

# RECONCILING GREAT POWER COMPETITION WITH MULTILATERALISM

*Javier Solana*

**I**T IS UNDENIABLE that great power competition is back. Although we were slow in recognizing it, today, in 2016, no one can deny that the world is no longer the relatively peaceful place we hoped it would be after November 1989.

During the first years of the twenty-first century, several events revealed how a set of powers were claiming their seats in institutions and in the global game. Agreement with the then-existing balance of power was not universal. August 2008 provided a clear exhibition: while the world marveled at China's splendor at the Beijing Olympic Games, we were sideswiped by the conflict between Russia and Georgia. These two powers announced, in different ways, their intention to play a bigger role.

*Javier Solana is President of ESADE Center for Global Economy and Geopolitics, a former EU High Representative for Common Foreign and Security Policy, and a former Secretary General of NATO. You may follow him on Twitter @JavierSolana.*

**N**ow, the United States—which has been the leader in the international arena throughout recent decades, as well as one of the most active architects of the international system—is competing with a defiant Russia and a rising China.

This race emerges on various stages, with Ukraine, Syria, the South China Sea, and the international institutions being just a few of the examples on offer.

**C**hina has been waiting for years to increase its voting share at the International Monetary Fund (IMF), in order to see its weight in the global economy represented correctly. The governing structure of the IMF was designed by the most advanced economies at the time of its founding, and had not been significantly changed despite the deep transformation of the global econ-



Photo: personal archive

*Javier Solana*

omy. In terms of representation, China was ranked sixth, behind the United Kingdom, Germany, and France, among others. Although a measure to increase the power of emerging countries was proposed in 2010, it did not come into force until December 2015, when the U.S. Congress finally gave its approval.

During that long lag, however, the IMF was criticized for its lack of legitimacy, causing emerging countries to lose their faith in the willingness of certain traditional powers to adapt to the new global reality. These grievances have also led emerging countries to create new institutions.

Beijing's efforts to increase its voice have not remained limited to economic global governance: its aim to be recognized as a great power also spreads to the security realm. The tensions in the South China Sea are the best example. This sea is home to a trade route that links many of the world's states and touches the shores of seven countries.

Each country has claimed sovereignty over these waters on more than one occasion, and, over the past few months, tensions have grown. Some of the countries that dispute control of parts of the sea and several islands with China are traditional allies of the United States. In

addition, the relevance of the route in terms of trade, abundance of rich fishing grounds, and oil and gas reserves, makes control of this area a matter of great interest. China's recent construction of artificial islands and infrastructure has raised alarm among its neighbors, as well as the United States, over Beijing's power projection. In the final months of 2015, Washington decided to assert freedom of navigation in the region by flying military aircraft and deploying ships near some of the islands.

Over the past decade, Russia has shown its dissatisfaction with the state of international relations. As noted above, it was the August 2008 Georgia conflict that woke us up; but a year prior, at the Munich Security Conference, Vladimir Putin's speech left no doubt about his disagreement with American policies abroad—especially its invasion of Iraq and plans to deploy a missile defense system.

The conflict that broke out in Ukraine in 2014—following Russia's annexation of the Crimean peninsula and the subsequent sanctions imposed by the United States and the European Union—have substantially complicated relations with Moscow. Against this backdrop, Moscow's decision to in-

tervene in the Syrian civil war in September 2015 was a clear display of its intention to be the predominant power in its neighborhood.

Multilateralism received another blow with the failure of the so-called Doha round—the multilateral trade talks that started in 2001 under the auspices of the World Trade Organization (WTO). As the outlook for a successful Doha outcome darkened, regional trade agreements started blossoming on the sidelines.

It is critical to exert every effort to ensure that these agreements (particularly the Trans-Pacific Partnership and Transatlantic Trade and Investment Partnership) include the dispute settlement mechanisms foreseen by the WTO, in order to keep the multilateral system of settling disputes alive and avoid unilateral decisionmaking.

**THE END OF MULTILATERALISM?**

All these events and dynamics in recent years show that the global order is changing, but it does not automatically imply the end of the multilateral system.

The multilateral system was built in the decades after World War II

*Globalization has changed us so much that going back to a system of blocs and spheres of influence—or simply turning inwards—is no longer a viable option.*

*Growing global trade flows, coupled with the openness of our national economies, have penetrated national borders, transforming our world from a collection of solid states into a web of interdependent actors.*

through international institutions that channeled cooperation among states. Their cornerstones were, among others, the rule of law, multilateralism, free trade, and the defense of universal human rights.

