

THE NEW GEOPOLITICS

Jeffrey D. Sachs

THERE is universal assent that we are in a period of geopolitical tension and flux. In a rough chronology, 1815-1914 was the era of British hegemony, the not-so-peaceful Pax Britannica. What followed between 1914 and 1945 was a disastrous period of two world wars and the Great Depression. The end of World War II marked the rise of the United States as the new hegemon as well as the start of the Cold War between the United States and the Soviet Union. This period lasted from 1947 to 1989. The period from 1989 to around 2008 has been described (rightly or wrongly) as the unipolar world, with the United States widely regarded as the sole superpower. In the past decade or so we have entered a new geopolitical era, but of what kind?

There are at least five major theories about the current geopolitics. The first

three are variants of the Hegemonic Stability Theory; the fourth is the important school of international realism. The fifth is my preferred theory of multilateralism, based on the pre-eminent importance of global cooperation to solve pressing global problems.

The Hegemonic Stability Theory, favored by American elites in politics, government, and academia, holds that the United States remains the world's hegemon, the sole superpower, albeit a hegemon that is challenged by a rising competitor, China, and by a lesser but nuclear-armed competitor, Russia.

The Hegemonic Competition Theory, sometimes nicknamed the Thucydides Trap theory, holds that China's rise has ushered in a period of confrontation between the United States and China, alongside the ongoing confrontation of

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the United States and Russia. The U.S.-China competition is analogized to that of Sparta and Athens in the Peloponnesian Wars, with China playing the role of Athens, the rising power in the fourth century BCE Hellenic world, challenging Sparta, the incumbent power.

The Hegemonic Decline theory focuses on the fact the United States is no longer willing or able to play the role of global stabilizer (if it ever did). According to this theory, our current period will be akin to the period of British decline after World War I and before the rise of American hegemony. The Hegemonic Decline theory holds

that the waning of a hegemon leads to global instability.

The Realist theory holds that geopolitics is defined by great power politics, with China, the United States, the EU, Russia, and increasingly India, playing the role of the great powers, and sharing the world stage with regional powers (such as Brazil, Indonesia, Iran, Pakistan, and Saudi Arabia, among others).

The Multilateralist theory, to which I subscribe, holds that only global cooperation and multilateralism, organized around UN institutions, can save us from ourselves, whether from war,

dangerous technologies, or human-induced climate change. Multilateralism is often dismissed as excessively idealistic because it calls for cooperation among nations, yet I will argue that it is in fact more realistic than the Realist theory.

Of course, there are several other important approaches to geopolitics, including Marxist theories focusing on the interests and power of globally mobile financial capital, Immanuel Wallerstein's core-periphery theory, and Samuel Huntington's clash-of-civilizations theory. These are all well-known and have been

widely debated. For the sake of brevity, I will focus on the three hegemonic theories, realism, and multilateralism.

ECONOMIC DRIVERS OF LONG-TERM GEOPOLITICAL CHANGE

America was far and away the world's leading power at the end of World War II. According to the estimates of historian Angus Maddison (2010), the United States produced 27.3 percent of global output (measured at international prices) as of 1950, though constituting only 6 percent of the world population (and today only 4.1 percent). The Soviet Union was the next largest economy, at roughly one-third of the United States, while China was

third, at roughly one-sixth. The American advantage was not only in total GDP but in science, technology, higher education, depth of capital markets, sophistication of business organization, and quality and quantity of physical infrastructure. American multinational companies circled the globe to create global supply chains.

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predicts, globalization promoted the spread of scientific and technological know-how, higher education, and modern infrastructure. East Asia was the greatest beneficiary of globalization. East Asia's take-off started with Japan's rapid postwar rebuilding during 1945-1960, followed by its decade of income doubling in the 1960s. Japan in turn provided a roadmap for the four Asian Tigers (Korea, Taiwan, Hong Kong, and Singapore), which began their rapid growth in the 1960s, and then for China starting in the late 1970s with Deng Xiaoping's reforms and opening of the country to the world. According to Maddison's estimates, 16 major East Asian economies produced 15.9 percent

of world output in 1950, 21.7 percent in 1980, and 27.8 percent in 1990. In the 1990s, India too began an era of economic opening and rapid growth.

