

New centres of global power, 1989–2011

STUDENTS WILL INVESTIGATE

In this chapter, students will examine the challenges that fractured the unipolarity of the United States and saw the emergence of new global powers.

Aspects to be covered include:

- New sources of power
- The European Union
- The rise of Brazil, Russia, India and China
- Modern nationalism
- The influence of non-state actors in world affairs



Modern History
syllabus

Revolutionary graffiti on a wall in downtown Cairo





Introduction

The widely held belief that the end of the Cold War would result in unrivalled, unipolar power for the United States was challenged when new centres of power emerged after 1991. These powers included regional **blocs** such as the European Union (EU), economic blocs such as the so-called BRIC countries – Brazil, Russia, India and China – and a host of other **non-state actors**. Islamic militant organisations emerged in this period, and far-right candidates appealed to new forms of nationalism in the West, largely in response to concerns over globalisation and the movement of people. Over the two decades to 2011, the power of the United States diminished as a new multipolar world evolved that would have been difficult to predict at the beginning of the 1990s.

Two events contributed to the wider distribution of power. The first was the American invasion of Iraq in 2003. The United States carried out this invasion without United Nations support and it had the effect of eroding American moral authority as the war dragged on through the decade. As a result, the Middle East became increasingly unstable and splintered into different factions. The second event was the global financial crisis (GFC) of 2008. Having originated as a banking crisis in the United States, it soon spread to banks in Europe, and it led to a **sovereign debt** crisis as national governments bailed out banks they deemed ‘too big to fail’. The Americans and Europeans embarked on a program of **quantitative easing**, which effectively meant printing money in order to support the system. Both of these events demonstrated to much of the world that political, military and economic institutions based in Washington and Europe were powerless to stop the financial crisis and struggled to deal with the realities of the 21st century.

At the same time, China was emerging as a power centre of its own, and by 2010 it had overtaken Japan as the second largest economy in the world. Russia was reasserting its strength in the region, and India was now a nuclear power and would soon become the fourth largest economy in the world. The BRIC countries came out of the GFC stronger, at the same time as the United States and Europe were struggling to recover.

The emergence of modern nationalisms and non-state actors represented another disruption to the old centres of power. The trend towards greater regional integration and globalisation, open markets and new technology had a negative impact on traditional Western working class people. Non-state actors such as international media companies and multinational corporations had huge impacts on the political and economic institutions of countries, and in some ways undermined the concept of the nation-state.

But it was the arrival of global militant Islam that had the most significant impact on the world stage. The ‘global war on terror’ had the effect of inspiring Islamic movements around the world to introduce terrorism into the capital cities of major Western countries. New York, London, Paris and Madrid all suffered significant terrorist attacks as the world became gripped by a new kind of asymmetrical warfare.

Emergence, growth and influence of the European Union

The story of the emergence and growth of the European Union is often buried under the much larger narrative of the Cold War, but the structural shifts that took place in Europe between 1945 and 2011 have been no less significant. The idea of European unity started with the integration of Western European heavy industry in the late 1950s, which attempted to promote prosperity through cooperation. By tying the interests of member states together, it was hoped that future

blocs

Groups of countries with mutual regional or international interests

non-state actors

Organisations or individuals with significant political influence that is not aligned with a state

sovereign debt

The amount of money that a government has borrowed

quantitative easing

The creation of new money by central banks purchasing government bonds



conflict could be avoided. But the dreams of its founders were much more ambitious. They hoped that economic cooperation would eventually lead to political union and this dream has been a significant source of tension.

In fact, one of the overarching themes in the history of the emergence and growth of the European Union has been the struggle between **federalists**, who believe in increasing integration of European states, and nationalists, who worry that the independent **sovereignty** of each state is under threat from the overreach of European power. On the federalist side, names such as Jean Monnet, Walter Hallstein and Jacques Delors are prominent. Those who have resisted the drift towards federalism include Charles de Gaulle, Enoch Powell, Jean-Marie Le Pen and Nigel Farage.

At various times these tensions have bubbled up to the surface. One stand-out is the failed 2004–05 referendum process to ratify a European Constitution. By far the biggest threat to the future of the European Union has been the nationalist sentiment that has arisen since the 2008 financial crisis.

federalism

A system of government in which a union of states submit some or all of their sovereignty to a central government

sovereignty

The idea that a state derives its own authority to govern itself

The emergence, growth and influence of Europe

1951	April	The Treaty of Paris establishes the European Coal and Steel Community
1958	January	The Treaty of Rome establishes the European Economic Community
1965	July	The 'empty chairs' crisis – the French boycott the European Commission
1985	January	Jacques Delors becomes President of the European Commission
1987	July	The Single European Act comes into force
1990	October	Germany is reunified, less than a year after the fall of the Berlin Wall
1993	November	The European Union is established
1999	May	The Treaty of Amsterdam comes into force, strengthening European institutions
2002	January	The euro currency is introduced
2004		Referendums in some member countries throughout 2004 and 2005 fail to ratify a European Constitution
2008		The global financial crisis grips the EU

The emergence of the European Union, 1951–68

Although the European Union was established on 1 November 1993, its origins can be found much further back in the years after World War II. The defeat of Nazi fascism in Europe presented forward-looking politicians with a painful choice: either continue the tangled system of alliances that had unleashed nationalist forces and led to two world wars and the Great Depression in the first half of the century, or make way for cooperation and closer integration. The path to unity would require visionary leaders to cope with questions of federalism and state sovereignty without surrendering to the nationalist impulse that had shaped Europe's history.

Since the idea of independent **nation-states** was so embedded in European political and intellectual tradition, supporters of the idea of a federal Europe would have a difficult time convincing national populations to unite under a single European flag. Yet, if peace were to hold, politicians would have to give up at least some of their cherished ideas of sovereignty and national identity.

nation-states

Sovereign political entities

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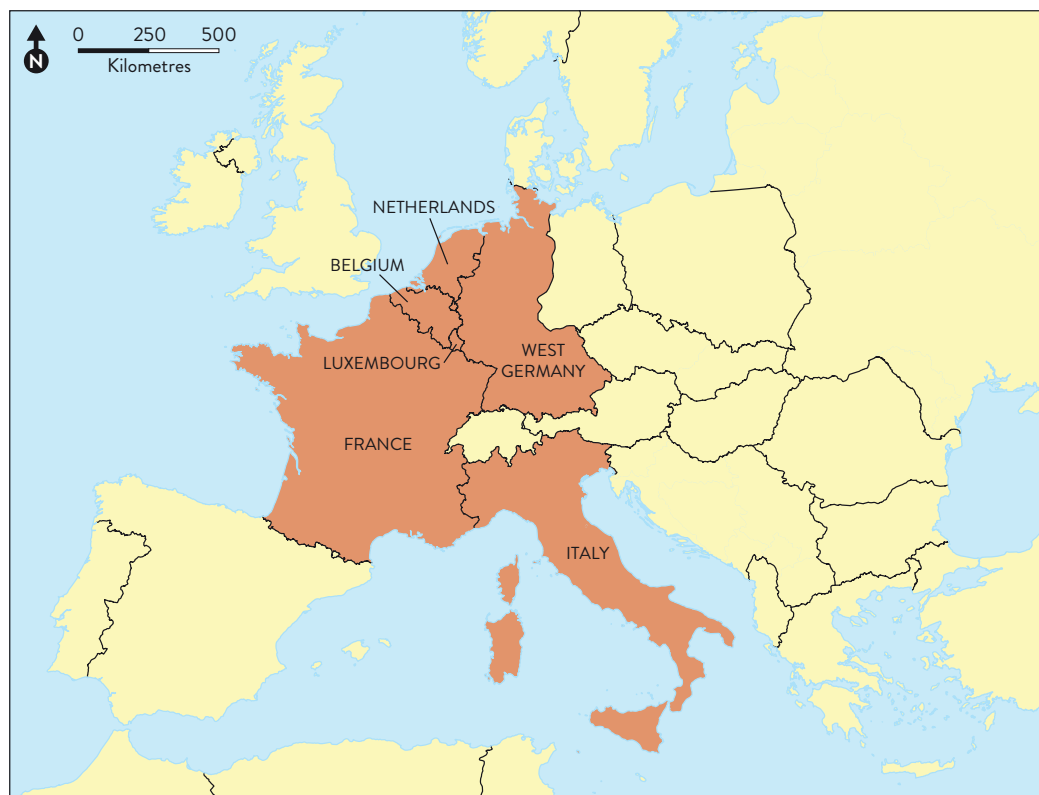
By the 1950s, there were a number of very good reasons for countries in Western Europe to build closer ties:

- The concept of European nationalism had been discredited by the deaths of more than 70 million people in two world wars.
- Soviet communism in Eastern Europe cast a shadow over the social democracies and economic system of Western Europe, and better economic outcomes were to be gained through working together.
- The power of the Western countries had declined, both economically and militarily, and the United States-led NATO and Marshall Plan had been instrumental in European recovery and security.

