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**Political Economy of Harmonious World Order and its Impact on Global Governance
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ABSTRACT

This paper examines the political economy of Chinese theory and practice of global governance -harmonious world order- and its implications for global development governance. It does so by contrasting it with the neoliberal framework underpinning the global development governance under liberal world order. It argues that neoliberal global governance prioritizes the interests of the US and global corporate interest which make it exclusionary, uneven, and driven by market logic that often marginalizes developing countries. Developing a theoretical framework around the concepts of legitimacy, representation, and inclusiveness it critiques neoliberal global governance and argues that China's harmonious world order emphasizes mutual benefit, respect for diversity, non-interference, and cooperative development. Through analysis of principles such as win-win cooperation and South-South engagement, supported by examples from China's development practices, the paper demonstrates that this framework has the potential to foster more inclusive and participatory global governance. The study concludes that adopting elements of the harmonious world approach may contribute to a more balanced, pluralistic, and equitable international order.

Keywords: Global Governance, Neoliberal International Political Economy, Global South, Harmonious World Order

Introduction

This paper argues that global development governance under the Chinese theory and practice of harmonious world order is relatively more inclusive to the global South than the neoliberal global development governance. Neoliberal International Political Economy that underpins the current world order is itself based on contradictory premises. It presupposes an autonomous world market that, following Adam Smith's logic of invisible hand, allocates world resources most efficiently. It also gives primacy to free trade which makes all states better-off because of principle of comparative advantage embedded in it. Because of these two functions of world capitalist market liberal political economists limit state intervention to only maintaining conditions for smooth functioning of world market (Burchill, 1996; Viotti & Kauppi, n.d). But historically free world market has never existed as an autonomous sphere of activity. State has been central to its creation, maintenance, and expansion. Market is, therefore, political in its nature and functions (Polanyi, 1968).

The notion of free trade and free market as contributing to the win-win development of all states is to quote Robert W. Cox a theory 'for someone and for some purpose' (Cox, 1981) which historically has been exploited by those states who were at an advantageous position. Both, the Great Britain in nineteenth and twentieth centuries and the United States since 1945

have created a world order based on free market economy that has resulted in uneven development in poor countries and ultimately, they are locked in relations of 'unequal exchange' with further degeneration of domestic political economies of these poor countries (Burchill, 1996, 51-53; Bieler & Morton, 2014, 38-39).

Under the liberal world order neoliberal free market principles are prescribed as universal solutions to cure economic ills states in the global South. This ignores inherently political nature of world market with its bias towards advanced Western states and global corporate interests. The global development institutions of the liberal world order, World Bank and IMF, prescribe and compel developing and underdeveloped states to follow neoliberal market principles as if this is the only way to achieve development and prosperity. In fact, Western states themselves achieved their current status by violating rather than following dictates of liberal theory of political economy (Ibid).

Most recently, the revolt both in academy and at the level of masses at the birth places of neoliberal international political economy, UK and US (Jacques, 2016) makes it significant to look for alternative ways of organizing and governing global political economy. In this regard China's resilience during 2008 financial crisis and its ability to bailout the US begs some attention. China's theory and practice of harmonious world order may be the starting point. Officially promulgated at the UN summit meeting in 2005 by the then Chinese President Hu Jintao it reflects China's reform/revision of the neoliberal world order (Hu, 2005).

Harmonious order theory accepts political and cultural diversity of the world and advocates mutually beneficial economic cooperation towards the end of promoting democracy in international relations, achieving balanced development, shared benefits, and win-win progress. Given China's membership of all important IGOs including WTO and multilateral treaties and still presenting its own vision of world order raises two important points. One, China is dissatisfied with the present world order which it terms as unequal and hegemonic; two, China's vision for global order/governance may be analyzed as an alternative to neoliberal (hegemonic) global governance.

