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Economic Diplomacy: An Important Tool For Achieving Foreign Policy Goals

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Abstract

This article discusses the features of the global development in the XXI century, in particular, the strengthening of the economic factor in international relations and world politics in the context of the growing interconnectedness and interdependence of states via comparative qualitative research methods. As a result, the new imperatives of modernization stipulate the necessity of perfection of tool and methods of economic diplomacy in accordance with geo-economic realities of new world order. In conclusion, the economic diplomacy as an integral component of foreign policy activity is important in the context of defining strategies for further development of the states.

Key words: Foreign Policy, International Relations, Power.

Diplomacia Económica: Una Herramienta Importante Para Lograr Los Objetivos De La Política Exterior

Resumen

Este artículo analiza las características del desarrollo global en el siglo XXI, en particular, el fortalecimiento del factor económico en las relaciones internacionales y la política mundial en el contexto de la creciente interconexión e interdependencia de los estados a través de métodos comparativos de investigación cualitativa. Como resultado, los nuevos imperativos de la modernización estipulan la necesidad de perfeccionar las herramientas y los métodos de la diplomacia económica de acuerdo con las realidades geoeconómicas del nuevo orden mundial. En conclusión, la diplomacia económica como un componente integral de la actividad de política exterior es importante en el contexto de la definición de estrategias para un mayor desarrollo de los estados.

Palabras clave: política exterior, relaciones internacionales, poder.

1. INTRODUCTION

In general, the notion of economic diplomacy is relative and difficult to define, insofar as it differs according to the countries and the actors involved and is defined «not by its instruments, but by the economic problems that give it its content» (Bayne & Woolcock, 2016). In a globalized economy marked by the opening of borders and the interdependence of interests, on the edge of the fourth industrial revolution, the goals of economic diplomacy are moving towards integration into the world economy and the affirmation the presence and influence of states

abroad. State strategies are no longer based on territorial expansion, but on the conquest of new markets and opportunities for their companies. In this context, diplomacy is moving more and more towards the triple mission of: supporting exporters, attracting investment on national soil and the inflection of international rules in the direction of domestic interests.

2. METHODOLOGY

In the era of the new global reality clearly shows that the world has become more interconnected and interdependent. The new non-state actors (international organizations, international terrorist organizations, transnational corporations, banks, investment groups, etc.) joined the traditional subjects of world politics- states. This has significantly changed the structure of international relations as an external environment for the development of the state (Suleymenov, 2008). The ability of the state to interact with the whole multitude of participants in international relations assumes decisive importance, determining the success or failure of the country in the context of its foreign policy activity. It follows that no modern state of the world can exist separately, in isolation from other players on the world stage. In this context, the state forms and implements its foreign policy, using a set of various instruments and mechanisms. However, the choice of these tools depends on certain factors.

In international relations, as a rule, the instruments and mechanisms of the state's implementation for its foreign policy are united in the concept of power. That is why, we believe, it is advisable to consider the whole

spectrum of the use of the state by power - one of the central categories of modern political science. The greatest contribution to the theorizing and conceptualization of the concept of power was made by the American political scientist (Nye, 2014). Considering the state's implementation of the foreign policy course, he introduced into scientific circulation the two components of the concept of power - hard and soft (Nye, 2014). Despite the fact that this term was introduced in the 1990s, it still remains relevant today, as there is now a clear tendency for states to reconsider the methods of foreign policy maneuvering. The main idea of Nye (2014) is that, in essence, military and economic influences in foreign policy are part of the hard power because of their violent or coercive nature. After the end of the cold war and the disintegration of the bipolar system of international relations, there was a political and scientific discourse about the decline of the era of global economic and armed confrontations demanding the use of hard power tools.

Unlike the tough concept, soft power is based on a departure from the state's use of economic and military methods. According to Nye (2014), this kind of force has the goal, not of coercion, but the conviction (Nye, 2014). The influence on the state, thus, is carried out by political, diplomatic, cultural and other peaceful methods. At the same time, like any other large-scale concept in political science, the category force has a multifaceted, complex character. Therefore, one should not limit ourselves to operating only one of its components. After the end of the Cold War and the disintegration of the bipolar system in the world, a confidence arose that the period of acute ideological confrontation between states ended in connection with the spread of liberal-democratic values of the Western model in the world (Fukuyama, 2006; Zare & Rajaeepur, 2013). In political and scientific

discourse, there was an opinion about the decline of the era of global economic and armed confrontations. However, the further course of history, especially in the last decades, proved the inconsistency of such approaches. A unipolar world that was regarded as an ideal and the only true model of a new world order proved to be untenable (Palmer, 2002).

