

PREFACE

Tolstoy wrote in *Anna Karenina*: “All happy families are alike; each unhappy family is unhappy in its own way.” This is a book about the unhappy families. The countries of the global South, also called developing, un(der)developed, semi-developed, periphery, the Rest, Third World and so forth, are more than ever at the center of attention in the world economy and are shaping the new world order for the twenty-first century. China, India, South Korea and Brazil have become pivotal players in the new era of global production and trade and are increasingly assertive of their newly gained powers in world politics. Other countries of the South seek similar economic gains and more active roles. The rise of the Southern countries has also led to renewed calls for strengthening cooperation among them. In fact South–South cooperation has even become a buzzword to represent anything and everything the North–South economic and political exchanges are (and were) not.

We have written this book to explore both the possibilities and the limits of South–South cooperation in the twenty-first century. In doing so, we have two goals. First, we want to provide an overview of the historical and theoretical context of South–South cooperation. Second, we want to look beyond the “knight in shining armor” versus “dark lord of the east, Sauron” narratives of the rise of the South that we find too often in academic and popular writing. By reexamining the evidence from South–South and South–North economic exchanges, we hope to strip the debate of the excessive pessimism or optimism that biases most analyses of the subject.

Our main premise is that the new multipolarity in the world economy is found within the global South as well as between the North and the South. The rising Southern powerhouses of the world economy, such as BRICS (Brazil, Russia, India, China and South Africa), have had diverse effects on the Rest of developing world, and in this way they appear to replicate the

North–South dilemmas and ominous contradictions for the countries we refer to as the Rest of South. Changing the course of this pattern of South–South exchanges requires an honest discussion of the effects of the Emerging South on those countries that continue to struggle for a decent life and, in some cases, simply for survival.

The book emerged from our earlier work on South–South economic exchanges, and in many ways it reflects changes in our analysis of the costs and benefits of South–South economic cooperation. Over the years, our earlier optimistic attitude has given way to a more cautious one. Particularly, the low-growth and low-development trap (in which most Southern countries became stuck after decades of Washington Consensus experimentation) seems not to be releasing its grip on those countries in the new multipolar world. On the contrary, the rise of a few Emerging South countries appears to have a regressive effect on decades of industrialization efforts by other Southern countries. Changes in trade structures—the skill and technology intensity of products, industrial structure, product and country dispersion, direction and other aspects that form a country’s international trade—along with increasing primarization of Southern economies (i.e., an emphasis on exporting raw materials and natural resources rather than manufactured goods) are warning signs for the coming years. Unhappy families indeed.

This book is also influenced by our increasing discontent with the new mainstream development analysis that has emphasized micro-development goals based on representative agents and controlled experiments. The lack of any upward mobility in a majority of Southern countries and the unsustainable nature of most industrialization efforts in leading South countries—concerns ignored or unresolved by much of the mainstream discussion—have helped shape the general framework of this book. However, despite these serious causes for concern, we find reason to hope for a new world economy that is more pluralistic and allows more

experimentation in economic policy. Decades of one-size-fits-all orthodoxy are giving way to a more agnostic, less arrogant and more pluralistic economic policy in the South, one that may eventually yield more equitable distribution of the world's wealth while protecting its peoples and resources.

In a nutshell, the book makes the following main points:

1. The nature of South–South cooperation has changed over time and continues to change. It is important to understand how.
2. The treatment of economic theory of South–South cooperation and integration has also changed over time. We describe these changes, along with the similarities and differences between various schools of thought toward South–South economic exchanges, and discuss their implications for ongoing debate about global economic development.
3. Certain stylized facts and patterns of change in South–South economic exchanges in trade and finance are instructive in analyzing realistically the present state of the economies of countries in the South and those countries' prospects for the future.
4. The widely touted rise of the South is not a homogeneous or linear process, and not all Southern countries have benefited equally from it. The rise of the Emerging South has created both positive and negative prospects for development in the Rest of South.
5. The 55 countries we identify in the Emerging South account for 65 percent of the world's population in 2015—4.7 billion people—while 157 mostly smaller and poorer countries in the Rest of South account for 1.6 billion people, or 22.6

percent of the world's population. While the economies of the former are growing, many of the latter continue to struggle—even to slide backward. We need to identify the necessary conditions to make South–South exchanges mutually beneficial, allowing for the sharing of knowledge, the upgrading of skills and the enhancement of development in the entire South, not just a part of it.