The first real attempt at integration was the European Coal and Steel Community (ECSC) agreement, signed at Paris in 1951. Belgium, France, Italy, Luxembourg, the Netherlands and West Germany – ‘the Six’ – for the first time entered into an agreement that included submission to a **supranational** High Authority, which existed to ensure the implementation of member agreements. The nine-member High Authority was an institution that could regulate and make legally binding decisions about the coal and steel industries, and override the domestic laws of sovereign states. As a consequence, much trust would be required. It was important that individual member states did not look to extend their own national interest, which was clearly against the spirit of the Community, but, rather, supported integration among states.

supranational

An institution or organisation that exercises decision-making power over sovereign states



SOURCE 4.1 Map of Europe showing the six countries involved in the European Coal and Steel Community

The ECSC confronted Europe with all sorts of constitutional questions. Who would prevail when the interests of the nation-state clashed with those of the Community? Is it possible to have economic integration without political integration? How would disputes be resolved between states or industry participants? Thankfully, a mood of optimism prevailed and the ECSC was driven by the so-called four freedoms: freedom of movement of goods, capital, labour and services. In effect, adherence to the ECSC meant giving up a little bit of sovereignty.



Frenchman Jean Monnet was the first president of the High Authority and a champion of the idea of a federal Europe. His optimistically titled speech ‘The United States of Europe has begun’ was delivered on 11 September 1952 to the Common Assembly at Strasbourg. In it, he celebrated the creation of European institutions to overcome national divisions. He said, ‘The great revolution of our age, aimed at replacing national rivalries on our continent ... [is] the establishment of the first supranational institutions of Europe’.¹

The next move towards a federal Europe can be found in the European Economic Community (EEC), which was established by the Treaty of Rome on 1 January 1958. The EEC set out to build a common market among its members, which would include the elimination of **tariffs**, the free movement of workers and capital, and the establishment of the European Commission with much stronger powers. The implementation of its ambitious agenda proved more challenging than the ECSC and it was difficult to reach its goals; the EEC did, however, bring out the federalist impulse in its leaders. By 1962, Walter Hallstein, the President of the EEC Commission, encouraged the founding members to seek closer political ties to complement economic cooperation.

tariffs

Taxes or levies on imports

JEAN MONNET

Jean Monnet was the first President of the High Authority after the 1951 Treaty of Paris. He believed in the idea of the United States of Europe and hoped that the ECSC would sow the seeds for future European political unity. He believed that only in cooperation could Europe put behind it the horrors of World War.



Geddy Images/Harling/Roger Walker

WALTER HALLSTEIN

Walter Hallstein was the first President of the European Commission after the Treaty of Rome in 1958. He also was a strong adherent of European unity, and hoped that the forces of federalism would prevail over the nationalist impulse. Hallstein hoped that economic cooperation would eventually lead to full political union. He held the office of President until 1967 but left after failing to overcome the resistance of French President Charles de Gaulle to greater European integration.



Alan Stock Photo/INTEROTO

Not everyone was convinced by the idea of a united Europe. Charles de Gaulle became president of France in 1958 and resisted any calls to give up French sovereignty to a supranational power. He instead proposed the Fouchet Plan, which was more of an intergovernmental model than the integrated European model. The plan failed and de Gaulle continued to undermine efforts at unity by using his veto power to block British membership of the EEC in 1963. France was enjoying a period of strong economic growth in what was dubbed the ‘30 glorious years’ and de Gaulle believed that the British economy was incompatible with the European system that had been built by the original Six. In effect, de Gaulle did not want to give up the gains of French power on the continent to Britain. In 1965, as the drift towards federalism gained pace, de Gaulle withdrew the French from the EEC for seven months in the so-called empty chairs crisis, which effectively crippled the EEC until a compromise was reached in the following year.



A United States of Europe? Monnet and de Gaulle

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Federalism versus nationalism

SOURCE A

Some useful lessons can be drawn from [de Gaulle's] trial of strength between national sovereignty and federal reform. The first is that, even if some politicians may have grand notions of abandoning the Community for the principle of national sovereignty, the public is not keen to follow. This has been demonstrated in elections and referendums not only in France, but also in Britain and Denmark. A second is that, with France's participation essential to the Community, neither spillover nor federal reform stood a chance when faced with de Gaulle's stand on national sovereignty. A third, first shown by the grant of budgetary powers to the European Parliament after de Gaulle's departure in 1969, is that the logic of reform can outlast the national leaders.

John Pinder, *European Community: The Building of a Union*, 2nd ed., Oxford University Press, Oxford, 1995, p. 13

SOURCE B

A favourite metaphor of European federalists depicts the EU as a fragile, delicate craft constantly running aground on the treacherous shoals of national sovereignty and self-interest. With each repair and relaunch the ship gets stronger, while navigational hazards are charted and exposed. Eventually, one supposes, the United States of Europe will resemble a supranational supertanker plying stormy economic, political, and security seas, invulnerable to the perils lurking beneath the surface.

Desmond Dinan, *Ever Closer Union: An Introduction to European Integration*, 3rd ed., Lynne Rienner Publishers, Boulder CA, 2005, pp. 30–1

SOURCE C

Supranationalism would be the main casualty of the empty chairs struggle. Monnet championed the creation of a federal union not as one among several but as the only guarantor of permanent peace and prosperity in Europe.

John Gillingham, *European Integration: 1950–2003 – Superstate or New Market Economy?*, Cambridge University Press, New York, 2003, p. 71

SOURCE D

[Charles] de Gaulle would be relegated to the rogues' gallery of EU villains. For in the popular opinion of many European integrationists, de Gaulle's anachronistic championing of the nation-state destroyed the European Community's development in the 1960s.

Desmond Dinan, *Ever Closer Union: An Introduction to European Integration*, 3rd ed., Lynne Rienner Publishers, Boulder CA, 2005, p. 39

QUESTION

Using Sources A–D and your own knowledge, answer the following question: 'To what extent was the history of the European Community one of tension between maintaining national sovereignty and embracing federal reform?'

- 1 Name three reasons why greater European integration would be good for Europe.
- 2 Explain the difference between federalism and nationalism.
- 3 Why was nationalism the biggest hurdle for the drift towards the European Union?
- 4 Outline the main mechanisms of the European Coal and Steel Community (ECSC).
- 5 Identify the four freedoms.
- 6 Who were Jean Monnet and Walter Hallstein? What were their hopes for Europe?
- 7 How did the European Economic Community extend the promise of European integration?

The emergence of the European Union, 1970–92

In the 1970s and 1980s, the struggle continued between the federalist and nationalist impulses. From the original Six, another six members were added to the European Community – Britain, Denmark and Ireland in January 1973, Greece in 1981 and Spain and Portugal in 1986.

In the years before the birth of the European Union, the main orientation of the European Community was economic. In 1979, the European Monetary System introduced an internal currency – the European Currency Unit, or ECU – to deal with internal financial transfers between member states and the internal budget of the European Community. The United Kingdom was against currency union and opted not to join the new monetary system.