When the Soviet Union dissolved in 1991, the United States did not face any major competitor for global leadership. While the Western European economy was broadly comparable in size to the American economy, Western Europe remained dependent on the United States for military security and was in any event a disjoint group of nations with foreign policies generally subordinate to the United States. East Asia had grown rapidly but was even less of a geopolitical force than Europe. According to IMF measurements, China's GDP measured in constant international dollars was 17.5 percent of American GDP despite a population that was 4.6 times the size. Its per capita income was therefore a mere 3.8 percent of the U.S. according to the IMF estimates. China's technologies and military capacity were decades behind those of the United States, and its nuclear arsenal was small. It is perhaps understandable that policymakers in Washington assumed that the United

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States would be the world's sole superpower for decades to come.

What they failed to anticipate, of course, was the ability of China to grow rapidly for decades to come. Between 1991 and 2021, China's GDP (measured in constant international dollars) grew 14.1 times, while the American GDP grew 2.1 times. By 2021, according to IMF estimates, China's GDP in constant 2017 international prices, was 18 percent larger than U.S. GDP. China's GDP per capita rose from 3.8 percent of the U.S. in 1991 to 27.8 percent in 2021 (IMF estimates in constant international dollars).

China's rapid gains in output and output per person were underpinned by rapid Chinese advances in technological knowhow, capacity to innovate, quality education at all levels, and the upgrading and modernization of infrastructure. Naïve and sometimes racist American punditry has dismissed China's success as nothing more than China stealing American know-how, as if the United States is the only society that can harness modern science and engineering, and as if it too doesn't rely

on scientific and technological advances made elsewhere. In fact, China has been catching up by mastering advanced technological knowledge and taking measures to become a major innovator in its own right.

Nor should we neglect the rising economic power of both India and Africa, the latter including the 54 countries of the African Union. India's GDP grew 6.3 times between 1991 and 2021, rising from 14.6 percent of America's GDP to 44.3 percent (all measured in international dollars). Africa's GDP grew significantly during the same period, eventually reaching 13.5 percent of U.S. GDP in 2022. Most importantly in this context, Africa is also integrating politically and economically, with important steps in policy and physical infrastructure to create an interconnected single market in Africa.

In the past 30 years, three basic economic changes have transformed geopolitics. The first is that the U.S. share of global output declined from 21.0 percent in 1991 to 15.7 percent in 2021, while China's rose from 4.3 percent in 1991 to 18.6 percent in 2021. The second is that China has overtaken

the United States in total GDP and has become the leading trade partner for much of the world. The third is that the BRICS, constituting Brazil, Russia, India, China, and South Africa, have also overtaken the G7 countries in total output. In 2021, the BRICS had a com-

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combined GDP of \$42.1 trillion (measured in constant 2017 international prices), compared with \$41.0 trillion in the G7. In terms of combined population, the BRICS, with a 2021 population of 3.2 billion, is 4.2 times the combined population of the G7 countries, at 770 million. In short, the world economy is no longer American-

dominated or Western-led. China is of comparable overall economic size to the United States, and the large middle-income countries are a counterweight to the G7 nations. It is notable that four G20 Presidencies in a row will be held by middle-income developing countries: Indonesia (2022), India (2023), Brazil (2024), and South Africa (2025).

CONTRASTING VISIONS OF GEOPOLITICS

As China has matched or overtaken the United States in economic size and has become the leading trade partner with many countries around

the world, and as the BRICS have matched the G7 in overall economic size, a debate rages in the United States and globally about America's changing role and power, and the implications for the future of global governance and international affairs.

As mentioned above, there are five schools of thought, which I now review in greater detail.

The Hegemonic Stability theory remains the dominant school of thought in the United States, at least in the leadership circles and East Coast think tanks and academic centers. According to this view, the U.S. and the U.S.

alone can maintain geopolitical hegemony and thereby provide stability to the world. When the United States speaks of the "rule-based order," it is not speaking of the UN system or international law. It is speaking of an American-led order, in which Washington, in consultation with its allies, writes the global rules.

