

TRILOGUE  
ARTS - ECONOMY - POLITICS

# International Cooperation in a Polarized World

In Search for a  
Contemporary Structure

Background Paper





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## Overview

The articles included in this background paper, **International Cooperation in a Polarized World – In Search for a Contemporary Structure** have been written in preparation Trilogue Salzburg 2023, which will address the possibilities for revitalizing international cooperation and overcoming barriers in an age of division and distrust.

Following the fall of the Iron Curtain, a postwar economic order emerged that was largely shaped by Western perspectives. It didn't last long: as early as 2001, Fareed Zakaria – commenting on Francis Fukuyama's previous assertion – referred to 9/11 as “the end of the end of history.” At the same time, there was a general unwillingness to reform the international order established after the Second World War and adapt it to economic, demographic and political developments. With Asia, and especially China, on the rise, the Western postwar model had become obsolete. After the collapse of both the Soviet Union and the socialist economies in Eastern Europe, the hope arose that the divide between the world's competing economic and political systems could be bridged once and for all – a hope that lasted barely a generation. Thirty years later, it remains unclear if we are facing the dawn of a new era or witnessing the demise of the (Western) world as we knew it.

Russia and China challenged the End of History theory from the start. At the latest after Vladimir Putin came to power in 1999, Russia left the democratic path to become a full-blown autocracy. China's economic rise and increasing political clout have led its leaders to question a world order dominated by the US and Europe. Last year, the end of history reached a new low: For the first time since 2004, the Bertelsmann Transformation Index (BTI) had more authoritarian states in its rankings than democracies. Of the 137 countries analyzed, only 67 are still democracies, while the number of autocracies has risen to 70. This trend sadly confirms Fukuyama's observation from 2017: “Twenty-five years ago, I didn't have a sense or a theory about how democracies can go backward. And I think they clearly can.”

Democracy's decline is being exacerbated by increasing distrust of and disregard for institutions and regulations. Western-dominated bodies such as the IMF, WTO and World Bank have become less influential; new institutions such as the AIIB and Shanghai Cooperation Organization are trying to compete by establishing new structures and rules. Existing platforms for conflict-resolution and cooperation (G7, G20, UN Security Council, etc.) are no longer effective, since some of their members do not view them as representative or binding. This situation is reinforced by the fact that more and more actors no longer consider themselves beholden to previous agreements. At the same time, other state actors (e.g. from Africa) have gained in importance, and the actions of emerging players (state and non-state) have further undermined the existing system. The result is that new actors – be they global corporations or movements such as ISIS – have entered the game and fundamentally changed it. Therefore, this year's Trilogue Salzburg will rethink international cooperation by analyzing the basic tools needed to create discussion and negotiation formats that are capable of being respected by the global community. The following questions will be up for debate:

- Is there a chance to reform the UN and make it more effective?
- What would meaningful forums for conflict resolution look like?
- How can actors from the economic, academic and cultural spheres support international cooperation and how might we include civil society actors from authoritarian countries?
- Do effective (non-military) means exist for sanctioning countries that violate international rules?

The first article, **International Cooperation in a Polarized World – In Search of a Contemporary Structure**, examines the state of international cooperation and how it is being impacted by current developments such as globalization, the need to reform international institutions, shifts in the global balance of power, and the rise of authoritarianism. The initial discussion focuses on the basics: definitions of international cooperation, its dimensions and its fields of application. The authors subsequently explore the underlying mechanisms that prevent international cooperation from succeeding, before presenting a contemporary model that assesses the factors which determine the complexity, and thus the viability, of collective action. The article concludes by proposing basic rules that could guide international cooperation and improve its chances of success.

The author of the second article, **How to (Re)Build Trust**, looks at the trends undermining trust levels around the world. These include the growing divisions between developed and emerging countries and the current ineffectiveness of multilateral institutions. The article discusses the conflicting attitudes towards globalization, which for many countries has become “the world’s revenge on colonialism.” Examining the options for rebuilding trust, the author considers trust’s ethical foundations and the “Grand Bargains” that have proved effective in the past. Other solutions may be more plausible today, he suggests, such as reduced-scale cooperation, verification driven by technology and data, best practices developed in smaller economies, and venues for cooperating that do not involve institutions.

In **The West, China and the Struggle for “World Leadership”**, the discussion focuses on options for ensuring peace and sustainability as a more assertive China challenges the West’s dominant position in global affairs. The author looks at the basic factors shaping the emerging world order, including the growing importance of “swing states.” Asking what new global balance is destined to be struck following the current shifts in power, he considers a number of possibilities: from business as usual and containment to cooperation infused with active competition. If the West is to safeguard its interests and prevent an escalation of tensions, the article concludes, it must invest in new forms of cooperation while recognizing that China is here to stay.

The fourth article, **UN Pact for the Future – International Cooperation in a Polarized World**, considers how the system of transnational governance can be reconceptualized in light of the today’s “post-industrial, bio-digital revolution”. After examining the aims of an international order and the role that norms play within it, the author discusses the processes launched by the UN to advance equity, human security and sustainability. The article then undertakes a brief transcultural enquiry by looking at China’s recent global initiatives. It concludes with a discussion of what will be necessary to establish a new, adaptive system that is both effective and seen as legitimate by all key actors.

In **A Few Suggestions to Rebuild International Trust**, the discussion focuses first on systemic possibilities for establishing consensus. They include a re-balancing of international institutions, re-defining universalism and re-scripting the global narrative. Next, the author considers specific remedies in the areas of climate change, AI, critical minerals and economic security, among others. Concluding that re-establishing lost trust is a long-term endeavor, he notes that the first steps should be to implement confidence-building measures which can generate a positive dynamic, before heading towards the ultimate goal of creating a global consensus on global rules.

In the sixth article, **How Geopolitical Interests Weaken International Cooperation – And What the EU Can Do About It**, the discussion focuses on the growth of protectionist tendencies in recent years as globalization has stalled. Although international trade benefits everyone involved, the author observes, developments such as structural change and the pandemic have led more and more countries to introduce protectionist measures. In addition, trade policy is now being driven by geopolitical interests, as countries attempt to advance their political agendas and thwart their economic rivals. If the EU wants to counteract this trend, the author argues, it must increase the costs for other countries of engaging in uncooperative behavior.

The author of the following article, **China, the US and the EU – A G3 Mechanism for Dialogue and Cooperation**, looks at how the world's three major players can join forces to lead the recovery of the global economy and the governance of international affairs. A "G3 Mechanism", he suggests, could facilitate high-level dialogues on promoting investment, reforming the WTO and expanding trade partnerships. Other areas for cooperation could include infrastructure projects, green development and data security, not to mention interactions with the Global South, a region with considerable economic potential. A G3, the article proposes, could provide the momentum to forge consensus and bring about meaningful reform.

The eighth and final paper, **Cooperation within Competition**, examines how Southeast Asia is responding to signs of renewed US interest in the region in light of China's rise. Noting that while many Southeast Asian nations view the presence of the US favorably, they also seek a balance of power and do not want to be forced into "diplomatic monogamy". The article discusses three areas – artificial intelligence, digital cooperation, and disinformation/threats to cohesion – as examples of how Southeast Asia could serve as a theatre for meaningful dialogue and information exchange, instead of merely straining under the tensions currently impacting the region.



## International Cooperation in a Polarized World – In Search of a Contemporary Structure

Jörg Habich | Verena Nowotny | Philip Remete

### I Introduction

Globalization has been a defining element in the functioning of the world in recent decades, with a constantly increasing (perceived) number and importance of polarizations. International agreements are made and then rejected. Breaches of arrangements, or at least circumvention of contract contents, occur on a regular basis, and are reinterpreted or even interpreted in completely different ways. Or – in extreme cases – international treaties are even cancelled in the end. The US suspended the INF Treaty on February 1, 2019, and Russia also terminated it the following day. In the dispute over the last major disarmament agreement between the US and Russia, both countries accused each other of breaching the contract. President George W. Bush's termination of the ABM Treaty on June 13, 2002 represented a fundamental reorientation of US foreign and security policy.<sup>1</sup> The Russian invasion of Ukraine beginning in February 2022 was a war of aggression ordered by President Vladimir Putin, initially targeting the entire territory of Ukraine and escalating the Russian-Ukrainian conflict that had been simmering since 2014. International law was broken – according to most states in the world, but not all.<sup>2</sup>

All these activities have been accompanied by a certain unwillingness to reform the global way of coexistence and international legal order that was created in the aftermath of World War II, and to adapt it to the ongoing (economic, demographic and political) changes in the balance of power. The UN Security Council is probably the most important example. The call for a UN Security Council reform is almost as old as the institution itself. In most cases, the focus has been on improving the functioning of individual organs, the UN system as a whole and – also necessary – on adapting to changing global political constellations. Calls for reform gained new momentum after the termination of the East-West conflict.<sup>3</sup> The end of the global political confrontation made it possible to realize long-discussed improvements in the functioning of individual organs.

In addition, new global challenges such as a changed international security situation or processes of globalization played an important role. However, this unwillingness to reform can also be applied to other international collaborations like the World Trade Organization, Hague Conventions, World Customs Organization, ICAO, IAEA, GATT, COST, ILO, European Union, etc. Many of these agreements have a long history. At the same time, the ability to reform these institutional arrangements is often considered particularly challenging or even impossible.

Furthermore, there are changes in content, but also tectonic shifts – whether these are economic, (security) political, power-driven or induced by, for example, climatic conditions. These current shifts become very clear when one looks at the question of power distribution. After World War II, there were two blocs: the US with its Western Allies on one side and the Soviet Union with the Warsaw Pact on the other. This bipolar world order began to change after the fall of the Berlin Wall

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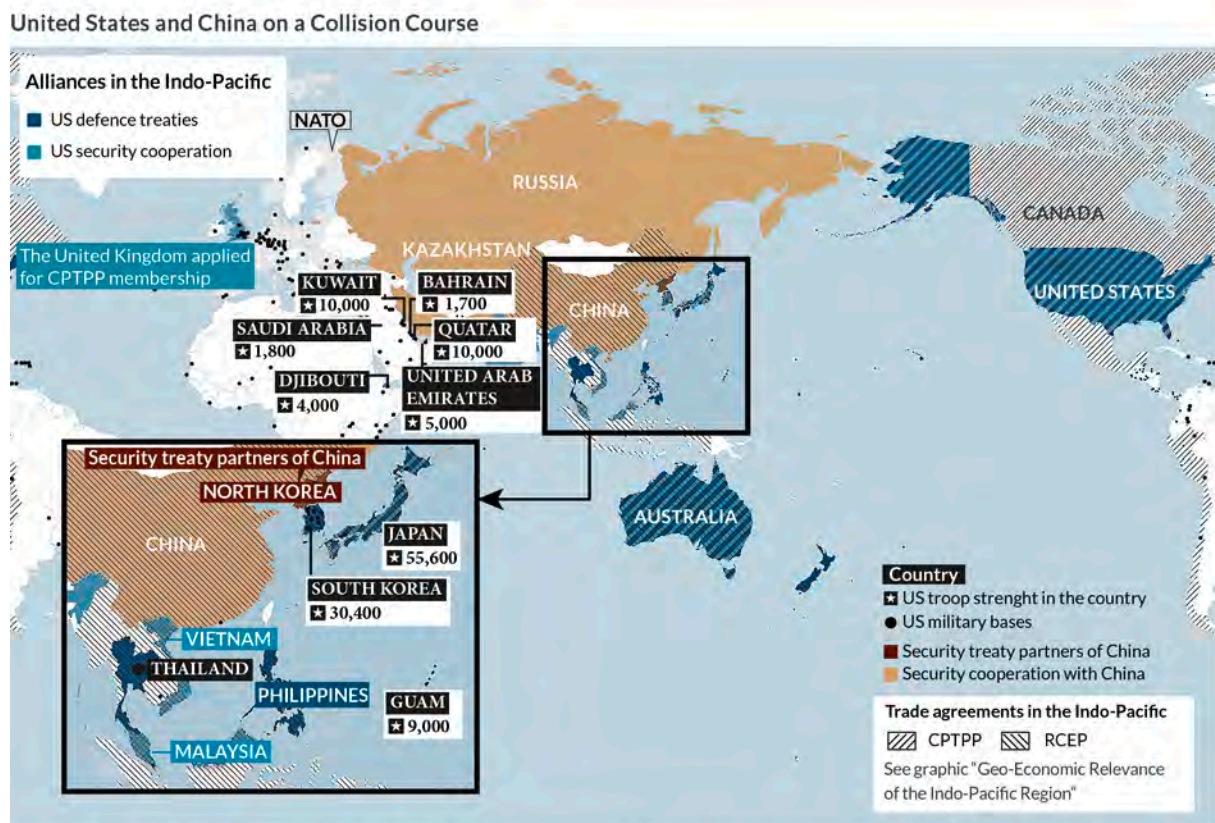
<sup>1</sup> Antonia Chayes. How American Treaty Behavior Threatens National Security. In: *International Security*, Vol. 33, No. 1 (2008), pp. 71.

<sup>2</sup> <https://news.un.org/en/story/2023/02/1133847>, [retrieved July 7, 2023].

<sup>3</sup> Martin Ortega. Introduction. *The European Union and the United Nations: Partners in Effective Multilateralism*, edited by Martin Ortega, European Union Institute for Security Studies (EUISS), (2005), pp. 13–16.

and after the Soviet Union broke up into single states.<sup>4</sup> The following years showed that not only a uni- but also a multipolar world order was possible.<sup>5</sup> The long-publicized superiority of democracies over autocracies obviously does not exist anymore. Autocratic systems increasingly exert an appeal. Today the Bertelsmann Transformation Index (BTI) counts more autocratically governed states than democracies. Of the 137 countries surveyed in 2022, only 67 are still democracies, while the number of autocracies has risen to 70.<sup>6</sup> This trend sadly confirms Fukuyama's 2017 statement, "Twenty-five years ago, I had no idea or theory about how democracies can decline. And I think they clearly can."<sup>7</sup>

Nowadays there is a struggle for supremacy between two systems to see which will become prominent. Once again in human history, the focus is not only on the question of the superiority or dominance of one nation or state, but rather on the superiority of systems and ideologies. The Figure "The United States and China on a Collision Course: Alliances in the Indo-Pacific" provides an overview of the current situation in the Indo-Pacific region, which serves as an example of this development.



Source: Hanns W. Maull, Angela Stanzel and Johannes Thimm. United States and China on a Collision Course. The importance of domestic politics for the bilateral relationship. [https://www.swp-berlin.org/publications/products/research\\_papers/2023RP05\\_US\\_China\\_Web.pdf](https://www.swp-berlin.org/publications/products/research_papers/2023RP05_US_China_Web.pdf), retrieved 07.07.2023.

Liz Mohr Guther

<sup>4</sup> Stephen M. Walt. Alliances in a Unipolar World. In: World Politics, Vol. 61, No. 1 (2009), pp. 86–120.

<sup>5</sup> Benjamin Martill and Lisa ten Brinke. Europe in a Multipolar World. LSE IDEAS, 2020, p. 4.

<sup>6</sup> <https://bti-project.org/de/presse>, [retrieved July 14, 2023].

<sup>7</sup> Ishaan Tharoor. The Man Who Declared the 'End of History' Fears for Democracy's Future. In: The Washington Post (Feb. 9, 2017).

The next chart shows the geo-economic relevance of the Indo-Pacific region based on foreign trade (exports and imports).

**Geo-Economic Relevance of the Indo-Pacific Region**

Foreign trade (exports and imports) (2021, percentage of total foreign trade)



Source: Hanns W. Maull, Angela Stanzel and Johannes Thimm. United States and China on a Collision Course. The importance of domestic politics for the bilateral relationship. [https://www.swp-berlin.org/publications/products/research\\_papers/2023RP05\\_US\\_China\\_Web.pdf](https://www.swp-berlin.org/publications/products/research_papers/2023RP05_US_China_Web.pdf), retrieved 07.07.2023.

The decline of democracy is exacerbated by increasing distrust in and disregard for institutions and regulations.<sup>8</sup> Western-dominated institutions such as the IMF, the WTO and the World Bank have lost influence; new institutions and organizations such as the AIIB and the Shanghai Cooperation Organization are trying to compete and establish new structures and rules. Existing platforms for conflict resolution and cooperation (G7, G20, UN Security Council, etc.) are not delivering results because they are not seen as representative or binding by some of their members. In addition, actors increasingly do not see themselves bound by agreed arrangements. At the same time, the importance of other state actors (e.g., from Africa) has increased, and the actions of new actors (state and non-state) have further undermined the existing system.

<sup>8</sup> Armin Schäfer and Michael Zürn. Die demokratische Regression. Berlin: Suhrkamp Verlag, 2021, p. 90.

If artificial intelligence such as ChatGPT is asked in which areas international cooperation is still possible at all under these conditions, the answer obtained is a brief overview that can certainly serve as a starting point for further considerations.

Predicting the exact nature of the future international order is highly speculative, as it depends on numerous geopolitical, economic, and social factors. However, I can provide you with some potential areas where international cooperation through treaties or institutions may continue to be possible:

- **Climate Change:** Given the urgency of addressing climate change, international cooperation is likely to persist in this area. Treaties such as the Paris Agreement could be further strengthened or replaced by more robust agreements aimed at reducing greenhouse gas emissions, promoting renewable energy, and adapting to climate impacts.
- **Global Health:** Recent events like the Covid-19 pandemic have underscored the need for international cooperation in addressing global health challenges. Collaborative efforts may focus on disease surveillance, early warning systems, vaccine development, and pandemic response coordination.
- **Cybersecurity:** With the increasing interconnectedness of the world, cyber threats have become a pressing concern. International treaties or institutions could be established to enhance cybersecurity cooperation, facilitate information sharing, and develop norms and regulations for responsible state behavior in cyberspace.
- **Nuclear Non-Proliferation:** The proliferation of nuclear weapons poses a significant threat to global security. International treaties such as the Treaty on the Non-Proliferation of Nuclear Weapons (NPT) and the Comprehensive Nuclear-Test-Ban Treaty (CTBT) could continue to play a role in preventing the spread of nuclear weapons and promoting disarmament.
- **Trade and Economic Cooperation:** Despite recent challenges to global trade, international institutions like the World Trade Organization (WTO) could still play a role in facilitating economic cooperation, resolving disputes, and promoting fair and open trade practices.
- **Human Rights and Humanitarian Issues:** International treaties and institutions may continue to address human rights abuses, promote humanitarian assistance, and protect vulnerable populations. Efforts to combat human trafficking, promote gender equality, and support refugees could be areas of ongoing international cooperation.
- **Space Exploration:** As space exploration and utilization expand, international collaboration could be crucial for coordinating activities, ensuring responsible use of outer space, and sharing scientific knowledge. Treaties such as the Outer Space Treaty may continue to govern space activities.

It's important to note that the future international order will be shaped by complex interactions between countries, evolving power dynamics, emerging technologies, and unforeseen events. The effectiveness of international cooperation will depend on the willingness of states to collaborate, uphold treaty obligations, and adapt to new challenges.<sup>9</sup>

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<sup>9</sup> Results of asking ChatGPT (source: <https://openai.com/>): "What will the international order of the future look like, or in which areas is international cooperation through international treaties or institutions still possible at all?", [asked July 10, 2023].



## II Basics of International Cooperation

The importance of international cooperation is beyond question. The last decades have shown that no country alone can overcome global challenges and find solutions to current problems. Rather, it is essential to work together and walk a common path. However, to understand how international cooperation works in the first place, it can be beneficial to look at its foundations.

### 1. Definition

There exist many different definitions for international cooperation, but it is generally defined as “processes of policy coordination by which states and other entities (such as multinational corporations or nongovernmental organisations) adjust their behaviour to the actual or anticipated preferences.”<sup>10</sup> Therefore, international cooperation implies a collaborative relationship between entities to work toward shared objectives through a mutually agreed division of activities. International cooperation can take place either between two states or entities (**bilateral cooperation**) or between several states or entities (**multilateral cooperation**). Well-known examples of such multilateral cooperation are international organizations in which states have contractually committed themselves to cooperation as members.

### 2. Dimensions of International Cooperation

It quickly becomes apparent that due to the number of possible actors (states, multinational enterprises, NGOs) a comprehensive analysis of international cooperation is hardly possible. Therefore, the main focus lies on international cooperation between state actors. The dimensions in which international cooperation can be classified are almost as diverse as its actors. But a look at the geographical levels at which international cooperation can take place provides some boundaries:

At the **local/national** level, well-known examples (at least for Europeans) of international cooperation are so-called “town partnerships.” These partnerships were established after World War II as a high-profile and long-term instrument for bringing people of different origins together.<sup>11</sup> By 2018, almost 5,500 partnerships existed between German and non-German cities and more than 20,000 European cities had committed themselves to this type of cooperation.<sup>12</sup> Next to multinational youth camps, workshops and study-exchanges, town partnerships are nowadays used for administrative exchanges, in particular conferences on current urban issues such as migration, demography, urban development and sustainability, as well as for building networks. One of the biggest networks, called “Eurocities,” connects more than 200 cities in 38 countries.<sup>13</sup>

At the **international/global** level, there is the traditional cooperation between two or more states (or entities). This can take place through contractually binding agreements (treaty-based cooperation) such as the Geneva Convention, informal arrangements, diplomatic negotiations or consensus-building processes (informal cooperation), or through cooperation between governments and non-state actors, such as businesses, civil society organizations or academic

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<sup>10</sup> <https://www.oxfordreference.com/display/10.1093/oi/authority.20110803100007470>, [retrieved July 5, 2023].

<sup>11</sup> Thomas Höpel. Die Herausbildung Kommunaler Europapolitik. Das Städtenetzwerk Eurocities. In: VSWG: Vierteljahrschrift Für Sozial- Und Wirtschaftsgeschichte, Vol. 100, No. 1 (2013), pp. 23–42.

<sup>12</sup> <https://www.bpb.de/kurz-knapp/lexika/handwoerterbuch-politisches-system/202141/staedtepartnerschaften/>, [retrieved July 5, 2023].

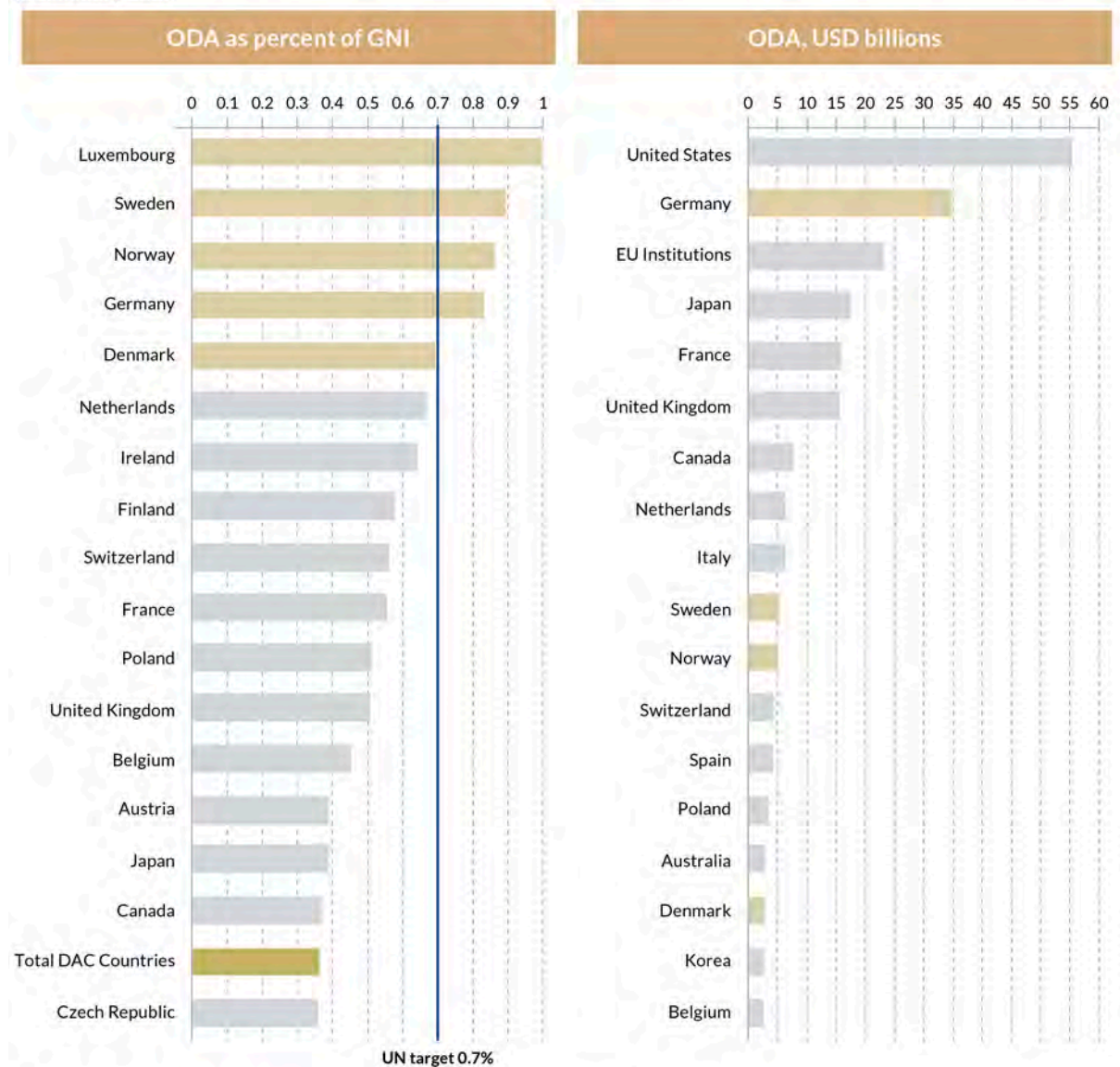
<sup>13</sup> <https://eurocities.eu/about-us/>, [retrieved July 7, 2023].

institutions, to address common challenges (public-private cooperation). Examples include China's Belt and Road Initiative<sup>14</sup> and the German Academic Exchange Service.<sup>15</sup>

### 3. Fields and Areas of International Cooperation

In addition to the question of the level at and mechanisms through which international cooperation takes place, there is a wide range of fields and areas in which it can occur, often varying depending on global priorities, challenges and emerging issues, which will be examined in the following.

Official Development Assistance (ODA) in 2022, by Members of the Development Assistance Committee (preliminary data)



Source: <https://www.oecd.org/dac/financing-sustainable-development/ODA-2022-summary.pdf>, retrieved [Jul, 26 2023].

LIZ MEDIA SERVICE

<sup>14</sup> <https://www.ebrd.com/what-we-do/belt-and-road/overview.html#:~:text=China%27s%20Belt%20and%20Road,trade%20and%20stimulating%20economic%20growth>, [retrieved July 5, 2023].

<sup>15</sup> <https://www.daad.de/de/der-daad/wer-wir-sind/leitbild/>, [retrieved July 5, 2023].

First, there is the area of **security and defense cooperation**. For centuries, states have entered into military alliances to wage war or to conduct joint military actions such as exercises and operations to neutralize potential threats. Not only since Russia's invasion of Ukraine in 2022 but even before, the NATO military alliance has been one of the most important examples of international security and defense cooperation. Less favorable views of NATO in the 2010s<sup>16</sup> quickly became irrelevant after the Russian attack and has led to Finland joining the alliance while Sweden is still waiting for NATO membership.<sup>17</sup> International military cooperation is also important in other regions of the world, such as Africa, where UN peace missions have repeatedly taken place over the past decades,<sup>18</sup> or in Asia, where conflicts continue to arise due to China's strong presence in the South China Sea (see Figure "United States and China on a Collision Course").

Second, international cooperation takes place in the field of **economics and trade**. Popular examples of such cooperation are the single European market and the numerous international free trade agreements that have led to significant harmonization between countries in recent decades. The creation of more than 24,800 international standards in 40 technical areas,<sup>19</sup> such as the ISO standard 33.070.50 for international mobile telephony (Global System for Mobile Communication – GSM),<sup>20</sup> can also be seen as a sign of international cooperation. Not to be forgotten are the enormous development aid projects in which wealthy countries help financially weaker countries to achieve economic growth. The European Union is not only a pioneer in the number of free trade agreements,<sup>21</sup> but the European countries Germany, France and the UK are also among the top donors of development aid, along with the US and Japan (see Figure "Official Development Assistance (ODA) in 2022").

Third, international cooperation takes place in the field of **environmental cooperation**. Based on the 1972 report of the Club of Rome,<sup>22</sup> the joint climate protection actions of almost 200 countries all over the world were initially organized and defined in the authoritative international treaty on climate protection, the United Nations Framework Convention on Climate Change (UNFCCC) of 1992.<sup>23</sup> This international secretariat, like the subsequent climate agreements of 1997 (Kyoto Protocol) and 2015 (Paris Agreement), aim to prevent man-made climate change, protect ecosystems, biodiversity and natural resources, and jointly research solutions and share knowledge to address environmental challenges – one of the successes of the last decades being the closure of the hole in the ozone layer.<sup>24</sup>

Fourth, international cooperation takes place in the **public healthcare** sector. The fights against the Covid-19 pandemic and previously the Ebola epidemic in Africa have shown how quickly success can be achieved through international measures such as the exchange of research findings

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<sup>16</sup> <https://www.pewresearch.org/global/2020/02/09/nato-seen-favorably-across-member-states/>, [retrieved July 7, 2023].

<sup>17</sup> <https://www.nato-pa.int/content/finland-sweden-accession>, [retrieved July 7, 2023].

<sup>18</sup> <https://peacekeeping.un.org/en/list-of-past-peacekeeping-operations>, [retrieved July 18, 2023].

<sup>19</sup> <https://www.iso.org/about-us.html>, [retrieved July 5, 2023].

<sup>20</sup> <https://www.iso.org/ics/33.070.50/x/>, [retrieved July 5, 2023].