This study attempts to analyze the point(s) of departure between neoliberal International Political Economy and related global governance mechanisms and envisioned International Political Economy of harmonious world order and possible alternative global governance mechanisms. The two main questions for this study are: why is there need to look beyond neoliberalism for alternative forms of global governance? And why harmonious world order theory may be seen as a possible alternative particularly from the perspective of developing and underdeveloped states? The starting hypothesis is that the harmonious world order theory has the capacity to offer conditions for building a world order and related governance mechanisms that transcend current West-centric hegemonic world order/governance in their underlying philosophy? Alternatively, conditions for "defeudalization" and "horizontalization"¹ are embedded in theory of harmonious world order that may lead to inclusive global governance for developing and underdeveloped countries (Galtung, 1971, 107).

In next section a theoretical framework for global governance is presented, and next two sections analyze neoliberal and harmonious world order theories respectively to see their relevance for inclusive global governance.

Theoretical Framework for Inclusive Global Governance

Global governance may be defined as the process of making and implementing decisions at global level; or, "rules and accompanying regulatory processes that apply to jurisdictions and

constituencies of a planetary scale.” This theoretical framework utilizes concepts developed by Jan Aatr Scholte (2011) and Haye Hazenberg & Alessandro Mulieri (2013) in their respective works. Both complement each other using similar concepts. The later work realizing contested nature of the concept of global governance relates it to democratization project. It develops a criterion based on key concepts of democratic theory: representation, equality, inclusive participation, accountability and transparency. Then this criterion is applied on three “heuristic models” representing different global governance arrangements. The model that scores best is more democratic than others and thus preferred.

Two concepts are important here: representation and transparency. Introducing “meta-principle” of transparency here helps identify who are affected subjects, what criterion should be adopted for participation/inclusion, and to what extent external actors can hold decision-makers accountable. Transparency means, simply, degree of access to information regarding institutions and processes that affect one or more aspects of life of stakeholders. The concept of representation is used differently than its familiar use in democratic theory. Because of impracticability of stretching the concept of representation from its domestic level use in democratic theory it is introduced here as “representative claims.” Given the variety of actors and complexity of governance arrangements at global level this means “who represents what?” and “what is a legitimate claim?” Interests of all those who are affected by decisions need to be represented through unconventional means, not replicating national level principal/agent type of representation. Thus, a standard of legitimacy for democratic [inclusive] governance would be that it meets normative expectations of those who are affected.

Next Hazenberg and Mulieri develop three “heuristic models.” First one is “domination model” where under logic of power global actors having more power prevail over others. Its basis is coercion, and “coercion may be encoded in hard law or violent conflict, but often it is channeled through soft law, regulation or legitimating discourses such as human rights that justify immense supremacy of center over its periphery.” The actors involved may include states, multinational corporations, banks, and transnational networks.

Rule of the strongest is the governance logic and powerful actors deny equality and equal participation to weaker actors. Accountability is limited and human rights standards are twisted in favor of the strongest.

The second model is “the market model” where interactions are organized according to optimal outcomes and efficiency standards. It has serious distributional flaws and hoards power and resources towards those actors that are identified by the market as most efficient.

The third model is “global democracy model.” It takes inspiration from constitutional democracy at national level. It is based on the premise that all those who are affected by governance must participate in decision-making. It extends state level democratic authorization and constitutional checks to global governance. It seeks two possibilities: either strengthening the UN to enable it to represent representative claims or let global public opinion identify issues through deliberative democracy.

The study by Jan Aart Scholte is important because along with highlighting need for “larger and more effective governance” for “order and sustainability” it seeks “possibilities of deliberate and directed change (Scholte, 2011, 110)” It shows that benefits and risks associated with effective and weak global governance are high. Legitimacy is introduced as a key concept for effective global governance. The failures of current global governance regimes in various issue areas are attributed to their weak legitimacy. Further, states are not the only subjects of global governance, there are supra state institutions, sub-state agencies, firms, and civil society

organizations. So, “legitimacy does not mean achieving consensus on certain global interests, it is rather about accommodating plural interests in global spaces (Ibid. 113)”

Deeper legitimacy requires along with efficiency, democracy, legality, morality, and charismatic leadership. But these are bypassed in many instances of global governance. The current global governance mechanisms, says Scholte, are West-centric and hegemonic. He accepts that any attempts at bringing legitimacy must confront challenges of “negotiating contending priorities, accommodating cultural diversity, and resisting hegemony. “His prescription is “pluriversality” instead of universality of West-centric world order. (Ibid. 117-118).

