

THE CENTENARY OF THE GREAT WAR AND TODAY'S G-ZERO WORLD

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EUROPEANS and Americans can be forgiven if the hundredth anniversary of the Great War has arrived as a bit of a surprise. Many are still struggling to regain their footing following a global financial crisis, an existential threat to the Eurozone, and the deepest U.S. recession in seven decades—and today we face a new series of worrisome geopolitical challenges. A vacuum of leadership at the international level allows pressing long-term global challenges like climate change to grow almost entirely unchecked. More immediate security crises, as in Ukraine, Syria, and Iraq, are met with half measures and poorly coordinated international responses.

In short, we live in a G-Zero world, one where no power or group of powers is willing and able to provide the consistent global leadership needed to

meet a fast-growing number of transnational challenges. Political leaders in both developed and developing countries, burdened with mounting domestic challenges, have become more insular in their approach to policy and reform. Outside their borders, fires are burning longer and hotter than before. Politicians are letting their immediate perceptions of costs and risks take precedence over the longer-term greater good.

Yet, despite this turmoil, there is no new conflict among great powers on the horizon. Take the ongoing crisis in Ukraine, where we are witnessing the most geopolitically destabilizing events since the aftermath of the 9/11 terrorist attacks and the conflicts they triggered in other countries. In recent months, we have seen the ouster of pro-Moscow President Viktor Yanukovich, the Russian annexation of Crimea, a Russian troop build-up

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along the border, a violent standoff between separatists in eastern Ukraine and a fledgling pro-Western government in the capital, mounting economic woes in Ukraine, increasingly intense fighting in the country's east, and the imposition of serious Western sanctions on Russia. Russia is hardly likely to try to destabilize a NATO country, provoking a war it cannot win. The Americans and Europeans will not commit their soldiers to a fight for Ukraine. Russia lacks the Soviet Union's ideological appeal, military power, and global allies. China continues to have a compelling interest in promoting stable working relations with Europeans, Americans, and Russians.

Although today's G-Zero order is unlikely to force a repeat of what was once thought the "war to end all wars," it is crucial for the future of international politics, and merits a closer look. This essay will outline today's G-Zero environment and diagnose its root causes, before turning to some potential areas for Western leadership and a world that sorely needs it. In particular, there is an important international role to play for Germany and Japan—if they will accept the responsibility, and if the rest of us accept that the wars of the twentieth century are truly behind us.

The first cause of G-Zero concern is an America that has turned increasingly inward. It is remarkable that the U.S. economy looks to be picking

up steam even as rising stars like China, Turkey, and Brazil wrestle with slowing growth and the risk of unrest. Improving U.S. fundamentals, a steadily recovering jobs market, and revolution in energy production remind us that Americans are not waiting on Washington to kick-start growth. Yet even as America strengthens at home, its influence abroad continues to wane.

The American public does not seem to mind. A Pew Research poll conducted in December 2013 found that, for the first time in the 50 years Pew has asked this question, a majority of U.S. respondents said the U.S. "should mind its own business internationally and let other countries get along the best they can on their own." Just 38 percent disagreed. That's a double-digit shift from the historical norm. A full 80 percent agree that the United States should "not think so much in international terms but concentrate more on our own national problems." A Pew Research poll conducted in 2007 found that just 39 percent of Americans surveyed said that domestic concerns should trump foreign policy as a governing priority. By 2013, that number had grown to 83 percent. In a democracy, no president can sustain a costly and ambitious foreign policy without public support. In the U.S. today, that support just is not there.

American influence abroad is also diminished by a substantial shift in recent years in the global balance of

power, an underlying cause of today's G-Zero world. China, Russia, India, Brazil, Turkey, the Gulf Arab states and others don't have the muscle to change the global *status quo* on their own, but as Russia's intervention in Ukraine reminds us, they remain the most powerful actors in their immediate neighborhoods, and have more than enough economic and diplomatic leverage to obstruct U.S. plans. Aware that U.S. President Obama is focused on domestic goals and that a war-weary American public will not support costs and risks that don't directly threaten U.S. national security, it doesn't take much for outsiders to discourage U.S. intervention in Syria, Crimea or the East China Sea.

