1. Is multilateralism losing momentum?

The international financial crisis inspired a surge tide of interest in global economic governance as the major powers struggled to avert economic collapse. This tide has now receded, leaving behind the G20 as a lasting reminder of the panic of 2008-9. Yet, as David Cameron noted before last November’s Seoul G20 summit, the forum has passed its “heroic phase” as the international economy has stabilized. Those foreign policy analysts who believed that the G20 would rapidly expand its horizons to include security issues have been disappointed. The G8, widely predicted to be a victim of the crisis, has survived – if with diminished prestige. The Obama administration’s efforts to forge some sort of G2 with China were rebuffed by Beijing. France, having promised to use its joint presidency of the G8 and G20 to drive an agenda of international reform has lowered its ambitions in the face of other governments’ skepticism.

As talk of a new international order has declined, it has been replaced with warnings about the rise of a zero-sum logic in international affairs.\(^1\) Tensions between China, the U.S. and Japan in the Western Pacific and between India and China in the Himalayas have raised concerns that

international cooperation is giving way to great power confrontation. Ian Bremmer and David Gordon have captured commentators’ attention with their vision of a “G-Zero” world in which “no country or bloc of countries has the political and economic leverage to drive an international agenda.”

As if to confirm this pessimistic diagnosis, the Egyptian crisis has demonstrated the limits of U.S. influence – yet no other power had any greater leverage over events in Cairo.

On the economic front, the world’s uneven progress out of the recession has complicated efforts at cooperation. G20 finance ministers met this month to discuss ways to reduce global imbalances, but countries enjoying strong growth such as Germany and China have rejected anything more powerful than relatively vague indicators. Leaders who previously underlined the necessity of cooperation are increasingly talking in terms of competition. Brazil has risked a showdown with China with talk of a “currency war” as the real has rapidly appreciated, opening the way for an influx of Chinese imports, frightening Brazilian industry. The need to make America competitive was the lode-star of President Obama’s 2011 State of the Union Address, in which he dwelt on the “need to out-innovate, out-educate, and out-build the rest of the world.”

The President has underlined that international economic competition need not be a zero-sum game. In the State of the Union, he praised other powers ready to “take responsibility” for boosting the prosperity of their own populations. If the administration’s domestic goal is to make the U.S. more competitive, the foreign policy corollary of this goal is to prevent conflict arising from aggressive global competition. The State Department’s 2010 *Quadrennial Diplomacy and Development Review* summons up “an affirmative American agenda” combining national competitiveness with international cooperation: “we help prevent fragile states from descending into chaos, spur economic growth abroad, secure investments for American business, open new markets for American goods, promote trade overseas, and create jobs here at home.”

Healthy economic competition arguably requires stronger international mechanisms to ensure that tensions do not escalate too far. The Toronto and Seoul G20 summits were complicated by disputes over Chinese and American monetary policy. Some officials warned of a breakdown in the cooperative spirit nurtured at earlier, crisis-driven summits – yet if the G20 is to have lasting

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value, it must partly be as the venue in which major economies can air their policy differences, whereas the World Trade Organization permits them to settle trading disputes peacefully.

Nonetheless, there is a growing sense – and not only in the U.S. – that the years ahead will see a hard-edged struggle for international markets, scarce resources and energy. The quest of key powers to secure sources of rare earth minerals (increasingly important in a wired world) is indicative of this trend. Although rooted in countries’ economic needs, many strategists see this competition morphing into something dangerous. A recent report by the U.S. National Intelligence Council (NIC) and EU Institute for Security Studies (EUISS) argues that big powers risk “undermining the current relatively open international system” as “resource competition in which major powers seek to secure reliable supplies could lead to a breakdown in cooperation across a broad spectrum of issues, such as trade and peacemaking.”

Although this is a worst-case scenario, it seems credible at a moment in which the momentum for multilateral cooperation has dwindled, security issues impinge on great power relations across Eurasia and economic competition is an intensifying theme.

2. The persistence of international cooperation

Do these conditions mean that all efforts to strengthen international cooperation are off the table in the short term? To some extent a false peak of optimism, inspired by the level of international cooperation during the financial crisis, has been replaced by an equally misleading pessimism. Contrary to much recent commentary, the U.S. and emerging powers continue to cooperate closely if imperfectly on issues ranging from containing Iran’s nuclear program to anti-piracy operations off the Horn of Africa. Last year’s Nuclear Security Summit and Non-Proliferation Treaty review conference showed forward movement. December’s climate change conference in Cancún saw limited but real diplomatic progress, defying predictions that the U.S. and major emerging economies would repeat the 2009 Copenhagen meltdown. This January, American and Chinese diplomacy (along with African, UN and EU efforts) helped guide South Sudan through a potentially destabilizing referendum on independence from Khartoum comparatively smoothly.

