

SPRING 2020 / ISSUE NO.16

\$ 15.00 | € 10.00 | 1500 RSD

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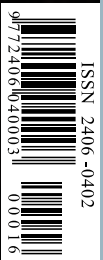
JOURNAL OF INTERNATIONAL RELATIONS
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COVID-19 AND MULTILATERALISM

Jeffrey D. Sachs

THE WORLD faces its greatest crisis since World War II and its greatest economic calamity since the Great Depression. History shows two ways out of a *global* crisis: a *global* leader that guides an effective response—and helps to pay for it—or *global* cooperation through the UN multilateral framework.

Alas, we have no global leader today. The United States today is more a force of destruction than a leader. Our only way forward is cooperation under the UN mandate. Let me explain.

HEGEMONIC STABILITY

In his remarkable account of the Great Depression, the late and great economic historian Charles Kindleberger famously argued that the Great Depression occurred because

there was no world leader to step in with effective solutions, and the League of Nations was not up to the task. The United Kingdom had been the world leader until the Great War but emerged from that devastating war in debt to America and with deep and chronic economic problems. The United States was by far the world's largest economy in the Inter-war period, but America was not yet prepared for global leadership. Only the experience of World War II thrust the United States into active global leadership.

Thus, when the crisis of the Great Depression hit America starting in 1929—after a decade of political and financial instability in Europe—the United States viewed the crisis almost entirely in domestic terms rather than

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“Our goal should be to replace American hegemony by an effective multilateral system”

as the global crisis that it soon became. The Great Depression represented first and foremost a misfiring of the gold standard, compounded by the war debts and reparations payments imposed after World War I. Global-scale cooperation during 1930-2, led by the treasuries and the central banks of the major economies (America, UK, France, and others), might well have salvaged the global economy without massive loss of output. No such cooperation arose. By 1933, Hitler was in power. The depression lasted until 1939, when Germany dragged Europe into its second conflagration in as many decades.

Kindleberger's theory came to be known as Hegemonic Stability Theory—the idea that a dominant power, or hegemon, was needed to provide global public goods such as financial stability. The world of the 1930s was between hegemons, so to speak, with the baton not yet handed off from London to Washington, which would occur only in the 1940s. The world suffered years of disarray as each individual country entertained inward-looking policies, and often “beggar-thy-neighbor” policies such as tariffs became the norm—meaning that “solutions” in one country merely shifted even greater losses to other countries.

After World War II, the United States became the new hegemon, albeit one that faced off against the Soviet bloc in the Cold War. America also led the establishment of global institutions, notably the United Nations, the Bretton Woods Institutions (IMF and World Bank), the rules-based open trading system, various specialized UN agencies, and other multilateral institutions. The United States helped to fund the West's postwar recovery through the Marshall Plan and helped to launch an era of development aid.

Much of this was narrowly self-interested, especially geared to promote America economic interests; much was in direct competition with the Soviet Union; and much was truly instituted with a view towards avoiding global conflicts and creating a more peaceful and prosperous world. Moreover, much was disastrously wrongheaded, such as the Vietnam War. Through the period from the 1940s to the 1980s, narrow American self-interest and global idealism were both at play in U.S. foreign policy, and American policies varied between inspiring (creating the UN system), insidious (repeated CIA-led regime-change operations), and downright destructive and incompetent (U.S.-led or U.S.-supported wars in Southeast Asia, Latin America, and the Middle East).

WANING LEADERSHIP

After the demise of the Soviet Union in December 1991, the United States thought it could go its own way without investing much in the international system. After all, with the end of the Soviet Union, America viewed itself as even more powerful and even more exceptional than during the Cold War.

A quintessential example of this way of thinking was a statement made by then-U.S. Secretary of State Madeleine Albright in 1998: "if we have to use force, it is because we are America; we are the indispensable nation. We stand tall and we see further than other countries into the future, and we see the danger here to all of us."

Yet in fact the United States was already weakened as a global leader and American blunders and ignorance accelerated the decline of U.S. leadership.

The main reason for the decline in American predominance was simply the declining share of the United States in the world economy. The American share of planetary economic output, measured in purchasing-power-adjusted prices, declined from 27 percent of global GDP in 1950 to 19 percent in 2008 (according to

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estimates by the late Angus Maddison, another great economic historian)—and to just 15 percent in 2019 (according to the IMF). But the United States accentuated the decline by launching or participating in several disastrous wars in Afghanistan (starting in 1979 and continuing off and on until the present), Central America (in the 1980s), Iraq (1991 and again in 2003), Syria, Libya, and elsewhere, that cost vast numbers of lives and

trillions of dollars of wasted spending. On top of this, much of America's political establishment came to believe naively that leadership through war and regime change could substitute effectively for leadership through diplomacy, compromise, and development finance. The United States would get its way because of its unrivaled military power, not because it was providing public goods and increasing global wellbeing.