The U.S.-led energy revolution plays a role, as well. Thanks to new technologies and drilling techniques, the U.S. Energy Information Agency forecasts that by the end of this decade half the crude oil America consumes will be produced at home. More than 80 percent will come from the Western hemisphere. With that in mind, terrorist risks aside, it's tougher for any U.S. president to explain why Washington should be more deeply involved in the Middle East's problems.

Unfortunately, the U.S. government has undermined its own ability to persuade allies to help with the international heavy lifting. The wars in Iraq and Afghanistan, Guantanamo, and drone strikes inside other countries, have made it harder for foreign leaders to persuade voters they should still support U.S. policy. The U.S. National Security Agency (NSA) has made matters worse. It is bad enough that NSA espionage undermines Obama's ability to criticize autocrats for spying on

their citizens. It is much worse when the U.S. president must explain to the presidents of Germany and Brazil why Americans are reading their email or listening to their phone calls.

Washington's political fights undermine U.S. foreign policy, as well. Consider the Trans-

Pacific Partnership (TPP)—an agreement that would open markets on both sides of the Pacific as part of one of the largest trade deals in history—especially in light of the fact that it is also a core component of U.S. security policy. To finalize the agreement, President Obama needs “trade promotion authority,” a power that reassures U.S. negotiating partners by empowering the president to submit a final deal to Congress for a simple up or down

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vote. Without this power, individual lawmakers can demand revisions that change the rules that other governments have already accepted—delaying, and perhaps killing, the deal. With midterm elections looming in November, however, even trade-friendly Republicans who support TPP will take a pass on granting President Obama any new form of “authority,” and Democrats are playing to a base that believes trade is a job-killer.

The foreign-policy reticence of the United States leaves outsiders to wonder which of its traditional commitments Washington will continue to accept. America's closest allies have little cause for concern. Israel, for instance, need not worry that this or any U.S. president will renounce Washington's commitment to its security; the ties between the two have been firmly on display in the Israel-Hamas conflict. Nor should Japan fear that the U.S. will begin to favor better relations with Beijing over ties with Tokyo. And even if Britain decides one day to leave the European Union, the historical and cultural ties that bind Britain and America will remain strong.

“Second-tier” allies—countries like Saudi Arabia, Turkey and Germany—have much more cause for concern. The Saudis are right to wonder what better U.S. relations with Iran will

mean for their interests in the Middle East—and how Washington would respond if a democratic uprising in that country threatened the Saud family's political control. Sharp U.S. criticism of Turkey's Recep Tayyip Erdogan and his increasingly authoritarian domestic political agenda leaves another key regional ally unsure of U.S. backing. Germany's Chancellor Merkel, already understandably annoyed by U.S. spying, will not always see eye to eye with Washington on Russia on how best to limit the damage it inflicts on Ukraine.

This reversal in relations between the U.S. and Germany did not happen overnight. The fallout from surveillance scandals has been sharp and steady over the past year. In 2013, Germans grew wary about the extent of U.S. espionage after Edward Snowden leaked documents showing that the United States had been monitoring German Chancellor Angela Merkel's mobile telephone since 2002. A German parliamentary committee asked Snowden to provide testimony for an inquiry on foreign intelligence activities. The request, which Snowden rejected, was sure to rankle the United States, but Germany pushed forward anyway: one country's traitor was another's key witness. After Germany learned that one of its intelligence officers allegedly spied for the United States, Germany expelled the CIA station chief in Berlin—a rare move by a close American ally.

Germany is not alone among American allies in experiencing increasing frustrations about Washington's commitments and preferences. They are questioning U.S. security guarantees, as well as Washington's willingness to spend military, economic and diplomatic capital on foreign policy. In terms of their values and preferences—including human rights, liberal free markets and rule of law—Germany and America see eye to eye. But in an environment in which American foreign policy is eroding even as America's overreach in cyberspace continues, Germany is worried about how the United States will wield its power. That's especially true when only 38 percent of Germans still consider America "a trustworthy partner," according to a recent survey. In anticipation of its growing resentment and resistance to American overreach, Germany is already ramping up relations with other countries to hedge its bets.

