Abstract. The emergence or re-emergence of major postcolonial world regions as dynamic centers of the world capitalist economy is changing global patterns of power. The modern world system that since the nineteenth century has been centered in the Atlantic and ordered by the “West” is moving towards pluralism and decentralization. This irreversible movement towards polycentrism, which has been accentuated by the current world economic crisis, has been accompanied by institutional change (the G20) as well as new forms of "south-south" cooperation (IBSA), as major state actors such as Brazil or China actively seek to create new transnational linkages bypassing the historic centers of capitalism in Europe and the United States. This paper reviews these recent changes and compares them to the effort by the G77 and the Non Aligned Countries to obtain fundamental changes in the global order in the 1970s. The ambitious effort to establish a New International Economic Order (NIEO) failed at the time in the face of "northern" resistance as well as a result of divisions within the Non Aligned Movement itself. Today, by way of contrast, emerging and re-emerging countries are engaged in a less theorized but nonetheless more successful effort to alter the global balance by claiming a central place in world capitalism rather than challenging it.

Keywords: Globalization, Transnational Capitalism, Decolonization, Dependency, Emergence

In the early 1990s, when many observers were anticipating a new golden age of global capitalism and celebrating what appeared to be the definitive triumph of western liberalism, Janet Abu-Lughod presciently hypothesized the end of the era of “European/Western hegemony” and a “return to the relative balance of multiple centers” that preceded the age of western empire and industry. This systemic restructuring, which she placed in long historic perspective and compared to the successive reorganizations that led to the Eurasian-centered thirteenth century world system and to the early modern Atlantic system that opened the way for European world hegemony, involved the re-emergence of the Pacific which would
“supplant the Atlantic as the zone of expansion and dynamism in a world system that has been almost totally globalized”. [Abu-Lughod, 1991: 368-371] Jack Goody argued a bit later along similar lines that the pendulum, which had swung to the “West” in the modern and late modern period, was swinging back to the “East”.1 (Goody, 1996) Since then, the movement towards the polycentric systemic configuration envisioned by Abu-Lughod has quickened rather dramatically as various postcolonial countries, which account for nearly half of the world population, have consolidated their emergent position as dynamic growth centers of the capitalist world economy, developing regional and transnational linkages bypassing the historic cores of the modern world system.

This is notably though not exclusively the case in East Asia where a regional developmental dynamic has led to a time-compressed process of economic expansion and ascent, the intensity, spatial scope and duration of which have been remarkable by historic standards. Beginning with the revival of Japan in the 1950s and 1960s, a regional development movement was begun that spread, in a wave-like formation, to the Newly Industrialized Countries (NIC) of North East Asia (South Korea, Taiwan), the “emerging” countries of South East Asia (ASEAN 4) and thence, over the past three decades, to China. If varying initial conditions, historic pathways and state capabilities have produced uneven results a coherent process has been at work, unfolding over time and space to the entire region. East Asia’s aggregate share of constantly rising world GDP (in purchasing power parity - PPP), which was negligible in the 1950s, has thus risen from approximately ten percent in 1980 to 24 percent in 2009. China’s share has grown from 2 percent to 14 percent. Over the same time frame, per capita GDP (PPP) was multiplied by 12 in South Korea, by over 7 in Singapore and Thailand, by 6 in Malaysia and Indonesia, and by 27 in China (from $250 to $6778) – a spectacular increase that reflects the intensity of growth and its cumulative impact. By 2020, East Asia’s share of world GDP is expected to reach 32 percent. In South Asia, India’s share has risen from 2.5 to 5.5 percent, and per-capita GDP has increased by a factor of 14, from 419 dollars to 6000 dollars today (in current international dollars PPP).2 Asia’s overall share of world GDP is thus projected to reach forty percent in a few years. When other major reemerging countries are included (Turkey, Brazil, Mexico, South Africa, etc.) the total passes the fifty percent mark.