The United States increasingly refused to sign UN treaties and protocols. The U.S. Senate, for example, after ratifying the UN Framework Convention on Climate Change in 1992 then refused to implement the treaty. America absented itself from countless other international agreements and

treaties over the past three decades, including the International Criminal Court, the Convention on Biological Diversity, and the UN Law of the Sea—just to name three.

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American leaders willfully ignored the judgments of the UN Security Council, such as when President George W. Bush went to war in Iraq in 2003 after failing to win its backing. Along with turning its back on UN treaties, the United

States also became more and more resistant to development aid and cooperation on global tax reform. America would go its own way—the rest of the world be damned.

ROGUE STATE

Under U.S. President Donald Trump, America has abandoned any semblance of being the world's leader of the multilateral order. The United States has become, instead, a sort of rogue state, with a direct assault on many international agreements (including the U.S. withdrawal from the Iran nuclear deal and the Paris Climate Agreement), and the imposition of unilateral trade and sanction policies at variance with international law and international rules. In terms of values, Trump boasts of "America first," rather than the world together.

The United States remains a very powerful country economically and technologically, but it is no longer the predominant economic or technological power. The European Union and China are roughly the same size economically as America, and the spread of digital technologies is worldwide. The United States is by far the most powerful military country in the world, though it finds out war after war that its military can solve no political problems whatsoever. America has around 6,000 nuclear warheads, 800 military bases around the world, and is engaged in more overseas engagements than any other country.

It bears repeating: under Trump and his nationalist doctrine of America First, the United States has become a sort of rogue state, rejecting the constraints of the UN Charter and global treaties. In both speech and deed, Trump evinces overt hostility towards the rest of the world, including many ostensible allies, and overtly rejects the values of multilateralism that the United States supported for decades.

The historical record clearly shows that Trump has blocked virtually every multilateral initiative of recent years.

The United States is the only country pulling out of the Paris Climate Agreement. It is the only country that pulled out of the Iran nuclear agreement.

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Moreover, it's a misnomer to speak of a China-U.S. trade war; in reality, there is a U.S. trade war on China. That is quite different. This "trade war" was an unpremeditated American attack because of China's rise in technological capacity. Have no doubt about it: the U.S. attacks on Huawei, ZTE, and others are

because the United States realizes that China is gaining massive technological capability in artificial intelligence and other security-related areas.

Yes, China is making massive gains because China is home to vastly talented and well-educated people, and is minting hundreds of thousands of PhDs every year. That's how the world works—and how it should work. There is no monopoly of knowledge; there is no monopoly of talent.

This is driving Trump and American right-wing nationalists to distraction because America's grand strategy is based on American dominance—or "primacy," to use the language of geopolitics. And

that's not some fantasy of mine, this is in countless American foreign policy and defense documents and doctrines. There can be no U.S. primacy in the world anymore that is safe for the world. That's not how the world works anymore. But that is how American policy still works.

The United States under Trump is also attacking the global taxation of on-line activities. America has made disastrous cuts to corporate taxation, which is deeply undermining the worldwide taxation on companies. In addition, the United States has tried to dismember the WTO by killing the appellate process.

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Moreover, the Trump Administration now claims that it's going to adjudicate exchange rates and put unilateral tariffs against countries that America alone deems to be manipulating the exchange rate. Well, I know the U.S. Treasury, and with all due respect, that venerable institution does not have an honest view in this. The claims of "currency manipulation" are political—top to bottom. Such claims have nothing to do with anything meritorious; they are all about some temporary "advantage" in some geopolitical contest.

In January 2020, when Iraq said it wanted American military forces to leave the country, if you can imagine,

the U.S. Treasury basically said: "we'll confiscate your foreign exchange reserves at the New York Fed if you persist in pushing our troops out." This is a kind of thuggery. It is a complete violation of the international rule of law. Yet this is what we are facing with the United States as a sort of rogue state.

I'm sorry to say it—it's my country, I'm not happy to have to say it—but the United States is a resentful imperial power in decline.

America is a dangerous country right now, and it will absolutely become more dangerous if Trump wins reelection in November 2020.

COVID-19 AND MULTILATERALISM

The world has therefore reached another "Kindleberger Moment." The world is bereft of global leadership and shared solutions. No single state or overarching alliance of states is willing or able to provide global public goods. When the going gets tough, no one group by itself can provide stability—financial or political. That's what the world look like *before* COVID-19. And that's what it looks like now, too.

With the emergence of the COVID-19 epidemic we face a global calamity with no hegemonic power, and with gravely weakened global cooperation. The world is falling into depression with the United States play-

ing America First politics. Even worse, Trump's game-plan is to try to blame China for the epidemic.