<sup>21</sup> <https://www.statista.com/chart/18991/countries-with-most-trade-agreements/> [retrieved July 5, 2023].

<sup>22</sup> Donella H. Meadows et al. *The Limits to Growth: A Report for the Club of Rome's Project on the Predicament of Mankind*. New York: Universe Books, 1972.

<sup>23</sup> <https://unfccc.int/about-us/about-the-secretariat>, [retrieved July 6, 2023].

<sup>24</sup> Oliver Milman. Ozone layer hole appears to be healing, scientists say. In: *The Guardian* (June 30, 2016).

and medical materials, like masks and vaccines.<sup>25</sup> The ongoing efforts of WHO and other organizations such as the International Federation of Red Cross and Red Crescent Societies (IFRC) have also helped improve the medical situation in war zones, disaster areas and developing countries for 160 years.<sup>26</sup>

Fifth, international cooperation takes place in the areas of **human rights and humanitarian aid**. In addition to the aforementioned IFRC organizations, the UN Universal Declaration of Human Rights of 1948<sup>27</sup> and the European Convention on Human Rights of 1950<sup>28</sup> are two cornerstones of international cooperation in these areas. In the past decades, further charters and conventions on human rights have come into force in Central and South America (Organization of American States, 1969),<sup>29</sup> Africa (African Union, 1981),<sup>30</sup> North Africa and the Middle East (Arab League, 2004)<sup>31</sup> and Southeast Asia (ASEAN states, 2012).<sup>32</sup> Since compliance with the agreements of the Arab League and the ASEAN states is not monitored by bodies such as a corresponding court, their symbolic and effective power remains questionable. Currently, out of the five permanent and thus veto-entitled members of the UN Security Council, only the United Kingdom and France are bound to respect human rights through the UN Declaration and the European Convention on Human Rights. While the US has signed but not ratified the American Convention on Human Rights,<sup>33</sup> China has been repeatedly accused of human rights violations for years<sup>34</sup> which have also been officially investigated by the UN.<sup>35</sup> As a result of its invasion of Ukraine, the Russian Federation, on the other hand, was not only excluded from the International Human Rights Council and the European Convention on Human Rights but also announced its withdrawal from the respective conventions even before its exclusion.<sup>36</sup> The extent to which these events put a strain on international cooperation will remain to be seen in the years to come.

The sixth and last major field of international cooperation covers the areas of **science, technology and innovation**. Against the backdrop of a globalized and digitally connected world, in which people continue to face the ever-increasing threat of climate change even after the Covid-19 pandemic, scientific and technological cooperation offers a means for solving global problems. Furthermore, it also offers the chance to build bridges in political conflicts between states or even to directly

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<sup>25</sup> Frida Bjørneseth, Morten Bøås, Henriette Erstad, Alessio Iocchi and Kari Osland. Lessons from the Ebola Crisis in West Africa: Community Engagement, Crisis Communication and Countering Rumours. Norwegian Institute of International Affairs (NUPI), 2020, p. 2.

<sup>26</sup> <https://www.icrc.org/de/wer-wir-sind/geschichte-des-ikrk>, [retrieved July 6, 2023].

<sup>27</sup> <https://www.un.org/en/about-us/universal-declaration-of-human-rights>, [retrieved July 6, 2023].

<sup>28</sup> [https://www.echr.coe.int/documents/d/echr/convention\\_eng](https://www.echr.coe.int/documents/d/echr/convention_eng), [retrieved July 6, 2023].

<sup>29</sup> [http://www.oas.org/dil/treaties\\_B-32\\_American\\_Convention\\_on\\_Human\\_Rights.htm](http://www.oas.org/dil/treaties_B-32_American_Convention_on_Human_Rights.htm), [retrieved July 6, 2023].

<sup>30</sup> [https://au.int/sites/default/files/treaties/36390-treaty-0011\\_-\\_african\\_charter\\_on\\_human\\_and\\_peoples\\_rights\\_e.pdf](https://au.int/sites/default/files/treaties/36390-treaty-0011_-_african_charter_on_human_and_peoples_rights_e.pdf), [retrieved July 6, 2023].

<sup>31</sup> <https://digitallibrary.un.org/record/551368#record-files-collapse-header>, [retrieved July 6, 2023].

<sup>32</sup> <https://asean.org/asean-human-rights-declaration/>, [retrieved July 6, 2023].

<sup>33</sup> <https://www.humanrights.ch/de/ipf/grundlagen/rechtsquellen-instrumente/regionale/amerika/#:~:text=Die%20Amerikanische%20Menschenrechtskonvention%20wurde%201969,Staaten%20Amerikas%20die%20AMRK%20unterzeichnet>, [retrieved July 25, 2023].

<sup>34</sup> <https://www.hrw.org/world-report/2022/country-chapters/china-and-tibet>, [retrieved July 6, 2023].

<sup>35</sup> <https://www.ohchr.org/en/documents/country-reports/ohchr-assessment-human-rights-concerns-xinjiang-uyghur-autonomous-region>, [retrieved July 6, 2023].

<sup>36</sup> <https://news.un.org/en/story/2022/04/1115782>, [retrieved July 6, 2023].

[https://www.lto.de/recht/nachrichten/n/euoparat-menschenrechte-russland-kein-mitglied-mehr/#:~:text=Russland%20ist%20ab%20sofort%20nicht,f%C3%BCr%20Menschenrechte%20\(EGMR\)%20mitteilte](https://www.lto.de/recht/nachrichten/n/euoparat-menschenrechte-russland-kein-mitglied-mehr/#:~:text=Russland%20ist%20ab%20sofort%20nicht,f%C3%BCr%20Menschenrechte%20(EGMR)%20mitteilte), [retrieved July 6, 2023].



support diplomatic processes. This so-called “science diplomacy” has been practiced in Europe since the 1950s and has led to the creation of numerous institutions such as the European Organization for Nuclear Research (CERN).<sup>37</sup> Since science diplomacy became increasingly important during the Cold War space projects of the Soviet Union, the world has changed radically.<sup>38</sup> Today, as in the past, space is used as a political arena. But in recent years the joint international successes of knowledge exchange and projects such as the ISS have been countered by repeated announcements of withdrawal and strong focus on national ambitions from the Russian side.<sup>39</sup>

Last but not least, culture also offers a broad field for cooperation. Numerous festivals, concerts, exhibitions, installations, co-productions in all areas of the arts are vivid proof of cooperation across borders. However, as cultural cooperation tends to be the least formalized, it is hard to measure its impact.

Looking at all these fields of cooperation, it becomes clear that they are interwoven in one way or another and that their transitions are fluid. Actions in one field such as the environment (e.g., the European Green Deal) can have an impact on another field such as the economy and trade (e.g., increased cooperation with resource-rich African countries).<sup>40</sup> This might be a reason why the benefits and challenges that countries and entities face in international cooperation are so multifold.

### III Framework for Reforming International Cooperation

But why does international cooperation keep failing? From a scientific perspective, political situations involving state cooperation (treaty negotiations, agreements and their collapses) have often been analyzed using game-theoretical approaches like the Prisoner’s Dilemma, Chicken Game, Stag Hunt Game or Battle of the Sexes.<sup>41</sup>

International cooperation, whether as treaties, organizations or agreements, helps to align the expectations of the actors. These arrangements are developed because actors in world politics believe that with them, they will be able to reach mutually beneficial situations that would otherwise be difficult or impossible to achieve. In other words, the agreements are valuable because without them certain mutually beneficial goals would not be reached.<sup>42</sup>

International relations can be considered a network of transactions embodied in implicit and explicit contracts.<sup>43</sup> With an increasing number of actors, collective action problems (e.g., acting on behalf of someone) occur because of the conflict individual actors have with the collective interests of other actors in a collaboration, which leads to sub-optimal outcomes and the necessity to mitigate

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<sup>37</sup> [https://www.eeas.europa.eu/eeas/what-science-diplomacy\\_en#:~:text=Science%20in%20diplomacy%20%E2%80%93%20the%20direct,in%20foreign%20and%20security%20policies](https://www.eeas.europa.eu/eeas/what-science-diplomacy_en#:~:text=Science%20in%20diplomacy%20%E2%80%93%20the%20direct,in%20foreign%20and%20security%20policies), [retrieved July 6, 2023].

<sup>38</sup> Pierre-B. Ruffini. *What Is Science Diplomacy?* In: *Science and Diplomacy. Science, Technology and Innovation Studies*. Springer, 2017.

<sup>39</sup> Piotr Sauer. *Russia Says It Will Quit International Space Station after 2024*. In: *The Guardian*, July 26, 2022.

<sup>40</sup> Zainab Usman, Olumide Abimbola and Imeh Ituen. *What Does the European Green Deal Mean for Africa?* Carnegie Endowment for International Peace, Oct. 18, 2021.

<sup>41</sup> James D. Fearon. *Bargaining, Enforcement, and International Cooperation*. In: *International Organization*, Vol. 52, No. 2 (1998), pp. 269–305.

<sup>42</sup> Robert O. Keohane. *The Demand for International Regimes*. In: *International Organization*, Vol. 36, No. 2 (1982), p. 334.

<sup>43</sup> David A. Lake. *Anarchy, Hierarchy, and the Variety of International Relations*. In: *International Organization*, Vol. 50, No. 1 (Winter, 1996), pp. 29.

those problems, including regulation and monitoring costs.<sup>44</sup> For example, costs are generated by unclear mandates, opportunistic behavior by some actors to obstruct the work of others, negotiation costs of established secretariats or negotiation guides, etc.<sup>45</sup> The reality of international relations is even more complex, as not only do many actors (multiple or collective) exist, but so do various partners with different expectations, structures, delegation procedures, etc. Therefore, a complex relationship structure must be taken into account.<sup>46</sup>

Information Asymmetries and Governance Solutions

Problem	Risk	Solutions				
Hidden Characteristics	<p><b>Adverse Selection</b></p> <p>Knowledge advantage of one partner allows the other partner to assess the exchange relationship's characteristics only to a limited extent in advance.</p>	<table border="1"> <tr> <td>Reducing Information Asymmetries by</td> <td>Signalling Screening Self Selection</td> </tr> <tr> <td colspan="2">Harmonizing Objectives</td> </tr> </table>	Reducing Information Asymmetries by	Signalling Screening Self Selection	Harmonizing Objectives	
Reducing Information Asymmetries by	Signalling Screening Self Selection					
Harmonizing Objectives						
Hidden Action	<p><b>Moral Hazard</b></p> <p>The performance of one partner is not observable or cannot be assessed due to information asymmetry and the consequences have to be addressed by the other partner.</p>	<table border="1"> <tr> <td>Reducing Information Asymmetries by</td> <td>Monitoring</td> </tr> <tr> <td colspan="2">Harmonizing Objectives</td> </tr> </table>	Reducing Information Asymmetries by	Monitoring	Harmonizing Objectives	
Reducing Information Asymmetries by	Monitoring					
Harmonizing Objectives						
Hidden Intention	<p><b>Hold Up</b></p> <p>Partners are bound to each other by a lock-in effect in the risk of ex post opportunistic behavior.</p>	<p>Harmonizing Objectives</p>				

Source: Own illustration.

Liz Mohn Center

Incomplete and unevenly distributed information leads to deviations from first-best solutions. Behind an information barrier, an actor has the opportunity for unnoticed activities in his own interest, which contradicts the interests of the cooperation partners.<sup>47</sup> Even in an international context, that can be used opportunistically, i.e., to one state's own benefit and to the disadvantage of international partners. "Opportunism" is defined by Williamson as self-seeking behavior "with guile" and is

<sup>44</sup> Bart Voorn, Marieke van Genugten and Sandra van Thiel. Multiple Principals, Multiple Problems: Implications for Effective Governance and a Research Agenda for Joint Service Delivery. In: Public Administration, Vol. 97, No. 3 (Sept. 2019), pp. 671–685.

<sup>45</sup> Manfred Elsig. Principal-Agent Theory and the World Trade Organization: Complex Agency and 'Missing Delegation.' In: European Journal of International Relations, Vol. 17, No. 3, pp. 495–517.

<sup>46</sup> Manfred Elsig. Agency Theory and WTO: Agency Theory and the WTO: Complex Agency and "Missing Delegation"? Working Paper, Graduate Institute of International Studies, Geneva.

<sup>47</sup> See for a detailed summary of agency theory: Arnold Picot, Helmut Dietl, Egon Franck, Marina Fiedler and Susanne Royer. Organisation. Theorie und Praxis aus ökonomischer Sicht. Stuttgart: Schäffer-Poeschel Verlag, 2015.

assumed to be a trait common to all actors.<sup>48</sup> Opportunistic actors do not honor contracts out of a sense of obligation but press for individual advantages whenever possible.<sup>49</sup>

In international practice, these include expenses incurred for delegations, obtaining information through embassies and maintaining a diplomatic service, as well as monitoring behavior and results, or treaty terms or sanctions or their circumvention. However, since not all actors have all the information, it cannot be assumed that every actor – be it a state, a governmental organization or an NGO to which a task is delegated – automatically behaves in the best interest of the other actor. The findings above can be transferred to other contexts. The higher the information asymmetry in a field of action is, the more politicized and complicated international cooperation becomes. The less one contracting party can limit, prevent or eliminate opportunistic behavior or, by the same logic, the higher the transparency in a political field of action, the closer the first-best solution can be achieved. The continuum therefore ranges from perfect information, through judgment of at least the outcome of action, to complete in-transparency of the adversary's behavior. This results in the following problems (see Figure "Information Asymmetries and Governance Solutions"):

**Adverse selection** leads to the selection of an international partner ex ante with whom it is impossible to solve the challenge. **Moral hazard** originates from information asymmetry in an international partnership, where one can observe the behavior but is unable to evaluate the partner's actions. The third problem is that opportunism on the part of the counterparty cannot be avoided due to a dependent relationship (**hold up**).<sup>50</sup>

As has already been shown, the goal must be to reduce existing information asymmetries or, ideally, to prevent them from arising in the first place by harmonizing objectives.

Before international cooperation in the form of treaties and agreements can take place, negotiations between the respective parties are necessary. Those can be subject to certain problems. Characteristics of these "bargaining problems" are:<sup>51</sup>

- The fact that all parties involved prefer to have an agreement but differ in the ranking of their preferences.
- Negotiations are dynamic and sequential, i.e., they are resolved over time through offers and counter-offers or one or both parties "hold out" in the hope of achieving a better deal.
- The existence of information asymmetries and uncertainty about each other's position, which carry various risks.

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<sup>48</sup> Oliver E. Williamson. *The Economic Institutions of Capitalism: Firms, Markets, Relational Contracting*. New York: Free Press, 1985.

<sup>49</sup> David A. Lake. *Anarchy, Hierarchy, and the Variety of International Relations*. In: *International Organization*, Vol. 50, No. 1 (Winter 1996), pp. 13.

<sup>50</sup> See also: Jörg Habich, Verena Nowotny and Philip Remete. *Diplomacy in a Disrupted World – Fostering Trust in Uncertain Times*. In: Bertelsmann Stiftung (ed.). *Rethinking Relations: Innovative Diplomacy in an Uncertain World – Background Paper Trilogue Salzburg 2022*. Gütersloh 2020, pp. 5–16.

<sup>51</sup> James D. Fearon. *Bargaining, Enforcement, and International Cooperation*. In: *International Organization*, Vol. 52, No. 2 (1998), pp. 274.

The concept of **Signaling** implies the idea that one partner credibly conveys ex ante some information about himself to the other partner on an international level.<sup>52</sup> Successful signaling requires knowledge about the orientation of the signal's recipient. Signals are possible, for example, through cross-border commuters but also through one's own efforts to obtain the information, e.g., through an embassy, etc.

Fearon distinguishes between two types of signals that actors have at their disposal to communicate their foreign policy interests to others: a) tie hands by creating audience costs that they will suffer ex post if they do not follow through on their threat or commitment (i.e., costs arising from the actions of domestic political audiences) or b) sink costs by taking actions such as mobilizing troops that are financially costly ex ante.<sup>53</sup> Such signals need to be credible.<sup>54</sup>

The central question is how actors make their promises or threats credible as signals. Sanctions can serve as a signal of resolve and strengthen credibility for action. In this context, the importance of economic coercion as a tool of sanction in international relations is very significant.<sup>55</sup> Smart sanctions mean the targeted imposition of restrictive measures against individual persons, organizations and institutions. Such smart sanctions include arms embargoes, financial sanctions on the assets of individuals and companies, travel restrictions on the leaders of a sanctioned state, and trade sanctions on particular goods.<sup>56</sup> Following the terrorist attacks of September 11, 2001, smart sanctions of this kind have also found their way into European Union (EU) law.<sup>57</sup> However, any sanctions will only be effective if they are really credible for the other side.

In the area of defense policy, defense or offensive alliances represent a significant signal effect. It is precisely here that credibility in the sense of a real (existential) threat to the counterpart becomes clear. Nevertheless, even major powers do not always send the most visible signal, which would be possible; for example, they expose themselves to accusations of hypocrisy through superficial signals of support for autocracies or there may be public backlash.<sup>58</sup>

In an economic context, gradual trade liberalizations could be interpreted as signaling through which countries can show their commitment to reciprocal trade liberalization.<sup>59</sup> The Marshall Plan, however, was also a particularly clear signal that helped to strengthen Western Europe after World War II but also supported the US as "the leader of the free world."<sup>60</sup>

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<sup>52</sup> Joshua D. Kertzer, Brian C. Rathbun and Nina Srinivasan Rathbun. The Price of Peace: Motivated Reasoning and Costly Signaling in International Relations. In: *International Organization*, Vol. 74, No. 1, pp. 95–118.

<sup>53</sup> James D. Fearon. Signaling Foreign Policy Interests: Tying Hands versus Sinking Costs. In: *Journal of Conflict Resolution*, Vol. 41, No. 1 (1997), pp. 68–90.

<sup>54</sup> Signals are more credible the higher the cost in the case that wrong signals are sent. See Brian L. Connelly, S. Trevis Certo, R. Duane Ireland and Christopher R. Reutzel. Signaling Theory: A Review and Assessment. In: *Journal of Management*, Vol. 37, No. 1, pp. 39–67.

<sup>55</sup> Daniel W. Drezner. The Hidden Hand of Economic Coercion. In: *International Organization*, Vol 57, No. 3 (2003), pp. 643–659.

<sup>56</sup> Joy Gordon. Smart Sanctions Revisited. In: *Ethics & International Affairs*, Vol. 25, No. 3 (2011), pp. 315–335.

<sup>57</sup> Eva Lotte Stöckel. *Smart Sanctions in der Europäischen Union*, Berlin: Duncker & Humblot, 2014.

<sup>58</sup> Roseanne McManus and Keren Yarhi-Milo. The Logic of "Offstage" Signaling: Domestic Politics, Regime Type, and Major Power-Protégé Relations. In: *International Organization*, Vol. 71, No. 4 (2017), pp. 701–733.

<sup>59</sup> Josh Ederington and Phillip McCalman. *Signaling in Trade Agreements*, 2002, p. 2.

<sup>60</sup> <https://web.archive.org/web/20210817141443/https://www.britannica.com/event/Marshall-Plan>, [retrieved July 25, 2023].

The signals have an effect on all participants (at the same time). Pu for example, frames Beijing's diplomacy as "status signaling," in which the PRC positions itself internally as a great power to establish identity and legitimacy for the Communist Party, on the one hand, and to the West as a developing country to avoid taking the lead on global issues, and to the Global South to show solidarity and assert its leadership role as the largest developing nation for the same reason.<sup>61</sup>

The counterpart to signaling is screening.<sup>62</sup> **Screening** is an approach to the mentioned problems that implies reducing the information gap by systematically evaluating one's partners. In international relations, screening refers to the process by which, for example, a state collects and monitors information in order to monitor and control the behavior of a foreign state or an international partner. Examples are 1) gathering information by analyzing public statements, publications, media reports or intelligence information, 2) monitoring behavior by analyzing policy decisions, trade practices, diplomatic efforts, etc., 3) designing contracts and agreements to ensure that the agent complies with the terms of these agreements (**self-selection**) and 4) building trust through diplomacy and communication to avoid misunderstandings and ensure that both sides understand their interests and expectations.<sup>63</sup>

The least costly instruments are probably ex ante mechanisms which define a clear mandate and choose the agent to carry out the task. More costly instruments rely on one's own "policy patrols" (e.g., large missions representing the country).<sup>64</sup>

The example of the World Bank Environmental Reform illustrates how screening works: Due to the bureaucratic drift observed after the 1987 reforms, the World Bank's Board of Directors insisted on hiring staff with training in environmental sciences so that they would be able to analyze the environmental impacts of projects, but they also had an interest in achieving the Bank's newly set goals.<sup>65</sup>

**Monitoring** in international relations refers to the process of gathering and analyzing information to observe and assess the actions, behaviors, and developments of countries and international actors on the global stage. It serves several critical purposes, including enhancing transparency, promoting accountability, facilitating conflict resolution and supporting diplomatic efforts. Some of the ways that monitoring works in international relations are explained in the following:

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<sup>61</sup> Xiaoyu Pu. *Rebranding China: Contested Status Signaling in the Changing Global Order*. 1st ed., Stanford: Stanford University Press, 2019.

<sup>62</sup> Arnold Picot, Helmut Dietl, Egon Franck, Marina Fiedler and Susanne Royer. *Organisation. Theorie und Praxis aus ökonomischer Sicht*. Stuttgart: Schäffer-Poeschel Verlag, 2015, p. 96.

<sup>63</sup> See e.g. Kirsten Mogensen. *Trust and Public Diplomacy*. *International Trust and Public Diplomacy*, 2014; or Kirsten Mogensen. *International Trust and Public Diplomacy*. In: *International Communication Gazette*, Vol. 77, No. 4 (2003), pp. 315–336.

<sup>64</sup> Manfred Elsig. *Agency Theory and WTO: Agency Theory and the WTO: Complex Agency and "Missing Delegation"?* Working Paper, Graduate Institute of International Studies, Geneva.

<sup>65</sup> Daniel L. Nielson and Michael J. Tierney. *Delegation to International Organizations: Agency Theory and World Bank Environmental Reform*. 2003.



- **Transparency and reporting:** Countries can commit to publishing and sharing certain data on a regular basis. This can include information on economic data, environmental indicators, social developments, arms sales or other relevant topics. By making this data accessible, countries can reduce uncertainty about their intentions and increase trust between states.
- **International organizations and agreements:** International organizations can act as independent facilitators and monitors. For example, they can monitor trade agreements, environmental agreements or security treaties to ensure that parties are fulfilling their obligations and not withholding information.
- **Early warning systems:** Monitoring tools can implement early warning systems to identify potential conflicts or flashpoints. Identifying such signs in a timely manner can encourage and enable dialogue before the situation worsens.
- **Diplomatic channels and information sharing:** Regular dialogue and information sharing can reduce misunderstandings and miscommunication. This can be done through bilateral meetings, international conferences or multilateral forums.
- **Cyber security and counterintelligence:** Monitoring can help detect and contain cyber-attacks and espionage activities. This can help to ensure the security of the states involved and increase confidence in international cooperation.
- **Economic indicators:** Monitoring economic data, trade flows and financial flows can help reduce economic information asymmetries and provide a better understanding of the economic situation of other countries.
- **Military transparency:** Countries can agree to share certain information about their military capabilities, exercises and rearmament plans to reduce military information asymmetries and minimize the risk of misunderstandings.

An example of monitoring is provided by the activities of WHO, which seeks to identify, mitigate and manage health risks, prevent their escalation and develop tools for dealing with disease outbreaks, identify and respond to urgent health emergencies, and support the smooth delivery of essential health services in difficult situations.<sup>66</sup> However, as Mushkat shows with the example of the Covid-19 pandemic, there is often a limit to monitoring at the international level.<sup>67</sup>

Corruption indices such as those collected by Transparency International (TI) or the World Bank represent another example of monitoring. The limitations become clear, however, as high levels of bribery can be both evidence of the state's inadequate enforcement capacity and an indication of an opaque mechanism of state control.<sup>68</sup>

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<sup>66</sup> <https://www.who.int/director-general/vision>, [retrieved July 19, 2023].

<sup>67</sup> Miron Mushkat and Roda Mushkat. The Challenge of COVID-19 and the World Health Organization's Response: The Principal-Agent Model Revisited. In: *American University International Law Review*, Vol. 36, Iss. 3 (2021), Article 3.

<sup>68</sup> Keith A. Darden. The Integrity of Corrupt States: Graft as an Informal State Institution. In: *Politics & Society*, Vol. 36, No. 10 (2008), pp. 35–59.

The above examples illustrate the problem of how to eliminate information asymmetry. All options are costly and at the same time have to be credible and believed. Thus, all the measures mentioned for reducing information asymmetry are in the end only suboptimal.

A particularly efficient way of realizing a first-best solution is the **alignment of interests (harmonizing objectives)**. A look at institutional economics reveals that actors who share common goals are willing to cooperate. According to Eisenhardt, a preference coincidence takes place.<sup>69</sup> Those without alignment of interests will exploit weaknesses of their partner due to hidden characteristics, hidden intentions or hidden actions.<sup>70</sup> An alignment might be either a financial alignment or an alignment of preferences and action.<sup>71</sup> It is even possible to achieve alignment through the motivation of portraying one's opponent as worse, less successful or a loser.

As a result, individual or collective partners with different worldviews and values or opposing objectives are less willing to cooperate. Conversely, common objectives (and underlying values and ideologies) counteract this "unwillingness." Harmonizing goals can thus be one solution to these problems in international cooperation.

Until the fall of the Berlin Wall, two opposing blocs faced each other in this manner. The result was the theory of rational deterrence<sup>72</sup> which states that the mere threat of using powerful weapons against the enemy will prevent the enemy from using those same weapons. As a military strategy and security doctrine "Mutual Assured Destruction" (MAD)<sup>73</sup> assumes that an attack with nuclear weapons against an equally armed defender that has second-strike capabilities would result in the complete destruction of both, the aggressor and the defender. In short: Whoever shoots first, dies second.<sup>74</sup> This game clearly states, that neither side could eliminate the other without running the risk of going down themselves. Being in the same boat in the end therefore prevents the aggressor from using this type of weapon or even starting a hot war.

At first glance, the Cold War seems to be a classic example of a zero-sum game and thus the opposite of cooperation, in which any profit (perceived as real) by one is seen as a loss by the other. Nevertheless, even though the blocs were fundamentally different, wanted to outdo each other and in no way wanted to be perceived as losing against the other, there was cooperation between them. As shown by Daniel Stinsky, the UNECE succeeded in bridging the Cold War divide

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<sup>69</sup> Kathleen M. Eisenhardt. Control: Organizational and Economic Approaches. In: *Management Science*, Vol. 31, No. 2 (1985), pp. 134–149.

<sup>70</sup> Oliver E. Williamson. The New Institutional Economics: Taking Stock, Looking Ahead. In: *Journal of Economic Literature*, Vol. 38, No. 3 (2000), pp. 595–613. Michael C. Jensen and William H. Meckling. Theory of the Firm: Managerial Behavior, Agency Costs and Ownership Structure. In: *Journal of Financial Economics*. Vol. 3, No. 4 (1976), pp. 305–360.

<sup>71</sup> Anthony J. Nyberg, Ingrid Smithey Fulmer, Barry Gerhardt and Mason A. Carpenter. Agency Theory Revisited: CEO Return and Shareholder Interest Alignment. In: *The Academy of Management Journal*, Vol. 53, No. 5 (2010), pp. 1029–1049.

<sup>72</sup> Alex S. Wilner. *Deterring Rational Fanatics*, Philadelphia: University of Pennsylvania Press, 2015, p. 16.

<sup>73</sup> The term was coined by Donald Brennan, a strategist working in Herman Kahn's Hudson Institute in 1962. See Daniel Deudney. *Whole Earth Security: A Geopolitics of Peace*. Washington, 1983, p. 80.

<sup>74</sup> John L. Gaddis. *Strategies of Containment: A Critical Appraisal of Postwar American National Security*. Oxford, 1982.

on several occasions and maintained a broad system of contacts across the Iron Curtain, working against the geopolitical trend.<sup>75</sup>

During this time, various diplomatic initiatives were taken to reduce tensions and improve relations. One of the most important examples was the Helsinki Final Act, which was signed at the closing meeting of the third phase of the Conference on Security and Co-operation in Europe (CSCE).<sup>76</sup> Although it was not in effect, as a treaty of international cooperation, it recognized the boundaries of postwar Europe and created a mechanism to minimize political and military tensions between East and West and improve human rights in the communist bloc. However, there have also been various other international cross-bloc **political** cooperations, which, in addition to the United Nations as a platform for dialogue and negotiation, include attempts to control the arms race and limit nuclear proliferation. Examples of international agreements include the Partial Test Ban Treaty (1963),<sup>77</sup> the Strategic Arms Limitation Talks (SALT I and II),<sup>78</sup> the Nuclear Nonproliferation Treaty (NPT),<sup>79</sup> and the Intermediate-Range Nuclear Forces Treaty (INF).<sup>80</sup>

Another example is the cooperation in **sports**, which was based on international cooperation. Even though the Olympic Games in Moscow (1980) and Los Angeles (1984) were accompanied by boycotts,<sup>81</sup> it was an area in which the rival blocs could peacefully prove or supposedly assert their dominance. In addition to the Olympics, there was the so-called “Hockey Summit Series” between Canada and the Soviet Union in 1972, as well as various sports exchange programs that allowed athletes, coaches and officials to participate in international competitions and training camps to exchange experiences.<sup>82</sup>

Although cooperation in some scientific fields was limited due to political tensions, there were still international conferences, exchange programs and joint research projects. Scientists and students traveled between East and West to exchange knowledge and learn from each other. Cooperation in the field of **science** was particularly important. Despite their rivalry on earth, the US and the Soviet Union undertook joint efforts to explore space. The most notable example is the 1975 Apollo-Soyuz Test Project, in which an American Apollo spacecraft and a Soviet Soyuz spacecraft docked in space, symbolizing a brief period of détente and cooperation.<sup>83</sup>

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<sup>75</sup> Founded in 1947, the UNECE was the first permanent international organization dedicated to economic cooperation in Europe. The UNECE found a niche in the system of international governance. Its role was defined by technical cooperation, East-West trade, and its relationship to European integration. See Daniel Stinsky. *International Cooperation in Cold War Europe*. International Cooperation in Cold War Europe, London 2021.