Many of these positive examples of cooperation concern transnational threats: nuclear proliferation, illicit attacks on maritime trade and climate change. China and America’s

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3 EUISS/NIC, Global Governance 2025: At a Critical Juncture (EUISS, 2010), p52.
willingness to facilitate a peaceful outcome in South Sudan is surely related to their shared concern for its energy resources. Although new grand bargains on the shape of the international system are unlikely in the near term now that the G20 is firmly established, the U.S. and other major powers have been deepening their cooperation against transnational threats – implicitly aiming to reduce the challenges to the “relatively open international system” identified in the NIC/EUISS report. The next section of this paper explores examples of this type of cooperation, covering issues including counter-terrorism, piracy and biological security.

A focus on functional cooperation between great powers leads to one potentially tempting conclusion: if the U.S. and other governments are able to work together within existing mechanisms, there is presumably no need for new multilateral institutions to help them do so. This is misleading. As the concluding section of this paper notes there are still many transnational threats where a lack of effective international institutional frameworks is a continuing obstacle to collective action. The goals of this conference are to identify on which threats the U.S., its allies and emerging powers can agree to deepen functional cooperation, where existing international institutions can contribute to this, and where innovations might be needed. While this is in part a matter of evaluating threats and mechanisms, it is also deeply political: where do the U.S. and other powers see their interests better served through international cooperation, not competition?

3. Patterns of cooperation against transnational threats

Ironically, the evidence of multilateral cooperation against transnational threats is sometimes overlooked because there is so much of it available. Collective action against problems ranging from terrorism to disease is so common that analysts often view it as “normal” while concentrating on specific tensions between major powers. Politicians rarely emphasize the importance of cooperation on transnational threats in public.4 There is a common assumption that great powers’ interests in dealing with transnational threats are inherently less significant than traditional security concerns. This doesn’t match recent experiences. Terrorist attacks such as those on New York and Mumbai have shaped global politics, and the emergence of swine flu in 2009 struck the Obama administration as a major threat to the economic recovery, stimulating

4 This point was underlined in a workshop on “rewiring multilateralism” convened by the NYU Center on International Cooperation and Government of Denmark in October 2010. See separate meeting note.
a large-scale U.S. government response. Transnational threats shape the political landscape and affect decision-making in ways comparable to “traditional” threats.

Inter-governmental efforts to address some of these threats are often highly developed, not only between the U.S. and its traditional allies but also with the emerging powers. This is most visible on the issue of terrorism. Since 9/11, there has been sustained and deep cooperation between the U.S., Russia, India, China and myriad other states on combating Al-Qaeda and other terrorist organizations, although this was mostly on a bilateral or ad hoc basis. At times, this cooperation took a fairly nasty form – a kind of “you kill your terrorists and we’ll kill ours” compact between the major players. But the great fissure in this sphere was not between the United States and the emerging powers. Instead, at least in public discourse, the fissure was between the United States and Europe over the question of the application of international legal and human rights standards to the question of counter-terrorist activity. This is not to say that the U.S. and the emerging powers agreed or agree on all things terrorist. Specifically, the question of whether Palestinian non-state actors are engaged in terrorism or resistance is a political/ideological dispute that divides the U.S. from the rest at the UN – but it divides the U.S. as much from Europe as from the emerging powers. Operationally, however, intelligence sharing and political backing for counter-terrorist cooperation has remained high and helped foil numerous attacks in the last decade. Last year, the U.S. built on this cooperation with the Washington Nuclear Security Summit, which laid out a framework for securing nuclear materials to prevent them from falling into terrorist hands – the summit attracted the leaders of all the main emerging powers, including President Hu Jintao at a time of Sino-U.S. tensions. The overall level of cooperation on combating terrorism is unsurprising given the threat it presents to national security and global economic networks.

The importance of protecting trade and energy networks has also been the driving force behind multinational naval operations against pirates off the coast of Somalia, which involve not only U.S., EU and NATO ships but vessels from China, India and other Asian powers. These operations are not perfectly aligned (intelligence-sharing has been a headache and the different navies have divergent rules of engagement and procedures for dealing with captured pirates) but they helped contain, though not reduce, the number of attacks in 2010. It is arguable that the international strategy for dealing with Somalia – tackling piracy but relying on an under-sized and under-equipped African peacekeeping force on land – is flawed. Yet these actions have
ensured the flow of goods through the Red Sea to the Suez Canal, which handles 8% of global trade.

