

## Shifting Power Paradigms: Exploring the Rise of the Global South

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*Source: ISS Africa*

### Introduction

Understanding the shifting global power dynamics is important to navigate the international arena efficiently and to build successful alliances. It can help to identify the challenges and opportunities in global politics and predict the upcoming changes and challenges for better policymaking. Power dynamics influence both internal and external decision-making of a country.

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In 1974, the United Nations General Assembly established The New International Economic Order, highlighting the global significance of developing nations.<sup>2</sup> Since then, the nations of the Global South, specifically China, India, Brazil, Saudi Arabia, South Africa, and Qatar, have left a lasting impression on the global economic landscape. Their impact was demonstrated when several seismic events occurred at the beginning of the 2000s. The devastating wars in Iraq and Afghanistan that followed the September 11 terrorist attacks, sharp rises in the price of commodities globally, and the global financial crisis of 2007–2008 all contributed to the shifting of the center of global influence further South. Recently, the expansion of BRICS in 2023 and the Indian Presidency of the G20 Summit further reflect the increasing prominence of the Global South in 21<sup>st</sup>-century international governance.

The ascendancy of the Global South marks a significant transformation in global power dynamics. The Global South now has the opportunity to address its aspirations and concerns and build more inclusive and sustainable agendas. The collective economic strength of the South has also increased significantly in the last couple of decades. In this situation, the narrative of a united Global South is gaining popularity. However, it is a challenging endeavour. Countries in the south do not have a homogenous political and economic reality and do not necessarily share the same views and aspirations. That is why this commentary will explore the rise of the Global South, the economic and political shifts towards the South that have occurred and the challenges these shifts present.

## **The Rise of the Global South**

### **Traditional Global Power Structure**

Countries of the Global North mainly include the European and North American countries. Centuries of colonial expansion consolidated the Global North's dominance in the global arena. Colonialism bolstered the dominance of these countries in both the military and economy through access to profitable markets, inexpensive labor, and precious resources. Their dominance was further cemented by the Industrial Revolution. Northern countries were able to create international trade networks due to the economic and technological changes brought about

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<sup>2</sup> 'The Rise of the Global South: Philosophical, Geopolitical and Economic Trends of the 21st Century' edited by Justin Durgin, July 2013, <https://www.worldscientific.com/worldscibooks/10.1142/8430#t=authors>.

by industrialization. The development of capitalism was further aided by industrialization, with the North becoming the core of the world economy.

Defining features of the Global North have been their military superiority, dominance in international economic institutions and cultural hegemony. Northern nations can project power and preserve strategic dominance with their strong armed forces, robust military technologies, and numerous international military alliances. The World Trade Organization (WTO), the World Bank, the International Monetary Fund (IMF) and other international economic organizations have historically been controlled by the Northern nations, which reflect their economic primacy. Through its literature, language, media, and popular culture, the Global North has also influenced culture worldwide.

## **The Global South**

The term ‘Global South’ gained momentum after the breakup of the Soviet Union in 1991.<sup>3</sup> It identifies several nations that are sometimes referred to as ‘developing,’ or ‘less developed,’ nations. It is more of a geopolitical term than a geographical term. These countries have a mix of political, geopolitical, and economic commonalities and are often former colonies. While not all of these nations are in the Southern Hemisphere, the majority are in Africa, Asia, and Latin America. Compared to countries in the Global North, they are generally less developed.

## **Key factors behind the rise of the Global South**

The decolonization movement in the mid-20<sup>th</sup> Century empowered the formerly colonized states to assert their sovereignty in international politics. The Cold War created opportunities for these new states to leverage support from rival blocs. The oil crisis of 1970 highlighted the economic significance of the oil-producing countries of the Global South. The formation of the Organization of the Petroleum Exporting Countries (OPEC), which includes several Global South nations, allowed oil-producing countries to assert greater control over their natural resources and negotiate better terms with Western oil companies. The resulting increase in oil prices contributed to the economic empowerment of oil-exporting nations and boosted their influence in global energy markets.

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<sup>3</sup> Jorge Heine, ‘The Global South is on the rise – but what exactly is the Global South?’, The Conversation, July 3, 2023, <https://theconversation.com/the-global-south-is-on-the-rise-but-what-exactly-is-the-global-south-207959>.

In the late 20th century, market-oriented economic policies became widely adopted, which led several nations in the Global South to liberalize their economies and join the international trading system. Export-oriented growth methods were adopted by countries such as China, India, and Brazil, which fueled their economic progress by making them important players in global trade networks.