The facts are these. The COVID-19 virus emerged in China just as HIV emerged in West Africa, MERS emerged in the Arabian Peninsula in 2012, Zika emerged in Africa and spread to South America, and H1N1 emerged in Mexico in 2010 and was greatly amplified in the United States before becoming global.

In short, emerging infectious disease emerge in all parts of the world, generally as zoonotic events (a shift of the pathogen from an animal reservoir to humans)—from bats to humans, in the case of COVID-19.

The United States wants to blame China, and the Republican Party has now made blaming China a core part of its 2020 electoral strategy. This action has been taken mostly to cover-up Trump's complete and shocking incompetence in confronting the epidemic, but it is also an instrument to continue Trump's war on China, trying to blame China for the epidemic and thereby promoting American primacy over China. Indeed, American election-year politics is rapidly descending into an abyss of nationalist emotions,

with Trump's rival, former Vice President Joe Biden, attacking Trump for being too soft on China!

These attacks on China would merely constitute part of the internal politics of an American election year but for the fact that they are quickly spreading to the international arena. Not only is there no global leader; the United States is actively trying to undermine the international system in the belief that multilateralism is a hindrance to Trump's anti-China strategy.

Thus, Trump has done the seemingly unimaginable: cutting off American funding to the World Health Organization (WHO) in the middle of the pandemic on the ostensible grounds that it is too pro-Chinese! One wouldn't believe this in a work of fiction, much less as the real actions of a major power in the midst of a full-blown global epidemic and economic emergency.

World output is plummeting as nation after nation goes into lockdown to try to slow the spread of the virus. The IMF projects a decline in world output of several percent of global GDP—the gravest decline in economic activity since World War II. Yet it could become far worse.

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On Kindleberger's reasoning, the global downturn could turn into a full-fledged depression, with no country or group of countries exercising the leadership to pull the world out of the downturn. And in one important way, the situation is even more precarious than in the 1930s. Back then, neither London nor Washington took the lead. Today, the United States is in direct and active opposition to the multilateral order. It dangerously seeks a U.S.-led world order to replace the UN-centered multilateral system, but even in that regard it is unwilling to invest other than militarily in any kind of global order.

OUR BEST HOPE

With the world falling into depression, and the United States actively threatening the UN-based order (because it includes China), we find ourselves in one of the most dangerous periods in modern history.

The good news is that the vast majority of the world would like to continue—and indeed to strengthen—the global UN-centered order. The bad news is that the European Union may prove to be too weak and too disunited to be much of a bulwark against Trump's actions, and indeed some governments

in Western Europe (for example, Boris Johnson's government in the UK, but probably some EU governments as well) will instinctively follow the United States, since America remains the leader of NATO, the defense alliance of these countries. The right-wing governments of Australia, Brazil, Israel, and others will also follow Trump's lead.

What will save us from ourselves, if we are to be saved,

is this. The vast majority of the world will agree to strengthen WHO, rather than weaken it as America wants. The WHO would provide the vital logistics and material supply chains to fight the pandemic, as well as the organizational global leadership in the search for a COVID-19 vaccine. The IMF, another vital American creation at the end of World War II, would provide the emergency financing to low-income and emerging economies to keep them afloat. The Paris Club of creditor nations, plus China, would grant deep debt relief to heavily indebted developing countries that are battling the epidemic and the economic collapse. The Food and Agricultural Organization (FAO), together with the World Food Programme, UNICEF, and the UN Office for the Coordination of Humanitarian Assistance (OCHA), would

protect the world's food supply chains and ensure emergency food assistance to guard against mass hunger—a real prospect now on the horizon.

I would therefore amend Kindleberger's thesis in one vital way. As Kindleberger rightly noted, it is hard to fight a global crisis without a leader. The hegemon of the recent past is a hegemon no more. Yet our aim should not be to promote a new hegemon to replace the United States. We should

not seek any single country or region to step into the gap. Our goal instead should be to replace American leadership or hegemony by an effective multilateral system operating under the UN Charter, our global foundation for

Defending, protecting, preserving, and supporting the multilateral system should be the imperative of our times. Unilateralism is countered not by more unilateralism but by multilateralism; not by enmity but by cooperation.

peace; the Universal Declaration of Human Rights, the world's moral charter; the Framework Convention on Climate Change, our covenant for protecting the

planet; and the Convention on Biological Diversity, our binding pledge to preserve all life against the damages that humanity is causing.

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lateralism but by multilateralism; not by enmity but by cooperation. That should be the goal: global cooperation—urgently—to overcome the greatest challenge to humanity of modern times. This must become our abiding purpose. ●

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