Biological security – including preparations for tackling pandemic diseases and building security against terrorist uses of biological weapons – is a more complex area to assess. It is a politically sensitive issue given previous experiences such as the Chinese struggle to control SARS in 2004, and many emerging powers and developing countries resent external monitoring of their health policies. Nonetheless, the U.S. and China were decisive in negotiations over the 2005 World Health Assembly regulations, which made major strides in advancing obligatory national reporting, international inspection, and global response mechanisms (mechanisms which were activated during the swine flu episode). Senior officers from the U.S. Pacific Command have held dialogues with their Chinese counterparts on the threat of avian flu. As for biological attacks by non-state actors, the issue falls into the same category of simple terrorism: there are broadly shared interests in deterring or forestalling such an attack. Differences remain among the U.S. and the emerging powers over the seriousness and imminence of potential acts of bioterrorism. Widespread concern over the need to protect the patents and capabilities of the indigenous bio-industry from the prying eyes of others is also a recurrent stumbling block.

In all these cases, it is clear that both the U.S. and emerging powers have powerful national security or economic interests in cooperation. In handling other challenges, cooperation varies. When it comes to managing fragile and failing states and large-scale refugee flows, Brazil, China and in particular India are all already major players thanks to their military role in UN peacekeeping. In some cases their role is tied to regional security (as for Brazil in Haiti) or economic ties (as for China in Sudan), although this is not consistently the case. In places such as the Democratic Republic of Congo, China, the U.S. and India all support continued UN peacekeeping efforts but are locked in tough competition for natural resources and economic influence behind the scenes.

In contrast to peacekeeping, the emerging powers still play a comparatively small part in international humanitarian aid – 90% of humanitarian funding typically comes from Western countries, although China played a more significant role during last year’s Pakistani floods. Most non-Western relief money is funneled through bilateral assistance rather than the
multilateral system.\textsuperscript{5} Emerging powers are also increasingly funding international development, but their contributions tend to be bilateral. Here Brazil, which is investing an increasing quantity in both UN development programs and the World Food Program, is the most obvious exception.

Nonetheless, these examples suggest fairly clear – and hardly surprising – patterns of functional cooperation among the U.S. and the emerging powers. Where transnational threats have common security or economic implications, cooperation has evolved reasonably well. Where, as over humanitarian aid, shared direct concerns are less obvious there is much less progress. This is indicative of what David Shambaugh has described in the Chinese case as “selective multilateralism”, characterized by “self-interested, tactical, and selective engagement in global governance”.\textsuperscript{6} Shambaugh contrasts this worldview with a more principled “globalist” perspective that has lost traction in China in recent years, but “selective multilateralism” could be used to describe the behavior of other emerging powers – and much American policy as well.

Because so much attention has been focused on macroeconomic policy differences and the role of the G20 over the last two years, the continuation of interest-driven collaboration by the U.S. and emerging powers on transnational threats has not been highlighted often enough. The challenge that lies ahead is to identify further areas where American interests converge with other great powers and find collective action arrangements to address them. This is particularly crucial given rising pressures on cooperation on three key topics: climate change, nuclear proliferation and the destabilizing effects of energy insecurity and resource scarcity.

\section*{4. Three great challenges: nuclear proliferation, climate change and resource scarcity}

U.S. cooperation with the emerging powers has become more complicated where the mix of economic and security stakes is harder to rationalize. The most obvious case is climate change: although there is now a general inter-governmental consensus on the scale of the problem, the economic dimensions of negotiations on a replacement for the Kyoto Protocol are inherently divisive. Cooperation against nuclear proliferation is equally problematic. There is, for example, a degree of consensus on the security challenge presented by Iran’s nuclear program, even if there is no absolute agreement on the threat level. However, Iran’s status as a major energy supplier to China, an economic partner with Russia and long-standing security partner for

\begin{itemize}
\item[\textsuperscript{5}] The authors are indebted to Abby Stoddard of the Center on International Cooperation for these points.
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India inevitably complicates diplomatic maneuvers over Tehran - to say nothing of America’s need to reassure and sustain its network of regional allies while also addressing European allies. Although Brazil has fewer direct interests in Iran, Brasilia’s efforts to ward off new sanctions on Tehran were in part an effort to protect its own right to an indigenous nuclear fuel cycle.

