regional influence and disseminating the Brazilian Defense identity and creating a South American Defense identity.

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ABSTRACT

The South American Defense Council and Brazil have regional importance, considering that stability in South America is not guaranteed. This study has the objectives of confirming, in military terms, the condition of Brazil as an important regional protagonist; and analyzing its possible contribution to regional stability.

KEYWORDS

Conselho de Defesa Sul-Americano. Estabilidade regional. Brasil.

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THE US AND RUSSIAN RESOURCE RIVALRY IN THE CONTEXT OF THE CONTEMPORARY VENEZUELAN CRISIS: THE PERILS OF THE RENTIER PETRO-STATE

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Introduction

Venezuela has been in crisis since 2016. The latest crisis had erupted with the political crisis and a division within the country's political structure. Venezuela's opposition leader Juan Guaidó declared himself as an 'interim president' of the country in January 2019 leading the country into a political turmoil. The US and a few South American countries like Brazil, Colombia and Peru recognized Juan Guaidó as the interim president, leading to further instability. There have been attempts to overthrow President Nicolas Maduro previously as well on account of widespread corruption. Several works argued that this is due to Venezuela's oil assets. As noted by Juan Pablo Pérez Alfonso, oil is "the devil's" excrement which leads to instability and war- where there is oil, this is not a new phenomenon.

The research aims to study the role played by Russian oil giants in shaping Russia's foreign policy in Venezuela and aims to understand what went wrong with Venezuela, despite having the world's largest oil reserves. Starting from foreign interference in the Latin American Region, the paper tries to understand the Venezuelan Nationalization policies, Geopolitics and centrality of oil for the economy, it also tries to understand the stakes of the Russian oil industry in Venezuela and its implications for the stability in Venezuela and its neighborhood.

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The History of Venezuelan Oil and the Rise of Populist Policies in Venezuela

On September 1535, Gonzalo Fernandez de Oviedo y Valdes (Spanish Historian and Writer) for the first time mentioned Venezuelan oil seepages, in his “General and Natural History of the Indies”. He called it “the nectar from Cubagua”. So, in 1536, the Queen of Spain, Joanna, ordered officials who were in charge of Venezuela, to bring to Spain as much as possible “oil petroleum”. Seeing the vast oil exploitation happening Simon Bolivar after getting Venezuela’s independence dictated Bolivian Decree in which he brought national ownership of all mines, after his death, this decree was taken upon by Venezuelan congress by ratifying it (Stanford University 2005)

During the 1930s, the world’s oil was largely controlled by seven international oil companies. These companies were known as the “Seven Sisters”. Five of these companies, Gulf, Texaco, Mobil, Socal (Standard Oil California) and Exxon are American. The other two, Royal Dutch- Shell and British Petroleum, are British- Dutch and British (Energytoday 2019). These companies dominated the world’s oil reserves. The exploration and exploitation of petroleum in developing countries have always been conducted by international oil companies rather than the countries themselves because of the lack of financial resources, industrial infrastructure, and technical expertise. In 1948 Venezuela passed an income tax law, which taxed the profits of the foreign companies at the rate of 50 percent. Following that in the 1960s Venezuela implemented a policy of “no more concessions” which was the beginning of the nationalization of the oil industry (IBW21 2019). Thus, began the conflicting perspective between oil producing country and oil extracting companies.

In 1975 Venezuela’s state owned oil industry PDVSA (Petroleos de Venezuela, S.A) was created and begun to operate the following year. In January 1, 1976, President Carlos Andres Perez signed the law that nationalized the oil industry (New York Times 1975). By the 1980’s, PDVSA was considered as a reliable oil supplier, and it was recognized as one of the most important oil companies around the world. In the 1980s, when PDVSA was more stable and established it began to buy refineries in Europe, the United States, and the Caribbean. In 1986, PDVSA bought Citgo in the United States being its sole owner, and this was PDVSA largest project (Chapa 2018). During the Gulf War in the 1990s period when oil embargoes were imposed against Iran and Kuwait, PDVSA established itself as a reliable supplier of oil.

Hugo Chávez founded the fifth republic party in 1997, the socialist political party against Western ideologies and exploitation. He was elected

president in 1998, and after coming into power he started the socialist revolution. However ideologically, the party was a centre left socialist party. During his term Hugo Chávez introduced many projects like the Plan Bolivar 2000 (Venezuelaanalysis 2003) which gave him immense public support which he later used for the approval of the referendum to change the constitution. The referendum gave Chávez more power when compared to the Senate and put the military under his control.

During the Chávez period the new “Hydrocarbons Law” established the increase on the taxes that the companies paid for oil exploitation in Venezuela. On December 1, 2001, after he signed the decree Chávez said to the media: “this new law will permit using our oil and the refinery activities as an instrument of the national development and the diversification of the production of the country” (Stanford University 2005). He used the revenue he got from oil on social welfare programs. In 2004 Chávez, appointed Rafael Ramírez³ as president of PDVSA.

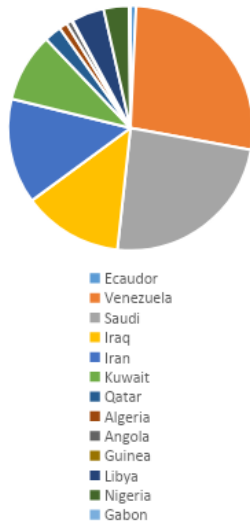
As a major move in 2007, the government stripped the world’s biggest oil companies from controlling over massive Orinoco Belt crude projects. Companies like ExxonMobil, BP, Chevron, Total and ConocoPhillips operating in Venezuela were demanded more profit, as oil prices were blooming up in 2007. When these companies rejected this, they were kicked out giving PDVSA the control of the majority of its assets thereby altering the agreements made with them (Ellsworth 2007).

The Geopolitics of Oil (OPEC and Venezuela’s oil sector in global trade)

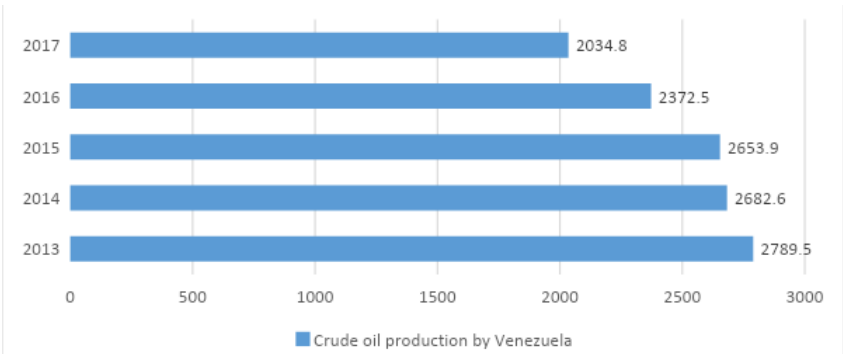
In early 1959, oil prices were falling. British Petroleum had cut prices. The United States had instituted import quotas, limiting the amount of foreign oil that could enter the world’s largest market. Juan Pablo Pérez Alfonzo (Minister of development during the first democratic government of Venezuela- 1947-1948) and a man who was called the chief architect of OPEC (Organization of the Petroleum Exporting Countries), reaction was to form a coalition with oil producing countries to manage the worldwide oil price. His thoughts became known with the foundation of OPEC in 1960 (Bowlus 2019). The reason for the formation of OPEC was to put a cap on the production of oil by exporting countries and to keep the oil prices high. However, this could not be achieved, in particular nowadays.

³ Ramírez was appointed to lead the energy ministry in July 2002 by Venezuelan President Hugo Chávez. Ramírez had been the founding president of Venezuela’s “Enagas”, the national regulatory agency that was set up to be responsible for establishing the national plan for natural gas production and distribution

World Proven Crude Oil Reserves by OPEC Countries⁴



Nowadays, oil accounts for at least 90% of Venezuela’s income. Therefore, OPEC decision not to cut production affected Venezuela very badly as the price of oil has fallen below US\$ 72 a barrel, lower than the last 4 years. Because of OPEC’s decision Venezuela economy has been hit by severe inflation. This also forced the country to cut its spending on social welfare programme thereby making the government lose its support. By 2016 and 2017 oil production in Venezuela had plunged into a 13 year low, by June the country delivered only 2.15 million barrels of crude per day (IEA 2016)



Source: OPEC 2018 Report on crude oil production of Venezuela⁵

4 For more see: https://www.opec.org/opec_web/static_files_project/media/downloads/publications/ASB%202018.pdf

5 For more see: https://www.opec.org/opec_web/static_files_project/media/downloads/

The centrality of oil in the economy (increase in welfare benefits with a rise in oil prices)

Social welfare schemes expanded as the demand for Venezuelan oil increased. As oil prices were high, Venezuela's poverty rate fell from 50% in 1998 to 30% in 2012 (Perumal 2017). But when oil prices came down from \$ 115 per barrel in 2014 to as low as \$ 27 per barrel in 2016, the economy crashed. Since Venezuela also had no other major commodity to export in place of oil, cash inflow into the country began to reduce. The Government, however, did not cut the social spending it had given earlier even after the price of oil came down. Adding to that Government borrowed freshly to continue Social welfare schemes. The Government issued more Bolivars (the Venezuela currency) in a Central Bank effort to tackle the existing crisis. Also, a cover-up the Central Bank stopped publishing inflation data in December 2015 (Press Reader 2017). Venezuela's money supply grew from 10.6 bn bolivars in 1998 to 290 bn bolivars in 2010 and later reached 7,513 bn bolivars by 2016. It resulted in rapid domestic price inflation and drop in bolivar's value which crippled the economy (Perumal 2017).

Reasons for the decline of Oil Prices in 2014

One of the reasons for the decline in the price of oil was the strength of the US\$ because when the value of the dollar is high, the price of commodities falls. Another reason was the inability of OPEC to put a cap on the production of oil by countries, which resulted in an oversupply of oil and it became cheap. Also, when the US removed sanctions against Iran as part of the Iranian nuclear deal, the oil production of Iran increased creating more supply in the market. In addition, the discovery of shale gas in the US reduced their demand for foreign oil additionally foreseeing the Arab embargoes against US, they also hold vast petroleum reserves in the country thereby depending less on oil.

The International Monetary Fund (IMF) Role in the Country

Neoliberal policies recommended by the IMF and the World Bank include deregulation and the removal of government interference in the economy to benefit large transnational corporations which play a dominant

role in policy making. Another aspect of their policy is the dismantling of the welfare state. The victims of all these policies are middle and poor people in society, while large corporations continue to receive massive subsidies and tax breaks. Therefore, income disparity had severely increased many layers inside societies and among nations.

The economic policies of the Perez government were the result of the recommendations made by a 1987 International Monetary Fund (IMF) (IMF 1987). Following these recommendations, he raised interest rates, removed customs tariffs and liberated petrol prices, making the prices go up. The result was rioting in and around Caracas in which some 400 people died, mostly shot by the National Guard (The Economist 2011). From a neoliberal perspective, the IMF mission established what transformations the Venezuelan economy required. Its recommendations were based on the assumption that “the ability of Venezuela to obtain new external financing depends on the economic program that is adopted” (Lander 1996).

Thereafter Chávez and Perez both had no faith in the United States or in the US monopolised institutions, both that had suffocated them for the past century. Venezuela has been loosening its ties to the IMF and the World Bank since Mr Chávez took office in 1999. Venezuela repaid its debts to the World Bank which it had earlier when oil crisis happened, five years ahead of schedule but again the current crisis forced Maduro to approach IMF (The Guardian 2007).

PDVSA and the mismanagement of oil resource

Before looking into the role of external countries, it is important to note the mismanagement of oil resources by the state owned oil company PDVSA (Clayton 2013). Historical traces of mismanagement of PDVSA can be seen from the Chávez era. Venezuelan oil production came to a halt when a strike was led by a coalition of labor unions, industry captains and oil workers when they were provoked by industrialist who wanted to remove Chávez in 2002 (Lifsher 2002). As a result oil drilling, processing and transportation came to a standstill which cost Venezuela's PDVSA to decrease its production. Perhaps it was the first time when Venezuela imported Gasoline from Brazil for its internal use. Later in 2002 the army took over the control of PDVSA which resulted in the firing of many employees who were not loyal, creating more inefficiencies in PDVSA operation. The problem at present is due to the lack of funds to conduct drilling and the inability to secure adequate levels of diluents (to blend with heavy oils). Another key challenge to Venezuela were

the companies that drill its oil, especially from the Orinoco belt. The region concentrates huge losses if the oil is not drilled with the best technology.

The Role of External Actors in the Venezuelan Crisis

a) US influence in Venezuela

In the history of Latin America, foreign intervention has been a regular feature due to a number of reasons including its vast natural resources. It dates back from the Spanish colonization till the process of European creditors trying to assess all major ports as a collateral for their loan. Latin American countries played a key role in defining the relations of major powers.

The United States had a keen interest in Latin America especially Venezuela due to its vast oil richness, under James Monroe's policy, the country clearly eyed for control of the region keeping the European powers out of this region and by clearing the debt of these countries by itself. Later through its policies of pressure, the country asserted its economic and political dominance over the region⁶.

And the major way the US used for its purpose was to assert its interest by appointing political actors in its favour or by exercising pressures through financial institutions. One of the key conditions for loans demanded by these institutions was the structural readjustment programme⁷. As a part of it, countries had to cut subsidies and socio-development funds making the people move against the ruler. In countries that follow a mixed economy or social welfare system, this could have adverse short-term losses for citizens. To fight against these policies, countries started nationalization process of the oil industry, creating a huge threat for the US, such as in Venezuela.

Being a staunch critic of capitalism and American imperialism the Venezuela- US relations deteriorated under Chávez era. Chávez criticized Bush on various occasions even in the United Nations General Assembly where he described George Bush as the devil. Chávez also said "Capitalism is the way of the devil and exploitation. If you really want to look at things through the eyes

⁶ The Monroe Doctrine was articulated in President James Monroe's seventh annual message to Congress on December 2, 1823. The European powers, according to Monroe, were obligated to respect the Western Hemisphere as the United States' sphere of interest. For more see: <https://www.ourdocuments.gov/doc.php?flash=false&doc=23>

⁷ Structural adjustment" is the name given to a set of "free market" economic policy reforms imposed on developing countries by the Bretton Woods institutions (the World Bank and International Monetary Fund (IMF) as a prior condition for being a receipt of loans.

of Jesus Christ - who I think was the first socialist - only socialism can really create a genuine society” (The Economic Times 2013). Later on, relations never improved even under Maduro regime. On 2013, President Maduro announced he had expelled three US consular officials, demanding them to leave the country, accusing them of conspiring against the government and aiding opposition protests (BBC News 2013). US started viewing Venezuela as a threat to its national security and it started imposing sanctions against human right violations in Venezuela by the ruling government officials.

The Impact of US sanctions on Venezuela

US sanctions on Venezuela started with the Venezuela Defense of Human Rights and Civil Society Act of 2014 signed by Barack Obama⁸ targeting sanctions on certain individuals in Venezuela that were responsible for violations of human rights of antigovernment protesters during the 2014 Venezuelan protests. Later, in 2017 Trump issued sanctions blocking all financial transactions with Venezuela⁹. Sanctions later followed in 2018 and in 2019, the last one being issued by Trump administration on “Blocking Property of the Government of Venezuela”¹⁰.

Regardless of having the world’s greatest oil reserves, Venezuela presently is facing rampant inflation, poverty and diseases piling up in light of the US sanctions. The economy further suffered due to a US oil embargo and sanctions on PDVSA (a state owned Venezuelan oil industry). The current US sanctions had already hit the economy so much, as the US was the largest importer of Venezuelan Oil¹¹. The existing sanctions now prohibit American companies from importing Venezuelan oil.

These sanctions were a direct result of the US ambition to remove current president Maduro and install Juan Guaidó as interim president¹². The current understanding is that the US hopes that Maduro will lose the support of his military as they run out of cash and Guaidó can assume power (Eberhart 2019).

8 Executive Order 13692 of March 8, 2015. For more see: <https://www.treasury.gov/resource-center/sanctions/Programs/Documents/13692.pdf>

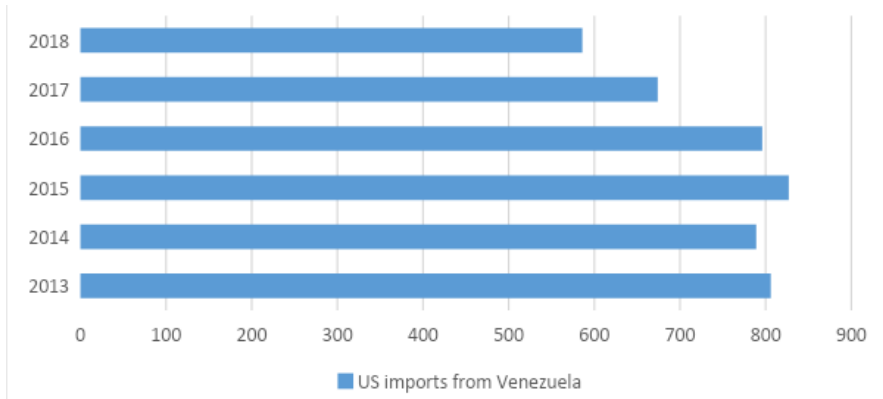
9 Executive Order 13808 of August 24, 2017. For more see: <https://www.treasury.gov/resource-center/sanctions/Programs/Documents/13808.pdf>

10 Executive Order 13884 of August 5, 2019. For more see: <https://www.treasury.gov/resource-center/sanctions/Programs/Documents/13884.pdf>

11 For more see: <https://www.statista.com/chart/16815/venezuelan-exports-by-country-of-destination/>

12 Executive Order 13884 of August 5, 2019

Source: US Energy Information Administration¹³



Meanwhile the US subsidiary, Citgo, is Venezuela's only hope to sustain the economy as they pay in cash for the raw crude oil it received, so the government cannot bear to lose it. But the current crisis in Venezuela is forcing Trump administration to move Citgo's control over to Juan Guaidó, the opposition party leader i.e. National Assembly leader of Venezuela which was recognized by the U.S. as Venezuela's legitimate president. Citgo's control will give Juan Guaidó control over the country's last main source of income which ultimately gives him more power. The US Secretary of State Mike Pompeo has declared that Guaidó has authority over the nation's accounts at the Federal Reserve Bank of New York and other U.S.-insured bank. If that is the case, Citgo can now only import Venezuelan crude oil if it makes payments into bank accounts controlled by Guaidó, which keeps Maduro in a dilemma to export or not (Wadhams 2019). Maduro has also mortgaged Citgo to raise money. Therefore, if PDVSA defaults its collateral, Citgo could become prey. It would be vulnerable to a takeover by creditors like Rosneft, a Russian oil company along with other oil companies who has a share in it (Ulmer 2017).

However, US sanctions on Venezuela have reciprocally affected the US energy security also as the refiners in US imports roughly 7 million barrels a day of oil, mostly heavy sour crude oil and Venezuela has been a significant source of these barrels. The supply disruption caused by Venezuela exposes a weakness in American Energy Security. Recently Trump administration is considering releasing some of 649 million barrels of oil in the strategic Petroleum Reserves, the country's emergency oil stockpile.

¹³ For more see: https://www.eia.gov/dnav/pet/pet_move_impqus_a2_nus_epoo_imo_mbbldpd_a.htm

b) The Role Played by Russia in Venezuela through its Oil industry

Russia has been trying to strengthen its ties with Venezuela amid the ongoing crisis in the country and also to reassert its global dominance like the pre-Soviet Union era and for this Moscow has attempting to aid Venezuela amidst the US sanctions. Russia has leverage over the energy sector in Venezuela through Russia's successful diplomacy skill led by Igor Ivanovich Sechin, the Head of Rosneft (Russian national oil company).

Russian successful diplomacy in Venezuela can be seen from shares of Russian Oil companies operating there like Gazprom Neft, Rosneft, Lukoil, Surgutneftegaz, and TNK-BP. Russian companies have already been established in their oil exploration projects with PDVSA.

Russia's policy on Venezuela is heavily influenced by Igor Sechin, (Gabuev, 2006) who holds one of the most powerful positions in Russia and is considered as Putin's closest ally. His knowledge over the energy sector is visible from his work on the oil industry, "should state control, consolidation, and political power be considered above market forces such as profit" (Geohistory 2018). In 2008, Sechin, after assuming the power of both Russian Deputy Prime Minister and Chairman of the Rosneft, visited Venezuela to deepen ties with PDVSA. Sechin had an eye on the Orinoco River basin. The heavy oil which was too expensive to drill led to a deal between both companies to explore a partnership (Rosneft 2017). In 2012, Rosneft signed eight agreements with Venezuela regarding energy projects (europetrole, 2012). Sechin holds a key position representing Putin.

Venezuelan Oil fields

Venezuela produces the majority of its oil from two basins, Maracaibo in the Western and the Eastern basin, which includes the Maturin sub-basin and the Orinoco heavy oil belt. The heavy oil reserves of the Orinoco are vast, challenging to produce and require a large amount of money for processing.

Initially Venezuela invited few international oil companies into the country to participate in the development of these reserves. Companies like ExxonMobil, BP, Chevron, Total and ConocoPhillips invested billions of dollars in technology and infrastructure to turn heavy oil into crude oil exports (Stanley 2019). Seeing the oil price rise in 1999, the Chávez administration

passed the Hydrocarbon law which increased PDVSA's ownership of its own oil reserves thereby increasing taxes. Finding no other option most companies present there agreed to it except ConocoPhillips and ExxonMobil. So, their assets were ceased and they were expelled from the country.

The Orinoco river basin - Venezuela

The Orinoco River basin is one of the richest heavy oil reserves in the world. It provided a huge opportunity for Rosneft to play an important role in Latin American region as Venezuela lacks the money and technology to drill heavy oil, as a result, Putin gave Mr. Chavez a multi-million-dollar payment for oil exploration rights in the Orinoco River Belt. The Venezuelan national oil company, PDVSA, created a joint company with Russian oil firms to develop four blocks in the Orinoco Oil Belt (Venezuelaanalysis 2010). The four blocks are Ayacucho, Boyacá, Carabobo, and Junín. Junin-6 oil field, which has geological reserves of over 50 billion barrels of oil, will be developed on a parity basis by a consortium of five major Russian oil companies, Gazprom Neft, Lukoil, Rosneft, Surgutneftegaz and TNK-BP (Tyumenskaya Neftyanaya Kompaniya, Tyumen Oil Company) through National Oil Consortium (Gasprom 2012).

Lukoil will work with PDVSA on the Junín 3 block, Gazprom will perform certification activities on the Ayacucho 3 block and TNK-BP will work with PDVSA on Ayacucho 2. Agreement between PDVSA and TNK-BP for work on Ayacucho 2 was signed in October 2007. Also to develop the Carabobo-2 project, an agreement was signed between Rosneft and PDVSA (Compelo Energy 2008).

The NOC (National Oil Consortium)

The National Oil Consortium owns and operates oil production projects. The company was founded in 2008 and is based in Moscow, Russia. In 2012, Sechin initiated the buyout of TNK-BP as a whole from the UK (United Kingdom) based BP in a 55 billion dollar deal because the investment agreement had a 50/50 partnership between two countries¹⁴ (Neate 2013). This acquisition brought Rosneft into control of roughly 40% of Russia's oil production and 60% share in NOC. In March 2010, NOC and PDVSA

¹⁴ The deal makes the Russian state-owned oil company the world's largest listed oil producer and will increase Rosneft's daily oil production to 4m barrels a day – more than the daily output of Canada or Iraq.

registered a joint venture, PetroMiranda, to develop the Junin-6 block. PDVSA holds a 60% stake in the JV, while NOC owns 40% (Rosneft 2012). In 2013 Igor Sechin, President and Chairman of the Management Board at Rosneft was elected Chairman of the Board of Directors of the National Oil Consortium. After coming to power Sechin in 2014 bought Lukoil's 20% interest in the National Oil Consortium (NOC), which now leaves Rosneft with 80% total interest in NOC. This gives Rosneft a comparative advantage in the energy sector of Venezuela (Rosneft 2016).

The remaining 20% of NOC is owned by Gazprom Neft, Gazprom operates in Venezuela under agreement with PDVSA in January 2005. The agreement gives Gazprom the right to participate in the certification project for the Ayacucho-3 block reserves located in the Orinoco Oil Belt, a central part of Venezuela (Gazprom 2008).

In 2013 PDVSA and Russia's Rosneft agreed to manage exploration and production of hydrocarbons at two fields in the Orinoco River, Carabobo-2 block, through Petrovictoria a new joint venture between Venezuela's state oil companies (Interfax 2013). The joint venture, started its first deal in 2016 and reach 120,000 barrels per day and hopes to reach more as quoted by Remirez.

From the above analysis, it can be understood that Russia's decisions with regards to Venezuela are strongly driven by its economic interests. Thus, considering its energy interest there Russia will not let Maduro's regime collapse due to US-led efforts in the country. The US has already sanctioned Rosneft for buying Venezuelan oil which goes against international law by playing the role of a regulator in world oil market besides these unilateral sanctions were not legally recognised. On 2018 Rosneft CEO Sechin said sanctions imposed by Washington against Russia and other countries, are nothing but an attempt to promote US companies in the energy and other global markets.

Conclusion

As the US sanctions tightened in Venezuela Russia started playing a major role. Recently, John Bolton, the former United States national security adviser talked about the Russian role in Latin America stating that the 'Monroe doctrine is alive and well', indirectly warning Russia for its involvement in Latin America. Though any official statement hasn't come from the current US government's side showing support or rejection to the words of former NSA, these claims were rejected by the Russian ambassador to Venezuela Vladimir Zaemskiy (Vox 2019) immediately. The sanctions by Venezuela's

largest importer had worsened the economy. It had affected the daily life of people as the role played by the state-owned oil industry was central to the social welfare programmes in Venezuela. Due to the discovery of shale gas in the US and OPEC's inability to cap production leads Venezuela was left with no other option to recover from the crisis. Also, with the existing economic crisis in the country, the political crisis also emerged as the motive of US sanctions for a regime change. Fearing US sanctions, many other oil companies have refrained from doing any transactions with Venezuela.

Significantly, because of Russian assistance to Venezuela for its oil delivery, Venezuela considers Russia as its good ally. Russia will continue to back the Maduro's socialist regime in Venezuela due to its geopolitical and economic benefits. The seriousness can be seen with Russia supplying Venezuela with S-300 one of the best air defence missile along with a group of military experts to service the equipment's (Arostegui 2019). Venezuela also requires Russian assistance as an alternative to the US-dollar based trading system. Hence Russia has been using this opportunity wisely thereby getting cheap oil from Venezuela. Russian diplomacy is also making Venezuela sign binding agreements that will allow Russia to be the holder of major oil blocks in Venezuela. Therefore, it is vital for Russia to support Maduro by providing him sufficient cash to run PDVSA, if Maduro's regime falls Russia will lose major stakes in the region. The U.S. sanctions against Venezuela have driven the price of oil, leaving Russia with expensive crude and a cheaper currency which is helping the Russian economy. Russia is also looking forward on taking Citgo as Venezuela's collateral, which will directly affect US energy security. From the example of Syria itself, it is very clear that Russia is trying to come back in a full-fledged manner, falling back from the Latin American region means Russia is accepting that region as US backyard. Incidents like the US sending troops to protect Saudi oil and Eastern Syrian oil projects are some of the best examples on how US policy makers make decisions over energy security.

Both the countries, US and Russia, need to negotiate its role in Venezuela. Maduro administration should be given some space to develop PDVSA, and, importantly OPEC should help Venezuela to recover from this crisis by capping its oil production. Instability in Venezuela again will create instability in the whole Latin American Region leading to migration and political crisis which finally threatens US national security. By withdrawing from Syria the Trump administration has signalled the world that it is now concentrating to rectify its current account deficit and to overcome its main rival China. The US does not want Venezuela to be a thorn in its development process by engaging in a proxy war against Russia in Venezuela especially during the hype of US-China trade wars. Therefore, the US should find means

to start collaborating with Venezuela through diplomacy rather than taking it for granted. Venezuela holds more oil reserves than Saudi Arabia and can be the perfect hotspot for both the US and Russia to satisfy its hunger for oil.

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ABSTRACT

Venezuela continues to face rampant inflation, poverty and diseases pilling up in light of the US sanctions against PDVSA (Petroleos de Venezuela, S.A), the Venezuelan state owned Oil Company. Despite the crisis, Russia continues to play a key role in supporting the regime of Nicolas Maduro and sustaining oil production in the country. The research focuses on the role played by Russia in helping the current regime to survive against the US sanctions and the vested interest it brings along with it. The outcome of the research is to find out the role played by Russian oil industries in shaping Russia's Foreign Policy in Venezuela and to know whether Moscow has any leverage over energy sector in Venezuela. The paper gives prime importance to the Venezuelan economy and Geopolitics of oil. The research aims to give a whole new outlook in the field of International Relations by exploring the nuances of oil giants in shaping relations between countries.

KEYWORDS

PDVSA; Rosneft; Venezuela; Geopolitics; Monroe Doctrine; Citgo; Orinoco Basin.

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A LOOK AT TAIWAN'S COOPERATION WITH PARAGUAY (2009 – 2019)

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Introduction

The Republic of China - Taiwan is a complex territory because of its historical development. This island of 35,980 km² (Central Intelligence Agency 2019), is located 160 kilometres away from China, and was first occupied by settlers of Malay-Polynesian origin and then by Japanese or Chinese settlers, on which there are different assessments. Although there are previous explorations towards the sixth century, it was towards the fifteenth century, during the Ming Dynasty, when the closest contacts with China began. It was subsequently established as the Dutch colony of “Ilha Formosa”, but this only lasted a couple of decades until it was established as a district of the Chinese province of Fujian (Toro Dávila, Chacón Morales and Pérez Le-Fort 2001).

In 1885 it was established as a province of China, which under the Treaty of Shimonoseki, had to cede this island to Japan, that had won the first Sino-Japanese war in 1895 (Ríos 2016). After the end of World War II and the Civil War (1946-1949), the People's Republic of China was established². This prompted the Kuomintang³ to reach Taiwan and establish, under the leadership of Chang KaiShek, an authoritarian government with the United States's support (Arnone 2017). US recognition of Taiwan's sovereignty, ceased in 1979- even though it remains the same, but under other circumstances (Library of Congress of the United States of America 2005).

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² Due to the similarity in the official denominations, and in order to simplify the reading, this article has chosen to name the Republic of China- Taiwan or Insular China as Taiwan (or Taipei), and the People's Republic of China or Continental China as China.

³ “Chinese Nationalist Party” (Arnone 2017).

This last fact influenced so that the countries of the West progressively followed the same path. According to Ríos (2019), only 17 countries recognized Taiwan in February 2019, all of them islands of the Pacific, the Caribbean Sea and Latin America, an exception to the Vatican and Swaziland. The number fell to 15 in September of the same year, when in the same week, Solomon Islands and Kiribati stopped recognizing Taiwan⁴. In South America, Paraguay is the only country that maintains relations with Taipei, which makes it a relevant ally for this island.

Diplomatic relations between Paraguay and Taiwan date from 1957 (Embassy of the Republic of Paraguay in the Republic of China (Taiwan), 2018; Ministry of Finance, 2019). At that time, the Paraguayan Ambassador in Venezuela, Carlos Montanaro, and Taiwanese Foreign Minister Yeh, Kung Chao signed an “Agreement for Diplomatic Notes for the Establishment of Diplomatic Relations” in Caracas (Fleitas 2017).

The bilateral relationship has extended over time and with relative intensity. The purpose of this material is to present the fundamental aspects of Taiwan’s cooperation with Paraguay in the last decade. The article is divided into four sections: the first one introduces the issue of South-South Cooperation (SSC); while in the second it considers Taiwan as an actor of international cooperation. The third addresses the bilateral relationship between the Asian country and Paraguay; summing up, it is presented a synthesis on the cooperation carried out between 2009-2019.

Methodology

This research is a bibliographic-documentary type. For its development diverse sources were used such as scientific journals, books, periodicals, treaties, reports and other documents. The level of this research was descriptive, since its purpose was to present the fundamental aspects of Taiwan’s SCC with Paraguay for the 2009-2019 period. This issue is relevant in attention to the dispersion of the available information and the shortage of documentation about this issue. The main aspects and the synthesis for the article were obtained through and analytical method, which allowed us to reach and present these results.

⁴ The Solomon Islands announced its decision in 16/09/2019 and Kiribati in 20/09/2019

Results

South–South cooperation: some previous concepts

Cooperation implies a link between international actors, which seeks the mutual satisfaction of interests by making use of the resources available for them for the implementation of coordinated and/or solidarity actions (Calduch cited by Ayllón 2007). Sotillo (2011) explains the development of cooperation as a part of international cooperation and this last theme does not have a unique, adjusted and complete definition, valid for all times and places.

The latter author argues that cooperation has been loading and downloading content. Because of this, it is essential to be clear about the priorities for development, since these are the ones that will serve to establish the content and objectives that condition the types of development cooperation (Sotillo, 2011). In this same sense, Calabuig Tormo et al. (2010) present a review of the different predominant conceptions of development and the influence which they have exerted on cooperation activities over the last decades.

Likewise, Fernández Franco and Román Marugán (2013) cite four characteristics of the international cooperation system: a. Discretionality, because the basis is the free will of the donors; b. Plurality, because there are different actors; c. Decentralization, because despite the role of the OECD Development Assistance Committee, there is no central or hierarchically superior authority; d. Adaptation to the historical context, since it must be understood according to the moment, which reaffirms the above.

Those characteristics allow the inference that the typology of cooperation can be very varied. The same authors establish three categories for cooperation: a. According to its thematic scope (political, economic, technical and development promotion); b. According to their degree of institutionalization (informal or organic); c. By the number of participants (bilateral, multilateral and triangular) (Fernández Franco & Román Marugán, 2013). In order to escape the scope of this material, there is no need to deepen the different existing classifications and the one that considers the nature of donors and recipients is directly addressed, depending on whether these countries are from the north or south. According to this criterion, cooperation can respond to the North-South logic, when the donor is a developed country

and the recipient is a developing country; and South-South⁵⁶ when both donors and recipients are developing countries.

SSC is therefore the result of the search for a greater presence of emerging countries, which, lacking sufficient resources of hard power, use cooperation to reinforce their presence and influence in the area of interest (Velázquez Flores, Prado Lallande & Díaz 2015). Likewise, Hirst (2012, 17) argues that SSC has an instrumental sense for foreign policy, which allows it to be valued as a soft power tool.

Although the literature, mainly in English, considers that the fields of study are: a. Financial funds for development (concessional loans with or without subsidized elements and non-concessional loans at commercial interest rate); b. Capacity building (technical cooperation, scholarships, exchange of experts, etc.); c. Funds for trade and investment facilitation (export credits, etc.), these are not the only ones. For its part, the studies about SSC have considered both, reimbursable and non-reimbursable funds. (Malacalza 2019, 73).

This reflects a political-technical dimension of SSC, which relates to instruments such as development finance and reimbursable funds in more favorable terms, among others. Malacalza (2019), presents an interesting summary of works that demonstrate this vision. The same author maintains that in addition to this dimension there is another: the economic-commercial one, which includes instruments such as non-refundable funds, on the related quality, there is a “curious shortage of work” (Malacalza 2019, 72).

Taiwan as a player of international cooperation

Firstly, the reasons why Taiwan provides international cooperation will be addressed. Following Chan (1997), there are two types of justifications, one legal and the other social. The first is established in the Taiwanese

5 Cohn (2012) pointed out that the countries of the South are those least developed socially and economically speaking. They generally have a colonial past, their income levels per capita are more modest, the infrastructure for communications and transportation is inadequate and access to technological resources is limited. They may present institutional shortcomings and its relevance in the international system and international organizations is less significant.

6 Alemany, C., & Freres, C. (2018, p. 63) state that the South is considered as a group of subordinate countries in the global system, which were not mostly distinguished, because “they were not relevant”, since developed countries are the ones which determine the facts. The same authors argue that although emerging countries have gained relevance, they are still considered as an “undifferentiable set”, with the exception of the so-called BRICS or other very particular sets.

National Constitution (1947)⁷, which indicates in Article 141⁸, its interest in fostering international cooperation. The second justification comes from an amalgam of political, economic, humanitarian and even moral factors. Taiwan recognizes these factors, as the island had previously received help to improve their well-being, *they should now be prepared to provided assistance to less favoured countries*⁹.

Secondly, Annette Lu, who was Vice President of Taiwan between 2000 and 2008, emphasized the notion of soft power and applied it to the case of this island. Lu recognized five elements: a. Human rights; b. Democracy; c. Peace; d. Love; and e. High technology. Among them, the first one stands as the most important. Besides, Lee (2005) added three elements to those five: 1. The will of the Taiwanese people to defend their country; 2. A civil defence mechanism; and 3. A close alliance with the United States and Japan. Those elements can also be considered as reasons for the international cooperation of this island.

The trajectory of Taiwan as donor started in 1959 when it sent the first agricultural mission to Vietnam (Lemus Delgado 2017). Even though, at that time, the country was still a developing one and a recipient of cooperation from the United States and various cooperation agencies such as the World Bank and the Asian Development Bank, among others (Chan 1997). So, this was Taiwan's first effort on SSC, that had been lasting since then.

During the 1960s, Taiwan undertook various initiatives within the framework of the China-Africa Technical Cooperation Committee, which implements agricultural projects with this continent. In 1972, this institution was merged with the International Technical Cooperation Committee, which led the country's technical cooperation until 1988. Then the International Economic Cooperation Development Fund (IECDF) was established. The latter was dissolved in 1996 and the International Cooperation and Development Fund (ICDF) was installed (Lemus Delgado 2017).

This evolution was influenced by external and internal factors. At the international level, recognition by other states and geopolitics is decisive for Taiwan's circumstances. These aspects are closely linked to that of cooperation in the Taiwanese case and are described below.

When the People's Republic of China was founded (October 1st. 1949), Beijing and Taipei began a struggle for international recognition (Rodríguez,

⁷ The constitution was amended in 2005

⁸ Chapter II: Fundamental National Policies, Section 2: Foreign Policy

⁹ Chan (1997) adopted this expression from an IECDF newsletter, where the Director of the Department of Operations, Neville H. Huang, gives the reasons why Taiwan cooperates.

2008). Until 1971, Taiwan held China's representation at the United Nations. Then, the UN General Assembly adopted Resolution 2758 (XXVI) by which representatives of the People's Republic of China were recognized for their legitimacy in the organization and its quality of permanent member of the Security Council. Therefore, Taiwan's representatives were expelled.

Rodriguez (2008) explains that Taipei's dominance in the issue was reversed as an effect of some factors: the UN's decision, the decolonization process and the link between the Nixon Administration and Beijing. As proof of this, Taiwan's diplomatic recognition decreased rapidly. Only in Latin America and the Caribbean, Chile, Peru, Ecuador, Mexico, Argentina, Guyana, Jamaica, Trinidad and Tobago, Venezuela, Brazil, Suriname, Barbados and Colombia had established diplomatic relations with the People's Republic of China, between 1970 and 1980.

A significant year in the recent history of Taiwan was 1979. At that moment, the United States, its main international supporter, changed its position on the island. In addition to this fact, Beijing opened a reform process. Furthermore, the Chinese Communist Party adopted modernization under socialism instead of the class struggle as its national priority (Wong 2000).

This situation, coupled with internal factors, such as the growing demand for citizen participation made Taipei modify its policies. Wong (2000) points out that when Chiang Ching-kuo died, it switched to a "Pragmatic Diplomacy" instead of the "Practical Diplomacy" that had been adopted until then. This change implied: the coexistence with the People's Republic of China was less tense, less rigidity around denominations and symbols and the improvement of relations with communist states. The subsequent end of the Cold War also had its repercussions for Taipei nationally and internationally.

In 1987 Martial Law¹⁰ was repealed. This fact initiated a series of reforms that also had an impact on the relationship with China (Cornejo 2008). It is important to note that during the next years, Taiwan was developing its democracy, but with the positioning of the People's Republic of China, the recognition of several of its allies turned to Beijing.

That is the reason why cooperation with allied with Taiwan and which backed its international position had been very important, since it helped to sustain its claims in the current scenario. At the same time, this policy has been subject to the actions and instruments deployed by China in this dispute, among which cooperation is one of the key elements (Lemus Delgado 2017).

¹⁰ It prohibited the formation of political parties, and also limited the possibility of gatherings and freedom of expression (Herrera Feligreras & Lu 2006).

After this brief review, some of the main features of the cooperation granted by Taiwan will be mentioned. Chan (1997) asserts that the Ministry of Foreign Affairs recommended to the ICDF that three conditions should be observed in order to be able to be eligible for cooperation with Taipei: a. Be a friendly country with Taipei; b. Have a good payment record; c. Gross National Product per capita less than USD 2,500.

The first of the conditions cited was very comprehensive. The meeting of the countries with which Taiwan maintained diplomatic relations and those with which it did not have this type of relationship, but which allowed the offices to operate under the name “Republic of China”. Likewise, those with whom robust commercial or cultural ties are maintained; those who intended to improve their relations with Taipei and those who were not hostile. As noted, the criterion was broad and each case was addressed in a specific way by the respective authorities. As an example, we can cite the case of countries that were part of the Soviet orbit, which were negative at first and then “friendly” (Chan 1997). The promotion of friendly relations with diplomatic allies is explicitly mentioned as one of the first goals in the provision of aid in the White Paper of the Taiwan Cooperation Policy (2009).

In addition to this last reason cited, this document points out as additional reasons: the fulfilment of Taiwan's responsibility as a member of the international community¹¹; the protection of human security; the retribution to the international community; and the development of the humanitarian sense.