While it is not plausible that Asia or other post-colonial world regions will soon supplant the “West” at the center and apex of a new global hierarchy, there is no question that their “emergence” or reemergence, as the case may be, marks the end of a long historical cycle during which wealth and power were concentrated in the hands of a small number of Atlantic states. The hierarchical international system constructed in the late modern period that was centered in the Atlantic and ordered by the dominant “western” imperial powers, and which established a global division of labor dividing the world into dominant cores and dependent peripheries, is giving way to a decentralized and pluralistic world system without a center of gravity. This is evidenced by the new geography of world production and trade, the shift of financial power from “West” to “East” (that began in the 1980s and has been accentuated by the current world economic crisis), and new and increasingly dense transnational “South-South” linkages, notably trade and investment patterns of which China is the gravitational core. This, in turn, is leading a gradual reorganization of world politics, as seen in the growing voice of post-colonial countries in international public organizations

---
1 As Edward Said has argued, “neither the term Orient nor the concept of the West has any ontological stability”. As “supreme fictions” of the orientalist gaze they reflect essentialist constructs that generate otherness. (Said, 2003; Golub, 2005) Hence the quotation marks for “East” and “West” in this text. In like manner, I emphasize reemergence rather than emergence, since many if not most of the postcolonial countries involved in systemic transformation were emerged before they were submerged during the “great divergence”.
2 Source: IMF, World Economic Outlook.
(UNO, IMF, WTO) and clubs (G20), their new activism in various issue areas of international politics, and the efforts of some to establish political linkages bypassing traditional centers of authority. Systemic change is also evidenced, conversely, in the irrelevance of old clubs (the G7 or G8) and the increasing difficulties of formerly dominant countries and blocs (NATO) to set the global agenda or to establish international regimes reflecting their preferences.

The argument if this paper is that the major actors of this systemic shift are realizing what generations of nationalist anti-colonial and post-colonial leaders had fought for – achieving effective autonomy and equality through a redistribution of world power at economic and political levels – by restructuring the world capitalist system from within and claiming a central role in it rather than exiting the system or challenging it from the outside. To make that case, I compare current change to the early efforts of the Non-Aligned Movement in the 1950s to catch up and gain voice, and to the ambitious but failed mobilization of the G77 and the Non-Aligned countries to obtain fundamental changes in the global order in the 1970s (the New International Economic Order). It then examines the specific historic circumstances that allowed some developmental states to harness transnational flows from the 1980s onwards to national institutions and channel them to meet modernization objectives, and the way in which this translated into a systemic movement leading to the current restructuring. I conclude with a critical discussion of some of the problematic dimensions of reemergence: the social and spatial unevenness resulting from capitalist transformation, and of the ideational shift manifest in the waning of the emancipatory perspectives of anti-colonial nationalism.

I. 1950-1975: The Elusive Quest for Development and Autonomy

Since the collapse of the European imperial order after the Second World War the primary challenges of societies from the “global south” has been how to achieve effective autonomy and de facto rather than de jure equality. While initial conditions varied considerably from country to country, with greater or lesser levels of industrialization and differing state capacities, all post-colonial states, including the states of Latin America that had achieved independence in the early nineteenth century, faced the problem of filling independence with substance and overcoming developmental hurdles rooted in historically constructed patterns of dependence and inequality. Despite the promise of self-determination, universal “well-being”, “equal rights” and “economic and social progress and development” contained in the United Nations Charter, living conditions in peripheral world regions in the early 1950s were on average only slightly better that they had been in 1750, and their share of world manufacturing output (6.5 percent) was five times lower than it had been in 1860 (36.6 percent). Twenty years later, their share had increased to nine percent thanks to vigorous state led industrial promotion strategies (import substitution industrialization) but nonetheless remained inferior to 1900 levels. (Bairoch, 1997: 860) Absolute gains, which were concentrated in a few states, had not translated into a fundamental improvement in the overall relative position of post-colonial states in the world economy. Dependency theories (DT) provided a coherent and convincing account of why this was the case. Structuralist and neo-Marxist DT both stressed the persistence of systemic level asymmetries and constraints that reproduced international hierarchy and hollowed out the sovereignty of states that remained caged in the magnetic fields of historically dominant societies. Dependency relations constructed in the colonial era continued to operate through structural mechanisms – production structures, unequal terms of exchange, etc. – that inhibited or limited the development possibilities of post-colonial societies that were confined to subordinate

3 South Korea, Taiwan, Singapore, Hong Kong, Brazil and Mexico accounted for nearly a third of “peripheral” industrial production in 1970.
positions in the world capitalist economy. Theotonio Dos Santos concisely defined dependency as “a situation [deriving from an historical condition] in which the economy of a certain group of countries is conditioned by the development and expansion of another economy, to which their own is subjected”. (Dos Santos, 1971) The result was the persistence of core periphery polarity due to the concentration of capital, power and knowledge in the “North” and the asymmetric positioning of states in the international division of labor. For the neo-Marxists this “situation” implied that autonomy could only be realized outside of the existing system, through exit and revolution. Structuralists focused instead on the possibilities of gradually altering structures through protective measures and creating a new pattern of international relations that would make “development” possible.