Perhaps the biggest boost towards a European Union was the rise of Jacques Delors as the president of the European Commission, a post he held from 1985 to 1994. Delors was responsible for much of the architecture of the EU and he encouraged member states to work towards a single market in Europe. He set the ambitious goal of removing all barriers to the free movement of goods, capital, labour and services by 1992. Delors, a strong advocate of federalism, had hoped that this complete level of economic union would eventually lead to political union.

In 1987, Delors' dream of a union took one step closer to reality when the Single European Act came into force. In a blow to nationalists, it abolished national vetoes on some of the trade issues in Europe, strengthened the powers of the European Parliament and included mechanisms to work towards a European Union. The benefits of such a union for a trade bloc were not to be argued, but there was still the reality that all of the economies were unequally matched. The might of German industrial power, compared to that of some of the smaller member states such as Greece, would be one of the factors that would build nationalist resentment among states in the future after the 2008 financial crisis (see page 98).



Getty Images/Jean-Michel TURPIN

SOURCE 4.2 Jacques Delors was president of the European Commission between 1985 and 1994. An ultra-federalist, he is credited with building the European Union.



istock.com/nanohiki

SOURCE 4.3 Euro notes and coins were introduced as the physical currency of 19 European economies in 2002.

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The most significant treaty paving the way for the EU was the Maastricht Treaty, which was signed in December 1991. Its major points included:

- the plan to adopt a single currency – the euro – which commenced among 11 member states, initially for non-cash transactions only, in 1999 (Britain opted out)
- the establishment of a European Central Bank
- the concept of European citizenship, with the right to move freely between states
- the right for any citizen to work and vote in any member state
- the intention for Europe to act in concert on issues of foreign affairs.



Europa: The European Union

Xenophobia and far-right nationalism

The struggle between federalists such as Monnet, Hallstein and Delors and those who resisted political unity, such as de Gaulle and, later, British Prime Minister Margaret Thatcher, led to a darker expression of opposition. The emergence of the European Union produced far-right nationalist and **xenophobic** movements.

British conservative politician Enoch Powell was a vocal critic of the UK's entry into the Common Market as far back as 1973. He accused the Europeans of taking away UK sovereignty and the British parliament of ceding its decision-making power to Europe. His famous 'Rivers of blood' speech in April 1968 railed against immigration into Britain and led many to regard him as a racist.

In France, Jean-Marie Le Pen established the Front National (National Front), an anti-immigrant party with far-right ties to neo-Nazi groups. Ironically, Le Pen was elected to the European Parliament in 1984 but rejected immigration into the European zone. He was convicted six times of disputing crimes against humanity and was expelled from his party by his daughter Marine Le Pen in April 2015.

The arguments of Powell and Le Pen revolved around issues of state sovereignty and race, and played well with voters who feared their livelihoods and national identity would be under threat from an increasingly federal Europe.



Alamy Stock Photo/Timothy Mirror/Mirrorpix

SOURCE 4.4 British conservative politician Enoch Powell voiced early concern about the national sovereignty of member states of the EU.

xenophobic

Fearing and hating foreigners

- 1 Make a list of the 15 countries that had joined the European Community by 1992.
- 2 How were Britain, Denmark and Sweden different?
- 3 Explain what the introduction of the ECU tried to achieve.
- 4 Why was Jacques Delors a significant figure in the EU?
- 5 Outline the main points in the Single European Act of 1987.
- 6 To what extent was the Maastricht Treaty (1991) a blow to the nationalists who tried to hold back European unity?
- 7 RESEARCH: Research the arguments of either Jean-Marie Le Pen or Enoch Powell about increasing European power and their fear that it would threaten French or British national identity.





The growth and influence of the European Union, 1993–2007

The Maastricht Treaty of February 1992 established the European Union, which came into effect on 1 November 1993. The negotiations came at a time of great upheaval in Europe, coinciding with the collapse of the Soviet Union and the end of European communism.

In particular, there would be implications for the reunification of Germany and its integration into the EU. While the United States encouraged the reunification, in Britain, Italy and France there were fears that a unified Germany would become too powerful. British Prime Minister Margaret Thatcher voiced concerns about the speed of the reunification process. French President François Mitterrand was more worried that a powerful, unified Germany would undermine the impulse towards greater European integration. German leader Helmut Kohl assured both parties of his commitment to Europe. The leaders were engaged in a delicate balancing act between the desire of the German people for **self-determination** and the needs of Europe, and at times this led to vigorous disagreement. In the end, Kohl convinced EU member states that a unified Germany would strengthen, rather than undermine, Europe because a new Germany would be rooted in the West.

self-determination

The idea that nations can freely elect their own governments without outside interference



SOURCE 4.5 From left to right, British Prime Minister Margaret Thatcher, German Chancellor Helmut Kohl and French President François Mitterrand at the summit of the European Community in June 1988

Over the course of the next three decades, the EU grew in size and power as its membership increased – a process known as enlargement. For nationalists, the history of the EU has been one of creeping power as it was enlarged across the continent and given stronger powers with each new treaty. In 1995, Austria, Finland and Sweden joined, taking the number of member states to 15.

The Amsterdam Treaty of 1997 was another significant step towards strengthening a federal Europe. Its main points were as follows:

- The EU process was made more democratic in preparation for its eastward expansion.
- The European Parliament was given expanded powers to legislate with member states on social policy, the environment, employment, health and transport.

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qualified majority

The requirement that 55% of member states, representing 65% of the EU population, vote in favour before a motion can pass

- The Council of Ministers no longer had to make unanimous decisions, but instead required a **qualified majority**.

- Border checks between internal states were formally abolished.

- Member states agreed to coordinate their policies in relation to immigration and asylum seekers.

Throughout 1998, the EU extended its reach into Eastern Europe, and countries as diverse as Romania, Latvia and the Czech Republic, among many others, applied to join. Another significant milestone was passed in 1998 when the European Central Bank (ECB) came into being. The ECB was established to oversee the euro and bring stability to the currencies and finances of EU member countries.

On 1 January 2002, 12 of the 15 member states had their internal currencies replaced by euro dollars and cents. The euro would now become the official currency except in Britain, Sweden and Denmark, which had all opted out. In the same year, a draft European Constitution was drawn up, which was really an attempt to simplify its meaning and processes among member states. However, the EU suffered a setback when member states could not agree on the terms and talks collapsed.

In 2004, a draft constitution was finally presented and put forward for national parliaments to vote on. The draft proposed far-reaching powers for European institutions, including a number of powers, in the area of justice, immigration and asylum, that would override national laws.

The constitution never made it past the first few failed referendums. In France, it was overwhelmingly rejected by nearly 55 per cent to 45 per cent and, since the adoption required a unanimous vote among all member states, other states simply cancelled their referendums. This gave the EU an uncertain future, even though it continued to govern on its existing treaties.

- 1 What was enlargement?
- 2 How did the fall of communism change the aims of the European Union?
- 3 Why was the Amsterdam Treaty of 1997 so important?
- 4 In 1998 the European Central Bank was established and in 2002 the euro replaced member states' currencies. How might currency union be a problem if member states did not completely coordinate their economic policies?
- 5 Why was the 2004 European Constitution a failure? Did Europe attempt to overreach its powers?

The 2008 eurozone crisis and its aftermath

The global financial crisis (GFC) of 2008 marked a significant turning point in the history of the European Union, sparking old rivalries between nationalists and those who believed in a federal Europe. What started in the United States as a banking crisis soon became a debt crisis among European banks and governments.

Throughout 2007 and 2008, banking institutions were bailed out by governments, and governments in turn found themselves in large amounts of debt. The US government committed US\$700 billion to save its banks, and Europe soon discovered that it was not immune from similar problems. In December 2008, EU leaders agreed to a 200 billion euro **stimulus plan** to protect the eurozone against the unfolding banking crisis in the US. The commitment of these funds to save the economy was just the beginning.

Over time, the crisis evolved into a sovereign debt problem – in other words, governments became hugely indebted – and exposed differences between member states in their approach to taxation, wages and budgets. Greece was the first country where the government came under scrutiny, and it was home to the most serious crisis. Nationalist forces and other governments felt a growing

stimulus plan

A plan to kickstart an economy during a recession through increased government spending

resentment towards the Greeks, whom they accused of not paying their taxes and of receiving overly generous pensions at too early an age.