Both studies provide theoretical foundations for an inclusive world order through legitimate global governance mechanisms. But both are aware of practical limitations of their theoretical prescriptions. Both tend to support the claim that state is increasingly becoming less important and that legitimate global governance can be achieved at levels below and above state. Hezenberg and Murieli take the present world order and its governing logic as given and seek to fix the aberrations in the existing global governance order. Jan Aart Scholte for his part challenges the present hegemonic world order. The problem is with underlying theme, philosophy, or *zeitgeist* of the existing world order. This *zeitgeist* is neoliberal internationalism. Under the US-led liberal world order this *zeitgeist* is propagated and defended by the US as hegemon of the time. All institutions and mechanisms of global governance under this order follow its prescriptions. It is noted here that given the political nature of global governance the idea of non-state global governance is difficult proposition. The road to sub-state and supra-state passes through state. To accept the claim that state is becoming irrelevant is not to accept a universal reality but the reified ideology of neoliberalism.

The claim that arises out of above discussion is that by replacing neoliberalism as underlying logic of existing world order with harmonious world order theory a global governance superstructure may be achieved which is comparatively democratic and inclusive. China’s official theory of harmonious world order contains elements of “pluriversality” which may, at least, reform hegemony of neoliberalism. China’s experience shows also that there are alternative ways to development based on local needs and context.

The possibilities may be analyzed by finding empirical support for harmonious world order in China’s practice. For this purpose, China’s foreign aid programs, Belt and Road initiative, and Asian Infrastructure and Investment Bank etc. may provide data.

In the next two sections this theoretical framework is applied on neoliberalism and harmonious world order theory to see their relevance as theories of (inclusive) global governance.

Neoliberalism as theory of Global Governance

Neoliberalism as theory of global governance stands for market rule with the belief that market not the state can best allocate the resources and thus take care of welfare needs of societies. Born alongside globalization in late 1970s and 1980s neoliberalism became an ideology for ‘New Right’ in the US and UK. Scott Burchill (1996, 58) highlights basic features of neoliberal international political economy as:

“...developing societies are expected to adopt the free market blueprint opening their economies up to foreign investment, financial deregulation, reductions in government expenditure, and budgetary deficits, the privatization of government-owned enterprises, the abolition of protection and subsidies, developing export-oriented economies or risk the withholding of much-needed aid and finance....”

With the USSR dismantled as an ideological alternative, the US as sole superpower made these neoliberal ideas as the underlying philosophy of institutions of global governance. The World

Bank, IMF, and WTO became bastion of neoliberal global governance with the US and EU playing supervisory functions.

Promotion of western democracy and free market economy to non-liberal world became signposts of good global governance. In terms of insights developed in theoretical framework above, the neoliberal international order is anti-democratic and exclusive. *'Logic of power'* makes it authoritarian, unresponsive and illegitimate. The US and EU cannot be held accountable for their war crimes and human rights violations. The US under Bush presidency in 2002 refused to act under law and to be held accountable internationally (Ikenberry, 2008, 7) simply because of being the strongest actor. This is the case down today. The US and core allies cannot be held accountable for crimes against humanity.

Under *'the logic of market efficiency'* also neoliberal international order is exploitative and imperial. Scientifically most innovative and most efficient transnational business networks originate in the West. Decision-making on international finance, trade and market regulations, standards making, and environment all are exclusive domain of the western states and corporate institutions. Efficiency is preferred over legitimacy with the justification that global governance needs higher levels of technical knowledge which only the US and EU have.

The institutions of global economic governance, World Bank, IMF, and WTO, use free trade and market openness prescriptions of neoliberal theory for all states as being politically neutral and only viable development strategy. In practice free market economy is a powerful tool in the hands of wealthy states to lock poor states into an imperial relationship. This theme is captured by Scott Burchill (1996, 58) as:

"The new institutions of governance ...are dominated by wealthy industrialized societies of the North. They enshrine the liberal principle that unfettered competition between privately owned enterprises is the only efficient form of economic organization. And they believe that economic growth is the one and only road to development for all societies...."

But these policies have 'devastating' effects for 'subordinate societies', "including environmental degradation, growing disparities of wealth and income, and the creation of economic dependencies" with no 'democratic accountability' of institutions of global governance (Ibid.).