The first region prioritized to receive cooperation was Asia as an area in which Taiwan belongs and with which it maintains strong commercial and investment ties. Secondly, Latin America and the Caribbean, as the region where the greatest number of allies was located, followed by Eastern Europe and Africa (Chan 1997).

In general, Taiwanese development cooperation is divided into bilateral and multilateral. In the case of the first one, the following types of projects will be carried out: assistance with basic infrastructure, technical assistance, humanitarian assistance and those related to education and training. Meanwhile, multilateral initiatives are divided as such: donation to international organizations, contributions to funds for international cooperation, investments and financing through international organizations (Ministry of Foreign Affairs of Taiwan 2009).

¹¹ Chan (1997) pointed out that the Taiwanese experience in cooperation, considering the first it was both recipient and donor, allowed the country to transfer the knowledge of this process to other developing nations. This process was called the “Taiwan experience” by Taiwanese workers.

In 1997, the Taiwanese government consolidated its diverse cooperation projects in 1997 into a fund called the Taiwan International Cooperation and Development Fund (ICDF n.d¹²), as previously mentioned. This institution sought, in accordance with Art. 7 of its founding letter, aspects such as: the promotion of social and economic development of recipient countries; cooperation with international organizations, institutions or governments that promote the promotion of social and economic development of recipient countries; the provision of humanitarian assistance to refugees or countries affected by natural disasters; technical assistance or services to strengthen industrial capacity; the completion of missions that improve and develop the agricultural, industrial, economic, medical and educational sectors of the recipient countries; and others that strengthen international cooperation and development with other countries.

The ICDF has a presence in the Latin American countries that it supports. This institution cooperates through technical and medical missions, humanitarian assistance projects, loans and investments and volunteers (Table 1). According to the data published by the ICDF on its website (2019), it has five technical missions in Central America and two in South America. Those mission are located at: Honduras, Nicaragua, Guatemala, Belize, one corresponding to Central America, Ecuador and Paraguay.

Table 1: Areas of cooperation of the ICDF in Latin America

Country	Missions abroad and medical missions	Technical and humanitarian assistance projects	Lending and investment projects	Volunteer Program	Youth service abroad
Guatemala	Yes	Yes	Yes	No	Yes
Ecuador	Yes	Yes	No	No	Yes
El Salvador*	Yes	Yes	Yes	No	Yes
Belize	Yes	Yes	Yes	Yes	Yes
Honduras	Yes	Yes	Yes	No	Yes
Nicaragua	Yes	Yes	Yes	Yes	Yes
Panama*	No	Yes	No	Yes	No
Paraguay	Yes	No	Yes	Yes	Yes

• El Salvador and Panama stopped recognizing Taiwan's sovereignty in August 2018 and July 2017 respectively (Ríos, 2019)

Source: Lamus (2017)

¹² Also known as the acronym FDICT.

The Bilateral relationship between Paraguay–Taiwan

The emergence of this bilateral relationship must be understood in the context in which it had emerged. In 1954 Alfredo Stroessner, a military officer who established a regime that ruled Paraguay until 1989 (Monte de López Moreira 2012) came to power. Regarding foreign policy, Stroessner was practically the only gravitational actor in the decision-making process of Paraguay. The country opted for an international alignment with the United States (Salum-Flecha 2012). This alignment developed into “a kind of marriage of convenience of the Cold War” (Scavone Yegros & Brezzo, 2010, 150). Mora and Cooney (2009) explained that this relationship with the United States resulted in a strong anti-communistic regime, which followed Washington’s guidelines in exchange for legitimation and help.

In addition to this alignment with Washington, there was a change in the pendular policy that characterized Paraguay (Tini 2003). This fact caused the country to shift the focus from Argentina to Brazil, in a new strategy which was called “The March to the East” (Scavone Yegros and Brezzo 2010). Moreover, relations with other political regimes such as the Apartheid in South Africa and Chiang Kai-shek in Taiwan were articulated. These links were marked by coincidences at the ideological level and the need to overcome international isolation (Nickson 2014).

The relationship with Taiwan lasted over time despite the fact that in 1971 the General Assembly of the United Nations resolved to restore to the People’s Republic of China all of its rights in the organization and expel the representatives of Chiang Kai-shek through the Resolution 2758 (XXVI). This caused the process of Taiwan receding in the international system, due to the successive loss of recognition by other states.

Despite this, in 1979 the United States, Taipei’s main international supporter, changed its guidelines and recognized Beijing (Wong 2000), Paraguay continued its relationship with Taiwan. The strength of these links can be seen through the number of bilateral agreements signed by both countries. From 1957 to 2018, 75 documents were signed, which ranged from diplomatic to cultural aspects, through commercial and economic cooperation treaties (Embassy of the Republic of Paraguay in the Republic of China (Taiwan) 2018). Table 2 provides a list of the agreements related to cooperation signed by Paraguay and Taiwan in the period 1957 - 2007.

Table 2: Agreements concerning cooperation signed between Paraguay and Taiwan (1957/2007)

	Name of the instrument	Signature date	Ratification in Paraguay ¹³	Entry into force
1	Trade and Economic Cooperation Treaty ¹⁴	11/05/1962	Law 811 (18/07/1962)	29/12/1962
2	Act on Technical and Economic Cooperation	26/08/1971	---	---
3	Agreement by Diplomatic Notes regarding the formation of the Chinese Agricultural Technical Mission in Paraguay (N.R. N° 1/73.) ¹⁵	15/02/1973	---	15/02/1973
4	Educational Cooperation Agreement in the Scientific and Technological Field ¹⁶	19/06/1990	Law 113 (03/01/1991)	19/06/1990
5	Agreement by Diplomatic Notes concerning the Donation of USD 20 million for the construction of a new headquarters for the National Congress. (N.R. No. 18/94)	21/12/1994	Law 560 (28/04/1995)	03/05/1995
6	Letter of Intent on cooperation in the planning study of a new city of Asunción	26/08/1995	---	05/10/1998
7	Memorandum of Understanding for the promotion of an industrial park in Paraguay	26/08/1995	---	26/08/1995
8	Agreement by Diplomatic Notes regarding the Cyber Modernization Plan of the Ministry of Foreign Affairs (N.R. No. 5/96.)	14/08/1996	---	14/08/1996
9	Agreement by Diplomatic Notes for the construction of a bridge between the city of Asunción and the Western Region (N.R. No. 9/97.)	17/09/1997	---	17/09/1997
10	Memorandum of Understanding on financial cooperation to the agricultural sector	17/09/1997	---	17/09/1997
11	Agreement by Diplomatic Notes on the promotion of trade and training of human resources	17/09/1997	---	17/09/1997
12	Agreement by Diplomatic Notes on Non-Refundable Economic Cooperation for the implementation of the metropolitan network in the Ministry of Foreign Affairs. N.R. No 10/97	10/10/1997	---	10/10/1997

13	Memorandum of Understanding on Economic Cooperation Programs	17/08/1998	---	17/08/1998
14	Agreement by Diplomatic Notes of Economic Cooperation Non-refundable to be destined to the Export Project of horticultural items, fruits, flowers and to a lesser degree cattle	05/10/1998	---	05/10/1998
15	Memorandum of Understanding on the Action Plan	16/09/1999	---	16/09/1999
16	Agreement on sending volunteers	20/12/2005	---	27/11/2007

Source: Compilation based on information supplied by Embassy of Paraguay in Taipei (2017)

Cooperation projects during the 2009–2019 period

Taiwan's cooperation with Paraguay is long-standing and has various facets as previously noted. In this section, three aspects will be considered: the bilateral cooperation agreements signed; the projects undertaken by the ICDF; and other initiatives.

Bilateral Cooperation Agreements

1. During the 2009 – 2019 period, eight documents related to cooperation were signed. They are cited below:

2. Act of Receipt of Disbursement of USD 71 Million from the Republic of China (Taiwan) to the Republic of Paraguay (2009)

3. Agreement for Cooperation in Culture, Education, Science and Sports (2009)

4. Agreement by Diplomatic Notes on the Modification of the Agreement by Diplomatic Notes of 02/15/1973 regarding the formation of the Chinese Agricultural Technical Mission in Paraguay (2010)

13 The ratification of the instruments is carried out according to the nature of the instrument and its content. For this reason, there are in the previous table, instruments that required this procedure and others that did not.

14 It was extended in 1972 for 10 more years and in 1995 an Update Protocol was signed.

15 In 1995, a Memorandum of Understanding on the strengthening of the Technical-Agricultural Cooperation Plan was signed.

16 Extended in 1995, during an official visit of Paraguay's President Juan Carlos Wasmosy

5. Act of Disbursement of USD 737,000 granted by the Republic of China (Taiwan) to the Republic of Paraguay for the financing of the priority project of the Ministry of Foreign Affairs (2010)

6. Act of Disbursement of USD 500,000 granted by the Republic of China (Taiwan) to the Republic of Paraguay for the project of the modernization and strengthening of institutional management of the Ministry of Foreign Affairs (2013)

7. Memorandum of Understanding on non-refundable financial cooperation period 2013-2018 (2014)

8. Economic Cooperation Agreement (2017)

9. Memorandum of Understanding on non-refundable financial cooperation period 2018-2023 (2018)

The first of the documents signed was the Act of Disbursement of donation of US\$ 71 million from the Republic of China (Taiwan) to the Republic of Paraguay, which dates from July 9, 2009. The goal of the aforementioned sum of money was the strengthening of the linkage and bilateral cooperation between both countries and it would be destined to the priority programs of the Paraguayan government (Government of the Republic of Paraguay & Government of the Republic of China (Taiwan) 2009).

Within the framework of this donation, an advance of US\$ 24 million was delivered in 2008. This amount was used for the regularization of settlements, agricultural policies, sustainable settlements, administration of public works and housing solutions. With the signing of the Act, another US\$ 8 million was delivered, while before August 2010 US\$ 8,888,400 was transferred and the balance of US\$ 30,111,600 was made available before August 2013 (Ministry of Finance 2009).

The funds received, according to Decree No. 2775/2009, were allocated to the programs and projects previously mentioned and other various institutions. Some of them are mentioned below: the Ministry of Interior, the Ministry of Education and Culture, the Ministry of Industry and Commerce, the Ministry of Foreign Affairs¹⁷ and the Ministry of Defence, among other State agencies.

The second of the instruments cited was the Agreement for

¹⁷ The record of donors received by the Ministry of Foreign Relations are reviewed in the seven mentioned signed instruments, and also are a part of the distributions of donation of US\$ 71 millions that were made in the 2008-2013 period. The expenditure of US\$ 737,000 was destined to the “Project of Improvement of Technology and Communications” and of US\$ 500,000 to a project to improve the institutional management of the organization.

Cooperation in Culture, Education, Science and Sports. It was signed on September 8, 2009 and was intended to promote cooperation in the detailed areas. Various actions would be carried out for this aim, for example: visits from personalities, exchange of institutions, granting of scholarships, to the promotion of cultural industries, to name just a few.

This agreement served as a framework for the creation of the Taiwan-Paraguay Polytechnic University, which was established as a public institution in 2018. The majority of teachers are part of the staff of the National Taiwan University of Science and Technology. It should be noted that in the first half of 2019 it admitted 109 students in their four careers: Civil Engineering, Electromechanical Engineering, Industrial Engineering and Computer Engineering.

On April 8, 2010, an agreement was signed by Diplomatic Notes for the modification of the conformation of the Chinese Agricultural Technical Mission in Paraguay. The first of the points outlined was the interpretation of the technical mission as part of the technical cooperation between the parties and its execution in accordance with the Agreement of 1973. It was also established that the mission projects should relate to the following topics:

- a) Horticulture and fruit growing, livestock, processing of agricultural products, as well as promotion and administration of agricultural industries
- b) Aquaculture
- c) Public health and medical cooperation
- d) Cooperation and promotion of the economy and commerce (Industrial Park)
- e) Cooperation in the areas of information, communication or technology

Two other points indicated were the places of implementation of the projects, which should be agreed to by both governments, and the use of resources in the initiatives carried out.

The documents previously cited in this section were signed during the Fernando Lugo government¹⁸. With the arrival of Horacio Cartes (2013 - 2018) to power, new donations were made by the Taiwanese government, as well as in the beginning of the period of Mario Abdo Benítez (2018 -). This is a recurring practice overtime: the delivery of a donation from Taiwan to be

¹⁸ The Lugo government was in power since 15/08/2018 and was overthrown by a judicial measure in 22/06/2012. He was succeeded by his Vice-President Federico Franco, that delivered the power to Horacio Cartes.

distributed, by the incoming government to the institutions or projects which it considers as its priority.

The Memorandum of Understanding on Non-Refundable Financial Cooperation 2013-2018 was signed in 2014. The same, a difference of the diversity of initiatives considered in the previous period, that the total sum: US\$ 71 million, would be completely destined to the project “Che Tapii - Housing solutions”. Their objectives are “*To improve the living conditions of the inhabitants with the provision of housing, health posts, community centers, energy and drinking water services and reducing the lack of housing for the population that is in a situation of poverty and extreme poverty*” (Ministry of Urban Planning, Housing and Habitat of Paraguay n.d.)

Other actions were in 2017 a new Economic Cooperation Agreement was signed between Paraguay and Taiwan. This instrument aimed to strengthen the economic, commercial relationship and liberalize trade and investment. It should be noted that it also considers diverse elements: Small and Medium Enterprises, technical barriers to trade and intellectual property and others.

Last but not least, it is important to mention that in 2018 the Memorandum of understanding on non-refundable financial cooperation 2018-2023 was signed. This document was ratified by Law No. 6275/2018. It contemplates, in accordance with the new bilateral agenda, projects in the following areas: social and humanitarian assistance, education, housing solutions, road infrastructure, security and defences, public health.

Projects undertaken by the ICDF

Taiwanese cooperation implemented, through the ICDF, resulted in 16 projects between 2010 and 2019 (Table 3). The majority is concentrated on technical cooperation projects, representing 43.75% of the actions undertaken, and humanitarian assistance 37.5%. The other areas of the ICDF action: education and international training and loans and investments, are not so relevant according to the observed data.

On Table 3, interesting features can be seen in the type of projects financed. The first one is linked to the issues addressed in the cooperation projects. It can be observed that there are three projects related to aquaculture and the same number related to floriculture, as well as three initiatives related to the topic of training of health professionals or health management.

Another significant feature refers to the time span of the projects. Considering the majority of projects, already completed as of August 2019,

the duration of the projects was, on average, 32.78 months. It should be noted that the actions of the area of humanitarian assistance for the same period, showed an average of 15.25 months, well below that observed for all technical cooperation projects, which had an average duration of 46.8 months.

Table 3: ICDF cooperation projects in Paraguay (2009 - 2019)

	Name of the Project	Area	Beginning Date	Date of finalization
1	Floriculture Project	Technical cooperation	01/01/2010	12/31/2013
2	Aquaculture Project	Technical cooperation	01/01/2010	12/31/2013
3	Mobile medical mission	Humanitarian assistance	01/01/2011	12/31/2011
4	Healthcare Personnel Training Program	Humanitarian assistance	01/01/2012	12/31/2014
5	Assistance to rural populations affected by the food emergency due to the effects of drought	Humanitarian assistance	11/15/2012	12/15/2012
6	Feed Production Project	Technical cooperation	04/01/2013	12/31/2017
7	Pacu Fingerling Breeding and Cultivation Project	Technical cooperation	11/24/2014	11/23/2017
8	Healthcare Personnel Training Program	Humanitarian assistance	01/01/2015	12/31/2015
9	Orchid Industry Development and Tissue Culture Plantlet Propagation Project (Paraguay)	Technical cooperation	02/10/2015	11/23/2018
10	Health Information Management Efficiency Enhancement Project in Paraguay	Humanitarian assistance	01/01/2016	12/31/2019
11	Surubi Fingerling Breeding and Cultivation Project	Technical cooperation	12/01/2018	12/31/2022
12	TaiwanICDF Overseas Volunteers Program	Humanitarian assistance	01/01/2019	12/31/2019
13	Taiwan Youth Overseas Service	Technical cooperation	01/01/2019	12/31/2019
14	Project to Strengthen Capacity to Support Development of MSMEs	n.i.	01/01/2019	12/31/2022

15	Project to Strengthen Capacity for Commercial Production of Orchids	Technical cooperation	04/01/2019	03/31/2021
16	Overseas Professional Mandarin Teaching Project	International education and training	n.d	n.d.

Source: ICDF (2019)

Other initiatives

Scholarships granted by the Taiwanese government are also an important element of the cooperation of this Asian country with Paraguay. According to Ferreira (2017) between 1991 and 2017, 304 scholarships were granted to young Paraguayans and state officials to continue their studies in Taiwan in disciplines related to Engineering, Business Administration, Science, Electrical Engineering, Computer Science and Social Sciences.

Among them, there are several types. The first one is called “Taiwan Scholarships” and they were awarded to 234 people in the referred period. These grants comprise five years studies, including one year for language learning.

There are also four other types of scholarships. First, the ones defined as “Huayu Scholarships” through which it is possible to study Chinese-Mandarin for a period between 6 and 12 months. This kind of scholarship had 41 beneficiaries between 1991 and 2017. The second type is the called “Medical Scholarships” aimed at students in the health area. The third type is the “Executive Master’s Scholarships online”. Through those, 12 public servants have participated online studies in their native language. The last is “ICDF Scholarships” that allowed 15 people to study undergraduate, master’s and doctoral studies in English (Ferreira, 2017).

In addition to the initiatives mentioned above, there are other actions that seek to promote economic cooperation between the two countries. In these lines, only two of them will be mentioned: The Conferences on Economic Cooperation and the promotion for the participation of Paraguayan companies in trade fairs in Taiwan.

The Conferences on Economic Cooperation have been held since 1987. This event, that happens from time to time without a definitive schedule, is alternatively held either in Taipei or in Asunción. Authorities of the highest level of both governments and businessmen of the countries, interested in searching for business opportunities were the participants.

It is important to mention that from different official agencies of both countries, the participation of Paraguayan companies in trade fairs was supported, specifically in Food Taipei. This trade fair is one of the most known food exhibitions in Southeast Asia and Paraguayan companies participated in various editions of it.

Finally, and despite not being the focus of this material, it is important to note that there are also two loans from the Export-Import Bank of the Republic of China, which are being honored. The first one dates from 2013, amounts to US\$ 20 million and was destined to development projects in the agricultural sector. While the second, was represented by an amount of US\$ 70 million that was used for financing projects for agricultural cooperatives, development of small and medium enterprises and construction of roads.

Some Final Thoughts

Taiwan has a rich history that encompasses various stages in recent centuries. In the second half of the twentieth century, with the founding of the People's Republic of China, it had to put forward several efforts to promote its international recognition against the ones that the RPC gained.

One of the countries with which it was linked is Paraguay. Since 1957 it has maintained uninterrupted diplomatic relations. Although the relationship arose in the middle of the Cold War, it continued over time despite the evolution of the international system and the various diplomatic setbacks that this Asian territory had. Over the years this relationship has become even more relevant. Since October 2019, 15 countries have recognized Taiwan, of which this Latin American state is the only one in the Southern Cone. This situation promotes that the relationship and cooperation are intense.

South-South cooperation results from the need to increase the presence of emerging countries, which use it as a soft power tool in the face of their limited hard power. In addition, it is important to mention that this type of cooperation has two dimensions. Firstly, a political-technical dimension, in which development finance and reimbursable funds, are considered in more favourable terms. Secondly, an economic-commercial one, which includes, for example, non-reimbursable funds. The latest of which was considered for the cooperation of Taiwan to Paraguay in the 2009-2019 period.

In the period considered in this research, eight instruments were signed. They served as a framework for different projects. One of the main features identified is the agreement signed at the beginning of each five-year period of the incoming government. This document details the amount to be donated and its purpose. The aims of the cooperation change according to the interests of the incoming authorities and the bilateral agenda. During the 2008 - 2013 and 2013 - 2018 periods, the amount donated was US\$ 71 million at each round. Meanwhile for 2018 - 2023 period the amount committed was US\$ 150 million.

It is possible to observe that the issue of housing solutions was common in the projects undertaken. However, Lugo and Abdo Benítez selected a list of other issues, while Cartes allocated the entire amount to the “Che Tapyi - Housing Solutions” project.

Regarding the work of the ICDF in Paraguay, this institution developed 16 projects between 2010 and 2019. And, as previously mentioned, the majority of the projects focused on technical cooperation projects and humanitarian assistance projects. The main issues addressed in cooperation projects are related to aquaculture, floriculture and the training of health professionals and health management, among others. Another kind of cooperation are the scholarships, the organization of Economic Cooperation Conferences and participation in trade fairs.

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ABSTRACT

Taiwan's situation in the international system is particular and the recognition of other states is key to its survival. Since 1957, Paraguay has maintained diplomatic relations with this Asian country. This research aims to describe the South - South cooperation of Taiwan with Paraguay during the 2009 – 2019 period, a very important characteristic of the bilateral relationship between both parties. In order to do this, we base the article on a descriptive bibliographic documentary research, considering primary and secondary sources regarding the focus of the study. Among the main results obtained, it can be seen that non-reimbursable cooperation projects are being adjusted according to five-year negotiations, that there is some continuity regarding the issues addressed by technical cooperation and the existence of other less known initiatives such as conferences and participation in fairs.

KEYWORDS

South-South Cooperation; Republic of China (Taiwan); Paraguay.

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REGIONS OF DISCORD: ANALYZING SUBNATIONAL INFLUENCES ON CHILE'S FOREIGN TRADE AND INVESTMENT POLICIES TOWARDS THE USA DURING CRITICAL EVENTS

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What role do subnational politics play in Chilean foreign trade and investment policies? Scholars have proposed several theories to explain the influence of domestic politics in the case of great powers' foreign policies (Gourevitch 1986, Snyder 1991, Trubowitz 1998; 2011); in the case of smaller and developing states, they have largely argued that foreign policymaking is primarily a function of international variables (Katzenstein 1985). This argument is at odds, however, with the claim that international relations theories are inadequate to explain their behavior (Neuman 1998). Indeed, although most foreign policy outcomes are partly caused by a certain international context, it is overly simplistic to assume that foreign policy in developing countries is solely a function of changes in the international system.

In recent years, scholars have begun to analyze Latin American international relations and foreign policy more systematically and comparatively (Domínguez and Fernández de Castro 2010, Gardini and Lambert 2011, Mora and Hey 2003, Pastor 2001, Russell and Tokatlian 2011, Schoultz 1998, Tulchin and Espach 2001). These various works have addressed several topics, at times quite successfully, and some have formulated several theoretical arguments that contribute to our understanding of foreign policymaking in Latin America. However, these contributions tend to share three shortcomings. First, these works are largely descriptive or issue-oriented and lack theoretical underpinnings; second, those that are theoretically-oriented analyze hemispheric relationships from a US viewpoint; finally, most works focusing on changes in the international system pay less attention to

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national and subnational factors within the Latin American states.

Chile's history of trade and foreign investment with the United States provides several critical examples and remarkable variation. In the past half century, Chile went from an Import Substitution Industrialization (ISI) economic model and the nationalization of US companies to liberalization and free trade. This process culminated in the 2004 United States-Chile Free Trade Agreement (FTA). Chile also shows an important degree of internal political change during this period. Indeed, the country experienced the breakdown of democracy, military dictatorship, and the return to competitive politics in the past forty years. What explains this broad range of trade and investment policy stances toward the USA?

As with the study of Latin American foreign policy in general, most studies provide international- and dyad-level accounts of changes in Chilean foreign policy. Changes in the international political economy (Wilhelmy 1979), the balance of great powers (Álamos 1999, Wilhelmy 1979), regional rivalries (Colacrai and Lorenzini 2005, Álamos 1999, Wilhelmy 1979) are some of the most common explanations. The few domestic-level explanations tend to focus on variables like party and ideological conflicts (Mares and Rojas Aravena 2001, Wilhelmy and Durán 2003; Leight 2008), the role of economic elites (Oyarzún 2013, Baeza and López 2015), and the interaction of social and political actors and institutions (Porrás 2003)². Finally, those that analyze Chile's foreign policy comparatively also emphasize the importance of the country's democratic tradition and regime characteristics (Borges 2017, Colacrai and Lorenzini 2005, Wilhelmy 1979; Agüero 2005). These variables are important to understand the Chilean case and, more important, they consider its domestic politics and regime transitions in the past fifty years.

These variables, however, seem to be less useful in explaining critical events in USA-Chile relations. In democratic periods, the unanimous vote to nationalize US mining companies in 1971, and the near-universal ratification of the USA-Chile FTA challenge the importance of party and ideological differences³. Important measures taken during the Allende administration like state-ownership of copper companies persisted after 1973, and policies enacted during the Pinochet dictatorship that survived the transition to democracy in 1990 – such as trade liberalization – also blur the distinction

² Baeza and López (2015) and Leight (2008) consider the rural-divide as factor that influenced the ratification process of the USA-Chile FTA but focus on the role political parties and economic and political elites and played in the process.

³ Several prominent right-wing politicians even advocated against the FTA. As Leight (2008, 226) explains, “[t]he blatant protectionism, verging on outright populism, from the historically neoliberal right, was a rarity in post- 1990 Chilean politics.”

between democratic and authoritarian foreign policy. None of these variables can, therefore, fully explain the country's policy evolution.

In order to explain these outcomes, this paper examines several moments that shaped Chile's trade and foreign investment policies towards the US. These critical events occurred between 1965 and 2005, and include the 1967 Agrarian Land Reform; the so-called "Chileanization" (1969) and nationalization (1971) of the copper industry; the reopening of the mining sector to foreign mining companies and the undoing of the Agrarian Reform (1974-1983); the USA-Chile FTA (2004); and the "Royalty" tax on private mining companies (2005). These rare events are chosen because they constitute "critical junctures" (R. B. Collier and Collier 2002) with "substantial and relatively quick change in an independent or dependent variable of theoretical interest" (Gerring 2004, 351).

The study uses evidence from statements and actions of members of Congress (1965-1973; 1990-2005) and the government junta (1973-1990), as well as from secondary sources. This research strategy, which allows for variation in government incumbency and regime type, shows the extent to which subnational economic interests have mattered in policymaking. The study finds that, despite Chile's small size and unitary form of government, subnational differences have played an important role in defining the nature and shape of the country's foreign policymaking, particularly during democratic periods and on issues where subnational economic differences were larger. Thus, if the explanation applies to Chile, which could be considered a "toughest test case", it may be applicable in several other contexts (George and Bennett 2005, 121)⁴.

The Role of Subnational Politics in Commercial Policy in Latin America

To explain variation in Chile's trade and foreign investment policy towards the United States I apply – and refine – the theoretical framework developed by Trubowitz (1998). His explanation of change in the definition of US national interest highlights the importance of regional economic differences in the formulation of national foreign policy. In a nutshell, the

⁴ However, electoral districts are territorially based so congresspersons respond to geographic constituencies (at least during democratic times). The lower house's relative malapportionment in favor of less populous, rural districts (Snyder and Samuels 2004) further accentuates regional competition. Additionally, successive governments since the 1990s have also adopted political decentralization as a national policy, so subnational differences may also become more marked over time (Morgan 2018).

argument is that subnational economic specialization leads to divergent foreign policy preferences, which may cause conflicts over decisions made at the national level (Trubowitz 1998, 14–15).

Regional economic differences may translate, therefore, into different and sometimes conflicting regional foreign policy preferences. There are three main causes of region-specific foreign policy attitudes (Trubowitz 1998, 15–18). The first one is export dependence – the more a region depends on exports, the more likely it is that it will prefer free trade. Second, public foreign policy expenditures, especially in defense, have redistributive effects: the more a region can gain from these expenditures (for example in defense contracts and new facilities) the more it will support policies increasing them, while regions that only bear the costs (increased taxation, less social spending) will be less likely to promote them. Finally, structural economic differences and regional interrelationships may produce conflicts between regions when one region's benefit is the other's loss (Trubowitz 1998, 15–18).

At first sight, the Chilean case does not easily lend itself to an explanatory framework that emphasizes regional differences. While there is evidence that subnational interests affect trade policy in countries like Brazil, Argentina, and Mexico (Pezzola 2006; 2013; 2017), Chile differs substantially from these countries – and the USA – in one crucial dimension: size. With a population of about 7 million in 1960 and 17 million in 2010, and a land area just 10% larger than Texas, Chile – and its economy – may seem too small to apply a framework that highlights subnational differences and competition. Another key difference is the system of government: while federalism “heightens the role of territoriality in structuring national politics” (Trubowitz 1998, 19), Chile has a unitary system of government.

As in other resource-rich countries, however, the Chilean economy's main sectors are unevenly distributed in its territory. The Production Development Corporation (*Corporación de Fomento de la Producción de Chile*, CORFO), a Chilean governmental organization tasked with promoting economic growth, divided the country into economic zones for the first time in 1950 (CORFO 1965). Each one of these economic zones encompass two or more of the official first-level administrative divisions (*regiones*). The CORFO economic zones are traditionally labeled *Norte Grande* (Greater North), *Norte Chico* (Lesser North), *Zona Central* (Central Chile), *Zona Sur* (Southern Zone), and *Zona Austral* (Far South) (Collier & Sater 2004, xix–xxi)⁵. Mining is primarily found in the northern regions of the country: copper, the country's main export, is produced along with other minerals in *Norte Grande* and to a

⁵ For a map of Chile's first-level administrative divisions and CORFO economic zones, see (CELADE n.d.).

lesser extent in *Norte Chico*⁶. Agriculture is primarily found in Central Chile (the country's heartland where the overwhelming majority of the population lives) and in Southern and Austral Zones, where forestry and cattle farming are important. The manufacturing sector is concentrated in the cities of Valparaíso, Santiago, Concepción and their surroundings in the *Zona Central*.

This characterization is a rough portrayal of the last five decades of Chilean history. Even today, most mining operations occur in the *Norte Grande* and *Norte Chico*, manufacturing is still concentrated in the urban areas of the *Zona Central*, and most agricultural and forestry industries are located in the *Zona Central* and the southern zones. However, the country has experienced a horizontal export diversification⁷ since the 1980s (Ffrench-Davis 2002, 154, Agosin 1999, 82–84), with more geographically-based sectors of the economy participating in exports (Herzer and Nowak-Lehmann D. 2006, 1828). Thus, although the regions have not changed their productive structures⁸, most have become more export-oriented. Figure 1 shows the fluctuating contributions to exports of each economic sector since 1960 in Chile. For example, more than 80% of exports in the 1960s corresponded to mining while industry contributed less than 10%; in 2010, mining exports still amounted to about 60% whereas industrial exports had increased to almost 30%. Changes in each sector's contribution to exports may be associated with changing and sometimes diverging regional policy preferences.

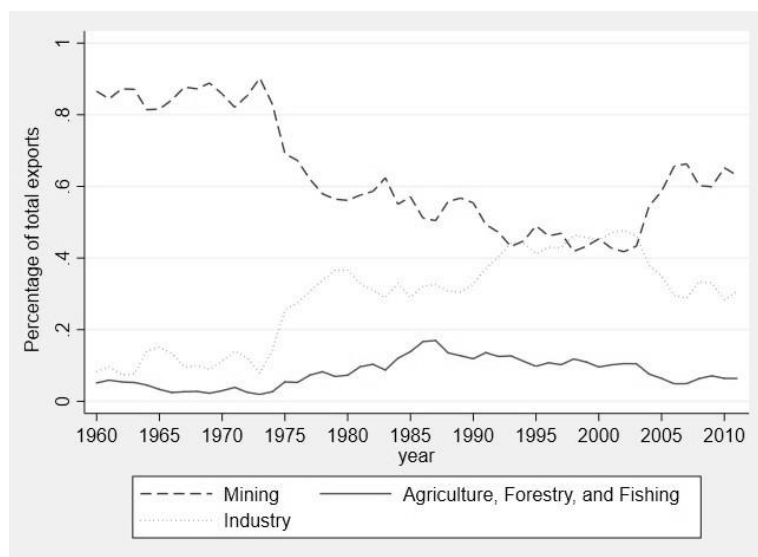
Hypothesis 1. Periods when Chilean regional economies diverge more on their export dependence experience more conflicts over trade and investment policy

6 The only major copper deposit not found in the northern regions is El Teniente, located in Central Chile. Deposits of sodium nitrate, which preceded copper as the country's main export, are also found in the Greater North (Dunning 2008, 216).

7 Horizontal diversification refers to the diversification of exports into new productive sectors.

8 Vertical (this is, value-added) export diversification has only occurred in a few industries (Herzer and Nowak-Lehmann D. 2006, 1828).

Figure 1. Percentage of total exports of three sectors of the Chilean economy, 1960-2011. Source: author's elaboration based on BDE (2016)



A regional approach may, therefore, find fertile soil in the Chilean case but it cannot be applied automatically, as presented by Trubowitz. The author's theory, based on the US experience, has to be refined with respect to the role of political institutions to have explanatory power in the case of a Latin American country like Chile. Regime type is virtually a constant in the US and therefore does not explain variance in policymaking. Like in the rest of Latin America, that is not the case in Chile. Indeed, regime change is one of the most important factors in Chilean and Latin American political history in the past half century.

Hypothesis 2. Representative and democratic institutions can accommodate regional conflict but in an authoritarian regime a more exclusive, smaller, and homogenous group holds power. Although these groups are, in practice, tied to specific interests (the military, industrialists, landowners) they also have high stakes as the sole rulers in the wellbeing of national economy, and are less prone to unnecessary logrolling (Snyder 1991, 52–54). Policymaking in authoritarian regimes is based less on representation (including geographic representation) and is more likely to lead to sweeping and sometimes unpopular decisions. As Haggard 1990 (262) argues, “[s]ince authoritarian political arrangements give political elites autonomy from distributionist pressures, they increase the government's ability to extract

resources, provide public goods, and impose the short-term costs associated with economic adjustment.”

Democratic institutions allow regional differences to have a larger effect in Chilean trade and investment policy than authoritarianism

Agrarian Reform and Nationalization of Copper: Conflict and Consensus Along Regional Lines

During the governments of Christian Democrat Eduardo Frei Montalva (1964-1970) and Socialist Salvador Allende (1970-1973), Chile experienced a period of heightened social and political polarization. Conflict over foreign investment with the USA revolved primarily around the issue of the ownership of Chile’s vast copper reserves. These resources had been in the hands of US companies – most notably Anaconda and Kennecott – since the beginning of the twentieth century. According to Petras and Morley (1975, 8–9),

US direct private investment in Chile in 1970 stood at \$1.1 billion, out of a total estimated foreign investment of \$1.672 billion. Despite the diversification of investment in the 1960s, away from extractive industries and related service industries and toward manufacturing, trade, and banking, the bulk of private investment in Chile remained in the mining and smelting sector (over 50 percent).

This situation, together with dissatisfaction over the companies’ performance, motivated Frei Montalva to promote “Chileanization” (state ownership of 51%) in 1966, and then moved Allende to nationalize (acquire full state ownership though expropriation) of the copper industry in 1971.

Does it make sense to talk about policy conflicts along regional lines in this period? Negotiations took place between companies and the Executive but Congress had to pass constitutional amendments and laws allowing the legal transfer of property from the companies to the state. Different groups advanced “their own conceptions of the national interest through manipulation of copper policy” (Moran 1974, 169).

Economic zones played a major role in this process. The arid, mostly urban, and mining *Norte Grande* and *Norte Chico* regions were commonly represented in Congress by Centre and leftist parties: Christian Democrats, Radicals, Socialists and Communists (J. Petras and Zeitlin 1967)⁹. Electoral

⁹ Copper workers were first and foremost allied with the Communist Party, whose ties with

divisions in Central Chile, the Southern Zone and the Far South were along urban/rural lines: urban and industrial centers tended to elect more Centre and leftist representatives while rural and agricultural sectors were usually represented by Right-wing politicians from the Liberal and Conservative parties.

These zones had markedly different economic structures. The economy of the northern provinces was export-oriented. Taxation of mining companies was crucial for the state: between the Second World War and 1973, ten to 40 percent of government expenditures came from copper tax revenues (Moran 1974, 6). The industrial sector, located primarily in the populous cities of the *Zona Central*, was inward-oriented, following the ISI model. The agricultural sector was controlled by a handful of landowners and groups through enormous haciendas. This sector was so inefficient that food had to be imported to meet domestic demands (Correa et al. 2001, 222).

The main conflict, however, was not between the nationalist Left and Centre on one side and a laissez-faire Right allied with the multinational conglomerates, on the other. In reality, all groups wanted the Chilean state to obtain more revenues from copper exports in order to promote the industrial growth of the country. Indeed, political parties “held divergent views on free enterprise, labor unions, and relative distribution of income in Chilean society, but they joined in wanting to protect and expand the country’s industrial base” (Moran 1974, 187). The crux of the matter was how to use copper revenues to promote economic development. Communists and Socialists had been pleading the case for nationalization for decades; the Right, on the other hand, had preferred to reach agreements with the companies to increase production. Above all, Right-wing politicians did not want a constitutional reform that would allow the state to expropriate private property from the US mining companies, because such reform could allow for expropriations among their own constituents.

This reluctance by the Right eventually disappeared due to the Alliance for Progress and the measures taken during the presidency of Frei Montalva. Frei had promised to enact sweeping economic reforms, including the Chileanization of copper, and a new Agrarian Reform. The Alliance for Progress was essential for the latter, as funds from the Alliance were used to carry out the reform. Formulated in 1961 by the Kennedy administration, the program aimed to address the grievances that had led to the Cuban revolution by providing economic assistance. Shortly after its announcement,

miners’ unions dated back to the nitrate boom. The coal mining areas of Central and Southern Chile were also a bastion of the Communist Party. Centrist Christian Democrats in the north had the support of less-organized sectors and the poor in urban areas (Vergara 2012, 66–67).

Conservative senator Francisco Bulnes Sanfuentes reacted against the proposed reforms brought by the Alliance,

There is no need for social change in Chile, since the country has had many social laws on the books for over 50 years. It would be better if the United States quit stirring up our economic and social problems. What the country does need is huge new investments in copper production [...] Therefore, if the companies cannot be made to launch a huge new program and let the proceeds flow to develop Chile as the Alliance envisions, the government should nationalize them! (Bulnes Sanfuentes 1961)

For the Christian Democrats in power, the reform's goals were twofold: redistributing land to increase productivity to reduce pressures on the balance of payments, and breaking the traditional clientelistic peasant-landowner relationship that the Right enjoyed in the countryside (Correa et al. 2001, 248, Kay 2002, 468).

Congressmen from rural districts of the Central and Southern regions of the country were opposed to such reform. They considered foreign copper companies to be more responsible than domestic landowners for the country's underdevelopment (Moran 1974, 200). The Right's decision was therefore to give its conditional support to the nationalization of the copper industry, tying the reform of Article Ten of the 1925 Constitution (containing the right of property) to reducing the extent of the Agrarian Reform (Fermandois, Bustos, and Schneuer 2009, 106; Moran 1974, 206) – a textbook example of logrolling. Senator and National Party President Sergio Onofre Jarpa (a former member of the Agrarian Labor Party), for example, stated, “Naturally, we do not promote unconditional support for [the US] government, which also acts according to its own interests, and that is not exempt from making errors or mistakes. We promote an independent, practical and realist attitude to serve Chile's goals” (*El Diario Ilustrado* 1969). Opponents of the reform cut across party lines, however, and also included politicians from other parties with rural constituencies. As Moran (1974, 205) recounts,

The Conservative Party, which had the largest constituency of landowners, was most explicit in its strategy of holding the destiny of the copper companies in suspension until modification could be negotiated in the Agrarian Reform. But the concerns of the Conservatives were also preoccupying members of the Liberal, Radical, and even Christian Democratic Parties, many of whose members were themselves large landlords. In October 1965, for example, *El Diario Austral de Temuco* (in the rich agricultural south) reported that the entire Christian Democratic

leadership of that important city had resigned over disputes with the party headquarters in Santiago about the Agrarian Reform.

Despite the Right's opposition (and due to its poor electoral results 1965, which caused the Conservative and Liberal Parties to fuse into the National Party), the Frei government gained enough support from urban and industrial sectors (from the Centre and Right but not from the Left¹⁰) to pass the Agrarian Reform, change Article Ten of the Constitution, and approve Chileanization.

When the government policy went from Chileanization to *Nacionalización Pactada* ("Agreed Nationalization") the Right had therefore nothing to lose (as the Agrarian Reform had already been passed) and no reason to support the US companies. In the words of senator Jarpa, "The United States told us to have an Agrarian Reform with 30-year terms of payment. I think we ought to apply the same system to [Anaconda and Kennecott], and I am sure that the United States won't object, in any case we won't support Anaconda...if this plan [to nationalize] is serious, we will support it" (quoted in Moran 1974, 212).

It comes as no surprise then that when President Allende pushed for complete and immediate nationalization with practically no compensation he received unanimous support from Congress. As Allende (1988, 65) observes, "[t]his was a clear reflection of the country's feelings regarding the copper sector, especially given the ongoing political confrontation between the government and the opposition." The Right supported nationalization – as long as it did not affect other companies – because it was still resentful towards the USA for its support of the Agrarian Reform (S. Collier and Sater 2004, 334). This resentment stemmed from the fact that the Agrarian Reform not only redistributed its constituents' land but also destroyed Conservatives' foothold in the rural electorate of the Central and Southern Zones. The Left and the Christian Democrats took advantage of the reform to unionize and mobilize thousands of peasants electorally (J. Petras 1973, 38–39, Correa et al. 2001, 49).

Denationalizing Copper and Undoing the Agrarian Reform: Major Changes and Continuities with a Stifled Regional Debate

The September 11, 1973 military coup against Allende brought an end

¹⁰ Communists and Socialists had opposed Frei's Chileanization because they deemed it insufficient (S. Collier and Sater 2004, 317, Fernandois, Bustos and Schnerer 2009, 103).