Altering the world order became the central concern and aim of the constellation of postcolonial leaders, international public servants (UNCTAD), theorists and activists who initiated the drive for a New International Economic Order (NIEO) in the late 1960s that culminated in the adoption of the Declaration on the Establishment of a New International Economic Order at the General Assembly of the United Nations in May 1974. The aim of this program, which grew out of Bandung (1955) but was far more ambitious and theorized than earlier Non-Aligned efforts, was to create and institutionalize a global redistributive order founded on new rules that would “correct inequalities and redress existing injustices…[and] eliminate the widening gap between the developed and the developing countries and ensure steadily accelerating economic and social development and peace and justice for present and future generations”.4 The demand for an NIEO put structuralist dependency theory in center stage and, as Robert W. Cox emphasizes, “precipitated a debate about the real and desirable basic structure of world economic relations” that was not limited to interstate issues but “ranged inevitably into domestic and transnational structural issues.” At epistemological level, it “challenged the intellectual hegemony of liberal economics and its claims to an exclusive “rationality”, (Cox, 1979: 258-259). The Declaration thus constitutes a milestone in global governance and alterglobalization debates and a historical marker against which current transformations can be assessed.

Made in the midst of the global economic crisis of the early 1970s, the NIEO Declaration offered a comprehensive program for the restructuring of the post-war economic order through: a reform of the Bretton Woods institutions and the international monetary system, the establishment and institutionalization of mechanisms to correct terms of trade imbalances between the “North” and the “South”, the implementation of preferential and non-reciprocal arrangements for “developing countries in all fields of international economic cooperation”, the creation of frameworks of regulation and supervision of transnational corporations to secure the “full permanent sovereignty of every State over its natural resources and all economic activities”, the right to nationalize foreign firms to exercise control over resource exploitation, the facilitation of technology transfer and the promotion of endogenous technological development, the extension of assistance to the “least developed countries”, as well as the strengthening of “mutual economic, trade, financial and technical cooperation among the developing countries”. This set of measures was designed to secure the “sovereign equality of States”, correct historically inherited disparities, and achieve “even and balanced development” with a view to the “liberation” and “emancipation” of the peoples of “developing” nations. None of these major objectives were achieved, much less the overarching ambition underlying them to restructure world order. Though it continued to reverberate in UN commissions and academic debate in following years, the NIEO declaration and program of action represented the high point of postcolonial collective action.

---

to construct a new cooperative international architecture conforming to Global South preferences.

The effort failed for a number of reasons, three of which are salient: the resistance of the United States, the fragmentation of the Non-Aligned Movement along national lines, and changes in world monetary conditions in the late 1970s. The NIEO was accurately interpreted by spokespersons of the dominant powers as a “fundamental challenge to the extant liberal order” (Krasner, 1985) hence to Euro-Atlantic or “northern” hegemony. In a particularly vehement denunciation of the NIEO, Harry Johnson of the University of Chicago dismissed the entire effort as “propaganda” and a throwback to “Marxist theories of imperialism” and nineteenth century German mercantilist thought. (Johnson, 1976) Henry Kissinger dismissed the “so called Third World’s” efforts to disrupt the postwar order. While the most forward looking internationalist currents within “northern” elites, regrouped in the Trilateral Commission, recognized the need to make adjustments in world economic relations to “manage interdependence”, (Cooper, Kaiser, Kosada, 1977) their primary concern was to preserve the basic pillars of the US-centered liberal world system. In 1975, the Chairman of the Commission, Zbigniew Brzezinski, warned: “The less-developed countries are now tempted to become more and more assertive. A number of their leaders have noted that the year 1973 will go down in history as equal in importance to the year 1905. That latter date marked the first time a European power had been defeated by a non-European power, and this is what gave the Russo-Japanese War its historical significance…inclined to be more assertive and confident of their power, [these countries] may be tempted to pursue policies of confrontation rather than cooperation. We could thus move into a phase of international politics in which there will be intensifying confrontations between the advanced and the developing countries”. (Brzezinski, 1975)

Arguing for architectural adjustments rather than structural change, he suggested that the “advanced countries [should] consult closely and undertake joint initiatives, enlisting on an ad hoc basis those developing and particularly energy-producing countries which are capable and willing to become partners in such as architectural endeavor”. Neither the US nor Europe seriously entertained the idea of a grand bargain responding to the main concerns of the NIEO. While the US sought ad hoc “partners”, the Europeans responded by more conciliatory measures, such as the 1975 Lomé Convention that gave former African, Caribbean and Pacific colonies preferential access to the European market, but these were less designed to stimulate development than they were to maintain their precarious influence over the “South”. Playing on heterogeneity in the G77, notably divisions between oil producers and consumers, these responses successfully diluted the core claims of the NIEO and dissipated its political impact.