At the beginning of the 21st century, it became obvious that the structure of the world with the presence of a single center is gradually moving into a multipolar one. At the same time, the formation and consolidation of new centers of world politics marked the active use of tough foreign policy instruments along with already widespread non-violent methods. That is why the concept of smart power, which is a combination of both forces (rigid and soft) in the implementation of the state's foreign policy course, has been actively used by politicians and scientists in the last two decades (Nye, 2014). The concept of smart force was first introduced by the Deputy Permanent Representative of the United States to the United Nations, (Nossel, 2004). In an article published in 2004 in the journal *Foreign Policy*, the American diplomat put forward the idea that diplomacy, international aid, trade and the dissemination of values (meaning American values) play as important a role as a military force. (Nossel, 2004).

In the future, this concept was theoretically developed by (Nye, 2014). According to the author's definition, smart power is a combination of a solid force for coercion and retribution with a soft power in the form of persuasion and attraction. At the same time, the specific feature of this type of force is a clearly defined goal, the transformation of resources into an effective result, the existence of a strategy or plan for achieving the goal, experienced leadership. The smart power strategy was adopted by the

administration of the US President Barack Obama. So, according to E. Shapiro, the deputy secretary of state for military and political affairs, the concept of smart power, i.e. a reasonable combination and system of relations between diplomacy, defense, development assistance and other means of hard and soft power is the essence of the political vision of President Barack Obama and Secretary of State Hillary Clinton. At the same time, as acknowledged by Nye (2014) himself, in spite of the fact that the concept of clever force was used by the administration of Barack Obama, its application is by no means limited to the US alone. The political scientist believes that it is small states that are often more skilled in applying the strategy of smart power.

So, historically and at the present stage, rising states (for example, China) use smart power with great benefit for themselves (Nye, 2014). The history of the development of international relations in the last quarter of a century after the collapse of the bipolar system shows that states could not completely abandon the use of hard power (economic sanctions, diplomatic pressure, military intervention, etc.). Currently, we see an example of the active use of hard instruments in the situation around Ukraine. At the same time, the priority of soft ways of doing business in the international arena is unambiguous. Therefore, the concept of smart power can be considered very organic in the current international system of relations. Its specificity lies in the fact that, thanks to its complex character, it presents new demands to the states, including on the formation and implementation of the foreign policy strategy. In other words, a modern state striving for its adequate positioning in the international arena should not limit itself to the choice of foreign policy mechanisms and instruments. Among them, we consider it important to single out diplomacy, which is one of the key components of the foreign

policy of any state (Bratersky, 2014; Subaaalsadi & Firdouserahmankhan, 2018).

There are many definitions of the concept of diplomacy, which contain both a narrow and broad interpretation of this phenomenon. From an applied point of view, if we summarize and generalize all existing definitions, diplomacy is a mechanism for implementing the state's foreign policy, consisting of a set of non- military activities, techniques, and methods used in the context of specific conditions and challenges (Bayne & Woolcock, 2016). On the other hand, diplomacy is the official activity of representatives of states and specialized foreign ministries in solving specific goals and tasks on the agenda of the state, the region or the world. Thus, there is a great number of classifications of diplomacy. For example, lately along with traditional diplomacy, public diplomacy got distribution. The new types of diplomacy also are digital, catalytic and transformation. It is accepted to distinguish such types of diplomacy, as bilateral, multilateral, regional, diplomacy on high and higher levels. In our view, there is another essential classification of diplomacy that touches her varieties according to the used methods and decided tasks. Among them, an important place is occupied by economic diplomacy.

Economic diplomacy and trade diplomacy preceded to it, as the phenomenon of intergovernmental cooperation, in practice international relations known of yore (Vanbergeijk, 1994). The evolution of this phenomenon during centuries took place within the framework of the development of world economy and diplomacy. It stipulated application by its wide arsenal of instruments that on the modern stage plugs in its own international trade and economic approvals, creation of regional trade and

economic blocks and modes, management by international financial streams, use of external debt, direct foreign investments, providing of economic and humanitarian aid, manipulation activity of international financial organizations. Being based on different going near interpretation of economic diplomacy, we are inclined to examine this category as complex of the foreign-policy events (both in regard to methods and processes of acceptance of foreign-policy decisions), related to the transfrontal economic activity (export, import, investments, crediting, economic aid of and other) conducted by the state and non-state subjects of worldwide policy in the modern world (Bayne & Woolcock, 2016; Marbán & Mulenga, 2019).

In our view, in present realities, the economic type of diplomacy appears the most prime example of smart force, as unites in itself both the elements of hard influence and specific of non-violent methods of realization of foreign policy. By virtue of the specificity of the present world, economic diplomacy comes forward the systemically important component of the foreign policy of the modern state. Obviously, that in the conditions of the modern division of labor in the context of globalization, international relations were economically influenced, and an economy was politicized. Strengthening the interdependence of the economy and politics is primarily due to the prevalence of the economic factor in the current system of international relations. This is confirmed by the increased development of such megatrend of modernity as globalization, the main driving force of which is precisely the economy. In theoretical and applied aspects, economic diplomacy provides a complete description of the interrelationship of politics and economics in international relations. Thus, the French diplomat and economist G. Carron de la Carrière asserts that not everything is in the economy, but nothing is done without taking into account economic factors,

and this is the essence of the changes». Diplomacy is not exhausted by economic diplomacy, but diplomacy can no longer ignore the economic side of what it does.