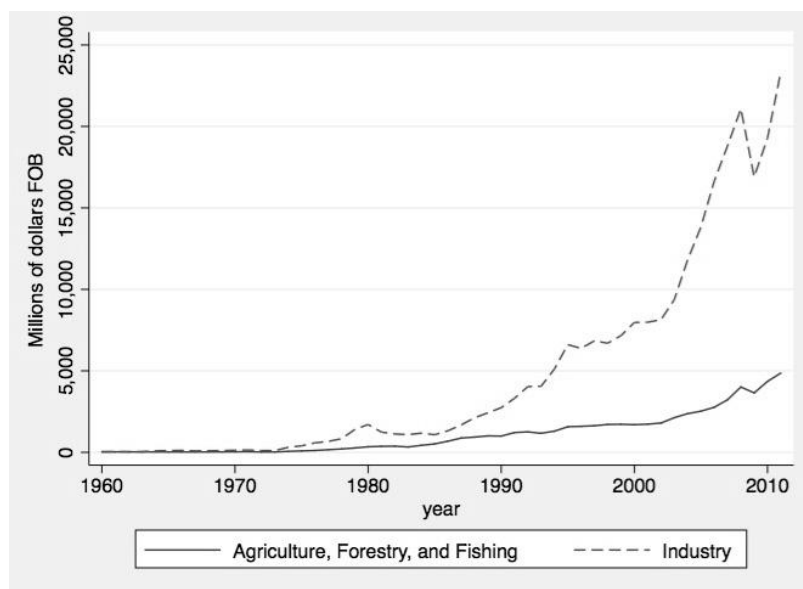
to democratic politics in Chile for seventeen years. Did the overthrow also suspend trade and foreign investment policymaking along subnational lines? The military regime undid many of the reforms carried out by the previous two administrations, and invited several Right-wing politicians to participate in the government. There is no evidence, however, that the dictatorship's policies towards the United States was the outcome of subnational conflicts. The opening of the Chilean economy to the international market and large-scale privatizations were the product of the debate among groups within the military government and their advisors (Allende 1988) rather than broader, geographically-based factions.

With regards to mining, the military regime's most important actions were reaching out to foreign investment again but at the same time preserving CODELCO (the state-owned company). Indeed, the regime's first international action was announcing that Anaconda, Kennecott, and other US companies would be compensated for the expropriation of their Chilean assets (Fernandois, Bustos & Schneruer, 2009, 129, Muñoz & Portales, 1991, 50). The government also reopened the mining sector to foreign investment, changed the legislation to equalize their tax burdens to domestic companies, and took other measures to make mining investments more attractive (Fernandois, Bustos & Schneruer 2009, 140). As a result, "in the 1974-1983 period out of all the authorized foreign investment projects, 79%, this is, 5,729 million dollars were mining projects, being most of them for copper" (Fernandois, Bustos & Schneruer 2009, 136).

Despite the opening of foreign investment and trade, the military government decided to keep CODELCO in public hands. During a discussion between businessman and Minister of Economy Fernando Léniz and the Government Junta about the possible privatization of CODELCO, Admiral José Toribio Medina responded that they would not undo what Congress had unanimously approved (Fernandois, Bustos & Schneruer 2009, 129-130).

By contrast, the effect of regime on industry in Central Chile and on agriculture, forestry, and fishing in the Centre and South meant substantial changes on those regions' economies. Figure 2 shows how these two regionally concentrated sectors increased their exports since the 1980s. Agricultural, forestry and fishing exports in 1960 were almost negligible but fifty years later amounted to 5 billion dollars. Industrial exports were similarly small in 1960 but started to increase in the mid-1970s and increased to more than 22 billion dollars in 2010.

Figure 2. Exports of two economic sectors of Chile, 1960-2010. Source: author's elaboration based on BDE (2016)



First, the military government unraveled the Agrarian Reform carried out by the previous two administrations – but it did not revert the situation back to the original latifundia system. About a third of the expropriated lands were returned to their original owners while the majority were sold or assigned to individual peasants (thus ending the communal properties sponsored by the previous governments). More importantly, the change promoted a new export-oriented system. Peasants who could afford to run their farms became seasonal workers or joined the ranks of the urban poor, while many landowners who recovered their properties ultimately decided to sell them because they could not adjust to the increasingly competitive and outward-oriented agricultural sector (Kay 2002, 472).

Manufacturing was also hard-hit and transformed. The government unilaterally reduced import tariffs from about 70% to 10% in ten years, which had catastrophic effects on the local manufacturing industry (S. Collier and Sater 2004, 366). Trade openness also made the Chilean economy susceptible to the international crises of the late 1970s and early 1980s. The social cost was unquestionable – the level of workers' wages in 1970 was only recovered in 1990, and the percentage of people under the poverty line rose from 28% in 1970 to 44% in 1980 (Correa et al. 2001, 294). From this general decline more competitive enterprises emerged, however:

The neoliberal renewal of Chilean capitalism and the privatization process of state-owned companies, the generation of new markets and the opening to the international economy, all had a significant impact on the dismantling and rearticulation of economic elites. With few exceptions the main investors and holding groups in 2010 differ from those forty years prior, [and] the way of doing business differs substantially of the way they operated a few decades ago (Undurraga 2014, 2).

These changes caused an economic crisis in the industrial regions of the country. While Santiago was able to recover (mostly through the growth of the service economy), other major industrial cities like Valparaíso and Arica never fully regained their economic status (Szary 1997).

Subnational conflicts were not voiced while the regime was radically changing the economic landscape of the country. However, this does not mean that the military was governing on behalf of a single economic sector or that there was complete consensus among the government and its associates, particularly the group of neoliberal economists known as the Chicago boys (Montecinos 2009, Markoff and Montecinos 1993, Puryear 1994). These economists had a great deal of influence but their reach could not get to areas where the military considered it was defending the national interest. The military regime did not privatize CODELCO, while reintegration of private and foreign capital in the mining northern regions accentuated their export-oriented nature, a strategy that had both neoliberal and nationalist elements (Wilhelmy and Durán 2003, Allende 1988).

The USA-Chile FTA and the Royalty Tax: Deepening Liberalization and Consensus

The return to democracy with the Centre-Left *Concertación* party coalition (1990-2010) could have, in theory, allowed for regional differences to influence policymaking. However, in terms of commercial policy towards the USA, this period prolonged and deepened the policies implemented during the dictatorship. This continuation resulted in increased trade with the US and the rest of the world: as Morandé (2003, 252) recounts, “in a period of only ten years (1990-1999), Chile doubled its overall foreign trade (from \$15 billion to \$30 billion), with 90 percent of total trade being almost evenly distributed between the United States, Latin America, the European Union, and the Asian member-states of APEC.” Two milestones may lead to think that subnational level differences did not matter in policymaking anymore. The first one is the rapprochement with the USA, which culminated in the

ratification in the Chilean Congress in 2003 of the FTA. The second one is the relative lack of discussion of the private ownership of copper, compared to the 1964-1970 period, until the approval of a law to impose a tax (called “Royalty” by the press in Chile) on private mining activities in 2005.

Did subnational politics play any role in the 2004 FTA with the USA? The treaty was approved by 87 deputies (84.5%), and 35 senators (77.3%). At first glance, it seems like the neoliberal consensus did not allow for any regional distinctions. However, this apparent high degree of consensus masked “a vigorous controversy centred on its perceived implications for the country’s traditional agricultural sector” (Leight 2008, 226), and was only possible after the transformation in the subnational economic structures the began in the 1980s. These changes caused the country’s diverse regions to converge towards export-oriented policy preferences.

Indeed, most of the deputies and senators who voted against the FTA or abstained represented low-income and inward-oriented districts from the Central and Southern Zones. As Table 1 shows, the members of Congress who voted against of abstained from ratifying the FTA belonged to both government and opposition parties but virtually all of them represented districts from the traditionally agricultural regions of Central and Southern Chile, and their opposition broke party discipline (Agüero 2005, 57).

Table 1. Members of Congress voting against or abstaining from ratifying the FTA with the United States in 2003. Source: author’s elaboration based on BCN (2003: 273–274, 681–682, 2018)

Member	Action	Chamber	Party (Coalition)	Congressional District (Region)
Sergio Aguiló	Against	Lower	PS (Concertación)	37 (Maule)
Germán Becker	Against	Lower	RN (Alianza)	50 (Araucanía)
Roberto Delmastro	Against	Lower	RN (Alianza)	53 (Los Lagos)
José Antonio Galilea	Against	Lower	RN (Alianza)	49 (Araucanía)
René Manuel García	Against	Lower	RN (Alianza)	52 (Araucanía)
Rosauro Martínez	Against	Lower	RN (Alianza)	41 (Biobío)
Nicolás Monckeberg	Against	Lower	RN (Alianza)	42 (Biobío)

Osvaldo Palma	Against	Lower	PPD (Concertación)	39 (Maule)
Eduardo Díaz	Abstention	Lower	UDI (Alianza)	51 (Araucanía)
Maximiano Errázuriz	Abstention	Lower	RN (Alianza)	29 (Metropolitana)
Javier Hernández	Abstention	Lower	UDI (Alianza)	55 (Los Lagos)
Pablo Prieto	Abstention	Lower	Independent (Alianza)	37 (Maule)
Carlos Recondo	Abstention	Lower	UDI (Alianza)	56 (Los Lagos)
Alejandra Sepúlveda	Abstention	Lower	DC (Concertación)	34 (O'Higgins)
Ignacio Urrutia	Abstention	Lower	UDI (Alianza)	40 (Maule)
Gastón von Mühlenbrock	Abstention	Lower	Independent (Alianza)	54 (Los Lagos)
Nelson Ávila	Against	Upper	Chile V (formerly Concertación)	6 (Valparaíso)
José García	Against	Upper	RN (Alianza)	15 (Araucanía)
Jorge Lavandero	Against	Upper	DC (Concertación)	15 (Araucanía)
Mario Ríos	Against	Upper	RN (Alianza)	13 (Biobío)
Mariano Ruiz-Ezquide	Against	Upper	DC (Concertación)	13 (Biobío)
Marco Cariola	Abstention	Upper	UDI (Alianza)	16 (Los Lagos)
Alberto Espina	Abstention	Upper	UDI (Alianza)	14 (Araucanía)
Hernán Larraín	Abstention	Upper	UDI (Alianza)	11 (Maule)
Rafael Moreno	Abstention	Upper	DC (Concertación)	9 (O'Higgins)
Rodolfo Stange	Abstention	Upper	UDI (Alianza)	17 (Los Lagos)
PS: Socialist Party; RN: National Renewal; PPD: Party for Democracy; UDI: Independent Democratic Union; DC: Christian Democratic Party				

Most of the reasons for not supporting the FTA evidence a subnational economic rationale. During the floor discussion of the FTA in the Chamber of Deputies, Alejandra Sepúlveda (DC), who abstained, declared,

Today we see this Free Trade Agreement as an instrument that ensures economic stability to small producers, and when I see a farmer from [...] some of the communes that I represent in this Chamber I must recognize

that these farmers will have to go from a traditional agriculture, non-competitive, that is not open, to the markets [...] How much do these farmers need to carry out an exporting process and insert themselves somehow into the international markets? (BCN 2003, 239).

Virtually all the Deputies and senators from Araucanía the region in the Southern Zone decided not to support the FTA. This region, the country's least developed, was ill-prepared to face the arrival to the Chilean market of US wheat, beef and other foodstuffs. Senator Espina (UDI), who abstained, called the potential elimination of wheat price bands "the first brutal negative impact" of the FTA on the region (BCN 2003, 655). Deputy José Antonio Galilea (RN) clearly expressed the negative effects of the FTA on his district,

Before this dilemma I have taken the decision to vote against, because I feel it is my moral duty to privilege the region and, above all, the district that elected me into this Chamber. Ours is the poorest region – 30 percent is under the poverty line – and it is the one that exports the least – 0.2 percent of the total. And I am even more resolute to make this decision when the government, during the whole discussion of the project, has not given any signal or proof of willingness to want to produce the deep changes the regions need, because they are the ones that seem to lag behind in the face of the challenges being imposed. What do we have? Territories, economic activities and business owners of different sizes incorporated to the exporting process, who take advantage of the treaties, make profits and generate development. But we also have in vast areas of the regions of Maule, Biobío, Araucanía, and Los Lagos important activities that sustain those economies, and thousands of small- and medium-sized business owners and peasants who are not incorporated into the exports-based model, and who probably make less profits, but are essential for the survival [of the regions] and their surroundings (BCN 2003, 100).

Their views represented a minority but clearly show a division on the issue of the FTA along subnational lines, and across party and ideological divisions. In the words of Baeza and López (2015, 40), "the main source of rejection of the FTA with the USA was not ideological barriers or rejection of globalization or capitalism but the protection of subsidies, price bands, and other prerogatives enjoyed by the political clientele in the electoral districts of all political parties." The non-export-dependent areas of rural Central and Southern Chile were getting the short end of the stick in the FTA with the USA, and their members of Congress unsuccessfully opposed it. These representatives did, however, save face by getting a phasing-out process for

sugar and wheat price bands for their constituents¹¹. The process started in 2008, with price bands disappearing in 2014 (Leight 2008, 231; Baeza and López 2015, 49).

The market-friendly consensus also marked the discussion of the issue of private ownership of copper – a critical matter in the political debates of the 1960s and 1970s. As Fermandois, Bustos, and Schneuer (2009, 127), explain,

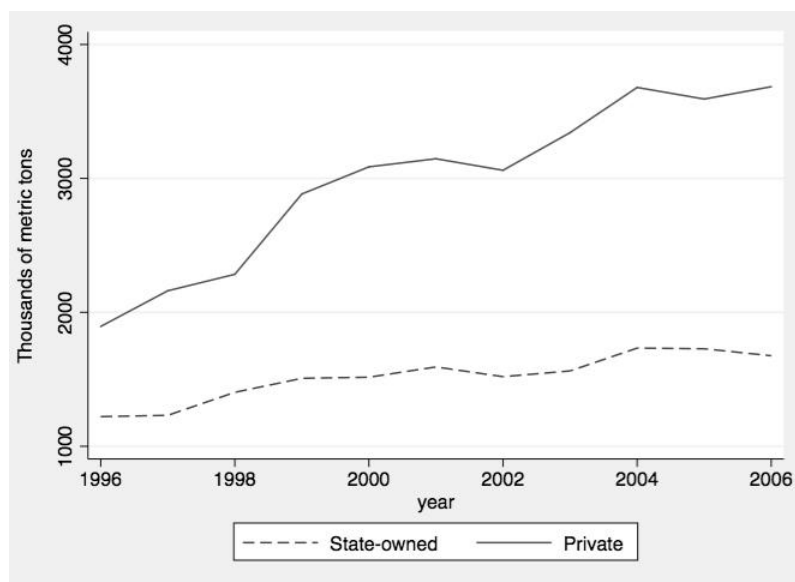
With the return to democracy there should have been a renaissance of the ‘question of copper’ and of the attempts to ‘control’ the resources that come from the red metal...It was not the case, however, at least not until 2004. The economic transformations of the military government did not end up being mere impositions of the rulers of the time.

After the return to democracy, production by foreign companies greatly outpaced that of CODELCO, as Figure 3 shows. In the 1996-2010 period, for example, private companies had gone from producing less than 2 million metric tons of copper to more than 3.5 million. State-owned production lagged behind, increasing by less than 500,000 metric tons. The surge in the price of copper (it nearly tripled between 1996 and 2006), caused Concertación politicians to question the favorable fiscal conditions under which these large-scale companies operated. An initial attempt to increase their tax burden was thwarted in 2004 by the Center-Right opposition, with some representatives from mining regions expressing fear that a change in the terms would scare away foreign investment (Napoli and Navia 2012, 163).¹² However, a modified, scaled-down version was finally approved in 2005.

¹¹ Other measures like compensation subsidies for the affected farmers were unsuccessful (*El Mercurio* 2003). Southern members of Congress had managed to get compensation funds for the agricultural sector in the past, as part the deal for Chile’s accession to the Mercosur common market in 1996 (Porras 2003).

¹² Carlos Vilches (RN), a Norte Chico district deputy, was one of two Center-Right politicians who supported the 2004 bill. He argued that the tax hike would “restore the lost dignity and historic imbalance that the mining regions had vis-à-vis Santiago” (*El Mercurio* 2004).

Figure 3. Production of fine copper by state-owned and private companies, 1996-2006. Source: author's elaboration based on Fermandois, Bustos, and Schneuer (2009)



Did regional interests influence the decision to pass the 2005 Royalty? During its first stage, the bill received 86 affirmative votes, fourteen negative ones and eight abstentions in the Lower House, and 28 affirmative votes, 5 negative ones, and 6 abstentions in the Senate (BCN 2005, 109, 212). Unlike the approval of the US-Chile FTA, the 2005 Royalty was approved by the Center-Left en bloc in the Chamber of Deputies. Fifteen out of twenty-nine opposition deputies also approved the bill (the rest voted against). Only one Centre-Left senator voted against (because he considered it did not go far enough); from the Center-Right senators, the bill received 9 affirmative votes, four nays, and six abstentions. Thus, the government legislators supported the bill, while the opposition became divided.

The success of the 2005 bill, vis-à-vis the previous year's attempt, can be partly explained through regional differences. When the bill was being discussed on the floor, legislators from both the government and the opposition argued that the revenues had to be invested in the mining regions. For example, Senator Cantero (RN) from the *Norte Grande* Region of Antofagasta, who opposed the 2004 bill but supported the 2005 version, expressed the following,

[T]he areas where nonrenewable natural resources are extracted suffer from depredation and impoverishment as they are exploited. Therefore, it is absolutely convenient to look for sustainability in development through the generation of new moneys from particular taxes. What is important is that, if the system is oriented towards nonrenewable natural resources, it is absolutely reasonable to have a percentage of the moneys coming from the tax to go and benefit the sustainable development of mining zones, and not others, without leaving the central government as the sole arbiter deciding the destination of these funds. As a result, I deem that this future law must destine specific and clearly defined resources towards the appropriate mining regions (BCN 2005, 204).

This caused the President to modify the bill by introducing an Innovation Fund for Competitiveness (*Fondo de Innovación para la Competitividad*, FIC), which guaranteed all regions a certain amount of the revenues coming from the Royalty, with mining regions getting extra resources. The introduction of the FIC caused some legislators to commit their support for the 2005 version of the Royalty (Napoli and Navia 2012, 168–69).

There is also evidence that some opposition legislators opposed the Royalty based on subnational interests. Indeed, many of the legislators from the North had hoped that a larger part of the revenues would return to the districts where the mines are exploited. At least in two cases, this caused them vote against the new tax. Mario Bertolino (RN), a deputy from a *Norte Chico* region who voted against the bill, pointed to an interregional conflict in the floor discussion,

What will happen with the mining regions, with the mining communes, which are the ones impoverished by the extraction of minerals, which is a nonrenewable resource? It has been said they will be assigned 15 percent of the resources. This worries me because non-mining communes and regions have the capacity, the specialization, and the appropriate professionals to gain access to those innovation projects [from the FIC]. Therefore, we would once again be extracting resources from the mining zones to transfer them to the national treasury, invest them in Greater Santiago to get more subways and better roads there. And the regions will keep on waiting (BCN 2005, 147).

Senator Evelyn Matthei (UDI), who also represented a *Norte Chico* district, abstained because she considered her region to be unfairly treated in the negotiations,

I will also formulate an indication so that resources can reach municipalities located where there are mines that pay the Royalty. Because when the minerals run out [...] unemployment rises in the region; a gap is left in the zone or the commune where the deposit is located. Hence, the money coming from the Royalty must also stay there. I do not see why other regions, which do not experience the problems of mining, have to benefit from it (BCN 2005, 320).

Conclusion

Chile is a small country with a relatively small economy, which has always been subject to external economic and political pressures. Domestic factors like class conflict, party politics, and regime change have also been important variables in its trade and foreign investment policy towards the USA. This article, however, demonstrates that geographically-based economic interests should not be ignored when it comes to defining policymaking and the discourse and behavior of individual political actors, particularly in democratic periods.

Indeed, this work contributes to the literature on the factors that cause legislators to pay more attention to their constituencies. While some works argue that legislators become more constituency-oriented for institutional (Alemán, Ramírez, and Slapin 2017, Crisp and Desposato 2004), electoral (André, Depauw, and Martin 2015, Lazarus 2009; Fukumoto and Matsuo 2015), intraparty (Dockendorff 2019, Fenno 1978, Norris 1997), biographical (Dockendorff 2019, Russo 2011) and demographic (Dockendorff 2019, Atlas, Hendershott, and Zupan 1997, Gamboa and Toro 2018) reasons, this analysis suggests that they also privilege their constituencies when there are marked economic differences between districts. These high-stakes differences may cause individuals and interest groups to pay more attention to their representatives' actions in Congress (Stein and Bickers 1994).

The 1964-1973 period witnessed conflict between different regionally-based factions. The complex relationship between Agrarian Reform and the Chileanization and Nationalization of copper demonstrate how conflict about economic and development policies in general and particularly foreign investment policies can follow regional lines, especially when subnational economic structures differ. In the words of Trubowitz (1998, 17), "when one region's gain is another's loss, conflict can arise." The landowners of the backwards rural areas in the Central and Southern Zones were unwilling to bend the rules of private ownership to promote the national goal of industrialization through the use of copper revenues. However, once the

Right was defeated electorally, and when it saw itself betrayed by the USA, its unwillingness to cooperate with the urban and industrial Centre and Left disappeared. As one expert quoted by Dunning (2008, 228) puts it, “no one on the Right was not going to offer up the [copper companies] to the gods”. Although party, ideological, and subnational interests sometimes overlapped, events unfolded along primarily subnational economic lines, so explanations that only emphasize ideological or party competition are insufficient in this case, which lends support to the first hypothesis.

The Pinochet years, in contrast, saw the stifling of conflict along regional lines. Rather, there was an initial competition within the regime in which neoliberal policymakers ultimately prevailed – even though the military maintained CODELCO, the nationalized copper company. In those times of crisis most of the changes in the Chilean economy and its trade and foreign investment relationships with the US can be explained almost completely through unrestrained economic ideology (Gourevitch 1986, 62). In this case, policies purposefully adjusted the economic structure of the country’s regions by opening them up to the international markets and increasing their competitiveness – although at a very high social cost. The subnational approach to foreign policy, therefore, is less useful without the institutional framework provided by democracy that supports geographically-based and broad social conflicts, which lends support to the second hypothesis.

The return to democracy could have also portended the return to differences in subnational policy preferences. In terms of the outward orientation of regional economies, however, there were fewer subnational differences, which decreased conflicts among their representatives in Congress. Indeed, the liberalizing and export-oriented policies initiated during the dictatorship survived the transition: once in power, *Concertación* advanced the model it had inherited from the dictatorship instead of trying to replace it with statist or autarkic policies¹³. Nevertheless, what little dissent surfaced in the case of the Chile-USA FTA did take a subnational form. As Trubowitz (1998, 15) argues, “[r]egions that are heavily dependent on the home market or less well placed in global competition are more likely to support active government intervention to shelter or protect their markets from foreign competitors.” These districts, located primarily in rural Southern Chile were few, small and declining, and were thus unable to stop the ratification of the FTA. However, as Borges 2017 (14–15) explains,

¹³ These foreign policy stances also continued after 2010 under President Sebastián Piñera (Oyarzún 2013).

Chilean legislators, including those from the ruling coalition, acted not only as a check on the executive's actions but also as a counterweight. They generated their own proposals for addressing the FTA's most controversial effects. In doing so, they challenged their own parties and defended the interests of those who voted them into office.

The evidence suggests, therefore, that the relative success of government bills related to international agreements in Chile since 1990 is not only caused by Congress deferring to the Executive on foreign policy (Alemán and Navia 2009, 405–6), but may also be a function of a high degree of consensus in the Legislative branch, which stems from the increasingly export-oriented nature of the Chilean regions.

By contrast, the case of the approval of the 2005 Royalty mining tax imposed on foreign investment provides mixed support for the first hypothesis. The promise of windfall tax revenues from copper exports did not convince members all members of Congress. While legislators from the government supported the bill, the opposition became divided. Some Center-Right parliamentarians from mining districts supported the tax because of it promised new resources for their regions (which proved critical for the success of the bill), while others opposed the Royalty due to the negative consequences of mining on their constituencies without being properly compensated. Hence, this second democratic period shows that the importance of subnational units in foreign policy is also a function of how their economic structures diverge or converge over time. Structural factors like hegemonic pressures, policy innovations, and commodity booms may always require a policy response from a small country like Chile, but the nature of that response can still be shaped by domestic and subnational considerations.

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ABSTRACT

What explains variation on Chile's foreign trade and investment policies toward the United States? While previous studies have underscored international and country-level factors, this work focuses on how subnational economic differences lead to conflicts that shape the country's policymaking. It examines Chile's history of commercial policies toward the U.S., focusing on critical events between 1965 and 2005, finding that foreign trade and investment policy conflicts develop along regional lines during democratic periods and on issues where subnational differences in export dependence are stronger.

KEYWORDS

Subnational Politics; Foreign Trade; Foreign Investment

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ATTITUDES OF NATO, SCO AND CSTO TOWARDS THE SITUATION IN AFGHANISTAN AFTER 2014

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Introduction

After the end of the Cold War, there was a growing conviction that because of the dominant position of the North Atlantic Treaty Organization in the world, member states were not threatened by a conventional military aggression. For this reason, the Alliance focused on counteracting unconventional risks that potentially and virtually threatened the states of the North Atlantic zone. Due to the threat posed by Islamic radicals, international terrorism was recognized as one of the most serious risk to the Alliance's member states. Currently, combating the phenomenon of international terrorism is one of the priorities of the North Atlantic Alliance, which is reflected in a number of documents, including the 2010 Lisbon Strategy. The Afghanistan-Pakistan borderland is the epicenter of international terrorism. Al-Qaeda and the Taliban have their main operational and recruitment base in this area, and they are also supported by local entities, including Inter-Services Intelligence (ISI) of Pakistan. Other terrorist organizations, including, above all, the so-called Islamic State, also strengthen their influence in Afghanistan. Fighters of international jihad operate globally, therefore their aims are also citizens of Western countries. This means that NATO and the Afghan authorities have a common goal in the fight against these organizations (Balkhi 2016, 112-113, 116). Afghanistan is a failed state, from which many other threats emerge, consequences of which also affect NATO countries. Among them, the production and trafficking of drugs on a global scale, or the

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destabilization of neighboring regions like Central Asia and the Middle East, that are very important suppliers of energy resources for the West.

The never-ending power vacuum in Afghanistan continues to be the most critical factor to the security in Central Asia because of internal turmoil in Afghanistan and strategic agendas of external actors (Vielmini 2012, 4). Central Asia is as much a problem for Afghanistan as Afghanistan is a problem for Central Asia. China faces some significant and direct threats towards its own national security – extremism, organized crime, heroin and opium originate from Afghanistan (Swanstorm 2013, 31-32).

According to most of the scholars the situation in Afghanistan is far from stabilized (Nopens 2014, 1). The departure of NATO forces and most US forces from Afghanistan leaves behind a weak and poorly functioning state, a high level of instability, continuing insurgent and other violence and an opium economy much larger in size than it was a decade ago. On the one hand, this raises serious concerns among the states of the region and powers adjacent to the region, including Russia, about potential repercussions of the US/NATO withdrawal for regional stability. On the other, the withdrawal of foreign military forces may in fact open the way for real negotiations on the intra-afghan political settlement (Stepanova 2013, 2). Two opposite narratives exist about the impact of a withdrawal. The Afghan and Western governments claim that Afghanistan will be capable of guaranteeing its own security and there is no significant risk of spillover to the region. Conversely, the states of the former Soviet Central Asia (FSCA) and Russia, and regional international organizations such as the CSTO and, to a lesser degree, the SCO, predict a serious spillover into neighboring countries and beyond (Nopens 2014, 5).

The Shanghai Cooperation Organization is a China-led organization in the region, which created in 2001 by China, Russia, Kazakhstan, Kyrgyzstan, Uzbekistan and Tajikistan. Its main aim of creation was security namely fights against three evils – terrorism, extremism and separatism as well as other issues of security (Convention of the SCO on terrorism, extremism and separatism and Charter of the SCO sectsco.org). Despite there is also Russia as a founder the SCO is seen mostly as Chinese tool for forwarding its politics in Central Asia.

Russia also possesses a security organization which was created in 2002 – Collective Security Treaty Organization. The CSTO, formed in 2002, today consists of Armenia, Belarus, Kazakhstan, Kyrgyzstan, Russia and Tajikistan. It is gradually evolving from a military alliance to a more multifunctional organization addressing many security issues. Russia, by far the biggest member, dominates the organization's development and contributes most resources, but needs the cooperation of the smaller states

to enhance its legitimacy. The CSTO is probably the main effort to build both capacity and legitimacy for possible military intervention to address security concerns in Central Asia as the international military effort in Afghanistan is being reduced (Norberg 2013, 6).

Our main research question is what attitude NATO, SCO and CSTO present toward Afghanistan after 2014? Side questions are what are the reasons of involvement of NATO and non-involvement of CSTO and SCO into Afghanistan before 2014? What did they do to solve security issues in Afghanistan before 2014? Are SCO and CSTO as much as NATO concerned with situation in Afghanistan after 2014? Will they be involved in this country in the future? What are their vision and position in solving Afghan problem? How can they be involved in solving Afghan problems? Are they implementing policy concerning Afghanistan after 2014? How destabilization of Afghanistan affected these organizations? Did the Afghan crisis conduct to strengthening of anti-terrorist and anti-narcotic cooperation and politics? In our research we will analyze their activities, policy and intentions before 2014 and what changes happened (and if they happened?) in these organizations concerning Afghanistan after 2014?

Section two will discuss the literature review and theoretical approach in analyzing the NATO, SCO and CSTO involvement in Afghanistan stabilization process. Different theory of international relations will be applied in order to explain involvement and interest of these organizations in Afghan issues. According to theories of IR why should NATO, SCO and CSTO be interested and involved in Afghanistan? What are the main reasons of NATO, CSTO and SCO possible involvements in Afghanistan? Why they should be interested in Afghan issues? The third sections will focus on NATO's activities in Afghanistan before 2014. The answer will be given to the questions about NATO's role played in Afghanistan at that time? What were the successes and failures? What were the main barriers during the missions? The fourth will show NATO's approach to Afghanistan in the decisions of the Alliance summits. It will show what is the prospect of further NATO involvement in Afghanistan? The fifth section will be devoted to the real activities carried out by NATO in Afghanistan after 2014. This will allow us to answer how NATO's activities in Afghanistan changed after 2014? Whether these changes bring the desired result? Section six will be focused on SCO role in stabilizing Afghanistan. What had the SCO done already since its creation and what are its intentions towards Afghanistan in the future? What role it can play in this process? Section seven will analyze the attitudes of the CSTO towards Afghan crisis and its future possible role. Afghan crisis will impact all CSTO members including Russia especially drug trafficking, terrorism and extremism issues

will influence national security of CSTO and SCO states not mentioning other issues like ethnic clashes in the border, arms trafficking, refugee issues, etc.

Literature Review and Theoretical Framework

The mission in Afghanistan is carried out by NATO in an area far beyond the North Atlantic zone. However, the member states were involved in the mission in this country, because it was justified by the threat from Al Qaeda, which despises and wants to combat the West's values and way of life (Schimmelfennig 2016, 108). In NATO, rhetoric was maintained that whoever is not ready to go to Afghanistan must be ready for "Afghanistan to come to them", which was associated with the spreading of terrorist threat. One of NATO's main goals was to prevent Afghanistan from becoming a safe haven for terrorists once again (Behnke 2013, 167). Thanks to this, it was possible to maintain relative solidarity in NATO around the conducting of the mission in Afghanistan.

For many reasons, Afghanistan needs help from NATO. First of all, this concerns security and defense issues. Afghanistan does not have enough resources for training, arming and maintaining security forces in the size of several hundred thousand, which would effectively face the anti-state opposition. This need also applies to a number of other areas of action, including the fight against poverty, unemployment, corruption, and human rights violations. Therefore, ensuring a minimum of stability and security in Afghanistan requires a multidimensional approach, which should also focus on economic and social issues (Qassem 2009, 173-174).

President Barack Obama's approach to Afghanistan assumed a temporary increase in military personnel and intensification of combat operations. This was to shortly lead to a relative stabilization of the situation in the country and allow the withdrawal of soldiers. The increased presence and military activity of NATO forces was to last only during the transition period, until the Afghan security forces were able to take over the responsibility for maintaining security in Afghanistan (McCracken 2014, 36). However, this approach did not bring the expected results, because after the withdrawal of NATO troops from Afghanistan, Afghan security forces are not able to carry out the task entrusted to them.

Since most of the SCO countries are geographically contiguous with Afghanistan, and thus are vulnerable to spillover effects of terrorism and Afghan-originated drug trafficking. Indeed, Afghan issue occupies importance throughout the history of SCO (Raja Muhammad Khan 2015,

6). The main way Afghanistan relates to the Central Asia is through their concern for a spillover of instability post-2014 (Nopens 2014, 3). And it is the same for CSTO countries, which include the same members.

In both structures Central Asian states except Turkmenistan participate and are the founders. These both structures are concerned with security issues existing in Central Asia and Afghanistan. Afghanistan is seen as a main sources of security issues for Central Asia and accordingly for Russia and China. ISAF's withdrawal from Afghanistan in 2014 directly impacts the wider region including not only Central Asia but China and Russia as well (Nopens 2014, 1).

Should the risks linked to Afghanistan materialize, the first victims would be the states of the CA, but the burden of countering them would fall primarily on Russia and China. China's main concerns are insurrection spreading to Uighur separatists and instability in the CA, substantially raising the cost of integrating the region in its resource base. Russia's main concerns are instability in the Former Soviet Central Asia spreading to the Russian Federation and drug trafficking (Nopens 2014, 5).

While the SCO excludes the possibility of sending troops to Afghanistan, it could play a significant role in political developments (Huasheng 2012, 13). For Afghanistan, involvement in regional economic cooperation is the natural way to develop its economy, with the SCO as one of the most suitable frameworks for Afghanistan to join. Many ways are possible for the SCO and Afghanistan to cooperate, such as in trade, transportation, energy, agriculture, and investment. As neighboring countries, SCO states are the most convenient trading partners for Afghanistan. Currently, Pakistan, India, and Iran are the top three-largest importers for Afghanistan; and Uzbekistan, China, and Pakistan are the top three exporters. All of them are SCO countries (with Iran as an observer) (Economic and Commercial Counselor's Office of the Embassy of PRC in Afghanistan 2011).

In analyzing activities and purposes of existence there are different theoretical approaches. The realist approach indicates that international organizations for all intents and purposes are the tools that powerful states use to control weaker countries. And if IOs are extensions of great powers, they respond only to great powers interests and direction. When the security interests of the great powers conflict, IOs are either discarded, ignored or are marginalized by the states that created them (Pease 2008, 44). IOs play little or no role in maintaining international peace and security. Balance of power realities dictate or not, war will break out. States will bypass or ignore IO if their immediate security or important national interests are at stake (Pease 2008, 56). Schweller and Preiss (1997) pointed out that international

organizations perform several functions: first, IOs provide a mechanism for great power collusion. Second they are useful for making minor adjustments within the existing order while the basic underlying principles and norms remain uncompromised.

Liberals see international relations as a mixture of cooperation and conflict and argue that international organizations can play a positive, constructive role in promoting international stability and global welfare (Pease 2008, 58). Liberalist approach accenting on valuable role of IOs in maintaining peace and security in the world and that international organization are the independent actors in world politics. Liberalism is more optimistic than realism about the contributions and independence of IO in IR (Pease 2008, 67).

Five interrelated roles can be discerned from the liberal approach. IO help states overcome collective action problems; Promote economic prosperity and global welfare; IOs help societies develop shared values and norms. Interdependence may reduce the chances of violent conflict. IOs foster certain values and help establish certain norms that are conducive to the peaceful settlement of disputes, such as compromise, reciprocity, multilateralism, and rule of law. IOs promote democracy and democratic institutions, protect human rights, promote liberal international economic order; Integrative and performed principally by MNCs common global market; provide assistance to the victims of international politics, poor, refugees, epidemics, disasters, war, economic crises (Pease 2008, 67-71).

While justifying the need for military intervention in Afghanistan, liberal rhetoric was primarily used. First of all, the necessity to protect Western values against the barbarism of Islamic radicals was pointed out. The need to help the people of Afghanistan and their protection against crimes and oppression from fanatics was also highlighted. Promotion of democratic values and defense against tyranny are consistent with the theory of liberalism and give a kind of mandate to the international community to coercive intervention and statebuilding (Kerton-Johnson 2011, 145-146).

Later, realistic premises began to come to the fore. This was largely the result of President Barak Obama coming to power in the United States. His "realism of limits" was a response to the global activities of his predecessor. President Obama has stated that the United States cannot take the burden of solving all global problems due to limited resources. In Afghanistan, he wanted to narrow the scale of activities to counterinsurgency goals (Renshon 2010, 6, 15). The end of the NATO combat operation in Afghanistan was a manifestation of the restraint and realistic approach (Quinn 2014, 9).

During the presidency of Donald Trump, NATO involvement in

Afghanistan increased to some extent. Despite this, his approach also partly fits in with the theory of realism. With limited resources, there is an attempt to maintain a minimum of stability in Afghanistan. However, both Barack Obama's and Donald Trump's approach to Afghanistan are diffuse and diverse and cannot be clearly included in one theoretical paradigm.

Also the attitudes of other international actors in Afghanistan namely SCO and CSTO can be analyzed with the help of these above-mentioned theories. Realists view in their actions only their national interests and great game between the great powers. They don't intend to assist peace in Afghanistan but are pursuing their selfish goals. In our opinion, instability and conflict in Afghanistan is somehow beneficial for Russia and China. First of all, this is due to the defeat suffered by NATO in this country. On the other hand the unstable situation in Afghanistan generates a number of threats that negatively affect these great powers. Liberal approach will show that international actors create such organizations like SCO and CSTO in order to collectively solve the Afghan problem.

Assessment of NATO's Activity in Afghanistan Before 2014

September 12, 2001 was a landmark day in NATO's history. For the first time, article 5 of the Washington treaty, constituting a collective defense of the members of the Alliance in case of aggression on one of them, was launched. This was surprising because was invoked on behalf of the United States, and the aggressor was a terrorist organization. Unlike later military intervention in Iraq, in the case of Afghanistan European allies expressed their unity with the Americans. The discussion at that time in NATO did not concern whether the operation in Afghanistan should be carried out, but what should be the division of tasks and responsibilities between the members of the Pact (Kitchen 2010, 96). During the military intervention in Afghanistan, US cooperation with allies was mainly bilateral. The Enduring Freedom operation was not formally carried out by NATO because Washington did not want to be restricted in its actions by the Alliance. Nevertheless, NATO provided the infrastructure support necessary for its implementation, as well as took a number of measures to relieve the Americans so that they could prepare themselves for the operation (Treverton 2016, 50). This showed that in order to carry out combat operations, the United States did not need significant support from the allies. The operation was swift and victorious, but the way it was carried out let flee from Afghanistan thousands of militants and terrorists who later returned to the country with the intention of destabilizing it.

The Americans needed as much support from the allies as possible during the post-war stabilization of Afghanistan within the International Security Assistance Force (ISAF) mission. At that time, NATO began to play a significant role in that country. However, the dominant position and the incomparably highest level of involvement were still on the US side (Terzuolo 2006, 81). The US personnel, equipment and financial contribution to the mission in Afghanistan significantly exceeded the contribution of all other NATO countries. Nevertheless, it was the next step on the road to globalization of the Alliance's activities and taking over the role of the so-called "world gendarme". The NATO mission in Afghanistan, just like previous missions in the Balkans, has once again shown that Alliance must have modern, well-trained and mobile armed forces if it wants to act effectively on the world stage (Orfy 2011, 87).

For many years, the mission in Afghanistan was perceived as the most urgent and the most important issue of security for the North Atlantic Alliance. In addition, it was a test of NATO's solidarity, cohesion and efficiency (Bindi 2015, 49). At the peak of the ISAF mission in Afghanistan, over 130,000 soldiers from 50 countries, including 28 member states of the Alliance, stationed in the country. European NATO member states engaged in the mission in Afghanistan because they wanted to maintain their political influence in the Alliance. Failure to support Americans could lead to a significant weakening of the transatlantic bond (Simoni 2013, 115, 126). However, the mission in Afghanistan, as well as the mission in Iraq, showed a difference in the approach to military activity between Kantian Europe and a Hobbesian America, although the gap was not so drastic (Lagadec 2012, 48). Many Western European states have criticized the US that it was not seriously considering their opinion on nation-building goals. On the other hand, the United States have criticized these countries for the reluctance or inability to conduct military struggle against the Taliban insurgency (Keane 2016, 6).

The missions in Afghanistan led to the removal of the Taliban from power, weakening Al-Qaeda and killing its leader Osama bin Laden. They also allowed to achieve significant progress in terms of the standard of living of Afghan people and respect for human rights. Unfortunately, NATO has faced many challenges and problems in Afghanistan, and some of them have been self-inflicted. NATO's military forces wanted the Afghans to beware of the Taliban and adopt Western systemic solutions, including democracy and a broad catalog of human rights. However, these changes should not be imposed from outside, in a short time and through foreign military forces. NATO countries have not sufficiently taken into account the profound difference in the approach to these issues between Afghans and Western

societies. The world in which Afghans live is completely different from the West, and thus their perspective is different. The fragmentation of society, the lack of centralizing tradition of governing the country, close attachment to traditional Islamic principles, deep corruption, widespread poverty and illiteracy are just some of the barriers to the introduction of modern system solutions in Afghanistan (Lawless, Constantineau, Dizboni 2017, s. 65-66). The rapid modernization of the country caused resistance of fundamentalist circles and jihadist organizations which opposed the changes. Because the anti-state opposition destabilizes Afghanistan and gradually extends its influence in the country, the successes of NATO and the West of recent years may prove to be unstable. Due to insufficient planning capabilities and limitations of resources needed to carry out tasks, NATO had limited possibilities to influence the security environment in Afghanistan (Lindley-French 2013, 133).