But these populist accusations masked deeper problems in the financial and banking systems in Europe, which were exposed to US debt.

In April 2009, the European Commission and the European Central Bank (ECB) ordered member countries to reduce their budget deficits by cutting spending and raising taxes. In October of that year, Greeks elected George Papandreou's Socialist Party to clean up the mess after it was revealed that the previous government had not been honest with the EU about the true extent of the problems in the Greek economy. As it turned out, Papandreou had been handed a poisoned chalice. The extent of the problem was revealed two months later, in December 2009, when it was announced that the Greek government was carrying 300 billion euros worth of debt – or 113 per cent of gross domestic product (GDP). In other words, for every 100 euros earned by the Greeks, they had to pay out 113 euros to cover the debt. Greece was effectively bankrupt. But the problems were not confined to Greece. In 2010, it was revealed that the countries known as the PIIGS – Portugal, Ireland, Italy, Greece and Spain – were carrying huge amounts of debt.

The EU responded to the crisis by introducing **austerity** programs. This slashing of government services resulted in widespread unrest and riots in Greece. In February 2010, Greece was given a 22 billion euro 'safety net' so that it could pay its workers and cover its debt payments. The ECB and the IMF feared that a Greek default would spark panic and lead to other problems. This loan was followed by wave after wave of loans as Greece got further into debt.

On 2 May 2010, the IMF and the EU announced a 110 billion euro **bailout** package, which was to come in parts over three years. In return, the Greeks had to implement strict austerity measures to receive each of the payments. The bailout was very unpopular among other European countries, particularly Germany and its leader, Angela Merkel. The Greeks were unable to control their **budget deficit**, which was running at over 10 per cent.

The next in line for a bailout was Ireland. In return for a tough austerity budget, it could take a bailout package of 85 billion euros. As more states came forward to reveal the extent of their debts, the numbers became dizzying. In February 2011, the European Commission and the ECB established a 500 billion euro permanent fund, which it would use to bail out other countries, such as Portugal.

The crisis was not over. In June 2011, Greece was to receive the second payment of its May 2010 bailout package and this led to a significant crisis. Eurozone ministers said that Greek austerity measures had not gone far enough and threatened to withhold the funding and kick Greece out of the eurozone. In July, the Greeks passed another harsh austerity budget and received the 12 billion euros in promised funding. They had averted a **default**. At the same time, the Europeans wanted to prevent the crisis spreading to other parts of Europe and they agreed to a second bailout for Greece – this time of 109 billion euros.

While Europe was dealing with this crisis – the bailouts, the austerity budgets and the lack of confidence – another crisis hit. This time the trouble spread to the bond markets – a place where governments are supposed to be able to

austerity

A state of shortage in which luxuries are sacrificed; cuts to government services made to save money and balance the budget

bailout

Government payment of private debts to prevent banks from going bankrupt

budget deficit

The shortfall when a government's expenses exceed its income

default

A failure to pay back or meet repayments on debt



SOURCE 4.6 Protesters at an anti-austerity march in Thessaloniki, Greece, 28 October 2011

REUTERS/Grigoris Siamidis



borrow money cheaply. Bond rates in some European nations, such as Greece and Spain, rose sharply (up to 17 per cent), which further hampered those countries' ability to repay their debts. It looked as though Greece, Spain and others were in a vicious downward economic spiral of soaring debt, high bond rates, austere budgets and civil unrest. In response to this, the European Central Bank agreed to buy government bonds. This was called quantitative easing.

The economic crisis in the EU resulted in a number of challenges:

- It exposed political tensions between the richer countries, such as Germany and France, and the poorer countries, such as Greece and Portugal.
- It resulted in a decade-long cycle of near debt defaults, bailouts and austerity budgets.
- It led to the revival of extreme political parties.
- It threatened the future of the European Union as an entity.



The GFC and the European Union

- 1 How did the global financial crisis get to Europe?
- 2 Explain how the debts of the banks became government debts, sparking a sovereign debt crisis.
- 3 After the GFC became a sovereign debt crisis, how did various economic policies within the member states cause tension?
- 4 What 'poisoned chalice' did Papandreou inherit from the previous government?
- 5 What was the policy of austerity and what impact did it have on the Greek people?
- 6 How did the crisis spread to the bond markets?
- 7 How did the eurozone crisis impact negatively on the European Union?

The rise and influence of BRIC: Brazil, Russia, India and China

The origin of BRIC

Together, the BRIC countries – Brazil, Russia, India and China – are home to 40 per cent of the world's population, comprise a quarter of the world's landmass and, during the first decade of the 2000s, contributed more than 25 per cent of the world's economic growth. They emerged as a group in 2001 out of the research of the financial analyst Jim O'Neill at the American investment bank Goldman Sachs. O'Neill was trying to make a long-range prediction about the sources of economic growth up until 2050. What began as a financial exercise at a bank would become a political bloc as the countries formed stronger bilateral and multilateral ties. They would hold formal meetings by 2006, annual summits from 2009, and they were formally organised into a bloc in 2010. More recently, with the inclusion of South Africa, the bloc is sometimes referred to as BRICS.



Alamy Stock Photo/ITAR-TASS Photo Agency

SOURCE 4.7 The BRIC leaders in 2008: (from left to right) India's Manmohan Singh, Russia's Dmitry Medvedev, China's Hu Jintao and Brazil's Luiz Inácio Lula da Silva.





The BRIC countries called for a range of reforms in the global system to address what they saw as a world organised around the outdated post-World War II order. They were arguing for the following:

- the development of a more multipolar world
- an alternative economic consensus
- new approaches to conflict resolution.



BRICS Ministry
of External
Relations

BRIC and a multipolar world

The central aim of BRIC was the introduction of a multipolar world order. Since the end of the Cold War, the United States has enjoyed **hegemony** in nearly every sphere, but most notably it has benefited from enormous economic and military power. With the rise of China as an economic power, Russia reasserting its power in Eastern Europe, a rising middle class in India, and Brazil emerging as a leader in South America under its charismatic leader Luiz Inácio Lula da Silva in the 2000s, it was inevitable that these emerging powers would call for a greater share in global governance, especially when it came to issues of security.

One of the major priorities of BRIC was the push for reform in international organisations such as the United Nations Security Council to better reflect current **geopolitical** realities. After all, the Security Council's permanent members – the United States, Russia, China, France and Britain – reflected the great political powers of 1945. By the mid-2000s, even the permanent members had become open to reform of the system. As a consequence, India and Brazil became a part of a group known as the G4 – along with Germany and Japan – whose sole purpose is to campaign for each of the G4 countries to be awarded a permanent seat on the UN Security Council.

The argument was that India, as the second most populous nation on Earth, should have a permanent seat on the Security Council. The G4 also made the case for Germany because of its position as the largest economy in Europe. It does not have a seat, while France does. Members also contested that Brazil is representative of a continent with no voice on the Council. But that poses a paradox for Brazil according to historian Oliver Stuenkel.² If Brazil is admitted on the strength of giving South America a permanent seat, then the African continent needs also to be represented.

What became obvious to many within BRIC and other parts of the world was that the institutions that wielded the most economic, political and diplomatic power were there by virtue of their powers from another time. The world had evolved and the institutions should evolve with it.

BRIC has not been without its critics. Some observers argue that BRIC makes no sense as a bloc. British journalist Martin Wolf argues that its four members have nothing in common except for a united call for a more multipolar world and the attempt to shift power away from the structures set up after World War II, which were largely dominated by the United States. Apart from that, Wolf says, their values, political systems and aims are all substantially different, and they are geographically disparate. Wolf also argues that there are significant tensions between some of the member states – most notably China and India. He says that Indians are frightened by Chinese encirclement and are concerned by China's relationship with Pakistan, India's most enduring rival.

An alternative consensus?