The traditional understanding regarding the source of global wealth generation became significantly challenged by a "shift in wealth" from the North Atlantic to the Asia Pacific region since the turn of the twenty-first century. Global South countries jumped ahead of traditional development stages and became increasingly involved in the global economy thanks to access to information and communication technologies (ICTs).

Countries in the Global South have been pursuing South-South cooperation projects more frequently in response to common difficulties and goals to promote solidarity, mutual aid, and collective development. Trade agreements, development partnerships, and regional alliances have reinforced political cooperation and economic linkages amongst the countries of the Global South.

Some Global South nations like India and China have become prominent regional powers with considerable influence that extends beyond their boundaries. In addition to promoting economic integration, managing disputes, and assuming leadership positions in their own regions, these regional powers have also exerted diplomatic influence internationally.

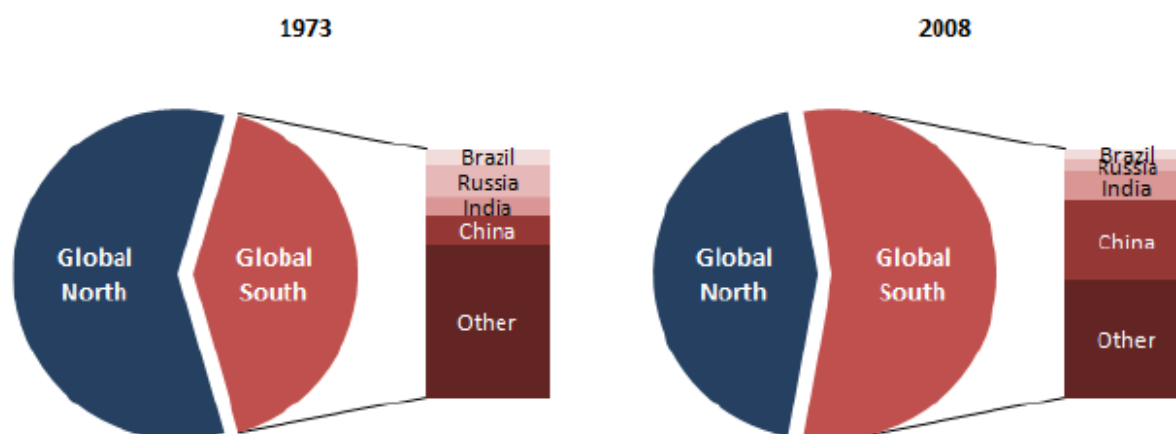
## **Economic Shifts**

With its increasing GDP contribution, the Global South presently makes up around 40% of the global GDP and 85% of its people. China and India are regarded as the Global South's traditional economic leaders. Many emerging economies in the Global South have had faster real GDP growth in recent decades. The growing economies have given them greater influence. India is the third-largest economy in the world in terms of GDP in terms of purchasing power parity, Indonesia is seventh, and Brazil is eighth.<sup>4</sup> Given its economic growth and background as a developing country, India is now in a unique position to speak up on behalf of the issues facing

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<sup>4</sup> Barbara Stallings, 'Save a seat for the Global South', East Asia Forum, January 19, 2024, <https://eastasiaforum.org/2024/01/19/save-a-seat-for-the-global-south/>.

the Global South. In the early 1990s, the G7 represented 70% of the global economy. Now, that has been reduced to 43%.<sup>5</sup> Over the last 50 years, the G7's share of the global GDP has decreased partly as a result of China's ascent and the rise of the Global South.<sup>6</sup>



Source: World Bank staff calculations, from Maddison (2009)

During 2022-23, central banks in developing countries bought unprecedented quantities of gold. Leading this trend are China and Turkey.<sup>7</sup> Over half of the growing China-Russia trade is settled in the renminbi. With the purchase of more than 100 tonnes of gold in the last four months, China's central bank has emerged as one of the market leaders.<sup>8</sup> The accumulation of gold reserves could signal the start of a new stage in the renminbi's internationalization process. Gold can stabilize a currency, enhancing the renminbi's standing and China's repute as its issuer. Thus, a new gold-backed regime for the Chinese yuan may be approaching.

There have been well-known appeals for the BRICS bloc to grow and challenge the US dollar's hegemony, most notably from Jim O'Neill, the former top economist at Goldman Sachs. According to O'Neill, the organization should oppose the dollar since its dominance undermines the monetary policies of other countries. Within the BRICS, the renminbi is becoming more and more appealing as a trade and investment settlement currency due to a combination of push and

<sup>5</sup> ISPI, ORF, and PCNS, 'Annual Trends Report: The Rise of Global South: New Consensus Wanted', December 2023.