Many influential think-thanks, including the Afghanistan Study Group, recognized that the withdrawal of NATO troops from Afghanistan was both wise and necessary. They considered that the presence of NATO troops in Afghanistan is one of the main reasons for rebellion in that country. Along with the increased involvement of Alliance forces in Afghanistan, the Taliban grew in strength and rebuilt its influence in the subsequent parts of the country. To reverse this direction, it was considered legitimate to apply a reverse approach that was based on the gradual disengagement of the U.S. and NATO military forces (Cortright 2016, 6-7). However, this conviction is not justified by the development of the situation in Afghanistan after 2014. Anti-state forces have intensified military activity, exert increasing pressure on the Afghan authorities and force NATO leaders to review the withdrawal policy.

Afghanistan in the Decisions of NATO Summits After 2014

The weakness of the ISAF mission in Afghanistan and the outbreak of the crisis in Ukraine caused the shift of emphasis in NATO from the intensively developed in post-Cold War era Non-Article 5 crisis response operations towards neglected in recent decades article 5-based collective defence and deterrence. In the declaration from NATO summit of Newport, which took place on 4-5 September 2014, the allies reaffirmed their commitment to fulfill three main tasks, i.e. collective defense, crisis management, and cooperative security. In the area of crisis response operations, they focused mainly on Afghanistan. They stated that the ISAF mission has led to increase of the world security and to improve the existence of Afghans. Allies ensured the

adaptation of the mission in Afghanistan to changes resulting both from the progress achieved and the remaining challenges. They confirmed the end of the ISAF mission by the end of 2014 and thus the change of the NATO engagement formula in Afghanistan. Member states also confirmed their determination to support the government of Afghanistan in creating a stable, sovereign, democratic and unified state, free from terrorism (Wales Summit Declaration 2014).

On the first day of the summit there was a meeting devoted to the situation in Afghanistan. The effect of the talks was issuing a joint declaration, which detailed the provisions regarding Afghanistan included in the general declaration of the summit. The document appreciates the dedication of personnel taking part in the ISAF mission. It emphasized their contribution to the development of the security sector of Afghanistan, human rights, and the economic and social sphere. It was announced that with the end of the ISAF mission, the Afghan authorities would assume full responsibility for state security. Three parallel mutually complementary engagements were announced: in the short term, to train, advise, and assist the Afghan National Defense and Security Forces (ANDSF) through the non-combat Resolute Support Mission (RSM); in the medium term, to contribute to the financial sustainment of the ANDSF at least to the end of 2017; in the long term, to strengthen cooperation and regular consultation on issues of strategic concern through NATO-Afghanistan Enduring Partnership agreed at the Lisbon Summit in 2010. In addition, NATO announced its continued support for Afghanistan's peace process and cooperation with its neighbors and the international community (*Wales Summit Declaration on Afghanistan 2014*).

The NATO summit in Warsaw held on 8-9 July 2016 focused on specifying actions to secure the Alliance's eastern flank in the face of Russia's military policy in Eastern Europe. Nevertheless, NATO has confirmed its commitment to long-term security and stability in Afghanistan. Other goals were also sustained for Afghanistan, including its multidimensional development and counteracting the terrorism (*Warsaw Summit Communiqué 2016*). During a meeting devoted to Afghanistan it was decided that NATO troops would stay in that country after 2016 in order to support the development of Afghan security forces. Allies also decided to finance ANDSF at least until 2020 (Larsen 2017, 13). The commitment to strengthen and enhance the Enduring Partnership between NATO and Afghanistan was also declared (*Warsaw Summit Declaration on Afghanistan 2016*).

The two main points of the agenda during the one-day NATO summit in Brussels on May 25, 2017 was to increase the Alliance's commitment to combating terrorism in the world and a more balanced bearing of the costs

of Alliance's functioning. Secretary General Jens Stoltenberg said that in the case of Afghanistan, the best way to combat terrorism was to continue training Afghan security forces. Increasing the financing of the army by member states to a minimum of 2% of GDP is intended to enable the Alliance to both develop defense capabilities and continue out of area crisis response operations, including the mission in Afghanistan (*Doorstep Statement...* 2017).

The declaration ending the NATO summit in Brussels, which took place on 11-12 July 2018, stated that Resolute Support Mission was achieving success in training, advising, and assisting the Afghan security forces. The period of financing of ANDSF was prolonged until 2024 and allies pledged increased efforts to fill in the employment gaps in these forces. The NATO also assured the support to the Afghan peace process, and called other countries to do the same (*Brussels Summit Declaration* 2018). In the joint statement concerning RSM allies sustained the mission's objectives, in particular emphasizing the need to strengthen Afghan security forces and to support their fight against terrorist organizations, mainly Al-Qaeda and ISIS. At the same meeting, an appeal was made to the Taliban to join the peace process and to sign eventually the peace agreement with the Afghan government (*Joint Statement...* 2018).

At the NATO summit in London on December 3-4, 2019, very little attention was paid to Afghanistan. However, the heads of state and government confirmed their commitment to long-term security and stability in the country (*Brussels Summit Declaration* 2018).

NATO Activities in Afghanistan After 2014

After 2014, NATO is still committed to the mission in Afghanistan. Currently, NATO support for Afghanistan is implemented in three main areas:

- The NATO-led Resolute Support Mission,
- Funding of the ANDSF,
- NATO-Afghanistan Enduring Partnership.

By the end of 2014, full responsibility for the security of Afghanistan was transferred to Afghan security forces. As a result, most of the combat units of NATO and partner countries have been withdrawn from Afghanistan. The exception was with some special forces, training units and other unconventional units. The United States sought to ensure that the mandate of forces remaining in Afghanistan would include tasks of training of Afghan army and police, and counter-terrorism activities, mainly against Al-Qaeda

and Islamic State. If necessary, these forces would also prevent the collapse of the Kabul government. These actions are referred to as “beyond the horizon” (Ruttig 2014, 186).

NATO leaders decided to appoint on January 1, 2015 smaller than ISAF, but still valid, Resolute Support Mission. It was launched in accordance with United Nations Security Council Resolution 2189 of 2014 and at the invitation of the Afghan government. NATO-led, non-combat mission is designed to train, advise and assist the Afghan security forces and institutions (Ringsmose 2016, 213). Its aim is to help the Afghan security forces and institutions develop the capacity to reach and maintain peace and security in the country. Initially, in the mission served 13,000 troops, however in November 2017 it was decided to increase the limit to the current 16,000 troops from 39 member and partner states of NATO. The RMS operates with a central hub in Kabul / Bagram and four spokes - Mazar-e-Sharif in the north, Herat in the west, Kandahar in the south, and Laghman in the east. Mission mostly focuses on training, advice and assistance activities at the security-related ministries, in the country's institutions and among the senior ranks of the army and police. Key functions of the mission include (*Resolute Support Mission...*):

- “Supporting planning, programming and budgeting;
- Assuring transparency, accountability and oversight;
- Supporting the adherence to the principles of rule of law and good governance;
- Supporting the establishment and sustainment of such processes as force generation, recruiting, training, managing and development of personnel”.

NATO Allies and partners are helping to sustain Afghan security forces and institutions financially. Funding of the Afghan security forces is as part of a broader international effort in the financial support of Afghanistan. Even before the end of the ISAF mission, NATO announced the reduction of the number of ANDSF from 352 to 228,5 thousands. Reduction of forces is to be made possible by their professionalization as well as by increasing stability and security in Afghanistan. Annual budget of ANDSF was estimated for 4.1 billion USD (Jureńczyk 2016, 58). Afghanistan's yearly share in financing ANDSF would have increase progressively from at least 500 million USD in 2015 to the full financial responsibility for its own security forces no later than in 2024. At the same time the international contribution would gradually decrease from at least 3.6 billion USD in 2015 to 2.5 billion USD in 2020 and would be done in 2024 (Byrd 2014). Numerous member states and partners

of NATO do not comply with the ANDSF co-financing declarations within the ANA Trust Fund. By November 2019, the fund was funded with just USD 2,911 million (*Afghan National Army... 2019*). Financial shortages are topped up by the United States through other funds like Law and Order Trust Fund for Afghanistan (LOTFA), administered by the United Nations Development Programme (UNDP), and the United States Afghanistan Security Forces Fund (ASFF) (NATO-Afghanistan relations 2018, 2).

In 2010 NATO and Afghanistan signed a Declaration on Enduring Partnership. This cooperation was to be implemented through political dialogue and practical cooperation. Partnership with Afghanistan is a part of the NATO global partnership network and underlines the strategic importance of the Alliance's engagement in Afghanistan. In 2016 NATO decided to strengthen and enhance the Partnership, both within and alongside RSM. Currently, the maintenance and development of the partnership remains one of NATO's long-term goals towards Afghanistan. Political leadership of the Alliance is represented in Kabul by NATO's Senior Civilian Representative. He plays a leading role in advising the Afghan authorities on the Enduring Partnership. In addition, he acts as an intermediary in cooperation between the Afghan government and representatives of the international community and neighboring countries. Within the Enduring Partnership, the following objectives are implemented (NATO and Afghanistan 2018):

- Building Integrity Programme to promote good governance and implement the principles of integrity, transparency and accountability in the security sector and reduce the risk of corruption,
- Defence Education Enhancement Programme as practical support to Afghanistan in developing and reforming their professional military education institutions,
- training in the fields of civil emergency planning and disaster preparedness,
- promoting a better understanding of NATO and its role in Afghanistan.

In the field of support for economic and social development, by the end of 2014 Provincial Reconstruction Teams had been phased out and their functions were handed over to Afghan authorities. In this way, NATO ceased to be the main instrument through which the international community provided support for Afghanistan's economic and social development. Nevertheless, NATO member states, mainly the United States, are still the main contributors to international funds for the development of Afghanistan.

SCO and Afghanistan

According to some scholars the SCO's central focus on security, particularly terrorism, separatism, and extremism, is also an opportunity for the organization to play the prominent role in maintaining stability in post-2014 Central Asia (Reeves 2014, 6). But the space created for the SCO to operate in Afghanistan's stabilization is limited in scope due to the U.S./NATO military presence inside Afghanistan as well as certain inherent organizational limitations (Khan 2009, 5).

The SCO has been forming a common approach to the Afghan problem within the entire period of its activity and they have special relations with each other (Huasheng 2012, 10). In 2005, the Protocol on Establishment of the SCO-Afghanistan Contact Group between the SCO and the Islamic Republic of Afghanistan was signed in order to provide a mechanism for the SCO member States to jointly contribute to reconstruction and stability in Afghanistan. President Karzai has also attended all SCO summits (Khan 2009, 6). In 2012 Afghanistan was attributed status of observer state in the SCO. Uzbekistan at the time proposed formula "Six plus Three" for the solution of the Afghan problem, which means the involvement of Afghanistan's six direct neighbors, as well as Russia, the US and NATO (Baubek, Yesseanalieva, Adil 2015, 515).

The SCO Special Conference on Afghanistan was held in March 2009 in Moscow. The SCO-Afghanistan Action Plan calls for joint operations in combating terrorism, drug trafficking and organized crime; for involving Afghanistan in a phased manner in SCO-wide collaboration in fighting terrorism in the region; and for inviting relevant Afghan State institutions to take part in law-enforcement exercises conducted by the SCO. It also provides for stepping up the training of drug agencies, combating drug money laundering and improving border control. These measures are designed to set up anti-narcotics, anti-terrorism and anti-money laundering security belts around Afghanistan (Khan 2009, 6).

SCO has laid down its views regarding Afghan policy and they are: promote political stability and economic development in Afghanistan, build a stable terrorism, narcotics and poverty-free Afghanistan, encourage the country to build an environment favorable for good relations with the neighbors, and further maintains that the international community must assist using the platform of United Nations (Huasheng 2012, 10).

As presumed by scholars, the biggest test of the SCO would be its developmental role in post-2014 Afghanistan. Looking at China's growing

attention of Afghanistan, it becomes clear that China is well aware of all these realities and is ready to make an effort to ensure regional stability connected to that of Afghanistan. Former Chinese President Mr. Hu once said that, “China will continue actively participating in international and regional cooperation concerning Afghanistan” (Bryanski and Buckley 2012).

The main position of the SCO towards Afghanistan has been that the Afghan conflict cannot be solved by military means it can only be solved by economic means by building infrastructure and through economic and social assistance (Joint Communiqué in 2011, Astana).

From SCO forum in June 2012, China clearly expressed its desire to play a greater role for the stabilization of Afghanistan alongside Russia (Raja Muhammad Khan 2015, 6). China would play a role to manage the regional affairs against the “shocks from turbulence outside the region” and that would also include reconstruction of Afghanistan and rehabilitation of Afghan population (Bryanski and Buckley 2012). SCO does not distance itself from the Afghan problem. If the Western coalition is going to leave the country, the SCO will stay due to its geographical proximity. The uncontrolled situation in the country is a big risk for the nearest neighbors (Baubek, Yesseanalieva, Adil 2015, 515).

According to Mr. Zhang Deguang, Chairman of China Foundation of International Studies (CFIS), “SCO can and will play a bigger role in Afghanistan after the NATO withdrawal” (Bryanski and Buckley 2012). He added that China would provide \$10 billion for undertaking projects in the SCO countries. Chinese Foreign minister Yang Jiechi also motioned that the role of the SCO and other existing international organizations and cooperation mechanisms should be brought into full play during Bonn Conference in 2011.

Member states of the SCO worry about the future developments in Afghanistan. Tajikistan, Uzbekistan, China, Pakistan are the members and Iran and Afghanistan are observers in the SCO and Turkmenistan attends as a guest (Nopens 2014, 5).

In March 2009, the SCO framed a detailed “*Plan of Action of the Shanghai Cooperation Organization Member States and Islamic Republic of Afghanistan on combating terrorism, illicit drug trafficking and organized crime*”. In March 28, 2014, a meeting of the Board of the RATS took a decision on protective measures against the terrorist threat emanating from Afghanistan due to the withdrawal of coalition troops from the country (2014). Many of the SCO member states have programmes of assistance to Afghanistan on a bilateral basis. China takes the most active steps in this direction. China’s strength in this regard compared with Russia and the United States is that it

has a neutral player reputation (Baubek, Yesseanalieva, Adil 2015, 515).

Russia and China prefer to give the central role for the post-2014 phase to the United Nations. Nevertheless, they are interested to maintain the SCO, where nearly all the countries surrounding Afghanistan are either members or observers, as positive political platform for the resolution of the conflict and an instrument for stability, also with the anti-terrorist capacities developed with the organization (Vielmini 2012, 7).

The SCO is not going to be presented in Afghanistan as a military contingent. However, at the summit in January 2011, the SCO member states declared their readiness to cooperate with NATO on special projects, related to security at the borders of Afghanistan (Baubek, Yesseanalieva, Adil 2015, 515). The SCO opposed resorting to military means to reach a settlement, maintaining that solving the internal disputes militarily would be impossible (Huasheng 2012, 10).

The SCO is well positioned to play a role in establishing cooperation, or rather coordination, on how best to assist Afghanistan in providing for security, stability, and development in the future. The SCO kind of multilateralism is well suited to a region with complex and frequently changing patterns of conflict and cooperation between the major and small powers. The SCO provides multilateral policy coordination and a platform that facilitates bilateral cooperation on issues of central importance to Afghanistan such as terrorist threats, transnational crime, and economic integration. The flexible structure and inclusive character of SCO makes it suitable for inter-state initiatives that might help China deal with some of the problems that flow from Afghanistan (Liselotte Odgaard 2013, 45-46). While endorsing the participation of the international community in settling the Afghan issue, the SCO emphasized the central position of the United Nations, which, it believed, should play the leading and organizing role in this effort. The SCO supported the “6 plus 2” model, with “6” referring to the six neighbors of Afghanistan—China, Tajikistan, Uzbekistan, Turkmenistan, Iran, and Pakistan—and “2” referring to Russia and the United States. That said, the SCO has stated explicitly that it “opposes any external forces using Afghanistan and its territory to commit activities that would jeopardize the regional security” (Huasheng 2012, 10).

Through its 2013 Bishkek Declaration, the SCO member states have made it clear that the organization will play a central, although unspecified security provider role in Afghanistan and Central Asia following the drawdown of ISAF troops (Bishkek Declaration) and member states also committed to more robust cooperation on countering transnational threats coming from terrorism and drug trafficking, recognizing the instability that the region will likely face post-2014 (Reeves 2014, 5). SCO was neither qualified for, nor

capable of solving Afghan issues on its own (Huasheng 2012, 10).

CSTO and Afghanistan

The CSTO, as a Russia-led collective defense organization, is the most obvious instrument for coordinating Russia's security response to an eventual spillover with allies from the CA but only in the territory of its members (Nopens 2014, 4).

The CSTO is in a process to revise its capacities further in order to tackle the potential threats to come from Afghanistan. It has established effectively multilateral Collective Rapid Reaction Force (CRRF), which are active in training exercises aimed at the prevention of possible incursions Afghanistan as well as possible internal popular uprisings. The CSTO foresees to assist Afghan security forces with training and equipment maintenance but it excludes however any direct deployment on the Afghan territory (Vielmini 2012, 5). Russia is the main contributor to all of the CSTO's forces (Norberg 2013, 11) and the main actor who identifies the strategy and action of the CSTO. It is not a secret that the CSTO is dominated by Russia. It means that future involvement or not involvement of the CSTO in Afghan crisis will depend on Russia. As Johan Norberg mentioned Russia clearly dominates the CSTO (Norberg 2013, 34).

Secretaries of the CSTO member states' various security councils have discussed how possible developments from Afghanistan can affect CSTO member states. Mr. Bordyuzha has underlined that the alliance does not plan to intervene inside Afghanistan, but is concerned with possible threats emanating from Afghanistan post-2014. The two main threats to Central Asia from Afghanistan post-2014 are likely to be the drugs trade and the influence of extremist Islamic groups. Neither of the two threats would concern CSTO military capabilities; they relate rather to the organization's efforts in counter-narcotics and counterterrorism (Norberg 2013, 32).

At the CSTO summit of 2011, Russia obtained by its partners an agreement according to which, a foreign military presence in the states of the CSTO is possible only with the consent of all the members. Russia seems to be waiting for a NATO depletion, so to have it to accept a security pact with the CSTO, an arrangement that RF is proposing since at least the mid 2000 (Vielmini 2012, 6).

Any direct Russian military involvement or security operations in Afghanistan are ruled out – and will remain so after 2014. The taboo extends to the Collective security treaty organization (CSTO) – a Russia-led security

bloc with participation of all the Central Asian states except for Uzbekistan (since 2012) and Turkmenistan. CSTO secretary-general Nikolai Borduzha has formally excluded any such involvement, noting, *“this option has not even been discussed and, hopefully, will never be”* (Nesavisimoye voyennoye obozrenije 16 Nov. 2012). But departure of US/NATO forces from Afghanistan after 2014 catalyzed Russia's renewed emphasis on Central Asia by Russia's turn from a 'region-wide' approach to Central Asia to closer and more substantive ties with client states Kyrgyzstan and Tajikistan, while assuming greater responsibility for their security. The second change is to expand security assistance and leverage (pledging US\$1bn in military assistance to Kyrgyzstan and another US\$200m to Tajikistan and finalizing bilateral agreements on Russian military bases and facilities).

Discussing a Russian strategy for Afghanistan after the coalition troop withdrawal Russian scholars mentioned that Russia should enhance security cooperation with CSTO members especially with Kazakhstan. Also they have added that Russia should seek to optimize CSTO's functions and tasks, political component should be strengthened and CSTO academy in Kazakhstan should be established (Trenin, Kulakov, Malashenko, Topychkanov 2014, 6). This means that Afghan crisis pushes regional organizations to be ready in any time to defend their members.

Conclusion

After 2014, rebel and terrorist activity increased in Afghanistan. The drastic reduction of NATO military contingents caused that the anti-state forces gained greater operational comfortableness. Afghan security forces are not able to stop the development of rebel influence in individual provinces and maintain stability and security of the state. NATO is intensifying the training of these forces, but there are still a number of serious problems, including poor level of professionalism, low morale, high level of desertion, large scale of corruption and infiltration by rebel groups. Currently, the Taliban endanger to varying degrees about 70% of Afghanistan areas. In recent years, the Taliban have begun to exert more pressure on the capitals of individual provinces of the state, and even have been able to take temporary control over Kunduz in northern Afghanistan. In addition, a series of large-scale terrorist attacks has occurred in Kabul in recent years. This is a confirmation that NATO's strategy for Afghanistan, adopted after 2014, is ineffective.

In 2017, the administration of the president Donald Trump adopted a modified strategy for Afghanistan. It assumes a certain increase in military

involvement of US and NATO forces in Afghanistan in order to speed up training of the Afghan security forces, as well as to support them in the fight against terrorist and rebel groups. Increased military support is to ensure a better negotiating position of the Ashraf Ghani government, which in February 2018 has offered the Taliban a far-reaching proposal of national reconciliation. From the military perspective, this support mostly focuses on air bombardment, which increases civilian casualties and deepens a spiral of violence in Afghanistan. Additional elements of the strategy embrace cutting of terrorist groups from financial sources and putting bigger pressure on Pakistan. Modification of the strategy is insufficient and the increase of the military involvement is too small to achieve a positive breakthrough in stabilizing security situation in Afghanistan. The peace process pursued by the Afghan government also has not achieved major successes so far, because the Taliban are not interested in cooperating with the government. On the contrary, the goal of the rebels is the armed overthrow of the Afghan government and the re-creation of a fundamentalist regime. To prevent it NATO should consider increasing again its military and non-military engagement in Afghanistan. However, such action would have a positive effect if NATO gained greater support in stabilizing Afghanistan from other countries and international organizations, including SCO and CTSO.

The peaceful nature of the SCO and its focus on economic issues can be a supportive tool to solve the Afghan problem. And the future of the SCO depends on what it would do in Afghanistan (Baubek, Yesseanalieva, Adil 2015, 515). No other organization except the SCO has the potential ability to draw such disparate states like China, Russia, small Central Asian states, Mongolia, Iran, India, Pakistan and Afghanistan into a single body where they can discuss and work to implement security-related policy. Of all the SCO's strengths, this inclusivity of member and observer states is undoubtedly the greatest (Reeves 2014, 6). The SCO offers the best opportunities for multilateral cooperation and for mediating divergent regional interests for the stabilization of Afghanistan (Khan 2009, 7).

Of course the SCO was not created solely because of Afghanistan but Afghanistan greatly influences SCO agenda (Huasheng 2012, 10). Russia's and accordingly CSTO's direct role vis-à-vis Afghanistan is very limited and confined to some economic cooperation, providing some support in arms, equipment and training to the afghan security sector, and transit facilitation for US/NATO forces through Russian territory (Stepanova 2013, 7). Russia has a very genuine interest in supporting any kind of political solution for Afghanistan that could bring relative stabilization (in terms of the end of a major armed conflict) and increase the functionality of the Afghan state. The

CSTO's military capacity is essentially the same thing as Russia's capacity (Norberg 2013, 34) and CSTO's position towards Afghanistan will depend on Russia's will.

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ABSTRACT

The main research question of the article is what attitude present the North Atlantic Treaty Organization, the Shanghai Cooperation Organisation and the Collective Security Treaty Organization towards Afghanistan after 2014? A number of detailed questions were also put to help to answer the main question. The article consists of eight sections. The first discusses the methodological assumptions of the article. Section two covers literature review and theoretical framework of the article. The following sections include an analysis of the approach to Afghanistan of the three indicated international organizations. The article ends with conclusion that contain the main theses.

KEYWORDS

Afghanistan; NATO; SCO; CSTO.

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THE GEOPOLITICS OF IRAN ACCORDING TO THE THEORY OF GEOGRAPHICAL BUFFER SPACES

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Introduction

Many countries have served as buffer states since the evolution of the state concept early in mankind's recorded history. Where and the whys they came to be is, of course, clearly within the scope of geography (Chay 1986,11). At regional or global levels, two or more powers view to control the world and geopolitical areas. They are trying to achieve an extended goal, i.e. ruling and infiltrating geographical spaces. In the rivalry pattern between two greater powers, their geographical space is separate from each other. Between the two, there is a space called "the vacuum space"; a geographic space without much power. Geopolitical boundaries of these two powers should not contact because in such a case, the possibility of conflict can arise. Powers become so sensitive to this space that they counteract their struggles for this space. They react immediately with each step and this buffer space turns into a control, maintenance and prudence space. Buffer space cannot protect or vaccinate itself. What prevents this space from collapsing is the action and rivalry of these powers. The two great powers are intended to attract the partners, and they arrange their team. Even it is possible that the team is not aware that it is misused by great power(s), or it hates this issue of being buffer space. The members of the team are selected from citizens of the buffer space. Great powers are aware of each other behaviors and react to the rival's steps.

Iran has been a buffer space during the two last centuries. There have been two great powers in the two sides of Iran. Land power in North and sea

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power in South; the two powers have vied, continuously. The two powers have always formed their team in Iran (Hafeznia 2009, 5). This pattern has been repeated and during the history Britain and Russia, and then Soviet Union and the US and Russia and the US have vied in Iran. In the two last centuries a geopolitical competition pattern in global level is reflected in Iran, and the internal political situation of Iran is a reflection of the pattern of competition in global level. Buffer states are considered as small states but geographically they are not. Average or large countries in terms of population and extent can also serve as buffer states. According to Thomas Ross "Of the 200 or so national political entities on the planet today, at least thirty-two have at some period during this century served as buffer states (Ross 1986, 20), and more interestingly, most of them are located in Eurasia. Political elites of buffer or quasi-buffer states often based on their countries' foreign policies show tendency toward one of the two powers which leads to further weakening of these states and they become tools for powers in extending their sphere of influence. Most of the buffer states follow the policy of neutrality in order to keep the possibility of war between the great powers at a distance. In some special situations buffer spaces are occupied by the great powers, i.e. Afghanistan, Lebanon, Cambodia and Iran (that were occupied by Russia and Britain in the World War II). When one of the great powers is weakened, the other power tries to occupy the buffer space, for example the case of Afghanistan, Lebanon.

Although buffer states, as valid functional elements, exist in international relations, there is a need for redefining buffer spaces. Thus, we try to explain the structural-functional characteristics of buffer spaces.

The main objective of the research is to explain different functions of the buffer space: for this reason, functions of the buffer space are investigated. The research main question is that what are the nature, functions, characteristics and political behavior of a geographic buffer space? (continues on the next page)

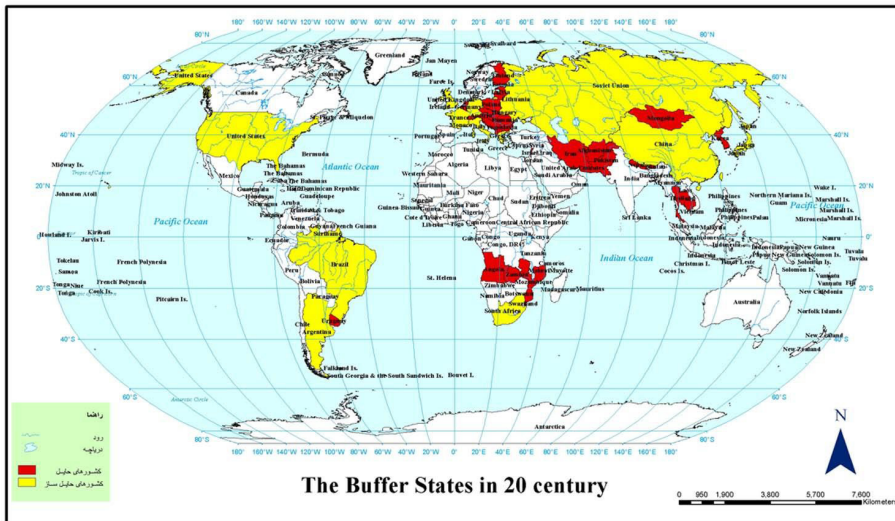


Figure 1. Buffer states in the 20th century
Source: [author]

Buffer Geographic Space Definition

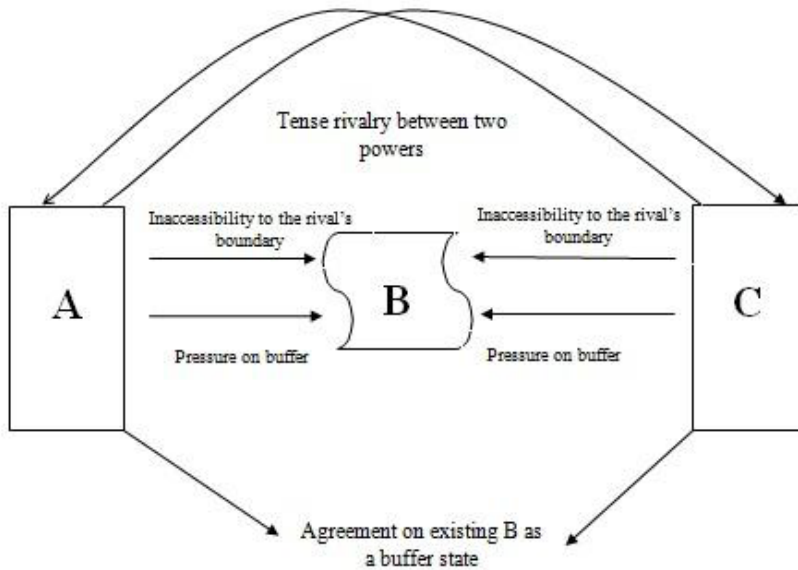
The main indicators and characteristics of the buffer space are:

1. It is located between two rival powers;
2. Buffer, is a small and weak state in the global system;
3. Creating geopolitical balance and reducing conflicts between two hostile powers;
4. Neutrality in foreign affairs;
5. Being independent and having political sovereignty;
6. Strategic importance for great power created buffer space.

In order to become a buffer state, a country should have the above characteristics and could be included in the above-mentioned definitions. According to the provided discussions, it can be concluded that buffer space is a:

Geographical space including one or more independent political units, but neutral, and is lying between two or more competing powers or their sphere of influence or between rival or greater power blocs and separates these two and reduces the conflict in a way that they have agreed on its buffer condition.

Figure 2: Pattern of buffer space



A = buffered power or its sphere of influence; C = buffered power or its sphere of influence; B = Buffer space

A buffer state is seen by politicians in different situations in different ways; sometimes as a highway to cross and sometimes as a launching pad for further developments (Wight 1995, 160-161, Turmanidze 2009, 41). Increase in the rivalry of the two great powers in the buffer state causes the buffer space to be in an underdog situation. Because of the weakness, the buffer state cannot change the powers policies or confront with their policies.

The Research Method

The data gathering procedure is based on library and field findings. The number of samples is 83 experts in the fields of Geography, Political Geography, International Relations, Political Sciences, Social Sciences, History and Strategic Sciences. In terms of nationality, 71 percent of respondents were Iranian and 29 percent were foreigners. The research sample is selected randomly, and the results are used in the research findings

section. The research is based on the investigation of the process of formation, characteristics and functions of the “buffer situation of Iran”. 40 variables including 6 variables in the process of formation of buffer spaces, 12 variables in relation with characteristics of buffer spaces and 22 variables in relation with the functions of buffer space in two internal and external dimensions are characterized using library references.

Filed findings related to the functions of “buffer situation of Iran” are demonstrated one by one using T-test in SPSS. The average of the variables of functions of “buffer space of Iran” is categorized in three categories including high important, middle important and low important using K- Means Cluster Analyze.

Geographic and Historical Characteristics of Iran

Iran is located at the Southeast of Asia, and is limited from north to the Caspian Sea, and from south to Persian Gulf, Oman Sea and Indian Ocean. The location of Iran has been a part of regional and global strategies in geopolitical theories (Ahmadi & Parsaeei 2005, 277-297). Today, there are some geographic regions which have political importance and are an arena of local, regional and global rivalries. Geopolitical regions around Iran are as follows: 1. Central Asia, Caspian Sea and the Caucasus in the north; 2. The Indian subcontinent and Afghanistan in the East; 3. The Indian Ocean in the South East; 4. Persian Gulf and Oman Sea in the south; 5- Turkey and Arab region in the West of Iran.

These regions have some geopolitical sub-regions. For example, the North of Iran is formed from three Geopolitical sub-regions including Central Asia, Caspian Sea and the Caucasus, it has a key role in communication between these sub-regions. In general, the geographic location of Iran is a mixture of communicational, buffer, geopolitical, geo-economic and geostrategic locations. The mixture of these locations has given a unique situation for Iran. This situation, from one hand can act as a guarantee of stability and economic development, and from the other hand can bring instability, insecurity and loose of opportunities and capacities (Ezati and Yazdanpanah 2007, 69), and affect internal and external political issues of the state and also strategies of regional and global powers (Malakootiyan 2004, 219). In spite of all technological evolutions, the experience of the past wars showed that when a state have strategic location, it cannot keep itself from global revolutions away or in other words take isolation policy, because it would be a part of a strategy and in particular military strategy, and it should try to act appropriately by understanding its location as a strategic actor, and

try to benefit from geographic location in order to development of the country (Ezati 2003, 78). This situation has not been understood in the two last centuries by Iran, and if it has been understood, a comprehensive action has not been taken and Iran has been an arena for global powers rivalries.

The research is intended to focus on the political evolutions of Iran in the two last centuries since its buffer situation affected the political life of the state. In this period, Iran was amongst the competition of global powers strategies and had played the role of buffer in the process of competitive behaviors global powers. The competition of global powers, Britain and Russia, corresponded with exertion of dominance, weakening and disabling the state structure in the first half of the 20th century (Fouler 1994, 23). This situation is a new experience in political geography and geopolitics that is resulted from powers rivalry and engaged Ghajar, Pahlavi and Islamic republic of Iran states. In general, this period has been started from 1800 (Britain dominance on India and Russia's attack on Iran). The research focus on the period from 1800 to 1989 the collapse of the Soviet Union.

Research Findings

The buffer situation of Iran in the two last centuries among powers competition namely between Britain/ Russia and then the US / Russia brought a difficult and hard situation for Iran, and Iran was struggling to be alive. It can be claimed that the study of Iran's contemporary history would be incomplete without considering the role of great powers and from the geopolitical perspective.

In the last two centuries, relations with Russia and Britain and then the US / Russia which followed some interests in Iran were the main important issues in the foreign policy of Iran. As Malekoshoraie Bahar put it: Iran looks like a person who had a rope on his neck and two persons draw the rope from two sides and it was floundering (Manshoor Gorgani 1989, 17). Iran's role was more passive and this role was imposed by great powers on Tehran. In fact, the disability of Iran was so significant that it came the time when Russia and Britain completely understood this situation and attacked on Iran and divided Iran between themselves without even any reaction from the Iran's side. This situation continued until the end of Cold War and Iran was buffered between the USSR and the US during the Cold War.

In this study, using library references, variables for the formation, features and functions of buffer space were identified as follows.

Buffer Space Formation

The process and wherefores

1. Existence of two hostile powers: (Ross 1986, 26). (Ziring 1986, 153)
2. Existence of a weak space between rival powers: (Chay 1986, 192).
3. Powers tendency to expand geographic or geopolitical boundaries and not to approaching rival to their borders: (Ziring 1986, 155).
4. Failure of powers in attracting buffer state
5. Rivalry of powers and weakness of buffer space: (Partem 1983, 3).
6. Great powers agreement on the creation of buffer space and non-encroachment on the buffer space: (Ahmadi 2013B)

Figure 3. Iran in the Great Game and the division of Iran into three regions in the 1907 treaty of Russia and Britain



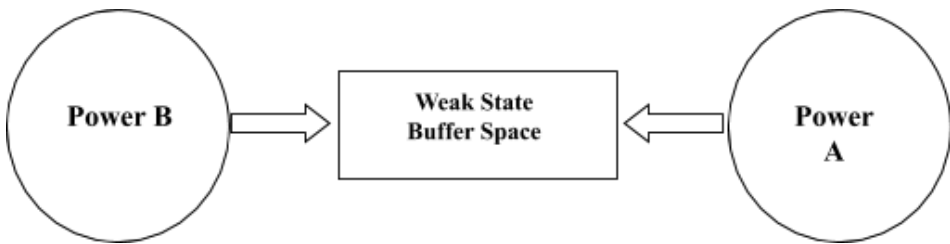
Characteristics of Buffer Space

1. Geographic location
2. Geographic content

Political Characteristics

1. Independence of country (Ali Soofi 2006, 130)
2. Neutrality Policy and inclination to third power: (Kempp 2008). (Maila 1986, 30).
3. Distribution of power in buffer space (existence of great powers and the weak space). (Hannah 1979, 188, in Jenkins 1986, 187).
4. Powers triumph to keep the buffer space weak

Figure 4. The elementary pattern of buffer space



Geopolitical Characteristics

1. Powers competition in the buffer space
2. Acceptance of buffer space by buffered powers (Turmanidze 2009, 48 in Rondeli 2003, 165)
3. Strategic importance of buffer space for rival powers (Nezio 1984, 122) (Warrin 1918, 87)
4. Tendency of powers for adding buffer space into their defense system (Hooshang Mahdavi 2009, 225).

Economic Characteristics

- 1- Low economic growth, loss of geopolitical and geo-economic interests of buffer (Katoozian 2010, 75).

Functions of buffer state

Functions in external dimension

1. Peace maintenance (Ross 1986, 25);
2. Encouraging buffer state to incorporate into the alliances desired of buffered states (Fouler 1994, 256);
3. Negative reaction of buffered states toward buffer space relation with other powers and in particular third power (Ahmadi 2015);
4. Powers sensitivity towards rivals policies and actions in buffer space: (Katoozian 2010, 119);
5. Maintaining interests of powers in global arena: (Ziring 1986, 153).

Functions in internal dimension

1) Government Level

1. Continuous intervention in buffer space (Corm 2007, 4);
2. Political inclination of elites and political forces to one of the parts (Abrahamian 2005, 147);
3. Political isolation of buffer state (Ziring 1986, 157);
4. Challenges of political regimes of the buffer (political, security and social instabilities) (Maila 1986, 38-39) (Fox 1959);
5. Lack of functional solidarity of the state (Bashirie 2001, 25);
6. Following de-utilization policy (Nezio 1984, 165);
7. Reactive political decisions (Turmanidze 2009, 25);
8. Border disputes with the neighbors and regional conflicts with neighboring countries;
9. High military costs of buffer state; (Ziring 1986, 156).

2) Social level

10. High social, political, economic, cultural vulnerability in the buffer state (Katoozian 2010, 70);
11. Expectation of buffer space residents great powers settle their problems and repel the other powers pressures;
12. Cynical attitude of residents in the buffer zone toward greater powers (Ghafari Hashtjin 2003, 22-33);
13. Cynical attitude toward that do not have sovereignty and self-

determination right (Fouler, 1994, 23);

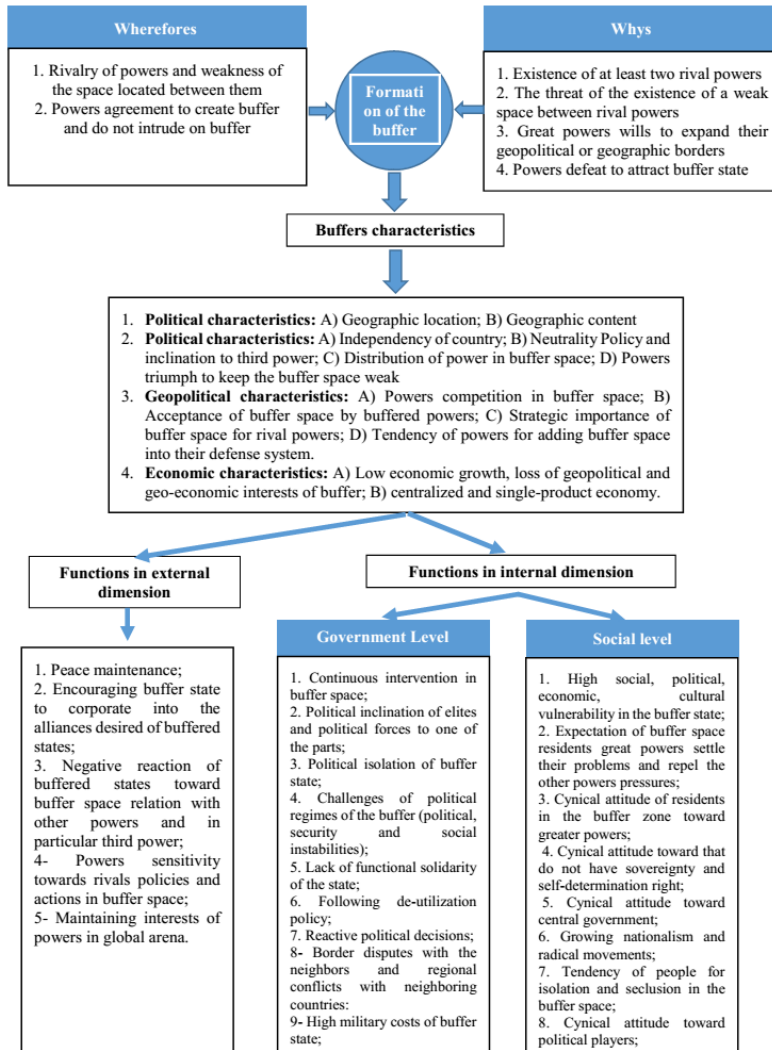
14. Cynical attitude toward central government (Fox 1959);

15- Growing nationalism and radical movements (Jenkins 1986, 180);

16- Tendency of people for isolation and seclusion in the buffer space (Tulchin 1986, 213);

17- Cynical attitude toward political players (Ahmadi 2015);

Figure 5. The pattern of the buffer space



Source: (Ahmadi 2015, 28)

Debate and Concluding

The existence of two rival powers is required to form a buffer space. Korea, Vietnam, Belgium, Lebanon, Afghanistan, Iran and other buffers have been located between two or more great powers which converted these states to buffer space. Sometime, buffers are located among several powers like Lebanon that is under pressure of regional powers (Israel/Syria), global powers (Russia/the US) and supra-regional powers (Iran/Saudi Arabia) and is a multilevel buffer.

