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GEOPOLITICS AND THE GLOBAL SOUTH



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## OPENING CEREMONY

**Christopher Alden** – Director of the LSE Global South Unit

Alden opened the Second Annual CAF-LSE Conference by welcoming all of the participants to the LSE. He highlighted the importance of both the Conference and its theme of Geopolitics and the Global South.

**Stuart Corbridge** – Deputy Director of LSE. Deputy Director Corbridge spoke of Director Craig Calhoun's substantial interest in and commitment to Latin America. He stated that no director in LSE's history had shown the same level of enthusiasm towards the region and towards further developing ties. At present that commitment is being exercised through the Global South Unit, which is exploring important regional issues such as South-South trade and international relations – while at the same time, seeking to learn from the disparate regions of the South. Within that context, the LSE utilises a unique approach to regional issues, through a paradigm of contributing to the public good, as opposed to a particular area studies approach. This is nowhere more evident than in the outstanding work being done by the Global South Unit, and Christopher Alden and Alvaro Mendez.

**Enrique Garcia** – President of CAF Development Bank of Latin America.

Garcia began by highlighting the relevance of development banks such as CAF to the current age. Garcia stated that the key functions of such institutions were as financiers of social and infrastructure projects, yes but, more importantly, as generators of knowledge guiding development in emerging countries.

Garcia reminded those present that CAF originated 45 years ago as a small sub-regional entity of the Andean group and, over the last 20 years, has developed itself into the region's foremost multilateral bank. He emphasised that CAF has a unique characteristic that differentiates it from other development banks – it is the only such institution to be owned by the emerging countries themselves. This he asserted was critical to maintaining the independence of the bank and in committing itself to the development of emerging countries in the region.

Addressing the title of the conference and its paradigmatic focus on geopolitics and the global south, he highlighted the quality of the CAF-LSE agenda and the distinguished nature of the participant panellists – each one a major contributor to the enrichment and stimulation of debate on the region's most important contemporary issues.

He concluded by highlighting the importance of CAF's relationship with the prestigious and renowned London School of Economics. Such is the empathy of the strategic alliance between the two institutions that the LSE has become a central component in CAF's quest to establish and maintain links with academic communities, universities, and think tanks.

## KEYNOTE ADDRESS

**Ricardo Lagos** - former President of Chile.  
*"Geopolitics and the Global South"*

Lagos suggested that the world has witnessed a reconfiguration of the global order, from a geopolitical standpoint. Indeed, there no longer exists a system of hegemonic polarity, as power has become less concentrated. The emerging world order has culminated in a lack of economic certainty and international security, as exemplified by the fact that there is still no solution to the financial crisis in Europe that first erupted over seven years ago.

Such uncertainty in the democratised world is facilitating a rise in the popularity of extreme political parties on both the left and the right, thus undermining the legitimacy that democratic institutions have historically been built upon. These institutions are unable to answer such critical questions as those posed to it by the global financial crisis, and moreover, multilateral institutions are also failing to fill the void left by the absence of a clearly defined international order.

Lagos suggested that what we are now witnessing is a new order represented by major regional actors in certain geographical areas of the world. There are now numerous major actors on the world stage, as opposed to the one or two we have previously seen. In this context, without mutual cooperation, solving major problems

will be difficult, and with no cooperation, impossible.

With regard to the South's performance in the last 10 years, the region has performed remarkably well, producing a middle class that now demands more from its respective governments. To a large extent extreme poverty has been defeated, owing to a combination of impressive economic growth rates and well-focused, social public policies. Addressing the future, Lagos questioned how the world would deal with the rapid economic changes that have unfolded over the last decade. Differential rates of growth across the globe have culminated in an average growth rate of just 3.5 percent in developed countries, while developing countries have experienced an impressive average of 8 percent.

In that context, the importance of Europe to the global economy should not be underestimated. Indeed, Europe represents 31 percent of total world inputs, while United States accounts for only 12 percent and China, 10 percent. Because of the European slowdown, the current major issue in the global economy is now that trade no longer outperforms growth and world output. With this in mind, Europe's current economic woes require answers from all global participants, not just Europe.

Summing up, Lagos returned to the concept of an emerging geopolitical order. He asked to what extent is Latin America prepared to integrate as a unitary region within this new order? So far it has failed to do so, as it might be creating more division than integration, particularly between Pacific and Atlantic nations.