These claims are supported by empirical evidence. Beginning with earlier experience of effects of free market economy on society, Karl Polanyi's analysis of later nineteenth century England is important. He argues that in 1870s an 'anti-laissez-faire movement' emerged in Britain and people demanded state protection against the crippling effects of an unfettered market (Polanyi, 1968, 47). In recent history, just after the adoption of principles of neoliberal political economy 'trade liberalization in Africa and Latin America during 1980s and 1990s' resulted in 'widespread job losses, increasing unemployment and declining wages on both continents.' Most recently neoliberal policies brought about financial crisis of 2007-8 in the liberal core – the US and EU. The outcome is the rise of politics of Right and populism across EU and the US. The most important reason underlying these tendencies, argues Martin Jacques, is income inequality. He argues that between 1948 and 1972 all Americans witnessed equal and 'sizeable' increase in their standards of living, between 1972 and 2013 top 10 % did far better while 'the income of bottom 90% has stagnated for over 30 years.' A similar case is made for UK where anger of working class led to Brexit. He argues further that between 2005 and 2014 income of 25-70% households in 25 high-income economies remained stagnated or has fallen. With this background neoliberalism is under attack not only by publics but also intellectuals both in the US and UK – its birth places (Jacques, 2016).

This analysis makes it imperative to look for theoretical alternative(s). Harmonious world order theory is one such alternative that may be analyzed as an underlying theme of inclusive and legitimate global governance.

Harmonious World Order as possible Theory of inclusive Global Governance

This section analyses basic features of harmonious world order theory and its implication for global governance. According to Su Hao (n.d.), ‘...harmonious world is China’s first conceptual illustration of a future world order....’ He argues further that ‘...it is not merely a thought or Utopian ideal. It is logically related to the philosophy of “coordination and harmony among all nations” in Chinese traditional culture....’

It may be taken as a diplomatic strategy of a rising China that is dissatisfied with its position in the US-led world order. It may be seen as a first step toward building Chinese hegemony. But, the scope of this study is not to explain whether China is a status quo or revolutionary power, a threat or opportunity for rest of the world. Also, whether and when China is capable of taking over the US as world leader and articulates its own world order is not included in the scope of this study. The purpose here is only to analyze whether or not harmonious world order theory provides foundations for inclusive/democratic global governance. Evidence from China’s practice is used here just for empirical support to claims of harmonious world order theory.

After introducing in 2004 the concept of harmonious society for ‘building a comprehensively prosperous society (Ibid.)’ the then Chinese President, Hu Jintao, made a speech entitled “Strive to Construct Harmonious World of Lasting Peace and Common Prosperity” at the summit meeting of United Nations, wherein he proposed to build a new world order (Ibid.). “Harmonious world order advocates: 1). peaceful development, respect for each country in choosing its own political and social systems and path to development, equal rights for all countries to participate in international affairs; 2). Mutual benefit and win-win approach to achieve inclusive growth; 3). Openness and inclusiveness while safeguarding diversity of world cultures, dialogue among civilizations so that they learn from each other even when they compete; 4). Unity of man and nature, environmental protection, and joint protection of earth so that man can live in harmony with nature. Harmonious world order strictly follows the UN charter and believes in unanimous decisions regarding all issues. It clearly discourages aggression and intervention (Xulong & Qiang, 2011).”

This conceptualization of harmonious world order theory has potential to redress West-centric (rather US-centric) bias and hegemonic character of neoliberal political economy which underpins current governance arrangements in international political economy. By accepting political, economic and civilizational diversity it opens up the possibility for each state to choose its own path to development while peacefully engaging with and learning from the rest of the world. China did this by slowly opening up and managing the forces of globalization. This has lessons for developing states.

In ‘mutual benefit and win-win approach to achieve inclusive growth’ there is a possibility of south-south cooperation and anti-imperialism. Neoliberalism demands unilateral actions by developing and least developed states to open their economies to world market and thus exposing the populations in these states to the vagaries of powerful economic forces of the developed world. In the process welfare of the vast majority of populations is compromised under the logic of market efficiency. Harmonious world order theory proposes remedies for this.