In the last two centuries, Iran has been buffer between Britain and Russia, then between Britain and Soviet Union, then between the US and Soviet Union and finally between Soviet Union and the US. The buffer state is a space lying between two or more competing powers which separates these powers and reduces the conflict in a way that they have agreed on its buffer condition.

Russia and Britain were in the Iranian borders, and saw the occupation of Iran and Afghanistan by the other rival as a strategic threat to itself. Also, Russia and Britain could not occupy Iran, and they need to keep Iran neutral between their sphere of influence. In the 19th century and first of 20th century, Britain intended to move from Indian borders toward northwest to approach to Russia's borders, and Russia intended to approach to Indian Britain borders. The result of competition of these powers was the separation of some territories from Iran, but the main land of Afghanistan and Iran were remained independent and buffer in order to reduce the possibility of conflict between these powers. Hence, Russia and Britain signed an agreement in 1834 and agreed on the independency and territorial integrity of Iran as a buffer state between themselves. Also, they signed the treaty of 1907 which was the apex of the agreements between Russia and Britain in which they recognized the buffer situation of Afghanistan and Iran, divided Iran into two influence area including influence area of Russia in the North, influence area of Britain in the South, and an area between these areas as a control area of the state. The main objective of the creation of an area as a control area of the state was to prevent these powers' military confrontation that competed for their interests in Iran.

Characteristics and Traits of Buffer Spaces

Geographic location is a main factor in the creation of buffer space. Location is one of the basic factors that cause the buffer space to be formed.

Neighborhood and geopolitical location have the most important role in buffer spaces. Based on the fact that the closest neighbor is the main source of concern, when a weak state is neighboring with a powerful state, the weak state is always the cause of concern of the powerful state because there is always a threat that other powerful states use the weak state space to attack its space. Hence, the powerful state tries to annex the weak state to its territory or attract the weak state to its influence area or security treaties. In this situation buffer space is converted to semi-buffer.

Neighborhood location increases in the possibility of conflict. Korea located between three powerful states (Japan, China, Russia). These powerful states felt insecurity and feared from that this space is occupied by the other great powers. So, Korea has suffered from influence of these great powers and these states have agreed on the situation of buffer and not to encroachment on Korea.

Geopolitical and neighborhood location of Iran with Russia in the North and Britain (India) in the Southeast caused that these powerful states feel insecurity from this space side, and they did not intend to allow the rival state to enter this space in their offensive strategies. So the rival powers agreed on the being buffer, independence and neutrality of Iran and Afghanistan.

The buffer space investigated in this research is a space that have sovereignty and political independence. The buffered powers agree on the independence of buffer space and keep its independence until the balance of power is hold. This characteristic can be seen in the different buffers like in Korea, Belgium, Lebanon, Afghanistan, Iran etc.

The most important characteristics of the buffers' foreign policy is taking neutrality. Because buffer is threatened by rival powers, it tries to take neutrality in order to prevent the buffered powers invasion. Buffer acknowledges that it cannot confront with the buffered spaces. Neutrality shows the weakness of buffer space in confrontation with buffered states. If neutrality is enunciated by buffered states, it would be kept by them, but if neutrality is enunciated by buffer state, it would not be kept. Occupation of Iran in the First and Second World Wars were evidences of this claim.

Beside of neutrality policy, buffers try to cooperate with a third power to reduce the pressure of buffered powers. This policy is taken when buffer sees keeping its neutrality and independence under pressure of buffered powers difficult. Therefore, the buffer space inclines to a third power to make the balance of power in its favor. In the two past centuries, Iran took the policy of turning to a third power: resorting to Britain in the Safavid era, to France in Qajar era, to Germany in the first Pahlavi era and to the US in the second Pahlavi era. But each time, buffered states showed negative reaction and

increased in their pressure. So, alliance with third power as a non-neighboring power is not a secure strategy for the buffer, because the third power do not have a commitment to protect the independency and sovereignty of buffer when a conflict is started.

Buffer space is a space of competition between buffered states in social, economic, political, military and industrial facets. They arrange their players in the buffer and try to make the most of interests and prevent the other great powers to enter into this space. From the other hand, buffered states agree on independency of buffer, namely accept the buffer space between themselves and show that they are not intended to clash with each other. If buffer is put under the influence of a great power, the balance of power is broken. The first treaty between Russia and Britain on make Iran a buffer space was signed in 1834, that Britain claimed Russian politicians to guarantee Iran's independency and territorial integrity as a buffer states between two great powers. This situation lasted two centuries, and Russia and Britain strategic interests in Central Asia, and Indian Subcontinent made it inevitable to create a buffer space.

In the first of 20th century, four treaties were signed between Russia and Britain on Iran which show hard buffer situation of Iran. These are as follows: The treaty of 1907 that divided Iran into two influence areas between Russia and Britain and an influence area of the Iranian state; the treaty of 1915 that divided Iran into two influence areas between Russia and Britain; the treaty of 1919 that were imposed by Britain on Iran and the treaty of 1921 that two great powers accepted Iran as a buffer between themselves.

The other characteristic of buffer space which is attractive for great powers is the strategic importance of buffer space. A space is attractive for powerful states when it is strategic. The most important factors which were attractive for great powers and caused competition were as follows: neighboring with India in the Southeast, neighboring with Russia in the North, energy resources, geopolitical location and locating at the meeting place of Asia, Africa and Europe.

Buffered states try to annex buffer space to their security-defensive area. Belgium and Afghanistan were under the threat of collapse because buffered states did not have the power to annex them to their territories. Vietnam and Korea were disintegrated in the competition of buffered states. Cambodia were not disintegrated, because one of the buffered states won the competition, and the structure of buffer were collapsed. Vietnam and Korea were disintegrated, because none of the buffered states won the competition, and could not take the control of the territory.

Decrease in the power of one of buffered states bring the occupation

of a buffer space by the other buffered state. This issue occurred two times in Afghanistan. When Britain withdrew its forces from Indian Ocean, and the US has taken the management of the region, the Soviet Union benefited from power vacuum and attacked on Afghanistan in 1979. The second one occurred in 1991 when with the collapse of the Soviet Union, Russia withdrew from Afghanistan that paved the way for occupation of this contrary by the US.

If the buffer state had undertaken a hostile policy toward buffered states, the multifaceted pressure is formed on the buffer to the point that it would be forced to change its foreign policy. The imposed war (Iran-Iraq war) was the result of Iran's foreign policy.

Functions of the Buffer Geographic Space

Buffer space decreases the possibility of conflict between two great neighboring countries and buffered states, and if it cannot play this role, it would be converted to a clash arena of great neighboring states or as a path for invading forces. Britain and Russia did not confront with each other in Asia, because they knew the rivals increasing power, and for this reason the creation of a buffer space was the best option. Creating Iran and Afghanistan as buffer spaces caused sustainable peace between Britain and Russia.

Buffered states try to attract buffers in their coalitions and treaties, and prevent a buffer space to be attracted into the rival's influence area. The first coalition between Iran and a Western state was the treaty with Britain in 1801 when Britain appealed Iran helps to repel Afghans attacks to India in the framework of an offensive coalition. Baghdad defensive treaty which was an American innovation was signed by Britain, Turkey, Iraq, Iran and Pakistan in 1955. Iraq withdrew from this treaty in 1958, and the other members established SENTO treaty.

Buffered states show high level of sensitivity to the relations of buffer state with the other great powers, and monitor these relations, and put the buffer state under pressure. The worst scenario for buffered states is its inclination of a buffer state to a third power. Whenever Iran inclined to a third power, it was faced with Russia and Britain's negative reactions, and sometimes it resulted in the alliance of these powers to confront with the third power. Iran was encouraged to enter in the great game with the appeal of France in 1800 in order to confront with Russia and Britain. Russia and Britain did not intended to accept the presence of a third power in Iran. The most important third power was Germany, and Russia and Britain feared the

increase of the power of Germany in Iran and Europe.

The two buffered states monitor the rival's behavior in the buffer space and show reaction in this regard. There are many cases in which buffered states have committed to different means like military invasion, occupation, strikes, boycotts, and threats in reaction to the rival's behavior in the buffer space.

The Behavior of Native Political Actors and the Citizens' Attitude in the Buffer Spaces

In governmental level, buffered states always intervene in the buffer space. This issue is seen in all buffers like in Korea, Belgium, Afghanistan, and Iran etc. to the point that Russia had showed reaction to the treaties signed between Iran and Britain and threatened Iran. Also, Britain had taken this behavior against Iran. These interventions were increased when Britain was replaced by the US, and after the Islamic republic these pressures were increased intensely by the buffered states (the US and Russia).

Elites and actors of political arena of buffer spaces incline to one of buffered states which increase the disabilities of their states, and also bring more influence of buffered states. Political behavior of different governments in Iran in the two last centuries in relation with great powers has not been the same, and each government has taken special behavior. Meanwhile, some politicians were accused of partiality towards special states; sometimes they cooperate with great powers and sometimes were famous for moderation or hatred of a special state. Also, some of them did not know that to which of the great powers they incline. Most of the political happenings in the buffer state are not spontaneous and are resulted from buffered states rivalries.

Buffers are faced with political challenges because of the influence and pressure of buffered states, and they are deprived from taking an independent internal and external policies. The buffers disputes with the neighboring countries and with the other states bring isolation of the buffer. This situation may run buffer afoul of lack of functional integrity, and each organ of the state incline to one of buffered states. From the other hand, buffer states take sometimes the policy of de-utilization to decrease in the concerns of buffered states. So, the weakness of the buffer is continued, and political decisions are made reactionary. Decision and policy makings in buffer space are sometimes resulted from political wills of the powers and their positive and negative reactions, and are also temporary, reactionary, and without comprehend plan.

The most important function of the buffers in social level is political,

social, economic and cultural vulnerabilities. In the last two centuries, the pressures of the buffered states have caused Iran face with high political, social, economic and cultural, military and security defeats. Two centuries influence, rivalry, conflict of interests of buffered states which have brought occupation, war, sanctions, intervention in internal affairs, lack of development, military defeats, poverty and famine for Iran, is resulted in vast vulnerabilities in Iranians' life.

People living in a buffer space take different policies and tactics and sometime incline to a third power or take neutrality in order to get free of pressures resulted from rivalry of buffered states. They perceive that the politicians and elites' triumphs are not successful to avert the pressures of buffered states, and consequently incline to great powers to solve their problems. So, buffer space people find a cynical attitude towards buffered states and a sense of xenophobia is formed. Xenophobia has been one of most important factors in the formation of Iranian movements and riots. This sense was apparent in the Constitutional Movement, and also it was the motif of main slogans of the people during the Islamic Revolution.

With the intervention of buffered states Iranian people perceived that they do not have the right of self-determination, and the great states impose their wills on Iran. So, the cynical attitude was formed toward politicians, and state organs, and people knew the governments as puppet rule of buffered states, and avoid to cooperate with them. In this situation, protests and nationalist, and liberation movements and sometimes separatist movements are formed, and these movements find social supports.

In a buffer space accusations and suspicions and ill will and suspicion of spying, mercenary, and being a foreign agent towards politicians are increased. Permanent intervention of buffered states in Iran's internal affairs, inevitable inclination of Iranian elites to one of the powers, lack of the parties and grassroots organizations to direct public opinion and public campaigns cause people do not trust in political actors, and to have negative point of views to their actions. This goes so far as the public, in teased or to joke, attributed every little problem to the Britain. When politicians wanted to oppose or criticize the rule, people had cynical point of view to them, and claimed that the politicians are agents of foreigners or are opportunists. This has caused that the movement of educated people and elites in Iran is not welcomed, and the only movements that are welcomed are in line with the spirit of their religion and in opposition with all great powers (not to cooperate symmetrically with them).

The Current Situation of Iran

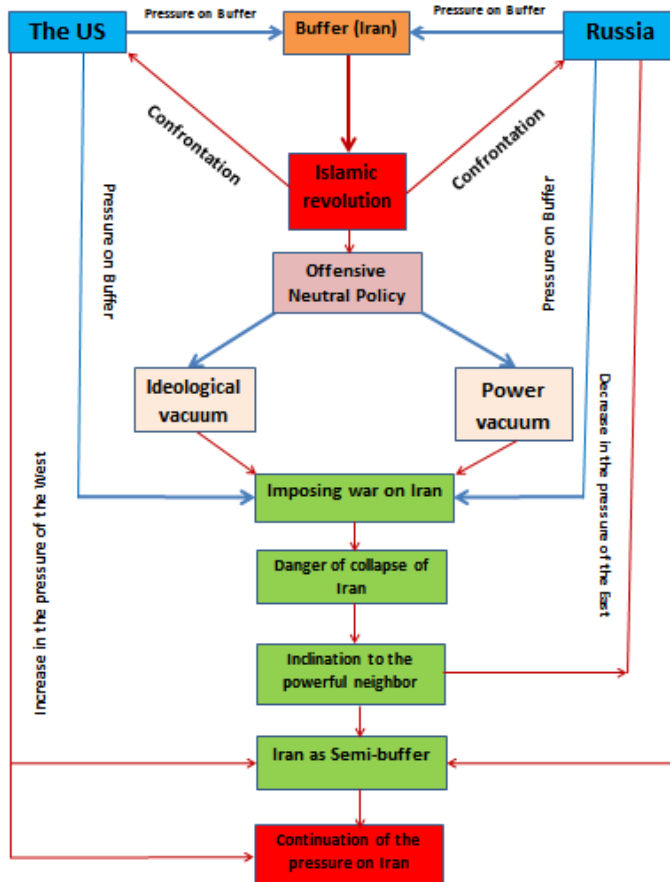
Iran has taken hostile neutrality policy towards the East and West after the Islamic Revolution. Iran's failure in meeting its ideological needs and neighboring states caused an ideological vacuum. Lack of experience and taking a new aggressive policy of neutrality caused power vacuum in Iran and in the region which was consequently resulted in the war against Iraq.

The other characteristic of the buffers is that if it is faced with the threat of collapse, it is inclined to a great neighboring state. At the end of the Iran-Iraq war, Iran leaned towards the Soviet Union, and the slogan of "down with the Soviet Union" were removed from public slogans of Iranians. Consequently, the pressure of the East (as a buffered state) were removed, and the war ended and Iran was found in the semi-buffer situation.

Iran's strategic considerations in the past two centuries have been linked to the strategic considerations of buffered states, and it has not had an independent strategic consideration in codification of social, economic, cultural, political, military policies. The semi-buffer situation of Iran and the undertaking of a hostile policy (toward one of the buffered states) have caused Iran to be deprived from international cooperation, and decreased its bargaining power in global and regional arena, hindered regional integration (without supra-regional powers), prevented the adoption and follow-up of development policies, prevented an increase in foreign incomes and economic growth (despite rich hydrocarbons resources). In this situation Iran cannot benefit from its geopolitical and geo-economic potential to develop in different facets.

Because of the situation imposed by geography on a buffer state, it should codify its internal and external policies by considering its geographical and geopolitical realities, and lack of attention to these facts and also geopolitical situation of the state led to a decrease in its power and capacity and public development and growth.

Figure 5. Iran's Semi-Buffer Situation



(Ahmadi 2015, 35)

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ABSTRACT

With the occupation of India by one of the global powers namely Britain (1770), and its territorial expansion toward the West and Iran's borders, Russia (the other global power) started its expansion and moved towards the Indian Ocean and Iran's north borders from the first of 19th century (1804-1813/ 1826/1828). Britain from East and South and Russia from North entered into Iran's borders, and buffered Iran and Afghanistan in order to not to separate them from each other. In the rivalry pattern of buffered states, their geographic spaces should be separate. Low power geographic space is required between the powers. Geopolitical boundaries of these two powers should not get into contact because in such a case, the possibility of conflict can arise. So, the buffer space takes the form of vacuum space between the buffered powers. The research main question is that what is the nature, functions, characteristics and political behavior of a geographic buffer space? Which geographic values and functions cause buffer space to be a buffer space and attract great powers? In this research, a new definition of buffer space is presented, and the process of formation of buffers (the whys and wherefores), functions and characteristics of buffers in two internal and external dimensions are investigated. Then, the validity of the variables is investigated using library and field findings, and is used in the process of evaluation of internal and external experts. The results are analyzed using statistical methods and SPSS. Finally, these variables are evaluated in the context of Iran.

KEYWORDS

Buffer Space; Buffer States; Geopolitics; Iran; Powers Rivalry.

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“BELT AND ROAD INITIATIVE”: CHALLENGES AND OPPORTUNITIES FOR CHINA AND FOR THE WORLD

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Introduction

It has been more than five years since the leadership of the People's Republic of China (PRC) put forward initiatives that received the generalized title “The Belt and Road Initiative (BRI)”. The idea of the “Silk Road Economic Belt (hereafter - Economic Belt)” was first announced by Xi Jinping during his visit to Kazakhstan in September 2013. Chinese policy is always based on symbols and reminiscences. This time round parallels were drawn between the two different periods: the current state of affairs, when the European Union is the largest trading partner of China, on the one hand, and the situation that arose during the reign of the Western Han dynasty in China (3rd century B.C. – 1st century A.D.), on the other.

That time the Land Silk Road connected two major powers of the world – the Roman and Chinese empires. But by the early 2010s most of the trade between China and Europe was conducted by sea transport. Xi proposed to create a network of land transport corridors between them. Moreover, the countries on whose territories the relevant routes will be held, were also invited to participate in a giant project of joint development.

In October 2013, during his visit to Indonesia, Xi offered cooperation to the countries along the sea routes that existed in the middle ages. This project was called “21st Century Maritime Silk Road (MSR)”. Traditions here

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are not so continuous, as in the case of the Economic Belt. The network of sea ports on the South-Eastern coast of China originated in the Tang dynasty (7th – 10th centuries). A movement of the Chinese to the islands of the Southern seas began during the Song era (10th – 13th centuries). It peaked at the early period of the Ming dynasty in the first half of the 15th century. At that time the ships of the famous admiral Zheng He not only explored the coast of Southeast Asia, but also reached the shores of India, the Persian Gulf and the East coast of Africa. By and large, the configuration of the MSR resembles the routes of Zheng He's voyages³.

Precisely, the BRI can be interpreted as the realization of the accumulated potential, as the conversion of the results of rapid economic growth into strengthening China's position in the world. But this treatment may be obviously one-sided. In fact, the BRI project could be grasped as the embodiment of the contradictory trends inherent in the modern stage of China's development. On the one hand, it did appear due to the growth of the quantitative scale of the Chinese economy and the intensification of its interaction with the world, it fits into the overall context of China's transformation into a real global power.

However, on the other hand, these qualitative changes in China's position in the global economy and world politics have occurred in the 2010s in parallel with the aggravation of the country's internal socio-economic problems. And it is not only the obvious slowdown in economic growth (from 10.6% in 2010 to 6.6% in 2018) that matters, for one remains relatively fast. The thing is that the slowdown in the Chinese economy was largely the result of accumulated imbalances that had been generated by the very process of an evolutionary, gradual transition to market mechanisms. Therefore, the BRI project can also be interpreted as an attempt to facilitate further reform of economic institutions in China, and to smooth the acuteness of existing problems through the activation of external expansion. So it seems reasonable to judge the content of the project, using the Chinese economists and political scientists' favorite formula about combination of *opportunities and challenges*.

Nevertheless, due to extent and the ambition of the initiative, the BRI may not be studied only from the point of view of China. It is clear that it has direct impacts over many countries in the globe, but also potential indirect

³ However, there were no significant commercial benefits from his expeditions for China. The Europeans during the era of Great Geographical Discoveries traveled by sea not only for spreading the Christian faith, but also for promotion of trade. For the Chinese in the 15th century the main motive to a long voyage was a demonstration of the power of China and the involvement of other countries in tributary relations with her. In the middle of the 15th century these expeditions ceased, because the sea trade was forbidden by Imperial decree.

effects over many other countries. These indirect effects arise from the easily understandable economic consequences of the projects – e.g. a higher competition with China – but also from the more diffuse, but very concrete potential impacts over the geopolitical arena.

Hence, this paper aims to analyze BRI under this framework of the associated opportunities and challenges for China and for the rest of the world. Besides this Introduction and the Final Remarks, the paper has six sessions. The first one presents the possibilities BRI creates for China; the second one deals with BRI as a response to the non-negligible challenges China is currently facing; session 3 presents what has been done so far within the initiative. Subsequently, we move for the rest of the world, analyzing initially the sentiments prevalent in many countries in the globe regarding BRI (session 4); finally, we debate the most crucial possibilities and threats for some chosen countries.

“One Belt, One Road” as an Implementation of Possibilities

No matter how extensive and unbalanced China’s economic growth is, and no matter what social conflicts it generates, if the economy grows for several decades at an average annual rate close to 10%, the country as a result moves to a very different stage of development. In terms of GDP, calculated on the basis of purchasing power parity, various international organizations since the early 1990s ranked China as the 2nd in the world right after the United States. In 2010, China, ahead of Japan, entered the position of the second largest economy also by the comparison of GDP based on nominal exchange rates. And in 2014, the International Monetary Fund stated that China had surpassed the USA in GDP calculated by PPP. Since then, the gap has increased, as the rate of economic growth of China remains significantly higher than of the USA. Since 2009, China has been the world leader in terms of merchandise exports, and in 2013 it took over the global leadership in terms of a total foreign trade turnover. Since 2006, China has been the holder of the world’s largest foreign exchange reserves.

Even though China still does not have such features of a superpower as multi-technological leadership and a high level of per capita GDP, the impressive absolute size of its economy already makes it a real counterweight to the USA. It can be stated that the long-awaited competition between the two powers for spheres of influence in the 2010s really began. It goes primarily along the perimeter of the Chinese borders: in Vietnam, Myanmar, Pakistan, Taiwan and the Philippines, the American and Chinese presence

can already be considered approximately equal. The long-standing conflicts over the demarcation of water areas and islands in the East China and South China seas escalated in the 2010s, and new content associated with the Sino-American rivalry emerged there.

But competition between China and the USA is also increasing in Africa, Latin America, Central and Southeast Asia. Both powers are interested in the raw materials and markets of those regions. This new bipolarity thus emerging in the world pretty much determines the context and content of the BRI: by offering the so-called developing countries a project of co-development, China pulls them to her side.

This new, offensive, aspiring to global coverage, China's foreign policy over the past five years has received a clearer ideological basis. During his visit to Indonesia in 2013, Xi Jinping, in addition to the MSR project, put forward another idea – he proposed to neighbouring Asian countries to create a "Community of a shared destiny" with China.

At the level of declarations, it was, of course, about equal cooperation for the sake of joint prosperity. But the Chinese official press explained the meaning of the concept of "Community of a shared destiny" in the following way. Until the early 2010s, China in relations with her neighbours postponed the resolution of territorial disputes and stabilized the situation, focusing on mutually beneficial economic ties. But by now China has strengthened so much that neighbouring countries perceive economic cooperation with her as a dependence on the regional hegemon. Responding to this, the Chinese side proposes to bring relations to a higher level: not to be limited just to the economy, but to coordinate security policy as well⁴. It is difficult to see this as anything other than an invitation to enter the Chinese sphere of influence.

In his report at the 19th Congress of the CPC in 2017, Xi Jinping proposed to build this "Community of a shared destiny" not only to Asia but also to the entire humanity. Such a community is understood as the one providing long-term peace; dispute resolution through dialogue and consultation; joint economic development; openness and inclusiveness. However, it is necessary to take into account that at the same time Xi declared that China had entered a "new era". One of its facets is that China is "moving closer to center stage" of the international arena.

So the global project put forward by Xi, if desired, could also be regarded as an ideological alternative to Pax Americana. However, it is unlikely that Xi or someone else seriously hopes that the United States and other Western countries will ever start living according to the Chinese recipes.

⁴ China Daily. 2014, September 23.

Forecasts about the whole world's transition to socialism have not been made in Beijing for a long time. Nevertheless, at the 19th Congress the theme of the international significance of the "socialism with Chinese characteristics" was clearly expressed for the first time in a long while. But it is presented as a successful experience of modernization, which the PRC can share with countries that "want to speed up their development while preserving their independence" (Xi 2017). This, obviously, is about the countries that do not want to be in the Western sphere of influence.

Now, retrospectively, the BRI can apparently be perceived as a concretization of such a general approach. Economic assistance to developing countries under this project should contribute to the promotion of the world order proposed by China. It is positioned as a non-conflict, consensus, rejecting dictatorship and attempts to interfere in the internal affairs of other countries, and to change the political regimes there.

At the same time, not only demonstrating the economic achievements of Chinese reforms but also addressing the country's ancient traditions, including its historical ties with other regions of the world, can all be the elements of China's "soft power" affirming its global influence. After all, if China once managed to establish communication with Europe along the Great Silk Road, now it is all the more able to build a "bridge" connecting the European and East Asian "poles" of the world economy and thereby fulfill a mission of historic significance. In a certain sense, it would bring back the center of gravity of the world economy from the Atlantic Sea to the Eurasian continent again⁵, reinforcing also geopolitical ties within this region.

Indeed, China has impressive financial opportunities for strengthening its geopolitical positions. Not only the huge foreign exchange reserves (3072,7 billion dollars at the end of 2018), but also a steady current account surplus (1,4% of GDP in 2017) indicate that China is a capital-abundant country. It can afford to provide financial assistance and to allocate concessional loans to worse performing developing countries.

Since the mid-1990s, "political" banks ("development institutions" in the more usual terminology) began to provide lending support for merchandise exports and foreign investment of Chinese enterprises. These were the State Development Bank and the Export-Import Bank of China. In 2014-2015, with the beginning of the BRI project implementation, they were joined by:

- The Silk Road Fund (half of its initial capital of 40 billion dollars was formed by the transfer of a part of China's foreign exchange reserves, the rest

⁵ Many historians (e.g. Bairoch 1993) attest that before the Industrial Revolution the wealthier regions of the world were in Asia, particularly in China and India.

was provided by various government entities and banks. In 2017, the fund was additionally capitalized by the government by 100 billion yuan⁶;

- The Asian Infrastructure Investment Bank (China provided 50% of its authorized capital of 100 billion dollars);

- New Development Bank headquartered in Shanghai (it was created by the BRICS countries, its subscribed capital is 50 billion dollars, each members' share makes up 20%).

These financial institutions are primarily aimed at lending for the construction of infrastructure facilities along the routes of Economic Belt and the MSR. According to the estimates of Zhou Xiaochuan, the former head of the People's Bank of China, Chinese "political" banks and internationally created "development institutions" account for a little less than a half of the loan financing under the BRI (up to 2018). The rest is lent by the Chinese banks, which actually remain under the state control, but are formally considered to be commercial, and they do it at higher interest rates⁷.

China's excess domestic savings create conditions for export of capital not only as loans but also as outward direct investment. In the 2000s, the Chinese corporate sector already became mature enough for large-scale direct investment abroad. According to UNCTAD, an annual volume of China's direct investment increased from 0,9 billion dollars in 2000 (UNCTAD 2003, 253) to 68,8 billion dollars in 2010 (UNCTAD 2013, 214). In 2015, it reached 145,7 billion dollars and exceeded for the first time the direct investment inflow to China (135,6 billion) (UNCTAD 2018, 185). In 2018, according to the National Bureau of Statistics of China, whose data do not take investments in the financial sector into account, FDI in the PRC reached 135,0 billion dollars, while ODI by Chinese companies made up 120,5 billion dollars, 15,6 billion of which were investments in the countries covered by the BRI.

Such balancing of direct investments' export and import is consistent with the predictions of the concept of Dunning and Narula about the country's "investment development path" (formulated in the 1990s and almost generally accepted). According to their theory, this happens when a country moves to a higher stage of development and, due to wages growth, loses its attractiveness to foreign investors as a place for concentration of labor-intensive production. Respective industries are transferred to countries where a stock of cheap labor still exists, and it is done by means of export of capital (Dunning and Narula 1996). Obviously, something similar is happening to China right now and the BRI project provides a part of the mechanism for these structural changes.

6 Around 15 billion dollars at that time.

7 China Daily. 2018, November 17-18.

In theory, with further movement along the “investment development path”, Chinese companies should turn into technology donors for their investments’ recipient countries. So far, the number of China’s own world-class innovative developments is limited: these are high-speed rail transport, long-distance power transmission, mobile communications, alternative (solar and wind) power engineering, and maritime sector technologies. However, these are exactly the technologies that can be involved in the BRI infrastructure facilities’ construction. Hence, the BRI can be potentially used as an efficient way of exporting Chinese technological standards to the countries receiving the investments. According to the official Belt and Road Initiative’s document:

The Chinese government encourages its strong industries to go global, invest in various ways in the B&R countries, introduce their high technological and environmental protection standards, and foster new growth points for bilateral economic cooperation (Steering Group... 2017).

In any case, the ratio of the key production factors (capital and labor) in the Chinese economy has already changed in favor of capital, which means that the country’s comparative advantage is going to change as well. Apparently, so far this process may be expressed in the way that Chinese companies implement investment projects in a wide range of industries in developing countries along the Economic Belt and the MSR routes, using not the most advanced, but average-level technologies.

This assumption is supported not only by the high level of diversification of industrial exports from China, but also by the structural shift occurring in the Chinese economy in favor of the tertiary sector. Its share in the country’s GDP increased from 41.3% in 2005 to 44.1% in 2010 and to 52.2% in 2018. China has already gained significant experience in provision of construction services abroad. As the necessary competencies are accumulated, conditions are ripe for the foreign expansion of service industries that use modern information technologies. The BRI also contains this component: it is intended for building financial, trade, logistics and transport networks along the planned routes. For a long time (since 1995), China’s balance of trade in services has been in deficit, but now there are prerequisites for correcting it.

China’s trade and investment expansion is accompanied by the «internationalization» of the yuan (the Chinese use this term to call the creation of conditions for its full convertibility). The scale of cross-border trade transactions carried out in yuans expands rapidly. More and more new types of RMB-nominated financial instruments appear available to non-residents. China is concluding more and more currency swap agreements with other

countries for the events of a liquidity deficit. And the BRI also fits well into this logic: it uses the already achieved successes of «internationalization», and at the same time acts as its accelerator, since the loans to countries involved in the project are issued mainly in RMB. The official BRI's document is very clear on this aim:

China has signed currency swap agreements with 22 B&R countries and regions, with a total value of RMB 982.2 billion. Local currency settlement agreements were signed between China and Vietnam, Mongolia, Laos, and Kyrgyzstan in border trade, and agreements on general trade and local currency settlement in investment were signed between China and Russia, Kazakhstan, Belarus, and Nepal. Of the 23 Renminbi clearing banks, six are located along the B&R routes (Steering Group... 2017).

“One Belt, One Road” as a Response to Challenges

However, the context in which the BRI appeared can be taken for comfortable only if one does not know the “back” sides of the drivers of China's «economic miracle». From the 1980s to 2000s, the Chinese economy did not just grow at a high rate, but with cyclical periodicity it fell into a state of inflationary “overheating”. The astronomical saving rate can be treated as an evidence of underdevelopment of basic social security systems in the country, and at the same time as one of the reasons for a relative narrowness of the domestic consumer market (another reason is the low-income level of the majority of population).

China has therefore abundant financial resources for a capital formation. But investment processes in China even nowadays are often based on the logic of “soft budget constraints”: there are not only public enterprises, but also many semi-private companies that are provided with subsidies. As a result, irrational capital expenses lead to an excess production capacity and an accumulation of “bad debts” in the banking system. Foreign trade expansion can be treated not only as a reflection of China's growing competitiveness, but also as an indicator of a bias towards the export sector, and of an inability to fully utilize the potential of domestic demand.

The aggravation of these imbalances in the late 2000s coincided with the global financial crisis. That time the unfavorable trends were stopped by mitigating fiscal and monetary policy, i.e. the crisis was essentially “flooded with money”. But, as expected, the problems were not resolved, but, on the contrary, they worsened. Since 2011, the Chinese economy has been slowing down again, and the main reason for this is the enormous excess of production

capacity, which has increased even more as a result of the anti-crisis policy of 2008-2010.

Chinese economists Zhang Shaohua and Jiang Weijie say that provided with a current state of consumption in China, and the specifics of organizational structures in enterprises and the technologies used, the optimal rate of utilization of production capacity is by an average of 72-74%. But, according to their calculations, the real value of this indicator for the economy as a whole in 2000-2011 was only 60.7%. And during the implementation of the anti-crisis program in 2008-2011, it decreased from 62.0 to 59.7% (Zhang Shaohua and Jiang Weijie 2017, 94)⁸.

Overcapacity and huge pile of inventories are peculiar to a lot of light industries and production of durable goods, despite their active saturating export markets. But this problem is especially painful for a heavy industry. Their investment cycles are longer and the equipment used is more specialized. Therefore, enterprises usually cannot quickly withdraw production capacity from turnover in an event of contraction of demand in the domestic market, and they have fewer opportunities to quickly increase their exports than enterprises of light industries do.

It was in 2013-2014, when the BRI was initiated, that the Chinese authorities issued a series of regulations on administrative cuts in production capacity in the most problematic sectors: steel, cement, aluminum and glass industries, shipbuilding, etc. Since 2015, this line has been developed within the framework of Xi Jinping proclaimed “structural reform on the supply-side” (designed to unload the economy from both overcapacity and accumulated debt at the corporate and municipal levels). Particular attention was paid to the steel and the coal industry⁹. For them the XIII five-years plan (2016-2020) outlines annual cuts for production and employment. The authorities also have to regulate the real estate market with administrative measures: in many cities there is an excess of both residential and office buildings.

The growth rate of domestic investment in fixed assets slowed from 23.8% in 2011 to 5.9% in 2018. This means that there are also big problems with the load on the construction sector. In the near future, it is not expected to restore the former demand for the products of heavy industries. Domestic investment will not grow at the same rate as in the past due to the fall in marginal returns to capital, and due to the fact that enterprises are overleveraged (at the end of 2017, the share of total corporate debt in GDP

8 For further details about the idle capacity in China, see European Chamber (2017, 2016, 2009).

9 Some steel plants with higher production costs are being closed in China.

was 155.8%, while in international practice a critical figure is considered to be at 90%). Other reasons are the critical state of the environment in China, and the shortage of agricultural lands due to their use for the needs of industrial and infrastructural construction.

All of these result in more mundane and "problematic" meanings of the BRI. Production facilities can be simply eliminated, but also they can be brought abroad through direct investment. Thereby, it is possible to win back external demand for enterprises remaining in China, first of all, for manufacturers of investment goods and construction service providers. Fortunately, China does have financial resources for this. But it turns out that they are used not only for the "development of success", but also for relieving the tension that threatens the Chinese economy with even greater deceleration¹⁰.

Generally speaking, the most desirable option for the future is to compensate for weakening domestic investment demand by expanding demand of consumers. The share of final consumption in Chinese GDP has been growing, but quite slowly. It increased from a historic low of 48.5% in 2010 to 53.6% in 2017 and remains substantially lower than in most of the world. This means that in the nearest future the export dependence of the Chinese economy will not be overcome.

Meanwhile, over the past ten years, the growth of Chinese exports was replaced by a fall twice. If in 2009 the reason for this was the global crisis, then in relation to 2015–2016 this explanation is clearly not suitable. That time the slump was caused with the achieved natural limits of export expansion on the existing technological basis due to the saturation of markets; with the deterioration of a price competitiveness of Chinese goods due to the long-term revaluation of the yuan, as well as the growth of wages and other factor prices within the Chinese economy.

The traditional formats of trade liberalization and regional integration still provide insufficient support for China's export expansion. China still has relatively few bilateral free trade agreements (FTAs), and her partners in such agreements are mainly remote and relatively insignificant countries (Iceland, New Zealand, Switzerland, Georgia, Costa Rica, Maldives, Pakistan, Peru, etc.).

China's integration project (FTA) with the Association of Southeast

¹⁰ On May 16, 2015, the State Council of the People's Republic of China issued a document entitled "Guiding Opinion on Stimulating International Cooperation in the Use of Production Capacities and the Development of Mechanical Engineering". It listed 12 industries in which China has an overcapacity or has technological advantages that can be realized in other developing countries.

Asian Nations has not yet fully met expectations. At many markets China and the ASEAN countries act as direct competitors. According to available research, the effect of “trade distortion” associated with the functioning of this FTA so far outweighs the effect of “trade creation” between its participants (Chen Hanlin and Tu Yan 2007, Li Xuan 2011). Negotiations on the Comprehensive Regional Economic Partnership promoted by China and the ASEAN countries and an FTA within the framework of the Organization of Asia-Pacific economic cooperation (APEC) are far from being completed.

Against this background, the BRI project is needed to find additional segments of external demand, to create new channels for sales by tying the countries participating in the project to Chinese technological standards. This is especially important because until now, Chinese exporting enterprises in the global value chains (GVCs) have acted mainly as subordinates, as users of technologies generated in developed countries. The share of value added associated with a processing of imported materials and components in China has remained relatively low.

By the end of the 2010s, such a model of participation in the GVCs has become even more vulnerable – initially because of the re-industrialization carried out by Western countries (reshoring), and then because of the “trade war” between the US and China. Some Chinese economists note that one of the tasks of the BRI project is to format such GVCs, where Chinese companies themselves will be leaders¹¹.

However, the modern Chinese economy is highly dependent not only on export but also on import. The BRI project is also an attempt of effective management of corresponding risks. Raw materials support of economic growth in China is largely carried out from foreign sources. For example, the import of oil currently covers at least 60% of the total consumption in the country. For reasons of economic security, the authorities in the late 1990s decided that if the Chinese economy required large volumes of raw materials imports, it should receive them from the fields controlled by Chinese companies. BRI is designed to provide more opportunities for the Chinese to do so: developing countries receiving loans from Beijing will obviously be more accommodating and more willing to give Chinese investors a share in

¹¹ China in the mid-2010s has faced with the “double removal” of production abroad. The relatively high value-added units of the GVCs are “returning” to developed countries, and low value-added labour-intensive production is moving to countries that are poorer than China. Chinese enterprises are left with the “middle” links of the GVCs, but they lack competitiveness, and as a result the problem of overcapacity is exacerbated in the relevant sectors of the Chinese economy. The way out for China is to form such GVCs, which will combine Chinese middle-level technology, on the one hand, and cheap labor and raw materials of developing countries covered by the BRI project, on the other (Shen Minghui and Zhang Zhongyuan 2017).

their mining enterprises and infrastructure facilities. Moreover, it is already possible to find cases in which countries with non-performing loans (or asking for debt reliefs) sign agreements with long term commitments for the provision of natural resources to China - e.g. long-term oil contracts¹².

But the prevailing commodity groups of Chinese imports are not only raw materials, but also equipment, semi-finished products and components for the Chinese enterprises involved in the GVCs.

Hence, the construction of land transport corridors within the framework of the Economic Belt, i.e. across the Western borders of China, is necessary at least to stabilize the provision of Chinese economy with raw materials. Several ways of transportation in any case are better than one (maritime), not least because of the geopolitical reasons. Facing growing rivalry with the USA, the Chinese are seriously thinking about the risks of blocking the waterway through the Strait of Malacca, which connects the Indian and Pacific oceans. By the way, through it, China now receives up to 80% of its imported oil (mainly from the Middle East and Africa).

It is more difficult to calculate the costs and benefits of land transportation of manufactured goods. In principle, sea transportation is, of course, cheaper. But many Chinese ports are operating at the limits of their capacity, and goods shipped or ordered by enterprises from the interior provinces have to travel a long way inside China to a port or from a port. Railway fares are higher than the maritime ones. But, as the practice of existing railway routes from China to Europe shows, a delivery time when using them is reduced to an average of two weeks – compared to 40-45 days in a case of transportation by sea.

Having such an alternative, though relatively expensive, is important for Chinese companies that sell their goods through E-commerce, as well as for suppliers of medicines and goods that require special temperature regimes. In other words, by paying higher railway tariffs, such companies will be able to compensate for this by saving on "iceberg" transportation costs¹³.

The macroeconomic and structural imbalances of the Chinese economy also have a regional reflection. A level of development and involvement in foreign economic cooperation for individual provinces decreases as you move from the coast to inland, so that the Western provinces are relatively backward. This also applies to the Xinjiang Uyghur autonomous region (XUAR), through which routes of the Silk Road Economic Belt pass.

12 E.g. Djibouti, Laos, Tajikistan, Kyrgyzstan and Montenegro (Stratfor, 2018).

13 Samuelson (1952) introduced the concept of "iceberg" transport costs, alluding to the losses (costs) related to the transportation of goods.

In XUAR, the situation is exacerbated by ethnic and religious tensions. The risks are amplified by the fact that extremist groups operating in XUAR can interact with their like-minded fellows from Afghanistan and Central Asia.