In short, Latin America needs to speak with one voice in order to address growing trends and critical issues such as migration and climate change. In the new economic environment, geography is not what it used to be, and Latin America needs to speak with one voice to be at its most effective.



## SESSION ONE

## GEOPOLITICS AND THE CHANGING PATTERNS OF MULTILATERALISM

(Chaired by **Chris Alden**  
– Director, Global South Unit, LSE)

### H.H.S Viswanathan

– Observer Research Foundation India.  
*“Regional Organisations and the changing patterns of Multilateralism”*

Viswanathan from the Observer Research Foundation in India presented the topic around four aspects: regionalism; multilateralism; the impact of globalisation on these phenomena; and the new concepts of ‘plurilateralism’ and ‘multi-stakeholderism’.

He stated that in today’s increasingly interdependent world, the most pressing contemporary issues have become broader by nature and affect every nation-state. This is simply because no one nation-state can solve all problems, hence regionalism and multilateralism are as prevalent as ever. This point is highlighted by examples such as terrorism, food and energy security; cyber security; trade liberalism; and drugs and human trafficking.

With regard to regionalism, one should look to the European Union as an example of what can be achieved. After its inception, the EEC evolved to such an extent that it was effectively able to end conflicts across Europe. However, he cautioned that the EU model cannot simply be applied blindly to other regions, as there no longer exists a common enemy binding all parties together. Speaking of India’s own experience of regional organisations, Viswanathan opined that overall it had not been a good one. India rejected participation in regional forums following its independence, and pursued representation in global multilateral forums. However, the last decade has witnessed a more concentrated effort from India to improve its regional cooperation – a fact evident in its increasing involvement in SAARC. Similar to regionalism, multilateralism cannot succeed unless participants feel they can gain tangible benefits, while avoiding a zero-sum scenario. He cautioned that while there has been a proliferation of such organisations in the last five decades, the effectiveness of these entities is open to question.

Addressing the impact of globalisation on regionalism and multilateralism, the ambassador asserted that we are now witnessing a qualitatively different kind of

globalisation. This current kind differs from its predecessors by how much it penetrates the nation-state’s market functionality, thus weakening state sovereignty. Similarly to multilateralism, contemporary globalisation has proliferated regional organisations, while simultaneously and paradoxically producing more instances of protectionism. Within that context does regionalism really aid multilateralism? In an ideal world, countries would form into unified regions and those regions would then join multilateral organisations.

Regarding ‘plurilateralism’, the ambassador suggested reform of such entities as the BRICS and the G20 so as to serve more specific functions for more specific issues. Addressing the new concept of ‘multi-stakeholderism’, Viswanathan stated that this new form of multilateralism, combining the private sector and NGO’s with governmental organisations was still an experiment in the making.

In conclusion, the ambassador opined that global institutions should have three fundamental balances: balance of representation; balance of power; and balance of responsibilities, to ensure the most effective practice.

### Zhongying Pang – Renmin University of China

*“China and the Liberal International Order”*  
Pang reaffirmed China’s place within the global South, but positioned it in between the traditional conception of world order and the so-called emerging new world order. Pang reminded us that China is a permanent member of the UN Security Council; it is the second largest economy in the world; it is the world’s largest trading partner with both Africa and Latin America; and it had recently hosted a China-Latin America forum in conjunction with the Community of Latin American and Caribbean States (CELAC).

Pang asserted that in the new world order, policymakers in China are themselves unsure of how much influence they will have on the world, or for that matter, the direction of China’s foreign policy. He was, however, sure that China’s most important current domestic challenges are down to tackling corruption and pollution.

In that context, China has no capability to





challenge the United States' global leadership, and is content with the existing liberal global order. However, China will continue to call for the reform of the world's global institutions such as the IMF and the World Bank, as well as the ADB Bank on a regional level, to reflect contemporary world dynamics. Furthermore, China is consistently exploring alternatives to the current, albeit changing world order.

Pang concluded by reiterating China's commitment to cooperation and to international governance. China will, however, continue to call on those key institutions of liberal governance, such as the G20, to reform in order to more accurately reflect the emerging world order.

**Didier Opertti Badan** – Former Foreign Minister of Uruguay

*"Latin American views on Multilateralism"*

Opertti began by questioning if there exists a unitary vision within Latin America on multilateralism, or was it simply a daydream? He stated that Latin America has and continues to be awash with multilateralism. Indeed, the majority of Latin American countries were founding members of the United Nations (UN), while these countries are also members of the World Trade

Organisation (WTO), and furthermore, 30 countries of the region are members of the Organisation of American States (OAS).