<sup>6</sup> Barbara Stallings, 'Save a seat for the Global South'.

<sup>7</sup> ISPI, ORF, and PCNS, 'Annual Trends Report: The Rise of Global South: New Consensus Wanted'.

<sup>8</sup> *ibid*

pull forces. There is also a growing interest outside of the BRICS to choose the yuan as a settlement currency.<sup>9</sup>

The Global South has demanded a thorough overhaul of the global financial architecture, the adoption of a more coordinated and inclusive approach to global financial governance, a stronger focus on international cooperation, and an increase in the representation of developing nations in international decision-making. There have been calls to reform the statute of the IMF and increase the voting power of some of the BRICS countries. Although the five BRICS nations are responsible for 26% of the global GDP, their voting share at the IMF is only 14%.<sup>10</sup>

UN Secretary-General António Guterres echoed the Global South's call for comprehensive reform of the international financial architecture, calling for the IMF and World Bank to implement measures like expanding the representation of developing nations on their executive boards, pushing quota reform, and enhancing the use of funds.<sup>11</sup>

## **Political Implications**

Since 2000, the Global South has taken a more active part in world politics and is calling for increased representation in organizations such as the UN Security Council. In order to foster a more stable and peaceful environment conducive to sustainable growth, they seek a more just and equitable international order that is representational, logical, and fair.

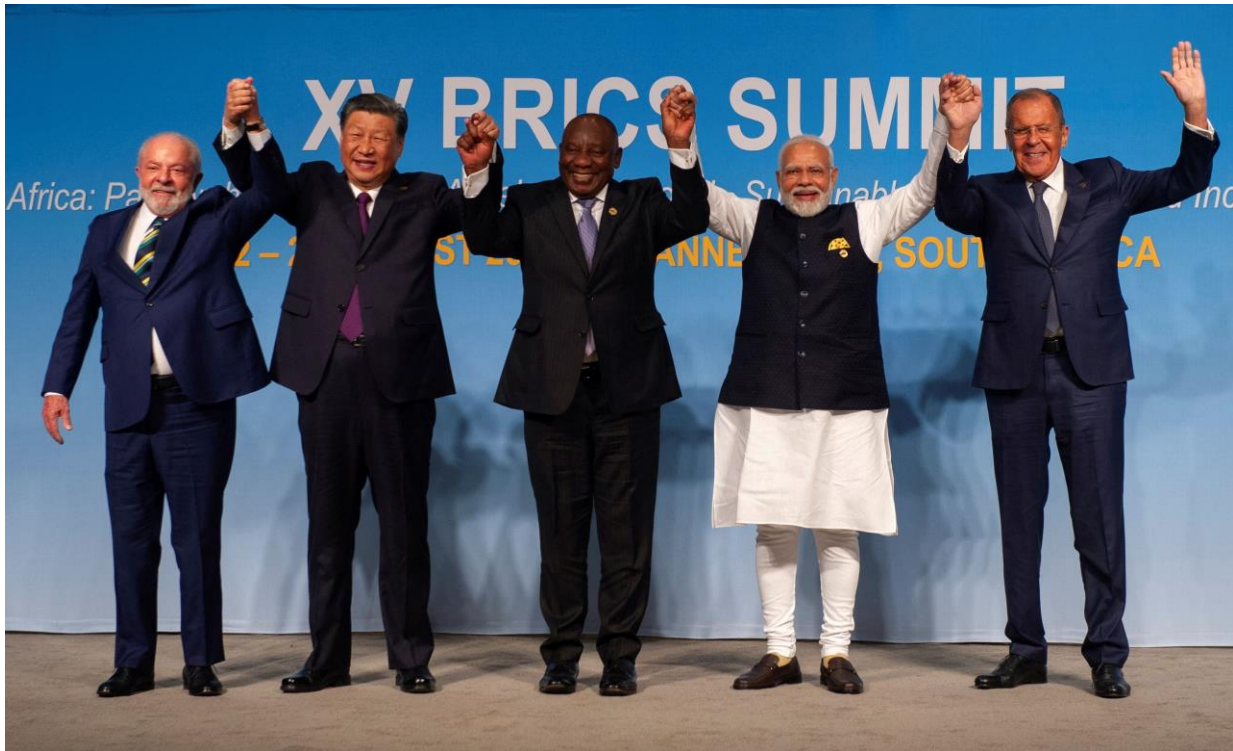
The 15<sup>th</sup> BRICS summit was held in Johannesburg, South Africa, in August 2023. The announcement that the BRICS would welcome six new members in January 2024 was the summit's main outcome. Based on buying power parity, the expanded BRICS will account for a larger part of the global GDP collectively than the G7 nations. According to reports, over 40 nations have shown interest in joining the BRICS. The BRICS' expansion is a significant step toward the creation of a multipolar world order.