<sup>76</sup> Nicolas Badalassi and Sarah B. Snyder. *The CSCE and the End of the Cold War: Diplomacy, Societies and Human Rights, 1972–1990*. New York, Oxford: Berghahn Books, 2018. <https://doi.org/10.1515/9781789200270>, [retrieved July 17, 2023].

<sup>77</sup> <https://treaties.un.org/doc/Publication/UNTS/Volume%20480/volume-480-I-6964-English.pdf>, [retrieved July 17, 2023].

<sup>78</sup> <https://www.bpb.de/kurz-knapp/hintergrund-aktuell/292612/vor-40-jahren-salt-ii-vertrag-zur-ruestungsbegrenzung/>, [retrieved July 17, 2023].

<sup>79</sup> <https://www.bpb.de/kurz-knapp/hintergrund-aktuell/305688/50-jahre-atomwaffensperrvertrag-ende-des-nuklearen-wettruestens/>, [retrieved July 17, 2023].

<sup>80</sup> [https://www.nato.int/cps/en/natohq/topics\\_166100.htm](https://www.nato.int/cps/en/natohq/topics_166100.htm), [retrieved July 17, 2023].

<sup>81</sup> Jonathan White. The 1980 Moscow Olympic Boycott: Politics and the Public, *Global Tides*: Vol. 16, Article 4 (2022); Joshua Ryan Lieser. Los Angeles and the 1984 Olympic Games: Cultural Commodification, Corporate Sponsorship, and the Cold War. UC Riverside, 2014. <https://escholarship.org/uc/item/2tb760kz>, [retrieved July 18, 2023].

<sup>82</sup> <https://www.hhof.com/hockeypedia/summitseries.html>, [retrieved July 18, 2023].

<sup>83</sup> <https://www.nasa.gov/apollo-soyuz/overview>, [retrieved July 18, 2023].



Similarly, exchange between the blocs was also possible in the **arts and culture**, albeit in a limited way. Despite the political confrontations, international art exhibitions, concert tours, theater performances and other cultural events took place. Artists, musicians, actors and intellectuals traveled between countries to present their works and promote intercultural dialogue. There was cooperation between publishers and writers from East and West. Books and literary works were translated and published in different countries to promote understanding and cultural exchange. Exchange between East and West also took place in the cinematic field as some directors and actors worked on joint productions or participated in international productions.

Crucial to the analysis is that the counterparts did not attempt to overcome the systematic conflict in all these activities or cooperations. Rather, despite each bloc's formation and (supposed) self-defined superiority, there were exchanges driven by independent utility maximization. Both power blocs thus attempted to control these cooperations and exchanges in terms of their ideological interests or to make them useful for themselves. Therefore, historical knowledge of the Cold War can provide a fundamental basis for a political diagnosis of the times and for drawing some lessons.

## IV A Contemporary Cuboid for Action

As shown, there was some form of international cooperation between hostile blocs even during the Cold War. At the same time, however, it has become clear that a common basis of values and norms, a clearer simplification of the formation of international exchange and relations is useful. The facts explained in the previous chapters raise the question of how a new contemporary structure can be built. At least theoretically, it could result from a completely new start.

### 1. Starting from Scratch

Starting from scratch, the following conditions (at least) would have to be fulfilled in order to guarantee maximum welfare, security and peace:<sup>84</sup>

- States are the most capable and plausibly the best representatives of the people whose welfare is the result of international peace and security. Thus, it still makes sense to have an international institution dedicated to this end with states as members.
- However, states are wildly unequal in terms of population and various capabilities to affect and contribute to international peace and security. Because states vary so radically in population and because so many states comprise such a tiny fraction of world population, "one state one vote" as the main basis for decision-making in an international institution is not only impractical but also unethical.
- Thus, on grounds of both legitimacy and effectiveness, some form of weighted voting and/or elected nonpermanent membership status is desirable in an institutional (and especially in a UNSC-like) body.

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<sup>84</sup> James D. Fearon. Reforming International Institutions to Promote International Peace and Security, <https://web.stanford.edu/group/fearon-research/cgi-bin/wordpress/wp-content/uploads/2013/10/Reforming-International-Institutions-to-Promote-International-Peace-and-Security.pdf>, [retrieved July 14, 2023].

- Votes should be weighted by criteria that are dynamic in the sense of being able to reflect changes in the international distribution of population and influence. Without this, an international institution will not be robust to international change.
- There are several plausible dynamic criteria for weighting influence within an international institution – in particular, population, economic size, contributions to the institution, to peacekeeping forces and to governance. One commonly suggested criterion – military size or nuclear status – creates the wrong incentives and should not be incorporated in any reform scheme.
- None of these criteria by itself implies an institution that would perform well on both effectiveness and legitimacy grounds, though all have some advantages for one or the other. Therefore, if we could start from scratch, it would be desirable to base influence and perhaps membership in the UNSC-like body on a mix of state characteristics, combined by some formula.

Despite the need for the reform of many major international institutions like the UN Security Council and World Trade Organization (including gradual reforms),<sup>85</sup> the probability of fundamental changes in the coming decades seems extremely low.<sup>86</sup> The effort that would be required to consider and align the interests of so many different actors makes such a project seem completely delusional, although the World Bank Reform of the 1990s and early 2000s gives some hope.<sup>87</sup>

Nevertheless, the question is how international cooperation can be shaped in a polarized world, if starting from scratch or if major reforms are not an option, and what could be learnt from the past.

## 2. A New Contemporary Structure

As shown, the complexity of a contemporary structure increases with the **number of actors**. In addition to state actors, non-state actors – intergovernmental organizations, non-state organizations, multinational corporations, great powers, alliances, international organizations, domestic groups, transactional activists, individuals, etc. – are influencing international relations. Accordingly, assessments can start at the system level, state level, group level and individual level.<sup>88</sup>

The complexity of a system is affected by the number of nodes, the number of links, the nature of the links and the speed with which a stimulus or shock spreads to other nodes.<sup>89</sup> All of these will increase as the number of actors grows. Thus, the first dimension to consider in a contemporary structure is the number of actors to be considered.

The problem of an increase in complexity due to an increase in the number of actors is counteracted – as already described theoretically – by the alignment of interests. As soon as an external danger threatens individuals, groups or even the entire human race, the interests of all actors are aligned.

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<sup>85</sup> Daniel Finke. Reforming International Institutions: The Domestic Origins and Conditional Logic of Governmental Reform Preferences. In: *International Studies Quarterly*, Vol. 57, No. 2 (2013), p. 288.

<sup>86</sup> Johannes Varwick and Andreas Zimmermann (eds.). *Die Reform Der Vereinten Nationen – Bilanz Und Perspektiven*. Berlin: Duncker & Humblot, 2006.

<sup>87</sup> Daniel L. Nielson and Michael J. Tierney. Delegation to International Organizations: Agency Theory and World Bank Environmental Reform. In: *International Organization*, Vol. 57, No. 2 (2003), pp. 241–276.

<sup>88</sup> Carmen Gebhard. *One World, Many Actors*. In: Stephen McGlinchey (ed.), *International Relations*, Bristol: E-International Relations Publishing, pp. 32–45.

<sup>89</sup> OECD. *Debate the Issues: Complexity and Policy Making*. OECD Insights. OECD Publishing: Paris 2017, p. 52.

In principle, therefore, the threat to all which might be necessary to spur action, for example regarding climate change and the need to develop the appropriate defense mechanisms, should guarantee the greatest possible balance of interests. From that moment on, only possibilities for preventing the danger can be discussed. This can be seen not only in science fiction movies (such as Independence Day, Space Cowboys, and many others), but also in reality. In the case of the Covid-19 pandemic, all states were extremely keen to identify effective measures to prevent the spread of the virus, as well as treatments for people who had become infected. However, the paths taken by the individual nations differed widely in some cases. While China, Australia, New Zealand and other countries adopted a “zero-Covid strategy,” Sweden’s relaxed approach to the pandemic drew international attention.<sup>90</sup>

The second dimension to be considered in a contemporary structure is closely related to the **distribution of information** that exists about the issue or area to be tackled.

When it comes to issues of (national) security, a systemic problem arises: No two states ever have identical interests, especially when they relate to their own security and defense. Even within defense alliances, different assessments or interests occur.<sup>91</sup> On this basis, Lake exemplifies why security relations are organized as alliances and others as empires.<sup>92</sup> On the one hand, these alliances generally increase security, but on the other they cause expenses. As a result, issues of (national) security and defense will become more difficult to address through an institutional arrangement at the international level. Conversely, information asymmetry is highest on security and defense cooperation. In this case, the following relation applies: “Given high threat, the more numerous and severe the transaction costs (uncertainty, asset specificity, and heterogeneity) a state faces, the greater the likelihood it will seek structurally sophisticated security apparatus to reduce these costs.”<sup>93</sup>

The efficiency of free trade is one of the least controversial theses in economics and protectionism is consequently regarded as counterproductive. However, multilateral trade liberalizations, e.g., within the framework of the WTO, cause high procedural costs due to the necessary transparency and openness – for all participating states, which could pose a problem for poorer states.<sup>94</sup> At the same time, information asymmetries occur that are ultimately more technical in nature, such as the use of different criteria for partner attribution in import and export statistics, the use of CIF-type values in import statistics and FOB-type values in export statistics, and the use of different trading

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<sup>90</sup> For zero-Covid strategies, see Dennis Normile. ‘Zero COVID’ Countries Seek Exit Strategies. In: Science, Vol. 373, Issue 6561 (Sep. 2021), pp. 1294–1295.

For Sweden’s Covid strategy, see Arash H. Pashakhanlou. Sweden’s Coronavirus Strategy: The Public Health Agency and the Sites of Controversy. In: World Med Health Policy, Vol. 14, No. 3 (Sep. 2022), pp. 507–527.

<sup>91</sup> Stephen Biddle. Building Security Forces & Stabilizing Nations: The Problem of Agency. In: Daedalus, Vol. 146, No. 4, p. 128.

<sup>92</sup> David A. Lake. Anarchy, Hierarchy, and the Variety of International Relations. In: International Organization, Vol. 50, No. 1 (Winter 1996), p. 29.

<sup>93</sup> Katja Weber. Hierarchy Amidst Anarchy: A Transaction Costs Approach to International Security Cooperation. In: International Studies Quarterly, Vol. 41 (1997), p. 333.

<sup>94</sup> Gabriel Felbermayr and Wilhelm Kohler. Welthandel: Frei und fair? Handelsabkommen in der Kritik. In: ifo Schnelldienst, Vol. 68, No. 7, pp. 10–11.

systems in data compilation.<sup>95</sup> Such examples illustrate the high level of effort that would be required to reduce existing information asymmetries.

The topic of climate change and environmental impact is characterized by extreme information asymmetry. Especially in this area, it is very easy to break promises or to keep actions and information hidden from the public. Classical free-riding can take place because countries have an incentive to rely on emissions reductions by others without ensuring proportionate domestic abatement.<sup>96</sup> Especially in this area, the number of non-state actors and multi-actor global governance mechanisms has increased.<sup>97</sup>

A similar phenomenon can be observed in the field of international healthcare. The pandemic has shown that international cooperation is highly complicated. Everyone wants to maximize their own benefit: Individuals (citizens of states) want to stay healthy, including psychologically, and to see their financial (job) security guaranteed. However, protective measures such as lockdowns largely threaten these factors. NGOs and IGOs want to achieve their respective goals and need healthy staff and sufficient (financial) resources to do so. Sick leave and reduced or cancelled budgets counteract this. States are not only interested in protecting their citizens and strengthening the economy, but also in ideological or political benefits. The pandemic forced them to choose between hard regulations to protect the population and soft regulations to protect the economy. The relationship between the two factors was examined during the development of the pandemic.<sup>98</sup>

“Since cooperation is costly, hierarchical governance structures come about because they promise greater security and reduce transaction costs. Or, put differently, self-interested actors create large-scale organizations (security arrangements) to internalize transaction costs that otherwise would plague their exchanges.”<sup>99</sup> As a result, a new structure must either satisfy basic security needs or reduce transaction costs. On the other hand, most recently, the vaccine research on the coronavirus and the war in Ukraine have shown that the areas of public healthcare and especially security and defense are where states have the most to lose (i.e., the lives of their citizens or their existence). Not surprisingly, the information asymmetries are highest, and transparency is low. With vaccine deliveries being used to improve diplomatic relations and increase influence (through vaccine or medical diplomacy), this shows that we are once again on the verge of a battle of political ideologies as experienced during the Cold War.<sup>100</sup>

Nevertheless, for these public goods, there is no alternative to cooperation and institutionalized collective action. Preventing climate catastrophes, maintaining public health and preserving biodiversity will remain important tasks regardless of the state of intergovernmental relations and will

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<sup>95</sup> Vladimir Markhonko. Asymmetries in Official International Trade Statistics and Analysis of Globalization: Working Paper at the International Conference on the Measurement of International Trade and Economic Globalization, 2014, pp. 6–9.

<sup>96</sup> William Nordhaus. Climate Clubs: Overcoming Free-Riding in International Climate Policy. In: *American Economic Review*, Vol. 105, No. 4, pp. 1339–1370.

<sup>97</sup> Environment Agency (ed.). *Global Governance – The Rise of Non-State Actors: A Background Report for the SOER 2010 Assessment of Global Megatrends*. EEA Technical Report 4/2011, Copenhagen, 2011.

<sup>98</sup> Cécile Philippe and Nicolas Marques. The Zero Covid Strategy Continues to Protect People, Economies and Freedoms more Effectively. In: *World Health Network – Institut Économique Molinari*, (Sep. 2021).

<sup>99</sup> Katja Weber. Hierarchy Amidst Anarchy: A Transaction Costs Approach to International Security Cooperation. In: *International Studies Quarterly*, Vol. 41 (1997), p. 338.

<sup>100</sup> Seow Ting Lee. Vaccine Diplomacy: Nation Branding and China’s COVID-19 Soft Power Play. In: *Place Branding and Public Diplomacy*, Vol. 19, No. 1 (2023), pp. 64–78.

require an adaptation of the political templates through which the multilateral project is anchored in reality.<sup>101</sup>

The examples in the previous chapter have shown that the level of information is especially low in the areas of culture and sports, and probably lowest in the area of science, because activities and results are (more or less) publicly available, and actors have nothing more to lose than their image or economic competitive advantage. Even if in sports, for example, it is not possible to judge the basis on which a sporting performance is achieved (keyword: doping), the result can be objectively analyzed, at least in principle. Information asymmetry is therefore rather weak in direct comparison with the other international fields of action. It becomes even clearer in the field of science, which thrives on findings being openly discussed and made public. Regardless of whether there is funded or commercial research, the question of open and free science and research is widely debated.<sup>102</sup>

The following arguments exemplify the fundamental problem: Open exchange of knowledge and the accessibility of information are fundamental principles of the scientific community and the basis for progress and innovation. Research results are often published in scientific journals, not least to ensure the credibility of research findings. Even if kept secret, there is a chance that information will come to light through leaks, hackers or careless employees. Irrespective of this, it is likely to be extremely difficult to keep science and research secret in the long term, especially in today's age of extensive information exchange and global networking. Due to economic or strategic advantages, scientific results (possibly also having patent protection) are placed on the market and thus become public or possibly a target for espionage.

The third and last dimension which must be taken into account in a contemporary structure is the question of the considered level. In world politics, governments compare a result from a lack of regulation of certain problem areas (i.e., the absence of international regimes) with the risks that result from joining a cooperation.<sup>103</sup> As shown, the problem of information asymmetry leads to agency costs, since one actor does not know *ex ante* or cannot assess or prevent the other's behavior, and thus the risk of opportunistic behavior exists. Correspondingly, activities that lead to an alignment of interests by reducing information asymmetries through greater transparency, whether through signaling, screening, self-selection or monitoring, are to be viewed positively.

Even if the other activities are ignored, any monitoring is likely to become more difficult the less it can be directly supervised, because the physical distance of the contracting party increases. Accordingly, the level at which an institutional arrangement is concluded can also be seen as a dimension for the design of future contemporary structures.

The different regulations and laws enacted to contain the pandemic highlighted that the complexity of international cooperation increases with the **geographical level** (local, regional, national, international) at which it takes place. While it was already difficult to navigate the jungle of Covid-19

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<sup>101</sup> Jean Pisani-Ferry. *Global Asymmetries Strike Back*. Bruegel Essay and Lecture Series, Brussels, 2021, pp. 52–53.

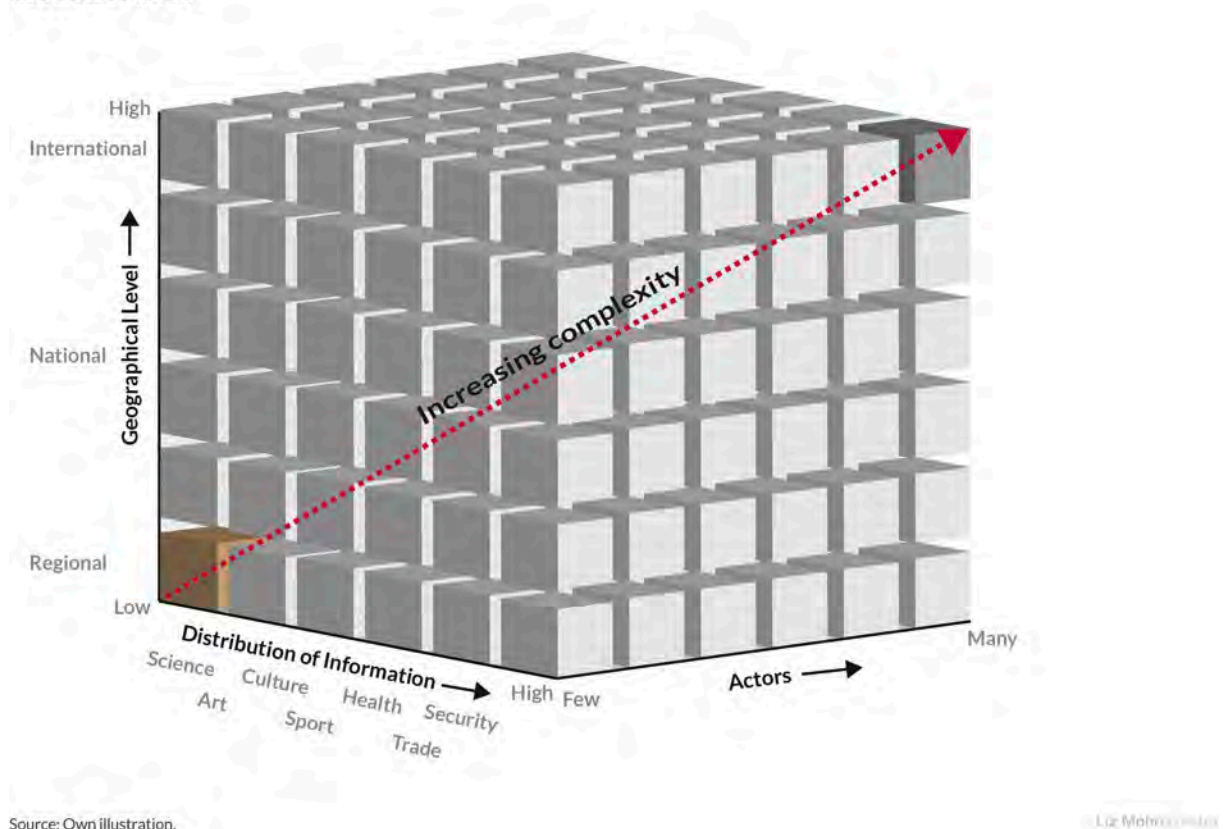
<sup>102</sup> See e.g. Ann Grand. *Open Science Training and Education: Challenges and Difficulties on the Researchers' Side and in Public Engagement*. In: *Journal of Science Communication*, Vol. 14, No. 4 (2015), pp. 1–7.

<sup>103</sup> Arnold Picot, Helmut Dietl, Egon Franck, Marina Fiedler and Susanne Royer. *Organisation. Theorie und Praxis aus ökonomischer Sicht*. Stuttgart: Schäffer-Poeschel Verlag, 2015, pp. 92–94.

regulations that existed at the local and regional levels, travelling to another country during the pandemic, if possible at all, took on a new dimension of complexity.

Based on these three dimensions (number and type of actors, information asymmetries in an area, and geographical level), a coordinate system can be drawn to assess the respective complexity (and thus also the probability of success) of international cooperation. For example, the reform of international institutions such as the United Nations, mentioned at the beginning, is very high on the scale due to its international character and the large number of actors, and thus has a low probability of success. On the other hand, it would be more promising to start at the bottom and place single (powerful) individuals in several areas of international cooperation at the local or regional level. These “border crossers” could help build trust by switching back and forth between the parties and, in addition to mediating and aligning objectives, by monitoring compliance with agreements. They therefore would become the architects and stonemasons for the bridges of mutual understanding.

Cuboid for Action



Therefore, the Cuboid for Action illustrates possible fields of activities and thus approaches to possible agreements within the framework of international cooperation. An international cooperation as marked in the golden cube shows an activity between two or three individual states in the field of science and possibly even in a regional area such as the Saar-Lor-Lux region, which has a very



high degree of interdependence compared to other cross-border regions in Europe, e.g., in the field of education.<sup>104</sup>

However, the difficulties of establishing a contemporary structure for international cooperation are increasing along the red dotted line. Here, the complexity increases due to the number of actors, the distribution of information or the increase in information asymmetries, and the considered geographic level. Global cooperation among all states on security issues as shown by the dark grey cube, while desirable, requires a balance of interests among all parties. Even the best-intentioned sanction mechanisms, intelligence activities, etc., can neither exclude nor prevent misconduct by individual actors. However, this is counteracted by confidence-building measures that have been in place for many years, which have built bridges of understanding. Then reputation and trust can act as essential drivers to realize the outcome referred to in Chapter III as the first-best solution. However, neither reputation nor trust arises randomly or prematurely. They are a direct proportional result of a reduced risk of fraud, with this assessment based on incentives for long-term cooperation and the general social context of possible norm enforcement.<sup>105</sup>

## V Recommendations

During the Covid-19 pandemic, one of the most often heaved sighs resulted from the reality that we have no rule book on how to handle the impact of the disease. Ironically, citizens were forced to cope with a huge number of new rules which were established in order to reduce the fatal consequences of the virus. This experience, together with the current state of the world as such, has resulted in the desire for a fresh take on how to establish a contemporary structure of cooperation and what kind of rules are needed to make such cooperation work. Rules are not set in stone; they in fact provide orientation or a framework, and guide practice in expected or unexpected situations.

In terms of existing rules and the possibilities for creating a completely new rule book for international cooperation, the following recommendations might serve as basic principles:

- **Apply long-term strategic thinking to explore future vulnerabilities:** Electoral cycles and a permanent dramatic news stream have led to a lack of long-term planning, especially in the Western hemisphere. However, strategic thinking, not only in years but generations, is a virtue that can be trained and applied in any legislative or rule-establishing process. Climate change offers a perfect example to analyze future risks and vulnerabilities and thus the need for joint action in several areas. A thorough analysis of critical supply chains might trigger action in multiple areas, such as diversifying suppliers, development of different transport routes, the establishment of new production sites, etc.
- **Create awareness of consequential costs:** Analyzing future risks will not suffice. Governments need to assess the consequential costs of various scenarios: non-acting, acting alone, specific measures, breach of rules, etc. A realistic estimate of consequential costs can and will help to gain support for measures and actions as well as for cooperations and alliances.

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<sup>104</sup> <https://www.uni-saarland.de/einrichtung/kowa/aktivitaeten/forschung/abgeschlossene-projekte/grenzuerschreitendesarbeiten/transnationalenetzerke.html>, [retrieved July 18, 2023].

<sup>105</sup> Jean Ensminger. Reputations, Trust, and the Principal Agent Problem. In: Karen S. Cook (ed.), *Trust in Society*. New York: Russell Sage Foundation, 2001, p. 199.

- **Reducing information asymmetry:** Being transparent about one's own priority risks as well as potential consequential costs will increase mutual understanding for specific measures. It would also facilitate negotiations about cooperation and rules, as motives and goals should be comprehensible for all partners involved.
- **Identify and strengthen fields of cooperation:** Applying a pragmatic realism, it seems reasonable to examine existing and potential fields of cooperation that create at least a certain win-win situation for all partners involved. Using the Cuboid for Action, it is possible to identify promising areas that are not too complex or costly. Researchers and policy makers should take a closer look at the model and find out where it can best be implemented in practice and what insights can be drawn from a historical perspective.
- **Put oneself in the shoes of others:** Europe and the US need to get a better understanding of different viewpoints of governments in other parts of the world. Current divisions can only be overcome if we gain a better understanding of other cultures, visions and ambitions.
- **Accept global interconnectedness:** Current speeches and promises about decoupling or complete self-reliance sound alluring; it would come at a high price, however. Global interconnectedness is here to stay. We would do well to accept it as a given and improve it in a way that takes its risks into account and ameliorates them.
- **Regain trust in scientific thinking:** During the Covid-19 pandemic it became apparent that there is a significant number of people who question or even denounce scientific reasoning. The massive increase in fake news and rumors spreading online has unsettled the trust of many citizens in rational thinking and scientific evidence. Education systems as well as media outlets need to strengthen and rebuild this trust as it is a precondition for accepting rational decisions.



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## How to (Re)Build Trust

Harold James

### I Introduction

The seismic shift in international relations caused by Russia's 2022 assault on Ukraine has transformed the perception of global order among different nations. The outbreak of war vividly exemplified the erosion of trust. Prior to February 24, President Putin reassured European leaders, notably Emmanuel Macron and Olaf Scholz, that he had no intention of resorting to military action against Ukraine. The invasion caught off guard those who relied on and trusted Mr. Putin's word, but not those who took US intelligence sources seriously. Looking back, the diplomatic preludes to the brutal war of annihilation bore an eerie resemblance to British Prime Minister Neville Chamberlain's return from Munich to London in September 1938, proclaiming the hope of "peace for our time" as he stood on the airport tarmac: "This morning I had another talk with the German Chancellor, Herr Hitler, and here is the paper which bears his name upon it as well as mine." The breakdown in predictability and trust in 2022 hampers any attempts at reaching a settlement as long as Putin remains in power. European and American leaders repeatedly emphasize that nobody can trust what Putin says.

This breakdown in trust during the lead-up to the war has also exacerbated other underlying tensions and affected the way countries approach the issue of how to respond. The relationship between wealthy nations, often referred to as the "Western world," and large emerging economies has fractured. The rest of the world distrusts the United States, perceiving its initiatives as mere attempts to preserve the fading power of a declining hegemon. The G20 foreign and finance ministers' failure to produce a communique at their New Delhi meeting in February-March 2023 further highlights the crisis in multilateralism. China's foreign policy representatives frequently reiterate the Bandung Declaration's principle of non-intervention in the internal affairs of other countries. Across the globe, concerns about the instability of US domestic politics and the potential resurgence of Trump or Trumpism constantly loom, which prompts Putin to cling to power, hoping to realize his vision of challenging Western liberal values in 2024.

While these strains are not new, the events of 2022 have brought them to the forefront. Two primary economic and developmental issues lie at the heart of this emerging clash. First, tensions arise from disputes over climate policy, with developing and emerging economies fearing that their aspirations to catch up with wealthy countries are hindered by the push for carbon emission limitations imposed by the latter. China and India, for instance, are unwilling to abandon coal.

Second, monetary conflicts have become a prominent manifestation of global discord. The unease surrounding the US and EU sanctions regime, with several major non-Western countries continuing to engage in trade with Russia and some, like South Africa, openly violating arms export prohibitions, exacerbates the issue. This debate extends to contesting financial sanctions that rely on monitoring payment systems such as SWIFT, ultimately leading to discussions about replacing the US dollar as the international currency. Increasing numbers of non-Western countries are turning to the BRICS bank in search of an alternative to the dollar. At the meeting of the Shanghai-based New Development Bank (aka BRICS bank), designed to stimulate lending in the currencies of member countries, Brazilian President Lula explained that "Every night I ask myself why all countries have to base their trade on the dollar. Why can't we do trade based on our own currencies?"

Who was it that decided that the dollar was the currency after the disappearance of the gold standard?”<sup>1</sup> Trust plays a crucial role in the stability of monetary systems, and the current international system centered around the dollar has become a point of contention.

## II Fundamental Causes

Thinking about the shape and character of the international order is shaped by division over the character of globalization. Globalization brings the world together: people, things, ideas, money, they all move. But contemporary talk about globalization is fragmenting. Over recent years, scholars debated whether globalization was unstoppable – or whether it was not profoundly flawed.

Those old debates about flaws and inequities in globalization are subsiding. They are replaced by a new polarization, with completely opposite assessments of the globalization process and its future splitting the globalized world. Medium-income countries – emerging markets – are gung-ho about the prospects of a new dynamism. Even for many low-income countries, technology appears to offer the prospect of leapfrogging developmental stages. At the same time as the 2008 Global Financial Crisis hit the world, technology in telecommunications (the smartphone) and payments systems (such as M-Pesa, the originally Kenyan mechanism of making payments by phones) convinced Africa – and other areas previously left on the sidelines of world development – that the future was hopeful.