While Latin America clearly believes in multilateralism, there exists within the region an institutional inflation – too many pathways to integration. To elucidate the point, the region has too many multilateral organisations on economy and commerce alone: MERCOSUR, the Andean Community, UNASUR, and CARICOM, among others. In that context, the region seems more comfortable creating new institutions rather than ensuring that existing ones work properly. The OAS is the only hemispheric organisation of a political nature. It is also the only organisation that has treaties on the observance of democracy and human rights. In that context, one cannot deny that this has been a step forward for multilateralism. All this means that multilateralism is important to the region, although some would say there has been too much of it.

Opertti then highlighted certain limitations of some of these multilateral institutions. For instance, getting the Latin American Integration Association to take a position on MERCOSUR was impossible. Further instances of ineffectiveness include an absence of relations of any Latin American block with the General Assembly of the UN and the Security Council.

Opertti next discussed the system of global politics in regards to the rules of commerce. In this context, the WTO has endless rounds of talks which encompass combinations of bilateralism with multilateralism. The WTO is an organisation which paradoxically encourages bilateralism through a myriad of commercial agreements to resolve conflicts and lay down rules of international commerce. Opertti suggested that increasing bilateralism is a natural response to the inaction of the globalism in the WTO.

There are definitive limitations to MERCOSUR as well. It struggles to make important decisions, be it at a regional level, or decisions which are imperative to individual countries. MERCOSUR's multilateralism has lagged in its own objective to widen commerce, reduce customs procedures, and arrive at common agreements.

Summing up, Opertti observed that Latin America believes in multilateralism, that it practices multilateralism, but that these processes are in conjunction with bilateralism and unilateralism.

**Dan Restrepo** – Former Special Assistant to the President and Senior Director

for Western Hemisphere Affairs, National Security Council, The White House, United States

*"The challenges posed by the emerging powers in the Western Hemisphere to the United States"*

Restrepo began his address by challenging the predominant definition of emerging powers: the BRICS. From a US perspective, such an acronym excludes countries in a similar stage of development to BRICS but which are vitally important partners of the US. He emphasised the case of Mexico as an illustration of this point: – Mexico's democratic and economic emergence over the last 20 years has been almost unrivalled. Similarly, he questioned the notion of 'challenges' inherent in any discussion of emerging powers. He made the point that emerging countries did not simply pose challenges to the US, but also real opportunities. Furthermore 'challenges' *per se* consist of challenges not just to the US, but also to Latin America itself.

In that context, he confronted the idea that we are now witnessing a multi-polar or even a world of absence of polarity. Indeed, such a notion was considered disturbing to policy-making elites in Washington. Qualifying this remark, Restrepo explained that most of the senior Western Hemisphere policy-makers in Washington relate their experience to the Cold War paradigm, resisting any notion of change within the region. This presented a challenge in itself for the United States, leaving it relatively unprepared for the regional realities currently unfolding.

Restrepo then highlighted American concerns relating to the concept of responsibility: – if we are witnessing the emergence of a multi-polar world, then the emerging powers should take more responsibility for the world order. The US was also concerned that the Global South lacks a coherent voice. On the other hand, President Obama is currently more open to this new emerging global reality than the vast majority of senior policy-makers in Washington. Highlighting the recent acceptance by the US of discussions on legalising drugs, it is a testament to the relative openness of the current United States administration on key Western Hemispheric issues.

Finally, with two years remaining of Obama's administration, Latin American countries should utilise this time as the next US President maybe would not be as comfortable with the notion of emerging powers in the region.



## SESSION TWO

# THE GEOPOLITICS OF DEVELOPMENT

(Chaired by **Maxine Molyneux** - Institute of Americas, UCL).

**Jose Antonio Ocampo** – Columbia University and Former Minister of Finance of Colombia

*“The new financial architecture for development”*

Ocampo highlighted the importance of international monetary issues for the South and the developing world, who, in the contemporary world climate, have been subject to a lot of financial instability stemming from the developed world’s markets. Indeed, the South is still dominated by developed countries, the founding members of the trans-Atlantic alliance, epitomised by the Bretton Woods institutions of 1944.