3. RESULTS AND DISCUSSION

Today, the world system is in the process of actively forming a new trade and economic world order by forming large blocks around competing global centers. For a certain number of scientists, this circumstance testifies to the advent of a new era - the era of geo-economics aimed at increasing the competitiveness of the state in conditions of a qualitatively new level of development of the world economy and integration processes. Geo-economics is understood as a new geopolitics from the standpoint of the economic strength of the state, ensuring the achievement of foreign policy goals, world or regional power in an economic way. In the scientific revolution, the term geo-economics was introduced in the 1960s by an American historian Luttwak. Geoeconomics was especially popular on the background of globalization processes, as it justifies the primacy of neo-liberal economic processes in the formation of a new paradigm of international relations and state activity in this system (Mendoza Velazco & Rivero Padrón, 2019).

In this context, a number of scientists believe that since geo-economics predominates over geopolitics, the modern world order should be viewed as an order of geo-economic. In their opinion, it is geoeconomics - as the newest paradigm of world development - that should become the

fundamental basis, the theoretical and methodological base for the development of more sophisticated instruments of economic diplomacy (Luttwak, 1987). However, the dominant role of geo-economic strategy in the arsenal of instruments of international policy may not mean the disappearance of the notion of power. The relevance of the category of power remains, this raises the need for scientific understanding of the importance of its various aspects, such as marginalization of the military factor in favor of the economic search economic power, a strategic goal of both developed and developing countries in the new world order (Soleymani, et al, 2014).

So, today in the new global reality economic diplomacy is an important instrument of foreign policy and its international activities. As an example, the state consistently uses the arsenal of economic diplomacy; we can consider the Republic of Kazakhstan, where the first days of independence, foreign policy is one of the most important instruments of ensuring the national interests, including competitive advantages of the country in the global market (Luttwak, 2010). At the dawn of independence, the Republic of Kazakhstan as the main way of development chosen by the evolutionary model according to the principle first economy, then politics, which spread to the field of foreign policy. This approach includes the use of methods of economic diplomacy, has enabled the implementation of two phases of the modernization of Kazakhstan, the main result which can fairly be called integration into the global economy among top 50 competitive States of the world, taking into account the national and historical characteristics, the availability of significant natural resources, transit-transport and communication potential of the country. Effective use of economic diplomacy in the practice of Kazakhstan is facilitated by a number

of factors. Key among them is the consistency of policies on sustainable development in accordance with strategic programs (Kazakhstan-2030, Kazakhstan-2050, new economic policy Nurly Zhol, the National Plan - 100 steps, the national technology initiative 2025), which along with the main objectives clearly defined objectives, directions and solutions (Yerizon & Subhan, 2018).

Today on the threshold of a new stage of development, designated by President Nazarbayev as the Third modernization Kazakhstan faces the challenge of a new economic model designed to ensure the global competitiveness of the state, namely the top 30 most developed countries of the world. In our view, the new imperatives of modernization stipulate the necessity of perfection of tool and methods of economic diplomacy in accordance with geo-economic realities of new world order. Thus, the key tasks of Kazakhstan economic diplomacy are bringing in of foreign investments and front-rank technologies within the framework of innovative - technological and transport-infrastructure modernization; opening of export potential of home business; increase of business activity in the conditions of membership in the WTO; participating is in regional integration and geo- economic projects, coming from national - especially pragmatic - interests. It is obvious that in new conditions the foreign policy of the Republic of Kazakhstan should combine traditional methods of economic diplomacy and new conceptual approaches that best contribute to the achievement of the goals of the Third modernization (Mollaei et al, 2014).

4. CONCLUSION

In the context of globalization and the liberalization of the world economy regional cooperation is of growing importance in economic diplomacy. National interests and economic liberalization are well-served particularly within the context of a particular region by participating in various regional integration associations. The removal of barriers and the opening of markets become easier within a regional framework. The regional type of economic diplomacy allows to take advantage of the territorial, cultural, infrastructural and economic proximity of various countries in a particular region for reaching common goals and fulfilling tasks for the development of national economies (Barston, 2014). At the same time multilateral economic diplomacy takes place within the framework of World Trade Organization (WTO), as well as numerous international economic and financial organizations such as the World Bank (WB), the International Monetary Fund (IMF), various UN agencies, etc. With the establishment of the WTO, there has been a policy shift in the global trading system towards the promotion of economic activities. Sustaining competitiveness, however, continues to represent an important challenge for instruments and mechanisms established by bilateral and multilateral trade agreements (Bayne & Woolcock, 2016). Thus, in the period of global transformations, the economic diplomacy as an integral component of foreign policy activity is important in the context of defining strategies for further development of the states, hence the relevance of studying this phenomenon in the regional and multilateral aspects.

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