Meanwhile the rich world is unhappy. In mature industrial societies, above all the United States, globalization provokes skepticism and weariness. Larry Fink of Black Rock struck a chord last year when he proclaimed the end of globalization. Policymakers are talking about “friend-shoring” – the term coined by Janet Yellen in 2022 – and “decoupling.” The big slogan at the spring 2023 IMF and World Bank meetings was “fragmentation.” Perhaps they were inspired by Gwyneth Paltrow’s linguistic innovation, “conscious decoupling,” as a redescription of divorce. Another set of metaphors involves fragmentation and bloc formation. The new descriptions are variants of an old mantra: stop the world I want to get off.

The powerful rhetorical invocation of a world falling apart does not correspond to reality. World trade is expanding. Even US-China trade, at the center of the decoupling narrative, is rising: bilateral imports and exports grew by 2.5 percent, hitting a new record, and the US deficit rose by 8.5 percent. Some US exports, notably agricultural products, especially soybeans, surged – by almost a fifth. Global internet communication and data transfer is continuing an exponential growth. Even in the sensitive US-China relationship, the Chinese government knows that it would be an own goal to cut China off from the internet. And people are moving again, in a bounce back from pandemic lockdowns.

It’s possible to find deglobalization in speech, but not in the numbers. The Gwyneth Paltrow analogy is a divorcing couple that has more and more sex, but with both partners proclaiming that they hate each other. The paradox leaves analysts perplexed: either they look at the rhetoric and say that business is behaving like the cartoon character Wile E. Coyote, still running while he’s gone off the

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<sup>1</sup> Brazil’s Lula Calls for End to Dollar Trade Dominance. In: Financial Times, April 13, 2023, <https://www.ft.com/content/669260a5-82a5-4e7a-9bbf-4f41c54a6143>.



cliff. Or they look at the business and say that the policy community and many analysts have been swept away by fake news.

The unhappiness of the rich countries injects acrimony into perceptions of the contemporary world. As globalization's allures appear to fade, competition becomes a "zero-sum game": a term applied a few years ago by the journalist Gideon Rachman to analyze the souring of world diplomacy.<sup>2</sup> If you win, I have to lose. If I lose, you will win. Hence a great deal of the US narrative is about preserving a technological lead against China, in particular restricting the most advanced semi-conductors. Even globally minded intellectuals who like the idea of competition insist that the US can prevail and win the economic race.

The rich country rhetoric that insists on being No. 1 inherently triggers a confrontational response, especially in the large economies that see themselves as catching up and then overtaking the US, thanks to their grip on technology and to vast strides in educational modernization. The belief that the US will do anything, yes really anything, to stop China from becoming No. 1, then lays the basis for a powerful and confrontational rhetoric of its own. That belief sows an incredulity about US and European approaches to climate change. Diplomats stop being diplomatic, transforming into combatively braying Wolf Warriors.

The sense of threat also drives China, traditionally a country that does not conclude alliances, to cultivate Russia. A nuclear armed country, with a powerful anti-Western stance that is not just talk, looks like a potential way of augmenting the power and the reality of the Chinese challenge.

Talk of decoupling sets up a continual yo-yo between pulling away and realizing the dependence on the world economy that clearly holds both the US and China. Last year Treasury Secretary Janet Yellen talked about friend-shoring; now she and National Security Adviser Jake Sullivan are peddling back, emphasizing connectedness, and attempting to repair the broken process of mutual engagement.

India is experiencing a softer version of the same phenomenon, the fear that the West is holding down its rise. Even though there is a deep appreciation of the strength of economic and personal ties with the US as a foundation for effective development, Indians worry about the West's motives. For the major emerging economies, the language of anti-colonialism offers a good way of explaining the new political dynamic of confronting and challenging the West.

Globalization then becomes the rest of the world's revenge on colonialism. When the rich – the old colonial powers – attempt to decouple the world and stop globalization they are in the eyes of the new rising economies actually asserting a new version of old colonial oppression. The struggle about the future of globalization is thus translated into a clash about a previous historical epoch.

The analytical rift – is globalization bad or good – makes managing globalization much harder. The outcome of a continuing global interconnectivity is therefore more unpredictable – and also potentially unfair. The ride on the connectivity express may become wilder. The old institutions that were supposed to coordinate policy – the old multilateralism – are under strain. The WTO already became crippled over a decade ago, with the failure of the Doha round of trade negotiations. It didn't

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<sup>2</sup> Gideon Rachman, *Zero-Sum World: Politics, Power and Prosperity After the Crash*. New York: Atlantic, 2011.



really need Donald Trump's aggressive stance on trade politics to kill it. The Bretton Woods institutions – invented to deal with a world in which deglobalization had led to war and to push for a cooperative international order – are still vital, but they need to work with a multitude of new smaller-sized and more particular cooperative institutions.

Twenty-five years ago, politicians and economists debated whether the IMF should reinvent itself as an international lender of last resort. While responding to the 2008 Global Financial Crisis, it reformulated its self-image as part of a network of regional institutions, including the alternatives that China and Europe had developed, the Chiang Mai bond initiative of 2000, the Asia Infrastructure Bank, the European Stability Mechanism. Managing international money is now about coordinating an ever denser and more complex network of regional bodies. That task requires effective communication, but such dialogue is often obstructed and frustrated by the contested language of globalization.

Is there a way out of the impasse? Can we rid ourselves of the “suspicious minds” that for Elvis Presley meant “we can't go on together”? A prerequisite is the recognition of the fundamental unknowability – and the unsteerability – that the combination of technology and enhanced intercommunication poses. We don't really know, and we can't accurately predict which country will end up as No. 1. We might also be suspicious of countries whose leaders insist that they must be No. 1.

### III Concrete Measures

There are five kinds of solution to the question of how to rebuild trust:

- building a deep legal and ethical foundation for cooperative order (that means strenuous, cooperative and collective rethinking across different cultures and states);
- seeking a new grand bargain in which countries make trade-offs (that requires dispensing with big ideological thinking about globalization);
- cooperating in very small areas in order to rebuild confidence (that involves giving up on the hope of a grand bargain);
- ensuring that enough is known to make the outcome of pacts predictable (that depends on knowing rather than hoping);
- involving small countries more in the building of international order (that means lessening the dependence on agreement between large powers);
- trusting that entirely new mechanisms might transform the way in which nations interact with each other (that means you don't need to do any bargaining at all).

#### 1. Ethical Foundation?

There is a deep longing for an ethically and morally grounded foundation for international politics. Respect for territorial integrity, a commitment to the peaceful settlement of disputes, and the recognition of fundamental principles of international humanitarian law are fundamental to a working

international order.<sup>3</sup> If they are to hold, these principles must be enforced by the international community. Such enforcement requires holding violators to account. Previous settlements, Vienna in 1815 or the creation of a new international order in 1945, involved the exclusion and punishment of the disturbers of international order. The post-1945 settlement was more effective than 1815 because the International Military Tribunal in Nuremberg provided a clear judicial process, with an ample laying out of evidence of Nazi war crimes and crimes against humanity. By contrast, the imprisonment of Napoleon (without a trial) rapidly provided the basis for the construction of a Napoleonic myth. The upholding of a principle of international order requires the punishment of violations according to a clear legal procedure, also as a deterrent to possible future violators. It is, however, clear that such action by the International Court of Justice is only possible when violators may actually be brought to the court, either as a consequence of military defeat or through the revulsion of their own societies. The basis for such revulsion against the destroyers of international order will be a deep-rooted sense of morality, but also a practical conviction that international order works.

## 2. Grand Bargain?

Fundamental ethical and moral principles do not lend themselves as the subject of any grand bargain, but security and economic concerns may. The very successful postwar settlement at the end of the Second World War created a grand bargain.<sup>4</sup> The wartime coalition, the United Nations, created interlocking security and economic institutions. In the original version of the United Nations Organization, the five largest members were permanent members of the Security Council; and the same five countries had the largest representation in terms of quota in the Bretton Woods institutions, the IMF and the World Bank. Security and economics were thus intertwined in the original concept. But because the Soviet Union never ratified the Bretton Woods agreement, and because until the 1970s the Republic of China held the China seat in the Bretton Woods twins, UN governance in practice diverged from that of the IMF and the World Bank. Replicating or renegotiating the grand bargain has a constant allure, and challenger states (France in the 1960s and 1970s, Japan in the 1980s, and China in the 2000s) have pushed for a new Bretton Woods, but there has never been a translation of these persistent demands into deep structural reform or rethinking. Short of a real world war that would replicate the 1940s ordering moment, such reinvention is in fact very unlikely.

The really big bargain occurred within the Western alliance system, where the United States provided security, and required in return economic and monetary compliance of its European and Japanese allies. And in the economic domain, trade opening could occur because monetary arrangements were more flexible after the end of the fixed exchange rate regime in the early 1970s.

Another example of a grand bargain – or issue linkage – was the deal engineered by Henry Kissinger at the first G summit (it was then the G6) in Rambouillet in 1975. Kissinger argued there against military action to confront the Arab world after the use of the oil price hike as an act of political blackmail. Instead he suggested that the oil producers should just be encouraged to invest their

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<sup>3</sup> See for an attempt to develop a set of principles for a global order: <https://rwo.princeton.edu/publications/princeton-principles>.

<sup>4</sup> G. John Ikenberry, *After Victory: Institutions, Strategic Restraint, and the Rebuilding of Order after Major Wars*. Princeton University Press, 2001.

new income in Western financial institutions, which would bind them and make them amenable. He was right.

The war in Ukraine highlights the contemporary dilemmas that obstruct a new grand bargain. It is difficult to envisage the deal that a Kissinger-style solution could be based on (though he continues to push for such an action). International institutions are paralyzed. The Security Council looks stymied by the actions of the Russian Federation. The IMF's program to assist Ukraine is the first time the institution has lent in an ongoing conflict, and it's deeply controversial: much of the rest of the world suspects the motivations of the United States and Europe.

### 3. Individual Issue Areas

If a grand bargain is impossible, it might instead be possible to envisage cooperation on a small and local level, or where issues are non-controversial. In particular, dealing with health issues and the challenge of disease lend themselves to this reduced-scale cooperation. The hope is that regular meetings producing substantive outcomes would build a mood of enhanced trust, which would then gradually spill over into much larger issues. The move is analogous to asking contending children to engage in some cooperative building project (for instance with Lego blocks), in which they can then see that working together really produces good results. Only the most radical sceptics – such as the failed British prime minister Liz Truss – say they don't want to join the game, and announce that they oppose any cooperation with China on climate issues. Working together on health and climate may be imagined as win-win situations, rather than the zero-sum mentality (exemplified by the Liz Truss attitude) which dominates much current international thinking.

### 4. Verification

A mantra of successful negotiation has been “verify”: don't rely on people's word alone. A critical rhetorical part of the overcoming of the Cold War was Ronald Reagan's frequently repeated “Trust but verify”; Mikhail Gorbachev occasionally complained that Reagan said this at every meeting. The US president had been convinced by a book on old-regime Russia to take up an old Russian rhyming slogan, frequently used by Lenin and Stalin. Stalin's variant was “healthy distrust makes a good basis for cooperation.”<sup>5</sup> Verifying, though, requires very detailed and specific knowledge.

The global settlement of 1944, Bretton Woods, became a possibility because of a technology for knowing and thinking about economics that had not previously existed: national income accounting. A foundation had already been laid in the 1930s, with the report presented to Congress in 1939 by Simon Kuznets on *National Income, 1929–35*. The Cambridge statistician Colin Clark inspired Keynes to apply national accounts to a consideration of the wartime economy.<sup>6</sup> Article VIII Section 5 of the IMF Articles of Agreement made the collection of statistics from member countries central to the work of the Fund: “It shall act as a centre for the collection and exchange of information on monetary and financial problems, thus facilitating the preparation of studies designed to assist members in developing policies which further the purposes of the Fund.”

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<sup>5</sup> Attributed to the Hungarian communist leader Bela Kun.

<sup>6</sup> John Maynard Keynes, *How to Pay for the War*. London: Macmillan, 1940; Angus Maddison, *Quantifying and Interpreting World Development: Macromasurement Before and After Colin Clark*. In: *Australian Economic History Review*, Vol. 44, No. 1 (2004), pp. 1–34.

Today, the reach of data is potentially much greater, and there is a strong case for the enhanced engagement of international institutions in the collection, management and effective dissemination of data.

Technological advances make verification much easier, and global public goods more measurable. Satellite images can be used to identify problems building up in the lead up to offensive operation, as well as experimentation with nuclear weapons production. The massive footprint produced by electronic communication is even more evidently capable of external assessment. Temperature changes of the earth and seas can be charted. Health might be assessed much more extensively. Online searches can be used to identify the spread of infectious disease at an early stage, when traditional medical authorities may be still unaware of the extent of the problem. There is scope for much greater reporting of the incidence of health problems – data which can also help assess the environmental impact of human activity.

## 5. Building Coalitions of the Small

Small countries are much more obviously dependent on the maintenance of rules in the international order – and on continued openness – than are large powers. Autarkic dreams and illusions of self-sufficiency can often be inspiring political concepts in large countries, especially at times of high political stress. Small economies on the other hand necessarily depend on connections with the rest of the world. For them, autarky appears as an obvious and absurd fantasy. Trust in politics is also frequently much higher in smaller countries, because their processes are more familiar and more transparent.<sup>7</sup> Finally, small countries also offer experimentations in best practice, and can hold out lessons for others. One well-known model of governmental innovation is Estonia's system of e-government. The country is often restyled as E-Stonia. Its website boasts about its role as an international teacher: "We have built a digital society and we can show you how."<sup>8</sup> Adopting some of these lessons gave Ukraine and its citizens a critical advantage when they were hit by the Russian attack in 2022.

An institutional way of channeling the influence of smaller countries is to enhance the role of the UN General Assembly at the expense of the Security Council (which is stymied by permanent member vetoes), or the IMF (in which almost all countries are represented) rather than the G20, a club of big emerging markets as well as industrial countries. Small countries can make their voice felt collectively; but even more impressively they teach by example.

## 6. New Technologies of Cooperation without Institutions

The most radical possibility is that the search for new or existing institutions that might make cooperation work might in the end be unnecessary. Two striking examples show the possibility of drawing many more people into transformative solutions of collective action problems without formal coordination mechanisms. Two of the most divisive issues of the present in terms of economic common goods might find answers that don't depend at all on leaders talking to each other.

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<sup>7</sup> Adam Behsudi, Denmark's Social Trust in Action. In: Finance and Development, Feb. 2, 2022.

<sup>8</sup> <https://e-estonia.com/>; Simon Kuper, Good Things Happen When Governments Work from Home. In: Financial Times, June 24, 2021. Oddly, Kuper's verdict ("The role model for governments should be Estonia, a country where almost every bureaucratic task can be done online, and where a citizen never has to input the same fact twice") is misattributed on the Estonian website to the New York Times.

First: energy. For a long time, policymakers, international institutions and academics have been looking for mechanisms to coordinate effective action against carbon emissions and global warming, and more generally for the protection of the world environment. Combating global warming is most clearly the common good that might benefit from greater trust and greater cooperation, but where unfortunately greater trust is actually very hard. The advanced economies are mostly eager to push global measures to limit carbon emissions, while many poorer economies see such restriction as a way of holding back their own chances for economic growth and well-being of the population. Lower income countries point out that the rich nations have already derived substantial benefits from their prior dependence on fossil fuels, and should be made to pay for their past advantages. Fierce contestation over the environmental issue has led to the inability to formulate effective communiqués at the G20 level. There are some seventy different versions of emissions trading schemes.

But there is a possibility of exploring another way. The United States Inflation Reduction Act of 2022 was very much a unilateral measure, and initially provoked a substantial pushback from Europeans who saw it as an opening bid in a competitive escalation of industrial policy subsidies. But the Inflation Reduction Act aims at the promotion of large-scale investment in green and energy-saving technologies that would reduce substantially the price to consumers of non-carbon energy; and that reduction will change market behavior, not just in the United States but across the world. At the moment when green energy becomes cheaper than carbon energy, the price dynamics will lead to a massive shift in both production and consumption behavior: it's precisely that shift that international coordinated action has been so ineffectual in producing. The price mechanism alone has the capacity to fundamentally change behavior and obviate the need for coordinated action. When its effects are seen, the paralyzing clashes of the past on how to manage carbon reduction will be consigned to the dustbin of history.

Second, an analogous technological development might resolve the current bitter controversies over money. Past reform proposals took one single alternative to the dollar as the center of the international monetary system: French politicians in the 1960s wanted gold, in the 1970s and 1980s there was a discussion of whether the Deutschmark or the Japanese yen might be an alternative to the dollar (they weren't), and in the 2000s many leading economists and economic historians saw the euro or the renminbi as the new international currency. The earlier challenges faded; the new alternatives look increasingly unlikely, as European capital markets were never deep enough and China was not open enough.

The fact that there is not a single replacement does not mean that the dollar is top dog forever. There have already been warnings: the 2020 liquidity strains in the Treasury market, the weak foreign demand for Treasury securities, the 2022 debate about the weaponization of the payments system in the aftermath of war, and the polarized domestic 2023 US discussion of raising the debt limit, with a threat of US default.<sup>9</sup> The long preeminence of the dollar is under challenge, but not primarily from other currencies – though both the euro and the renminbi may well be bolstering their attractions as claimants to the throne of the dollar. The national era in money is drawing to a close because of a technological revolution, which offers radically new methods of circumventing the need for a single monetary standard.

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<sup>9</sup> See, for instance, Martin Wolf, *America Is Hurt by Its Debt Ceiling Theatre of the Absurd*. In: *Financial Times*, May 16, 2023.

One consequence of the possibilities offered by new monetary technologies is the unbundling of the apparently solid historical link between money and monetary stability and government fiscal management. Fiscal uncertainty makes it likely that the world will demand a new monetary revolution; and at the same time, the means for that revolution is supplied by the way loose monetary policy pushes flows into alternative asset classes.

The technology allows an unbundling of money into different functions, with new platforms of exchange. We will unbundle different aspects of our lives: thus Starbucks cards might be used as an international currency for luxury food products, or Apple music or Spotify plans/memberships for buying or selling sounds. It is also possible to imagine that the new digital eco-systems may be rebundled in new ways: excessive consumption of coffee or of sugars, for example, might be linked to alerts to medical service providers. And the willingness to use smart currencies might be linked to reduced health and life insurance premia (while correspondingly, an unwillingness would be penalized through higher prices).

A substantial number of countries, across the income spectrum, have launched some version of a central bank digital currency (CBDC). These will compete with private options. One prediction would be that the innovation would occur where states are weak and not trusted, and consequently state promises are not seen as highly credible. In rich and well-developed industrial societies there is another logic. Where the promise of social cohesion means less, being able to separate peacefully into different groups may become a way of avoiding clashes and conflict. Currencies will establish communities, bound together by exchanges of information.

A multiplicity of new private moneys as a supplement to a wide range of CBDCs may be ending the long period of dollar hegemony. The pandemic and its aftermath have accelerated that development – as in many other areas of life. There is more information flowing – this is the ultimate weightless economy or weightless globalization. That new globalization will only be stable, though, if information and data are adequately – that means transparently – managed. That will require public-private management through the platforms and protocols of Digital Public Infrastructure already widely developed in response to the pandemic. Each of these platforms or programs was quite specific in purpose, but they can be harnessed together in an interoperable framework.

## IV Conclusions

The first of the solutions offered above is the most comprehensive, and the most satisfying from a deep moral perspective, but also the hardest to realize. The order of the other four suggested solutions follows an ascending scale of realizability. It is possible to imagine a path to a more stable world order that begins with the lowest hanging fruit and then progressively and gradually moves up the scale of difficulty to offer a reordering of international life.

The importance of practical instances of building international order through an approach to common public goods – notably in the domain of climate and monetary arrangements – lies in the demonstration that interconnectedness works. Such an example of a cooperative world gives hope that the aspirations for an ethical and moral international order are not simple utopias, unrealistic dreams. The ability to tackle common problems lays out a clear path from an unstable present to a vision of a better and a more just future.



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## The West, China and the Struggle for “World Leadership”

Peter R. Neumann

### I Introduction

There are many theories and models for world order, most of which explain why the “balance of power” is as it is. One of the few models to explain transitions from one order to the next is the political scientist George Modelski’s “cycle of world leadership,” which he published in the late 1980s. It suggests that “world leadership” goes in cycles of about one hundred years in which “world leaders” rise and gradually become dominant, only for their position to be challenged in the second half of the cycle. This has roughly been the pattern since the 16<sup>th</sup> century, with “world leader” Portugal making way for Spain (17<sup>th</sup> century), then Britain (18<sup>th</sup> and 19<sup>th</sup> century) and eventually the United States (20<sup>th</sup> century). Modelski makes it clear that not all challenges are successful, and that new “world leaders” are not always the countries challenging them (such as with Britain succeeding Spain; and the United States succeeding Britain).

Although it is important not to read too much into such models, the similarities with the current situation seem obvious. While the United States took over “world leadership” from Britain in the first half of the 20<sup>th</sup> century, over the course of the following decades, it has fended off multiple “challengers” such as the Soviet Union and global jihadism. Now in the final quarter of its leadership, the rise of China has become the latest – and likely most significant – challenge. This short paper will outline some of the key dynamics involved in the emerging conflict and discuss various strategies for dealing with it.<sup>1</sup> Written from a Western perspective, it shows that the most promising way forward lies in a “mixed” strategy of cooperation and active competition, in which both sides can pursue their interests, while simultaneously maintaining channels of dialogue, cooperation and conflict resolution.

### II The Changing World Order

Many of the books and articles about the emerging world order are based on speculation and projection, making it easy to question or deny the fundamental changes that are currently underway. It is vitally important, therefore, to return to basic facts. In particular, there are three developments that will continue to shape the changing world order for many years to come: (1) the (relative) decline of the West; (2) the rise of China; and (3) the increasing role of “swing states.”

#### 1. The (Relative) Decline of the West

There can be no doubt that the West’s global role and significance has diminished. In many respects, this has happened through no fault of its own. For example, although the population that can be classified as “Western” (Europe, North America, Oceania) remains stable and will only slightly decrease by the end of the century, its *share* of the world population has steadily decreased. The main reason is rapid growth rates in Africa, whose population is estimated to treble by the year 2100, and more modest increases in Asia, where population growth will peak by the year 2060.

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<sup>1</sup> In substantial parts, this paper relies on the argument and excerpts from my forthcoming book: Peter R. Neumann. *The New World Disorder*. London: Scribe, 2023.

Of an estimated 10.5 billion people on the planet in the year 2075, just one in ten will be “Western” – the smallest share since the beginning of American “world leadership.”<sup>2</sup>

A similar development can be seen in relation to the economy. When the so-called G7 – the “Great 7” – were established in the first half of the 1970s, they represented the world’s biggest industrialized countries, accounting for more than half of the world’s gross domestic product. This has changed in recent decades, as large and middle-sized developing countries have caught up and “captured” a significant part of global GDP – not necessarily because the G7 have shrunk, but because the others have grown much faster. If reconstituted in the year 2023, the G7 would have to include China and India. In fact, the combined GDP of those countries and the other so-called BRICS countries – Brazil, Russia and South Africa – now exceeds that of the G7.<sup>3</sup>

Not least, the seemingly inevitable advance of liberal democracy, which had led intellectuals like Francis Fukuyama to proclaim an “end of history” has clearly come to an end. After the end of the Cold War, Eastern Europe did become democratic, but most of the Soviet Union’s successor states, including Russia, reverted to autocratic rule after one or two free elections. The attempt to bring democracy to the Middle East by means of force was a total failure. And, rather than engendering more democracy, the Arab Spring led to a revival of dictators and jihadists. Despite trade and dialogue, China failed to become freer and more democratic, instead further cementing its authoritarian model of rulership. In 2021, the democracy index published by the British magazine *The Economist* was at its lowest level in fifteen years: only 6.4 percent of the world’s population were considered to be living in full democracies, while more than half — 54.3 percent — were in countries classified as “authoritarian” or “hybrid” regimes.<sup>4</sup>

There are still signs of hope for the West, of course. Of the world’s largest companies, 90 percent remain Western, in particular American. And in terms of research, innovation and technology – especially in artificial intelligence, robotics, quantum computing and biotechnology – the United States continues to be far ahead. Most of the remaining optimists are basing their prognoses of continued Western leadership on advances in this area.<sup>5</sup>

## 2. China’s Rise

Even so, others have been catching up. As far as economic development is concerned, particularly China has exceeded the boldest of expectations. China’s economy grew nine-fold in the twenty years after it joined the World Trade Organization (WTO) in 2001. The country became the second biggest economy in the world in 2008, and many estimates see it overtaking the United States as the biggest economy by 2030. “Extreme poverty” (defined by the World Bank as living on less than USD 1.90 a day) has become virtually unknown in China since the turn of the millennium. And, although income disparities have increased, the Chinese middle class grew from around 3 percent of the population in the year 2000 to more than 50 percent in 2020. Simply put, during no period in

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<sup>2</sup> Projections by continent, Institut National d’Etudes Démographiques, October 2022, [https://www.ined.fr/en/everything\\_about\\_population/data/world-projections/projections-by-continent/](https://www.ined.fr/en/everything_about_population/data/world-projections/projections-by-continent/).

<sup>3</sup> How BRICS countries have overtaken the G7 in GDP. In: *The Times of India*, April 9, 2023, <https://timesofindia.indiatimes.com/blogs/economic-policy/how-brics-countries-have-overtaken-the-g7-in-gdp-based-on-ppps/>.

<sup>4</sup> See Democracy Index 2021: the China challenge. In: *The Economist*, undated, <https://www.eiu.com/n/campaigns/democracy-index-2021/>.

<sup>5</sup> See, for example, Stephen G. Brooks and William C. Wohlforth, *The Myth of Multipolarity*. In: *Foreign Affairs*, May/June 2023.

human history have the lives of so many people improved so much in so short a time as they did in those two decades in China.<sup>6</sup>

Although China's economic growth has in recent years slowed down and there are signs of structural problems, especially in the real estate sector, this has not stopped China from becoming increasingly assertive on the world stage. The best example is the so-called New Silk Road – a global development project initiated by Chinese leader Xi Jinping in 2013. The original intention was to create new trade routes in Central and South-East Asia. But so many countries wanted to be part of the project that it quickly expanded to encompass every continent. The bigger the project grew, the more prominent its political motives became. Two years after it was first announced, the goal was no longer just to develop trade routes, but to realign the global economic system – with China at its center. And rather than planning a purely physical infrastructure, with railways and ports, for example, the focus was increasingly placed on areas like digital networks, health and even culture.<sup>7</sup>

China's appeal to developing countries, especially in Asia and Africa, rests primarily on four factors: (1) China having “no baggage” in terms of colonial history or exploitation; (2) the absence of externally imposed conditions, especially with regards to human rights and good governance; (3) the seemingly generous provision of large loans, and – not least – (4) China's own success story.<sup>8</sup> Raffaello Pantucci sums it up as follows:

“What they say is, ‘Look how successful we are! Look at our model: developing infrastructure and opening up the markets in a controlled way, and it works. Everyone should emulate it.’ And they say, ‘We are prepared to help you. If you do as we do, you can become like us.’ That's not exporting an ideology, at least not directly; it's far more subtle, like development aid together with a ‘best practice’ model.”<sup>9</sup>

Needless to say, China has also encountered problems in pursuing this strategy, and some of its development projects have proven costly and unpopular. Overall, though, it has clearly allowed China to build a new global alliance and secure permanent control of many of the world's most valuable natural resources – including some that Western countries will need as they are transforming their economies away from fossil fuels.

Meanwhile, China's ambitions are not limited to the New Silk Road project. For example, it has initiated a free trade agreement in Asia, established an infrastructure investment bank and expanded the Shanghai Cooperation Organisation as a rival to the West's G7 (see below). It has also massively increased defense spending, set up military bases, and its activities in the South China Sea have become increasingly aggressive. As Graham Allison notes, none of these activities are unusual or surprising. Instead, they follow the same pattern that was pursued by rising “world leaders” such as Britain and the United States in earlier centuries.<sup>10</sup>

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<sup>6</sup> Peter R. Neumann. *The New World Disorder*, p. 270.

<sup>7</sup> *Ibid.*, pp. 274–275.

<sup>8</sup> Remarks by Yiqi Zhou, Shanghai Institute for International Relations, Austrian Forum for Peace, July 4, 2023.

<sup>9</sup> Quoted in Peter R. Neumann. *The New World Disorder*, p. 274.

<sup>10</sup> Graham Allison, *What Happens When a Power Rises So Quickly*. In: *Perspectives on China*, Summer 2022, <https://www.hks.harvard.edu/faculty-research/policy-topics/international-relations-security/what-happens-power-rises-quickly>.

### 3. The Growing Importance of “Swing States”

The shift away from Western dominance is also reflected in the actions of an increasing number of “swing states” which are no longer aligned to one side but trying to get the most out of both. This can be seen in several networks and organizations that have emerged or expanded over the last decade. For example, China created the Asian Infrastructure Investment Bank, which is seen as a rival to Western-dominated financial institutions, especially the World Bank. When it was first proposed, the United States tried to prevent allies from joining it. However, when it became clear that many of America’s traditional partners in South America, the Middle East and even Europe were not going to follow Washington’s line, President Obama softened his stance and even sought a role for the United States in the project’s governance.

Another such network is the Shanghai Cooperation Organisation, which China and Russia created in 2001 as a security alliance aimed at supporting Central Asian countries in the fight against terrorism. Over the past decade, it has become a more political body, bringing together significant non-Western powers, including India, Pakistan and Iran, with annual meetings typically scheduled around the same time as the G7 summits.

Similar, though less formal, are the BRICS, which – in addition to China and Russia – include the democracies Brazil, South Africa and India and have a long list of “applicants” from all parts of the world. What unites them is no particular system of governance but – rather – an emphasis on “sovereignty” and long-held grudges against “Western dominance” which China has skillfully exploited.