In that context, Ocampo suggested six reforms of the current international monetary system to address its current shortcomings. The first is an international reserve system. He drew attention to the IMF’s Special Drawing Rights (SDRs) of which 60% of the total reserve currently goes to developed countries, which have less need for it than developing countries. He proposed that developing countries should have greater access to this international currency, and suggested, moreover, that central to any IMF reform should be that the institution operates entirely in SDRs, making the SDR the major denomination of IMF lending.

The second proposed reform is macro-economic cooperation. He criticised recent developments on this issue under the auspices of ‘mutual assessment progress of the G20’ for being ineffective and too elaborate. The G20 initiative has failed to right a new imbalance: the surplus of the Euro zone. This has proven counter-productive, and a stronger form of cooperation was required to avoid such a situation in the future.

Thirdly, regarding capital controls, stronger regulation is needed, since much of the emerging countries’ financial crises are transmitted by the volatility of capital inflows. He highlighted how countries such as Chile, Colombia and Brazil have been successful in this regard by utilising capital controls to manage macro-economic volatility.

Fourthly, concerning crisis solutions, Ocampo advocated a flexible credit line from

the IMF without the current stringent conditions attached to them. He also pointed to the lack of a mechanism to manage sovereign debts after they have become unsustainable. Citing the contemporary example of Argentina, Ocampo suggested that the world needs some kind of sovereign bankruptcy court to mitigate such cases.

The fifth suggested reform is the need for more regional arrangements. The international monetary system should be a myriad of regional agreements, with the IMF at the apex; rather than that the IMF assumes all responsibility.

Ocampo ended with the suggestion to tackle the fundamental issue of global governance. IMF quotas and voting rights need to reflect the current global reality by increasing the share of votes given to developing countries whilst simultaneously lessening Europe’s share .

**Harinder Kohli** – President of Emerging Markets Forum

*“Regional and sub-regional development banks as sources of development finance: a new paradigm”*

Kohli cited the evolution of multilateral development banks (MDB), from their inception in the aftermath of the World Wars to their current position. He noted that the governance and policy structures of the post-1945 MDBs reflected the power structure at the time – which did not change until recently. Now G20 countries are increasingly playing a more active role than G7 countries are or have been on development issues. There is also now a persistent questioning of whether current governance structures reflect current global realities.

The contemporary evolution of development finance has included the involvement of private actors, who have set up foundations called ‘vertical funds’ designed to tackle health and social issues in emerging countries. Such funds are now major players in development finance, and a lot of the time have more resources than the World Bank regarding specific matters of that kind.

He reminded us that the world’s largest development Bank was not the World Bank, but the European Investment Bank (EIB). Today the EIB lends 60% more than the World Bank, is the development bank with the highest credit rating, and is the most

efficient bank in regards to the expediency with which it can extend its credit. He also pointed out that in all regions except for Africa, regional development banks such as the Asian Development Bank, CAF, the Inter-American Bank and the European Bank for Reconstruction lend around 70% more than the World Bank.

Kohli cautioned that concessional funds for the poorest people in the world are decreasing owing to a reduction in extreme global poverty (except in Africa), but also because traditional donor countries are facing mounting budget restraints. Nevertheless, billions of people have already been lifted out of extreme poverty: – down from around 70% in 1950 to closer to 20% in terms of total population.

On the new paradigm – Kohli suggested several features to guide regional development banks, heading into the future. The main feature should be that regional banks should act as effective intermediaries, transferring savings from South to South. Another feature is that such a bank should



employ a different governance model that involves cooperative ventures – similar to the European Investment Bank and CAF. Moreover, the expediency of authorising loans from regional development banks needs to be improved.

Looking forward, new development banks are going to have to consider new customers – i.e. the middle class – and more attention is needed to garner public-private collaboration. A framework for Latin America should include: inclusive growth; increased productivity and competitiveness; sustainability; and regional cooperation on strategic projects.

**Jean-Louis Ekra** – President of Afreximbank

*“Building African regional infrastructure: the rise of South-South development finance”*

Ekra emphasised the importance of infrastructure projects as vehicles to increase inter-regional trade. Infrastructure drives competitiveness and productivity growth, promoting economic activity and economies of scale. As a direct result of these processes, countries that engage in improvements to infrastructure benefit from faster growth rates and higher rates of poverty alleviation. This can be infrastructure in a social and/or economic sense.