Since 1999, China has been pursuing the state program “Go West”, aimed at smoothing interregional imbalances. The BRI is obviously important as an additional lever for its implementation: investment in infrastructure and foreign economic cooperation should create new sources of economic growth in XUAR and other outlying provinces. And the acceleration of development, according to this logic, will contribute to the stabilization of domestic situation, and bring a calm on the Western borders of China¹⁴.

But one can say that the need for such a “success story” is now very relevant at the national level as well. The current leadership of the PRC not only changed the country’s foreign policy, but also carried out the transformation of its political regime. And this was done against the background of the general deterioration of the economic situation in China in the 2010s. Therefore, the real impact of the BRI, and the demonstration of its economic and foreign policy benefits are important to confirm the legitimacy of the government and to prove the correctness of its chosen course.

What Has Been Done?

When the project of the BRI had only been launched, it was said about five of its routes. It was assumed that three transit corridors would be created within the framework of the Economic Belt:

- 1) from Xinjiang through Central Asia and Russia to Europe;
- 2) from Xinjiang through Central Asia, by passing the Caspian Sea from the South, to the countries of the Persian Gulf and to the Mediterranean;
- 3) from the Western and South-Eastern provinces of China to South Asia, to the coast of the Indian ocean and South-East Asia.

And for the MSR two directions were provided:

- 1) from Chinese ports across the South China sea to the Indian ocean and further to Africa and Europe;
- 2) from Chinese ports through the South China sea to the southern

¹⁴ Some researchers even put this motive to the first place in the aggregate goals of the BRI (Li Xing and Nu Yicheng 2017, Chubarov 2017). But Safronova rightly notes that interethnic tension can exist not only because of poverty. It may increase with an acceleration of economic growth due to an uneven distribution of its fruits. Relevant risks should be considered when predicting the consequences of the construction of the Economic Belt for both the XUAR and the Central Asian countries (Safronova 2018).

part of the Pacific basin.

The list has increased over the years. Various Chinese sources mention about a dozen of routes, including access to the Russian Trans-Siberian railway through Mongolia and the Chinese North-East (Manchuria), as well as communication with Europe via the Northern sea route, i.e. through the Russian Arctic waters.

By the end of March 2019, China had signed 173 cooperation agreements with 125 countries and 29 international organizations in the framework of the BRI. Among already built or currently under construction transport facilities are: Addis Ababa – Djibouti and Mombasa – Nairobi railways; Budapest – Belgrade, Tehran – Isfahan and Ankara – Istanbul high speed railways; China – Kyrgyzstan – Uzbekistan highway, and highway route from Kashgar in Xinjiang to the Pakistani deepwater Gwadar port etc. Besides, railway lines connecting China with Central Asian states and further with Russia and Iran, as well as China – Mongolia – Russia, China – Vietnam, China – Thailand railways are being modernized.

According to the report of the Steering Group on construction of the BRI at the State Council of China (2019), at the end of 2018, Euro-Asian rail routes in the framework of the Economic Belt connected 108 cities of 16 countries. Over five years of the BRI implementation, 1239 new airlines were opened between China and the countries involved in the project. 42 ports in 34 countries are being built along the MSR. Transport projects of the BRI also include some pipelines: new branches of the gas pipeline Turkmenistan – China, the oil pipeline Myanmar – the southern provinces of China. Here some Chinese analysts also mention the Sino-Russian gas pipeline "Power of Siberia". Power lines and fiber-optic communication lines are also being built with Chinese participation.

By the end of 2018, 113 trade and economic cooperation zones were established in 46 countries, where Chinese direct and loan investments are being made, and 290,000 jobs were created there. The number of countries that joined the Asian Infrastructure Investment Bank as founders reached 93 by March 2019. In 2018, the AIIB financed 35 projects in 13 countries, its loan portfolio reached \$ 7.5 billion. By the end of 2018, the Silk Road Fund had invested a total of \$ 7.7 billion in various countries. And the total Chinese investment in the partner countries of the BRI amounted to about \$ 35 billion for five years.

For 2013–2018 the turnover of China's trade with the countries involved in the BRI, was more than 6 trillion dollars. It was 27.4% of the total Chinese foreign trade in goods for that period. In 2018, trade with these countries reached \$ 1.3 trillion, its increase for the year by 16.4% was

more significant than the growth rate of China's total foreign trade turnover (+12.9%) (Steering group... 2019).

As for its institutional design, Chinese leaders have always talked about the desirability of switching to duty-free regime among the countries participating in the BRI. In December 2015, the State Council of China by a special resolution noted the need to accelerate China's conclusion of as many free trade agreements as possible, primarily with neighbouring countries and with states located on the BRI routes (Sun Chuzhen et al. 2017, 84).

But this is not a prerequisite for a country to join the BRI project. Moreover, the Chinese side is ready to cooperate within the framework of the BRI with existing regional economic associations, which have their own liberalization agenda, including the EAEU. The Chinese are more insistent in their proposals for monetary and financial cooperation: the participating countries are invited not to limit themselves to loans from Chinese banks, but to issue yuan-denominated bonds and derivatives as well. It is also said about the desirability of a transition in mutual settlements from the dollar to national currencies (in fact, of course, the use of the yuan is meant).

Thus, the BRI does not look like an integration group with a fixed membership and strict liberalization commitments of participating countries. Anyway it is difficult to imagine a single FTA, which would involve dozens of countries located on different continents, with very different levels of development. The BRI is rather a broad and flexible format within which a large number of bilateral and multilateral projects can exist. Although there are certain integration ingredients in the BRI, these are mainly elements of a "positive integration" (implementation of joint infrastructure projects, poverty reduction by international efforts, financial innovations), rather than of a "negative integration" (removal of restrictions on movement of goods, services and factors of production among countries). But most of all, the BRI reminds (and this is mentioned by both Russian and Western analysts) Marshall Plan, implemented at the turn of the 1940s–1950s (Sanin 2018, Stratfor 2018). Then the USA invested heavily in rebuilding war-torn Europe, cementing foundations of the transatlantic Alliance under its auspices and securing markets for American firms.

It is widely believed that Chinese loans granted in the framework of the BRI, are more attractive to developing countries than the loans of IMF or the World Bank, since they are given without conditions of macroeconomic nature (such as a balanced budget of a borrower, a liberalization of prices and exchange rate, etc.). In addition, lending by Chinese banks is not sensitive to a nature of political regime in a borrowing country: the Chinese involve in the BRI project a variety of countries – from democratic to authoritarian

and theocratic. However, the Chinese do put forward conditions, but different ones.

From the experience of many countries participating in the BRI, it is known that not only debt financing, but also direct investment is provided under the obligation of the host country to attract Chinese companies for a design and construction of enterprises and infrastructure facilities; to use Chinese technology, equipment and materials in their activities; to hire Chinese specialists for an operation and maintenance of facilities.

No wonder, it is for this aim that the BRI was started. What's more, this is very consistent with the stereotypes of industrial policy, which is carried out within China herself. It aims to support national producers in competition with imports, to stimulate their interaction with each other, to spread the positive external effects of foreign economic cooperation throughout the economy. Now, with the help of the BRI, such industrial policy extends beyond China to the economies involved in her sphere of influence.

But, like any protectionism, it cannot be conflict-free. In some countries (in particular, Kyrgyzstan and Kazakhstan) there have already been protests by the local population against hiring of Chinese builders and non-compliance by Chinese investors with environmental requirements. In a number of states (Bangladesh, Malaysia, Myanmar, Nepal), local governments refused infrastructure projects already agreed with China, considering their conditions unacceptable. There are also illustrative examples of what the Chinese investment expansion can result in if it develops incrementally. To such countries as Djibouti, Kyrgyzstan, Laos, Tajikistan, Montenegro, the Chinese wrote off part of their debt on loans in exchange for introducing of Chinese control over the local deposits of natural resources – as mentioned above. Difficulties in servicing loans led to the long-term lease of port of Gwadar (Pakistan) and port of Hambantota (Sri Lanka) to the Chinese.

Is it bad or good – in each case it is necessary to judge separately. It is not always a question of real threats to the economic security of countries that attract Chinese money. But, in any case, it is clear that involvement in the BRI does not automatically create incentives to diversify an economy and exports of participating countries, and this should be taken into account when assessing the prospects of a country's participation in this project.

The Perception of BRI in the World Arena

For clear reasons, BRI is being attentively followed in the whole world. Some governments are expressing their contentment with the initiative, some

others are manifesting their worries. The media is exploring the subject, sometimes in a quite exaggerated way (notably in the Western countries). Scholars are involved in the effort of filtering the true information, compiling the existing data and deepening the analysis over this very interesting and sensitive topic. Hence, once having discussed the proposal of BRI by the Chinese government and how it creates opportunities but also responds to challenges faced by this country, it is also important to inquire the perception of BRI in the world arena and the reactions to this project.

To initiate this investigation, it is interesting to construe the results of a big-data analysis regarding the media coverage of BRI in 132 countries. Herrero and Xu (2019) show that the average sentiment of the world media concerning the initiative is positive, but with extreme differences in the various countries and regions. First of all, the study indicates that the region where this positive sentiment is dominant is Central Asia. Due to its strategic position in Eurasia, but also to its abundant reserves of oil and gas, this is a core region for BRI, being also – as discussed above – the place where the initiative has been announced. Hence, it is one of the regions where the investment projects started being implemented, benefiting from the economic dynamism that they may generate.

The next region with a high positive sentiment regarding BRI is Sub-Saharan Africa, which comprehends notably low-income countries, where the investment projects tend to be welcome. Moreover, many of these countries have already constructed deep economic connections with China in the last decades. Finally, in East-Asia and Pacific the positive sentiment is also dominant, but with an important and illustrative divergence: in Australia, the average sentiment is negative, showing that the center countries are normally more reluctant in considering the project as positive for the world community. Further, Australia may fear that the increasing investments of China in the region will loosen its own influence over it. In the other side of the spectrum, Laos and Vietnam are the countries in the region where the positive sentiment is more dominant.

In Europe, the average sentiments are also very diverse. Interestingly, in some countries which are not part of BRI the positive sentiment is high, like in the Netherlands and in Portugal. On the other hand, in some non-EU countries that are part of BRI – some of them already receiving investments related to this initiative – a negative sentiment is dominant, like in Bosnia-Herzegovina and Poland. In the USA, the positive and negative allusions to BRI are somehow counterbalanced and the average sentiment is close to zero (the neutral point). In Latin America and the Caribbean most of the countries are concentrated around this neutral average sentiment, which may be related

to the fact that in these countries the discussions regarding BRI – as well as the possibility of joining this initiative – is recent.

Finally, in South Asia although there are also divergences, some countries show a predominant negative sentiment. Many of these countries are directly implicated in the BRI projects and the risk of debt trap and an excessive dependence on China are the probable explanations for this result. Moreover, in India – which is among the 10 countries with higher negative sentiments – there are historic disputes involved, as we are going to discuss in the next section.

Herrero and Xu (2019) also show that the positive sentiments are normally related to the investments in infrastructure and the trade opportunities potentially created by BRI. On the other hand, the reasons behind the negative sentiments are much more diversified, including the risk of debt traps, land grabbing and Chinese military expansion and complaints against the alleged unlawfulness, insecurity for workers and disrespect to the environment within BRI projects.

The Challenges for the Countries Participating or Not in the BRI

In the USA, many analysts claim that the BRI lacks transparency, has no strong commitment to sustainability, ignores the practices of good governance and will lead some countries to "debt traps". Even if one cannot integrally refuse these statements, it is more than obvious that this effort of the USA to blemish the international image of BRI is deeply rooted in its economic and geopolitical rivalry with China which has gone out of the shadows in Trump's administration. As discussed above, the BRI started as a plan to integrate Eurasia through land, but it has been gradually extended to include the Pacific Islands, Africa and even Latin America. At the end of the day, the ironic result is that the initiative is prone to include all the world but North America. Daring to work for the reallocation of the center of gravity of the world economy, from the Atlantic Ocean to Eurasia, this project is clearly opposed to the American leadership of the world economy. An open letter signed by 16 American Senators is quite eloquent to show the tensions arising in the USA due to BRI: "the goal for BRI is the creation of an economic world order ultimately dominated by China. It is imperative that the USA counters China's attempts to hold other countries financially hostage and force ransoms that further its strategic goals"¹⁵. Besides criticizing the initiative, the USA has

¹⁵ Letter addressed to the Secretaries of the Department of Treasury, State and Defense and

been pushed by the BRI to provide also some international cooperation to the countries potentially involved in the initiative¹⁶.

For Europe, the infrastructure planned by the BRI will bring a clear benefit for its trade which China, by reducing the costs and the time length for the transportation of goods. Nevertheless, if it represents a benefit for the consumers, it will also increase the competition for the European productive sector, inside Europe but also in third markets. Indeed, some official documents (e.g. BDI 2019) have been already expressing their worries about the competition with China in other countries. Hence, one of the main concerns of the European Union is related to its industrial sector. The European most powerful country has openly declared that its industrial policy involves now a kind of retaliation to the Chinese appetite to purchase German companies, notably in high-tech or strategic sectors. In the Atlantic side, Europe has been simultaneously pressed by Trump's administration to raise its guard regarding the world's economic competition. This whole picture somehow shows the sentiment of EU regarding the two most important countries in the world nowadays. Geopolitically, Europe has also kept important influence over its former colonies, notably in Africa and the BRI will probably loosen it by enhancing the connection between many African countries and China. However, EU is not a monolithic group and some countries some countries (e.g. Italy, Greece and Switzerland) have already signed a Memorandum of Understanding with China related to the project.

Australia and Japan are not directly involved in the projects, but due to their geographical positions it is obvious that BRI may have important influences over these countries. On one hand, they may also benefit from a better infrastructure for the transportation of goods, which tend to deepen and create more efficiency in the Asian GVCs (the so-called "Asian Industry"). Nevertheless, their roles as regional leaders may be relativized due to the increasing importance of China. As a reaction, both countries got involved in the development of (other) infrastructure projects in South Asia and Africa. Additionally, the impressive catching up process verified in the Chinese industry allied to the outcomes of BRI may result in the near future in a tough competition for Japan, not only related to goods, but also to technological standards.

Hence, if initiatives for free trade have been part of the rhetoric of the center countries for the last decades, it is interesting to see how China is currently not only playing the role of the most important advocate of free

signed by 16 USA Senators on August 8, 2018.

¹⁶ As a response to BRI, the Americans are developing a program for infrastructure in Africa in collaboration with Japan and India (Stratfor 2018).

trade in the world, but it is also the country which is more deeply concerned in concrete projects to revitalize the international trade, after the deceleration it suffered after 2008. On the other hand, many of the center countries seem apprehensive with this movement and notably with BRI, which has indeed much more objectives than just fostering the international trade.

Moving the analysis for other groups of countries, the challenges tend to be different. Starting with BRICS countries, the main concern is that the group as a whole has lost importance in the framework of the Chinese foreign policy. BRICS and BRI are obviously not contradictory – in theory, they may be also complementary –, but some representants from Brazil, Russia, India and South Africa have been expressing the sentiment that BRI is somehow eclipsing the centrality BRICS had not so long ago. Nevertheless, it is crucial to understand that a relevant reason for this declining importance of BRICS comes from the economic and political crises in some of these countries – notably Brazil and South Africa – and, more importantly, from the new orientation of the Brazilian governments after the impeachment of Dilma Rousseff, since the new president radically changed the foreign policy, giving explicit priority to the relations with the USA¹⁷. Yet, the challenges are different for each of the BRICS countries.

For Russia, one may not ignore that there are some tensions regarding the Central Asian countries, historically connected to Russia and very important for Moscow for both economic and security reasons. In this sense, Russia does not want BRI to undermine the Eurasian Economic Union (EAEU). In spite of that, a participation in BRI may be fruitful for Russia, since in such a way she will be able to apply her potential as a transit country. Furthermore, the very character of that project provides her with a space to manoeuvre. By now, Russian exports to China consist primarily of fuels and other commodities. More active industrial policy is needed to correct this situation. A flexible framework of the BRI is more suitable for this objective to be achieved, rather than traditional forms of regional integration, such as a free trade area. It is so not least because Russia will be able to cite examples of Chinese protectionism in order to justify her own measures to promote exports of manufactured goods and to localize a provision of intermediaries for both export-oriented and import-substituting sectors of her economy. More importantly, Russia is attentive to do not fall into excessive Chinese debt and to require joint ventures with Russian control in projects developed inside its territory.

¹⁷ During the Worker's party governments in Brazil, the foreign policy was deeply oriented to the development of BRICS. After the impeachment – considered by many analysts as a "coup d'état" –, Michel Temer's government has explicitly declared a change in the foreign policy.

India is one of the countries expressing more suspicions regarding the BRI. Besides its historical tensions with China, the most important element to understand it is the plan for the construction of a China-Pakistan Corridor within BRI that would cross the disputed area of Kashmir. The Indian government has therefore declared that it consists a violation to its national sovereignty. Consequently, India has not attended the BRI Forums and is openly criticizing the initiative for its lack of transparency and its incitation to debts. Moreover, its prime minister Narendra Modi has been raising public concerns about the project, even claiming that it may be used by China in the future for military purposes. Interestingly, India is also responding by launching or reviving some initiatives for regional cooperation outside the framework of the BRI.

Due to its geographical position, Brazil was initially not part of BRI. Nevertheless, since the initiative has been widened to include also Latin American countries, dialogues about a possible participation of Brazil were initiated. Actually, Brazil has already been receiving Chinese investments related to infrastructure (notably energy) during the last years. Its official participation in the initiative would mean the inclusion of these investments under the umbrella of BRI, but also a possible expansion of these investments to other fields (e.g. the infrastructure related to the transportation of goods). The political tensions between the two countries may be seen as an obstacle, since the Brazilian current president Jair Bolsonaro is very deeply connected to the USA¹⁸. Indeed, under his government, an autonomous foreign policy was abandoned in favor of a USA-oriented policy. However, in spite of all this discourse, the Brazilian government is step by step re-establishing pragmatic relations with China. This role is being played by the Vice-President Hamilton Mourão, who has recently declared that Brazil is “open to discuss” its participation at BRI¹⁹. Since 2009, China is the main trade partner for Brazil and since 2013 Chinese investments in Brazil are increasing substantially. Entering into a real dispute with China would be therefore harmful for the Brazilian economy and notably to the agrobusiness sector, whose exports are enormously depended on China. Since this sector composes an important group supporting Bolsonaro’s government, it would bring also political damages for the president.

South Africa is still under the effects of a critical political and economic crises. In 2018, its GDP growth has been one of the lowest in the whole continent. In this sense, the investments related to BRI may appear as an

¹⁸ Following the example of Trump, he made some violent declarations against China during the electoral race.

¹⁹ Xinhua Agency in May 2019.

important source of dynamism for this weakened economy. Yet, the imperative problem is the probable maintenance of the country's role as solely a supplier of mineral goods and energy to China. According to Monyae (2019), South Africa has to search for a more prominent role in BRI. Within BRICS, this country has presented itself as the representative of Africa in the discussions and as a gateway to the continent. Differently, some debates regarding BRI have been done within the African Union²⁰ and the more concrete measures are bilaterally negotiated, creating the risk of undermining the South African leadership in the region.

Among the Southern Asian countries, Pakistan is the one where the immediate impacts of BRI are higher. The above-mentioned China-Pakistan Economic Corridor involves around \$ 18 billions (around 6% of the country's 2018 GDP) and is linked also to investments in the Port of Gwadar and the new Gwadar airport. Besides the transportation network, massive investments are also planned for power projects, which may strongly alleviate the chronic problem of power shortages. The obvious problem comes from the risk of excessive indebtedness and the example of the non-performing loans related to the Gwadar Port – mentioned above – is quite illustrative²¹. Besides, the tensions with India are getting deeper, as previously discussed.

To conclude, it is important to understand that there are also some benefits and challenges that are common to almost all peripheral countries. The most important benefit arises from the effective (in some cases dramatic) lack of infrastructure. Specially, in many countries the transportation network is quite inefficient, resulting in non-negligible extra-costs for both exported and imported goods. Therefore, the BRI may indeed give a contribution to these countries trade and to the international trade as a whole. Furthermore, these investments will certainly contribute to the economic dynamism of these countries. Nevertheless, some important problems arise. First of all, these whole transportation network will be external-oriented, i.e. its construction is related to the purpose of fostering the external trade; more precisely, to foster the commerce with China. Hence, it would not deal with the problem of integrating the national space of the involved countries; or to create regional connections (e.g. inside the African continent). In this sense, it would reinforce the historical tendency of the peripheral countries to have an external-oriented economy, with immense – sometimes perverse – ties to the industrial countries.

Another general benefit for the peripheral countries comes from their

20 A MoU regarding BRI was signed between the African Union and China.

21 For details, see Stratfor (2018).

handicap in raising reasonable amounts of funds – notably in international currencies – in the private markets. For some countries, the only possibility is getting credit lines at the World Bank (or any other western multilateral institution), which may be very costly due to the conditionalities imposed by this institution – normally austerity policies, political and/or neoliberal economic reforms. BRI creates therefore an alternative source of international funds for these countries, exempted of these traditional western conditionalities. Indeed, China provides funds for many countries regardless of its political or economic regime. Nonetheless, it is already clear that some of the Chinese loans are provided for hiring Chinese companies. Moreover, one may also not ignore that being indebted with China creates a higher dependence on this country – notably when it results in non-performing loans, as discussed above.

Finally, the most important challenge for the peripheral countries is the classical problem arising from the economic integration in a world with so heterogeneous economies. All over the last century, many economists, from List (1909) and Prebisch (1949) to Chang (2002) have raised points about the problems related to a specialized (non-diversified) economy, to the necessity of industrial development, to the defense of the *enfant industries*, to the urgency of a catching up process related to the development of high-tech industry, and so on. By strengthening the integration of many underdeveloped countries to a powerful industrial economy as China, the tendency will be the intensification of a division of labour in which these countries produce agricultural/mineral goods or intermediate goods with very low value-added – i.e., they will perpetuate their positions in the less profitable parts of the GVCs. In other words, by heightening the connection between so asymmetric countries, BRI creates the serious risk of a magnification of these asymmetries.

Final Remarks

From the analysis developed in this paper, the first important confirmation is that BRI is indeed quite impressive. Given the amount of resources, the number of involved countries, the variety of projects, but mostly the ambition of changing the center of gravity of the world economy, it is an initiative that justifies all kind of researches intending to analyze it and prospect its – economic and geopolitical – impacts. Due to the quantity and diversity of related initiatives, to the lack of organized data and information, and to the exaggeration of the media it is still not easy to establish the boundaries between the ideas and the concrete projects. Nevertheless, by showing what

has been done so far, this paper clearly shows that after 6 years, the initiative is much more than an abstract plan. Involving already 125 countries and 29 international organizations, BRI is still in its initial steps, but it mobilizes already a considerable group of projects and also an increasing number of free-trade agreements.

Following the general strategy launched in 2013, the projects are concentrated in transportation and energy, so it is unquestionable that they will have important effects on the amelioration of the infrastructure in many countries. Hence, they tend to have a double economic effect: in the short-term, they provide economic dynamism; in the long-term, they effectively tend to facilitate the international trade, which is one of the main aims of BRI.

These two effects have to be however analyzed in more details to avoid superficial conclusions. Concerning the first one, it is undoubtful that investments heat the economies in the short-term. Nonetheless, we have to check where this dynamism is (or will be) created and it depends on the actors that are taking part in this investment process. Hence, it is important to analyze if the companies, suppliers and workers involved in the investment projects are national or if they are Chinese. The responses have to come in case-by-case studies, which constitute a very important field for researches.

Concerning the second potential effect, i.e. the intensification of the world trade, it is also unquestionable that better infrastructure, by lowering the transportation costs tend to facilitate the exports and imports. Yet, within a political economy framework it is absolutely necessary to understand that transportation costs are important for the international commerce, but there is another crucial component that may never be ignored: the attitude of nation-states, which arise also from political decisions. After the outbreak of the international crises in 2008, protective policies have been adopted in some countries, having its paroxysm in the Trade War engendered by Trump's administration. In this sense, BRI is very coherent with the new role played by China in the world arena as the new advocate of free trade. Its implementation depends however on the acceptance by other countries, which involves always political calculations.

It is therefore clear that being a so vast initiative, with so diversified economic and political implications, BRI requires very complex investigations. Trying to give a contribution for the discussions, this paper showed initially that the plan created indeed some important possibilities for China. After all, it is a Chinese initiative and besides the discourse of universal benefits it is obvious that it envisages mostly benefits for this country. These benefits may come from the strengthening of the Chinese international trade, the dynamization of its economy, the dissemination of Chinese technological

standards worldwide, the internationalization of its banks and currency. Moreover, it comes from the extension of the Chinese political influence in the world arena.

Notwithstanding, BRI is not only an indication of China's economic and political strengths, but it responds also to some of its weaknesses. In this sense, the paper discussed the importance of BRI to counter the important deterioration of Chinese trade balance since 2008. Moreover, the investment projects worldwide may be a very important source of demand for some industrial sectors who are facing huge idle capacity in the recent period. In sum, even if most of the investments are (will be) made abroad, they may give a contribution to slow the pace of the deceleration in the Chinese economic growth. Moreover, certain projects involve investments inside Chinese territory and besides the obvious benefits for the economic dynamism they will be also important to reduce one crucial problem: the regional inequalities. By investing in infrastructure in the Western part of the country, BRI will foster the economic growth in this region, but will also pave the way to a deeper integration of the whole national territory.

Finalizing the analysis, it has been necessary to investigate how the rest of the world is dealing with BRI. Although the Chinese government uses the discourse of a win-win initiative, some researches show that the sentiment regarding BRI is very diverse in the different countries. Interestingly, we notice that the countries who demonstrate more resistance to the initiative are those who fear a loss of geopolitical influence in the world or in their regions. It reveals therefore that the apprehensions arise more from geopolitical issues than from economic ones. The most important economic risk is the debt trap, but in many countries the lack of long-term funds (notably in international currencies) and the deficiency in infrastructure is so harsh that they are prone to adhere to the projects. However, BRI brings also some challenges, as we have discussed above. Along with the more specific challenges, that have been analyzed in the article, there is one common threat for all peripheral countries: by heightening the commercial integration with China, these countries may perpetuate their roles in the International Division of Labour, as suppliers of mineral/agricultural goods and/or low value-added intermediate goods for the Chinese manufacture.

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ABSTRACT

The “Belt and Road Initiative” (BRI) is quite impressive in the amount of resources and the number of countries involved, but also in the diversity of intentions it reveals. In one hand, it is a demonstration of strength for China in the international arena; in the other hand, it is an effort of the Chinese government to face important economic problems. Nevertheless, it may not be studied only from the point of view of China, since it has direct and indirect impacts over the whole globe. This paper aims therefore to analyze BRI under the framework of associated opportunities and challenges for China and for the rest of the world.

KEYWORDS

Belt and Road Initiative; China; Infrastructure.

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WORLD SYSTEM MOBILITY: THE RELEVANCE OF THE SEMIPERIPHERY CONCEPT FOR DEVELOPMENT PROJECTS IN THE 21ST CENTURY

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“Ultimately, development processes are struggles over domination.”

Max Weber

Introduction

After a long period of neglect caused by the 1980s crisis and the liberal catharsis of the 1990s, developmentalism is once more relevant topic in Brazilian economic literature. During the most acute period of the liberal consensus, the work of non-orthodox economists was largely dedicated to highlighting the theoretical inconsistencies of the neoclassical school, and to search at the same time, for a more comprehensive debate with society about the consequences of the adoption of the policies recommended by the Washington Consensus (Williamson 1990).

In this new moment of revitalization of developmental thinking, the challenge proposed to rebuild a new project for the country has been made from a critique of certain concepts and policies inherent in developmental thinking and project in force for approximately half a century in the country - from the coffee burning of Vargas to the debt crisis of the 1980s. This criticism regarding *old developmentalism* is leading to the emergence of new analysis that seek to modify certain aspects of the first in order to allow the

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built of the so-called new-developmentalism.

A underexplored feature of this debate relates to the impacts that this new project of national development would have in the international scenario. Although many authors are aware of the needs and obstacles imposed by the external sector - hence the overcoming of external bottlenecks is one of the main points of the debate -, the geopolitical issues related to a strongly hierarchical interstate system are not held into account by most of the analyzes.

The existence of a “world beyond the sea” is constantly ignored by the new developmental analyzes, which, when analyzed, are largely limited to the impacts of the value of the national currency on the exports level and the country’s ability to import. These new studies are compatible with a methodological nationalism in which “the nation is referred to [...] as a self-sufficient unit and inserted in an undifferentiated international environment”. (Medeiros 2010, 638).

The consequences imposed by the existence of a strongly hierarchical interstate system are usually ignored and taken as exogenous variables, leaving the following question unanswered: “how is it possible to change an unfavorable power correlation between nations, based on a situation in which the States already appear historically hierarchical [...] and compete within the same global capitalist economy?”. (Fiori 1999, 53-54).

Mobility in this system is not carried out only considering the best use of the factors of production, the application of a coherent macroeconomic model or the adoption of models from institutions imported from other countries. It is necessary to consider that the conflicting interactions between Nation States in the world system, even when we consider only the economic point of view, are not resolved through competitive markets and/or negotiations in international institutions such as the WTO or the IMF².

The aim of this article is to offer a contribution to address this analytical gap, considering the relevant of the semiphery concept for the study of economic development. The article will be divided into three parts in addition to this introduction.

In the first part, some concepts of the World-System Approach will be analyzed. It will be seen how the process of capitalism’s expansion through the interstate system will incorporate areas that were formally on its margins. Also, it will be studied how this system reproduces itself in a space-time framework through economic and political mechanisms that keep countries

2 “[The] small core of the great powers maintains its centrality ... and it is still their decisions and conflicts that determine the dynamics of the system, including the “windows of opportunity” open to the states located on its periphery. (Fiori 2004, 41)

locked into an international division of labor and in an extremely hierarchical interstate system.

In the second part, a more in-depth examination on the semiperiphery question will be made. Here, the analysis of economic mechanisms - the role of global value chains, the economic activities inherent in the center and the periphery, the unequal distribution of the surplus - and political mechanisms - occupation of the territory, military capabilities and regional influence - allows to understand the existence of countries in an intermediate situation: the semiperipheral countries.

In the third part, new contributions to the concept of semiperiphery in the interstate system of the XXI century will be analyzed: the empirical attempts to define the semiperiphery, its role in the reproduction of capitalism at the global level and the mobility in the hierarchy of the world system.

Notes on the Modern World System

The concept of semiperiphery was used to explain the dynamics and reproduction of what Wallerstein calls the Modern World System, whose genesis took place from a capitalist world-economy that emerged in Europe in the XVI century. Braudel (1996, 12) understands the world-economy as “a fragment in the universe, a piece of the planet that is economically autonomous, capable of, in essence, sufficing itself and to which its connections and exchanges confer a certain organic unity”. In a slightly more rigorous definition, we could say that a world economy can be defined as a geographically delimited area where productive processes interconnected by chains of goods operate in order to create an interdependent and hierarchical economic space.

Its economic uniqueness is guaranteed by a division of labor, an articulating axis between central and peripheral economic processes, and its integration occurs through the market, the main space, but not the only one, where unequal exchanges take place. In striking contrast, its political space is fragmented into sovereign political units, with varying degrees of autonomy over its jurisdictions, which form the interstate system (Wallerstein 2004).

The demands for expansion of this world-economy derive directly from its capitalist mode of production. There is an expansive compulsion in capitalism that compels the world economy to expand its borders. It is a complex process, which requires time and resources, which seeks to make the new territories compatible with the process of capital accumulation and, therefore, with the world system.

On the economic side, the new zones will have to be part of the international division of labor, its territories will have to be crossed by one or more chains of goods. These changes in the sphere of production are usually quite traumatic: “normally involved upsetting or adapting land tenure arrangements, relocating labor forces, changing the relations of production, altering balances of social power”. (Hopkins & Wallerstein 1987, 776).

For this absorption to be complete, new organizational and institutional structures must be built or derived from the pre-existing ones. These political structures will accommodate the region to the processes and institutions of the interstate system. Structures that should be neither too strong nor too weak. To the extent that if they were too strong they could obstruct the flow of goods, capital and labor. But if they were too weak, they might not prevent others, particularly from within the same jurisdiction, from obstructing. (Hopkins & Wallerstein 1987, 778).

These incorporation processes are fundamental for the accumulation of capital. Hopkins and Wallerstein (1987) believe that the resistance of these regions outside the world economy strongly influences the incorporation processes. The more strongly structured the political systems of these regions were, the greater the military capacity they would have to withstand pressure. These zones would end up being incorporated into the world economy not as a periphery, but with a higher status, as a semi-periphery.

From the moment this incorporation process was completed, these new zones would become part of a capitalist world-economy strongly hierarchized and polarized, in a trimodal model: organic core (center), periphery and semiperiphery. This polarization of the capitalist world-economy is not only derived from its own functioning, but mainly, essential for its reproduction.

The polarizing reproduction of the world-economy comes from the division of labor, which is responsible for the uneven distribution of gains made in the various economic activities. The concept of division of labor is used here to designate processes that are constitutive, continuously reproduced and that end up constantly changing the structural relations of production (Hopkins 1982).

These processes are integrated into global value chains. The most profitable economic activities are found predominantly in the organic core while the least profitable economic activities are carried out largely on the periphery. It is not simply a matter of encompassing the entire production chain of a more profitable final product. The important thing is to analyze which of the activities of a chain of a certain commodity give more return. It is for this portion that the dispute responsible for the polarization of the world-economy takes place.

As a large part of the value chains cross more than one State, what will differentiate them with regard to the extraction of economic surplus is their position relative to the most profitable nodes in these chains. Organic core states are characterized by being composed mostly of the most profitable activities, while peripheral states are mainly composed of low-profit activities.

It is appropriate at this point to emphasize that it is not exclusively an economic phenomenon. The political sphere is also important. Countries in the organic core, whose state apparatus is stronger than their peripheral peers, use the widest range of policies that influence the attraction of these more profitable activities.

Thus, this permanent tension in the world system between an economy of global scale and an historically unprecedented number of sovereign state jurisdictions, or, to put it another way, between the articulation of processes of division and integration of global scale of work with processes of sovereign jurisdictions formation in the world system, are responsible for the trend of convergence between the centrality of the economic network and the centrality of the political network. That is, *strong states develop strong economies; weak states result in peripheral areas, peripheral economic processes* (Hopkins 1982).

But tension is not exclusive to the core-periphery dichotomy, it is also present between states that make up the same stratum. It arises from the contradiction between the trend of geographic centralization of the most profitable nodules in the value chains and the growing competition between the countries of the organic core to shelter them. The friction arising from this spatial inequality in the centers of capital accumulation accounts for much of the fierce competition that the modern world system is experiencing today.

The mechanisms for reproducing the polarization of the world system originate from this unequal division of labor. The most accepted approach within the world-system literature regarding this issue points out to the mobility of goods and their production chains, carried out through unequal exchange. For Wallerstein (2004), profitability would be directly related to the degree of monopolization of economic activity. Given that monopolies need strong states, it is in the core countries where they find a more fertile economic environment to reproduce.

This polarization of the world-economy is a dynamic and relational phenomenon. Relational because the benefits of an economic activity depend on its position along the value chain. The origin of its highest profit is the coercive appropriation of the peripheral surplus. It is about understanding the term 'peripheral' in a sense that is different from marginal and expendable. Without peripheries there is no organic core and without both there is no capitalist development (Hopkins 1982). Both concepts can only be fully

understood if related. That is why Arrighi (1998, 217) believes that the wealth of the states of the organic core “cannot be generalized because it is based on relational processes of exploitation and relational processes of exclusion that presuppose the continuous reproduction of poverty of the majority of the world population” .

The intrinsic dynamism of polarization is due to the fact that no activity is inherently part of the organic core or the periphery, on the contrary, its nature varies historically. A division between industrialized products as belonging to central economic activities and primary products as coming from peripheral economic activities, would not be compatible with the economic reality in force in contemporary economy.

So far our focus on the polarization of the contemporary world system has been strictly on its most extreme cases, for simple analytical reasons. Following, the concept of semiperiphery can be more clearly analyzed regarding its origin, conceptualization, empirical verification and relevance to economic development studies.

The Semiperiphery

Latin American structuralism, whereas analyzing national development projects, sought to identify the specific situation of the economies of the region and their position vis-à-vis the most advanced economies. This relationship was portrayed in the concept of center-periphery, presented by Prebisch (1949). In this way, the development of the center started to link directly with the underdevelopment of the periphery. Economies that had better relations with central economies, based these interactions on trade, due to the difference in income-elasticity of industrialized products in the center and in primary products in the periphery.

The appropriation of this hierarchical view of the world capitalist system was carried out selectively by the World-System Approach. It is not enough to simply start producing industrialized products, considered as central, at the expense of primary, peripheral products, for the country to become developed. It is, as we have seen, a dynamic relationship. On the other hand, the rigidity of the center-periphery dichotomy did not include certain countries that did not seem to fit very well at their extremes, in addition to preventing understanding how some countries managed to rise within this hierarchy.

We could define the semiperiphery as an intermediate region in the international division of labor, which is composed of a balanced composition

between central and peripheral economic processes. Their economies are pierced by nodes in the value chains that vary between belonging to the organic core and others that have peripheral characteristics.

This hybrid composition allows them to resist complete *peripheralization*, but it is insufficient for them to completely overcome it, preventing them from joining the organic core. They allow them to obtain a greater share of the surplus than the peripheral countries, thus being able to act, in part, as peripheral zones for the center and as central zones for peripheral areas (Wallerstein 1976).

However, it should be noted that the semiperipheral regions also have political characteristics that can be seen as intermediaries between the two extremes. Their state apparatus is essential if they are to avoid the periphery of their countries, but in most cases it is not strong enough to convert the country into an organic core.

This semiperipheral countries very different configuration ends up making it difficult to empirically verify the concept. Several authors sought to develop methodologies that would be able to visualize a world system divided into three layers.

In a classic study, Arrighi and Drangel (1998) made an effort in this direction. Through a sample of several countries, whose variable used was GNP per capita, they sought to quantify the appropriation of world income made by each country, which would reflect their ability to extract resources from the world economy. This would represent an indirect way of assessing how the country is in charge of important nodes in the value chains.

Babones (2005), using a more comprehensive database and a new methodology, updated the Arrighi and Drangel results for the period between 1975-2002. His research proves the existence of a world system divided into three main zones, in which the vast majority of countries maintained their position unchanged throughout the period³, whose exceptions will be analyzed later.

Karatasli et all. (2017) elaborated a research whose objective is to analyze the hierarchy of the world system since its beginning. For the authors, in its *long durée*, the world system experienced different income stratifications.

3 **Core:** Germany, Australia, Austria, Belgium, Canada, Denmark, Spain, United States, Finland, France, Greece, Netherlands, Iceland, Ireland, Israel, Italy, Japan, Luxembourg, New Zealand, Norway, United Kingdom, Singapore, Sweden and Switzerland. **Semiperiphery:** South Africa, Belize, Brazil, Chile, Hungary, Jamaica, Malaysia, Mexico, Panama, Tunisia, Turkey and Uruguay. **Periphery:** Bangladesh, Benin, Bolivia, Burkina Faso, Burundi, Chad, China, Congo, Gambia, Ghana, Guinea-Bissau, Haiti, Honduras, India, Indonesia, Madagascar, Philippines, Kenya, Rwanda, Senegal, Sudan, Sri Lanka, Togo and Zambia (Babones 2005, 51- table 2).

From an unimodal distribution between the XVI century and the beginning of the XIX century, changing to a bimodal form that lasted until the middle of the XIX century. The XX century has already started with a distribution based on the trimodal model.

The beginning of the 21st century would be presenting a new form of hierarchy in the world system that would be divided into four groups of countries in a quadrimodal format. This new hierarchy would be formed by the center, semiperiphery, high periphery and low periphery. (Karatasli, 2017). Grell-Brisk (2017) credits this dissolution of the trimodal model at the beginning of this 21st century to the economic rise of China and, to a lesser extent, India.

The use of GNP per capita as an analytical variable is quite debatable. It is not able to measure the capacity to control, acquire and project wealth and power through the world system. With regard to the appropriation of benefits from value chains and, therefore, resources of the world economy, using a per capita variable can be misleading. Such an analysis of the contemporary economy would not reflect the economic weight of China and India.

Another criticism can be made of the choice of Arrighi & Drangel (1998, 144), Babones (2005), Karatasli (2017) and Grell-Brisk (2017) for taking into account only the economic aspects that the concept of semiperiphery covers. This exclusion from the political sphere makes the analysis to some extent functionalist, since it is through the political-military power that the countries of the organic core manage to distort a large part of the economic processes in their favor. This theoretical weakness was avoided by Terlouw (1993).

His work seeks a better balance between the political and economic dimensions of the positioning of countries in the world system. This occurs through the creation of an index, whose composition has three economic indicators: GDP per capita as a percentage of world GDP per capita, percentage of world trade, and stability of trade relations. Also included in the index are three political indicators: number of ambassadors sent and received, number of diplomats sent and received and military strength (size of the army and military expenditures) (Terlouw 1993).

The author criticizes the way in which some studies see the semiperiphery as a distinct group of countries clearly delimited between center and periphery. Unlike countries belonging to the organic core and those on the periphery, the identification of the countries that make up the semiperiphery is always very problematic due to the inherent heterogeneity in the political and economic structures of such countries.