As it continues to question American foreign policy choices, perhaps there is no better time for Germany to begin taking the more active international role that the world so sorely needs. With emotions running high in Ukraine, Russia, Europe, and Washington, it has never been more obvious that the world needs Germany to accept more of the costs and risks that come with global leadership.

The need for Germany to accept a more high profile role in international politics extends well beyond the crisis in Ukraine, and there are signs that the German government is ready to take this step. At the Munich Security Conference in January, German President Joachim Gauck detailed how far his country had come from the days when the Nazis "brought suffering and war to the world." He asserted that Germany "has transformed itself from a beneficiary to a guarantor of international order and security," and that his country has more to offer. He's right.

Germany's president does not make policy, and Merkel has said little about any new willingness to deploy the German military into conflict zones. Other officials have played down expectations that Berlin's attitude toward troop deployments will change. But Gauck's comments echo signals from the country's defense and foreign ministries that despite Germany's well-known "culture of restraint," these questions are receiving serious discussion within Merkel's government. The Bundestag's February 2014 authorization of more German troops for Mali was encouraging.

That said, military capacity is just one aspect of this story, because Germany has much to offer in areas that don't involve soldiers or weapons. Greater investment in infrastructure in the developing world, stronger leadership

in coordinating projects to develop new technologies to make food, communications, and the environment safer; and more direct support for diplomatic efforts to resolve conflicts in places like Sudan, Somalia, and the Central African Republic, would all be welcome.

And in a G-Zero world, other powers certainly aren't stepping forward to fill the breach. The delicate work of redesigning the Eurozone and its rules while maintaining domestic support for painful and unpopular changes within individual countries keeps European governments plenty busy. France has been the most active in combatting Islamic militants in Mali and elsewhere, and Britain is a vital source of security support, but most other European governments lack the means to take on new burdens.

How could Germany help? It can accept new responsibilities that advance multinational goals. When Muammar Qaddafi announced plans to massacre a large number of his rebellious subjects in 2011, Britain and France stepped forward. Risk-

averse Germany stepped back. Certainly, Merkel has risks to manage—both inside Germany and across Europe. So far, she has handled them with remarkable effectiveness, and the risk of Eurozone collapse has been averted, at least in part,

by her work. Germany has also played a valuable role in international negotiations over Iran's nuclear program. But Berlin can now afford, as Gauck argued, to do more in concert with other governments to help resolve conflict and to invest in a more predictable and prosperous global economy. Even if this sometimes includes a more active role for the German military.

Despite the tensions emanating from Ukraine and the Middle East, in a G-Zero world, the region

where concern is greatest is East and Southeast Asia, where some of China's nervous neighbors want a reliable American presence. That's because China is the world's biggest variable. There is no major power on the planet with a more uncertain trajectory. As Beijing begins to undertake the most serious structural economic reforms in decades, the variability in its path

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is the single biggest question-mark for the global economy, and a key reason to say goodbye to the “emerging markets” label.

China can't keep growing the way it did for the past 30 years—on the back of state-driven investment and cheap labor. Xi Jinping understands that China must shift to a more consumer-driven, liberalized economic model. He has begun making the transformative first steps with an ambitious reform agenda around the environment, the financial sector, and inefficient state-owned enterprises. In the near term, prospects for reform look good. Growth has slowed at a modest pace—that's part of what building a more sustainable model requires—and there has not yet been strong political pushback from powerful figures who don't want change.

But China's economic transformation is unprecedented in terms of the scope and the stakes. It will require an enormous transfer of wealth from large domestic companies, many of them state-owned, to Chinese citizens who will increasingly demand a more open and accountable political system. Success will threaten the vested interests of all the influential

Chinese leaders who have enriched themselves off the *status quo* for decades. And the leadership is undertaking these reforms at a time when hundreds of millions of Chinese are now online. In an environment where ideas and information flow at an unprecedented rate, dissent and unrest can emerge and grow in unpredictable ways.

Moreover, a liberalized economy means greater competition, including

from foreign firms.

Coupled with a necessary gradual economic slowdown, that will force companies to cut costs—and even employees. We are already witnessing an escalation of worker protests and a surge in labor unrest, with the largest strike yet occurring in Guangdong province earlier this year. If a future economic slowdown proves unmanageable, it could

provoke cascading bank defaults or a major credit crisis. Or an unanticipated foreign policy or environmental crisis could shock the system and put citizens on the streets too.