Ekra pointed out that Africa has performed poorly in comparison to most other regions in the world, when assessing economic infrastructure. Infrastructure data from the World Bank indicate that Sub-Saharan Africa has the lowest electricity production capacity in the world; indeed, only 32% of Sub-Saharan Africa’s total population had access to electricity in 2010. Similarly, Africa had the lowest quantity and quality of transport infrastructure, measured by density of paved roads.

Ekra then highlighted the economic costs, benefits and returns accruing through closing Africa’s infrastructure deficit – which is in part a consequence of its colonial experience. On a general level, Ekra cited the examples of Algeria, Botswana, Egypt, South Africa and Morocco to show that African countries with improved infrastructure achieved stronger economic and trade performance. The potential benefits of narrowing Africa’s infrastructure deficit would include more economic growth, aiding its quest for improved competitiveness.

To conclude, Ekra stated that infrastructure is a prerequisite for sustainable economic growth and development, as it is a reliable resource to support trade, marketing, and dis-

tribution of goods and services. Ekra called for African countries to strengthen regional cooperation to support intra-African trade.

**Matias Spektor**, Fundacao Getulio Vargas and CAF-LSE Fellow 2014

*“The new BRICS development bank: niche banking or alternative banking?”*

Spektor spoke about the origins of the new BRICS development bank. He explained what effect the bank would have, and situated the creation of the bank in the context of the current geopolitical environment. The main reason the bank was set up was for business, not for geopolitical reasons. Lending for infrastructure is good business, and the profit margins are relatively good. The opportunities are vast: over one billion people have no access to clean water, while 2.6 billion people need access to improved water and sewage infrastructure. A caveat to the business rationale behind the bank’s creation is that the BRICS fear that an external shock from global financial markets might derail their ascent.

Spektor noted that the bank was comparatively small in size, with each of the five countries contributing an initial US \$10 billion to fund infrastructure projects in BRICS and other developing countries. In contrast, the National Development Bank of Brazil loaned US \$88 billion, and the China Development Bank loaned US \$240 billion alone in the previous year.

Spektor highlighted the importance of perception inherent in any discussion of the term ‘emerging’. In part, this new BRICS development bank was created to make the political statement that large emerging countries are a political force in the world. Because of the BRICS development bank, lending for infrastructure will become more competitive. However, it will face a coordination challenge: he cited examples of difficulties in agreeing on what it meant to be an environmentally friendly lender as potential sticking-points that will have to be overcome.

In a geopolitical context, Spektor stated explicitly that the conception of the world system as a conflict between ‘status-quo’ and ‘revisionist’ powers is fundamentally false. The current world environment is not a West-versus-the-rest concept, and the situation is in fact more complex than that. Spektor then touched on the extent to which emerging powers were ‘responsible stakeholders’. He posed the question, who has the legitimate authority to decide what behaviour is responsible?



## SESSION THREE

# THE GEOPOLITICS OF SECURITY

(Chaired by **Guillermo Fernandez De Soto** – Director of CAF’s Office for Europe and former Minister of Foreign Affairs of Colombia)

**Jose Miguel Insulza** – Secretary General of OAS and Former Minister of Foreign Affairs of Chile

*“New perspectives on the drug problem in the Americas”*

Insulza stated that the drug problem is central to the most fundamental security issue for the region – public security. The issue of drugs in the context of geopolitics and international relations is particularly relevant, as organised crime in effect occupies important geographic swaths of Latin America.

“The War on Drugs” had been the policy for the last four decades. A 2011 report estimated that over 50% of total cocaine produced in the region since the policy’s inception had been confiscated and that around 40% of America’s 3.7 million prisoners had been imprisoned directly due to drugs.

The problem is that the overall objective of the War on Drugs has failed: reducing consumption. In fact, consumption has increased, yielding a black market economy of around US \$150 billion, a figure larger than several Latin American countries’ total GDP. Insulza praised recent experiments at legalising the consumption of marijuana. He suggested that it was worth reviewing whether such a policy could work in legalising other drugs – as a more effective way of controlling the distribution of drugs. He also suggested conceding a certain drug allowance, thus relieving the prison population.

In conclusion, Insulza recommended a focus upon the essential geopolitical elements inherent in the drug problem, such as laundering, legalisation, and violence. Money laundering in particular is an essentially geopolitical issue. It is estimated that around 90% of the total profit made from drug trafficking remains in the banking system, and is subsequently moved to other sectors of the economy. Insulza finished by

suggesting that it would be helpful to discuss the issue of drugs as a health problem, rather than a geopolitical one.

