

Multi-polarity – Comments for the Reforming the G8 Summit

I will begin by detailing the current unipolar system, from which three key observations can be made on the potential for cooperation and coordination at the global level.

To begin, I propound that we are still in a unipolar world. I make three general points:

- 1) That the US is still the hegemon in an international system that now comprises a range of second-tier states that are engaged in “soft balancing” against the US (with recent events in Georgia raising the question of US grand strategy exacerbating regional into international conflicts – countered by the Poland agreement with the US for a missile defense system in Europe - thus reopening points of contestation between Russia, the US and the EU).
- 2) That second tier states soft balancing complicates efforts for cooperation and coordination in multilateral fora such as the WTO, the BWIs, the UN and the G-8; demonstrating the weakness of these institutions for resolving global issues.
- 3) Global cooperation is dependent on China’s engagement with the international order.

First, we are in a unipolar system because the US is the preponderant military and economic power in the international system. Traditional understandings are that a hegemon’s military capability is to quote John Mearsheimer such that “no other state has the wherewithal to put up a serious fight against it.”¹ According to Christopher Layne the US is a hegemon because it has overwhelming military preponderance, economic supremacy, it acts self-interestedly, it exercises its “overwhelming power to impose order on the int. system,” and in doing so imposes hierarchy on the system, albeit relatively.² The US’ current grand strategy has been and remains that of ensuring its primacy in the int. system.

However, while the current international order is one of unipolarity, this does not mean that there has not been a growth in second-tier states such as Brazil, Russia, India, China, South Africa and Mexico (the BRIC-SAM). There has been rapid economic growth over the last two to three decades within these states leading to subsequent increases in exerting national interests in international fora. This has profound implications for the cooperation and coordination of global problems such as climate change, monetary stability, trade liberalisation, and food prices. However, neither individually nor as a group have they challenged US hegemony, nor are they likely to. Balance of power theory assumes that a state will militarily balance against the hegemon if the weaker state feels under existential threat. One cannot point to perceptions by the BIC-SAM countries or to US allies such as the UK and the EU as viewing the US as threatening their existence. As a result there has been no band-wagoning against the US in terms of military alliances and the emergence of a security dilemma or dilemmas. One could point to Russia challenging the US’ hegemony by exerting its power over Georgia on August 7

¹ John Mearsheimer, 2001, *The Tragedy of Great Power Politics*, W.W Norton, US, p. 40.

² Christopher Layne, 2006, “The Unipolar Illusion Revisited: The Coming End of the United States Unipolar Moment,” *International Security* 31 (2): 7-41, p. 11.

2008. In this regard Russia reasserted its vital interests in the Caucasus although this has not led to an escalation of conflict between the hegemon and a great power. It does however point to the increased potential for hard (military) balancing against the US.

The key focus for the majority of second tier states is economic growth, food and energy security. The rise of BRIC-SAM states economically may enable hard balancing in the future should the rise of these states conflict with the hegemon. Thus far, no state has been willing to stand up to the US and become a “magnant state” that others are willing to line up behind to balance against the US (it is unlikely that most of the second tier states would follow Russia’s lead).

What we see instead and this brings me to my **second** point, is the increasing recognition that second tier states do not always find that their interests are being served by the US’ actions or by the structure of the liberal international order created and maintained by the hegemon. They may gain from being part of the system but may not feel that they are adequately represented or that they can shape outcomes. This means that BRIC-SAM states and the EU may be engaged in soft balancing behaviour. Soft balancing means that no state wants to directly challenge US behaviour but they are more willing to demonstrate an independent foreign policy. How or where is this evident?

First, this is evident in the breakdown of the Doha trade negotiations on the basis of agricultural protection and food security versus market access. China and India made a strong case for protecting their markets for food security reasons in light of rising food prices and have been identified by some commentators as the main reasons for the recent breakdown of negotiations. This is not to say that US and EU have themselves not moved far enough in furthering a lasting deal. Fred Bergsten argues that China is retaining its perception of itself as a developing country without recognising that it is changing the very structure of the WTO through creating new categories of members (recently acceded members).³

Second, agreements within the IMF to change the quota formula of the institution to reflect changing reality of developing countries such as China, Brazil, India, South Korea, Mexico and Turkey.⁴ This is a momentous shift within the institution towards realign member states power in line with their economic weight but it is a small step

³ Fred Bergsten, 2008, “A Partnership of Equals: How Washington Should Respond to China’s Economic Challenge,” *Foreign Affairs* July/August.

⁴ IMF Resolution April 28, 2008 “The Resolution [63-2] proposes an amendment of the IMF’s Articles of Agreement, which will enhance the voice and participation of low-income countries through (i) a tripling of basic votes—the first such increase since the IMF’s creation in 1944, (ii) a mechanism that will keep constant the ratio of basic votes to total voting power in the IMF going forward and (iii) provisions enabling each of the two Executive Directors representing African constituencies to appoint an additional Alternate Director. The amendment will need to be accepted by at least three-fifths of IMF members representing 85 percent of the total voting power in order to become effective. Most member countries will need the approval of domestic legislatures to accept the proposed amendment. The proposed increase in quotas will also require further action on the part of those member countries eligible to receive an increase in their quotas.” Accessed: www.imf.org

towards realising a more legitimate and effective institution. It has been systematically undermined as the key player in resolving international imbalances, and is not trusted by Asian economies after the Asian Financial Crisis. Last week the institution agreed to change how it undertook surveillance of member states currency exchange rates, surely to attempt to address the role of the Chinese in their currency markets and the effect this has on global trade. Alternatives monetary arrangements are emerging in the Asia Pacific with states building up their currency reserves and increasing limited cooperation through the regional arrangements.

I could raise issues about the World Bank but suffice to say that the organisation remains dependent on engagement with middle income countries that do not need its loans. These institutions remain donor driven and are not geared towards furthering the needs of second tier states.

Third, pushes for United Nations Security Council reform. Here there remain substantial road blocks as a result of competing proposals for reform and a fundamental resistance by permanent members of the Security Council to broaden the membership or to reduce any of the current veto wielding powers. Ongoing intransigence in this area hampers the very real role that second tier states could play in maintaining international peace and security while undermining the role of the United Nations as a multilateral collective security body in favour of regional arrangements that leave the system as a whole uncoordinated and unprotected.

As an alternative to international financial institutions I support the shift toward research networks as sites of learning, problem solving and burden sharing between second tier states as the best means of cooperation and coordination in areas such as international development.

Finally, I suggest that for global cooperation to be meaningful that we need to look to China. China will soon be surpass the US as the world's largest manufacturer, it has amassed the world's largest foreign reserves, it is now the world largest CO2 emitter (in comparison India has half the GDP of China). It has the power to scuttle trade negotiations, the power to aid or block Security Council resolutions (if it chose) and increasingly to broker negotiations halting the spread of nuclear weapons. For any global cooperation China needs to become a legitimate and equal partner with the US in providing global public goods and maintaining international order. The current assumption is that China must become part of the liberal international order is not assured. China and other second tier states do not want to be part of an order not of their devising (as is evident in the background briefings for this forum). China will change international trading norms; it will, with the US change the international monetary norms; and it will increasingly shape international security norms though it is as yet unclear how this will develop (while it is watching Russia very closely, it is unlikely to act in concert with Russia; instead events in Georgia signal how the US will react to territorial disputes outside its spheres of influence). The unipolar system is weakening, but it is China that is the rising power capable of fundamentally reshaping the international system.