Among emerging markets, even China—which is on a course to unseat the United States as the world's largest economy in years to come—carefully avoids commitments to help keep the

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peace and resolve international conflicts that threaten the global stability on which China's own prosperity will depend. But that comes as no great surprise. Even when its economy becomes the world's largest, China will still be an authoritarian middle income country with significant wealth gaps between urban and rural citizens.

Today, its leaders are beginning in earnest the most ambitious economic restructuring in history. They are trying to shift from an export-driven economic model to a more sustainable consumption-led one—all the while taking on powerful entrenched interests within the party itself that are resistant to these changes, and coping with the unprecedented speed and freedom with which ideas and information now cross China's borders. That's a tall order for any government. Add the reality that Beijing's political and economic priorities and preferences often run directly counter to those of U.S. and European policymakers—and that China may well find itself in complicated interactions with both its Asian neighbors and with the West—and it is easy to see why Beijing's ability and willingness to share burdens abroad will grow much more slowly than its economy.

China's growth will rattle its neighbors. Countries like Indonesia, the Philippines, Vietnam and others hope to deepen their commercial relations with

China without becoming dependent on its good will. To do this, they want to broaden and deepen security relations with the United States, which has promised a “pivot” to Asia to help maintain the region's stable balance of power. However reluctant U.S. policymakers might be to accept new responsibilities in the Middle East or to tangle with Russia over Ukraine, it is in Asia where Washington must deeply engage.

That is because rising powerhouse China, established power Japan, dynamic emerging market South Korea, and potential star Indonesia, make this region more important than any other for the strength and resilience of the global economy over the next generation. It is also because there is no Asian Union or other regional security forum that is capable of managing competition among these states and the frictions it already generates. No region is more likely to send the global economy—and, therefore, the U.S. economy—off the rails than this one. Add the North Korean wildcard, and the need for a stabilizing outside power is only more obvious.

Japan's path forward is more complicated, because the resentments that Europe's weakest governments and their citizens feel toward their demanding German benefactor pale in comparison with the long-standing enmity that rising China and dynamic emerging South Korea feel toward Tokyo in general and



Germany's Angela Merkel and Japan's Shinzo Abe

Prime Minister Shinzo Abe in particular. Beijing and Seoul have good reason to wonder whether Abe's "new vision" is genuinely intended to enhance Asia's peace and prosperity, or whether it is mainly an attempt by an ambitious prime minister, wrestling with a profoundly complicated domestic reform agenda, to build support from Japan's nationalists. Recent incendiary comments from lesser Japanese officials, and the Abe government's refusal to explicitly condemn them, have aggravated the region's tensions.

But if Abe can really create the "mechanism for crisis management" and the regional "communication channels" he promised at Davos, he will have taken a crucial first step toward a new order in East

Asia. This change can benefit China, South Korea, the United States, and all others who have an interest in the stability of a region that will be as crucial as any other for global economic strength and resilience over the next generation.

Like Merkel, Abe has serious domestic challenges to manage. His program of Abenomics has produced measurable results for Japan's economic revival, but he has yet to fully tackle fundamental structural challenges to Japan's future. But also like Merkel, Abe has time and space to address them. Merkel's role in Europe, her personal domestic popularity, and her party's strong standing within government give her political capital to spend, if she's willing to spend it. Abe's Liberal Democratic

Party is in an even stronger position within parliament, and there are no elections on the horizon that can change that.

Both leaders are in a strong position to accept new costs and risks that bolster all advanced industrial economies, not just their own. If the governments of countries most suspicious of Germany and Japan see that Berlin and Tokyo are taking actions that serve their national interests as well, they are more likely to accept these changes, even if they do not laud them publicly. No one should expect China or South Korea to welcome a "normalized" Japan with a more active military. But if Japan can slowly build the confidence of its neighbors in its openness and intentions—a tall order—Beijing and Seoul might at least limit their resistance to Japan's enhanced role.