Two pivotal events occurred in the late 1970s that effectively closed the prospect for a NIEO. The first, which is at the source of the current restructuring and is discussed below, was the decision taken in 1978 by the post-Mao Chinese leadership to embark on a program of gradual domestic liberalization, economic opening and internationalization that led to China’s integration into the world capitalist economy. The second was the decision taken by US authorities, for domestic and international reasons, to engage in a sustained rise of interest rates. The US decision changed the conditions of operation of the world economy and revealed the persisting structural power of the United States.5 Evidenced in the Latin American debt crisis of the late 1970s and early 1980s, which ushered in a decade of economic stagnation and declining living standards, decisions taken in a handful of core countries, or indeed shifts induced by world market movements, provoked systemic effects

---

5 I am following Susan Strange’s definition: structural power denotes the ability of dominant states and societies, by virtue of their weight and preponderant position in various areas of the world political economy, to set frameworks that shape behaviors and outcomes. (Strange, 1989)
over which most post-colonial countries had neither voice nor control. Intentionally or not, the 1979-1983 monetary shock bought Latin American countries, which had contracted large volume of dollar denominated debt, to their knees, calling into question regional “neocorporatist” developmental strategies, or what Alain Lipietz of the French school of regulation calls “peripheral fordism”, leading to the abandonment of import-substitution and to the “asphyxiation of industrialization”. (Lipietz, 1984)

Though these outcomes underlined the theoretical pertinence of critiques focusing on the structural dimensions of dependency and demonstrated the practical urgency for a NIEO, the overall effect of the “stunningly successful monetarist counter-revolution” was to end the challenge and “tame the rebellious South”. (Arrighi, 2003: 54) In 1985, Stephen Krasner described the resulting “North-South” configuration as follows: “The gap between Northern and Southern capabilities is already so great that even if the countries of the South grew very quickly and those of the North stagnated (an unlikely pair of assumptions in any event), only a handful of developing countries would significantly close the power gap within the next one hundred years.” (Krasner, 1985:4) This sweeping conclusion has, of course, been disconfirmed by more recent evolutions but it had some pertinence at the time it was formulated, coinciding with the spread and ascendancy of neoliberalism and the “Washington Consensus”. Having neutralized the NIEO challenge, in the 1980s and the 1990s the United States, along with Europe, set and enforced a global liberalization regime that was directed against state-led developmental models and which tightened constraints on most, though not all, postcolonial states. “Intense political pressure was exerted by advanced industrialized countries on developing nations to open their economies…along a variety of dimensions, [their] national economic regulations were called into question”. (Milner & Keohane, 1996:24)

“Western” behavior during the 1997-1998 “Asian financial crisis” is a striking example of what has just been said. In much the same way that the 1980s financial crisis in Latin America created the conditions for the dismantling of peripheral fordism,6 the regional crisis in East Asia, which spread from the open and vulnerable economies of South East Asia to South Korea with knock-on effects in Japan, generated an opportunity for the United States and Europe to weaken competitive developmental state models and make East Asia conform to the post-Cold War neoliberal regime. Rather than coming in support of distressed states, the US Treasury waited in the sidelines and then, with European consent, vetoed Japan’s initiative to create an Asian Monetary Fund to pool the resources necessary to stem the liquidity crisis generated by massive and time-compressed capital outflows. This was motivated by concerns that the AMF might become the kernel of an autonomous regional financial system rivaling the IMF, which was called in only when it became apparent that contagion was spreading to global markets and which imposed characteristically harsh “structural reforms”. In the United States, the crisis was interpreted as a defining moment in the balance of world economic power: it had supposedly “destroyed the credibility of the Japanese or East Asian model of economic growth” and constituted, in Alan Greenspan’s formulation, a decisive defeat of state-led modernization efforts and “an important milestone in what evidently has been a significant and seemingly inexorable trend toward market capitalism”.7 This performative statement has, like Krasner’s earlier assessment, been turned

---

6 Though the proximate causes of the two crises differed they both reflected similar systemic vulnerabilities of postcolonial countries to exogenously driven shocks.

upside down by the rising role of East Asia in the world political economy and the current, profound and probably durable crisis affecting the economies of the “West”.