**Domitilla Sagramoso** – King’s College London and Royal Institute of International Affairs

*“Russia’s Perspective on its New Security Challenges”*

Sagramoso began by highlighting the fragility of the current Russian economy, owing to its reliance on energy exports amid falling oil prices, Western-imposed sanctions, and state intervention in its own market economy. However, paradoxically, Putin’s approval ratings are at historical highs. In that respect, any possibility of regime change is very unlikely in the near-to-medium term.

From Russia’s point of view a multipolar world is desirable, and currently the world system is dictated by Western powers who act in multilateral ways to intervene with impunity. Examples of this behaviour are evident in Kosovo, Afghanistan and Iraq. In this context, the recurrence of regime change is of particular concern. Russia feels it is not respected in Western-centric institutions, and has sought to diversify its political ties away from the West – fostering relationships with India, Asia, China and, recently, Latin America.

In an interesting paradox, Russia is both a conservative actor and a revisionist actor. Acting upon fears that NATO enlargement and the Western powers were restricting the extent to which the Russian state could integrate effectively with its neighbours, Russia views this as a key challenge to its national security. The epitome of this process is Ukraine. Ukraine is viewed as critical to Russia, and the extent of its importance to Moscow has been misunderstood in Europe and the United States.

A myriad of concerns lie at the heart of Russia’s intervention in Ukraine. Ukraine’s dependence on Russian energy, interdependent investments and strong trade relations

are at stake, and this was exacerbated by Ukraine's imminent accession to economic integration with Europe. On the political level, Russia feared that Ukraine would be repositioned in a different geo-political block. Eastern Ukraine, in particular, with its shared political outlook, common views on the Soviet era, and language affinities, was viewed as drifting away unacceptably. Russia had aspirations for Ukraine to join the Eurasian Union, but this looks unlikely in the near-to-medium term.

The North Caucasus, however, represents one potential opportunity for Russian cooperation with Europe – particularly on the issue of global jihadist terrorism. The region is witnessing an alignment with terrorists in the global jihadist movement, calling for their own Islamic State and utilising brutal tactics to achieve this goal. This contemporary environment is a marked change from the North Caucasus that existed in the 1990s, and represents an isolated area of cooperation.

**Dino Mahtani** – Investigator for the UN Security Council and former foreign correspondent for the Financial Times and Reuters

*"State failure and the rise of terrorism"*

Mahtani highlighted the issue of corruption as the pre-eminent problem of today and the key contributor to state failure. In that context, Mahtani cited a recent study by the Carnegie Endowment for International Peace titled "Corruption: The Unrecognised Threat to International Security". To emphasise his point, Mahtani pointed to the fact that corruption is a proceeding resorted-to in both legitimate and criminal power structures in order to maintain power.

Corruption itself becomes the system, and in corrupt states government is a vehicle through which privileged individuals and groups enrich themselves, rather than operating toward the public good. Mahtani lamented the absence of corruption on the international agenda, particularly when there is a direct correlation both between corruption and state failure, and between political stability and the absence of corruption.

Mahtani then cited the example of corruption in Iraq, and how the pervasiveness of economic mismanagement in the Maliki administration permeated the system, contributing to Iraq's weakness to face the threat poised by the Islamic State. To illustrate his point, he mentioned that the Iraqi 9<sup>th</sup> brigade collapsed directly for lack

of clean water and food which the logistical units were unable to deliver, being exploited themselves as political slush funds misused as kickback schemes run by prominent politicians for personal enrichment.

**Christopher Hughes** – Head of the International Relations Department, LSE

*"Regional conflict in the South China Sea"*

Hughes noted that contemporary developments in the South China Sea are particularly relevant to the conference title, Geopolitics and the Global South. Indeed, not only are the majority of participants in this region from the Global South, but all are engaging in behaviour that conforms to classic 19<sup>th</sup>-century geopolitics: power balancing, arms races, realignments. The region seems on the brink of war.

Why has this situation occurred? Hughes suggested the immediate trigger for this conflict was the United Nations, which asked the countries to make official claims on the disputed territorial waters, thus subtly encouraging them to make expansive claims. However, he offered that a more fundamental reason behind the re-emergence of geopolitics in the region was the 2008 global financial crisis.