The clearest sign that Western hegemony is under pressure has been the (lack of) support for economic sanctions over the Ukraine war. None of America’s traditional allies in Central or South America, Africa, or Middle East – not even long-standing partners such as Israel or Saudi-Arabia – have joined the boycott of Russia, and in all of Asia, only four states and territories (Singapore, Japan, South Korea and Taiwan) are on the West’s side. In other words, just because the West has declared a specific country to be “rogue” no longer seems to impose any obligation on most of its allies.

## III Strategies

What new world order will emerge out of these shifts? It would be neither right nor faithful to Mod-elski’s model to conclude that China will replace the United States as the new “world leader.” In reality, a number of outcomes are possible. Just like Britain in the 18<sup>th</sup> century, it is imaginable that the West regains its advantage and renews its world leadership. It is equally conceivable that we will see a period of bipolarity – not unlike the Cold War. Another possibility is a multi-polar order, with large “swing states” such as India or even a more independent Europe representing additional “poles.”

The only certainty is that the coming years, if not decades, will be consumed – to a great extent – by the competition between the West and its principal challenger China. This confrontation will, to a great extent, determine the outcome of the wider struggle and therefore requires special consideration. Among the strategies described below, neither “business as usual” nor outright “containment” seem to be promising. The most realistic way forward consists of a mixed – and finely calibrated – strategy of cooperation and active competition.

## 1. Business as Usual

The first possible course of action is to carry on with “business as usual.” Especially European companies and industry associations that have profited from the opening of Chinese markets tend to advocate for the continuation of an industrial policy that has focused principally on closer economic integration. Many of them still call for more trade and investment rather than less – often with the justification that there might be positive political change in China sometime in the future. Yet, even if that were not to happen, the economic benefits of the existing set of relationships are considered far more important than any political concerns. Europe must not allow itself to be dragged into “a new Cold War with Beijing” warned the former German Chancellor Gerhard Schröder. “China is simply too important to us for that.”<sup>11</sup>

In reality, however, and even if one chose to ignore China’s political ambitions altogether, this would not work. China has long-since distanced itself from the “business model” that was so profitable for Western companies in the past. From the middle of the 2010s onward, the Chinese government has pursued a strategy of making its economy less dependent on trade with the West, and producing more key technologies at home. This has involved the strategic expansion of its own capabilities, massive investment in research and development, and the targeted acquisition of foreign companies, but also a systematic program of industrial espionage and the widespread use of state-controlled hacker attacks.

This shows that the idea that a “division of labor” between China and the West can simply continue unchanged is an illusion. China long ago ceased to see itself as nothing but a sales market and the cut-price “workshop of the world” as it had during the 1990s and early 2000s. Now it is doing everything it can to compete with the West.<sup>12</sup> Even with a blind eye to China’s ambitions, a purely economic-based “business as usual” is no longer an option.

## 2. Containment

What about “containment” and its economic equivalent “decoupling”? In practice, this would involve the West extricating itself from dependent relationships or, where necessary, cutting ties with China – the opposite of stronger integration and more interdependence. Almost all the proponents of this option stress that they do not want a complete shutdown of trade relations with China, but at most a “partial disengagement” or a “reorientation” in strategic areas like the flow of finances, supply chains, national security, research and telecommunications.

Even the American think tank the National Bureau of Asian Research, which has become a gathering place for China hawks, shies away from concepts like a “new Cold War” or isolating China completely, speaking only of increased competition, diversification and a “tougher policy.” In practice, however, even partial, selective disengagement may turn out to be conflicted. In many areas, economic integration is already so advanced that it can no longer be reversed. For example, the supply chains for almost all technological products involve China in some way. This is compounded by the fact that China is pursuing its own decoupling policy (see above) and the areas in which the West wants to reduce economic interdependence tend to be those where China wants cooperation

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<sup>11</sup> Gerhard Schröder, Wer das glaubt, hat China nicht verstanden. T-Online, February 3, 2022, [https://www.t-online.de/nachrichten/deutschland/id\\_91579212/china-und-olympia-gerhard-schroederwarnt-vor-neuemkalten-krieg.htm](https://www.t-online.de/nachrichten/deutschland/id_91579212/china-und-olympia-gerhard-schroederwarnt-vor-neuemkalten-krieg.htm).

<sup>12</sup> Peter R. Neumann. *The New World Disorder*, pp. 279–280.



to continue, and vice versa. What would remain, then, after both sides have decoupled according to their own ideas and interests?

Not least, of course, the West needs cooperation to continue in many policy areas, such as fighting climate change and global pandemics, and so cannot afford to risk losing China's cooperation due to open hostility or an overly tough stance. In short, slogans like "decoupling" and "containment" may sound good, but as actual policies they often present so many difficulties and hindrances that it remains unclear what they mean in practice.

### 3. Cooperation and Active Competition

The only feasible strategy for managing the ongoing struggle for "world leadership" is one of cooperation and active competition. Inevitably, there will have to be an element of active competition because China's ambitions are clear and, in many areas, opposed to vital long-term interests of the West. Despite Beijing's rhetoric, not everything is "win-win" and in certain areas, the West will have to be resolute in defining "red lines" and building a credible capacity for enforcing them. Active competition also implies efforts at counter-balancing, which requires the wooing of "swing states," particularly India and other Asian nations.

At the same time, the West will have to maintain channels of institutionalized dialogue, cooperation and conflict resolution, not only because China and the West are mutually dependent and because transnational issues such as climate change and global pandemics require global cooperation, but also because China – and perhaps other countries – have a legitimate claim to be recognized as "great powers." Their marginalization from Western-dominated forums, such as the G7 or global financial institutions, has caused China to create parallel structures, which now find themselves in competition with the West.

In short, the way forward lies in a flexible strategy that reflects China's rise and helps integrate it into a new and emerging world order while limiting its hegemonic ambitions. So what needs to be done? The first and most important requirement is **unity**. One of the West's structural "weaknesses" in relation to China has been that it consists not of one, but nearly fifty nations that have varied interests and are frequently in competition with each other. For example, while the United States has lately developed an overly aggressive stance, some European countries fail to recognize the challenge altogether. This has made it easier for China to "divide and rule." As Janka Oertel of the European Council on Foreign Relations explains, "Xi never made a secret of the fact that China intends to use its market power to make the world more dependent on it. And it is advantageous for China if Europe is split, as that prevents it from forming a united front with the USA."<sup>13</sup>

A second imperative is **(pro-active) engagement**. After the end of the Cold War, the West has withdrawn from large parts of the developing world, believing that history had "ended," the competition was over and efforts at alliance-building were no longer necessary. This has created a vacuum that made it easy for China to cultivate (often legitimate) resentments against the West and skillfully present itself as a genuine friend. If the West wants to survive, retain influence and maintain its place in the emerging world order, it needs to re-engage those parts of the world. While calls for a "new Marshall Plan" have become a cliché, this is precisely what is needed in many parts of Africa and Asia.

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<sup>13</sup> Quoted in *ibid.*, p. 278.

The third and arguably most difficult requirement is **humility**. For nearly a generation, the West has deluded itself into thinking that its system is superior and self-explanatory, and that – if anything – China would over time, and with increasing prosperity, become “like us.” This is what the American journalist James Mann called “the China fantasy”<sup>14</sup> which has prevented Western intellectuals and policymakers from developing a realistic strategy for an era that will not inevitably be dominated by America, the West or liberal democratic values, but experience a fierce competition of different values, ideas and influences. In order for Western values to prevail, the West must not take its own political and moral superiority for granted, but recognize its mistakes and learn to once again make a case for itself.

## IV Conclusion

The world order is changing, and if Modelski’s model can provide any guidance, it suggests that the American-led, Western “world leadership” has been challenged by a rising China. No one at this point knows how this competition will end – not least because it may be each side’s internal weaknesses that may prove to be decisive. The overall trend lines are very clear, though: the relative influence as well as economic and political power of the West has declined; the power, ambitions and success of China has grown; and many states “in the middle” have become more “flexible” in their allegiances. What this indicates is an era which will be dominated by competition and conflict.

Both from a Western and a global perspective, it is in everyone’s interest for this era to remain as peaceful and stable as possible. This paper has explored a number of strategies through which the West might be able to safeguard its interests while making sure that its competition with China does not escalate into global war. In doing so, neither “business as usual” nor outright “containment” are suitable, because they fail to recognize the reality of China’s ambitions and/or the existing levels of interdependence. Instead, it proposes a flexible strategy of cooperation and active competition, which is firm in defending Western interests, while investing in new forms of institutionalized cooperation, dialogue and diplomacy in order to regulate and resolve inevitable conflicts.

Needless to say, enacting such a strategy is difficult and will require massive efforts. Among the prerequisites are unity, a new effort at global engagement and alliance-building, and – most importantly – a recognition that China is here to stay, and that a new world order, whatever it looks like, will have to accommodate some of its legitimate aspirations.

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<sup>14</sup> James Mann. *The China Fantasy*. London: Penguin, 2007.

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## UN Pact for the Future – International Cooperation in a Polarized World

Sean Cleary

### I Introduction

In March 2023, in *Global Trends 2040: A More Contested World*,<sup>1</sup> the US National Intelligence Council, observed on the trends shaping global events to 2040:

“In the international system, no single state is likely to be positioned to dominate across all regions or domains, and a broader range of actors will compete to shape the international system and achieve narrower goals. Accelerating shifts in military power, demographics, economic growth, environmental conditions, and technology, as well as hardening divisions over governance models, are likely to further ratchet up competition between China and a Western coalition led by the United States. Rival powers will jockey to shape global norms, rules, and institutions, while regional powers and nonstate actors may exert more influence and lead on issues left unattended by the major powers. These highly varied interactions are likely to produce a more conflict-prone and volatile geopolitical environment, undermine global multilateralism, and broaden the mismatch between transnational challenges and institutional arrangements to tackle them.”

The war in Ukraine illustrates this propensity for contestation and conflict all too clearly, having wreaked death, destruction and displacement on the Eastern margin of the European Union, in a space between the borders of the North Atlantic Treaty Organization and the Russian Federation, since February 24, 2022. While it has seized a disproportionate share of international attention because of its protagonists and the threat it poses to global security, it is by no means the only conflict afflicting humanity: The International Crisis Group listed *10 conflicts to watch* in 2023, and even that list did not include either Sudan or Myanmar.<sup>2</sup>

Meanwhile, a second, potentially more dangerous conflict looms between the People’s Republic of China and the United States and its allies.

The most recent US *National Security Strategy* and *National Defense Strategy* characterize China as “the only country with the intent to reshape the international order, and increasingly, the economic, diplomatic, military and technological power to do so”<sup>3</sup>; and as “our [the US’s] most consequential strategic competitor for the coming decades.”<sup>4</sup>

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<sup>11</sup> Office of the Director of National Intelligence, *Global Trends 2040: A More Contested World*, March 2021, <https://www.dni.gov/index.php/gt2040-home>, [retrieved July 11, 2023].

<sup>2</sup> International Crisis Group, *10 Conflicts to Watch in 2023*, Jan. 15, 2023, <https://www.crisis-group.org/global/ten-conflicts-watch-2023#:~:text=They%20also%20take%20a%20look,%2C%20Haiti%2C%20Pakistan%20and%20Taiwan>, [retrieved July 11, 2023].

<sup>3</sup> The White House, *US National Security Strategy*, October 2022, <https://www.whitehouse.gov/wp-content/uploads/2022/10/Biden-Harris-Administrations-National-Security-Strategy-10.2022.pdf>, [retrieved July 11, 2023].

<sup>4</sup> US Department of Defense, *2022 National Defense Strategy of the United States of America*. October 2022, <https://media.defense.gov/2022/Oct/27/2003103845/-1/-1/1/2022-NATIONAL-DEFENSE-STRATEGY-NPR-MDR.PDF>, [retrieved July 11, 2023].

The Department of Defense stated: “The 2022 *National Defense Strategy* ... places a primary focus on the need to sustain and strengthen U.S. deterrence against China. It also advances a focus on collaboration with a growing network of U.S. allies and partners on shared objectives.”<sup>5</sup>

Japan, citing China’s surging military expenditure and provocations on Taiwan, and the DPRK’s advances in missile technology and ballistic missiles, reconfigured its *National Security Strategy* and defense budget in 2022, leading to its greatest rise in defense spending since WWII. Japan will spend ¥43 trillion over five years from FY2023, up from ¥27.5 trillion in its five-year plan in FY2019. This will allow Japan to “counterstrike” enemy territory. Tokyo had earlier relied on the US as both “spear and shield,” and these new capabilities are said to strengthen the Japan-US alliance.<sup>6</sup>

Japan has also developed *Reciprocal Access* [defense] *Agreements* with Australia and the UK and has reached agreement with the UK and Italy on a next-generation fighter aircraft, under a *Global Combat Air Program*. Tokyo and London launched a digital partnership in December 2022 in cyber-resilience, online safety and semiconductors.<sup>7</sup>

Tokyo and Washington agreed to enhance security coordination and strengthen US military capabilities in Japan’s southwestern islands near Taiwan, determining that an attack “... to, from or within space” could trigger Art. 5 of the US-Japan Security Alliance – akin to Art. 5 of the NATO Treaty. Describing China as the “greatest strategic challenge” in the Indo-Pacific region and beyond, the US and Japanese Foreign and Defense Ministers vowed to reinforce the Alliance’s deterrence and response capabilities. Mr. Biden and Mr. Kishida issued a Joint Statement on January 13, 2023 reflecting these commitments.<sup>8</sup>

While Washington has marshalled support from Japan and, to a lesser degree, the Republic of Korea, whose most proximate threat lies on the north of the Korean Peninsula, in the DPRK, other regional actors in Asia-Pacific, like Singapore and others in the Association of Southeast Asian States (ASEAN), have counselled caution and restraint for the past three years.<sup>9</sup> Meanwhile, global military spending has surged, with total military expenditure rising by 3.7 percent in real terms in 2022, to reach a new high of \$2,240 billion. Military expenditure in Europe saw its steepest year-

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<sup>5</sup> C. Todd Lopez, DOD Releases National Defense Strategy, Missile Defense, Nuclear Posture Reviews, Oct. 27, 2022, <https://www.defense.gov/News/News-Stories/Article/Article/3202438/dod-releases-national-defense-strategy-missile-defense-nuclear-posture-reviews/#:~:text=The%202022%20National%20Defense%20Strategy,and%20partners%20on%20shared%20objectives>, [retrieved July 11, 2023].

<sup>6</sup> Reito Kaneko, Japan to Build Up Defenses from 2023, with China and North Korea in Mind. In: Japan Times, Jan. 9, 2023, <https://www.japantimes.co.jp/news/2023/01/09/national/japan-defense-posture-2023/>, [retrieved July 11, 2023].

<sup>7</sup> Jesse Johnson and Gabriel Dominguez, U.K.-Japan Defense Cooperation to Intensify Following Landmark Agreement. In: Japan Times, Jan. 11, 2023, [https://www.japantimes.co.jp/news/2023/01/11/national/politics-diplomacy/britain-japan-troops-agreement-raa/?utm\\_source=pianoDNU&utm\\_medium=email&utm\\_campaign=72&pnespid=6PeNyZFe\\_qqeoauw\\_Q\\_uvvwM4RtIsDNvgFJ2AIE6sUKVaxA1elzoY.uGsYtuuX4adxdeDQ](https://www.japantimes.co.jp/news/2023/01/11/national/politics-diplomacy/britain-japan-troops-agreement-raa/?utm_source=pianoDNU&utm_medium=email&utm_campaign=72&pnespid=6PeNyZFe_qqeoauw_Q_uvvwM4RtIsDNvgFJ2AIE6sUKVaxA1elzoY.uGsYtuuX4adxdeDQ), [retrieved July 11, 2023].

<sup>8</sup> The White House, Joint Statement of the United States and Japan. Jan. 13, 2023, <https://www.whitehouse.gov/briefing-room/statements-releases/2023/01/13/joint-statement-of-the-united-states-and-japan/>, [retrieved July 11, 2023].

<sup>9</sup> Lee Hsien Loong. The Endangered Asian Century: America, China, and the Perils of Confrontation. In: Foreign Affairs, July/August 2020, <https://www.foreignaffairs.com/articles/asia/2020-06-04/lee-hsien-loong-endangered-asian-century>, [retrieved July 11, 2023]; Kelly Wang, Update: China, U.S. Must Step Back from Confrontation, Singapore Deputy Prime Minister Says. Caixin Global, June 12, 2023, <https://www.caixinglobal.com/2023-06-12/china-us-must-step-back-from-confrontation-singapore-deputy-prime-minister-says-102064864.html>, [retrieved July 11, 2023].

on-year increase in thirty years. SIPRI notes that the three largest spenders in 2022 – the United States, China and Russia – accounted for 56 percent of the world total.<sup>10</sup>

We have reached a historical inflection point – an incidence metaphorically akin to what theoretical physicists know as *symmetry breaking*<sup>11</sup> – due to the inherent and growing asymmetry between the demands of a highly integrated global economy, a fissured and fractured global society, and the inadequacies of the instruments of the polity that are available to human societies to reconcile these.<sup>12</sup>

Political leaders and scholars around the world have recognized the need for a new international order for well over a decade. This Trilogue has grappled with the challenge since at least 2011.<sup>13</sup> More recently, the Club de Madrid said, in the concluding statement at its *Annual Policy Dialogue* at the Bertelsmann Stiftung office in Berlin in 2022:

“The need for reform has been recognised since then-UN Secretary-General Kofi Annan appointed a *High-Level Panel on Threats, Challenges and Change on A More Secure World* in 2003. That need has been highlighted by Russia’s use of its veto to prevent the Security Council from performing its responsibility ‘[t]o maintain international peace and security, and ... to take effective collective measures for the prevention and removal of threats to the peace, and for the suppression of acts of aggression or other breaches of the peace....’

“U.S. President Biden told the UN General Assembly on 21 September 2022 that the time had come for the Security Council to become more inclusive to allow it to respond to the needs of today’s world....” Mr Biden said that the United States supported ‘... increasing the number of both permanent and non-permanent representatives of the Council. This includes permanent seats for those nations we’ve long supported and permanent seats for countries in Africa, Latin America, and the Caribbean.’

“This reform, and a range of others needed to maintain international peace and security, advance the just and peaceful resolution of disputes, and protect the equal rights, and advance the economic, social, cultural, and humanitarian welfare of all people, should be undertaken without delay.

“We can build on Article 109 of the UN Charter providing for a General Conference of UN Members to review the Charter, at a date and place determined by a two-thirds vote of the members of the General Assembly and a vote of seven members of the Security Council. This fits well with the UN Secretary-General’s proposal for a Summit of the Future [in 2024], after preparatory

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<sup>10</sup> SIPRI, World Military Expenditure Reaches New Record High as European Spending Surges. April 24, 2023, [https://www.sipri.org/news/2023/world-military-expenditure-reaches-new-record-high-european-spending-surges-0#:~:text=\(Stockholm%2C%2024%20April%202023\),in%20at%20least%2030%20years](https://www.sipri.org/news/2023/world-military-expenditure-reaches-new-record-high-european-spending-surges-0#:~:text=(Stockholm%2C%2024%20April%202023),in%20at%20least%2030%20years), [retrieved July 11, 2023].

<sup>11</sup> See Symmetry and Symmetry Breaking, Stanford Encyclopedia of Philosophy. First published July 24, 2003; substantive revision Dec. 14, 2017, <https://plato.stanford.edu/entries/symmetry-breaking/#SymmBrea>, [retrieved July 11, 2023].

<sup>12</sup> Sean Cleary, Reconceptualising Transnational Governance: Making Global Institutions Fit for Purpose. In: Economics E-Journal, Vol. 11, (July 20, 2017), DOI: 10.5018/economics-ejournal.ja.2017-21, <https://www.degruyter.com/document/doi/10.5018/economics-ejournal.ja.2017-21/html>, [retrieved July 11, 2023].

<sup>13</sup> Bertelsmann Stiftung, Challenges for Global Governance: New Approaches to Achieving a Sustainable World Economy. Trilogue Salzburg, Aug. 18–20, 2011, <https://www.bertelsmann-stiftung.de/en/our-projects/trilogue-salzburg/project-news/trilogue-salzburg-2011/#detail-content-22689>, [retrieved July 11, 2023]; see also Sean Cleary, New Foundations for the World Economy and Global Governance. Background Paper, [https://www.bertelsmann-stiftung.de/fileadmin/files/Projekte/84\\_Salzbunger\\_Trilog/Background\\_Paper.pdf](https://www.bertelsmann-stiftung.de/fileadmin/files/Projekte/84_Salzbunger_Trilog/Background_Paper.pdf), [retrieved July 11, 2023].



consultations, to ‘advance ideas for governance arrangements in the areas of international concern mentioned in ... [the UNSG’s] report [on Our Common Agenda], and potentially others....’<sup>14</sup>

In 2015, Chatham House convened a conference under this rubric, declaring:

“The international order established by the victorious allies after the Second World War has been remarkably enduring. The framework of liberal political and economic rules, embodied in a network of international organizations and regulations, and shaped and enforced by the most powerful nations, both fixed the problems that had caused the war and proved resilient enough to guide the world into an entirely new era.

“But given its antique origins, it is not surprising that this order [is] ... increasingly under pressure. Challenges are coming from rising or revanchist states; from unhappy and distrustful electorates; from rapid and widespread technological change; and indeed, from the economic and fiscal turmoil generated by the liberal international economic order itself.”<sup>15</sup>

The Royal Institute argued that the present system faced challenges of legitimacy, equity and self-confidence. These challenges, the Institute said, did not vitiate the need for a rules-based system, but did indicate that the rules had to be revised comprehensively. While the global order of the second half of the 20th century was built, moreover, on a normative and legal structure premised on Western values, no power, said the Institute, could now found a world order exclusively on its values and norms.<sup>16</sup> In similar vein, the US National Intelligence Council (NIC) warned in *Global Trends: Paradox of Progress*, in January 2017, that rising tensions and slowing global growth were inevitable as “... an era of American dominance ... and ... perhaps ... the rules-based international order ...” drew to a close.

The NIC drew attention to “... a divergence in values and interests among states [that] will threaten international security.” It warned that seeking “... to impose order on this apparent chaos, ... would be too costly in the short run and would fail in the long ...” and counselled that “... [a]lthough material strength will remain essential to geopolitical and state power, the most powerful actors of the future will draw on networks, relationships, and information to compete and cooperate.”<sup>17</sup>

To address the challenge it had identified, the Royal Institute counselled that an international effort to craft a new international rules-based order should first clarify the **aims** of the order, and then consider what **structure** was needed to achieve these. That seems a most sensible approach.

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<sup>14</sup> Club de Madrid, *Leading in a World of Converging Crises*, Annual Policy Dialogue 2022, Oct. 31 – Nov. 1, 2022, <https://clubmadrid.org/work/annual-policy-dialogues/2022/>, [retrieved July 11, 2023].

<sup>15</sup> Chatham House, *The Royal Institute of International Affairs, The London Conference, Challenges to the Rules-Based International Order, Session One: The Search for Global Leadership*, <https://www.chatham-house.org/sites/default/files/London%20Conference%202015%20-%20Background%20Papers.pdf>, [retrieved July 11, 2023].

<sup>16</sup> c.f. Chandran Nair, *The West Must Prepare for a Long Overdue Reckoning*. In: *The National Interest*, June 8, 2023, <https://nationalinterest.org/feature/west-must-prepare-long-overdue-reckoning-206538>, [retrieved July 11, 2023].

<sup>17</sup> US National Intelligence Council, *Global Trends: Paradox of Progress*, January 2017, <https://www.dni.gov/files/images/globalTrends/documents/GT-Main-Report.pdf>, [retrieved July 11, 2023].

## II Aims of an International Order

One reference point for the aims of a rules-based international order might be Hedley Bull's assertion that a *global society* must comprise: "a group of states, conscious of ... common interests and common values ... conceiv[ing] themselves to be bound by a common set of rules in their relations to one another."<sup>18</sup>

Achieving a condition in which states are conscious of common interests and common values and accept that they are bound by common rules in relations between them, does not require states to align all societal values across national boundaries: It simply requires them to recognize a certain quantum of common interests that justify subordinating national discretion in certain cases, to achieve superior collective purposes.

It does not require nations to abandon their cultures, or states to abnegate their national interests, but it does require them to recognize that the exclusive pursuit of national interests, uncaring of the effect of that on others, undermines human welfare on a global scale.

A rules-based international system that is fit for purpose at present must thus enable three outcomes:

- delivering socially equitable, and environmentally sustainable, economic growth;
- sharply reducing poverty and inequality, and enhancing opportunity; and
- addressing the sources of individual and societal vulnerability with instruments that promote security at human, national, regional and global scales.

To enable these outcomes, the international system will need to:

- clarify and embody agreement on the **norms** that will enable constructive coexistence and effective collective action between states and the peoples associated with them, while respecting their cultural differences; and
- strengthen and improve the **quality of governance** at national, regional and global scales, to ensure that the institutions of governance are effective and accepted as legitimate by all.<sup>19</sup>

## III The Purpose and Significance of Norms

Normative systems promote societal stability by smoothing and accommodating individual diversity in social contexts. Adherence to social norms by members of a social group reduces tensions and conflict and encourages coherent behavior by allowing members of a society to predict the responses of others with reasonable accuracy.

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<sup>18</sup> Hedley Bull, *The Anarchical Society. A Study of Order in World Politics*. Springer Link, June 1995, <https://link.springer.com/book/10.1007/978-1-349-24028-9>, [retrieved July 11, 2023].

<sup>19</sup> Sean Cleary, *Reconceptualising Transnational Governance: Making Global Institutions Fit for Purpose*. In: *Economics E-Journal*. Vol. 11 (July 20, 2017), <https://doi.org/10.5018/economics-ejournal.ja.2017-21>, <https://www.degruyter.com/document/doi/10.5018/economics-ejournal.ja.2017-21/html>, [retrieved July 11, 2023].

Coherent narratives are employed to frame and embed these norms in social expectations, while social, economic, political and legal institutions provide the context within which they are enforced.

At an international level, deference to universally accepted norms, and compliance with international law, enables the acceptance of each state actor by others, again by making responses largely predictable; while disregard of *ius cogens* – peremptory rules of public international law<sup>20</sup> – and other widely accepted norms, results in criticism, usually in the form of a diplomatic demarche<sup>21</sup> and, in more serious cases, punitive sanctions, or enforcement actions mandated by the United Nations Charter to preserve international peace and security.

Achieving sufficient international and transcultural agreement to restore and adapt an inclusive rules-based order will require agreement between states on what is essential and advantageous for all, while respecting the particularities of experience, perspective and belief that have arisen from humanity's complex social-evolutionary ecology. The question confronting policymakers is how to address this polymorphic reality.

Complex modern societies, characterized by specialization, the division of labor, and social coordination, emerged through adaptation to environmental circumstances and social evolution in diverse conditions over millennia, based on the ability and disposition of people to cooperate under circumstances influenced by [political] narratives, buttressed by evolving institutions.

The social norms applied in each polity may thus be similar at abstract levels but are not identical. Actions by states, moreover, based on their government's perceptions of the national interest at any time, and the military, economic, political and cultural capacity that constitute each state's power, influence state behavior, and determine outcomes in contested circumstances in interstate relations.

The role of norms in defining national identity and purpose, and in constraining unfettered pursuit of national interests, is not constant, moreover. Examples of divergent approaches abound, even over the decades since the adoption of the UN Charter in 1945. Likewise, the extent to which particular norms have permeated national societies is always uncertain. The adaptive response of political societies around the world to changing circumstances since the advent of the 21<sup>st</sup> century illustrates this clearly.<sup>22</sup>

States are, moreover, not the only actors on the global landscape. Corporations, faith groups, other non-governmental organizations and, increasingly, activist citizen groups are significant agents of social, economic and political change.

Despite the sweeping injunction of Article 1 of the UN Charter that the purposes of the United Nations are to maintain international peace and security; enable peaceful settlement of situations that might breach the peace by applying principles of justice and international law; develop and

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<sup>20</sup> Anne Lagerwall, *Jus Cogens*. Oxford Bibliographies, last reviewed Nov. 7, 2017, <https://www.oxfordbibliographies.com/display/document/obo-9780199796953/obo-9780199796953-0124.xml>, [retrieved July 11, 2023].

<sup>21</sup> Jean Salmon, *Démarche*, Diplomatic. Oxford Public International Law, <https://opil.ouplaw.com/display/10.1093/law:epil/9780199231690/law-9780199231690-e929>, [retrieved July 11, 2023].

<sup>22</sup> The evolution of political circumstances in states as varied as the US, Russia, Turkey, Brazil and South Africa illustrate this.

maintain friendly relations among nations based on equal rights and the self-determination of peoples; achieve international co-operation in solving international problems of an economic, social, cultural, or humanitarian character; promote respect for human rights and fundamental freedoms for all; and harmonize the actions of nations in achieving these ends, no one could argue that we have achieved that in the past 78 years.<sup>23</sup>

#### IV Priorities in Crafting a New Rules-Based International Order

Events over the past two decades – from the global financial crisis, through military conflicts resulting in death, destruction, civilian displacement and forced migration, to extreme weather events due to human transgression of planetary boundaries<sup>24</sup> – have shown the inadequacy of our instruments of governance.

To enable human well-being, moreover, we must also temper the impacts of human activity on the bio-geosphere. While changes in the earth system – from floods and droughts to earthquakes and volcanoes – have afflicted humans for millennia, aggregate human behavior is now destabilizing the earth system, pushing us past tipping points. Limiting this risk is imperative.

The workings of the complex, adaptive earth system in which humanity – now over eight billion strong – is embedded, and the global economic and social systems we have created, cannot be controlled by fiat. Human society is a complex system, incapable of collective control, as both absolute monarchs, and practitioners of scientific socialism, have learned to their cost. Democratic governance has its own limitations.<sup>25</sup> *Homo sapiens*, in all its socio-political variety, is part of the bio-geosphere, a still more complex, adaptive system incorporating climate, the oceans and the biodiversity of our terrestrial and marine environments.