II. Restructuring global capitalism from within

This historical background must be kept in mind when assessing and theorizing the shift that is now occurring. How the “South”, or at least major parts of it, moved from what appeared to be thorough defeat and marginalization after 1975 to the increasingly central position it now occupies remains a major and much disputed question. Why is the pendulum swinging? The influential answer offered by world systems theorists has been that the rebalancing or decentering towards Asia reflects the slow decay of the American hegemonic system put in place in 1945 which entered a long phase of terminal decline during the 1970s from which it recovered only partly when the Soviet Union collapsed. The underlying assumption is that the world capitalist system is characterized by regular patterns of hegemonic of hegemonic ascent, supremacy, decline and succession reflecting the cyclical rhythms of capitalist “development”. This succession process, which until now has only occurred within the western core, is generated by moments of systemic crisis or what Arrighi calls “systemic chaos” in which “whichever state or group of states is in a position to satisfy the system-wide demand for order is presented with the opportunity of becoming world hegemonic”. (Arrighi, 1994: 30) China’s capitalist “rise”, as described in his Adam Smith in Beijing, would thus be latest in a series successive restructurings and hegemonic transitions since the emergence of the modern capitalist world system in the sixteenth century.8

The explanation given here is more historically contingent. It cuts across three interrelated dimensions of postcolonial reemergence. First, unlike the nineteenth century European imperial system, for reasons related to US strategic objectives during the Cold War, the hegemonic hold of the post-1945 international liberal regime did not produce uniform dependency and underdevelopment. It was loose enough to allow some upward mobility in the international system, at least for those postcolonial states that were key strategic allies of the United States during the bipolar conflict and who became recipients of US multinational investment. This was the case in parts of Latin America (Cardoso, 1979) but was particularly notable in North East Asia where the United States helped to erect and sustain Bureaucratic Authoritarian Industrializing Regimes or BAIRS, in Bruce Cumings’ apt formulation. (Cumings, 1984) Neo-mercantilist industrialization was tolerated, indeed encouraged, so long as the BAIRS did not challenge US economic predominance, as part of the Cold War compact in which the North East Asian allies of the US traded their political sovereignty for unrestricted access to the US market. As Cumings emphasizes, the understanding on the US side was that “Japan’s sun was to rise high but not too high; high enough to cause trade problems for the allies in declining industries” but certainly not so high as to becoming a competing center of the world capitalist economy. (Cumings, 1999:213) The same reasoning applied to South Korea and Taiwan. In short the post-1945 hegemonic regime allowed for significant deviations from the ideal liberal rule. China, which is the latest and by far the largest exemplar of these bureaucratic industrializing regimes, was never part of this system and therefore enjoys far greater political autonomy than the allies that were deeply enmeshed in the US security structure.

Second, these developmental state forms account for the fact that some countries with strong state capacity and instruments to govern the markets have proved more capable than others in the context of post-Cold War globalization to harness transnational flows to national institutions and development purposes. This is of course a matter of theoretical dispute, with

8 In The Long Twentieth Century, Arrighi identified Japan rather than China as the hegemonic contender.
critical neo-Marxist authors reading local transformations as derivative a new logic of capitalist primitive accumulation on a world scale mediated by transnational capital. Outcomes in first and second wave industrializers in North East and South East Asia (Malaysia, Indonesia and Thailand) do not support that conclusion (nor do current trends in Brazil). Though their degrees of internationalization vary, all these countries have maintained strong growth trajectories that have increased living standards over the past decade. While “modernization” is not as thoroughgoing as in South Korea or Taiwan, there is no question that we are witnessing an ascending developmental trajectory. China is a somewhat more ambiguous case insofar as the gradual insertion of the country into the world capitalist economy and export-led industrialization modeled on the neo-mercantilist strategies of the early developmental states has not only generated intense growth and real GDP gains over long periods but also spatial polarization, internal mass migrations, sharp new social stratifications and major problems of environmental sustainability linked to large scale urbanization. Sustained growth, promoted by transnational investment flows, has been made possible by the mobilization of a vast and largely female subordinate labor force concentrated mostly in highly exploitative low value added activities, raising critical issues of gender and class. While they suggest the need for vigorous corrective measures without which the country’s development might become compromised, these very real problems do not invalidate the argument that the strategy followed since 1978 has been broadly successful and propelled China’s ascent on the international scene. To put this in historical perspective, one might add that social and spatial unevenness was also a determining feature of the European or US industrialization experience. The exploitation of slave labor in the first half of the nineteenth century and of low wage labor in the latter part was central to the US’ “modernization” and its “rise” in the 1890s, just as child labor and colonial labor were in the British or French cases. To be absolutely clear, this historical comparison, which deserves more space than can be given here, is not meant to justify current Chinese labor policies much less the authoritarian regime that is engineering capitalist transformation. It simply points to the fact that China, through the exploitation of its internal peripheries, is following in the path of earlier major capitalist powers.

