

Evolution of the Concept "Economic Diplomacy"

Shibkova Maria Olegovna

*Candidate of Political Sciences, Associate Professor
Moscow State Institute of International Relations (MGIMO University)*

Abstract. The development of economic diplomacy was strongly connected with the evolution of market economy, colonial trade, industrial production and multilateral diplomacy. With the beginning of the Age of discovery commercial ties between nations started to intensify, while their policies were aimed at consolidating the positions in foreign markets. Moreover, it was trade rather than political dominance that many philosophers put emphasis on while reflecting on the factors of the flourishing of a state during the Modern Age. In the course of time trade diplomacy was established as an independent activity, promoted by central authorities and consuls with the aim of receiving the status of "most favored nations" in new lands, and free trade routes. In this sense colonies were of particular importance, since they had the resources which were necessary for the development of mother countries. Mineral exploitation opened a new stage in economic diplomacy with the states compelled to count on negotiations and treaties rather than military dominance. These processes paved the way for multilateral economic diplomacy, which continues to be essential up to now.

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Traditionally, the main components of diplomacy have been international political cooperation and peacekeeping. However, the most important global changes that have taken place over the past few decades have changed the very concept of diplomacy, bringing to the fore the economic component of international relations. As a result, what is now understood as economic diplomacy has become the highest priority of the foreign policy of most states, since it is economic diplomacy that is one of the central pillars that allow the country to adapt to the new reality in the context of globalization.

Currently, the need for states to conduct economic diplomacy is dictated by the impact of globalization on national economies, namely, the growing dependence of the internal reproduction process on foreign factors of production, as well as the growing involvement of national production and consumption in global production and trade and financial networks. However, it would be a mistake to assume that economic diplomacy emerged simultaneously with the beginning of the processes of globalization and integration. It existed before, but only in the form of trade diplomacy. In this regard, before proceeding to a direct examination of the modern content of economic diplomacy, it seems appropriate to make a short historical excursion and define what trade diplomacy was.

The impetus for the development of commodity-money relations and the strengthening of world trade relations was given by the Great Geographical Discoveries. Thus, in modern times, the

interests of the growing bourgeoisie, aimed at capturing new markets, acquiring colonies, and ensuring the commercial dominance of their country, began to exert a huge influence on politics¹. The diplomatic activity of European states in the XVI-XVIII centuries set as its goal not only the strengthening of political influence, but also the struggle for trade dominance, in connection with which the importance of the institution of consular service grew. As you know, initially the consul was just a merchant sent abroad, but since the XVII century diplomatic functions have been assigned to the consul, he is already considered a civil servant.

An increase in the role of trade diplomacy is also evidenced by the fact that modern thinkers, citing Venice thriving thanks to effective trade activities, come to the conclusion that it is the economy, not politics, that is the guarantee of stability and peaceful coexistence of states. Of course, the further course of history dispelled the myth about the uselessness of classical diplomacy, but, nevertheless, by the end of the XIX century. diplomacy has already closely dealt with issues of a purely economic nature, such as ensuring "the security of trade routes, the conquest and retention of colonies, as well as the establishment of spheres of influence, the conclusion of trade agreements and active support for their own entrepreneurs"². In general, according to the Russian researcher A.G. Savoy, "the prototype of primitive economic diplomacy" appeared earlier, in the XVIII century, and the prerequisites for its registration were "rapid economic development, the rapid growth of capitalist relations, the colonial confrontation of European countries, and most importantly, the merger of the interests of politics and the economy of the state".³

Let us consider in more detail the tasks that trade diplomacy performed as capitalist relations developed. Undoubtedly, at all times the states fought, first of all, for sales markets and freedom of trade routes. In this sense, initially, the trade interests of powerful countries were matched by the process of colonization, which made it possible to create zones of economic influence with all the ensuing consequences in the form of the provision of preferential terms of trade (the prototype of the modern "most favored nation regime"), and then introduce a monopoly on trade, turning the colonies into nothing more than a raw material appendage of the monopoly, while the monopoly itself acquired the exclusive right to industrial processing and maritime communication with countries that supply raw materials. This system of preferences was so strong that its echoes continued to be felt even after the establishment of their own industry in the colonies and their independence. Therefore, it becomes obvious that in the "colonial era, diplomats, who naturally had

¹ General history of diplomacy / Chief-ed. of the project M. Priz.- M.: Eksmo, 2009. - P.151.