David Held observed succinctly in 2006 that a rules-based order must meet three needs: *sharing the planet* (confronting climate change, and threats to oceans and biodiversity), *sustaining humanity* (addressing poverty and inequality, preventing and resolving conflict, containing weapons of mass destruction<sup>26</sup>), and *enabling agreement on binding rules* (for trade, finance, intellectual property, taxation, terrorism, and organized crime).<sup>27</sup>

The sharp disruption of the technological landscape now underway will have profound impacts at global, regional, national and sub-national levels; as well as for individual humans who will require new skills to avoid displacement from economic opportunity. Technological disruption, moreover,

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<sup>23</sup> United Nations Charter, Article 1, <https://www.un.org/en/about-us/un-charter/full-text>, [retrieved July 11, 2023].

<sup>24</sup> Intergovernmental Panel on Climate Change, AR6 Synthesis Report: Climate Change 2023, <https://www.ipcc.ch/report/sixth-assessment-report-cycle/>, [retrieved July 11, 2023].

<sup>25</sup> “Many forms of Government have been tried and will be tried in this world of sin and woe. No one pretends that democracy is perfect or all-wise. Indeed, it has been said that democracy is the worst form of Government except for all those other forms that have been tried from time to time....”

Winston Churchill, House of Commons, 1947. (Churchill by Himself. Richard Langworth, ed. 2008.)

<sup>26</sup> Steven Pifer, The US and Russia Must Re-assess Their Strategic Relations in a World Without New START. In: Bulletin of the Atomic Scientists, June 13, 2023, [https://thebulletin.org/2023/06/the-us-and-russia-must-re-assess-their-strategic-relations-in-a-world-without-new-start/?utm\\_source=Newsletter&utm\\_medium=Email&utm\\_campaign=ThursdayNewsletter06152023&utm\\_content=NuclearRisk\\_ReassessStrategicRelations\\_06132023](https://thebulletin.org/2023/06/the-us-and-russia-must-re-assess-their-strategic-relations-in-a-world-without-new-start/?utm_source=Newsletter&utm_medium=Email&utm_campaign=ThursdayNewsletter06152023&utm_content=NuclearRisk_ReassessStrategicRelations_06132023), [retrieved July 11, 2023].

<sup>27</sup> David Held, Reframing Global Governance: Apocalypse Soon or Reform! In: New Political Economy, Vol. 11, No. 2 (June 2006).

will deepen inequality and heighten social tensions.<sup>28</sup> Our political systems, also (perhaps notably) in Western societies, are already under severe stress, and are unlikely to adapt smoothly.

These facts require policy responses, based, as far as possible, on evidence and science. Sharply divergent, politically-driven policies, selected under pressure, or in pursuit of ideological objectives, will not enhance human welfare, and are likely, if adopted in order to harm putative opponents in an environment defined by aggressive competition, containment and incipient confrontation, both to do first-order damage and to trigger perverse consequences. Sober reflection, first, on the nature of the challenges and, second, on the policies best calculated to mitigate them, is thus essential if we are to avert a looming cataclysm.

We need, moreover, to determine which challenges should be tackled systemically (with other states and stakeholders), and which can be addressed at narrower (national or regional) scales; to define appropriate policies at the indicated scales; and to engage the relevant policymakers and decision-implementers at the appropriate scales so as to enable implementation of the policies.

## V UN75, Our Common Agenda, Summit of the Future and Pact for the Future

A process to enable this was initiated by the UN Secretary-General in 2019.

Ahead of the 75<sup>th</sup> anniversary of the United Nations, in 2020, Secretary-General Guterres initiated a program designated *UN@75 and Beyond: A forward-looking people-driven global conversation: July 2019 – December 2020*.<sup>29</sup> Although the scale of the envisaged conversations around the world was constrained by the outbreak of the COVID-19 pandemic, the UN General Assembly adopted Declaration A/RES/75/ in September 2020, in which Member States, drawing on the insights gathered in the conversations that had been held, pledged to act to strengthen global governance for future generations, and requested the Secretary-General to make recommendations to the Assembly.

“We request the Secretary-General to report back before the end of the seventy-fifth session of the General Assembly with recommendations to advance our common agenda and to respond to current and future challenges.”<sup>30</sup>

In September 2021, the Secretary-General responded with his report, **Our Common Agenda**,<sup>31</sup> aiming to accelerate the implementation of the *Sustainable Development Goals* and the commitments in the UN75 Declaration.

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<sup>28</sup> Alex Hern, OpenAI Leaders Call for Regulation to Prevent AI Destroying Humanity. In: The Guardian, May 24, 2023, <https://www.theguardian.com/technology/2023/may/24/openai-leaders-call-regulation-prevent-ai-destroying-humanity>, [retrieved July 11, 2023].

<sup>29</sup> UN75: 2020 and Beyond, <https://un75.online/>, [retrieved July 11, 2023].


<sup>30</sup> Declaration on the Commemoration of the 75th Anniversary of the United Nations, September 2020, UN75 Declaration, A/RES/75/, <https://documents-dds-ny.un.org/doc/UN-DOC/GEN/N20/248/80/PDF/N2024880.pdf?OpenElement>, [retrieved July 11, 2023].

<sup>31</sup> United Nations Secretary-General's Report “Our Common Agenda”, <https://www.un.org/en/content/common-agenda-report/>, [retrieved July 11, 2023].



## Key Proposals across the 12 Commitments

From the declaration on the commemoration of the seventy-fifth anniversary of the United Nations

 All proposed actions are in line with and designed to accelerate the achievement of the Sustainable Development Goals.

### PROPOSED KEY MOMENTS

#### 1. Leave no one behind

- Renewed social contract anchored in human rights
- New era for universal social protection, including health care and basic income security, reaching the 4 billion unprotected
- Reinforce adequate housing, education and lifelong learning and decent work
- Digital inclusivity
- World Social Summit in 2025
- Identify complementary measures to GDP

#### 2. Protect our planet

- Leaders meeting ahead of the global stocktaking in 2023
- Commit to the 1.5-degree Celsius goal and net zero emissions by 2050 or sooner
- Declarations of climate emergency and right to a healthy environment
- Package of support to developing countries
- Measures for adaptation and resilience
- No new coal after 2021 and phasing out fossil fuel subsidies
- Account for the environment in economic models, carbon pricing mechanisms and credible commitments by financial actors
- Post-2020 biodiversity framework
- Transforming food systems for sustainability, nutrition and fairness
- Action by the General Assembly on territorial threats of climate change and to prevent, protect and resolve situations of environmental displacement

#### 3. Promote peace and prevent conflicts

- New agenda for peace to
  - Reduce strategic risks (nuclear weapons, cyberwarfare, autonomous weapons)
  - Strengthen international foresight
  - Reshape responses to all forms of violence
  - Invest in prevention and peacebuilding, including Peacebuilding Fund and Peacebuilding Commission
  - Support regional prevention
  - Put women and girls at the centre of security policy
- Peaceful, secure and sustainable use of outer space, stakeholder dialogue on outer space

#### 4. Abide by international law and ensure justice

- Human rights as a problem-solving measure, including by comprehensive anti-discrimination laws and promoting participation
- Application of human rights online and to frontier issues and new technologies
- Universal access to the Internet as a human right
- Human rights mechanisms on a more sustainable financial footing
- Legal identity for all, end to statelessness and protection of internally displaced persons, refugees and migrants
- New vision for the rule of law
- Global road map for the development and effective implementation of international law

#### 5. Place women and girls at the centre

- Repeal of gender-discriminatory laws
- Promote gender parity, including through quotas and special measures
- Facilitate women's economic inclusion, including investment in the care economy and support for women entrepreneurs
- Include voices of younger women
- Eradication of violence against women and girls, including through an emergency response plan

#### 6. Build trust

- Global code of conduct that promotes integrity in public information
- Improve people's experiences with public institutions and basic services
- Inclusive national listening and "envisioning the future" exercises
- Action to tackle corruption in line with the United Nations Convention against Corruption
- Reformed international tax system
- Joint structure on financial integrity and tackling illicit financial flows





**7. Improve digital cooperation**

- **Global Digital Compact** to:
  - Connect all people to the Internet, including all schools
  - Avoid Internet fragmentation
  - Protect data
  - Apply human rights online
  - Introduce accountability criteria for discrimination and misleading-content
  - Promote regulation of artificial intelligence
  - Digital commons as a global public good

**8. Upgrade the United Nations**

- **High-Level Advisory Board** led by former Heads of State and Government on improved governance of global public goods
- System-wide policy that puts people at the centre, taking into account age, gender and diversity
- More listening, participation and consultation (including digitally), building on the seventy-fifth anniversary declaration and Our Common Agenda
- Gender parity within the United Nations system by 2028
- Re-establish the Secretary-General's Scientific Advisory Board
- "Quintet of change" for United Nations 2.0, including innovation, data, strategic foresight, results orientation and behavioural science

**9. Ensure sustainable financing**

- Biennial Summit between the Group of 20, the Economic and Social Council, the Secretary-General and the heads of international financial institutions for a sustainable, inclusive and resilient global economy including to:
  - Support a Sustainable Development Goal investment boost, including through a last-mile alliance to reach those furthest behind
  - Provide more flexible research and development incentives
  - Resolve weaknesses in the debt architecture
  - Fairer and more resilient multilateral trading system, including a reinvigorated WTO
  - New business models
  - Improve the United Nations budget process

**10. Boost partnerships**

- Annual meetings between the United Nations and all heads of regional organizations
- Stronger engagement between the United Nations system, international financial institutions and regional development banks
- More systematic engagement with parliaments, subnational authorities and the private sector
- Civil society focal points in all United Nations entities
- United Nations Office for Partnerships to consolidate access and inclusion, including accessibility online

**11. Listen to and work with youth**

- Youth**
- Remove barriers to political participation and measure progress through a "youth in politics" index
  - **United Nations Youth Office**
  - Transforming Education Summit in 2022
  - Recovery barometer to track career paths and labour market outcomes for youth
  - High-ambition coalition to promote green and digital-economy job creation
- Future generations**
- Summit of the Future in 2023
  - Ensure long-term thinking, including through a United Nations Futures Lab
  - Represent succeeding generations, including through a repurposed Trusteeship Council, a Declaration on Future Generations, and a United Nations Special Envoy for Future Generations

**12. Be prepared**

- **Emergency Platform** to be convened in response to complex global crises
- Strategic Foresight and Global Risk Report by the United Nations every five years
- On global public health:
  - Global vaccination plan
  - Empowered WHO
  - Stronger global health security and preparedness
  - Accelerate product development and access to health technologies in low- and middle-income countries
  - Universal health coverage and addressing determinants of health

**Our Common Agenda** contains six specific proposals across twelve dimensions<sup>32</sup>:

“First, now is the time **to re-embrace global solidarity and find new ways to work together for the common good**. This must include a global vaccination plan [for] **vaccines against COVID-19** .... [and] urgent and bold steps to address the triple crisis of climate **disruption, biodiversity loss** and **pollution** destroying our planet.

“Second, now is the time **to renew the social contract between Governments and their people and within societies, so as to rebuild trust and embrace a comprehensive vision of human rights**. ... This must include the active and equal participation of women and girls ... [and] updated governance arrangements to deliver better public goods and ... universal social protection, health coverage, education, skills, decent work and housing, as well as universal access to the Internet by 2030 as a basic human right. ....

“Third, now is the time **to end the “infodemic” plaguing our world by defending a common, empirically backed consensus around facts, science and knowledge**. The ‘war on science’ must end. All policy and budget decisions should be backed by science and expertise, and ... a global code of conduct that promotes integrity in public information.

“Fourth, now is the time to correct a glaring blind spot in how we measure economic prosperity and progress. When profits come at the expense of people and our planet, we are left with an incomplete picture of the true cost of economic growth. As currently measured, gross domestic product (GDP) fails to capture the human and environmental destruction of some business activities. I call for new measures to complement GDP, so that people can gain a full understanding of the impacts of business activities and how we can and must do better to support people and our planet.

“Fifth, now is the time to think for the long term, to deliver more for young people and succeeding generations and to be better prepared for the challenges ahead. *Our Common Agenda* includes recommendations for ... effective youth engagement ... through better political representation and by transforming education, skills training and lifelong learning. I am also making proposals, such as a repurposed Trusteeship Council, a Futures Lab, a Declaration on Future Generations and a United Nations Special Envoy to ensure that policy and budget decisions take into account their impact on future generations. We also need to ... prevent and respond to major global risks. It will be important for the United Nations to issue a Strategic Foresight and Global Risk Report on a regular basis, and I also propose an Emergency Platform, to be convened in response to complex global crises.

“Sixth, now is the time for a stronger, more networked and inclusive multilateral system, anchored within the United Nations. ... I am proposing a new agenda for peace, multi-stakeholder dialogues on outer space and a Global Digital Compact, as well as a Biennial Summit between the members of the Group of 20 and of the Economic and Social Council, the Secretary-General, and the heads of the international financial institutions. ... we will seek to have an Advisory Group on Local and Regional Governments. For 75 years, the United Nations has gathered the world around addressing global challenges.... In this time of division, fracture and mistrust, this space is needed more than ever ... to secure a better, greener, more peaceful future for all people. ... I will ask a High-level Advisory Board ... to identify global public goods and other areas of common interest where governance improvements are most needed, and to propose options for how this could be achieved.”

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<sup>32</sup> United Nations, *Our Common Agenda: Report of the Secretary-General*, [https://www.un.org/en/content/common-agenda-report/assets/pdf/Common\\_Agenda\\_Report\\_English.pdf](https://www.un.org/en/content/common-agenda-report/assets/pdf/Common_Agenda_Report_English.pdf), [retrieved July 11, 2023].

The UN Secretary-General proposed a Summit of the Future to forge a new global consensus on the future that humanity desires, and what we can do today collectively, to secure it.<sup>33</sup> He argued that:

“Humanity has shown time and time again that it is capable of great achievements when we work together. .... Now is the time to take the next steps in our journey together, in solidarity with and for all people.”

The General Assembly welcomed **Our Common Agenda** and resolved in A/RES/76/307<sup>34</sup> to hold the **Summit of the Future** on September 22–23, 2024. An action-oriented **Pact for the Future** will be agreed by Member States. A roadmap was established. The co-facilitators of the *Intergovernmental Consultations* are the Permanent Representatives of Germany and of Namibia.<sup>35</sup>

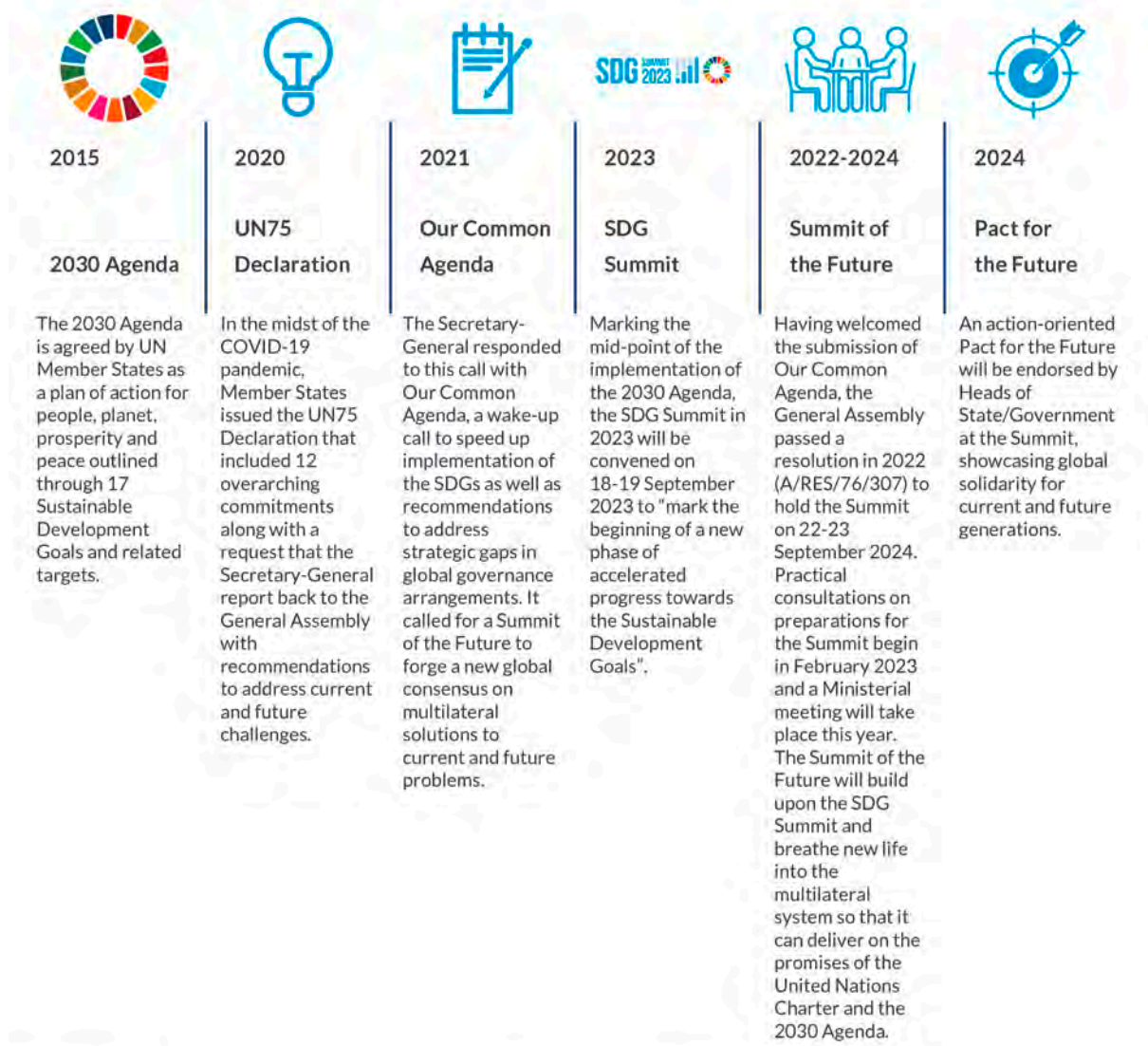
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<sup>33</sup> United Nations, The Summit of the Future in 2024: Multilateral Solutions for a Better Tomorrow, <https://www.un.org/en/common-agenda/summit-of-the-future#:~:text=The%20Summit%20of%20the%20Future%20is%20a%20once%2Din%2Da,towards%20a%20reinvigorated%20multilateral%20system>, [retrieved July 11, 2023].

<sup>34</sup> United Nations, Resolution Adopted by the General Assembly on 8 September 2022 [without reference to a Main Committee (A/76/L.87)], Sept. 12, 2022, <https://documents-dds-ny.un.org/doc/UN-DOC/GEN/N22/587/47/PDF/N2258747.pdf?OpenElement>, [retrieved July 24, 2023].

<sup>35</sup> United Nations, Intergovernmental Consultations on the Preparatory Process of the Summit of the Future Roadmap towards the Ministerial Meeting, May 12, 2023, <https://www.un.org/sites/un2.un.org/files/2023may12-consultation-member-states-preparatory-process.pdf#:~:text=Intergovernmental%20Consultations%20on%20the%20Preparatory%20Process%20of%20the,of%20their%20priorities%2C%20both%20on%20scope%20and%20process>, [retrieved July 11, 2023].

Road to the Summit of the Future



Source: <https://www.un.org/en/common-agenda/summit-of-the-future#:~:text=The%20Summit%20of%20the%20Future%20is%20a%20once%20in%20a%20lifetime,towards%20a%20reinvigorated%20multilateral%20system>



## VI Policy Briefs for Our Common Agenda and the Summit for the Future

Pursuant to the six focal areas identified by the UN Secretary-General in **Our Common Agenda**, the UN Secretariat has prepared a series of eleven Policy Briefs to clarify and provide more detail on the proposals, to support Member States in their deliberations on the **Summit of the Future**.

Each Brief includes an analysis of the impact of the proposal on implementation of the Sustainable Development Goals, informed by the United Nations Charter and the Universal Declaration on Human Rights, with gender equality as a cross-cutting theme.<sup>36</sup>

### Our Common Agenda Policy Briefs by Theme

At the invitation of Member States, the Secretary-General is now issuing a series of Policy Briefs to provide more detail on certain proposals contained in Our Common Agenda and to support them in their deliberations as they prepare for the Summit of the Future. These briefs will include an analysis of the proposals' impact on the implementation of the Sustainable Development Goals, and will be informed by the United Nations Charter and the Universal Declaration on Human Rights, with gender equality as a cross-cutting theme.

\* Available Policy Briefs are in PDF format.



Source: <https://www.un.org/en/common-agenda/policy-briefs>.

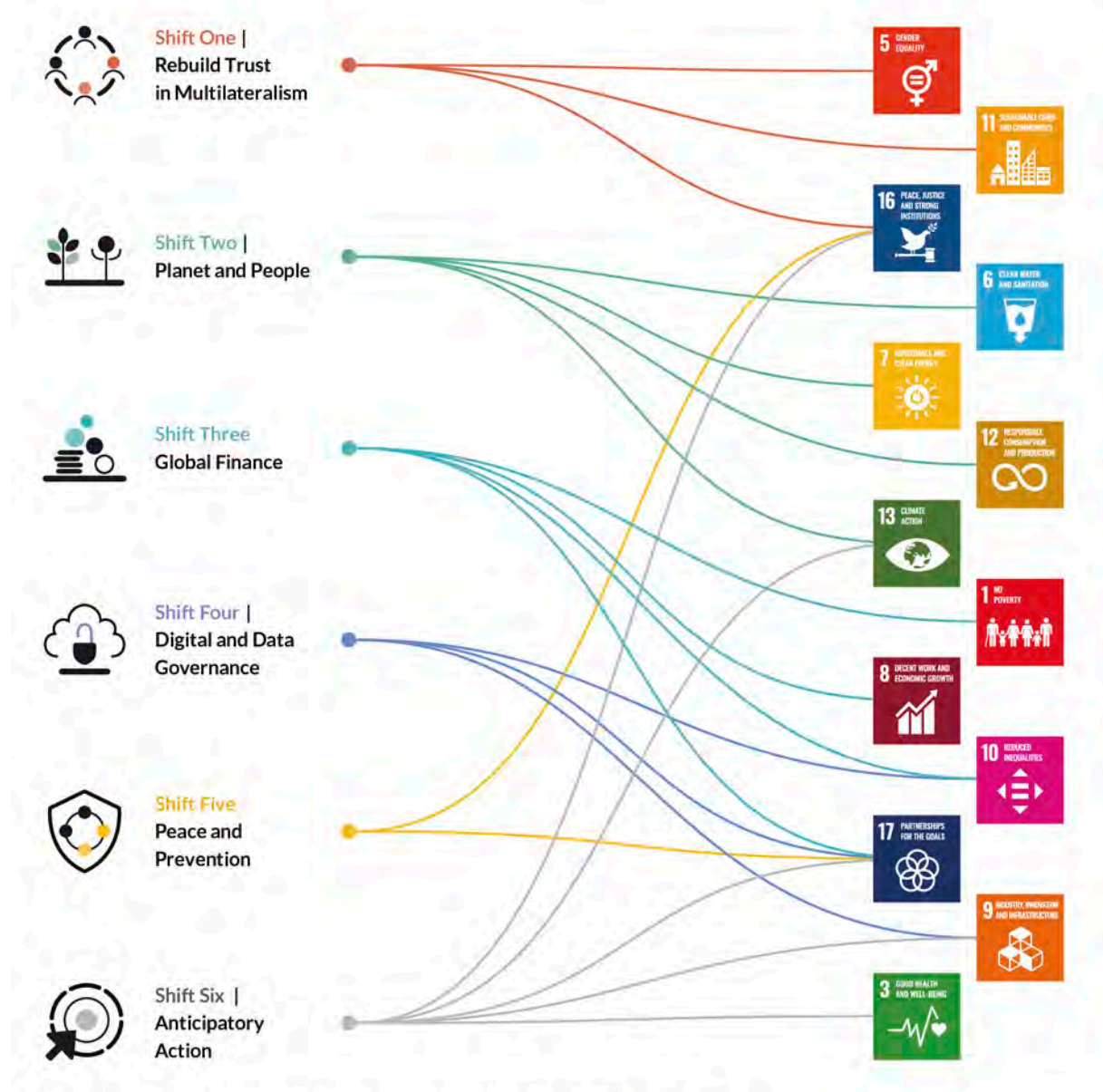
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<sup>36</sup> United Nations, Common Agenda: Policy Briefs, <https://www.un.org/en/common-agenda/policy-briefs>, [retrieved July 11, 2023].

## VII High-Level Advisory Board: Effective and Inclusive Global Governance for Today and the Future

### The Six Transformativ Shifts

The six transformative shifts are closely aligned with the SDGs and support Our Common Agenda, the United Nations Secretary-General's vision on the future of global cooperation.



Source: [https://highleveladvisoryboard.org/breakthrough/pdf/highleveladvisoryboard\\_breakthrough\\_fullreport.pdf](https://highleveladvisoryboard.org/breakthrough/pdf/highleveladvisoryboard_breakthrough_fullreport.pdf).

Liz Moore

In preparation for the **Summit of the Future**, the UN Secretary-General appointed a **High-Level Advisory Board on Effective Multilateralism** “to identify global public goods and other areas of common interest where governance improvements are most needed, and to suggest how this could be achieved.”<sup>37</sup> The High-Level Advisory Board (HLAB) presented its report to the UN Secretary-

<sup>37</sup> High-Level Advisory Board on Effective Multilateralism, Towards a More Effective, Networked, and Inclusive Multilateral System, <https://highleveladvisoryboard.org/>, [retrieved July 11, 2023].



General on April 18, 2023, proposing **six transformative shifts** required to enable **Effective and Inclusive Global Governance for Today and the Future**.<sup>38</sup>

Noting that when the UN was established in 1945, “its core purpose was to prevent military aggression by creating a collective security response based on the principles of territorial integrity and sovereignty,” the HLAB noted that the context of the concept of collective security had evolved significantly, with threats to global stability having become broader and more diverse than military aggression between states, with a range of non-military factors “influencing human security and collective well-being,” including deepening social, economic and political inequalities;... global shocks caused by ... climate change and environmental damage; global health crises ...; poor governance and [threats to] ... human rights; foreign interference in the internal affairs of States; large-scale demographic shifts and population movements; transnational organized crime and massive illicit financial flows; and transformative shocks presented by new technologies.”

The HLAB argued that “[i]f the core goal of the United Nations in 1945 was to prevent the massive human suffering resulting from world wars, the goal of the United Nations today must be to prevent the human suffering and global instability caused by the aforementioned multiple, interrelated threats to our collective security.” It suggested that this required a paradigm shift, premised on an understanding that “mutually assured survival is the only pathway to sustainable safety,” requiring all to “stop thinking in narrow, nationalistic frames and accept that our collective survival depends on equitable investments in peace and sustainable development as global public goods.”

The HLAB argued that “the growing risks of fracture and polarization demand a new mindset ... [recognizing] that today’s geopolitics pose an unacceptable risk to us all,” but that the Summit of the Future offers “a rare opportunity to ... reaffirm and recommit to inclusive, effective multilateralism as the only means to [achieve this], by undertaking the “six interrelated shifts across the multilateral system ... [to] ... position ... global governance to meet the challenges of today and tomorrow.”

The HLAB offered this paradigm as “a vision of positive peace, where investments gradually shift away from military spending and towards those activities that will build more resilient, flourishing societies, ... reaching a balance between people and planet, and new approaches to our global economy that can sustain us all together. And it means harnessing the potential of the digital world while warding off the existential risks posed by rapidly accelerating technological evolution.”

## VIII Integrating Our Common Agenda, the HLAB Report and the UN Secretariat’s Policy Briefs

The “six transformative shifts” advocated by the High-Level Advisory Board on Effective Multilateralism correlate closely with the UN Secretary-General’s six proposals in **Our Common Agenda**. The preliminary recommendations in the **Policy Briefs** prepared by the UN Secretariat to clarify the Secretary-General’s proposals and to support Member States in their deliberations to prepare for the **Summit of the Future** are likewise broadly aligned.

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<sup>38</sup> High-Level Advisory Board for Effective Multilateralism, A Breakthrough for People and Planet. Effective and Inclusive Global Governance for Today and the Future, <https://highleveladvisoryboard.org/breakthrough/>, [retrieved July 11, 2023].

Through this UN process, UN Member States, with the support of the UN Secretariat, are now preparing for the **Summit of the Future**, aiming to craft an inclusive, international **Pact for the Future** addressing areas of essential collective action. The challenge lies in integrating these endeavors in a way that enables all UN member states to agree on both the **purposes** (“aims” in Chatham House’s formulation<sup>39</sup>) of a new international rules-based order, and the **means** (coherent norms, and governance “instruments” in Chatham House’s terminology) through which those **purposes** will be realized. We need to recall Bull’s injunction that a *global society* must comprise “a group of states, conscious of ... common interests and common values ... conceiv[ing] themselves to be bound by a common set of rules in their relations to one another”<sup>40</sup>; as well as the simple proposition that a collaborative international system must be founded on agreed norms that enable constructive coexistence and collective action, by accommodating the cultural variety inherent in humanity; and on institutions of governance that are effective and accepted as legitimate by all.<sup>41</sup>

Finally, Held’s triad of needs for a rules-based order – sharing the planet; sustaining humanity and enabling agreement on binding rules – seems sound.<sup>42</sup> We can only do this if we ensure that growth is socially equitable and environmentally sustainable, that extreme poverty and inequality are significantly reduced, and that human security is enhanced at all scales, from the individual, through national and regional, to global.<sup>43</sup>

The transformative, integrative vision of the *High-Level Advisory Board on Effective Multilateralism* fits well with these approaches, and its strong assertion “that our collective survival depends on equitable investments in peace and sustainable development as global public goods” is apt. The HLAB’s vision is, moreover, in keeping with the Secretary-General’s recommendations for renewed solidarity between peoples and future generations; a new social contract anchored in human rights; and better management of the global commons and global public goods, equitably and sustainably for all.