The third dimension, discussed in detail below, is regionalization and the establishment of transnational “South-South” linkages at trade and investment levels. Regionalization has been an important feature of East Asian reemergence. Initiated by the internationalization of Japanese manufacturing in the 1980s, which generated a concatenated regional division of labor in East Asia, regional economic integration has intensified over the past decade and a half. Intraregional trade as a share of total trade has thus risen constantly over past decades (20 per cent in 1970, 32 per cent in the early 1980s, 47 per cent in the early 1990s, 54.8 per cent in 2000, 58.5 per cent in 2007).10 Ironically, regionalization was spurred forward by opportunistic and coercive US behavior during the 1997-1998 crisis. Washington’s brutal veto of Japanese proposals for an Asian Monetary Fund (AMF) that would have pooled resources to help countries facing acute liquidity crises and subsequent IMF intervention to restructure regional economies along neoliberal lines were interpreted as thinly disguised efforts to curb

---

9 The scale of urbanization is historically unprecedented: nearly half of the population lives in urban areas today, against 10 percent in 1900 and less than 35 percent in the early years of the capitalist transformation. By 2030, the UN expects that 70 percent of China’s population, or 950 million people, will be living in urban agglomerations.

10 See <http://aric.adb.org/indicator.php>. Statistics vary from one international institution to another. The IMF gives lower estimates than the ADB (51.9 per cent) but highlights the same general phenomenon. See International Monetary Fund, Regional Economic Outlook Asia Pacific, (Washington D.C.: October, 2007). Although a significant share of regional trade is in intermediate goods for final destination export to the US, Europe and Japan, it is having developmental effects in the region, allowing for technology transfers and stimulating endogenous growth factors in East Asia.
developmentalism and gain access to valuable local resources at bargain basement prices. US and IMF behavior generated nationalist backlashes and stimulated moves towards protective monetary regionalism. Mobilizing anti-colonial repertoires, conservative nationalist leaders such as Mohamad Mahatir of Malaysia and Thaksin Shinawatra of Thailand began advocating the replacement of the dollar in regional trade. In 1999, the Association of South East Asian Nations (ASEAN) invited China, Japan and the Republic of Korea (ROK) to create a common market. In 2000, the Chiang Mai Initiative led to bilateral swap arrangements among central banks and was understood as a first step towards the creation of a regional financial institution to pool currency reserves. In 2003, ASEAN+3 announced the establishment of the Asian Bond Fund (ABF), initially capitalized at $1 billion, designed to channel reserves held by Asian central banks back into the region, and to gradually allow the region to replace the dollar with a basket of Asian currencies. In 2005-2006, senior officials at the Asian Development Bank began pushing for the creation of an Asian Currency Unit (ACU) as a step towards monetary union. In May 2008, Finance ministers from 13 East Asian countries announced plans to create an $80 billion pool to protect regional currencies, replacing the bilateral currency swap arrangements under the earlier Chiang Mai initiative.

China, which was protected by capital controls from financial contagion during the 1997-1998 crisis and played a crucial role in regional recovery by choosing not to devalue the renminbi (RMB) and absorbing a large share of regional exports, has become a major actor in this movement at both trade and monetary levels. Chinese annual GDP growth averaged over 9 per cent between 1997 and 2010 and, in the aftermath of the crisis, trade and investment flows between China and the rest of Asia grew significantly. Since the late 1990s, regional Asian trade with China has been growing faster than Asian trade with the U.S.: Japan’s imports from China already exceed those from the U.S. and Japanese exports to China have been steadily rising. This same trend is also apparent in South Korean, Thai, Malaysian, and Singaporean trade flows. A 2007 IMF study noted: “China has displaced the United States as the largest export market for an increasing number of Asian countries. It has also been pivotal in boosting intraregional trade and Foreign Direct Investment (FDI), particularly in the form of intermediate goods channeled through multinationals as part of cross-border chains… The potential expansion of China’s domestic market creates opportunities for the regional economies, for example, to produce higher-tech goods that China is unlikely to be able to produce domestically in the near future”. (Li Cui, 1997) For Chinese leaders the “launch of East Asian cooperation can be directly attributed to the Asian Financial Crisis of