Over the last year, the U.S. and the major emerging powers have stepped back from major disputes over both nuclear issues and climate change. The Security Council’s agreement of sanctions on Iran in June – which some observers had feared would be much delayed or entirely impossible – averted a very damaging diplomatic showdown in spite of opposition from Brazil and Turkey. Brazil signed onto the sanctions regime once it was voted through. The Cancún summit restored a degree of political momentum to climate change talks after Copenhagen. Yet both deals had obvious limitations: the UN’s sanctions on Iran are open to very different interpretations by different powers, while the Cancún agreement postponed many hard decisions or only recorded partial progress towards their resolution. If the U.S., its allies and emerging powers outperformed expectations by keeping international talks on both climate and proliferation issues going through 2010, this does not mean that these mechanisms are the best arrangements possible. There is, for example, no informal mechanism through which the U.S., China, India and Russia can discuss the economic and energy implications of events in Iran.

Because of the sensitivity of these issues – both individually and in defining global cooperation more broadly – we have made them topics of individual panels in this conference. In the case of climate change we are linking the panel to two other sources of transnational threats: energy insecurity and resource scarcity. Alex Evans of the Center on International Cooperation argues that “climate change, food security, competition for land and water, and energy security [are] all moving steadily closer to the center of the international agenda” and other natural resources are growing scarcer.7 As Evans notes, this combination of challenges threatens to damage economic growth, and U.S. policy documents have frequently cited efforts by the emerging powers to gain exclusive control of energy supplies as a source of geopolitical risk.8 The NIC/EUISS report is not alone in warning that a scramble for energy and natural resources could generate global tensions.

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7 Alex Evans, Globalization and Scarcity: Multilateralism for a World with Limits (CIC, 2010), p10.
8 Ibid, p41.
In this context, it is a matter of urgency to identify whether the U.S. and other major economies will inevitably view resource and energy competition as a zero-sum game, or whether it is possible for them to find common cause in addressing these challenges. This is made even more problematic by the fact that, whereas international mechanisms for dealing with proliferation and climate change are well-established and have survived past ups-and-downs, there is no comparably robust set of mechanisms to handle energy and scarcity issues. China and India are not members of the International Energy Agency, for example, and bringing them on board would require an extremely tricky renegotiation of the Agency’s governance system. Recent polling suggests that there is little popular support in many major economies for new arrangements that would (in the public eye) sacrifice national economic interests for the common good. While the risks of a zero-sum game emerging around scarcity and energy issues are high, it is acutely necessary for governments to look for ways to define their common interests here.

This will not only be an important factor in American relations with the emerging powers, but also relations between the emerging powers themselves. India and China face the challenge of sharing or competing over assets ranging from Myanmar’s gas supplies to Himalayan water resources. Asian countries have been racing to secure exclusive access to agricultural land in Africa. As these economies grow, the competition for natural resources is likely to intensify. How can major powers (as well as middle powers concerned with access to resources and stability) avert the worst effects of this competition? Case-by-case cooperation may mitigate the dangers – India and China have cooperated on energy projects in Sudan, for example. Yet many experts believe that the challenge of global scarcity requires a higher level of global cooperation.

“The global food system will always need firefighters,” in the words of a UN expert exploring looming food shortages, “but what we need more urgently are architects to design a more fire-resistant system.” By this he means cooperation on supplies and pricing through the G20 – an option also raised by France. The years ahead may see expanding calls for the G20 to establish mechanisms with other resource shortages - last year a senior U.S official suggested the forum could debate competition for rare earths. The brief period of international architectural innovation sparked by the financial crisis may be concluding, but architectural issues may come

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back on the agenda as a result of scarcity issues. It remains a matter for speculation whether these issues will fall to the G20 or alternative forums – perhaps a slightly smaller G12 or G16, possibly with a more consolidated EU representation. For now, the challenge is to reinforce interest-based cooperation on transnational threats and scarcity issues during a period of growing competition. But tomorrow’s great powers will not be able to ignore architectural issues forever.

5. Questions for discussion

This paper has aimed to inspire debate on six questions that are likely to recur throughout our conference:

i. Does the depth of international cooperation on transnational threats off-set concerns about rising tensions both between the U.S. and emerging powers and between emerging powers themselves?

ii. What lessons can be drawn from successful examples of cooperation against transnational threats (such counter-terrorism and anti-piracy operations)?

iii. How can the U.S., its allies and emerging powers work together to identify areas of shared interests for cooperation, through formal or informal mechanisms?

iv. After restoring credibility to international diplomacy over climate change and nuclear proliferation in 2010, do the U.S. and emerging powers need to explore new arrangements to achieve deeper substantive agreements in these policy areas?

v. Are there potential formal or informal mechanisms for agreeing new cooperative arrangements to address the destabilizing effects on energy and resource security?

vi. Is functional cooperation on specific threats enough? Or is there a need to invest in joint crisis management mechanisms?