BRIC's other major call for reform was for the creation of an alternative global economic consensus. The financial arrangements of the international market during the 2000s were established after World War II at the Bretton Woods Conference, where the International Monetary Fund and the World Bank were set up. Their aim was to support the world economy and prevent conflict emerging from economic differences. At that time, the US dollar was made the world's **reserve currency** and it was tied to the price of gold until 1971, giving the world economy a certain degree of stability.

hegemony

The dominance of a single power in a region or across the world

geopolitical

The direct political influence of the geographic proximity among nations

reserve currency

A strong currency used to settle international trades





The 2008 global financial crisis (GFC) was a turning point for the BRIC countries in asserting their economic power, and arguably a turning point in the economic order. At the same time as the United States, Britain and Europe were struggling under the weight of a banking crisis and huge government debt, the relative strength of the BRIC economies gave them added power to help solve the crisis. China, for example, was a creditor of the United States and held over US\$1 trillion of US government debt. BRIC members questioned whether the United Nations, the World Bank and IMF were able to cope with the problems that emerged out of the GFC. The European Central Bank also struggled to deal with the sovereign debt crisis that was engulfing the economies of southern Europe.

Moreover, the BRIC countries were critical of the way in which Western central banks tried to deal with the crisis. In particular, they criticised the printing of money. In the Delhi Declaration of March 2012, they lectured the West about responsible economic management. The statement read in part, 'We believe that it is critical for advanced economies to adopt responsible macroeconomic and financial policies, avoid creating excessive global liquidity and undertake structural reforms to lift growth that creates jobs.' The statement also called for greater global coordination of economic policy.

While BRIC countries were not immune from the effects of the GFC, they were in a stronger position to deal with its impact. Some of the GFC's negative impacts included weaker demand for exported goods from China and Brazil and a fall in demand for Indian services. Russia also suffered from the falling price of oil. But in many ways these countries were in good shape economically to withstand the shock. They had significant reserves of foreign cash, large trade surpluses and growing middle classes, who still had a pool of excess cash for consumption. The GFC also had the added benefit of removing the threat of inflation, which often accompanied high rates of growth in emerging economies.

BRIC countries had benefited from the era of globalisation, with its low tariff walls, access to open global markets, and free trade arrangements. However, they wanted to form a new consensus against some of what they saw as the hard-edged forces of capitalism – most notably, neoliberalism. The neoliberal economic agenda involved privatising government assets, cutting government services and taxation, and deregulating controls on capital and labour. While many in the West thought that this would create demand, stimulate business and consumption, and 'trickle down' to the lowest paid workers, in reality it increased inequality, both within countries and between countries. The GFC had demonstrated that too much trust in a market that had poor government oversight would result in a significant crisis. It was proof that governments needed to take a more active role in the economy.

In the West, the GFC had created a situation in which governments were being forced to slash interest rates to stimulate investment, spend huge amounts of money on bailing out large banking institutions, introduce stimulus packages to get the economy moving and take on huge debts. These effects lasted for a decade in Europe and the United States.

One of the most significant acts by BRIC towards forming a new global economic consensus has been its efforts to establish a new global reserve currency and create institutions that bypass the IMF and the World Bank. In 2015, the New Development Bank (NDB) was set up to promote lending and investment among member states. In addition, the Contingent Reserve Arrangement (CRA) was established to deal with future economic shocks – in an attempt to exclude the Washington-based IMF from becoming involved in future crises. Although it has been unsuccessful in shifting the reserve currency away from the US dollar, BRIC has set up mechanisms to increase trade among members in local currencies.





Dealing equitably with conflicts in the world

The other stated aim of BRIC is to address the economic, political and social inequalities in the world. At the 2012 New Delhi summit, BRIC leaders criticised the United States and Europe for using the International Monetary Fund and the World Bank to implement unfair monetary practices that benefited the West. They wanted reforms to those bodies that would make them truly representative, including electing members from different parts of the world. Previously, most heads of the IMF and the World Bank were drawn from the United States or Europe.

The Delhi Declaration of 29 March 2012 laid out the plans for the BRIC countries to deal with some key global challenges. Many of these points were at odds with the prevailing American stance on conflicts around the world. They included the call to:

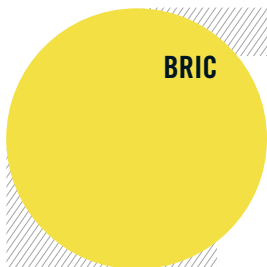
- bring an end to the Arab–Israeli conflict in a way that was ‘comprehensive, just and lasting’ and took note of UN resolutions
- end the conflict in Syria with a Syrian government–led peace initiative
- be inclusive of Iran, which has ‘a crucial role to play for the peaceful development and prosperity of a region of high political and economic relevance’
- work through the United Nations ‘in coordinating international action against terrorism’
- tackle climate change and sustainability on an international level.

Each of these points undermined US policy – for example, America’s support for Israel’s failure to comply with certain UN resolutions, its refusal to work with the governments of Syria and Iran, and its **unilateral** actions in the ‘war on terror’. The list also included a veiled criticism of US derivatives markets and their destructive impact on the livelihoods of many in the developing world as food and energy prices soared out of the reach of the poorest.



unilateral

Undertaken by one side only



BRIC

SOURCE A

There is an obvious tension in values. People can do business with one another, but they are not natural allies because the differences in values are quite important. South Africa, Brazil, and India are very vibrant and complicated democracies, and China is something completely different. There’s no doubt Indians are very frightened of encirclement by China. This is a geopolitical security issue. They are concerned about China’s relationships with neighbors, particularly Pakistan. They are concerned by the very big imbalance in power between China and India. China is a much bigger powerful economy and military now than India. Obviously they like to be in such a grouping so that they can talk to them; they have lots of economic interests in common. But there’s also a great deal of anxiety in India.

Financial Times journalist Martin Wolf in ‘Does the BRICS group matter?’, Council on Foreign Relations, www.cfr.org/interview/does-brics-group-matter, 30 March 2012

SOURCE B

While many criticize the BRICS grouping for its supposed incoherence, a key uniting element was often overlooked: all four initial member countries ... have global ambitions – a global project, however vaguely defined, voiced frequently. It is here that the BRICS grouping is indeed an interesting political category – for example, there are no emerging powers outside of it that have a systematic engagement with the UN Security Council, either as permanent members or committed candidates. As Celso Amorim argued prior to the fifth BRICS Summit in 2013, it was ‘time to start reorganizing the world in the direction that the overwhelming majority of mankind expects and needs.’ To his mind, the BRICS countries were to play a key role in that process.

Oliver Stuenkel, *The BRICS and the Future of Global Order*, Lexington Books, Lanham, 2015, p. x



9780170410151



SOURCE C

BRICS is a platform for dialogue and cooperation amongst countries that represent 43% of the world's population, for the promotion of peace, security and development in a multi-polar, inter-dependent and increasingly complex, globalizing world. Coming, as we do, from Asia, Africa, Europe and Latin America, the transcontinental dimension of our interaction adds to its value and significance.

Fourth BRICS Summit: Delhi Declaration, 29 March 2012, www.brics.utoronto.ca/docs/120329-delhi-declaration.html

QUESTIONS

- 1 According to Source A, what political and geopolitical differences undermine the concept of BRIC/BRICS?
- 2 Using Source B, highlight the similarities between the BRIC countries and explain why the author thinks it is a useful concept.
- 3 According to Source C, why is BRIC/BRICS a valuable development in international relations?

- 1 Outline the origins and development of BRIC between 2001 and 2012.
- 2 In which three areas did BRIC want more of a voice in international affairs?
- 3 To what extent was the world becoming more multipolar after 2003?
- 4 Identify the arguments for increasing the number of permanent seats on the UN Security Council.
- 5 Provide a detailed explanation of why BRIC was critical of the US-based economic consensus.
- 6 What criticisms did BRIC have of the way in which the United States and Europe dealt with the global financial crisis after 2008?
- 7 Why could BRIC countries deal with the GFC better than those in the West?
- 8 What new institutions did BRIC create in the attempt to establish a new consensus?
- 9 Explain how the Delhi Declaration offered solutions that were at odds with American foreign policy stances.
- 10 RESEARCH: Choose one of the items from the list of the Delhi Declaration and research the American view. To what extent was it different from the BRIC position?