11 The Future of Asia conference held in Tokyo in June 2003 showed convergence around this objective. The then Thai Prime Minister Thaksin Shinawatra: “Funds held by Asian countries, which account for about half of the world’s foreign currency reserves, used to be invested mainly in the U.S. and Europe. Now funds should head toward Asia thanks to the birth of an Asian Bond Market... Although the Asia Bond Fund will start out in U.S. dollars, we hope to shift to Asian currencies in the future”. Mohamad Mahatir: “We will all benefit from the Asia Bond Market because it is Asian and is in our own interest, not a device for somebody else somewhere and imposed on us. Initially, the bonds should be denominated in the U.S. dollar but we should move away from the U.S. dollar in the future”. The former Japanese Prime Minister Ryutaro Hashimoto seemed to be thinking along parallel lines: “The lessons learned from the Asian currency crisis are producing good results”. See “The Future of Asia 2003”, Nikkei Weekly (June 21, 2003) <www.nni.nikkei.co.jp/FR/NIKKEI/inasia/future/2003/2003weekly005.html>
12 See Anand Giridharadas, “Asian Finance Ministers Seek Common Currency”, New York Times, May 5, 2006. “The Asian Development Bank has been pushing the idea of an Asian currency unit, or A.C.U., over the past year. The unit’s value would be set by an index of participating currencies. The idea has gained popularity among several Asian finance ministers as a step toward harmonizing regional monetary policies. The development bank’s Japanese president, Haruhiko Kuroda, a supporter of an Asian monetary union, had pledged to propose the creation of an A.C.U. at the meeting in Hyderabad, but reportedly held back in light of opposition from Washington.”
13 Barry Naughton rightly emphasizes that China was able to demonstrate “responsibility and leadership through its policy choices”. (Barry Naughton, 1999).
1997. The process of the East Asian cooperation has been consolidated day by day since then [and is now] based on a multi-layered, multi-faceted structure."\(^{14}\) Indeed, China has now supplanted Japan as the magnet of regional economic integration. Recent moves to partially internationalize the renminbi and use it in regional transactions, such as the just concluded Japanese/Chinese accord to trade in their currencies rather than the dollar,\(^{15}\) represent a significant further step in the process of regional integration that began in the late 1990s.

Similar though less accomplished efforts towards regional integration have been occurring in Latin America. The erosion of the Washington Consensus in Latin America in the 1990s was synchronous with the intensification of East Asian regionalism. As Arturo Escobar notes, “Latin America was the region that most earnestly embraced neoliberal reforms, where the model was applied the most thoroughly, and where the results were the most ambiguous.” (Escobar, 2009) The regional political reaction to the lost decade has taken a different form than the conservative nationalist reaction in East Asia: the affirmation of plural lefts seeking to chart new pathways towards a socially inclusive “alternative modernity”.\(^{16}\) Yet the path to international autonomy has also implied regionalization through the expansion of the Common Market of the South (Mercosur, or Mercosul), and decisions to create institutions to promote regional development and integration, for instance the 2007 creation of the **Banco del Sur** (Bank of the South) whose stated purpose is to promote “a space devoted to the promotion of economic and social development...[and] to the convergence and complementarity of processes of economic integration”. The Bank was conceived as the seed-form of autonomous institutions not subject to the American-cum-Western dominated international financial institutions, notably the IMF, which has “lost most of its power over middle income countries”. (Weisbrot, 2007) This was followed in May 2008 by the founding in Brasilia of the Union of South American Nations (UNASUR) a political and economic community regrouping the countries of the Mercosur and the Andean Community. Intraregional trade is still low (25 percent) when compared to East Asia but, as in East Asia, single-market dependence on the United States has been generally decreasing due to diversification of trade and investment flows and new transnational “South-South” linkages.

These new linkages constitute an important part of the foreign policy discourse of postcolonial countries and are indeed an important component of the current restructuring of world capitalism around new poles. Transnational “South-South” flows bypassing the historic centers of world capitalism have greatly intensified in recent years. China is the pivotal, but not the sole, actor in the new flow patterns. As indicated above, trade between China and other Asian countries and between China and other postcolonial world regions grew significantly over the past decade and half. While the share of these countries in China’s total trade remains relatively small, China’s share in their trade has become strategically important. A comprehensive statistical picture of trade and investment flows will be made available in the final draft of this paper, but a few relevant examples – the largest Latin America, African and South Asian countries – are mentioned here. Latin America: Brazil’s exports to China, as a share of total exports, have risen from 0.9 percent in 1992 to over 17 percent in 2011. China has thus become Brazil’s second trading partner, just behind the European Union (21 percent)

\(^{14}\) “Further reciprocal cooperation to build a harmonious East Asia”, Speech by Vice Minister of Commerce Yi Xiaozhun, May 26, 2008, reported by the People’s Daily <www.english.peopledaily.com.cn/90002/93687/93689/6418402.html>.