² Zonova T.V. Economic diplomacy // Foreign economic relations.- 2005.- №6. – P.61

³ Savoisky A.G. Economic diplomacy of modern Russia in relation to the United States in the international arena. – Pyatigorsk: RIA-KMV, 2009. - P. 38.

other tasks, themselves, as it were, pushed the boundaries of their duty to protect enterprises and merchants who dared to transfer their activities abroad"⁴.

However, initially, the task of the embassy services was limited only to the contractual registration of the results of colonial conquests made by "adventure seekers", that is, in fact, they had nothing to do with the very procedure for acquiring new lands. The very same negotiation process, the subject of which was the redistribution of territories, began to be practiced only from the XVIII century, but it is worth noting that the colonies at that time did not attach much importance, they were used only as an addition to the solution of interstate disputes and conflicts, so as the main focus was still on the possessions in Europe. So France, which handed over the West Indies and Canada to England as a result of the Seven Years War, did not consider these lands a great loss; later, at the Congress of Vienna in 1814-1815, the Netherlands also calmly reacted to the need to abandon their colonies. The situation changed only in the second half of the XIX century, when the most sophisticated diplomatic intrigues began to weave around the colonial conquests. Bismarck, a brilliant politician and diplomat, having supported the French government during the military campaign in Tunisia against the background of fierce rivalry between the French and Italian capital in the country, quarreled France with Italy, whose Francophile government also sought support in the fight against Austria-Hungary for Trentino and Trieste. Therefore, when in 1881 a French protectorate was established in Tunisia, Italy actually had no choice but to become an ally of Germany, and in 1882 an agreement was concluded on the creation of the Triple Alliance.

The fact that states put the diplomatic struggle for land at the forefront was not only a logical consequence of the impossibility of more easily seizing new lands, but also testified to the increased importance of the economic side of the issue. After establishing a protectorate over Tunisia, France, along with satisfying its great-power ambitions, defended the interests of influential domestic financial groups, which had previously bought out shares of the Tunisian state loan and other securities through a Franco-Egyptian bank.

Having exhausted the possibilities offered by the seizure of colonies, economic diplomacy focused its efforts on acquiring rights to develop minerals, develop territories, lease lands and acquire territorial advantages.

One of the first events on an international scale in the light of new guidelines for economic diplomacy was the opening of the Suez Canal in 1869. The French diplomat Ferdinand de Lesseps in 1854 received a concession from Said Pasha for the construction of the canal, which was led by the General Company of the Suez Canal, the main shareholders of which were France (53%) and

⁴ Carron de la Carriere G. – Economic diplomacy. The diplomat and the market. / MGIMO (U) MFA of Russia.- M.: ROSSPEN, 2003. - P. 23.

Egypt (44%), while further shareholders were entitled to 71% profits, Egypt - 15%, the founders of the company - 10%.⁵

The diplomatic struggle also went on for concessions for the construction of land communication routes. Serious passions flared up around the construction of the Constantino-Paul-Baghdad railway, which Germany, England and France sought to lead, realizing the huge benefits from the operation of the road in the form of obtaining territories, monetary rewards for the work performed, as well as the right to develop mines. Due to the collision of the geopolitical interests of these powers and the beginning of the First World War, the construction of the road was greatly delayed and was completed only in the early 1940s, when the British and French still achieved a revision of the German monopoly on construction, and part of the road was transferred to Turkey. the other part was given a concession to a French company, and the third part was included in the Iraqi railways under the control of England.

But special attention should be paid to the efforts of economic diplomacy in the struggle for the development of hydrocarbon deposits and oil refining. At first, oil was used mainly for lighting and directly where it was mined, mainly due to the lack of the necessary infrastructure for its transportation. However, before the First World War, with the introduction of a new model of Henry Ford's car on the assembly line, as well as with the beginning of the use of oil products instead of coal by the British fleet, the situation changed radically. The desire to control the oil fields explains the creation of the Anglo-Persian Oil Company (modern BP), in which the British government had a controlling stake. The company sold its products in the Middle East, then entered the Canadian market, and also became the first company to produce oil in the North Sea.