You can find countries whose economy is strong enough as an organic core economy, but which do not have the same political power. In the same way, conversely, a country may have political-military power equivalent to the countries of the organic core, having a semiperipheral economy. This diversity can be seen in the table below, prepared by Honda (2006, 10, figure 1):

Feasible Configurations	Capability Distribution	Archetypes
Central States with Peripheral Economies	High Power; Low Wealth	Russia (1960 onwards)
Central States with Semiperipheral Economies	High Power; Average Wealth	China (1970 onwards)
Semi-Central States with Peripheral Economies	Moderate Power; Low Wealth	India (1990 onwards)
Semi-Central States with Semiperipheral Economies	Moderating power; Average Wealth	Denmark (1980 onwards)
Semiperipheral States with Semi-Central Economies	Average Power; Moderate wealth	Sweden (1990 onwards)
Semiperipheral States with Central Economies	Average Power; High Wealth	Canada (1980 onwards)
Peripheral States with Semiperipheral Economies	Low Power; Moderate wealth	Taiwan (1970 onwards)
Peripheral States with Central Economies	Low Power; High Wealth	Japan (1960 onwards)

It is more beneficial to view this stratum of the world economy not as a group of distinct countries, but as a continuum between the organic core and the periphery (Hall; Chase-Dunn 2006)⁴. This eliminates unnecessary controversies about classifications, as it facilitates the understanding of the role of semiperiphery in the reproduction of the world system.

Development and Mobility in the World System

To what extent does economic development mean the rise in the hierarchy of the interstate system? Is it possible that certain countries can achieve higher levels of income and well-being in general, while remaining classified in the same hierarchical positions of the world-system?

⁴ “The exact boundaries between the core, semiperiphery and periphery are unimportant because the main point is that there is a continuum of economic and political/military power that constitutes the core–periphery hierarchy. It does not matter exactly where we draw lines across this continuum in order to categorize countries”. (Chase-Dunn; Lawrence 2010, 474).

Seen as a hierarchical rise, development is a possibility that cannot be spread to all countries. For Pasciuti and Paine (2017), despite the improvement in income of many countries during the XX century, the hierarchy remains stable in the world system. In other words, even if several countries in the periphery and semiperiphery are in a favorable situation, they have not been able to reduce the distance to the countries at the center of the system. For the authors, it is a failure of development that is associated with what Arrighi (1998) called the “development illusion”.

If the rise to the center is a rare event, mobility in the other strata is more common. Karatasli (2017) sees that, beyond China and India, other countries have also risen in recent years. For example, Egypt, Indonesia, Morocco and Thailand would have risen to semiperipheral status.

Thus, the rise to the center is an empty promise, at least as far as the whole of the countries belonging to the lower strata is concerned, because if this system feeds on inequality, it cannot disappear. As we saw earlier, the organic core exists only to the extent that the periphery and semiperiphery exist⁵. Upward mobility is therefore for few, and these few are found in the middle region of the system.

The intermediate place of the semiperiphery in the hierarchy of the world system is the target of two analyzes that follow different directions. On the one hand, for Wallerstein, the semiperipheral countries have a legitimating role in the system, fulfilling a depolarizing function, in order to prevent unavoidable tensions from occurring in the case of a direct relationship between the two extremes.

The most exploited countries on the periphery are unable to rebel because the most powerful of them, the semiperipherals, profit from their exploitation. The possibility of ascension, which opens up exceptionally for a few individual states, contributes to the political stability of the system. (Wallerstein 2004; Terlouw 1993).

Semiperiphery is then understood to be pro-systemic. This would have been the role of the socialist countries⁶. As important as their role in the world economy was the political role that these nations played.

By preventing the unified opposition of all non-core areas against the upper

5 “The periphery is not “catching up” with the core. Rather, both core and peripheral regions are developing, but most core states are staying well ahead of most peripheral states”. (Hall; Chase-Dunn 2006, 35).

6 “[T]he socialist states had contributed to depolarizing the capitalist system and had therefore consolidated – not undermined it – as the Cold War ideology implied”. (Boatcă 2006, 322).

stratum, the emergence of socialist countries as middle stratum [...] had filled the required intermediate slot by which semiperipheral states [...] had ensured the survival of the modern world system. (Boatcă 2006).

On the other hand, for Chase-Dunn (1990, 6) “semiperipheral locations are exceptionally fertile with regard to historical action which both resists and transforms capitalism”. The relationship between mobility and position in the hierarchy would take the form of an inverted U, in which the peak of mobility would occur in intermediate sectors of the world economy. He demonstrates that the three hegemonies of the modern world-system (Holland, England and the United States) were commanded by countries that traveled from the semiperipheral position to the organic core, reaching the position of *hegemon* (Chase-Dunn 1990).

The semiperipheral regions are prone to generate innovative institutional forms whose impact transforms the structures of the system and the modes of accumulation. This is a pattern called semiperipheral development (Hall; Chase-Dunn 2006, 49):

This means that those innovations that transform the logic of development and allow world-systems to get larger and more hierarchical come mainly from semiperipheral societies. Some semiperipheral societies are unusually fertile locations for the invention and implementation of new institutional structures. And semiperipheral societies are not constrained to the same degree as older core societies by having invested huge resources in doing things in the old way. So, they are freer to implement new institutions. (Hall; Chase-Dunn 2006, 49)

The paths that a semiperipheral country should then follow in order to reach the upper strata of the world economy would imminently involve the recomposition of its internal structure in terms of improving its position in the value chains, in order to alter the balance of activities in favor of belonging to the organic core to the detriment of those considered to be peripheral.

In general, the objective would be to operate directly on the division of labor. It seeks to act on some sectors of the economy to make them reach the status of organic core, acting on the very center-periphery structure of the world economy (Arrighi 1998). In these changes in domestic economic structures, the state apparatus plays a fundamental role: “in semiperipheral countries with potential for upward mobility, state mobilization of development has often been an important feature”. (Chase-Dunn 1990, 5).

A state apparatus strong enough to manage and coordinate an

economic effort directed at certain sectors of the economy is by no means common in the interstate system. This need for active policies on the part of the State, which causes the rare examples of upward mobility to occur in the semiperipheral regions. Its fragility *vis-à-vis* the countries of the organic core is compensated at certain times by a solid state apparatus, a situation completely different from that experienced by peripheral countries that do not have strong enough state structures.

Final Remarks

This article sought to demonstrate the relevance of the semiperiphery concept for development projects in the 21st century. It demonstrated how this process is not something natural that flows freely through market forces. It is necessary to see the process from both the economic and the political sides, both of which are co-constitutive of a successful rise within the hierarchy of the contemporary capitalist world-economy.

However, it is not a question of placing the full weight of development on the international level. On the contrary, what was sought in this article was to try to draw attention to the fact that the phenomenon of economic development has important external ramifications, which in no way should be treated as a simple appendix of domestic affairs. The strength of external factors in the definition of national development processes is dependent not only on the form of insertion of this country in the world economy, but also on the international situation. In certain periods it can have equal or even greater weight in the definition of a development strategy.

Finally, we highlight the fundamental role that the State plays in such a phenomenon, which is more an exception than a rule in this system in which we operate. In the capitalist world-economy that encompasses the entire planet at the beginning of this century, the opportunities for ascension within the hierarchy remain closed and the space for development is increasingly diminished by the action of the countries of the organic core (Wade 2003). However, this does not prevent States “seeking a particularly innovative combination of economic policies and/or blessed by a competitive advantage, from improving their combination of organic core and periphery activities, until they become Organic Core States”. (Arrighi 1998, 159).

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ABSTRACT

The objective of this article is to discuss the relevance of the concept of semiperiphery to analyze the world system in the 21st century. First, the main concepts of the world-system approach will be analyzed. In the second part, a more in-depth examination of the question of the semi-periphery will be made through its political and economic characteristics. Later, we will examine the empirical attempts to define the semiperiphery, its role in the reproduction of the capitalist world-economy and the question of mobility in the world-system hierarchy. In conclusion, the role of government apparatus in the issue of development and overcoming the status of semi-periphery in the capitalist world-system will be highlighted.

KEY WORDS

Economic development; International Political Economy; Semiperiphery.

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THE POVERTY TRAP: AN ANALYSIS OF THE CONTRIBUTION OF MULTILATERAL AND REGIONAL INSTITUTIONS TO THE POOR ECONOMIC AND SOCIAL PERFORMANCE OF WEST AFRICAN COUNTRIES

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Introduction

In the west of the African continent there is a group of countries that are characterized by being in the group of the poorest countries in the world according to UN data (2018) (highlighted in red on the map 1), namely: Benin, Burkina Faso, Ivory Coast, Mali, Niger, Senegal and Togo. These countries have small territories and populations, which implies, in many cases, high productive specialization, mainly in natural resources (extraction) or in agriculture, low scales of production and consumption and, as a consequence, low levels of *per capita* income.

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Map 1 - African Continent: West African Economic and Monetary Union countries (in red).



Own elaboration (2019). Software: Mapchart.net.

All these countries were French colonies that earned their independence in the 1960s. During this period, as independent states, these countries had to structure their political systems, deal with their economic needs and limitations, so that until now (2019) the political stability consolidation and the economic development are objectives to be achieved. With regard to economic growth, it is observed (table 1) that these countries achieve growth, although oscillating due to the behavior of their trade flow, especially exports.

Table 1 - Annual GDP growth rate of selected countries

	Benin	Burkina Faso	Ivory Coast	Guinea-Bissau	Mali	Niger	Senegal	Togo
2000	5,86	1,82	-2,07	5,43	-0,06	-1,41	3,20	-0,78
2001	5,33	6,61	0,12	2,19	15,38	7,10	4,58	-1,63
2002	4,64	4,35	-1,67	-0,99	3,11	3,00	0,65	-0,92
2003	3,44	7,80	-1,36	0,57	9,12	5,30	6,68	4,95
2004	4,43	4,48	1,23	2,76	1,56	0,10	5,87	2,12
2005	1,71	8,66	1,72	4,27	6,53	4,50	5,62	1,18
2006	3,95	6,25	1,52	2,31	4,66	5,80	2,46	4,05
2007	5,99	5,66	1,77	3,26	3,49	3,15	4,94	2,29
2008	4,89	7,29	2,54	3,20	4,77	9,59	4,06	4,06
2009	2,33	2,96	3,25	3,37	4,68	-0,71	2,09	5,54
2010	2,11	5,37	2,02	4,61	5,41	8,36	3,56	6,10
2011	2,96	6,63	-4,39	8,08	3,24	2,28	1,46	6,40
2012	4,82	6,45	10,71	-1,71	-0,84	11,85	5,12	6,54
2013	7,19	5,79	8,89	3,26	2,30	5,27	2,82	6,11
2014	6,35	4,33	8,79	0,96	7,04	7,53	6,61	5,92
2015	2,10	3,89	8,84	6,13	5,96	4,34	6,37	5,74
2016	3,96	5,93	7,97	6,26	5,80	4,93	6,36	4,92
2017	5,84	6,30	7,70	5,92	5,40	4,89	7,08	4,45
2018	6,86	6,51	7,43	3,80	4,90	5,17	6,77	4,88

Source: World Bank (2019). Prepared by the authors.

The conditions for economic development are circumscribed, on the one hand, by the limits placed by productive specialization - based heavily on exports of primary products - and, on the other, by the challenges posed by the necessary investments in the sectors of infrastructure, education, health, sanitation, among others. The lack of domestic resources needed to overcome the relative backwardness of these countries ends up inducing them to seek these resources in regional and multilateral institutional spaces.

This article is part of the debates about the conditions of growth, development and insertion of small and underdeveloped countries in the international system. Furthermore, it intends to demonstrate that in the case of poor countries as selected here, the performance of regional and multilateral

economic institutions tends to condition their growth and development process given the limitations derived from financial aid and loan programs.

In International Relations studies, this discussion had three moments, even if marginal to the field, of contributions from researchers in the field and related ones (Smith, Pace and Lee 2005) and (Ingebritsen, Neumann, Gsthl 2006). At first, the debate was directly related to decolonization, although the focus is not necessarily on the poorest countries, but on the former colonies (Amin 1972, 1994, Hey 2003). In a second, and more recent moment, the role of countries and coalitions among the Global South was discussed, such as BRICS, IBSA, among others (Cooper and Shaw 2009).

Also, the structuring of regional cooperative arrangements between smaller countries and/or excluded from large institutional organizations such as the European Union (Thorhallsson and Wivel 2006) was observed. Finally, there are contributions about the small - not necessarily poor - countries that would suffer the effects of climate change; these are the island countries (Briguglio 1995, Scandurra, Romano, Ronghia and Carforab 2018, Ingebritsen, Neumann and Gsthl 2006). The analytical perspectives are not mutually exclusive, so it is considered that when dealing with ex-colonies and local cooperative arrangements, this article is at the intersection of these analytical perspectives.

In all these cases and moments, the focus of researchers in the field of International Relations has been in countries that have resources, be they economic, military and/or political capacity, or even mechanisms or institutions that allow for greater regional insertion. In this sense, they gain some "importance" that justifies the relevance of these research and their respective contributions to understand the international order and the conditions for insertion of these countries in international politics. In the same way, it is necessary to understand how these countries participate in the economic order and how they are structured to generate their conditions of growth and, consequently, economic development. Thus, countries that do not have some of these attributes tend not to be part of the researchers' radar, with exceptions. Even when it is understood that these countries have regional relevance and are part of a dynamic of reproduction of the condition of poverty, it is observed that the contributions have been in the dimensions of power resources (from a realistic perspective), or in the dimension of cooperation relations (from an institutionalist perspective) (Neumann and Gsthl 2004).

That being said, this article is part of the discussions about poor

countries³ in material terms - without military or political power, that are inserted in a region of Africa characterized by the absence of regional leaders, relevance or structural framework. Nevertheless, they are part of a society of states, in which they search for material and political resources in order to achieve economic development and political stability.

These West African countries (marked in red on Map 1) participate in a myriad of multilateral, continental and regional institutions and seek these resources, which they lack to achieve development. However, these countries are essentially ruling-takers of these institutions (IMF 2019).

As shown in Table 2, the seven West African countries together hold only 0.37% of IMF quotas, which yields 0.54% of the votes in the assemblies, which take place biannually. According to the IMF, “decision making at the IMF was designed to reflect the relative positions of its member countries in the global economy” (IMF 2019).

Table 2 - Quotas and Votes for selected countries in the IMF (2019 data).

Member	Quota		Votes	
	Millions of SDRs(1)	Percent of Total	Number	Percent of Total
Benin	123,80	0,03	2,70	0,05
Burkina Faso	120,40	0,03	2,67	0,05
Ivory Coast	650,40	0,14	7,97	0,16
Mali	186,60	0,04	3,33	0,07
Niger	131,60	0,03	2,78	0,06
Senegal	323,60	0,07	4,70	0,09
Togo	146,80	0,03	2,93	0,06
Sub total	1.683,20	0,37	27,09	0,54
Total	475,472.9	100.0	5,031,614	100.0

Prepared by the authors with data from the International Monetary Fund (2019). The SDR is an international reserve asset, created by the IMF in

³ The definition of poor countries used by the United Nations is that they are those low-income countries confronting severe structural impediments to sustainable development (P.1) and the indicators to assess them are: Per capita GNI, TM Human Asset Index (HAI), Economic Vulnerability Index (EVI). In United Nations Department of Economic and Social Affairs Committee for Development Policy. The Least Developed Country Category: 2018 Country Snapshots. (access 2019), available at: <https://www.un.org/development/desa/dpad/least-developed-country-category/ldcs-at-a-glance.html>

1969 to supplement its member countries official reserves.

At the time of their independence, the institutions derived from Bretton Woods (the UN system) were already consolidated, that is, their rules and forms of international participation were already defined (Lichtensztein and Baer 1987). Following the bias of post-colonial studies, these countries also inherited economic and political structures (currency, tariff structure and institutions) from the colonizer. The conditions for the economic and social development of these countries are basically determined by their external revenues derived from trade balances, the material resources made available by these global and regional financial institutions and the small capacity of intervention in the domestic economic space of their governments.

Therefore, the objective of this article is: focusing on the previously selected countries that maintain a condition of dependency and poverty on the African continent, to analyze the conditions of these countries to put in practice policies of growth, insertion and development, aiming to get out of what is called the poverty trap. To this end, it is necessary to observe the performance of multilateral institutions that serve as a source of loans aimed at reducing poverty in these countries. At the same time, it is necessary to understand how the IMF's performance and its conditionalities affect these countries. Likewise, but at the regional level, the regional economic and monetary agreement, the West African Monetary and Economic Union (WAEMU), acts as a limitation on the adoption of public policies aimed at the economic growth of these countries.

We argue that these institutions difficult the adoption of specific policies aimed at development. Furthermore, the current economic condition of these countries, especially as exporters of primary products, creates unfavorable conditions for their insertion in the flow of regional and global trade. Specifically, using the bases of the Washington Consensus (WC) and liberal institutions, it is observed that these countries do not have autonomous monetary policies or fiscal freedom to promote economic growth. They end up being held hostage by the external demand for inputs and financial contributions in the condition of loans.

Thus, we consider that these conditions create the conditions for a poverty trap, reinforcing the condition of double dependence of these countries on foreign sector variables (exports and financial contributions from multilateral institutions) and the impossibility of adopting active policies directed at economic growth. When resorting to the adoption of policies of regional or global financial institutions, they adopt policies of fiscal and monetary austerity (Blith 2017) and are subject to the rules imposed by

institutions whose profile is suited to a liberal order. Since they have hard currency credit needs, they are subject to the rules of these institutions. They thus hinder growth and the possibility of a better international economic insertion.

This article is divided into three sections in addition to this introduction. In the first section, the main characteristics of the credit lines provided by these institutions are described and evaluated, particularly with regard to conditionalities, as well as the macroeconomic policies that can be adopted by governments whose imperative is economic growth. In the second section, we analyze the lagging trajectory of these countries in the last quarter of a century, that is, 1994, the year of the maximum devaluation of the franc negotiated and made possible by the World Bank (WB) and the International Monetary Fund (IMF) (Boughton 2012) and the recent performance of these countries. Finally, in the third section that closes the article, we argue that the main policy proposed by these institutions for these countries, which was trade liberalization, not only maintained their condition as exporters of natural and agricultural resources and, therefore, maintained their vulnerability to variations in the international situation, but also made them unable to generate enough employment and income to overcome their poverty.

The Modus Operandi of Multilateral and Regional Institutions

In 1989, Williamson (2009) coined the expression Washington Consensus (WC), which referred to a set of 10 important economic measures for Latin America to recover from the economic crisis marked by the strangulation resulting from an unmanageable external debt in the short term. (Williamson 1990) and high inflation that has been present since the early 1980s. The objective of this section is to discuss, in the case of West African countries, how the credit lines available to these countries constitute a limited space for action governments in terms of the components of aggregate demand. In addition to the WC measures, it also discusses the impacts that a monetary and customs union has on the economies that comprise it.

Neoliberal economic reforms are based on the perception that low economic growth rates, high levels of public and private debt, domestic and foreign, and poverty rates are determined by problems related to the conduct of macroeconomic policy, as well as excessive and inefficient performance of states in economic activity (Martins 2011, Harvey 2005). Based on the aggregate demand function, it would be possible to identify these supposed distortions and what multilateral institutions proposed to address them.

The growth rate of the output of an economy is determined by the positive variation of the macro variables consumption, investment, government spending and the balance of the trade balance. The behavior of these variables, in turn, depends on the management of secondary variables such as interest, foreign exchange, income earned by families and companies and taxation. Therefore, when governments direct their management to achieve economic growth, they manipulate these variables in order to stimulate economic dynamics. However, it is understood that growth is one of the steps to achieve development. This would be an expansion and dissemination of quantitative results to the qualitative level, reaching objectives such as improvement in the indicators of income generation and distribution, access to health and education services, with its continuous improvement over time.

Among the ten measures recommended by the Washington Consensus formulators, three are related to public spending, namely: (1) fiscal discipline aimed at reducing high domestic and foreign indebtedness (as in the case of Latin American governments – the main cause for the crisis between 1981 and 1983); (2) the redefinition of priorities for public spending that should be focused on health and education and not on subsidies to productive sectors, for example, and; (3) reform of the tax system, which aims to expand the tax base and reduce its impacts on consumption and production. The Washington institutions' understanding was that austerity in the management of public accounts was essential to create the conditions for economic growth and development. For countries with a fragile economy such as the ones treated here this agenda had not shown positive results.

Other two of the ten measures refer to the trade gap, being (4) the competitive exchange rate determined by the inflow and outflow of foreign currency in a flexible exchange regime that in extreme cases may suffer government intervention; and (5) trade liberalization, that is, a reduction in tariffs, subsidies and other measures that alter trade flows⁴.

Finally, other 5 measures impacted investments, namely (6) the liberalization of interest rates that influenced financial flows; (7) liberalization for the entry of foreign direct investments; (8) the privatization programs that provided for the purchase of these companies and the expansion of investments in these and their production chains; (9) deregulation aimed at reducing barriers to entry and exit from productive activity and (10) the guarantee of property rights, a relevant item for maintenance - via security criteria - essential for foreign investors and for the stability of the flow inflow of investments to national economies.

4 Multilateral negotiations were already under way at the WTO when the Washington institutions included this topic in their proposals.

The proposal for active policies by these institutions pointed out that the structural axes for the resumption of economic growth would occur with the expansion of trade and investment flows, particularly those of external origin. If the essentially endogenous elements of aggregate demand - consumption and public spending - would not leverage the growth and development of these countries, their relations with the external environment, through trade, foreign investments and financial flows would provide these resources, hence the justification for the liberalization program.

In 1996, the IMF and the World Bank developed a joint program for poor countries, whose services on their foreign debts were excessive in relation to their payment capabilities. This program called Debt Relief Under the Heavily Indebted Poor Countries (HIPC) Initiative made it possible to set up a fund with resources destined, among other objectives, to a financing program called Poverty Reduction Growth Trust - PRGT- specifically aimed at low-income countries , with three credit lines comprising this program, namely: Extended Credit Facility - ECF -, Standby Credit Facility - SCF- and Rapid Credit Facility - RCF. This credit line aims to “help them achieve, maintain or restore a stable and sustainable macroeconomic position consistent with the reduction of strong and lasting poverty and growth” (IMF 2018). This financing program lasted from 1999 to 2009. As of that year, the IMF adopted the Extended Credit Facility as the most viable line for countries with chronic (but not immediate) problems in their balance of payments.

The main characteristics of each of these credit lines were summarized by Coelho (2012), as follows:

Table 1 - Summary description of the credit lines mentioned.

Poverty Reduction and Growth Trust (PRGT)	It aims to promote long-term macroeconomic balance. Interest rates are reviewed every two years. It is intended for low-income countries. Its resources come from loans from governments and loans from other multilateral
Extended Credit Facility (ECF)	It came to replace the Poverty Reduction and Growth Facility as a mechanism to provide medium-term funds (ten years) to low-income countries with balance of payments problems. There is no interest rate charge and the grace period is five and a half years, the ECF is heir to the medium and long term loans (Structural Adjustment Facility and Enhanced Adjustment Facility) that were introduced in the 1980s during the structural adjustment.

Standby Credit Facility (SCF)	Loans for liquidity problems replaces the High Access Component of the Exogenous (ESF). Also for low-income countries, it has a four-year grace period, zero interest rates and eight years in duration.
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Source: Coelho (2012).

The World Bank Group, in turn, is composed by 4 agencies, one of which is IDA - International Development Agency, whose actions are aimed at development projects. To this end, it has 3 financing lines, of which (1) Investment Project Financing (IPF), aimed at financing physical and / or social infrastructure projects; (2) Development Policy Financing - DPF - with a broader scope, this line offers budgetary support to national or subnational governments for policy programs and institutional actions whose objective is economic growth and poverty reduction, and finally; (3) Program-for-Results, which, according to the name, conditions the release of resources to the delivery of defined results (World Bank 2019).

In 1999, the World Bank initiated, under the Debt Relief Under the Heavily Indebted Poor Countries (HIPC) Initiative, the Poverty Reduction Support Credit (PRSC) program, which associated with the IMF's Poverty Reduction and Growth Facility (PRGF), constituted to become the most important program of these Bretton Woods institutions for "low-income countries". These institutions understood the need to expand cooperation and defined some principles that should guide some joint actions. The focus of these actions was on low-income and middle-income countries and the objectives were: (i) to assist countries in identifying priorities and consequently the reforms to be adopted in the so-called Poverty Reduction Strategy Paper, which are the documents with the diagnosis and proposition of policies that subsidize loans; (ii) clearly specify the responsibilities of the bank and the Fund with respect to loans and other support and; (iii) mutually formulate conditionalities in a harmonized manner (without cross conditionalities) in the PRSC and PRGF (IMF, WB 2001).

It is important to note that in the 1980s, both institutions had lines of loans based on structural adjustment programs. After reviewing the results of these programs, it became clear the need for each to focus on specific aspects of aid to countries, with the IMF being responsible for macroeconomic stability and the World Bank in development, poverty reduction and institutional reforms. In addition, in the 1999 agreement, these institutions considered that macroeconomic stability programs should also focus on poverty reduction, and that the structuring of the Poverty Reduction Strategy Paper should be conducted by the staff of the Bank, the Fund, country governments

and other stakeholders. The conditionalities of these credit lines would arise from macroeconomic stability, for which the IMF would be responsible and the World Bank when the agenda did not refer directly to macroeconomic policies, that is, from monitoring:

The monetary, fiscal, exchange rate policies, the institutional arrangements that underlie these policies and the structural aspects related to them, including those areas of overlapping responsibilities, such as the financial sector, tax administration and governance. In general, conditionalities cannot go beyond these areas unless measures are considered critical for maintaining macroeconomic stability. In addition, policy conditionalities outside the core area of the IMF's expertise will be covered by IDA lending operations (International Monetary Fund and World Bank 2001).

With the exception of Senegal, all the other countries in our sample received PRGF loans from the International Monetary Fund in the 2000s and continue to receive loans from the Fund in the ECF version.

Table 2 - IMF agreements with sample countries - 2005 to 2019.

Country	Credit line	Final date	Initial end date
	Poverty Reduction and Growth Facility	08/05/2005	08/04/2008
Benin	Extended Credit Facility	06/14/2010	06/13/2013
Benin	Extended Credit Facility	04/07/2017	04/06/2020
Burkina Faso	Poverty Reduction and Growth Facility	04/23/2007	04/22/2010
Burkina Faso	Extended Credit Facility	06/14/2010	06/13/2013
Burkina Faso	Extended Credit Facility	12/27/2013	12/26/2016
Burkina Faso	Extended Credit Facility	03/14/2018	03/13/2021
Ivory Coast	Poverty Reduction and Growth Facility	03/27/2009	03/26/2012
Ivory Coast	Extended Credit Facility	11/04/2011	11/03/2014
Ivory Coast	Extended Credit Facility	12/12/2016	12/11/2019

Mali	Poverty Reduction and Growth Facility	05/28/2008	05/27/2011
Mali	Extended Credit Facility	12/27/2011	12/26/2014
Mali	Extended Credit Facility	12/18/2013	12/17/2016
Niger	Poverty Reduction and Growth Facility	05/28/2008	06/01/2011
Niger	Extended Credit Facility	03/16/2012	03/15/2015
Niger	Extended Credit Facility	01/23/2017	01/22/2020
Senegal	Policy Support Instrument	11/02/2007	11/01/2010
Senegal	Policy Support Instrument	12/03/2010	12/02/2013
Senegal	Policy Support Instrument	06/27/2015	06/26/2018
Togo	Poverty Reduction and Growth Facility	04/21/2008	04/20/2011
Togo	Extended Credit Facility	05/05/2017	05/04/2020

Prepared by the authors based on IMF data (2019).

The Policy Support Instrument (PSI) is not a credit line, but a partnership program between the IMF and the governments of countries that seek to consolidate their economic performance with monitoring and support from the IMF. This program acts as a kind of endorsement by the IMF for donors and banks to provide credit to countries that use this program (IMF 2019). This non-financial instrument is a valuable addition to the IMF's loan facilities under the Poverty Reduction and Growth Fund. The PSI aims to help countries design effective economic programs that, once approved by the Fund's Executive Board, would provide clear signals to donors, multilateral development banks and Fund endorsement markets under the strength of a member's policies.

With regard to the World Bank, approximately 80 financing contracts signed with the seven countries analyzed were identified between the years 2005 and 2019⁵. The line with the largest number of loans (24 out of 80) is

⁵ The data available on the website refer to that period. This database is available at <http://www.worldbank.org/en/projects-operations/products-and-services#IPF> (access June 2019).

the PRSC that was executed in five of the seven countries analyzed, with the exception of Niger and Togo (World Bank 2019).

This is a region marked by internal conflicts. Thus, countries like Togo, Ivory Coast, Mali and Niger received in addition to loans in the PRSC format, those aimed at post-conflict reconstruction, the so-called “Economic Governance & Recovery Grant”. Another line available to these countries is Development Policy Operations (DPO) which can be consolidated in the form of loans, credits or subsidies. The conditionalities of this line are: (a) maintenance of an adequate macroeconomic policy framework, as determined by the Bank with contributions from IMF assessments; (b) satisfactory implementation of the global reform program; and (c) completion of a set of mutually agreed critical policies and institutional actions (previous actions) between the Bank and the client (World Bank 2019).

Finally, two lines of financing stand out, namely: “Governance and Growth Support Credit and Fiscal Reform and Growth Credit. Both are aimed at reforms in the public sector, reforms in fiscal policy and social services in order to encourage the participation of the private sector, “since fiscal and macroeconomic stability and human capital are key factors for investment and productivity of companies” (World Bank 2019).

In addition to the macroeconomic conditionalities established by the World Bank through the PRSC lines in accordance with the Washington Consensus measures, in more recent years and for some countries, the agenda takes the clear form of adjusting public accounts and reforming the state. From the description, it is understood that the institutional agenda has a limiting character with regard to the adoption of public policies aimed at growth and development by these countries. When added to their domestic and regional conditions, it is observed that the proposal for stability centered on reforms whose governing principle is austerity and that these countries should adopt measures that would require a greater institutional structure, it is clear that the IMF and WB have only reinforced the condition dependence and the reproduction of their poverty. The following topic presents data on the economic performance of these countries, enabling a more accurate analysis of the situation and, at the same time, supporting the argument of reproduction or the poverty trap.

Macroeconomic Performance and Social Indicators

In the 1930s, France began a process of establishing a single currency for all its colonies, which was consolidated at the end of World War II with the creation of the CFA franc (Franc of the French Colonies in Africa). The

CFA franc had its convertibility to the French franc guaranteed by the French treasury by establishing operations for each central bank in the colonies (Bibow 2016). In 1948, the conversion rate for these currencies was 1 (one) CFA franc to 2 French francs. This rate was systematically changed until, in the late 1960s, that rate was 50 CFA francs for each French franc (Bibow 2016). In the year 1960, all seven of these countries became independent states, which did not change this monetary pattern.

The overvaluation of the franc CFA imposed the need to adjust the exchange rate based on a significant devaluation of that currency. This change would necessarily generate significant impacts on domestic prices, considering the heavy dependence on imports of a wide range of products consumed in these countries (basically manufactured). Thus, this devaluation was the result of an important negotiation process between the governments of the former colonies, the French government, the Banque Centrale Des Etats de L'Afrique de L'ouest - BCEAO -, the IMF, WB. These negotiations resulted, in January 1994, in the decision to devalue the CFA franc by 100%, that is, the exchange rate would change from 100 to 1 and the creation of the West African Monetary and Economic Union - WAEMU -. The monetary union already existed since the single currency was already a reality, as of 1994 in addition to the monetary union, these countries also created an institutional structure that would coordinate monetary policy, through BCEAO and would constitute the customs union.

This customs union was created after the 1994 crisis and envisaged the creation of an institutional structure that would deal with the conditions for the existence of a free trade area among members associated with a fully harmonized foreign trade policy. WAEMU currently has five bands (bands) for its external tariffs, of which 0, 5%, 10%, 20% and 35%, with 90% of the tariff lines being in these bands.

Still in 1994, negotiations began to create a single currency between European countries and, in 1999, the convergence of exchange rates was consolidated. Finally, in 2002, the new currency - the euro - began to circulate among the eleven countries that adopted it, including France. Since then, the CFA franc has had a conversion rate to the euro of 655.96 FCA francs for 1.0 (one euro), unchanged to this day. The stability of the CFA franc is based on four principles: (1) the guarantee of unlimited convertibility by the French treasury; (2) the fixed exchange rate regime; (3) freedom to transfer resources within the bloc; and, (4) reservations are common to all members. Part of the reserves of WAEMU members is deposited in the French treasury. Since the monetary structure is managed by the BCEAO, inflation between WAEMU countries is, on average, lower than in the United States and very close to that of the eurozone.

Table 4 - Inflation rate - in%

	Euro	EUA	WAEMU
2011	2,7	3,2	3,9
2012	2,5	2,1	2,4
2013	1,4	1,5	1,5
2014	0,4	1,6	-0,2
2015	0	0,1	1,0
2016	1,1	1,3	0,3
2017	1,5	2,2	0,8
Media	1,37	1,71	1,39

Source: BCEAO 2017. Own preparation.

From this restructuring of regional economic relations, the objective of reducing economic difficulties was not achieved despite the low rate of inflation. This is due more to the low purchasing power and reduced consumption level of local societies than to the result of monetary and fiscal policies. In addition, economic restrictions in the face of a new exchange rate tend to worsen, further hindering the development trajectory of these countries. The 1994 devaluation was necessary, among other reasons, due to the significant drop in the prices of agricultural products exported by these countries (WTO 2018).

Public revenues also deteriorate due to declines in exports. Therefore, these countries needed international reserves and it is from this demand that the IMF and the World Bank expand their lending activities with these seven countries.

In addition to the rigidity of exchange rates, the creation of WAEMU implies the consolidation of external tariffs for the bloc's countries. Since 2015, the bloc has five tariff bands that define 90% of all tariff lines, with an average tariff of 12.1% (WTO 2018). The economic union does not stimulate intra-bloc trade, since, according to WTO (2018), only 10% of trade took place between the countries of the bloc in 2015. In 2010 this flow reached 13%.

Table 5 – Trade Balance in US\$ Billions

Year	Benin	Burkina Faso	Ivory Coast	Mali	Niger	Senegal	Togo
2017	-2.333	-926	2.955	-2.433		-3.739	-865
2016	-2.220	-822	2.200	-997	-933	-2.837	-1.001
2015	-1.849	-802	2.312		-1.668	-2.983	-1.020
2014	-2.735	-729	1.807		-1.101	-3.752	-949
2013	-2.338	-1.714	-399		-376	-3.891	-820
2012	-1.856	-1.157	1.091	-852	-307	-3.902	-701
2011	-1.681	-93	4.329	-977	-836	-3.367	-903
2010	-1.599	-760	2.434	-2.707	-1.793	-2.691	-556
2009	-1.123	-1.074	3.320		-999	-2.695	-531
2008	-1.292	-1.400	1.895	-1.420	-182	-4.357	-608

Prepared by the authors based on data from COMTRADE (2019).

There is another problem that deserves to be highlighted. There is a strong dependence in these countries on the export of primary and low added value products and on imports of industrialized products and services. This characterization of the trade flow determines that, with the exception of the Ivory Coast - the most developed economy in the region -, all the others have persistent deficits in their trade balances, as shown in Table 5.

Benin, Burkina Faso, Mali and Togo have cotton as one of the main export products. Burkina Faso and Mali also export natural, cultured pearls and precious and semi-precious stones and, finally, Ivory Coast and Senegal have oil and other mineral oils as the most important export product. In contrast, imports are mainly of industrial products such as vehicles, machinery and equipment, in addition to oil (for those who are not producers) and cereals, as in the case of Benin (COMTRADE 2019).

In recent years, there has been a slight increase in the tax burden in these West African countries.

Table 6 - Tax burden in relation to GDP - in%

	Benin	Burkina Faso	Ivory Coast	Mali	Senegal	Togo
2001	13,69	s.d.	14,31	10,59	16,12	s.d.
2002	14,41	10,87	14,63	11,17	s.d.	s.d.

2003	14,27	11,09	13,38	12,77	s.d.	s.d.
2004	14,64	12,70	14,19	13,69	s.d.	15,31
2005	13,81	11,75	13,88	13,30	s.d.	13,88
2006	14,21	12,12	14,66	13,32	s.d.	14,81
2007	15,69	12,69	15,06	13,06	s.d.	16,20
2008	16,12	11,86	15,05	11,90	s.d.	14,91
2009	14,99	12,52	14,60	12,99	17,97	15,34
2010	15,53	12,72	14,33	12,89	18,66	15,70
2011	14,82	13,75	10,93	12,55	18,97	16,44
2012	14,41	15,63	14,26	12,99	18,95	16,60
2013	15,38	16,82	14,54	13,03	s.d.	20,02
2014	s.d.	15,37	13,97	12,61	19,62	s.d.
2015	s.d.	15,07	15,45	14,09	20,63	21,79
2016	s.d.	15,84	15,25	15,38	20,54	21,93

Prepared by the authors based on World Bank data (2019).

However, the participation of these governments in national income is between 15 and 20% of GDP in the countries of the region (World Bank 2019). The vicious circle of poverty is configured as, with a high marginal propensity to consume, income transfers to governments must necessarily be of little importance. Thus, if we consider the needs of the population in terms of public services, added to those related to infrastructure and other demands necessary for development, it is concluded that this tax burden is insufficient for these purposes.

Finally, an analysis of the social indicators of these countries indicates the real dimension of their needs. If we consider the percentage of the population living on US\$ 1.90 a day, the following figures are observed: Benin 49.5% (2011), Burkina Faso 43.7% (2014), Ivory Coast 28.2% (2013), Mali 49.7% (2009), Niger 44.5% (2014), Senegal 38% (2011) and Togo 49.2% (2015). When it comes to the life expectancy indicator at birth, there has been a very significant growth since independence. In 1960, the average life expectancy for these seven countries was 35 years and in 2017 it jumped to 59 years. However, even for Least Development Countries (LDC, WB) that life expectancy was 39 years in 1960 and in 2017 it reached 63 years (World Bank 2019).

The literacy rates of adult men (above 15 years old) is an indicator of the need for public spending on education. While LDCs have an average of 77% of that literate population, Benin and Burkina Faso are 44%, Ivory Coast 50%,

Mali 45%, Niger 39%, Senegal 64% and Togo in the best position 77% of adult men are literate (World Bank 2019).

Finally, these countries are among the twenty countries with the lowest Human Development Indexes, with Niger being the lowest among all countries, occupying the 188th position, that is, the last position in the ranking.

Country	HDI	Global HDI Ranking
Benin	0,48	166
Burkina Faso	0,402	183
Ivory Coast	0,462	172
Mali	0,419	179
Niger	0,348	188
Senegal	0,466	170
Togo	0,484	162

Source: Own elaboration based on data from UNDP (2019).

The Poverty Trap: Institutional Mechanisms Acting as Reproducers of Poverty

There is evidence in the literature that the austerity policies imposed in the form of conditions by the IMF and WB have not been successful in terms of the growth and performance of the economies submitted to these solutions (Bailey and Shibata 2017, Bailey 2018, Blith 2017). The conduct of international agencies aimed at processes of economic stabilization, even the conduct and constitution of regional mechanisms for economic integration, is not new. It is in the public domain that the IMF's loan policy brought (as it still does) a set of conditionalities, especially with regard to adjustment policies (Coelho 2012). In adopting the use of the term and the austerity discourse, these international agencies disregard that austerity is not a policy, or a concept, simply implemented without taking into account the political and institutional scenario of the countries as well as the current social values and practices, the contradictions, asymmetries, diversity and inequality typical of these countries (Worth 2018). This is the case for the countries selected in the analysis carried out in this article. The countries of the West African region, particularly those that are members of the WAEMU monetary union, as identified at the beginning of this text, suffer from a precarious situation in

terms of political, economic and social structure. If their domestic restrictions were not enough, the regional environment is not dynamic enough to act as an engine of growth and development and the condition of late independence is another factor of structural constraint.

The combination of an economic policy supported by the guidelines of the CW with the constitution of an economic-monetary union (WAEMU) presents itself as a restraint for action in these countries (Briguglio 1995). Based on the “principles” of the CW, linked to the conditions imposed by the IMF on these countries, it is possible to verify an effect of double external dependence, namely: (i) on the one hand, the dependence on the flow of trade that, as demonstrated in the previous sections they are dependent on external demand (exogenous variable) that generates imbalances and instability; and (ii) on the other hand, there is a continued dependence on cash inflows in the form of loans from Fund programs. In addition to these two forms of creating dependency, there is the exchange rate derived from the emergence of the Euro as a common currency in the EU. When, in 2002, France, along with the other EU constituent countries, adopted the Euro, the exchange rate established with the CFA franc strengthens the exchange rate policy of West African countries, members of WAEMU.

Since there is monetary control aimed at the objective of stability, it is understood that these countries are deprived of the use of monetary policy. To complete the tightening up of economic policy mechanisms that could foster or enable better economic performance and a way out of a situation of continuous poverty, it is observed that fiscal policy is not an instrument of sufficient public financing. The tariff base for international trade is also fixed, thus ending the possibilities for these countries to achieve levels of growth and development that would remove them from a situation of continuous poverty.

In this scenario, an exit on the horizon would be the WB and IMF programs, however, as it was possible to observe in the previous topics, these ended up generating more distortions than solutions. These contributions (loans and lines of credit), despite targeting low-income countries with low cost in terms of indebtedness, brought macroeconomic stability conditionalities that contributed little to the performance of these countries. On the contrary, the condition of stability acted in the opposite direction to growth policies. Since growth was restricted to trade balances from exports, and these were based on primary products, when verifying that the domestic supply and production base is dependent on the import of finished products with greater added value, it is observed that pegging the growth to trade balances are a factor of uncertainty regarding the growth of these countries.