China’s economic assistance to developing states is evidence. Especially African example illustrates how China’s global governance practices are premised on harmonious world order theory prioritize local agendas and are context sensitive. Its positive impacts on inclusive

development in Africa are now well documented. One major bottle in African growth and development has been lacking infrastructure to kick start development (Moore,). Africa's infrastructure needs require \$ 130-170 billion per year with a financing gap of \$ 68-108 billion (African Development Bank, 2018). China not only funded infrastructure development across Africa but also helped build it differently than the periphery-center model of colonial era. It aims to help African states and cities to integrate into regional and global value chains (Moore,). A breakdown of Chinese development loans to Africa indicates how building development infrastructure is a key element of Chinese development practices in Africa. According to Boston university's Global Development Policy Center (2023) sector-wise allocation of China's development loans to Africa is, energy (\$ 59.9 billion), transport (\$ 49.1 billion), ICT (\$ 13.9 billion), financial services (\$ 9.1 billion), industry, trade, and services (\$ 8.8 billion), water/sanitation/waste management (\$ 7.1 billion), agriculture (\$ 2.3 billion), education (\$ 2 billion), and health (\$ 1.3 billion).

Global Development Policy Center's report (2023) tracking China's development finance to Africa between 2008 to 2021 notes that Chinese development finance is comparatively more associated with economic growth than World Bank lending. One of the reasons for this is that China aligns its development cooperation with national development agendas of individual states, African Union's Agenda 2063, and the UN agenda 2030. This fact is emphasized, for example, in the 2018 Summit declaration of Forum on China-Africa Cooperation (Belt and Road Initiative, 2018). Unlike the US-led neoliberal model of global development governance Chinese actors in Africa attempt to shape their development initiatives according to local contexts giving African agency enough space to shape outcomes (Bunshoek, 2024, 29-30).

Unlike Western economic assistance which has neoliberal conditionalities attached to it, win-win development approach "...offers a coherent economic diplomacy framework for promoting the development of underdeveloped states.... Beijing's aid strategy targets poverty reduction, principally through improvements in agriculture, education, health services, and welfare facilities." China's aid model is based on South-South cooperation and "no strings attached" principle (Mathews et al., 2016). This allows less developed states to prioritize their own development needs while engaging with the donor.

Similarly, the concepts like "cultural diversity" and "dialogue among civilizations" contrast with neoliberal prescriptions of universalizing Western experiences in politics and economics. This is to concede that real world is diverse and any governance mechanisms that accept and institutionalize this diversity may have trappings of legitimacy and inclusiveness discussed in theoretical framework of this study. A new concept – harmony between man and nature – is not present in neoliberal theory. This emphasizes environmentally sustainable development and need for effective global governance in the realm of environmental security.

Finally, "strict adherence to the UN charter" and principle of "unanimous decisions" may dispel doubts that harmonious world order theory may be a tool in the hands of one or more states to establish new hegemony.

Conclusion

This paper has attempted to show that current global governance arrangements are West-centric, hegemonic and exclusive. The reason for this is the zeitgeist of current global governance in international political economy neoliberalism. Any attempts at making global governance arrangements democratic, inclusive, and legitimate need to engage not with problems of efficiency and technical overhauling of surface level institutions but with the philosophy that underpins these institutions and processes of global governance.

Because empirical evidence shows that neo (liberalism) as a philosophy of market rule - has a poor track record as contributing to development of less developed states and comparatively even common people in developed states it, therefore, lacks credentials of being a legitimate theory of global governance.

This study has presented harmonious world order theory as an alternative to neoliberalism as a theory of global governance. It implies strong role of state in choosing development path for different societies based on different contexts. At the same time win-win cooperation and dialogue among civilizations open possibilities for international cooperation and mutual learning. Similarly, harmonious world order theory prescribes strict adherence to the UN charter and principle of unanimous decision making. This may remedy hegemonic and exclusive nature of current global governance arrangements by shifting governance from exclusive domain of the hegemon (the US) to inclusive processes at institutional level the UN system as proposed by this theory.

Finally, this evolution towards harmonious global governance may be initiated at state level because state enjoys sufficient legitimacy and power to shape and shove global governance.

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