The resurgence of modern nationalisms and the influence of non-state actors

One of the great paradoxes of the post-Cold War world from the mid-2000s was the rise of modern nationalisms at the same time as the nation-state was being undermined by the processes of globalisation and technology, and by non-state actors including international media, multinational corporations and militant Islam. The resurgence of populist nationalism was often the result of a loss of faith in the institutions of the nation-state – politics, religion, trade unions and media – and the failure of Western liberal democracies to cushion traditional working and middle classes against the impact of globalisation. One of the central issues for nationalist movements was immigration (particularly from Africa and the Middle East) and its perceived effect on employment, national





security and identity. Coupled with this lack of faith was the spread of new political or fundamentalist religious narratives that purported to make sense of the changes facing the West. There was no shortage of media outlets, clerics or populist politicians ready to encourage the fears of those who felt their way of life was under siege, and to undermine the nation-state.

Non-state actors that had a significant impact on shaping the modern world included:

- new media, with its impact on modern nationalisms
- multinational technology companies
- militant Islam.

The resurgence of modern nationalisms

There was a resurgence of modern nationalism in the period after 1991, which evolved in response to the global economic and social forces that were shaping the world. Governments that overemphasised nationalism as a political ideology had been largely discredited by its association with war and fascism during World War II. As well, greater regional integration and international cooperation during the Cold War had dampened some of nationalism's more extreme characteristics. Arguably, globalisation, mass migration and regional integration eroded the power of the nationalist sentiment in the West: free trade agreements and international economic cooperation were seen as the most direct path to prosperity. But the end of the Cold War brought a resurgence in nationalism in places as diverse as the former Yugoslavia, the Netherlands, Austria, Russia and India.

Yugoslavia

The resurgence of modern nationalisms was played out in the most violent fashion when member republics of the Yugoslav Federation – a collection of six republics with an ethnic mix of Serbs, Croats, Slovenes, Bosnian Muslims and Albanians – pressed for their independence. The Serbian Republic had dominated Yugoslavia from the capital, Belgrade, and had effective control over the Yugoslav Army. When Slovenia and Croatia declared their independence in June 1991, the lid was lifted on nationalist tensions as Serbian forces tried to prevent Bosnia and Herzegovina from following suit. Bosnia had a large Serbian population, and Serb forces began a systematic **ethnic cleansing** of the region by murdering or driving out Bosnian Muslims and ethnic Croats. Between 1992 and 1995, some 100 000 people died in the war in the Balkans. When tensions flared up again in 1999, this time over the Albanian enclave of Kosovo – a region in southern Serbia – nationalist tensions were again the impulse for the violence. This time, the United States and NATO intervened with airstrikes on Serbia in an attempt to arrest the violence.

ethnic cleansing
The mass expulsion or killing of members of one ethnic or religious group by another in a geographical area

Mass migration and nationalism in Europe

Modern nationalism's resurgence also responded to the fear that mass migration – which was often driven by increasing levels of global conflict – was a threat to national cohesion. The 'war on terror' and instability in Africa had produced a refugee crisis, as conflict and sectarian violence in the Middle East and Africa drove people from Iraq, Syria, Afghanistan, Somalia and Sudan into the West. That many of these people were Muslim meant that populist politicians were able to exploit fears about national security and manufacture a link between refugees and terrorism.

In France, the National Front, led by Jean-Marie Le Pen, railed against large-scale immigration into the country. France had been the destination for immigrants from its former colony Algeria, and over time came to host a large African population. In the wake of the 'war on terror', it has also taken refugees from the Middle East.





Dutch politician Geert Wilders is the leader of the Party for Freedom and he took his place in the Netherlands parliament in 2002. He was a vocal critic of 'Islamisation' of the Netherlands and made the argument that, since Muslims would not assimilate into Dutch culture, all immigration from Muslim nations should be banned. In an open letter to a Dutch newspaper in 2007, he controversially compared the Koran to Hitler's *Mein Kampf* and insisted that there was no such thing as moderate Islam. Wilders' form of nationalism was based on a nationalist fear that Dutch social cohesion was being undermined by Islam.

Similarly, the Austrian politician Jörg Haider – leader of the Austrian Freedom Party – believed that Islam was inconsistent with Western values and he opposed Muslim immigration to Austria. He was a controversial figure who was associated with the far right of politics. In 1999, he received 27 per cent of the vote in national elections, reflecting the mood of Austrians. As a result of the inclusion of his party in government, the European Union placed months of sanctions on Austria, accusing him of being an anti-Semite. Jörg Haider died in 2008.



SOURCE 4.8 Dutch politician Geert Wilders



SOURCE 4.9 Leader of the Austrian Freedom Party, Jörg Haider

Russia

In other parts of the world, a new form of nationalism emerged. The Russian Federation under the leadership of Vladimir Putin made the concept of patriotism a national ideal. In some respects, Putin's leadership over Russia was a reaction against the increasing Westernisation of the country and its neighbours. This can be seen in Russia's attempt to block Ukraine from forging closer ties with the European Union and its rejection of the expansion of NATO into Eastern Europe. The Russian reassertion of power in its region is based on an anti-Western, nationalist sentiment that appeals to a great Russian past.

India and the BJP

In India, the Bharatiya Janata Party (BJP) is a Hindu nationalist party that is driven by the idea that Indian culture should be given precedence over Western secular values. Although India became one of the world's largest economies in the 20 years after the end of the Cold War, with a strong service sector, the BJP attempted to fashion an economic ideology that put the 'human first'. The party advocated globalisation and opening up the Indian economy to the rest of the world. It followed the Western model of privatisation and deregulation in order to make India more competitive in the global economy.



The rise of modern nationalism



The influence of new media

At the centre of this mistrust of institutions and fear of immigration and change sat another paradox. At the same time as the Internet delivered a broad palette of news, some news organisations – often out of the commercial need to target a particular audience – began to align themselves politically and promote a set of ideas. In doing so, they created a kind of bubble, in which they interpreted international events through the prism of their own ideology, while at the same time encouraging their audiences to be distrustful of other news sources. This had the effect of polarising audiences between traditional left and right, or liberal and conservative, and of promoting the idea that unbiased, objective reporting was finished.

On the right, the Fox News channel, which operated under the banner of ‘fair and balanced’ reporting, was an unabashed supporter of the Republican Party and conservative politics. On the left, newspapers such as the British *Guardian* and the *New York Times* tended to attract a more liberal audience. Global news organisations such as CNN, the BBC and Al Jazeera, which consistently stated their commitment to objective journalism, were caught in the crosshairs of a **culture war** in which the idea of objectivity had been all but rejected. Revealing your preferred source of news became akin to sharing who you voted for. Objectivity had been under assault for over a decade, but now it seemed to be condemned to another time.

The sides in the war over information offered simple explanations of complex global forces. One consequence of these explanations was a polarising effect within countries; in some cases this polarisation led to violence. The conclusions drawn by populist alternative media organisations sounded plausible, but often they failed to grasp the complex economic, technological and social changes that were shaping the 21st century. They also failed, often, to acknowledge any of the benefits of globalisation. Yet powerful communication tools, including the Internet, gave them great reach and voice, and delivered them an audience that often numbered in the millions.

At the extreme conspiratorial end were Internet-based media organisations such as Alex Jones’ Infowars, which railed against incumbent governments, ‘globalists’ and ‘mainstream media’ as the enemies of a supposed remnant of loyal Americans. Jones and his followers adopted an intellectual siege mentality. On the other side, there was the fear that the Internet was turning young Muslim men into jihadists. Young, disaffected Muslims, rejected by the populist nationalism in their adopted Western countries (and, often, their countries of birth), became recruiting targets for fundamentalist extreme groups to carry out terrorist acts.

culture war

The political struggle over the nature and use of knowledge, particularly in the news media and representation

Alex Jones and Infowars

Alex Jones delivers a web-based radio show from Austin, Texas. His daily show attracts millions of listeners. His slogan is ‘There is a war for your mind’, and he identifies himself as a libertarian. Jones is a strong advocate of the right to own guns. He has consistently claimed that the Sandy Hook massacre, in which 20 children and six adult staff members were murdered at a school in Connecticut, USA, did not happen and was a government conspiracy to disarm Americans. Jones is a conspiracy theorist who believes there was US government involvement in the 11 September 2001 attacks.