The eleven “Areas of Potential Action” set out for the consideration of Member States at the Summit of the Future are, however, linear,<sup>44</sup> as, inevitably, are many aspects of the *Policy Briefs* constructed to elaborate the Secretary-General’s proposals. Both member states, in their deliberations in the *Intergovernmental Consultations on the Preparatory Process towards the Ministerial Meeting on the Summit for the Future*, and thereafter; and the UN Secretary-General and his senior staff,

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<sup>39</sup> Chatham House, Challenges to the Rules-Based International Order, <https://www.chathamhouse.org/sites/default/files/London%20Conference%202015%20-%20Background%20Papers.pdf>, [retrieved July 11, 2023].

<sup>40</sup> Hedley Bull, *The Anarchical Society. A Study of Order in World Politics*. Springer Link, June 1995, <https://link.springer.com/book/10.1007/978-1-349-24028-9>, [retrieved July 11, 2023].

<sup>41</sup> Sean Cleary, Reconceptualising Transnational Governance: Making Global Institutions Fit for Purpose. In: *Economics E-Journal*. Vol. 11 (July 20, 2017), <https://doi.org/10.5018/economics-ejournal.ja.2017-21>, <https://www.degruyter.com/document/doi/10.5018/economics-ejournal.ja.2017-21/html>, [retrieved July 11, 2023].

<sup>42</sup> David Held, Reframing Global Governance: Apocalypse Soon or Reform! In: *New Political Economy*, Vol. 11, No. 2 (June 2006).

<sup>43</sup> Sean Cleary, Reconceptualising Transnational Governance: Making Global Institutions Fit for Purpose. In: *Economics E-Journal*. Vol. 11 (July 20, 2017), <https://doi.org/10.5018/economics-ejournal.ja.2017-21>, <https://www.degruyter.com/document/doi/10.5018/economics-ejournal.ja.2017-21/html>, [retrieved July 11, 2023].

<sup>44</sup> United Nations, Common Agenda: The Summit of the Future in 2024: Areas of Potential Action, <https://www.un.org/en/common-agenda/summit-of-the-future>, [retrieved July 11, 2023].

will need to bring rigor to their further work to integrate these into a *substantive narrative* that reflects the **purposes** of the new international order in the **Pact for the Future**; the **norms, legal rules** and **commitments** that will underpin it by encouraging and requiring active compliance; and the new **institutions of governance** – notably the amendments and adjustments to the United Nations system and related regional institutions – that will enable the achievement of those purposes.

The *Pact for the Future* will need to enable us to maintain international peace and security, advance the just and peaceful resolution of disputes, and protect the rights and advance the economic, social, cultural and humanitarian welfare of all people. This is no trivial task, but an essential one if we are to avoid cataclysm.

## IX A Meaningful Transcultural Enquiry

Political leaders schooled in the Western intellectual tradition which has been dominant since the middle of the 19<sup>th</sup> century due to the cumulative scientific, economic and military impact of the *Renaissance*, the Age of Reason, the Western Enlightenment and the Industrial Revolution, have too little insight into the cultural and moral mindsets of non-Western civilizations.<sup>45</sup> A prime reason for the fracturing of the present order is that it comprises a normative and legal system premised on Western values, and that the system, the interests it serves and some of its underlying values now face challenges of legitimacy, as other powers, notably those in Asia, and especially China, have risen to assert both their interests and their values.<sup>46</sup>

Leading Western policy institutions including the US intelligence community and the United Kingdom's Royal Institute of International Affairs have recognized that no civilization can today found a world order exclusively on its values and norms. The US National Intelligence Council also warned six years ago that seeking "... to impose order [through military means], ... would be too costly in the short run and would fail in the long...."<sup>47</sup>

Achieving international and transcultural agreement on an inclusive rules-based order requires us to decide what is essential and advantageous for the security and welfare of all, today and in future generations. We cannot achieve this by expressing generalities in words crafted to avoid offence, but which are meaningless in practice. The principles we seek to have adopted in a new system will need to advance equity, security and sustainability for all,<sup>48</sup> while respecting the particularities of the diverse experiences, perspectives and beliefs of the whole of the global population.

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<sup>45</sup> Odd Arne Westad, What Does the West Really Know About Xi's China? Why Outsiders Struggle to Understand Beijing's Decision Making. In: *Foreign Affairs*, June 13, 2023, <https://www.foreignaffairs.com/china/what-does-west-really-know-about-xis-china>, [retrieved July 11, 2023].

<sup>46</sup> Xin Ge. Global Civilization Initiative to Bolster Humanity's Modernization. CGTN, March 16, 2023, <https://news.cgtn.com/news/2023-03-16/GCI-to-bolster-humanity-s-modernization-1idRu7Kk46s/index.html>, [retrieved July 11, 2023].

<sup>47</sup> US National Intelligence Council, *Global Trends: Paradox of Progress*, Jan. 2017, <https://www.dni.gov/files/images/globalTrends/documents/GT-Main-Report.pdf>; see also Chandran Nair, *The West Must Prepare for a Long Overdue Reckoning*. In: *The National Interest*, June 8, 2023, <https://nationalinterest.org/feature/west-must-prepare-long-overdue-reckoning-206538>, [retrieved July 11, 2023].

<sup>48</sup> Sean Cleary, *Rebuild after the Crisis on Three Pillars: Equity, Security and Sustainability*, Oct. 20, 2020, [https://www.global-solutions-initiative.org/policy\\_brief/rebuild-after-the-crisis-on-three-pillars-equity-security-and-sustainability/](https://www.global-solutions-initiative.org/policy_brief/rebuild-after-the-crisis-on-three-pillars-equity-security-and-sustainability/), [retrieved July 11, 2023].

While several studies have been undertaken on the divergent priorities of major politico-cultural groupings on these topics – specifically those of the US, European Union, Russian Federation, People’s Republic of China, India, Brazil, and sub-Saharan Africa – discussion of the implications of this research is beyond the scope of this paper, albeit that the UN Secretariat may find elements of those papers of use in preparing for the **Summit of the Future**.<sup>49</sup>

## X An Illustrative Perspective – the PRC

One useful point of departure for a transcultural enquiry has, however, been provided by the People’s Republic of China in the past three years in the **Global Development Initiative (GDI)**,<sup>50</sup> **Global Security Initiative (GSI)**,<sup>51</sup> and **Global Civilization Initiative (GCI)**,<sup>52</sup> each of which comprises specific proposals. The Communist Party of China (CPC) has described these initiatives as “a condensed vision of China’s deepening understanding of its own modernization path, [and] a step-by-step expansion of that path. These initiatives demonstrate *the determination and commitment of the major-country diplomacy with Chinese characteristics in the new era, to promote the process of modernization and the building of a community with a shared future for mankind.*”<sup>53</sup>

The **Global Development Initiative** prioritizes all-inclusive, people-centered, innovation-driven development, in harmony with nature, to be realized through an action-oriented, global development partnership aiming to unlock the synergies between the *2030 Agenda* and the *Belt and Road Initiative*, the African Union’s *Agenda 2063*, the *New Partnership for Africa’s Development (NEPAD)* and the *Initiative on Partnership for Africa’s Development*, by pooling the strengths of the *UN*, *G20*, *APEC*, *BRICS*, *China-ASEAN partnership* and other multilateral cooperation initiatives for common development.

The **Global Security Initiative** advances a vision of common, comprehensive, cooperative and sustainable traditional and non-traditional security, premised on the principle of “indivisible security,”<sup>54</sup> to be achieved through dialogue and negotiation, underpinned by ethics, morality and justice. The core principles are respect for the sovereignty and territorial integrity of all countries, based on the sovereign equality of states and the right of each country to choose its social system and development path. The principles of the UN Charter, constituting humanity’s institutional design for collective security and lasting peace, lie at the heart of this vision. The GSI calls on all countries to uphold the international system with the UN at its core, underpinned by international law and the

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<sup>49</sup> Sean Cleary, *Reconceptualising Transnational Governance: Making Global Institutions Fit for Purpose*. FutureWorld Foundation, posted Dec. 1, 2016, <https://futureworldfoundation.org/Content/Article.aspx?ArticleID=22150>, [retrieved July 11, 2023].

<sup>50</sup> PRC Ministry of Foreign Affairs, *Global Development Initiative – Building on 2030 SDGs for Stronger, Greener and Healthier Global Development (Concept Paper)*. Sept. 21, 2021, [https://www.mfa.gov.cn/eng/topics\\_665678/DGI/wj/202305/P020230511396286957196.pdf](https://www.mfa.gov.cn/eng/topics_665678/DGI/wj/202305/P020230511396286957196.pdf), [retrieved July 11, 2023].

<sup>51</sup> PRC Ministry of Foreign Affairs, *The Global Security Initiative Concept Paper*. Feb. 21, 2023, [https://www.fmprc.gov.cn/mfa\\_eng/wjbxw/202302/t20230221\\_11028348.html](https://www.fmprc.gov.cn/mfa_eng/wjbxw/202302/t20230221_11028348.html), [retrieved July 11, 2023].

<sup>52</sup> PRC State Council Information Office, *Join Hands on the Path Towards Modernization: Full Text of Xi Jinping’s Keynote Address at the CPC in Dialogue with World Political Parties High-Level Meeting*, March 16, 2023, [http://english.scio.gov.cn/topnews/2023-03/16/content\\_85171478.htm](http://english.scio.gov.cn/topnews/2023-03/16/content_85171478.htm), [retrieved July 11, 2023].

<sup>53</sup> Wang Yingwu, *Implementing the Global Civilization Initiative to Write a New Chapter of World Civilizations*, May 6, 2023, [http://cm.china-embassy.gov.cn/fra/zxxx/202305/t20230506\\_11071361.htm](http://cm.china-embassy.gov.cn/fra/zxxx/202305/t20230506_11071361.htm), [retrieved July 11, 2023].

<sup>54</sup> The essence of this principle is that no state may advance its own security at the expense of the security of another.

norms of the Charter; and to respect the UN as the anchor of global security governance. Unilateralism, confrontation and hegemonism, and war and sanctions, must be rejected, and replaced with strategic communication, mutual security and efforts to eliminate the root causes of crises, and to address global challenges including terrorism, climate change, cybersecurity and biosecurity.<sup>55</sup>

The **Global Civilization Initiative**<sup>56</sup> sets out four core theses. The first is respect for the diversity of civilizations, acknowledging their equality, and the need for inclusiveness, dialogue and mutual learning to overcome estrangement, assertions of superiority and clashes. The second is open-minded acknowledgement of the shared values and aspirations of all peoples, notably peace, development, equity, justice, democracy and freedom. The third is recognition of the importance of both cultural inheritance and innovation within each civilization, drawing on the continued relevance of one's own culture to engage in its creative transformation and development. The fourth is recognition of the need for international, people-to-people exchanges, to promote a global network of inter-civilizational dialogue and cooperation, to advance human civilization.

## XI Conclusion

The present moment offers an important opportunity – in response to a compelling need – to reconceptualize and reform the international rules-based system of transnational governance in the light of profound, and accelerating, geopolitical, geo-economic, social and technological changes.

The process underway in the UN system – from the considerations advanced for the 75<sup>th</sup> anniversary of the founding of the UN in **UN@75 and Beyond**, through the UNSG's report on **Our Common Agenda**, and the **Summit of the Future** in 2024, to the **Pact for the Future**, envisaged for adoption by UN member states at the Summit – offers a pathway to a new system that is both effective and accepted as legitimate by all key actors in the international system, and which can adapt and evolve constructively in the face of accelerating change.

To achieve this:

The Pact must reflect the complex reality of a multi-civilizational world of over eight billion people coexisting on, and inequitably sharing the resources of, a single planet, several of whose boundaries are under significant and increasing strain.<sup>57</sup>

The governance system proposed in the Pact must address the need to advance *equity, human security* and *sustainability* for humanity and its component parts, through policies and practices accepted by all states and key stakeholders, as legitimate and fit for purpose.

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<sup>55</sup> The GSI Concept Paper says: "These six commitments are interlinked and mutually reinforcing and are an organic whole of dialectical unity. Among them, the vision of common, comprehensive, cooperative and sustainable security provides conceptual guidance; respecting the sovereignty and territorial integrity of all countries is the basic premise; abiding by the purposes and principles of the UN Charter is a primary benchmark; taking the legitimate security concerns of all countries seriously is an important principle, peacefully resolving differences and disputes between countries through dialogue and consultation is a must choice; and maintaining security in both traditional and non-traditional domains is an inherent requirement."

<sup>56</sup> The GCI was proposed by Xi Jinping, General Secretary of the Central Committee of the Communist Party of China (CPC), in a keynote speech at the High-Level Meeting, CPC in Dialogue with World Political Parties, on March 15, 2023.

<sup>57</sup> Johan Rockström, Joyeeta Gupta, Dahe Qin, et al., Safe and Just Earth System Boundaries. In: Nature, May 31, 2023, <https://doi.org/10.1038/s41586-023-06083-8>, [retrieved July 11, 2023].



To achieve this, the Pact will need to make explicit the norms, legal rules and commitments that will underpin the order, and the key features of the institutions of governance that will enable the maintenance of international peace and security, the just and peaceful resolution of disputes, protection of the rights of all people, and advancement of their economic, social, cultural and humanitarian welfare.

The Pact must therefore be the product of honest and rigorous discussion of the purposes of the system, the norms on which it is to be premised, the institutions and instruments through which its purposes are to be achieved, and the means of normative enforcement and the adjudication of disputes. Active engagement between leading states represented in the G7, G20, BRICS, ASEAN, Pacific Alliance, African Union and Arab League is essential. China's three proposed initiatives must be actively interrogated.

The scale of the transformations in the *first, post-industrial, bio-digital revolution* now underway – and the economic, social and political opportunities and dislocations that these will bring – must be addressed.<sup>58</sup> Despite earlier warnings, we are only now beginning to consider the scale of the disruption potentially to be effected by generative AI – notably generative pre-trained transformer applications – and this has already excited apocalyptic commentary.<sup>59</sup> Consideration of the implications of the integration of AI applications with genetic engineering, and emergent applications of nanotech and neurotech, is still nascent, although both private and public research institutions have numerous programs underway.<sup>60</sup> It is clearly necessary to develop an integrated understanding of the opportunities and challenges posed by these conflating technologies, and to agree on limits to their deployment.

It is an extraordinary time to be alive, and a privilege for all to have an opportunity to contribute to the birth of a new age, and a new order.

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<sup>58</sup> Sean Cleary, Book Review: Klaus Schwab, *The Fourth Industrial Revolution*, ResearchGate, Jan. 2016, [https://www.researchgate.net/publication/314175208\\_Book\\_Review\\_KLaus\\_Schwab\\_The\\_Fourth\\_Industrial\\_Revolution](https://www.researchgate.net/publication/314175208_Book_Review_KLaus_Schwab_The_Fourth_Industrial_Revolution), [retrieved July 11, 2023].

<sup>59</sup> Matt O'Brien, *Artificial Intelligence Raises Risk of Extinction, Experts Say in New Warning*. ABC News, May 30, 2023, <https://abcnews.go.com/International/wireStory/artificial-intelligence-threatens-extinction-experts-new-warning-99692487#:~:text=Artificial%20intelligence%20raises%20risk%20of%20extinction%2C%20experts%20say,to%20humankind%20By%20MATT%20O%27BRIEN%20AP%20Technology%20Writer>, [retrieved July 11, 2023]; Maggie Harrison, *Beyond an Emergency: Former Google Exec Warns of Global AI Catastrophe Within Two Years*, *The Byte*, June 2, 2023, <https://futurism.com/the-byte/google-exec-ai-global-catastrophe>, [retrieved July 11, 2023].

<sup>60</sup> E.g. Elham Maserat, *Integration of Artificial Intelligence and CRISPR/Cas9 System for Vaccine Design*, *Cancer Inform.* 2022; 21: 11769351221140102. Published online Nov. 26, 2022, doi: 10.1177/11769351221140102, <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC9703516/>, [retrieved July 11, 2023]; Rachael Levy, Marisa Taylor and Akriti Sharma, *Elon Musk's Neuralink Wins FDA Approval for Human Study of Brain Implants*. Reuters, May 26, 2023, <https://www.reuters.com/science/elon-musks-neuralink-gets-us-fda-approval-human-clinical-study-brain-implants-2023-05-25/>, [retrieved July 11, 2023].



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## A Few Suggestions to Rebuild International Trust

Pascal Lamy

### I Introduction

Last year's Trilogue identified rebuilding some kind of international order as an urgent priority in order to reverse rapidly growing polarization and fragmentation and the ensuing collective incapacity to address the multiple crises facing the world.

The purpose of this short paper is not to dwell on the diagnosis, but rather to look for some ways to address what we have identified as a key issue: the need to rebuild trust.

The suggestions which follow stem from a guiding principle: Focusing on areas where investing in a more resilient common future makes most sense to everyone in order to establish a foundation for consensus.

Whether more systemic or more specific, they should be considered as a sort of package allowing trade-offs between them.

### II Systemic

These proposals address some of the flaws in the international system which seem to lie at the roots of the loss of trust.

#### 1. Re-Balancing International Institutions

Most international institutions were born after World War II; their structures, governance and power allocations favor Western dominance and are now outdated as they have not significantly evolved to reflect changes in the balance of power and influence. This is particularly manifest for the international financial institutions and for the UN Security Council. Opening such a global negotiation and starting to consider the many proposals which have been floated for decades would, in itself, be an acknowledgement of the need to change as a confidence-building measure, starting with setting the representation of Africa within the G20 on par with Latin America.

#### 2. Re-Defining Universalism

The Universal Declaration of Human Rights suffers from the same obsolescence and mismatch between proclamations and today's realities, and should be modernized. It should reflect a genuine "universal pluralism" encompassing the views, traditions, cultures and beliefs of countries and people who were not recognized, did not exist or had no say 75 years ago. New issues such as environmental sustainability, the rights of minorities, intergenerational accountability and digital rights should be dealt with in a restatement of collective ambitions, principles, rights and responsibilities. Here again, a discussion of a new "Charter of Interdependence" could draw on the stock of ideas already on the table, coming, for instance, from philosophers, intellectuals and faith movements.

#### 3. Re-Allocating the Roles of International Actors

Today's real international stakeholders go way beyond traditional sovereign states and include a wide variety of players, many of whom have more weight and influence than many members of the

UN General Assembly: NGOs, multinational businesses, *supranational bodies sharing their members' sovereignty like the EU*, sub-national entities such as large cities or regions, major philanthropic or academic organizations, to name a few. These bodies are often able to deploy major resources in coalescing and working together to find solutions to the unresolved issues of our times. The concept of a purpose-led “poly-lateralism” was behind the creation of the Paris Peace Forum in 2018 as a new and innovative mode of international cooperation, and has achieved quite impressive progress in a short time, for example in areas like local environmental protection, the promotion of media of public interest, the protection of children on the internet and the incubation of a common taxonomy for a large number of multinational companies to help them benchmark their trajectory towards the SDGs.

#### 4. Re-Scripting the Global Narrative

As geopolitics have taken the upper hand on geoeconomics, and with the brutal invasion of Ukraine by Russia, international discourse has shifted towards representations of the global scene with new semantic codes such as “de-globalization” or “West against the rest” or “democracies against autocracies,” which all have as a purpose the painting of a confrontational picture in order to mobilize public opinion in support of more inward-looking and self-centered state-run policies, thus fostering suspicion and denting trust. While this trend is understandable given the political need to address new fears or feelings of vulnerability, it needs to be questioned by powerful voices not linked to vested interests, demonstrating that these representations often intentionally give a distorted picture of reality, calling on political leaders to refrain from nurturing such hostile postures, and pointing out that the economic cost of division will be paid disproportionately by the weakest countries and strata of society.

#### 5. Regionalization

Regionalization of global issues within the agenda of regional integration systems can act as a sort of “mini-lateralism” which offers an easier path to trust building given geographical, historical, cultural, religious or linguistic proximities. It also can serve to address the above-mentioned fears in less of a “my country first” manner, as it is based on the premise that cooperation and consensus building are a better option than going it alone.

### III Specific

In the present historical context, some of the pressing issues seem to offer more win-win potential based on common interest than others, and to be less at risk of being taken as hostages of geopolitical polarization. What they have in common is that they fall outside or in between existing global governance structures. Filling these gaps would offer more opportunities for dialogue or building negotiating agendas preparing for trade-offs. Hence the following suggestions:

**Climate:** This is the most obvious candidate for trust building as it is the perfect example of the tragedy of the commons: If some can benefit from efforts of others without contributing, or if the balance between contribution and benefits is awry, collective action will stall. This issue is also generating more North-South tensions, the North being responsible for most of the stock of CO<sub>2</sub> in the atmosphere, and the South on the receiving end of a disproportionate part of the damage. A climate resilience cluster should be established within the G20. It would deal with issues often overlooked during Conferences of the Parties such as differentiation of decarbonization trajectories for least industrialized countries, climate-related trade measures, climate migration, water and food

systems, climate finance, to name a few. Global consideration is also needed for the different approaches to the fight against global warming (mitigation, capture, adaptation, geoengineering) and their systemic interactions.

**Digital/AI:** The very rapid development of digital ecosystems needs to be guided in a way that properly balances their convergence (free movement) and the benefits it brings, and their coexistence with legitimate limits on their openness (data accessibility, transborder data flows, data protection, etc.), which raise important issues of trust. This should be overseen by a “digital stability board” modelled on the Financial Stability Board, but with a multi-stakeholder composition (states, digital companies, NGOs). The UN Secretary-General’s recent call for the Security Council to set standards for a “responsible AI” should also be followed up.

**Critical minerals:** Accelerating the decarbonization of production systems and moving to renewable energy and electrification have triggered competition for access to key materials, the extraction and the refining of which are concentrated in a few countries. This has led to rising tensions about the access, exploitation, use and reuse of these components. A purpose-led multi-stakeholder coalition is in the making to draw up a global code ensuring sustainable access and use of critical minerals along the value chain, thus addressing geopolitical, ecological and social concerns and limiting friction. If successful, it could serve as a reference for further trust-building endeavors.

**Economic security:** The above-mentioned shift in the balance between geoeconomics and geopolitics is leading to a repositioning of sovereigns in the area of international trade: What were considered the benefits of interdependence are now seen more and more as the vulnerabilities of overdependence. This is triggering a host of trade-distorting measures such as tariffs, subsidies, export or investment restrictions, usually in the name of economic security. This “justification” is vague enough to evade existing international disciplines and could lead to an unfettered race to protection that would harm the world’s poorer countries above all. The G20 should seek a commonly accepted definition of “economic security” to limit this harm.

**Pandemics:** The Covid experience has shown that there are blatant flaws in the existing international system, a repetition of what appeared previously with HIV-AIDS. Lack of trust among countries about communicable diseases is mainly to blame. Work on building resilience and preparedness, along with measures for production and distribution of medicines, should be conducted in a way that does not repeat the Covid injustices which further hurt international confidence in this field. Lessons could be drawn from the creation of the Global Fund to fight AIDS, TB and Malaria, another successful example of a multi-stakeholder coalition.

## IV Conclusion

Re-creating internationally lost trust is inevitably a long-haul enterprise. It should start with confidence-building measures to create a positive dynamic. It is therefore crucial to choose the first steps wisely.

To do so, a wide consultation on a list of possible initiatives seems to be the best way to start the process on the right footing.

But this will not be enough if it does not open the way to further collective rule making. Rules remain the tool human (and some animal) societies have developed to replace trust among a limited number of individuals in a sustainable manner to ensure their survival. That is what tribes and nations have learned over the course of their history. It is no exaggeration today to say that the challenge is to do that internationally. Global challenges call for the building of global consensus on global rules.



## How Geopolitical Interests Weaken International Cooperation – And What the EU Can Do About It

Thieß Petersen

### I Introduction

For decades, the global economy was characterized by increasing globalization. Since the global financial and economic crisis of 2008/2009, however, protectionist tendencies have been on the rise. The growing importance of geopolitical considerations has given protectionism an additional boost. These considerations are changing the incentive structure for international economic cooperation, with the result that uncooperative behavior is becoming more attractive for individual economies. If the EU wants to prevent this, it must increase the costs for other countries of engaging in uncooperative behavior.

### II A Look Back: Globalization as a Win-Win Situation

Since the Second World War, there has been a massive decrease in the number of trade barriers worldwide. Customs duties and non-tariff barriers have been reduced, free trade agreements concluded and the rules of international trade largely respected.

Participating in economic globalization has a number of advantages for individual countries: acquisition of inexpensive consumer and intermediate goods from abroad, increases in production and employment thanks to higher exports by domestic companies, greater product diversity, imports of modern technologies from trading partners – to name just the most important benefits.<sup>1</sup>

Although protectionist measures can be beneficial for individual domestic sectors, disadvantages predominate for the economy as a whole. If a country imposes a tariff on steel imports, for example, it helps domestic steel producers. Domestic consumers, however, must pay a higher price for all products that require steel to be produced. This reduces the purchasing power of their incomes and means they have less money to buy products made by domestic companies. That weakens growth and employment within the national economy.

The tariffs that President George W. Bush imposed on steel imports to the United States in 2002 are one example of this. According to empirical estimates, the resulting increase in the price of steel led to the loss of some 200,000 jobs throughout the US over the course of the year. That was more jobs than were present in the entire US steel industry back then (187,500 in December 2002)<sup>2</sup>. Protecting a single industry can thus reduce gross domestic product (GDP) and employment throughout the economy. From the macroeconomic perspective, it's a bad deal.

These observations suggest that it would be better to forego protectionist measures, since globalization and free trade benefit all the economies involved. When many countries adopt this stance, the result is an increase in globalization. This manifests in a number of ways, including as an increase in exports as a share of global GDP, something that was evident for quite some time: For many years, the volume of global exports grew faster than global GDP (see Figure "Export of Goods

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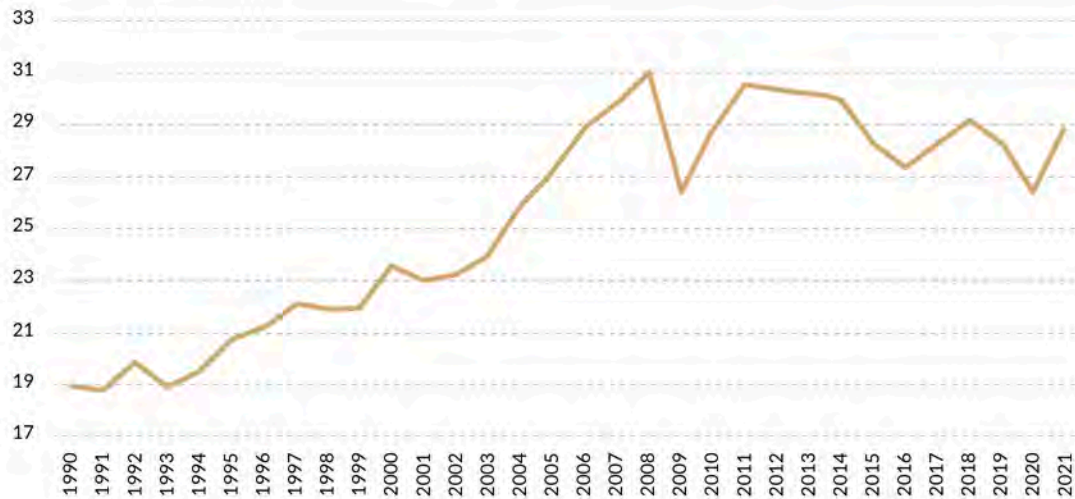
<sup>1</sup> See Thieß Petersen. 2017, p. 9 f. and Bertelsmann Stiftung, 2020, p. 13 ff.

<sup>2</sup> See Joseph Francois and Laura M. Baughman, 2003. P. 12.

and Services as a Share of global GDP”). Figure “Export of Goods and Services as a Share of global GDP” also shows that after the fall of the Iron Curtain, which made it possible to integrate Eastern Europe into the world economy, exports of goods and services rose as a share of global GDP. The first noticeable decline occurred after the global financial and economic crisis of 2008/2009.

Exports of Goods and Services as a Share of global GDP

in percent



Source: World Bank 2023.

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Once the world economy recovered from this slump, it would have been entirely plausible for global exports to continue rising as a share of global GDP. Yet the share of exports in fact declined beginning in 2011 – even though no global economic crises occurred causing international trade to collapse, until the outbreak of the Covid pandemic.

A key reason for the reduced dynamics of worldwide exports is the increase in protectionist measures.