In that context, the prevailing strategic thinking in China was a further significant factor contributing to the current crisis. Geopolitics predominates in the thought-processes of leading Chinese policy-makers and academics, concerned with crucial sea-lanes of communication and the Malacca Straits. This geopolitical logic has become even more pervasive in China today, playing out in a downward spiral of contagious competitive nationalisms amongst all the players in the South China Sea region, resulting in a dangerous security dilemma. Hughes concluded by venturing that Chinese policy-makers may have realised that they have been too aggressive, and there may be some redress to this. He also noted that regional integration has definitely not worked in the South China Sea area. Furthermore, economic interdependency has resulted in the dependency of China's neighbours, thus diluting the argument that economic interdependency will alleviate rising tensions. Summing up, Hughes suggested that the South China Sea issue is one of post-colonial and identity politics, a cultural problem, and one of insecurity that will only be resolved by careful and serious thought and by educational reforms.





## CLOSING KEYNOTE ADDRESS

**Jose Maria Aznar**, Former President of the Government of Spain

*“The Global South and the Atlantic Basin, New Actors, power shift and challenges for the International Order”*

Aznar began by offering his condolences to the victims’ families in the recent Charlie Hebdo attack in Paris. Aznar suggested that the fight against radical Islam was going to be a long, drawn-out battle, and that suggestions that the battle had been won after Osama Bin-Laden’s death were premature. Questions of successful cultural and religious integration and of how to defeat radical ideology remain unanswered.

The rise of the Islamic State in Syria and Iraq proves that fundamentalist Islam is a serious threat. Libya has descended into chaos, lacking any kind of governance, and US troops are effectively continuing their 2003 mission in Iraq. Aznar suggested Western Europe will need to fight radicalised Islamists on its own streets, and argued that the threat of such attacks as Charlie Hebdo has been underplayed.

The Westphalian system has attempted to contain the fundamental nature of anarchy in the international system with myriad international legal and organisational structures that were designed to foster open trade, resolve disputes, and delineate limits to the practice of war when it did occur. Referring to Henry Kissinger’s new book, Aznar suggested that this system of governance faces daunting challenges.

The democratic world that former US President George H.W. Bush had envisaged after the Gulf War is now in disorder. Nowhere is this disorder more apparent than in the Middle East which, in the coming years, will comprise mainly weak states unable to control large swaths of their sovereign territory. Intra-state war and sectarian violence will both increase, while powerful regional criminal organisations and local non-state actors, fuelled by access to energy resources, will

have more power than state actors. Even worse, powerful external actors will wilfully meddle in these countries’ internal affairs, further destabilising them. These developments will exacerbate the worsening security environment in the West, and international incidents of terrorism in the West will increase.

Aznar emphasised the role played by the transatlantic link in ensuring security in the previously accepted system of governance underpinned by the structures set forth in the Treaty of Westphalia. Indeed, without the Marshall Plan, Europe would not have been able to recover and rebuild, and American commitment to Western Europe’s security has been essential for Europe’s evolution in the post-1945 world. In this context, security came first and this allowed for reconstruction, resulting in cooperation otherwise known as the Atlantic Alliance.

Aznar opined that the transatlantic alliance is still the most effective way to guarantee freedom, prosperity, and liberal principles. He indicated that the Atlantic basin has tremendous potential, owing to energy resources and shared political norms.

Leading an initiative to foster transatlantic cooperation at the Johns Hopkins University, Aznar made five recommendations that, if adhered to, have potential to yield tremendous advantages. The first concerns energy –the North Atlantic region as a whole accounts for more than a third of total oil and gas production in the world, more than 60% of total shale gas reserves, more than 12% of conventional gas reserves, and 40% of the world’s conventional petroleum reserves.

Aznar recommended a multilateral framework in which to discuss further transatlantic integrated energy collaboration. Such a forum would tackle energy access problems and sustainable energy issues. Citing the International Energy Agency, he stated that in the coming years the Unit-

ed States will overtake Russia in natural gas production, and also Saudi Arabia, to become the largest producer of oil in the world. There have also been important developments in Argentina, Brazil, Ghana, Guyana, Morocco, Namibia and Suriname which may be key to future energy security, all in the Atlantic region.

The second recommendation was in economic growth and human development cooperation. Aznar stated that the Atlantic basin was the most important and successful region in the world in this respect. Europe and America account for over 50 percent of the world's gross domestic product and over 30 percent of all commercial transactions. Trading in goods and services in the Atlantic basin currently account for over US \$2 billion a day.