In the Japanese case, Washington must help. The Obama Administration's pivot to Asia, including progress toward the TPP, which presently includes Japan, among many others, but does not include China, has persuaded some in Beijing that Washington means to stunt the growth

of China's influence in Asia. China's hawks see Tokyo as Washington's most valuable accomplice.

This gives the Obama Administration an opportunity to ensure that Beijing remains fully engaged in the creation of the crisis management and communications projects that Washington and Tokyo develop together, that the U.S. continues to broaden and deepen its trade and investment ties with China, and that Washington demonstrates its willingness to hold the Abe government responsible for actions that exacerbate regional tensions. That said, Washington must

also make clear that China cannot drive a wedge between America and Japan. Tokyo must push forward with the TPP deal, even if sectors like agriculture will fight to protect themselves from tariff cuts on imports. A successful TPP deal could lead to better Chinese trade behavior over time: rather than shutting the door to China, TPP members could encourage Beijing to adopt certain rules and norms—like heightened rule of law to protect foreign corporations' interests or intellectual property in China—in order to gain entry.

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Japan should also go one step further, and start laying the groundwork for a deal with the U.S. and its Asian neighbors that revolves around security, not just trade. A multilateral security agreement could set rules of the road for maritime conflicts and territorial spats in the East and South China Seas; it would put regional players' mutual anxiety with a rising China to good use.

But it is critical that Japan, the U.S., and their Asian allies leave the door open for China to join if it changes its tune. Why would China ever join a security pact organized in response to its rise? Over time, China will have more exposure to turmoil in the Middle East. That's because the Chinese are

becoming more reliant on Middle Eastern energy, even as America weans off of it. We could see a "security swap" take place: in return for playing a security role in the Gulf, the United States would beseech China to adhere to ground rules for more stable behavior in Asia Pacific. That would help Tokyo—and the global economy more broadly.

But when it comes to necessary structural changes, even if China contributes to the G-Zero and doesn't

pull its weight in addressing international challenges, it at least has the right idea at home—and the international community should take notice. Under Xi Jinping's leadership, China is undertaking significant economic reforms on its own terms, in a non-crisis environment. That's far health-

ier than waiting for an external emergency to force their hand. Under less desperate circumstances, China can make the necessary structural reforms with more autonomy, creativity and flexibility over their pace, sequencing and scope.

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Fears of free-fall have dissipated, along with the political will needed to take on deeper challenges. Leaders take the risks no one else will take. They impose the compromises that others lack the money or muscle to enforce. That is why it's unfortunate that there are so few leaders willing and able to play that role today.

The G-Zero world is less predictable and much more fragile. It is a world where nations fail to meet their full individual and collective economic potentials,

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leaving millions under-employed or out of work. It is a world in which shortsighted, domestically focused policies generate tremendous risks—and make crises like Ukraine's more acute and protracted. And it is also a world in which national governments deny multinational institutions the resilience and agility they need to handle major challenges.

Established and emerging powers need to restore a better economic policy balance at home and work together on more durable cooperation mechanisms globally. The West must overcome the political dysfunction and short-termism that frustrates durable economic growth, delays financial soundness and dampens job creation. For their part, emerging powers must accept that global instability would inflict heavy damage on their still evolving economies—and that assuming greater international responsibility is ultimately in their interests. And they all must work toward these goals before a massive global crisis shocks them into action and dictates the terms of the response.

Finally, one hundred years on from the Great War, let's dispense with one more post-war taboo: The time has come for

Americans, Europeans, and Chinese—as well as Germans and Japanese—to move beyond the post-war conviction that Berlin and Tokyo must avoid a significant expansion of their international influence. The world now needs these two countries to accept more of the costs and risks that come with global leadership. To extend its international influence, Germany should work with Japan whenever possible, pooling their collective resources for the common good. Both the German and Japanese governments will face significant resistance to these changes at home. Despite continued reluctance, it's time for Germany and Japan to accept heavier international responsibilities—burdens appropriate for countries of their size and wealth. The world's traditional powerbrokers could certainly use the help.

As the G-Zero continues to worsen, the world will need more active leadership from Japan and Germany—and the United States must not drop the ball in Asia, no matter how strapped its foreign policy becomes. No leader should ever waste a crisis, but true leadership depends on doing what is necessary even when your back is not yet against the wall. ●