



Rising Powers and the World Order

Speaker: Prof. Bharat Wariavwalla

Chair: Manoranjan Mohanty

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Seminar Room, ICS

The lecture on ‘Rising Powers and World Order’ began with Prof. Bharat Wariavwalla defining what the world order that prevails today means. It is a liberal world order based on two institutions which are liberal democracy and market economy. This order had been put together by the United States and without a doubt, the order still exists. The speaker added broadly they are capital focused which makes it natural that the order will have institutions that will support a market economy. Right after the Second World War, America instituted the Marshall Plan that was for Europe. Along with which came Bretton Woods. Then there was the creation of GATT (General Agreement on Trade and Tariff). After a while came an institution called International Monetary Fund (IMF) followed by the World Bank and a host of other arrangements which were also established during that time.

The speaker spoke about the present scenario and focused on the question - Is China a challenger or an upholder to this liberal world order? He believed that China is an upholder of the liberal capitalist order. It is upholder in two senses. China’s rise has been the most rapid rise in world history. The speaker provides evidence in the form of examples to support the argument that China is an upholder of the world order. First was the case of September 2008, the collapse of the Laymen Brothers which signaled the steepest downturn of the world economy. During that time one would have thought that China would exploit this to its advantage, instead China

became an upholder of this. China behaved like a good capitalist power. It agreed to stabilize the world economy and to uphold dollar as a reserve currency. Another similar incident happened in the case of Europe. That time Europe was under great stress and was doubtful of Euro's survival. The problem was with mainly with four countries of Europe, together called PIGS countries. Even in this case China was of great help to uphold and strengthen the Euro. Therefore, according to the speaker, under this light China seems to be more of an upholder than a challenger to the world order.

Further, the speaker mentioned about China's broad support for various institutions. He stressed on the point that China broadly supports world order and international regimes. China was of critical help to Obama in bringing about the climate agreement. The second thing about China that strikes the speaker is its broad support for other kinds of regimes and agreements as China is quite willing to support and consider long-term agreements on cyber security.

The speaker then expressed his opinion about an instance related to politics and economy together. Taking the case of One Belt One Road (OBOR), the speaker posed question that is OBOR just a Chinese design to export its huge capability related to Infrastructure or does OBOR brings about greater connectivity between countries. According to the speaker, it is an assertion of Chinese power but also adds to the infrastructure of countries. Further raising a question whether this power of China is directly upsetting the arrangements or institutions in place or is helping such arrangements?

This was followed by taking into account critical weakness of China. Today China is a 12 trillion dollar economy but it doesn't have anything like the capability to revamp a major trading regime. It is just a participating country in Asia-Pacific region.

Prof. Wariawalla believed that the best path for India is to work together to bring about new rules and regulations that would benefit the existing arrangements. India should slowly move with China into making something like major trade regime which will be of tremendous benefit to all of them.

Lastly the speaker expressed the greatest challenge to the liberal world order comes from the United States. Prof. Wariawalla believed that there will be a contraction of globalisation, high tariffs and protection of jobs at home. The speaker hopes that it doesn't turn into a racist

environment. Professor concluded by saying that the challenge for the world order comes from the liberal west itself rather than China.

Report prepared by Avadhi Panth, Research Intern, Institute of Chinese Studies.

About the Author

Prof. Bharat Wariavwalla is an Honorary Fellow at the Centre for the Study of Developing Societies (CSDS). He is working on the issues of multiculturalism and state as an identity. He retired from the Institute of Defence Studies and Analyses (IDSA) as a Senior Associate in 1992. He has numerous publications here and abroad on international security issues on ethnic and civil nationalisms.

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