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<sup>9</sup> ISPI, ORF, and PCNS, 'Annual Trends Report: The Rise of Global South: New Consensus Wanted'.

<sup>10</sup> *ibid*

<sup>11</sup> Niu Haibin, 'The Global South Is an Important Driving Force in the Evolution of the International Order', CSIS Interpret: China, November 26, 2023, <https://interpret.csis.org/translations/the-global-south-is-an-important-driving-force-in-the-evolution-of-the-international-order/>.



*Source: Council on Foreign Relations*

The Global South emphasizes that problems can only be solved through global efforts. It is more akin to the creation of a new transnational identity and worldview, pursuing the logic of global thinking and global action. The international order is changing in a way that is more global, pluralistic, and egalitarian as a result of the growth of the Global South.

The African peace mission to promote a peaceful resolution to the Ukrainian crisis, the BRICS expansion, the African Union's 2023 admission to the G20, and the repeated appeals by Global South countries for attention to be given to the humanitarian crisis in the Israeli-Palestinian conflict are all examples of the region's growing international influence.<sup>12</sup>

The countries of the Global South stress the maintenance of international security following the UN Charter, emphasizing the significance of resolving international disputes peacefully. This contrasts with concepts like democratic peace theory, hegemonic stability theory, and absolute security advocated by the North. The Shanghai Cooperation Organization (SCO) and the BRICS

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<sup>12</sup> Niu Haibin, 'The Global South Is an Important Driving Force in the Evolution of the International Order'.

cooperation mechanism are two examples of multilateral structures devoted to regional and global security governance that are actively working to achieve these goals.

When faced with the latest round of international security crises, which the Ukrainian crisis and the Israeli-Palestinian conflict represent, the majority of Global South countries have chosen their own positions based on their assessments of the right and wrong of the crises, their concerns for humanitarian issues, and their own national interests. They have also actively participated in mediating peace and negotiations. One way to describe this new stance on matters of international security is as "active non-alignment."

Some of the Global South's wealthier nations are more inclined to show their global influence in the area of international security and to conduct their interactions with other nations in an independent and autonomous manner in line with their own objectives.

The Global South is attempting to exercise agency in global political issues in an effort to leverage its power. The demand for "active non-alignment" between China and the United States is one example. This is an alignment that changes allegiance based on the matter at hand, not the non-alignment of the twentieth century. The invasion of Ukraine by Russia is one recent instance. Even if the majority of developing nations oppose the invasion, they refuse to take part in the sanctions. Southeast Asia serves as another illustration, juggling tight security ties with the United States with close economic ties to China.

## **Challenges**

There exist impediments to the Global South's significantly increased involvement in international politics. Different countries have quite different interests, which vary according to factors like geographic size, economic development level, natural resources, and geographic position. For example, the circumstances facing Latin American nations under US influence differ significantly from those facing China's neighbors in Southeast Asia. A country like Chile is not likely to have the same outlook on the globe as a giant like India. Exporters of natural resources have distinct interests from those of exporters of manufactured items.

In the Global South, there is also an absence of leadership. Although it would seem that the BRICS would comprise the core of the leadership, China's presence casts doubt on that notion.



China's leadership is in conflict with the Global South's goal of positioning itself between the US and China in order to obtain resources from both. The Global South cannot effectively participate in active non-alignment unless an "indigenous" leadership arises.

Tense relations between China and India have affected the G20 and other important international forums. The Global South is important to China and India alike. Being the world's two biggest emerging economies, both of these nations are aware of their qualifications to represent the Global South in important international forums. Because of their tense bilateral relations and a complicated international landscape, both nations today view one another with cynicism. Friction resulting from tense relations between both parties will persist in the engagement with the Global South, which is a top goal for both.

## **Conclusion**

The rise of the Global South challenges the Global North's historical hegemony and redefines the parameters of global governance, marking a dramatic change in the international system. The Global South now has the agency and capacity to influence future developments in global politics and governance. To fully utilize the potential and combined strength of the Global South to address global issues and create a more just and equitable global order, it will be crucial to promote communication, collaboration, and inclusive leadership in the future.

The West should support the current push to include the Global South in the current international order. The Global South should be given more representation in the UN and international financial organizations. The G20's formation was a start in that direction, but more involvement is required. In order to protect its political and economic interests, the West should endeavor seriously to assist the Global South.