In the creation of zones of influence, the United States achieved particular success at the beginning of the XX century, starting to use the Monroe Doctrine of 1823 as an obstacle to the penetration of European capital (except British) into the Western Hemisphere. Using both military force (the armed invasion of Mexico in 1913, provoked by the rapid penetration of British capital into the oil industry) and diplomatic maneuvers (the deal between Jersey Standard and Royal Dutch Shell, as a result of which assets in Venezuela were transferred to an American company), the United States finally and irrevocably strengthened their monopoly on trade and investment in Latin America.

However, it would be a mistake to assume that economic diplomacy in the past went hand in hand with a show of strength. With the emergence of duties used by states to regulate trade, it became necessary to negotiate, find compromises, and make mutual concessions. In this regard, a

⁵ The Suez Canal is 140 years old: the story of a XIX century legend. [Electronic resource] // RIA Novosti. –URL: <http://ria.ru/society/20091117/194118343.html>

huge role was played by various types of treaties and agreements in the field of trade, which "became more and more numerous, more and more technically developed and took a place in diplomacy all the more important because customs rules have become a breeding ground for new conflicts."⁶ Britain, the leading economically developed state of that time, fought most zealously for the reduction of customs duties, since it acutely felt the need both for new markets for its finished products and for the largest possible supply of cheap imports to the domestic market to reduce its production costs. The peak of the intensity of the conclusion of trade agreements was in the second half of the XIX century, when a clause on non-discrimination was included in European treaties, which later served as the basis for international trade regimes.

Although such agreements were still far from the full-fledged trade agreements that are concluded today, they marked an important stage in economic diplomacy: the separation of economic state interests from general political ones. Economic issues became the subject of independent negotiations, they began to be formalized into full-fledged documents, ceasing to play an insignificant role in applications.

However, despite the almost universally recognized importance of economic interests, "representatives of 'classical' diplomacy are accustomed to dealing with the problems of so-called big politics," therefore, "they viewed commercial diplomacy as a secondary task."⁷ But time dictated its own conditions: at the end of the XIX century, industry and transport networks were actively developing, international trade grew, as never before, the struggle for markets and sources of raw materials was fiercely fought. It was necessary to support the domestic manufacturer, who expected from government departments and embassies to provide the most favorable conditions for its activities. Therefore, "from the beginning of the XX century, voices began to be heard more and more often about the close and inextricable link between political and economic problems in diplomatic work and the need for appropriate structural and other reforms of foreign affairs agencies, which would provide an integrated approach to their solution"⁸. Governments have heeded the demands of their entrepreneurs: departments for foreign trade, economic policy, technical advisers on financial issues appear in the central apparatus of foreign affairs departments, and the post of trade attaché is established in embassies.

The evolution of economic diplomacy is crowned by the emergence of multilateral economic diplomacy. This happened in the period between the two world wars, when, within the

⁶ Carron de la Carriere G. – Economic diplomacy. The diplomat and the market. / MGIMO (U) MFA of Russia. - M.: ROSSPEN, 2003. - P. 35.

⁷ Zonova T.V. Economic diplomacy // Foreign economic relations.- 2005.- №6. – P. 57

⁸ Ornatsky I.A. Economic diplomacy. - M.: International relations, 1980. - P. 10.

framework of the League of Nations created in 1920, the transformation of bilateral treaties into multilateral ones began. Such actions were dictated by the need to restore the world economy destroyed by the war, to deal with the consequences of the global economic crisis, to restore Germany's solvency, and to establish a new monetary system. Thus, "participation in the work of international institutions has become a prerequisite for successful diplomacy."⁹

Thus, having originated in the era of colonial conquests and playing an initially secondary role, now economic diplomacy is a full-fledged diplomacy aimed at obtaining economic gain and using a certain set of diplomatic levers for this purpose.

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