According to this view, China remains far behind the United States in all key categories of power: economic, military, technological, and soft power. Russia is viewed as a declining, nearly defunct, regional power—albeit one with

a large nuclear arsenal. In this school of thought, the nuclear threat can be contained through counter-threats and deterrence. American hegemony will ensure that Russia will play no major geopolitical role in the future. This he-

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gemonic vision, known as neoconservatism in the United States, finds its expression in a wide range of policies.

The war in Ukraine forms a central part of Washington's strategy for continued U.S. hegemony. While American policymakers presumably bemoan the destruction and deaths in Ukraine, they also welcome the opportunity to push NATO's

eastward enlargement and bleed Russia through a war of attrition. The Washington policy elite is in no hurry to end the war.

Nor is it eager to look more deeply at the roots of the war, which was surely provoked in part by the United States in its battle with Russia for political and military influence in Ukraine. This competition turned red-hot after George W. Bush pushed NATO in 2008 to commit to enlarging to Ukraine and Georgia. This was part of a long-term game plan, outlined by Zbigniew

Brzezinski in his 1997 book *The Grand Chessboard*, to end the ability of Russia to project its power towards Western Europe, the Eastern Mediterranean, or the Middle East.

Russia will presumably fight at all costs to prevent NATO enlargement to Ukraine. When Ukraine's pro-Russian President Viktor Yanukovich—who favored Ukraine's neutrality instead of NATO enlargement—was overthrown with American financial and logistical support in early 2014, the Russo-Ukrainian war broke out. Russia retook Crimea and pro-Russian separatists claimed part of the Donbas. The war has escalated since 2014, most dramatically with Russia's invasion on February 24th, 2022. In turn, the G7 and NATO have committed to support Ukraine for as long as necessary, with the goal of weakening Russia in the long term.

In addition to funding and arming Ukraine, the United States has now adopted the strategy of containing China, that is, hindering China's continued economic and technological progress. The containment policy vis-à-vis China mimics the American strategy vis-à-vis the Soviet Union between 1947 and 1991. The anti-China containment policies include

tariff increases on Chinese products; actions to cripple high-tech telecoms Chinese enterprises such as Huawei and ZTE; bans on exports of high-end semiconductors and semiconductor manufacturing equipment to China; decoupling American supply chains from China; creating new trade blocs, such as the Indo-Pacific Economic Framework, that exclude China; and an "entity list" of Chinese companies that are, in one way or another, barred from U.S. finance, trade, and technology. On the military front, the United States is forming new anti-China alliances such as AUKUS, with the UK and Australia, in this case to create a new nuclear submarine fleet and base in Northern Australia to police the South China Sea. The United States is also aiming to step up its military support for Taiwan, in one neocon phrase: to turn Taiwan into a "porcupine."

The main competing vision of geopolitics today is the Hegemonic Competition theory, focusing on the coming clash between the United States and China. This theory is really a variant of the Hegemonic Stability theory. It argues that the United States may lose its hegemonic status to China, and that in any event, a bitter competition of the two countries is virtually inevitable.

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such as the Indo-Pacific Economic Framework, that exclude China; and an "entity list" of Chinese companies that are, in one way or another, barred from U.S. finance, trade, and technology. On the military front, the United States is forming new anti-China alliances such as AUKUS, with the

The main failing of the Hegemonic Competition vision is its belief that China wants to become, the next global hegemon. True, Chinese leaders do not trust the United States nor Europe, especially in view of China's suffering at the hands of outside imperial powers during the nineteenth and twentieth centuries. China aims for a world in which the United States is not the hegemon. Yet there is little persuasive evidence that China wants to replace America as hegemon or could do so even if it so desired.

Consider that China is still a middle-income country, with decades ahead needed to become a high-income country. Consider too that China's population will likely decline markedly in the decades ahead. In that context, China will also age markedly, with the median age rising from 47 years today to 57 years by 2100 according to UN projections. Finally, consider that China's statecraft over centuries has never sought a global empire. The Middle Kingdom has always sufficed. China has not fought one foreign war in 40 years, and has just a few small overseas military bases, compared with the hundreds operated by the U.S. military.