Alamy Stock Photo/James Cheadle

SOURCE 4.10 Alex Jones, host of Infowars

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Perhaps the most significant challenge to state and media power was Julian Assange’s WikiLeaks, which published leaked classified government documents. The organisation gained international notoriety in 2010 when it released film footage of a United States Apache helicopter firing indiscriminately into a van in Baghdad. The van had stopped to pick up the body of a Reuters journalist who was killed minutes earlier by the helicopter.

The context of the incident was that the helicopter was supporting US soldiers in a fight a few blocks away. However, the initial shooting was into a crowd of about 10 men, many of whom were unarmed. When a van pulled up to assist the injured and dying, the helicopter opened fire. It was later revealed that two children were in the van.

A US soldier, Private Chelsea (then Bradley) Manning, leaked the footage and a number of other documents that she deemed to be in the public interest. The US government had her charged for the offence and she was subsequently convicted and sentenced to 35 years in prison. The release of the materials had the effect of supporting the idea that neither the government nor the mainstream media could be trusted to tell the truth. But for some on the conservative side, Manning and Assange were traitors to the United States and their actions were a grave threat to national security.

- 1 Explain some of the reasons for the resurgence of populist nationalisms.
- 2 What impact has the new media landscape had on the undermining of the nation-state?
- 3 What are some of the negative impacts when news organisations become politically aligned?
- 4 To what extent do you agree with the idea that balanced and objective journalism is a relic of the past?

Multinational corporations as non-state actors

Another centre of non-state power is the multinational corporation (MNC). While MNCs have been around since Coca-Cola and McDonald’s took their products into international markets, the new technology companies have emerged with a reach that borders on ubiquity. Household names such as Facebook, Amazon, Google, Apple and Alibaba have powerfully shaped everyday lives in terms of people’s ability to form global connections, the way consumers shop, and how people source and consume information. But their success has also raised questions about privacy, the collection of data and the increasing role of technology in our lives.

TABLE 4.1 Top 10 multinational corporations by market value, compared with gross domestic product (GDP) of selected countries, in 2010

COMPANY	MARKET VALUE (US\$)	COUNTRY	GDP (US\$)
PetroChina (China)	333 billion	United States	14.5 trillion
ExxonMobil (US)	308 billion	China	5.8 trillion
Microsoft (US)	254 billion	United Kingdom	2.2 trillion
ICBC (China)	242 billion	Australia	924 billion
Wal-Mart (US)	205 billion	South Africa	363 billion
China Mobile (China)	199 billion	Greece	304 billion



TABLE 4.1 (continued)

COMPANY	MARKET VALUE (US\$)	COUNTRY	GDP (US\$)
BHP (Australia/UK)	192 billion	Singapore	222 billion
Berkshire Hathaway (US)	190 billion	Pakistan	174 billion
Petrobras (Brazil)	190 billion	New Zealand	126 billion
Apple (US)	189 billion	Iceland	12 billion

Note: The size of multinational corporations can be seen when comparing their market value (the total value of a company's shares) with the GDP of countries. Only 28 countries were wealthier than the richest company.

'The Global 2000' (2010), *Forbes*, www.forbes.com/lists/2010/18/global-2000-10_The-Global-2000_MktVal.html
 'Gross domestic product 2010', The World Bank Group, <https://siteresources.worldbank.org/DATASTATISTICS/Resources/GDP.pdf>

Facebook is the biggest social media company in the world. It was established in 2004, and by 2011 it had 500 million users, 50 per cent of whom logged on every day. By 2017, it had two billion active users who log in at least once per month. Facebook has been a significant challenge to traditional media businesses and some governments. Facebook and Google together share a massive 50 per cent of the total advertising revenue on the Internet, and are increasingly driving down the price of television, newspaper and magazine advertising. Therefore, their economic challenge to traditional business is significant.



SOURCE 4.11 Facebook and Google share a dominant proportion of the world's total revenue from online advertising.

Facebook has also been a source of concern for anti-democratic countries. It is credited with being the platform for the 2011 Arab Spring – which resulted in the fall of longstanding dictators in Tunisia, Libya and Egypt as well as launching pro-democracy movements in Syria and the United Arab Emirates. In those countries, media restrictions meant that political opposition was often suppressed or silenced. Facebook allowed young dissidents to organise political demonstrations and provided a means to disseminate information without the normal government controls. In 2009, China blocked access to Facebook for its citizens. The ban is thought to be in response to the riots that broke out in July 2009 in Xinjiang, in the north-west of the country, between the Muslim Uighurs and Han Chinese. The ban is part of the Chinese Communist Party's attempts to censor the country's media. Although the Party is committed to economic openness, political expression remains difficult.



SOURCE 4.12 An anti-government demonstrator holds a sign during a protest in Cairo, Egypt, in February 2011.



Aside from the reach of social media, the role of non-state actors in the collection and use of data is one of the key challenges facing 21st-century national governments. The international nature of technology companies means that laws regarding the handing over of data are still evolving. This applies not only to information about policy and national security. Increasingly, data is becoming an important aspect of advertising and marketing, leading to fears about privacy and how that data is used. Companies such as Google, Facebook, Amazon and Alibaba can capture an enormous amount of information about users' browsing habits and history, and sell it to third parties for very large sums of money.

- 1 Outline some of the main changes that technology companies have made in society.
- 2 In what ways are social media companies able to undermine the nation-state?
- 3 What are some of the challenges with the collection of data?

The rise of militant Islam after 1991

A new focus of global conflict emerged in the 1990s and 2000s with the rise of international militant Islamic terrorism. Of course, terrorism was already a high-profile phenomenon in the 20th century. The Irish Republican Army (IRA) used terrorism in its fight against the British occupation of Northern Ireland during the 1970s and 1980s, and the Palestinian Liberation Organisation (PLO) attempted to undermine the state of Israel by hijacking planes. But the brand of terrorism that emerged after 1991 was more international in character. Although its adherents cited specific geopolitical causes in a wider war against the West, this extreme fundamentalist expression of Islam was not limited to one or two conflicts.

While the attacks on the United States on 11 September 2001 represented the start of the 'global war on terror', the origins of the conflict can be found in the Persian Gulf War of 1991. The continuing presence of an American military base in Saudi Arabia after the war ended in February 1991 angered fundamentalist Islamic groups, because the same US military power that supported the state of Israel shared the same soil as Mecca and Medina – Islam's holiest pilgrimage sites. Two high-profile terrorist attacks – the African embassy bombings in Tanzania and Kenya in 1998 and the bombing of the USS *Cole* in Yemen in 2000 – were carried out partly because of the US military bases.

President George W Bush declared war on terror in his State of the Union address on 20 September 2001, nine days after the attacks on the US. This declaration was problematic. The idea of 'terror' was abstract and ambiguous, and lacked a clearly defined enemy. Any war on terror would probably mean a war without end. In the speech, President Bush identified Osama bin Laden and his al-Qaeda network, which he said practised 'a fringe form of Islamic extremism', as the culprits of the attack, and he offered an explanation for their motives. He declared that they were 'enemies of freedom' and 'heirs of all the murderous ideologies of the 20th century' with the 'goal of remaking the world and imposing radical beliefs on people everywhere'. He then declared that 'the civilised world is rallying to America's side'.

President Bush reserved some of his strongest words for the Taliban regime in Afghanistan, which he accused of hosting al-Qaeda training camps. He demanded: 'The Taliban must act and act immediately. They will hand over the terrorists or they will share in their fate.'³ The speech rallied Americans and their allies in the face of the largest peacetime atrocity in US history. US involvement in Afghanistan stretched all the way back to the 1980s, when the Americans





funded the mujahideen in their fight against the Soviets. In an ironic twist, the main beneficiary of that funding was Osama bin Laden.