Moreover, the multilateral system is deeply connected with the phenomenon of globalization. Globalization has changed us so much that going back to a system of blocs and spheres of influence—or simply turning inwards—is no longer a viable option.

Our broad and complex interconnections have transformed us all in such a way that avoiding institution- and rules-based cooperation among states is altogether unworkable. Growing global trade flows, coupled with the openness of our national economies, have penetrated national borders, transforming our world from a collection of solid states into a web of interdependent actors. This phenomenon is leading, as a direct repercussion, to the fact that states have lost their dominant weight in the international arena. Nation-states cannot face global risks and challenges on their own, nor can they remain isolated from globalization. Cooperation is the only way forward.

Nowadays, despite the return to great power competition, the players in the game are still linked through mutually beneficial relationships. Therefore, a complete defeat of an adversary is

no longer desirable or intended. This is one of the anchor points of the multilateral system.

The multilateral institutions created since the end of World War II are characterized by their openness, ruled-based functioning, and concerted decision-making processes. The new institutions recently created by emerging powers

have followed the same configuration. In addition, new institutions share the same ends with their predecessors—namely, the promotion of cooperation and trade among states.

To be sure, Russia's recent foreign policy moves seem to pose a threat to the multilateral approach to security issues. The Ukraine crisis was a clear example: with the annexation of Crimea, several international agreements were breached.

However, this unilateral behavior does not imply the end of a functioning system; indeed, the Russian economy is suffering from the consequences of not complying with international norms. Moreover, in

engaging in other security crises, Moscow aims to increase its influence in problem resolution and rule setting; in other words, Russia's goal is to increase its influence in multilateral negotiations.

Despite the claims of spheres of influence that we often hear from China and Russia, neither of them would prefer to go back to a world of blocs or empires, living apart from the global economy from which they both benefit.

Recent developments in the economic realm should also amplify our caution when analyzing the world order. The slowdown of the emerging markets, and the rampant Russian economic crisis, have scaled down expectations of growth.

Nevertheless, projections for 2017 still suggest that emerging and developing markets will grow at twice the rate of the advanced economies. Thus, although there is no doubt that the emerging economies are here to stay, and that institutions should adapt to them, their relative weight will not be as heavy as we thought.

Rather than facing the end of an era—the era of multilateralism—we

are facing a crisis of the international system marked by a struggle for voice.

#### HOW DID WE REACH THIS POINT?

This dispute over leadership and voice is not only a result of the emergence and growth of powers that did not take part in the construction of the current international system. It is also a direct consequence of

*It is not acceptable—in fact, it is a threat to the system—for a country that did not sign an international treaty to ask others to comply with that treaty's provisions, as is the case of the UN Convention on the Law of the Sea.*

two other factors: the failure to adapt global institutions to the new distribution of power, and the feeling that leading powers take advantage of the multilateral system for their own benefit.

Indeed, the creation of new institutions of global governance is a reaction to the regrettable

five-year obstruction of IMF reform. Since October 2010, when the reform was agreed upon at the G20 Summit in South Korea, the implementation of the new quota shares has been on hold due to its rejection by the U.S. Congress. Fortunately, in December 2015, the U.S. Congress finally approved a transfer of six percent of the voting share from developed economies to emerging ones. With this new distribution of power, China will become the country with the third-highest share, behind America and Japan.

However, the significant stalling made the emerging countries lose their hope of reform. Instead, they decided to create two development banks (the Asian Infrastructure Investment Bank and the New Development Bank), as well as a framework to provide liquidity support in response to potential short term balance-of-payment pressures: the Contingent Reserve Arrangement.

For its part, Moscow's disagreement with American interventions, and Washington's foreign policy more broadly, is based on the suspicion that Western powers—especially the United States—use certain international norms that compromise national sovereignty to topple regimes of which they do not approve.

When looking back at these first few years of the twenty-first century, it almost seems as though the leading power of the international system, namely the United States, did not acknowledge that the world had become multipolar, and that new powers were rising and struggling for a voice.

Without a shred of doubt, I believe that the countries that created the world's leading international institutions should lead the way

in complying with the norms they set; contrarily, their legitimacy will be called into question.