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Rather than China's hegemonic aspirations, which I believe do not actually exist, the real problem is the so-called "Security Dilemma," according to which both China and the United States misconstrue the defensive actions of the other side as being offensive, thereby falling into an escalatory mode. For example, as China builds its military in the South China Sea, in its view to protect its vital sea lanes, Washington interprets this as an aggressive action by China aimed at American allies in the region. As the United States forms new alliances such as AUKUS and strengthens existing alliances, China regards these as blatant hegemonic attempts to contain China. Even when particular actions are truly defensive in nature—and not all of them are—they are readily misconstrued by the other side. This is indeed a major reason why the Thucydides Trap easily gives rise to war: not really because the two countries want war, but because they stumble into it by misinterpreting the actions of the other side.

The Hegemonic Decline theory is somewhat different. Instead of emphasizing the battle between China and the United States, this third theory

emphasizes the implications of American hegemonic decline, which it takes for granted. The Hegemonic Decline theory starts with the idea that the world needs global public goods, such as macroeconomic stabilization policies, arms control, and common efforts against human-induced climate change. To ensure these public goods, according to this theory, a hegemon must bear the burden of providing the global public goods. In the nineteenth century, Britain underwrote Pax Britannica. Since 1950, the United States has supplied the global public goods. Yet with the gradual decline of the United States, there is no longer a hegemon to ensure global stability. Thus, we face a world of chaos, not because of U.S.-China competition, but because no country or region can coordinate global efforts to provide global public goods.

Charles Kindleberger, the MIT economic historian, was the originator and most persuasive proponent of the Hegemonic Decline theory, applying it to the Great Depression in his insightful book *The World in Depression: 1929-1939* (1973). He argued that when the Great Depression hit, global cooperation was needed to address inter-country debts, failed banks, budget deficits, and the gold standard. Yet the UK was gravely weakened by World War I and the prolonged economic crisis of the late 1920s, and so was unable to act as a hegemon. The United States, alas, was

not yet ready to take over that role, and would do so only after World War II.

All three hegemonic theories presume that hegemony is central to geopolitics and will remain so. The first assumes that the United States remains the hegemon; the second assumes that the United States and China are in competition to be the hegemon; and the third bemoans the absence of a hegemon just when we need one. This third theory, even though declaring the U.S. a has-been, is in some way still flattering it: *après l'Etats Unis, le deluge*.

The Realist theory denies the central role of hegemony, and perhaps would question whether America was ever truly the global hegemon. According to the realists, peace requires skillful balancing among the major powers. The essence of the realist theory is that no single power can or should presume to the rest; all need to manage their policies prudently to avoid provoking a conflict with the other powers. Leading realists such as Henry Kissinger and John Mearsheimer, for example, call for a negotiated end to the Ukraine War, arguing wisely that Russia is not going to disappear from the map, or from its geopolitical importance, and emphasizing that the war was partly provoked by the American misstep of crossing Russia's redlines, notably regarding NATO enlargement to Ukraine and Georgia.

The realists argue for peace through strength, arming allies as necessary, and being on guard against aggressive actions by potential adversaries who cross American redlines. Peace, in the realist view, is achieved through the balance of power and the potential deployment of force, not through goodwill or high ideals. Deterrence matters. China is a competitor that must be matched economically, technologically, and militarily, but not necessarily a military foe. War can be avoided. The most famous historical model for the realists is Kissinger's depiction of the Concert of Europe in the nineteenth century that kept the peace for most of the century.

The biggest challenge facing the realists is that maintaining a balance of power is very difficult when the relative capacities of the major powers is in great flux. The Concert of Europe broke down mainly because two major powers were on the rise economically. Germany surpassed Britain in GDP (on Maddison's estimates) in 1908. The Russian empire was also growing economically, with a GDP about the size of Germany's from 1870 onward. Britain feared Germany's rise, and Germany feared a two-front war against Britain and Russia, which of course is exactly what transpired in 1914. According to many historians, Germany pressed for war in 1914 out of the conviction that delay would mean a more powerful Russia in the future.