It is understood that the sum of variables and events related to these countries, with relations of deep dependence (institutional and colonial profile) determines a poverty trap from which these countries do not see an escape mechanism.

A summary of what was exposed in this article indicates that the income generation equation in these countries is dependent on and subordinated to exogenous variables. The flow of trade depends on external demand (from ex-colonizing countries) and the regional economic institution tends to limit the possibilities for autonomous political action by States. Everything suggests that the sequence of late independence added to the maintenance of the colonial relationship (mainly in the monetary question and in the flow of trade) (Canac and Garcia-Contreras 2011), when associated with the low capacity to generate economic dynamism, necessarily lead these countries to seek assistance from international / multilateral institutions (such as WB and IMF).

After all, these institutions present themselves as a possibility for financing development, which, as noted here, does not constitute a real guarantee of escape from the poverty trap. Regional institutions tend to standardize entry rules and conditionalities that add a restrictive factor in the case of these countries. It is understood, based on what was previously exposed, that in addition to multilateral institutions, regional institutions are not generators of development for these countries. On the contrary, its instruments of action and its conditionalities are elements that not only limit the possibilities of development, but also reproduce the dependence that encloses the poverty trap in these countries.

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ABSTRACT

This paper analyzes the conditions for seven countries located on the West African coast to practically set growth and economic development policies in order to overcome what we call the poverty trap. These countries could seek at the regional and multilateral levels the resources needed to overcome their backwardness. However, we identified that the main policy proposed by these institutions for these countries, which was trade liberalization, not only maintained the condition of being exporters of natural and agricultural resources and were unable to generate sufficient employment and income to overcome their poverty.

KEYWORDS

Development; Africa; Poverty Trap.

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EXTERNAL ACTORS, GOOD GOVERNANCE AND HEALTH CARE DELIVERY IN AFRICA

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Introduction

The post-Cold War period ushered in a new era in the history of global health. The period witnessed a rapid proliferation of actors involved in health issues, with an attendant increase in the number of and available resources for global health initiatives aimed at improving health, especially in the developing countries including Africa. Writing in 2008, McColl found 'more than 40 bilateral donors, 26 UN agencies, 20 global and regional funds and 90 active global health initiatives' (McColl 2008). These initiatives were accompanied by significant resources. It has been estimated that global financial investments in health increased phenomenally from \$5 billion in 1990 to about \$14 billion in 2005 (Ruger 2007) and \$21.8 billion in 2007 (Ravishanka 2009).

This development holds true of the involvement of external actors in Africa's health sector since the 1990s. External assistance accounts for 16 percent of total health expenditure in sub-Saharan Africa far higher than any other region in the world (USAID 2008, 25). For instance, bilateral and multilateral donors, as reported by OECD, increased their aid for health from \$3.9 billion in 2000 to \$19.9 billion in 2009 (OECD 2011). In terms of geographical distribution, Africa is the biggest recipient of development assistance for health. Approximately 40 percent of total aid went to the continent in 2009.

The African experience is attributable to two factors. First, the Structural Adjustment Programme imposed by the World Bank and International Monetary Fund (IMF) in the face of the serious economic crisis that confronted African states in the 1970s and 80s resulted in severe cuts

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in state spending on education, health, and other social services and made external intervention inevitable. State failure in the provision of social services led to the externalisation of responsibility for health and the proliferation of actors working in the field of health across the continent. Another factor is the collapse of the Cold War system and the growth of globalisation, which brought about several revolutionary transformations in international health. The consequence of this development is the frequency with which states address health issues through their foreign policies; a reflection of the movement of health from the margins of low politics into a situation in which health now significantly features in all four foreign policy functions of national security, global economy, political and social development and the protection and promotion of human dignity through humanitarianism and human right policies (Fidler 2005, 3). Thus, tackling the developing countries' diseases, particularly Africa, became a key feature of many developed states' foreign policies. According to Garret, "some see stopping the spread of HIV/AIDS, tuberculosis, malaria, avian influenza and other major killers as a moral duty. Some see it as public diplomacy. And some see it as an investment in self-protection given that microbes know no bounds" (Garret 2007, 14).

Apparently, the growing number of external actors has been accompanied by an increasingly fragmented aid architecture and diversity of governance arrangements at the country level that is challenging national systems and management capacity in African states (USAID 2008, 28). In addition, many of the initiatives also lack mechanisms of accountability, transparency, and evaluation in the way they operate in African countries. The key issue, then, is how good governance can be institutionalised and entrenched to ensure full maximisation of the benefits of the activities of these actors for future sustainability. Without any shadow of doubt, several external actors have been playing roles, which either constrain or promote health care in Africa. The dynamics of the role being played by these actors, whether negative or positive, are not sufficiently studied, analysed, appreciated and understood.

The central argument in this article is that despite the fact that this development has had both positive and negative consequences on Africa the debate about the role of external actors in health care delivery in Africa has dwelt extensively on the degree they should participate neglecting the emphasis on how they participate, under what conditions and with what consequences. The aim of this article, therefore, is to examine the involvement of external actors (bilateral donors, multilateral agencies and international NGOs) in health care delivery in Africa illustrating the nature, pattern, dimensions, and dynamics of such engagements in the context of popular concerns with good

governance.

External Actors in Africa

Several external actors (state and non-state) are involved in the provision of assistance for health in Africa. There has been a huge increase in the number of and diversity of actors involved in global health since the 1990s. Health is an explicit and central part of the mandates of some of these actors, but more and more organisations with minimal health mandates are implementing their own programmes. The external actors include:

1. National Governments

At the core of the system are national governments, with their specialised health ministries, departments or agencies, such as the US National Institutes of Health, and in the case of donor nations, the health programmes of their bilateral development cooperation agencies. Bilateral agencies active in the African health sector, which includes the Department for International Development (DFID), United States Agency for International Development (USAID), Canadian International Development Agency (CIDA) and Japanese International Cooperation Agency (JICA), have played important roles in providing health assistance to African countries through government-to-government agreements known as bilateral aids (Walt, Buse & Harmer 2012). Apart from direct funding to the government, the bilateral agencies also channel funds through some UN agencies, including WHO for health-related projects. In the 2000s, the number of governments providing bilateral aids to Africa increased, to include China, India, and the Persian Gulf States, among others (SIX 2009).

2. United Nations System

United Nations System is another important actor. The World Health Organisation (WHO) is the UN-designated specialised agency in health expected to play a leading role in coordinating international health activities. The World Health Organisation has played a central role in health development of Africa since its inception in 1948. In doing this, the WHO also acted beyond its original mandate. The WHO is now joined by many other players, some with a primarily financial investment function and others with mixed-finance policy operational functions. As Ruger and Yach have shown:

Health debates have moved out of cloistered health departments and the WHO and are regularly a part of G8 and other multilateral meetings. The world economic forum has sponsored deliberations about health issues ranging from HIV/AIDS and vaccines to obesity and tobacco control. The UN Security Council has addressed HIV/AIDS, Malaria and Tuberculosis, the Bill and Melinda Gates Foundation and pharmaceutical companies such as Merck, Pfizer, Novartis, and GlaxoSmithKline play more important roles (Ruger & Yach 2009)

Other organisations within the UN system actively involved in providing health assistance to African countries are the United Nations Development Programme (UNDP), United Nations Population Fund (UNFPA), United Nations Children Fund (UNICEF), United Nations Office of Drug and Crime Control, (UNODCCP), United Nations AIDS Programme (UNAIDS) and World Bank. For instance, UNDP focused on poverty reduction and coordinates United Nations operational activities. UNICEF focused on the rights of children and issues related to child health. UNODCCP focused on prevention of drug abuse and related issues. UNFPA, for its part, spearheaded population issues. Other organisations include United Nations Fund for Women (UNIFEM), which promotes gender mainstreaming, the Food and Agriculture Organisation (FAO), which promotes food security and the United Nations High Commissioner for Refugees (UNHCR), which is concerned with the protection of refugees.

United Nations AIDS Programme (UNAIDS) collaborates with other members of the United Nations (UN) theme group on HIV/AIDS to scale up joint activities. The World Bank has emerged as the most important intergovernmental organisation working on global health issues and a major player in Africa's health sector. Since the 1980s, the World Bank has served as the largest funder of global health issues (Youde 2012). It has integrated them into its mandate and its health funding has proven of vital importance to many African states. However, the activities of the World Bank in Africa face serious criticisms for prioritising a neo-liberal vision and promoting the interest of the Bank funders over the need of the countries receiving aid. Other regional agencies, such as the European Union and the African Development Bank, also increased their interest in Africa. For instance, the EU and the Federal Government of Nigeria entered into an agreement to revitalise the Primary Health Care (PHC) system with special emphasis on immunisation services, especially polio eradication. The European Union made a donation \$41.4 million, in support of UNICEF-assisted water and sanitation projects in Nigeria (WHO 2002). This represented the largest contribution by the Union to a development agency in any part of the world.

The pluralistic landscape has been enriched by a set of innovative and influential hybrid organisations or global health partnerships (GHPs), such as the GAVI Alliance, which works to improve the functioning of global markets for commodities for the Acquired Immunodeficiency Syndrome (AIDS), tuberculosis and malaria and the Global Fund to fight AIDS, Tuberculosis and Malaria (GFATM). The original rationale for establishing these GHPs was to better focus health aid in areas of perceived neglect and to simplify the aid architecture in these areas (Dodd, Schieber, Fleisher & Gottret 2007). They are governed by representatives both from within and from outside national governments.

Africa's health sector has been increasingly influenced by decisions that are made in other policy-making arenas, such as those governing international trade, migration and the environment (Dodd, Schieber, Fleisher & Gottret 2007). Actors in these arena influence health even though that is not their primary focus. A major example of such an organisation is the World Trade Organisation, which has shaped domestic and global intellectual property rules relating to pharmaceuticals among other trade-related issues.

3. Non-Governmental Organisations

International Non-Governmental Organisations (NGOs), increasingly referred to as Civil Society Organisations (CSO), have made critical contributions to health development in Africa. These CSOs are typically voluntary, non-formal and non-commercial associations of individuals, who share some common cause or goals. They include church missions providing care to isolated rural communities, and agencies, such as Oxfam, Rotary International, and Doctors without Borders (Médecins San Frontières) among others. The proliferation of actors getting involved in international health concerns has led to the diffusion of authority and increasing difficulty in coordinating action. In Africa, CSOs have focused on delivering health services directly. They filled the gaps where government health services were absent or inadequate (Lee 2010). The emergence of HIV/AIDS drove much of the growth of CSOs in Africa. When governments proved themselves unable or unwilling to extend services to HIV positive persons, CSOs came to the forefront of providing care.

Historically, Oxfam International focused on providing assistance and relief to those affected by a disaster. In 2000, the organisation shifted its focus to addressing the structural causes of poverty and injustice, particularly in Africa. Today, Oxfam International organises its activities around a commitment to five broad areas of rights, namely the right to a sustainable livelihood, the right to basic social services, the right to life and security, the right to be heard

and the right to identity (Oxfam 2007). Health figures prominently in Oxfam International's work to provide essential services and ensure the right to basic social services and to life and security. In its advocacy work, it has condemned the inequities in access to health services and vital pharmaceuticals as well as the international trade and intellectual property rules that prevent those in poor countries from realising their right to health. Oxfam International has also chastised the international community for under-providing health services, charging high healthcare fees in poor countries and relying too heavily on the private market. Regarding direct service provision, Oxfam generally partners with local organisations to establish health care clinics and ensure access to clean water and sanitation. For instance, one project, the Joint Oxfam HIV/AIDS Project (JOHAP), works in South Africa to ensure delivery of home-based services (Smith 2015). In addition, it also incorporates a variety of efforts to foster economic development and provide a means of living for communities afflicted by HIV/AIDS.

Rotary International – a service club with more than 1 million members worldwide – has taken the lead in the global polio eradication campaign. The Rotary's Global Polio plus Programme contributed \$688.5 million to the fight against Polio in Africa (Smith 2015). It also provided volunteers to vaccinate millions of people in Africa. The efforts of Rotary International, working in conjunction with the WHO, cut the number of polio cases from 350,000 in 1988 to roughly 1,600 in 2009 (Youde 2012 99). Religious CSOs have also played significant roles in helping to reduce the spread of polio. In Northern Nigeria, rumours spread that polio vaccines sterilised Muslim girls and were part of a plot against Muslims. It was possible to counter these claims through the involvement of Muslim religious leaders and organisations, who convinced many objectors that it was in their interest to receive the vaccine and that it will not sterilise Muslim girls (Kauffman & Feldbaum 2009).

Doctors Without Borders/Médecins San Frontières (MSF) has been active in providing medical aid where it is needed in Africa – in armed conflicts, epidemics, natural disasters, and other crisis situations (Medecins San Frontieres, <http://www.msf.org.za/about-us/where-we-work.>). MSF was particularly visible during the fight against Ebola virus disease in West Africa in 2014 – setting up Ebola treatment centres as well as providing services, such as psychological support, health promotion activities, surveillance and contact tracing in the affected countries (Medicins Sans Frontieres, <http://www.msf.ca/en/ebola>) It has continued Ebola activities by running support clinics for Ebola survivors and has spent over \$15 million on tackling the epidemic. MSF also run longer-term projects designed to tackle the health crisis and support people who access health care.

4. Philanthropic Organisations

There are many philanthropic organisations currently involved in health and disbursement of packages of assistance in that regard in Africa. Examples of such philanthropic organisations include Bill and Melinda Gates Foundation, Bill Clinton Foundation, Rockefeller Foundation, and Wellcome Trust. These foundations play a big role in Africa; an indication that private philanthropic actors can play a significant role in helping to shape the agendas for major international issues. These actors are not pushing other actors out rather they are entering areas where state actors have largely failed to go. In Africa, Bill and Melinda Gates Foundation is associated with efforts to combat malaria and polio. One example of the Gate's Foundation efforts to build effective partnerships in Nigeria is its funding and support for the eradication of polio through international bodies, such as the World Health Organisation (WHO), United Nations International Children Education Fund (UNICEF), Rotary International and the World Bank (Gates Foundation²). In partnership with all stakeholders, Gate's Foundation is committed to the implementation of the National Polio Eradication Emergency Plan. Other examples include grants to the Society for Family Health to improve care for newborns and pregnant women in various communities in Northeast Nigeria. These have been its priority for several years. However, its work is much more far-reaching addressing a multitude of challenges in the area of health.

5. Private Industry

The corporate sector has been involved in health activities over the last decades in Africa. It is instructive to note that more than 1000 companies are members of the Global Health Initiatives established to increase the quantity and quality of business programmes fighting HIV/AIDS, tuberculosis and Malaria (Six 2009). For instance, companies, such as Heineken, Anglo-America, and Coca-Cola, have introduced antiretroviral treatment programmes for their workers in Africa.

Historicising External Actors Involvement in Africa's Health Sector

External actors' involvement in Africa's health sector dates back to the colonial era, precisely after the Second World War. Such assistance came

2 <http://www.gatesfoundation.org/Media-Center/Press-Releases/2012/09/Gates-Foundation-to-Open-Office-in-Abuja>

mostly from the United Nations Organisation and its specialised agencies and was channeled indirectly through the various colonial administrations. The post-war period witnessed notable advances in the volume of aid from the United States. In addition, due to the great wealth of the United States, much of the help derived from the then UNO was also from American pockets – they helped in solving African health needs. In Nigeria, for instance, the switch from a colonial to a technical assistance structure led to an increase in the number of agencies, which supplied international medical aids to Nigeria (Schram 1971). Available records show that between 1949 and 1953, the WHO was engaged in the fight against malaria and other diseases in the country in line with the Organisation's strong offensive against the diseases that cause serious damage after the Second World War (Beigbeder 1998). This was made possible by Britain's membership of the WHO, as one of the founding members after the Second World War. However, much was not achieved during the period because Nigeria was sovereign void.

External assistance for health continued to flow into Africa in the post-independence era. However, it was not until the 1990s that Africa began to experience an exponential rise in the number and diversity of external actors. This scenario can be traced to the global economic recession, which disrupted the development project of most African states. The attainment of independence by African countries coincided with the period when long term planning and state direction was acknowledged as the most promising route to modernisation and development. As a result, the first generation of African governments was committed to fostering a developmental state (Nkandwire 2001). The African developmental state sought during this period, to intervene to accumulate surpluses from the agricultural sector and use them to fund import substitution driven industrialisation (Saul & Leys 1999). This accounted for the rapid annual growth rates experienced by African countries during this period. As Thandika Nkandwire rightly argued, in the period between 1967 and 1980, no less than ten African countries enjoyed annual growth rates of more than 6%, with Kenya and Nigeria, for example, outperforming Malaysia and Indonesia (Nkandwire 2001).

Similarly, available evidence also indicates greater improvements in Africa's health during the first decades of independence, suggesting that African crises in health are of more recent origin. Interestingly, between 1960 and 1980, most African countries made significant advances in extending health care coverage. In addition, larger scale campaigns were launched against specific infectious diseases, health facilities were expanded and there was a significant increase in the number of trained health workers. For instance, in 1960 tropical Africa had one qualified doctor for every 50,000

people; by 1980, this has become one for every 20,000 (Illife 1995). The most significant impact was on endemic childhood diseases.

This propitious beginning in terms of health care delivery was halted by the global economic recession in the 1980s. It would be recalled that in the heyday of economic growth, most African countries obtained loans from Western commercial banks. Unfortunately, the economic crisis in the 1980s made it virtually impossible for most African countries to redeem their debts. It was in the bid to contain the crisis in the economy that most African countries began to obtain loans from the international capital markets (World Bank and IMF). This led to the introduction of Structural Adjustment Programmes (SAPs), formulated to ensure that the developing countries including Africa that were entangled in external indebtedness were able to save funds towards fulfilling their obligations.

The implementation of SAP with its harsh conditionality negatively affected the health sector and the health status of Africans (Loewenson 1993). These included a shift from direct provisioning by government, which essentially entails greater reliance on private voluntary services, instituting a number of financial measures like introduction of user fees and contracting out to the private sector as a way of improving efficiency and patient satisfaction. As a corollary, the government expenditure on health in sub-Saharan Africa declined from an average of 6.2% of GDP in 1972, and 5.3% of GDP in 1982 to 1.6% in 1995. (World Bank 2000). In Nigeria, for example, health spending as a proportion of federal government expenditure shrank from an average of 3.5% in the early 1970s to less than 2% in the 1980s and 1990s. (Ogunbekun, Ogunbekun & Orobatan 1999).

Consequently, health care systems became dysfunctional across the continent creating near catastrophic conditions. More than 200 million Africans have no access to health services because of the near collapse of acute hospital services, characterised by frequent drug shortages, run down physical structures and the efflux of highly skilled but demotivated medical specialists. This has left diseases to rage unchecked. The successes recorded during the early 1970s were followed after 1980 by a major slowdown in the decline of mortality rates. The past two decades have witnessed the emergence of new infectious diseases, AIDS and Ebola, and the recrudescence of old scourges like tuberculosis and malaria. Consequently, there was the erosion of the capacity of virtually all African states, state failure led to the externalisation of responsibility for social services. Christopher Clapham has described the scenario as the “de-stating of external relations with Africa” (Clapham 1996). In particular, the responsibility was assumed by external actors across Africa. In essence, external aid became an ever more vital part of the African health

system.

The end of the Cold War and the impact of globalisation gave further impetus to external assistance for health in Africa. This is ascribable to the growing importance of health in the global political agenda. An important consequence of this development is the frequency with which states addressed health issues through their foreign policies. Health was conceptualised as central to national security, economic development, and human rights. Moreover, the importance of health is underscored by the redefinition of national security to include issues of health to make the concept of health security more relevant to the challenges states face in the post-Cold War era. Health issues began to be framed as security threats by virtue of their negative impact on economic and political stability both within countries and across borders. For instance, in 2000 the United Nations Security Council adopted a resolution identifying HIV/AIDS as a threat to international peace and security (UNSC, <http://www.un.org/docs/scres/2000/sc.2000.htm>). Thus, tackling health problems in developing countries including Africa became a vital feature of many developed nations' foreign policies.

Why the Emphasis on Good Governance?

Governance is a more encompassing concept than government and refers to the totality of ways in which a society organises and collectively manages its affairs (UNDP 1997). Global governance is the extension of this notion to the global stage (Weiss 2000). It includes the formal and informal processes that shape the way we collectively address issues of global importance such as public health. Global governance is distinct from national governance in one respect, the absence of central government at the global level. The rationale for using a good governance lens is the recognition that the challenge of achieving good governance among the diverse external actors in Africa's health sector has attracted serious attention. Yet only a little attention has been given to the problem of protecting health in governance processes. It has been argued that good global governance for health should exhibit at least the following traits:

1. *Participation* – the degree of ownership and involvement that stakeholders have in the political system
2. *Fairness* – the degree to which rules are applied equally to every one
3. *Decency* – the degree to which rules are formed and implemented without humiliating or harming particular groups of people
4. *Accountability* – the extent those with governing powers are responsible and responsive to those affected by their actions

5. *Sustainability* – the extent to which current needs are met

6. *Transparency* – the extent to which decisions are made in a clear and open manner (Hyden, Court & Mease 2003)

Yet, the achievement of these goals is hampered by governance challenges caused by the proliferation of actors involved in Africa's health sector. While this diversity may constitute evidence that the international community takes global health seriously, the proliferation of actors getting involved in global health governance and indeed Africa's health sector complicates coordination. It must be emphasised that the World Health Organisation once directed and coordinated international responses to health concerns on its own, but the diversity of actors demonstrates the inability of the WHO to coordinate action and ensure that resources are being used effectively, that programmes do not significantly overlap and that local needs are addressed. With the WHO as the recognised authority, global health was generally hierarchical from the 1950s up to the 1980s. This architecture included the international organisations that made up the United Nations system with relatively clear lines of authority down to the regional players and the developing countries being served.

However, the architecture was completely disrupted in the 1990s. This was because of the entry of many new players into global health and the influence of other global forces that reshaped human society. As a corollary, global health architecture became fragmented, with interactions and authority dispersed across UN health agencies, the World Bank, philanthropies, business organisations, bilateral and the country being served. Ilona Kickbusch and Kent Buse captured the dramatic nature of this change when they wrote that:

Throughout the 1990s...the number of institutions and organisations with an interesting, and impact upon, health grew exponentially but became increasingly fragmented. The international public health scene came to comprise both global and regional agencies, including the regional development banks the European Union (EU), the numerous national and international nongovernmental organisations (NGOs). WHO no longer played a leadership role and had become one player among many (Kickbusch & Buse 2005).

One clear implication of this new development is that many players are not bound by the rules of the past. This shift was disorienting for a sector long accustomed to established rules and practices. The new actors invented their own practices and created relationships with other organisations and governments, sending out communications and coordinating across players instead of operating hierarchically through traditional regional players and WHO. In practice, donors often function as competitors. Due to the

increasingly fragmented relationships among these global health actors and the decline in the WHO's authority, it is no longer clear where decisions about overall strategy and governance should be addressed: Walt, has argued that:

While this pluralism of activity and partnership has raised the status of health on the policy agenda and changed the balance of power, it has also led to concerns about overlapping mandates, competition, duplication of health activities, poor coordination and more recently about issues of governance (Walt, Buse & Harmer 2012).

Thus, in the absence of clear authority, the policy is now being decided ad hoc by a variety of organisations. For example, since the late 1990s, the World Economic Forum has played a significant role in trying to set the health agenda and has launched many new initiatives such as Product Development Partnership Initiative (Rosenburg, Hayes, McIntyre & Neil 2010). The effect is that it has compounded national policy making in Africa. It is disconcerting to note that the contemporary health landscape is still characterised by fragmentation, lack of coordination and even confusion.

There is a disjuncture between the issues that external actors and African recipients prioritise. While attention to priority diseases has initiated much-needed increases in external assistance for health, these priorities are not necessarily in line with the recipient country government's overall plan for the health sector. In Rwanda, for instance, donors earmarked \$46 million for HIV/AIDS in 2005, when the country had a 3 percent prevalence rate, and only \$18.3 million for malaria, which was the biggest cause of mortality (Ntawukuliriyayo 2006). Likewise, a significant portion of health aid is tied in many cases to short-term numerical targets such as increasing the number of people receiving specific drugs, decreasing the number of pregnant women diagnosed with HIV, or increasing the number of bed nets handed out to children to block disease-carrying mosquitoes. They tend to be 'top-down' in nature and are largely driven by donor agendas rather than the country's own needs and priorities. This practice, known as 'stove piping' tend to reflect donor interests more than recipient needs. Garret describes the situation starkly:

From an operational perspective, this means that a government may receive considerable fund to support, for example, an ARV-distribution program for mothers and children living in the nation's capital. But the same government may have no financial capacity to support basic maternal and infant health programme, either in the same capital or in the country as a whole. So HIV-positive mothers are given drugs to hold their infection at bay and prevent passage of the virus to their babies but still cannot obtain

even the most rudimentary of obstetric and gynaecological care or infant immunisation (Garret 2007, 22)

In addition, many of the initiatives also lack mechanisms of accountability, transparency, and evaluation in the way they operate in the country. They focus on short-term result thereby raising a real question about future sustainability. Few donors understood the fact that it would take at least a full generation to improve public health substantially and that effort should focus less on particular diseases than on broad measures that affect populations' general wellbeing.

Experience with the US foreign assistance for health is bedeviled by several problems. One major problem of US foreign assistance for health is the poor coordination between the various US agencies operating in-country as well as with other donors. Although the US endorsed the Paris Declarations on Aids effectiveness, it is disconcerting to note that, it has made little or limited progress towards its goals in the area of aids harmonization. This uncoordinated effort has resulted in the fragmentation of public health and health care systems in Africa. Moreover, US aid is tied in many cases to short-term numerical targets such as increasing the number of people receiving specific drugs, decreasing the number of pregnant women diagnosed with HIV, or increasing the number of bed nets handed out to children to block disease-carrying mosquitoes. They tend to be 'top-down' in nature and are largely driven by US agendas rather than the country's own needs and priorities. One of the major deficiencies of the US assistance for health stems from its annual appropriation cycles, which constrain the potential for long term planning. A strong emphasis on measurable results and the potential for financial penalization if results are not achieved can have negative effects on sustainability and the setting of appropriate targets. For instance, in 2007, it was made clear to implementing partners at President Malaria Initiative (PMI) conference in Tanzania that it would be difficult to convince Congress to authorise the following years budget if they could not present strong results for the present year, even when it was recognised that many of the required interventions would take a year to show effect (Global Health Watch 2007). Furthermore, the high number of donors present in health, the large number of separate health programmes and the high volume of resources can create significant transaction costs for government.

Part of the problem also is that not all the funds appropriated end up being spent effectively. A 2006 World Bank report, estimated that about half of all funds donated for health efforts in sub-Saharan Africa never reached the clinics and the hospitals at the end of the line (World Bank 2006) According to the bank, money leaks out in the form of payments to ghost employees,

padded prices for warehousing, the siphoning of drugs to the black market, and the sale of counterfeit-dangerous medications.

One negative impact of this state of affairs is internal brain drain as manifested by the loss of health workers from the public sector to better-funded initiatives and NGOs offering better remuneration. Many of these initiatives pose a serious burden on the capacities of countries to absorb the health aid and instead of representing prioritised contributions to sustainable change, funds are simply fuelling an 'aid industry' of fragmented assistance (Angemi, Oyuji, Aziz & Kyamukama 2017). This has made it difficult for most African governments to pursue consistent national strategies to develop their health systems.

From Compromise to Action

The attempt at institutionalising good governance to ensure aid effectiveness in health found its first articulation in the Paris Declaration on Aids Effectiveness in 2005 and reaffirmed in the 2008 Accra Agenda for Action and the 2011 Busan Declaration. The Paris Declaration reflected lessons learned over several frustrating decades of aid activity, which led donors to conclude that sustainable development depends primarily on efforts at state (as opposed to international or sub-national level) and that aid needs to focus on facilitating country-led efforts not on trying to replace them. Global health has been affected by the Paris/Accra Agenda both of which require country-level coordination.

It is worthy at this point to mention some processes relevant to the harmonisation and alignment agenda. One of such processes is the agreement of the Three Ones promoted by UNAIDS. It aims to establish one agreed upon HIV/AIDS action framework that provides the basis for coordinating the work of partners, one national AIDS coordinating authority, one agreed upon country-level monitoring and evaluation system. (World Bank/WHO 2006) Various agencies including UNAIDS, GFATM, bilateral donors and other international agencies agreed to the harmonisation and alignment in the HIV/AIDS through the concept of the Three Ones. The Three Ones are a response to the criticisms, particularly from Africa that support for HIV/AIDS lacked coherence. The diversity of routes and sources of technical and financial assistance for HIV/AIDS are overwhelming local capacity creating enormous transaction costs and distorting human resource deployment, as staff are drawn from national services to externally funded projects. The three ones principles attempt to address these dysfunctions in coordinating national HIV/AIDS responses. Subsequently actions were taken by the Global Task Teams

on Improving AIDS Coordination (GTT) among Multilateral Institutions and International Donors. In June 2005, the GTT was established, with plans to coordinate the HIV/AIDS response further. It specifically recommended a scorecard-style accountability tool to examine the performance of national partners in creating a strong HIV/AIDS response and international partners in providing support according to the GTT recommendations.

Another process is the establishment of new, innovative financing mechanisms. Innovative financing mechanisms attempt to address aid shortfalls and the failures in the supply of global public goods for health. These innovative financing mechanisms include; the International Finance Facility for Immunisation (IFFIm), designed to accelerate the availability and increase the predictability of funds to be used for health and immunisation programmes; the Advance Market Commitments (AMC) for vaccines is a financial commitment from donors to subsidise the future purchase of a vaccine not yet available, if an appropriate vaccine is developed and if it is demanded by developing countries; and UNITAID previously known as the International Drug Purchase Facility and finance through a tax on airline tickets. It is designed to provide long-term and predictable financing for drugs and diagnostic kits to fight HIV/AIDS, TB and malaria. It is delivered through existing institutions such as GFATM and its aim is to ensure long-term access to high-quality drugs and commodities, and to increase and diversify their production and to lower prices.

The World Health Organisation has made several attempts at coordination. It is a key player in convening the International Health Partnership and related initiatives. An earlier initiative to establish better coordination and alignment of global health initiatives referred to as the 'Health 8' (H-8) has been extended to the International Health Partnership (IHP). The 'Health 8' refers to the group of eight major health-related agencies WHO, World Bank, GAVI, UNICEF, UNFPA, UNAIDS, THE Global Fund to fight AIDS, Tuberculosis and Malaria and the Bill and Melinda Gates Foundation, which meet informally to discuss ways to scale up services and improve health-related MDG's outcomes. The IHP+ is an 'attempt to bring 23 countries, 13 organisations and civil society to work together in partnership to improve health outcomes through a single harmonised in-/country compact where development partners work in the context of existing in-country mechanisms through a single cost result oriented national health plan with the objective of scaling up effective coverage as a means of achieving the targets set by the health-related Millennium Development Goals (Gostin & Amok 2009).

In terms of the financial aspect, the IHP+ launched a High-level Taskforce on Innovative Financing for Health System with the UK government

pledging €500 million contribution (Sridlar, Khagram & Pang 2009). The IHP+ was a commendable effort towards coordination and accountability as well as greater country ownership. However, at this stage, there is not enough evidence to judge the success of IHP+ but the focused nature of its initiatives raises concerns about how it would coordinate with other non IHP+ health initiatives as well as adequately address developing world concerns. WHO also went as far as establishing a clear institutional policy on public-private interactions to guide officials on how to manage these interactions approximately (Ritcher 2004). In Nigeria, for instance, an innovation specific to the health sector and championed by the WHO has been the establishment of the expanded Interagency Committee on Health (ICC) (ICH) made up of all partners in health (WHO 2002). The Minister of Health is the chair of this committee. ICC also held meetings with state governors. With active participation and support from WHO, some coordination platforms were developed and strengthened to ensure a successful health sector reform in the country. There are varieties of these coordination platforms. Prominent among them were: the interagency coordinating committee for polio eradication and routine immunisation; the health systems forum; Malaria partnership; Integrated Maternal, Neonatal and Child Health partnership (IMNCH); and the Country Coordinating Mechanism for global fund activities (CCM). The most prominent of these is the Country Coordinating Mechanism for Global fund activities (CCM). The Global Fund's Framework Document of 2002 outlined the need for a national commitment to multi-sectoral approaches, including a coordinating function that would preferably be an existing body, and where no appropriate body exists, a Country Coordinating Mechanism should be established. The CCM is the Global Fund's national entity for providing core governance functions. The roles of CCM include: coordinate the submission of one national proposal for funding; select one or more appropriate organisation to act as the Principal Recipient (PR); monitor the implementation of activities under Global fund approved programmes including approving major changes in implementation plans as necessary; evaluate the performance of these programmes of Principal Recipient/recipients in implementing a programme, and submit a request for continued funding prior to the end of the two years of initially approved financing from the Global Fund; and to ensure linkages and consistency between Global Fund assistance and other development and health assistance programmes in support of national priorities, such as poverty reduction strategies or sector-wide approaches (Dickinson & Druce 2010).

Since its inception, CCM Nigeria had managed to secure grant approval from GFTAM to the tune of \$500 million. The current CCM Nigeria

structure consists of three committees namely the Executive, Oversight, and Resource Mobilisation committees. The WHO provides technical support for these committees. It adopted the concept of ‘three ones’ – one plan, one coordinating body and one monitoring and evaluation system – as the basis for support to the implementation of activities (WHO 2008).

Under the aegis of ICC, WHO, UNICEF and other partners developed an operational coordination model for National Programme on Immunisation (NPI), Tuberculosis (TB), Roll Back Malaria (RBM), African Programme on Onchocerciasis Control (APOC) and HIV/AIDS. In some states, partners including Department of International Development (DFID), Canadian International Development Agency (CIDA), the UN System, United States Agency for International Development (USAID) and the World Bank worked under the leadership of state governments towards what could be described as Health Sector-wide Approach (SWAP).

Conclusion

We have shown in this article that governance challenges (in relation to the activities of external actors) constitute a serious obstacle to the attainment of better health outcomes in Africa. Undoubtedly, external assistance for health is needed to supplement public and private sector financing for health in Africa, which remains dismally low in comparison to financing targets. A variety of global aid mechanisms have emerged in recent years, many of which aim to improve coordination among donors and increase the effectiveness of donor spending. However, there are still challenges associated with external assistance for health, such as disease-and intervention-oriented funding and mismatch with country priorities.

Thus, given the lack of coordination and accountability among numerous health initiatives, Garret has argued that the only organisation with the political credibility to compel cooperative thinking is the World Health Organisation (Garret 2007, 22). This is because the WHO has a responsibility, as the primary health authority in the world, to safeguard public interest on global health. It is also the only legitimate entity for setting a central agenda for governing global health. Therefore, the proposal by Lawrence Gostin is particularly instructive at this point. He proposed that the WHO should take full advantage of its treaty-making capabilities and establish a Framework Convention on Global Health that binds all major stakeholders to the aims of building capacity, setting priorities, coordinating activities and monitoring progress (Gostin 2007). The WHO member states should back

the organisation in the exercise of this responsibility.

African states can only maximise their gains from external assistance for health if they take leadership in coordinating health activities in their countries within the context of a comprehensive national health plan. Experience to date in Rwanda lends credence to this view. The Rwanda health sector is dominated by donor project support, with donors contributing 43 percent of all health sector funding and government 32 percent. Out of pocket expenditure accounts for the remaining 25 percent. Unlike, many African countries where such donor assistance has contributed to the verticalisation and fragmentation of services, the Rwandan Ministry of Health has managed to direct donors to align their contributions with national policies through a donor mapping study and a systematic costing of the health sector strategic plan. Each year all donors meet with government to evaluate progress made and plan for future activities. As a result, Rwanda has become the only African country with near-universal health coverage. Immunisation rates at 95 percent are among the highest in sub-Saharan Africa. Those using insecticide nets increased from 4 to 70 percent of the population between 2004 and 2007. Rwanda is experiencing impressive progress in health in view of the above intervention. The infant mortality rate had dropped from 107 per 1000 live births in 2000 to 62 per 1000 live births by 2007. Similarly, under-five mortality fell from approximately 170 to 103 per 1,000 live births (Paulin, Sekabaraga & Soucat 2008)

In the final analysis, the proliferation of new aid mechanisms should not detract from African governments' commitment to finance health care for their citizens. This is because the provision of health care is principally a national responsibility. African countries owe their citizens a comprehensive package of essential health goods and services under its obligations to respect, protect and fulfill the human right to health.

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ABSTRACT

The structural adjustment programme imposed by the World Bank and IMF in the face of the serious economic crisis that confronted African states in the 1980s resulted in severe cuts in state spending on social services including health. State failure in the provision of social services led to the externalisation of responsibility for health and the proliferation of actors working in the field of health across the continent. Despite the positive and negative consequences of this development on Africa, the debate about the role of external actors in health care delivery in Africa has dwelt extensively on the degree they should participate neglecting the emphasis on how they participate, under what conditions and with what consequences. Using qualitative data techniques, this article examines the involvement of external actors in health care delivery in Africa illustrating the nature, pattern, dimensions, and dynamics of such engagements in the context of popular concerns with good governance. It found that governance challenges constitute a serious obstacle to better health outcome in Africa. It posits that African states can only maximise their gains from external assistance for health if they take leadership in coordinating health activities in their countries within the context of a comprehensive national health plan

KEYWORDS

External Actors; Good Governance; Health; Africa; Aid.

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PARTNERS

NERINT

The Brazilian Centre for Strategy & International Relations (NERINT) was the first Centre in Southern Brazil to focus its study and research exclusively on the field of International Relations. It was established in 1999 at the Latin American Advanced Studies Institute (ILEA) of the Universidade Federal do Rio Grande do Sul (UFRGS) in Porto Alegre, Brazil, and is currently part of the university's Centre for International Studies on Government (CEGOV). Its objective has always been the critical and innovative study of the international system's transformations after the end of the Cold War, from the perspective of the developing world. In parallel, NERINT has also sought to contribute to the debate on a national project for Brazil through the understanding of the available strategic options for the autonomous international insertion of the country.

The exploratory studies developed by NERINT on the new emerging countries since the threshold of the 21st century experienced remarkable expansion. Cooperation with state, business, academic and social institutions was intensified, as well as the direct contact with centres in Latin America, Africa and Asia, in addition to the existing ones in Europe and North America. An outcome of the Centre's activity was the creation of an undergraduate course in International Relations (2004) and a Doctoral Program in International Strategic Studies (PPGEEI, 2010). Two journals were also created: the bilingual and biannual *Austral: Brazilian Journal of Strategy & International Relations* and the bimonthly journal *Conjuntura Austral*. In addition, since 2016, NERINT offers a bilingual Research Bulletin, published by graduate and undergraduate students and researchers of the Centre. NERINT is also partnered with UFRGS's Doctoral Program in Political Science (PPGPOL), established in 1973. Thus, besides the advanced research and intense editorial activities, NERINT is also the birthplace of innovative undergraduate and graduate programs.

PPGEEI

The Doctoral Program in International Strategic Studies (PPGEEI) started in 2010, offering Master's and Doctorate degrees, both supported by qualified professors and researchers with international experience. It is the result of several developments on research and education at the Universidade Federal do Rio Grande do Sul (UFRGS). Its roots can be traced to the Brazilian

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CEGOV is chaired by a Director, and its policies and priorities are determined by an Advisory Board and a Scientific Board. The activities of the Centre are undertaken by working groups, which take the responsibility for specific projects. Currently, CEGOV has eight fully established and operating working groups. The Centre's researchers work on multidisciplinary projects covering the fields of international politics and governance, monitoring and evaluating public policies, institutional development, Brazilian and South-American economy, comparative institutional design and decision-making processes, as well as public management, democratic controls and decentralisation of public services.

The Centre is a place for interaction among UFRGS scholars and other academic institutions, highlighting its multidisciplinary and open nature, as well as its vocation to collaborative applied research. Being a reference for research on comparative governmental studies, CEGOV offers a wide range of extracurricular activities such as extension and specialisation courses, as well as other advisory activities.

CEBRAFRICA

The Brazilian Centre for African Studies (CEBRAFRICA) has its origins in the Center of Studies Brazil-South Africa (CESUL), a program established in 2005 through an association between the Universidade Federal do Rio Grande do Sul (UFRGS) and the Alexandre de Gusmão Foundation (FUNAG) of the Brazilian Ministry of Foreign Affairs. Its research activities are developed in cooperation with the Brazilian Centre for Strategy and International Relations

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In March 2012, CESUL was expanded into CEBRAFRICA. At the same time, the South African series, which published five books, was transformed into the African Series, with new titles. The Centre's main objectives remain the same as before: to conduct research, support the development of memoirs, thesis and undergraduate works, congregate research groups on Africa, organize seminars, promote student and professor exchanges with other institutions, establish research networks and joint projects with African and Africanist institutions, publish national and translated works on the field, and expand the specialized library made available by FUNAG.

The numerous research themes seek to increase knowledge of the African continent and its relations with Brazil on the following topics: International Relations, Organizations and Integration, Security and Defense, Political Systems, History, Geography, Economic Development, Social Structures and their Transformations, and Schools of Thought. CEBRAFRICA counts among its partners renowned institutions from Brazil, Argentina, Cuba, Mexico, Canada, South Africa, Angola, Mozambique, Senegal, Cape Verde, Egypt, Nigeria, Morocco, Portugal, United Kingdom, Netherlands, Sweden, Russia, India, and China. Current researches focuses on "Brazilian, Chinese, and Indian Presence in Africa", "Africa in South-South Cooperation", "African Conflicts", "Integration and Development in Africa", "African Relations with Great Powers", and "Inter-African Relations".

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