\(^{16}\) Beginning with the election of Hugo Chavez in Venezuela in 1998, a series of left-leaning leaders came to power throughout Latin America. Luiz Inácio Lula da Silva in Brazil in 2002; Néstor Kirchner in Argentina in 2003; Tabaré Vázquez in Uruguay in 2004; Evo Morales in Bolivia in 2005; Michelle Bachelet in Chile, Daniel Ortega in Nicaragua, and Rafael Correa in Ecuador in 2006; most recently, Fernando Lugo in Paraguay in 2008.
but ahead of the United States (10 percent). Asia in 2011 accounted for 30 percent of Brazilian exports and 31 percent of its imports. Argentina’s exports to China have risen, as a share of total exports, from 1.1 percent to 9.7 percent. Africa: South Africa’s export share to China has risen from 1.8 percent in 1998 to over 12 percent while imports rose from 3 to 15 percent; Nigeria’s share has risen from 0.5 to 6.9 percent. South Asia: the share of Indian exports has risen from 2.9 to over 10 percent, and imports from 2 to 12 percent. In East Asia the phenomenon is of course far more pronounced since China constitutes the hub of a constantly expanding trade network. China thus accounts for 37 percent of Taiwanese exports, 26.6 percent of South Korean exports, 17 percent of Malaysian exports, 16.2 percent of Filipino exports, 15 percent of Thai exports and 12 percent of Indonesian and Singaporean exports. South-South transnational flows are not limited to China and involve multiple network linkages between Brazil, Africa, India, and South East Asia. Some “South-South” political institution building outside of China is occurring (IBSA). But the overall pattern suggests the emergence of a Sino-centric trading system among post-colonial regions that could in future be underpinned, through the gradual internationalization of the renminbi, by a currency and credit system that is likely to be complementary rather than alternative to the dollar and, possibly, the euro.

Conclusions

In the late nineteenth century, the United States became a semi-autonomous core of the late modern world Euro-Atlantic system. This evolution was favored by transnational capital and migratory flows and protective industrial policies. As its manufacturing capacity increased – by 1890 the US was world’s leading manufacturing power – it began to reshape the conditions of operation of the world economy. By the turn of the century, the US had become a new source of international investment and credit. (Golub, 2010) Though historical comparisons have limits, there are important analogies to the way in which China has become an “active unit” of the world system, that is a unit that shapes the global environment rather than simply being conditioned by it. As we saw above, China has become the gravitational center of new trade flows, notably in East Asia. Other reemerging states are, at the same time, engaged in building increasingly dense political and economic linkages. These new patterns of interaction are part of a process of decentralization and restructuring of the world economy that, at political level, is leading to a diffusion of power.

This irreversible change is occurring within the world capitalist system. If it conforms at formal level to the historic aims of generations of anti-colonial leaders and thinkers for sovereign equality and effective autonomy, it nonetheless represents a rather sharp break with the past. Anti-colonialism still constitutes a component of the narrative of reemergence in the “South”, including in nationalist conservative circles that read the current transformation in oppositional cultural terms. But unlike the first generation of postcolonial leaders who sought to find a “Third Way”, and the framers of the NIEO who challenged the intellectual and material foundations of the dominant world order, the actors of the current restructuring of global power relations are claiming a central competitive place in the world capitalist system that their predecessors had attempted to reform or supplant. The success of that claim, and their consequent implication in current and future system management, has dampened and in some cases entirely submerged the broader emancipatory or universalistic dimensions of the long struggle for independence, equality and justice. This is more pronounced in Asia, where the State has come to “command the banner of nationalism” 18 for purposes of domestic

---

17 Source: World Trade Organization and IMF.
18 To cite the nice formulation of Fernando Enrique Cardoso, made during his days as a radical critic. (Cardoso, 1972)
legitimation and, sometimes, to serve power political visions abroad, than in Latin America where, as in Brazil for instance, the forward-looking elements of anti-colonial nationalism still hold some sway. The new determining roles that they are destined to play raises the normative question, currently unanswered, of what kind of world the new capitalist powers want to live in, now that (some of them) have at last achieved equality.

References