GEOPOLITICS AS A PROBLEM SOLVER?

The essential problem with these four prevailing geopolitical theories is they view geopolitics almost entirely as a game of winning and losing among the major powers, rather than as the opportunity to pool resources to face global-scale crises. The Hegemonic Decline theory recognizes the need for global public goods but holds that only a hegemon will provide those global public goods.

The Multilateralist theory starts from the premise that the world urgently needs geopolitical cooperation to solve global-scale challenges such as human-induced climate change and financial instability, and to avoid war among the major powers. The core of the multilateralist vision is the belief that global public goods can be provided cooperatively by the UN member states rather than by a single hegemon. The focus is on the constructive role of international law, international financial institutions, and international treaties, all under the framework of the UN Charter and Universal Declaration of Human Rights and supported by UN institutions.

This view is often argued to be unrealistic and dismissed as too idealistic. There are many plausible reasons for doubt: the UN is too weak; treaties are unenforceable; countries free ride on global agreements; and the veto power

of the five permanent members of the Security Council (China, France, Russia, the United Kingdom, and the United States) paralyzes the UN. These points are true, but not decisive in my view. Cooperation can be strengthened if the case for it is better understood. Most importantly, neither the three hegemonic theories nor realism offer solutions to our global crises.

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The Hegemonic Stability theory fails because the United States is no longer strong enough and interested enough to bear the burdens of providing hegemonic stability. In the late 1940s, the United States was ready to fund and support global public goods, including the establishment of the UN, the Bretton-Woods Institution, the GATT, the Marshall Plan, and others. Today, the U.S. does not even ratify the vast majority of UN treaties. It breaks GATT rules, shirks decarbonization, underfunds the UN and Bretton Woods institutions, and gives a pittance of its gross national income (0.16 percent) as foreign assistance.

The Hegemonic Competition theory fails because it presages conflict rather than solutions to problems. It is as best an explanation of global turbulence but not a strategy for peace, security,

or global problem-solving. It is a prediction of crisis. It is crucial to recall that both Sparta and Athens suffered from the Peloponnesian Wars.

The Realist approach is far more accurate, practicable, and useful than the hegemonic theories. Yet the Realist approach also suffers from three major weaknesses. First, while it calls for a balance of power to keep the peace, there is no permanent balance of power. Past balances quickly become current imbalances.

Second, as with the game theory that underpins Realism, both game theory and Realism underestimate the potential for cooperation in practice. In the Realist approach, non-cooperation among nations is assumed to be the only feasible outcome of geopolitics because there is no higher power to enforce cooperation. Yet in experimental game theory and in practical geopolitics, there is a lot more scope for successful cooperation (e.g., in the experimental Prisoner's Dilemma game) than the theory predicts. This point has been emphasized for decades by Robert Keohane and was also emphasized by the late John Ruggie.

Third, and most importantly, Realism fails because it fails to solve the

problem of global public goods, needed to address environmental crises, financial crises, health crises, and others. No single hegemon is going to provide the needed global investments. A global cooperative approach is needed to share the costs and spread the benefits widely.

The roadmap for achieving twenty-first-century multilateralism requires a separate essay. In short, twenty-first-century multilateralism should build on two foundational documents, the UN Charter and the Universal Declaration of Human Rights, and on the family of UN institutions. Global public goods should be financed by a major expansion of the multilateral development banks (including the World

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Bank and the regional development banks) and the IMF. The new multilateralism should be based on globally agreed goals, notably the Paris Climate Agreement, the Biodiversity Agreement, and the Sustainable Development Goals. It should bring the new cutting-edge technologies, including digital connectivity and artificial intelligence, under the ambit of international law and global governance. It should reinforce, implement, and build on the vital agreements on arms control and denuclearization. Finally, it should draw strength from the ancient wisdom of the great religious and philosophical traditions. There is a lot of work ahead to build the new multilateralism, yet the future itself is at stake. ●