It is not acceptable—in fact, it is a threat to the system—for a country that did not sign an international treaty to ask others to comply with that treaty's provisions, as is the case of the UN Convention on the Law of the Sea. It

*It is not only the Bretton Woods institutions that need updating, but also those institutions dedicated to security issues—the UN Security Council being the most important.*

is also true that global institutions will only be useful if all stakeholders are represented in a way that matches their gravity, interests, and so on. If this is not the case, these institutions will defeat their basic purpose.

It is not only the Bretton Woods institutions that need updating, but also those institutions dedicated to security issues—the UN Security Council being the most important. The constant blockage at the Security Council over the past few years—with the exception of the Iran nuclear deal—is the result of the inadequacy of the voting system. Its five permanent members have often used their veto power to block significant resolutions on global security in order to protect their own interests. Given the increasing number and intensity of transnational security threats, we cannot afford to address security crises at a regional or national level, relying

on agreements that do not garner the support of the entire international community.

**W**e need to engage in a critical review of our institutions. We need a strong UN and an effective

Security Council. There is only one way to address global challenges, and that is multilateralism.

#### LEGITIMACY OF THE MULTILATERAL SYSTEM

**W**hat happens beyond our national borders matters, and it is the very reason for the creation of multilateral institutions. Not only are we aware of the national interests at stake in global problems, but we also believe that certain issues deserve international protection—regardless of the basic principle of national sovereignty. This belief led to the creation of a full system to protect human rights, as well as international courts that are designed to deal with crimes against humanity. The international community understood, after thousands of years of conflict and two terrible world wars, that some spheres of human life must be protected beyond national borders.

In recent decades, the conviction that all human beings have basic rights, rooted in human dignity, has permeated throughout society. This shared

belief is a boon to the multilateral system, encouraging cooperation in solving global problems. Regrettably, how-

ever, nationalist ideas are currently gaining popular support in several countries. In some cases, their surge is a reaction to the global economic crisis, fear of immigration, and the sentiment that globalization has not been fair to everyone.

Backtracking and hiding behind the nation-state is, thus, another threat to the multilateral system, although it usually receives less analytical attention at the global level.

**I**ncreasing the legitimacy of the multilateral system is paramount for at least two related objectives: first, by showing that we face global challenges which have an impact on all of our lives and therefore demand a common response; and, second, by proving the effectiveness of multilateral mechanisms in solving those problems. To achieve these objectives, it is imperative that major powers take up their global responsibilities, as even the best-designed structures can achieve little without political will.

#### IN THE WORLD'S BEST INTEREST

**T**he future of multilateralism rests on the adaptation of the instruments that make it possible. The in-

stitutions in existence today must be revised and adapted, where necessary. By updating institutions and upholding full compliance with international norms, the principles upon which the multilateral system was created—democracy, rule of law, and pluralism—will be strengthened.

**I**n recent years we have also experienced some important moments of success, brokered through the multilateral system. The two most significant cases took place last year. First came the nuclear deal with Iran: after 12 years of negotiations, the European Union, along with the five permanent members of the UN Security Council and Germany, reached an agreement with Iran to end the country's nuclear program in exchange for lifting the international sanctions against it. The deal provided irrefutable proof that diplomacy can overcome gargantuan obstacles.

The second instance came a few months later, when world leaders came together to achieve the most important

international agreement on climate governance in more than 20 years. Its hybrid governance structure is revolu-

tionary: it combines top-down elements in monitoring and verification, with bottom-up commitments—namely the Nationally Determined Contributions—which were approved domestically by each signatory state on a voluntary basis. Such an innovative structure provides an avenue to bypass the deadlock that often char-

acterizes large-scale multilateral governance processes. It should, therefore, be considered as a template to address other global challenges that require a rapid response, such as migration.

**F**ollowing these enlightening examples, new mechanisms should be designed to ensure that countries cooperate on all global risks. In a multipolar world, actors with widely divergent worldviews must work together to make progress on their shared interests in security, stability, and prosperity. It is vital and urgent to reassure those who see themselves as global citizens that concerted action is in the world's best interest. ●

*There is only one way to address global challenges, and that is multilateralism.*

*By updating institutions and upholding full compliance with international norms, the principles upon which the multilateral system was created—democracy, rule of law, and pluralism—will be strengthened.*