Over the course of the following months and years, an international form of Islamic terrorism would export terror onto the streets of London, Paris and Madrid, in a new type of **asymmetrical warfare** that offered little protection for civilians. The various sectarian groups had become a new centre of power in the world – and it was difficult to separate each group’s alliances and loyalties.

asymmetrical warfare

Surprise attacks by small, simply armed groups against powers with vast resources of modern military technology

Middle East complexities

One of the most complex aspects of the ‘war on terror’ has been understanding the origins of the various groups and the web of alliances in the Middle East. Failure to understand these dynamics, the history of the region and the motivations of each group has had the effect of allowing populist movements in Western democracies to group all Muslims together and represent them as a collective threat. This ignorance masks the fact that the overwhelming majority (estimates are as high as 95 per cent) of terror victims are themselves Muslims.

The Middle East region is an enormously diverse part of the world. It is a complex mixture of history, geography, political and military power, and rich oil supplies, coupled with deep tribal, ethnic, political and religious divisions. In addition, the artificial creation of nation-states in the region since the end of World War I has led to Western sponsorship of anti-democratic, autocratic rulers – or ‘strongmen’ – to suppress these deep divisions. The situation in the Middle East cannot be understood without attempting to grasp the complex forces that have shaped the region.

Who are the different groups?

RELIGIOUS DIVISIONS

The two main groups in Islam are the Sunni (about 85 per cent of Muslims) and the Shi’a (15 per cent). They are divided by their understanding of who is the rightful successor to the Prophet Mohammad. These groups can be further broken down into sects such as the Wahhabi Sunni (a puritanical fundamentalist form, favoured by the ruling family in Saudi Arabia).

Most Shi’ite Muslims live in Iran and southern Iraq, although the group is scattered throughout the Middle East.

The Middle East is also home to Christians of multiple denominations, Jews, Druze, Yazidi and other religious traditions.

ETHNIC DIVISIONS

The Middle East is ethnically diverse and its people include Arabs, Persians (mainly in Iran), Turks, Kurds and Armenians among many others.

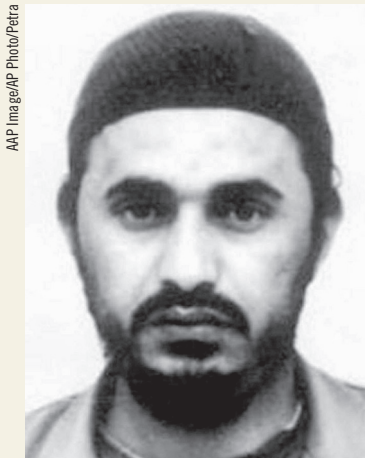
QUESTIONS

- 1 Research and make a comprehensive list of the various groupings in the table below. Some examples are given to get you started.

GROUPING	EXAMPLES
Nations	Iraq, Jordan, Lebanon ...
Religious groups	Muslims, Jews ...
Sunni sects	Wahhabi ...
Shi’a sects	Alevi ...
Tribes	Bedouin ...
Political groups	Ba’athist, Muslim Brotherhood ...
Ethnic groups	Kurds, Persians ...

- 2 What does the size of these groupings tell you about the complexities of understanding the dynamics in the Middle East?





AAP Images/AP Photo/Petra

SOURCE 4.13 Abu Musab al-Zarqawi was the Jordanian-born Sunni leader who was in charge of al-Qaeda in Iraq. In 2005, he declared war against the Americans and the Shi'a in Iraq. He was killed in June 2006.



Getty Images/Scott Nelson/Stringer

SOURCE 4.14 Muqtada al-Sadr is an Iraqi Shi'ite militia leader who led the counterinsurgency against al-Qaeda in Iraq after the downfall of Saddam Hussein in 2003.



Getty Images/Anadolu Agency

SOURCE 4.15 Abu Bakr al-Baghdadi is the radical Sunni leader of the Islamic State of Iraq and Syria. Al-Qaeda is said to have distanced itself from the group because its methods were so cruel. Al-Baghdadi declared a caliphate in 2014 that lasted until 2017. The group inspired terrorist attacks across the globe.

The surge in Islamic fundamentalist-inspired terrorism has been a significant force insofar as it has shaped American foreign policy responses. The ambiguity of the 'war on terror' resulted in the US making a huge military and financial commitment in the Middle East, in places such as Iraq and Afghanistan. But Western governments also had to respond to homegrown terrorism, with bombings in Madrid, London and Paris.

- 1 Outline the history of the rise of al-Qaeda since 1991.
- 2 In what ways has al-Qaeda resisted American power?
- 3 What problems might there be with enforcing a Western form of nation-state on the various groups in the Middle East?
- 4 How significant has the rise of Islamic militant groups been as a centre of power in the 21st century?



Conclusion

The world entered the 1990s with the United States as the sole superpower. By the time the first decade of the 21st century ended, that unipolarity had splintered under the weight of a war against terrorism, a technological revolution, a financial crisis, new emerging centres of power in Asia and the loss of faith in Western institutions. The period marked the beginning of the long decline of American hegemony and the rise of China. The 'war on terror' marked a significant shift in the direction of international relations at the beginning of the 2000s, and the financial crisis that started in 2008 eroded American military and economic power.

The ongoing struggle in Europe between the forces of federalism and nationalism led to growing populism in France, Austria and Germany. The global financial crisis exposed divisions within the European Union and growing resentment between nations. The BRIC countries sought reform in international institutions to reflect 21st-century realities and criticised the national makeup of key leadership bodies as outdated. The 'war on terror' and the GFC eroded US power, while new media and information technology undermined the nation-state. But the biggest new centre of power was the rise of Islamic militant groups. Their ability to wage an asymmetrical war against the West continued to be a threat throughout the decade.

Chapter summary

- The European Union drifted towards closer regional integration between 1951 and 2008, but the global financial crisis and fears over mass migration threatened its viability.
- The BRIC countries emerged as a new centre of global power. Economically strong, they represented a challenge to Western dominance over international institutions.
- Economic globalisation and mass migration fuelled new, modern nationalist movements.
- Non-state actors such as new media and technology companies, and militant Islam, provided a cross-border challenge to traditional nation-state power.

Further resources

- Dinan, Desmond, *Ever Closer Union: An Introduction to European Integration*, 3rd edn., Lynne Rienner Publishers, Boulder CA, 2005.
- Fourth BRICS Summit: Delhi Declaration, 29 March 2012, www.brics.utoronto.ca/docs/120329-delhi-declaration.html.
- Stuenkel, Oliver, *The BRICS and the Future of Global Order*, Lexington Books, Lanham, 2015.

Endnotes

- ¹ Monnet, Jean, 'The United States of Europe has begun', speech to the Common Assembly, 11 September 1952.
- ² Stuenkel, Oliver, 'Brazil and UN Security Council reform: Is it time for another big push?', www.postwesternworld.com/2013/06/30/brazil-and-un-security-council-reform-is-it-time-for-another-big-push, 30 June 2013.
- ³ US President George W Bush, State of the Union address, 20 September 2001, <https://georgewbush-whitehouse.archives.gov/news/releases/2001/09/20010920-8.html>.

CHAPTER REVIEW

- 1 Make a timeline of the development of Europe from 1951 to 2012.
- 2 Research one speech by either Jean Monnet or Enoch Powell. What does it tell you about European attitudes towards the outside world?
- 3 Write a speech in which you argue against the drift towards a more federal Europe.
- 4 Explain why the 2004 referendums on the European Constitution failed.
- 5 To what extent is it meaningful to talk about BRIC as a group in international relations?
- 6 Outline the key aims and goals of BRIC.
- 7 In what ways have non-state actors undermined the concept of the nation-state?
- 8 Design an infographic in which you outline the main complexities of the Middle East.
- 9 Research the origins, alliances and goals of two of the following groups:
 - al-Qaeda
 - Daesh
 - Hezbollah
 - the Muslim Brotherhood.
- 10 To what extent were the 2000s a period of decline in the United States?