Latin America and Africa are experiencing high growth rates and, in the coming years, these regions will become major players in international trade. However, income distribution and inequality reduction must go hand in hand with increased growth rates.

The third recommendation was more regional cooperation in the Atlantic Ocean through an Atlantic Ocean forum. Such issues as rising sea levels, untapped energy resources, sustainable fisheries, and maritime security and governance are all salient.

The fourth recommendation concerns human security. If drugs and human trafficking, corruption, terrorism, money laundering, and piracy remain unchecked, they will undermine political stability and the global economy.

The fifth and final area in need of development is the culture of lawfulness and order, and effective democratic governance. Progress in democratic governance is building a strong democratic foundation and enabling prosperity to flourish in several Latin American countries.

In conclusion, Aznar reiterated the need for an Atlantic forum that could contribute and indeed reconstruct international stability based on International law and order. The Atlantic has experience in this area, and he insisted the Atlantic basin must play an important role in this respect.



- AGENDA**
- 09:00 / 09:15 **OPENING CEREMONY**
- Chris Alden, Director of GSU.
  - Stuart Corbridge, Deputy Director of LSE.
  - Enrique García, President of CAF.
- 09:15 / 10:00 **KEYNOTE ADDRESS**
- "Geopolitics and the Global South" - Ricardo Lagos, Former President of Chile.
- 10:00 / 10:15 **COFFEE BREAK**
- 10:15 / 12:00 **SESSION 1 "GEOPOLITICS AND CHANGING PATTERNS OF MULTILATERALISM"**
- Chair**
- Chris Alden, Director Global South Unit, LSE.
- Speakers**
- Regional Organisations and the changing patterns of Multilateralism.  
H.H.S Viswanathan, Observer Research Foundation India.
  - China and the Liberal International Order.  
Zhongying Pang, Renmin University of China (RUC).
  - Latin American views on Multilateralism.  
Didier Opertti Badán, Former Foreign Minister of Uruguay.
  - The United States and the challenges posed by the emerging powers.  
Dan Restrepo, Former Special Assistant to the President and Senior Director for Western Hemisphere Affairs, National Security Council, The White House, United States.
- 12:00 / 14:00 **LUNCH**
- 14:00 / 15:30 **SESSION 2 "THE GEOPOLITICS OF DEVELOPMENT"**
- Chair:**
- Maxine Molyneux, Institute of the Americas, UCL.
- Speakers:**
- The new financial architecture for development.  
Jose Antonio Ocampo, Columbia University and Former Minister of Finance of Colombia.
  - Regional and sub-regional development banks as sources of development finance: a new paradigm.  
Harinder Kohli, President of Emerging Markets Forum.
  - Building African regional infrastructure: the rise of South-South development finance.  
Jean-Louis Ekra, President of Afreximbank.
  - The new BRICS development bank: niche banking or alternative banking?  
Matias Spektor, Fundación Getulio Vargas and CAF-LSE Fellow 2014.
- 15:30 / 15:45 **COFFEE BREAK**
- 15:45 / 17:15 **SESSION 3 "THE GEOPOLITICS OF SECURITY"**
- Chair:**
- Guillermo Fernandez de Soto, Director of CAF's Office for Europe and Former Minister of Foreign Affairs of Colombia.
- Speakers:**
- New perspectives on the drug problem in the Americas.  
Jose Miguel Insulza, Secretary General of OAS and Former Minister of Foreign Affairs of Chile.
  - Russia's Perspective on its New Security Challenges.  
Domitilla Sagramoso, Kings College London and Royal Institute of International Affairs.
  - State failure and the rise of terrorism.  
Dino Mahtani, Investigator for the UN Security Council and former foreign correspondent for the Financial Times and Reuters.
  - Regional conflict in the South China Sea.  
Christopher Hughes, Head of the International Relations Department, LSE.
- 17:15 / 18:00 **CLOSING KEYNOTE ADDRESS**
- "The Global South and the Atlantic Basin. New actors, power shift and challenges for the International Order" - José María Aznar, Former President of the Government of Spain.
- 18:00 / 18:15 **CONCLUDING REMARKS**
- Enrique García, President of CAF, Development Bank of Latin America.
  - Chris Alden, Director of GSU.
- 18:15 / 19:00 **WINE RECEPTION (SENIOR COMMON ROOM)**