### III Status Quo: Protectionism on the Rise

In addition to customs duties, which make it more expensive to import products from abroad, protectionist measures include non-tariff trade barriers. These can refer to bureaucratic regulations, technical quality requirements, import quotas, government procurement procedures and subsidies for domestic companies, since the latter give domestic products a competitive advantage over those manufactured by foreign firms. Since the global financial and economic crisis of 2008/2009, the trend has been clear: Trade restrictions are becoming more prevalent worldwide (see Rupprecht 2021: 53 f.).<sup>3</sup>

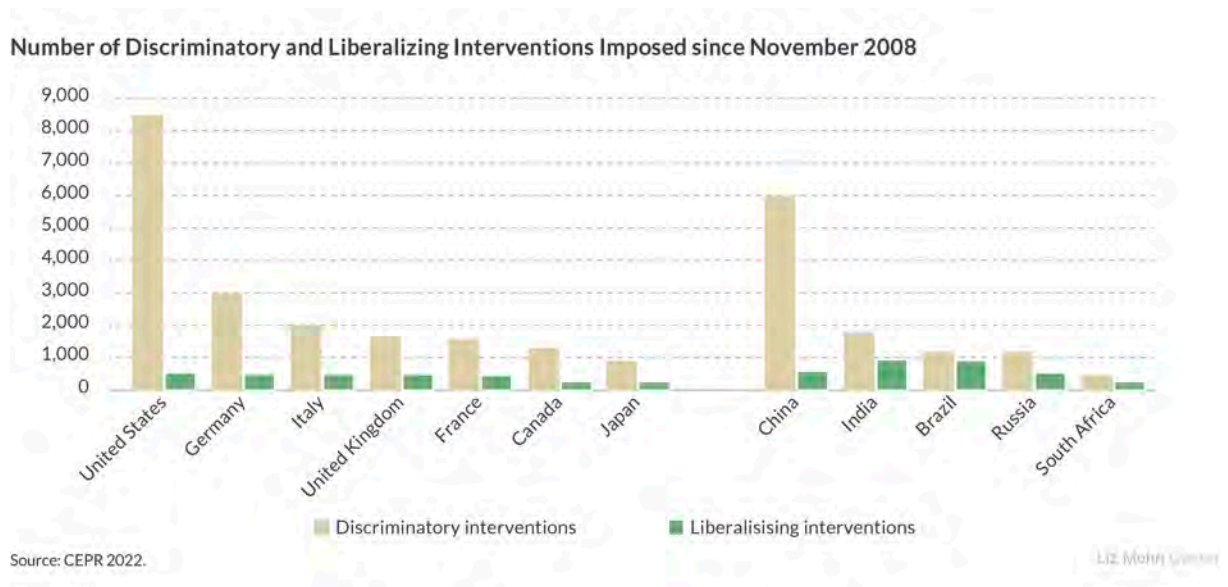
Highly developed industrial nations like the US use such measures to fend off competition from low-wage countries. China’s economic rise and Chinese exports in particular have significantly accelerated structural change in the world’s developed economies. In Western industrial nations,

<sup>3</sup> See Manuel Rupprecht, 2021, p. 53 f.

traditional industries and the people they employ have come under considerable pressure, as they now compete with goods from low-wage China. This is particularly true of the “Rust Belt” in the US, the country’s largest industrial region, which extends from Chicago across the Great Lakes states to the East Coast.<sup>4</sup> To prevent further job losses and the resulting social dislocations, the US has responded by imposing trade barriers, which are primarily directed against China. Yet major emerging economies – including the other BRICS countries – have also been taking steps to limit trade.

The Covid pandemic gave global protectionism yet another boost. During the pandemic, for example, many countries implemented measures that protected their domestic enterprises and the people working for them. In addition, governments curbed international trade by restricting exports of essential medicines, ventilators, personal protective equipment and food in order to prevent supply shortages at home.<sup>5</sup>

The extent to which governments intervene in international trade is documented by Global Trade Alert. Launched by the University of St. Gallen, this project has been keeping track since November 2008 of all government measures put in place by G20 countries that impact international trade. The project’s analysis considers both interventions that restrict cross-border trade and those that facilitate it. A look at the G7 and BRICS countries reveals that all of these nations have deployed more measures to limit trade than to facilitate it since November 2008 (see Figure “Number of Discriminatory and Liberalizing Interventions Imposed since November 2008”).



In addition to protecting domestic firms from foreign competition, another reason for the increase in protectionism is the growing importance of geopolitical considerations.

<sup>4</sup> See Hans G. Hilpert, 2020, p. 27.

<sup>5</sup> See Peter Draper, 2020, p. 14.

## IV Geopolitical Goals Further Change the Incentive Structure for Trade Policy

As long as the trade policy decisions made in all economies are geared solely towards economic goals, globalization can be expected to increase worldwide.

However, should additional interests influence a country's trade policy, this can alter the direction which that policy takes. If, in addition to maximizing the material well-being of its domestic population, an economy aims to increase its political influence in other global regions or prevent the economic rise of another country or that country's technological leadership, this will change how the consequences of international trade are assessed.

This means that the benefits potentially associated with a protectionist trade policy are given greater weight than the disadvantages stemming from that policy. More specifically, this could lead to the following scenario: Hindering economic development abroad through the imposition of economic sanctions on foreign players comes to be seen as more desirable than the loss of material well-being a country would suffer due to its own protectionist behavior – since sanctions harm all the economies involved, including the country implementing them.<sup>6</sup> Domestic decision makers are therefore willing to pay for achieving their geopolitical goals with a reduction in their own country's material prosperity.

Should a country decide to implement a trade policy based on these considerations, it could lead to an increase in protectionism. Promoting free trade to the greatest degree possible, which would boost the material well-being of the domestic population, is thus not always the best trade policy from the government's perspective. Restricting imports – and exports – could be the more fitting solution instead.

In general, it can be expected that many economies will make greater use of trade policy instruments in the future to achieve their political objectives. In addition to customs duties and non-tariff barriers, potential instruments here include sanctions, export quotas, export bans and much more.<sup>7</sup> The resulting rise in global protectionism would harm all economies over the long term, especially small economies dependent on international trade – but also those which are currently firmly integrated into the international division of labor, such as the EU.

## V Economic Policy Options

The considerations outlined above on the significance of geopolitical objectives apply not only to trade policy decisions, but ultimately to all decisions with foreign policy implications – i.e. also to environmental, development and security policy, among other areas.

The best way to reduce protectionist developments would be to strengthen multilateral, rules-based world trade, i.e. to strengthen the World Trade Organization (WTO). The prospects of realizing this strategy are currently limited, however.

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<sup>6</sup> See Thieß Petersen and Thomas Schwab, 2022.

<sup>7</sup> See Holger Görg and Katrin Kamin, 2021, p. 854 f.

From the EU's perspective, the option remains of increasing the opportunity costs other countries would face if they engage in protectionist behavior. Ideally, this would lead those countries to decide against implementing protectionist measures. In essence, two strategies could prove effective here.

The first consists of increasing the benefits that foreign players would derive from cross-border economic cooperation. Concluding new free trade agreements, for example, would result in more countries dismantling their trade barriers with the EU and that the EU reduces its trade restrictions accordingly. This would reduce the risk of the EU becoming the target of protectionist measures. In undertaking such a strategy, the EU should focus on those countries that are democratic market economies. In such cases, the shared values underlying the countries' economic and political systems would make it easier to conclude the relevant agreements.

The EU could also provide other countries with financial aid in the form of transfer payments, enabling them to build effective infrastructure. If this aid is linked to foreign and economic policy objectives, it would increase the likelihood of cooperation on the part of the recipient countries. There is no guarantee of cooperation, however. To that extent, contractual agreements would have to be put in place that increase the costs of non-cooperation.

Providing foreign aid of this type to other countries would also be possible in the context of ecological transformation. Sun-rich countries in North Africa, for example, have a cost advantage in generating solar energy compared to many European nations. Cooperation between the EU and North African countries thus makes sense here – projects like the Green Partnership launched in October 2022 between the EU and Morocco. The EU is making €115 million available through the partnership to promote sustainable change in Morocco's agricultural and forestry sectors.<sup>8</sup> This is one example of how to achieve cooperative behavior in the context of international climate and environmental protection – and in a way that strengthens economic cooperation.

A second strategy would be to reduce the benefits that foreign countries derive from uncooperative behavior towards the EU.

One approach would be to strengthen the European single market and thus increase the dependence of foreign countries on the EU. For example, intermediate goods produced in Germany are of only limited importance in the US and China. The EU as a whole, on the other hand, is the most important supplier by far for both countries. If the EU were to act as a closed economic region, the result would be a reciprocal economic dependence, which would reduce the likelihood of aggressive trade policies being implemented against the EU.<sup>9</sup>

Greater cooperation in the area of global climate policy could be achieved through the creation of a climate club. The club's members would collaborate on climate protection by agreeing to a high price for CO<sub>2</sub>. Countries that do not want to participate in this joint effort would then have to pay a duty on any products they export to members of the club. The duty would be so high that it would be cheaper for non-member countries to accept the price of CO<sub>2</sub> set by the club.<sup>10</sup> The design of a climate club, however, would have to take into account both its size and membership structure: If too many countries participate in a climate club or if their interests are heterogeneous, the benefit

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<sup>8</sup> See European Commission, 2022.

<sup>9</sup> See Lisandra Flach et al., 2022, p. 65.

<sup>10</sup> See William Nordhaus, 2015.

of belonging to the club – the ability to define climate policy measures – may be offset by the costs (internal transaction costs) as the number of members increases.<sup>11</sup>

Another instrument would be to have the EU impose joint sanctions on countries that implement aggressive trade and foreign policies and thus violate the fundamental principles of rules-based multilateral trade. Such sanctions would increase the cost of uncooperative behavior towards the EU – and reduce the benefits that these countries derive from protectionist actions. It must be kept in mind, however, that these sanctions would also harm the EU. Imposing sanctions thus only makes sense when the benefits they generate are greater than the resulting damage.

The goal of both strategies is to change the incentive structures for countries currently attempting to achieve geopolitical objectives through their trade policies, and to do so in a way that ensures imposing import and export restrictions is not worthwhile. Priority should be given here to positive incentives that reward the reduction of trade barriers. If this does not succeed, negative incentives would be necessary, i.e. measures that sanction protectionist or uncooperative behavior.

In view of the growing role geopolitical considerations are playing in foreign economic policy and foreign policy in general, the challenge facing the EU is adopting suitable economic policy measures that increase the incentives for other countries to engage in cooperative behavior.

This could also mean that the EU must deploy scarce resources which would no longer be available for supplying the domestic population. If transfer payments are made to countries in the EU's neighborhood, then those financial resources can no longer be used for investing in Europe. And the use of sanctions against other countries would mean that the EU has to forego inexpensive imports – which would lead to higher prices and a loss of purchasing power for people living in the EU.

Measures that motivate other countries to behave cooperatively would thus lead to reduced prosperity for the EU in real terms. This loss of prosperity and income must, however, be seen as an important investment that promises long-term gains in well-being from the international division of labor and economic cooperation. If these policy measures are to work and Europe is to have greater economic and political clout within the system of international trade, it is imperative that the EU do more to coordinate and shape a joint European economic policy.

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<sup>11</sup> See Reto Schemm-Gregory, 2011.



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## China, the US and the EU – A G3 Mechanism for Dialogue and Cooperation

Huiyao Wang

### I Introduction

As the global landscape evolves from a bipolar world and to a multi-polar world, the international community is also undergoing a transformation. Over two decades of robust development, the global economy is now facing a recession following a three-year-long pandemic unlike any seen in nearly a century, and has laid bare daunting issues, namely, the gap between advanced economies and developing countries, rising populism, the Russia-Ukraine conflict, the climate crisis as well as the potential risks of emerging technologies such as generative AI.

Given these global challenges, it is imperative that China, the United States and Europe, as the world's top three economies, form a kind of G3 mechanism for regular high-level dialogue and coordination to lead the recovery of the world economy and the governance of international affairs. These three major players have the ability to set issues and discuss solutions in areas of common concern and global challenges and effect change.

In terms of this triumvirate of powers, China, the EU and the US are the deciding factors in how globalization and new paradigms of global governance will be developed and implemented. There are a number of issues on which these three major players must work together to make joint decisions in order for the world to progress in a peaceful and productive way.

First, in terms of impact on the climate, China, the EU and the US account for around 40 percent of global greenhouse gas emissions and consume nearly half the world's energy. Therefore, they have the lion's share of the responsibility to lead the charge in sustainable development and, while they have set up their own carbon neutrality goals, the road to a net zero society is still long, particularly in the context of the Russia-Ukraine conflict, which has led to soaring energy prices.

Second, against a backdrop of both huge economic potential and security concerns, there is a growing consensus that countries should pursue digital sovereignty. The EU was the first economic entity to act in this area by launching the General Data Protection Regulation (GDPR), which entered into force in 2016. This was followed by the California Consumer Privacy Act (CCPA) in the US in 2018, and China's Personal Information Protection Law (PIPL) in 2021. However, while these are steps in the right direction, the world also requires more normative agreements and regulations to manage a thriving and dynamic digital economy.

Third, instability in the international community impedes effective regulation of global markets. The scarcity of international public goods has to a certain extent led to a widening of the gap between developing and developed countries. China, the US and the EU recognize this problem and have responded with their own programs – the BRI, B3W and Global Gateway – to resolve the global infrastructure deficit. However, the good that is being done through these programs may also result in a squandering of resources without efficient coordination.

In addition to these issues, the Russia-Ukraine conflict has loomed large. The Chinese government states that China is playing a more active role in mediating between the two sides as China is an

independent and significant third party. Originally a conflict between Russia and Ukraine, the involvement of NATO member countries including European countries and the United States meant that Russia was also essentially fighting the West. As a country not involved in the war, China has considerable room to mediate.

Recently, a Chinese special envoy visited five countries as well as the EU headquarters, and when he left there was a big push in favor of China playing a major role in mediating the conflict between Russia and Ukraine. Why not hold a Seven-Party Talks summit? Such a summit could include the five permanent members of the United Nations Security Council, plus the EU and Ukraine, which could help to develop a peaceful solution to the Russia-Ukraine issue.

Considering all the myriad issues involved, we at the Center for China and Globalization believe there are seven areas which a G3 mechanism – with China, the US and the EU at the core – could focus on in terms of regular high-level dialogues.

## **II Resurrecting the China-EU Investment Agreement (CAI)**

China and the EU share extensive common interests and already have a solid foundation for cooperation, but over the past two years, China-EU relations have deteriorated rapidly and the two sides have reached an impasse on CAI, which had been hailed as the impetus for a second wave of reform and opening-up in China. The agreement contains many conditions and benefits that were not even previously enjoyed by the US and establishes a more open and higher-level standard for European companies. In an effort to overcome this impasse, China's National People's Congress ratified the International Labour Organization's 1930 Forced Labour Convention and the 1957 Abolition of Forced Labour Convention, all with a view to revive the China-EU BIT. The resumption of communication would promote negotiation and the lifting of sanctions, allowing the CAI to go into effect as soon as possible. This would be a boon to Chinese and European enterprises.

## **III Promoting WTO Reforms**

While bilateral or multilateral investment and trade agreements are on the rise, the WTO will remain a core institution in promoting investment and trade facilitation, reducing tariff and non-tariff barriers and eliminating differential treatment in international trade. It still plays an irreplaceable role in promoting trade liberalization, optimizing global resource allocation and expanding commodity production and flow. WTO reforms would boost the confidence of the international community in the multilateral trading system and multilateralism itself.

In the future, we hope that the G3 can lead the initiative in WTO reforms to ensure the WTO will once again give full play to its role in maintaining and mediating international multilateral trade. First, reforms to the WTO could begin with plurilateral agreements in place of multilateral agreements to improve efficiency and implementation. Second, a reformed WTO should fully consider the demands and capabilities of developing countries, and endeavor to find common interests among parties in disagreement, who must also practice patience and maintain a win-win mindset to avoid a zero-sum outcome. Finally, as we enter an era of digital trade, the WTO should take advantage of the potential to promote e-commerce negotiations, enhance digital transitions in cross-border goods and service trade, narrow the digital gap, strengthen privacy protection and ensure fair competition.

## **IV China, the EU and the US Joining the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)**

Given intensified economic and technical competition between China and the US, there is a bigger push for the Biden Administration to rejoin the CPTPP, which may provide an opportunity for both countries to come under the pact's common umbrella. Chinese membership could help reduce friction by aligning China closer with progressive global trade norms, while also adding a new platform for dialogue between China and the US that could drive a rebound in US-China relations and establish a new channel for China and the US to resolve trade disputes.

Following the UK's formal accession to the CPTPP, if the EU, as a unified market, would join the current high-standard trade agreement, the impact would be even greater. Furthermore, a framework economic and trade agreement between China, the EU and the US within the CPTPP could also provide a template for WTO reform. Lastly, given the booming digital economy in Asia Pacific countries, China has also applied to join the Digital Economy Partnership Agreement (DEPA) initiated by New Zealand and Singapore. It would be an added bonus if the US joined the pact to promote regional digital economy in conjunction with China.

## **V Cooperation with the Global South**

The G3 should also emphasize cooperation with Global South countries to balance the gap between developing and developed countries. China, as a member of BRICS, has engaged heavily with developing countries in commerce and trade. The BRICS mechanism is an increasingly influential force in the global financial sector and political security. Sub-Saharan African countries have long been economically low on global industrial chains, supply chains and value chains, which has meant they have had less of a voice in political matters. An established G3 could unleash Sub-Saharan economic potential, including its rich natural and human resources, to mitigate gaps in regional development. Similarly, as they continue to modernize, Latin American countries have created solid economic foundations and achieved a high degree of global integration. A G3 should assist Latin America in getting out of the middle-income trap, given the region's waxing clout on global affairs, especially in the context of the climate crisis.

## **VI Cooperation on Infrastructure Projects**

At the right time, a G3 could work to achieve some degree of coordination on global infrastructure development by coordinating between the Belt and Road Initiative, the EU's Global Gateway and the new Group of Seven Partnership on Global Infrastructure and Investment. If investments under these initiatives are uncoordinated and shaped by geopolitical competition, there is a danger they could lock countries into high-carbon paths for decades to come. Since it was launched in 2013, the Belt and Road Initiative (BRI) has become a vector of globalization, growth and investment in many regions, but reshaping the BRI into a more multilateral endeavor in the promotion of global governance and development has also become a necessary step in its next phase of development.

The global demand for investment in infrastructure is clear, but a lack of funding, along with the issue of matching supply and demand, are structural issues that have existed for years in international development financing. Since its launch in 2015, the Asian Infrastructure Investment Bank (AIIB) has operated in accordance with the model and principles of multilateral development banks,

adhering to international, high normative standards, and has been recognized by multilateral organizations. Under the right conditions, it would be possible for the AIIB to cooperate with development banks from the EU and the US, such as European Bank for Reconstruction and Development and Inter-American Development Bank, to focus more on expanding the scope and regional distribution of infrastructure investment, thus providing urgently needed funding for eligible infrastructure investment projects around the world.

## VII Cooperation on Green Development

In a bit of a bright spot, green issues may offer a more promising field to forge consensus and meaningful reform. Specifically, China could work with the EU and the US to promote the creation of a dedicated UN institution focused on climate change, as it is a unique crisis that affects many aspects of global cooperation. This would augment the UN, which already plays a leading role in addressing climate change through the UN Environmental Program (UNEP) and UN Framework Convention on Climate Change (UNFCCC).

Green development will also reshape the way we deal with products across their entire life cycle, from design and production, to use and end-of-life disposal or recycling. Redesigning this whole process requires new business models and forms of collaboration across industries and regions. Pressure to reduce carbon emissions and the environmental footprint of products will drive a “greening” of supply chains and encourage multinational enterprises from China, the US and the EU to adopt green technologies and business models, creating new prospects for cooperation.

For example, the rapid growth of the electric vehicle (EV) industry will generate growing demand for lithium-ion batteries. China’s Contemporary Amperex Technology Co., Ltd. (CATL) is currently the world’s largest EV battery maker, accounting for about 30 percent of the global market. CATL cooperates closely with other MNCs such as America’s Tesla for new EV production, and German chemical company BASF for cathode active materials and battery recycling.

Industry will play a major role in achieving our environmental goals. Enterprises are responsible for a large share of carbon emissions, but it is also their innovation and cooperation that will help to develop the technologies that will make a green transition possible. To fully exploit this potential, more can be done to orient firms toward the environment, social responsibility and corporate governance (ESG) by enhancing green innovation and developing ESG-oriented financing and accountability mechanisms. Governments can also act to promote cross-border economic cooperation to boost green trade and investment.

## VIII Cooperation on Global Data Security

Finally, as the petroleum of the 21st century, data drives the world economy, but also brings many challenges. Cross-border data flows are critical, but complexities such as national security, geopolitics and privacy protection have kept countries from reaching a consensus in promoting free data flows and enhancing data localization. A G3 could take the lead to establish a D20 that provides countries with a platform to reach a consensus on cross-border data flows in countries with relatively advanced digital economies. In addition to this, establishing a “global data organization” would lead the way in creating standards for global data security and data use, since the world has yet to reach a comprehensive multilateral solution to either of these issues.

It is our firm belief that economic cooperation will render military coalitions obsolete. The creation of a trilateral exchange mechanism between China, the United States and Europe, founded in economic, trade and financial development, would contribute greatly to normalizing and institutionalizing exchanges between the most powerful players in the world today, which would have a global impact.

At present, dialogue between China and the US is strained, but remains very important. The creation of a G3 would provide an alternative path for resolution when relations between the two countries encounter difficulties. Europe's values are more oriented to those of the US, but it must also consider China's importance as an economic partner. China needs to take advantage of Europe's relatively neutral position on Sino-US relations to play a more active role in coordinating the Russian issue. It is within this global context that a trilateral platform that leverages the strengths of both the world's existing and emerging powers would create the most benefit for the international community as a whole and maximize the potential for success in resolving a number of common issues that face the world today.



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## Cooperation within Competition

Shashi Jayakumar

### I Introduction

It is difficult to make clear the sense of unease – and indeed alarm – that the sharper edges of geopolitical contestation have provoked in Southeast Asia. As Singapore’s Defense Minister, Dr. Ng Eng Hen, remarked in February 2023 at the Munich Security Forum, “We are not in a comfortable place. The temperature is not boiling, but certainly rising. We must do all we can to cool it. War in Asia will be devastating, not only for Asia but globally. The reasons for war do not justify any in Asia. The stakes are not worth it, the consequences are disastrous and viable alternatives do exist.”<sup>1</sup>

Policymakers in Southeast Asian capitals, even as they hope that a kinetic conflict can be averted, are increasingly beginning to acknowledge (privately, if not in public) that their region is gradually coming to prominence as a key theater in the wider geopolitical contestation between the US (and its allies) and China. The evolution of this contest, even shorn of a “hot” war, will have enormous ramifications that thinkers and strategists are only now beginning to study seriously.

### II The American (Re)Entrance into Southeast Asia

Signs of renewed US commitment to the region are clear, with the Biden administration pushing investment and new initiatives into the Indo-Pacific (and the ASEAN region). The initiatives include a signature economic partnership, the Indo-Pacific Economic Framework for Prosperity (IPEF). There have also been high-level visits and engagements, and also overtures by think tanks seeking to understand Southeast Asia better.<sup>2</sup>

From the US point of view, there is of course a great deal of ground to make up, with a significant space in the region ceded to China over past decades. Consider trade: Bilateral China-ASEAN trade reached \$669.2 billion in 2021, while the United States trailed at \$364.5 billion.<sup>3</sup> Key surveys rank China as the most influential economic and political-strategic power in Southeast Asia.<sup>4</sup>

But how the US makes up for lost time will be important. Many in the region still refer to the 2017 withdrawal by the United States from the Trans-Pacific Partnership (TPP), and voice the concern

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<sup>1</sup> Dr. Ng Eng Hen, remarks at The Munich Security Conference (MSC) 2023 Maritime Security Roundtable on “Bridging Troubled Waters – Mapping Escalation Potential in the Indo-Pacific Region” on Feb. 18, 2023, [https://www.mindef.gov.sg/web/portal/mindef/news-and-events/latest-releases/article-detail/2023/February/18feb23\\_speech](https://www.mindef.gov.sg/web/portal/mindef/news-and-events/latest-releases/article-detail/2023/February/18feb23_speech).

<sup>2</sup> Provoking some skepticism is what is seen as the ideological dimension of the Biden’s administration’s engagement (the Summit for Democracy being a case in point). See Bilahari Kausikan, Threading the Needle in Southeast Asia: How Biden Can Work with Countries That Can’t Afford to Alienate China. In: Foreign Affairs, May 11, 2022, <https://www.foreignaffairs.com/articles/southeast-asia/2022-05-11/threading-needle-southeast-asia>. As Kausikan (a retired and highly-respected Singapore diplomat) observes: “Some” in the West want to frame its future as part of a broader ideological battle, which is “deeply worrying and dangerous.”

<sup>3</sup> Kevin Chen Xian An, US-Southeast Asia Ties: Reality Is More Complex. Institute of Defence and Strategic Studies Paper IP23053, July 18, 2023, <https://www.rsis.edu.sg/rsis-publication/idss/ip23053-us-southeast-asia-ties-reality-is-more-complex/>.

<sup>4</sup> See for example The State of Southeast Asia 2023 Survey Report. Asean Studies Centre, ISEAS-Yusof Ishak Institute, Feb. 9, 2023 (especially pp. 24–26).

that the United States does not have a clearly-thought-through policy of economic engagement with the region. There is, at least on paper, the Indo-Pacific Economic Framework for Prosperity (IPEF), but it is not altogether clear what this is and what concrete benefits will accrue to those signing on.

The attractions of economic engagement with China are, on the other hand, quite clear.<sup>5</sup> In 2002, China and ASEAN countries signed the Framework Agreement on Comprehensive Economic Cooperation which formed the legal basis for the creation of the ASEAN-China Free Trade Area (ACFTA). Under ACFTA, there are three agreements aiming for free flow of goods, services and investments.<sup>6</sup> For Southeast Asian nations, a great deal of China's economic appeal has been further reinforced by the promises of a share in the rewards that would flow from the Belt and Road Initiative. Within specific sectors, and on a bilateral basis, there are significant developments whose full import is only now becoming recognized: for example, Chinese tech firms on the whole making major inroads into the region, notwithstanding levels of ingrained distrust on security and historical grounds.<sup>7</sup>

Beijing's narrative (one that appears to be prevailing to some degree in the region) is the positive side of deep economic engagement (or entanglement, depending on one's point of view). A key concern for many SE Asian nations, even if they may not say so openly, is the additional layers of these narratives. The contours of these are plain to see: America is in decline, China's rise is unstoppable, and so ASEAN nations should choose wisely.<sup>8</sup>

There is also the coercive factor (Beijing's increasingly sophisticated cyber-enabled influence operations, partly carried out by clandestine means, partly by open diplomacy, cultivation and cultural engagement, with a great deal of this cloaked under plausible deniability).<sup>9</sup> As the retired (but influential) Singapore diplomat Bilahari Kausikan has observed, these activities are intended "not just

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<sup>5</sup> Useful background reading on China's rising influence (and interest) in Southeast Asia can be found in Jonathan Stromseth, In Testing Ground: China's Rising Influence in Southeast Asia and Regional Responses. Brookings Institution, Nov. 2019. [https://www.brookings.edu/wp-content/uploads/2019/11/FP\\_20191119\\_china\\_se\\_asia\\_stromseth.pdf](https://www.brookings.edu/wp-content/uploads/2019/11/FP_20191119_china_se_asia_stromseth.pdf).

<sup>6</sup> ASEAN-China Free Trade Area, <https://investasean.asean.org/free-trade-areas/view/734/newsid/776/aseanchina-free-trade-area.html>.

<sup>7</sup> For specific cases, see for example Gatra Priyandita, Dirk Van Der Kley and Benjamin Herscovitch, Localisation and China's Tech Success in Indonesia. July 11, 2022, <https://carnegieendowment.org/2022/07/11/localization-and-china-s-tech-success-in-indonesia-pub-87477>; and idem, Why Indonesia has Embraced Huawei. In: Foreign Policy, July 28, 2022, <https://foreignpolicy.com/2022/07/28/indonesia-china-huawei-tech-cybersecurity/>.

<sup>8</sup> My own research (as part of my work at the RSIS think tank and for Singapore government stakeholders) suggests that there is a context to this which has been several years in the making: China has been allowed for a variety of reasons to fill a soft power vacuum and to gain a tangible edge in the battle of narratives. The Lowy Institute's Asia Power Snapshot 2022 (from April 2023) reported that the United States has lost influence to China in Southeast Asia, defined in terms of economic relationships, defense networks, diplomatic influence and cultural influence, <https://www.lowyinstitute.org/publications/asia-power-snapshot-china-united-states-southeast-asia>. But there is room to argue that a reservoir of residual goodwill towards Washington still exists. The Institute of Southeast Asian Studies-Yusof Ishak Institute 2022 survey of elite opinion had 63 percent of those surveyed welcoming US regional and political influence in the region, with 52 percent trusting the US to do the right thing and contribute to global peace security and governance. Only 19 percent said the same for China. The US was the second-most trusted major power among respondents in SEA after Japan (and with the EU third). China was the least trusted (with 58 percent professing distrust), [https://www.iseas.edu.sg/wp-content/uploads/2022/02/The-State-of-SEA-2022\\_FA\\_Digital\\_FINAL.pdf](https://www.iseas.edu.sg/wp-content/uploads/2022/02/The-State-of-SEA-2022_FA_Digital_FINAL.pdf).

<sup>9</sup> For a recent instance of reporting concerning what might seem to amount to state capture of a respected vernacular (Chinese) newspaper in Singapore, see Shibani Mahtani and Amrita Chandradas, In Singapore, Loud Echoes of Beijing's Positions Generate Anxiety. In: Washington Post, July 24, 2023, <https://www.washingtonpost.com/world/interactive/2023/singapore-china-news-influence-lianhe-zaobao/>.

to direct behavior, but to condition behavior. China does not just want you to comply with its wishes, it wants you to ... do what it wants without being told.”

### III “Diplomatic Monogamy”

Above all, Washington should recognize the growing perception in Southeast Asian capitals which has it that “America is only interested in Asia because it is interested in China.” The majority of ASEAN nations take very seriously indeed their ability to “thread the needle.” While many Southeast Asian nations view the US’s presence in the region somewhat favorably, they also seek a balance of power in the region that can ensure that no major power dominates. This gives nations agency – they do not want to be forced to be in a position of practicing “diplomatic monogamy” – they want flexibility, and the ability to engage multiple partners (and powers) based on principles of self-interest and need.<sup>10</sup> Many ASEAN member states are likely to adopt a cautious approach to both the IPEF and the Quadrilateral Security Dialogue (the “Quad”) while allowing the benefits of the BRI to accrue.

Senior American officials have been insistent that what they want is not for Southeast Asian nations to be forced to choose between the United States and China, but for a free and open Indo-Pacific. In a December 2021 speech in Jakarta, US Secretary of State Antony Blinken enumerated the characteristics of such an order: “When we say that we want a free and open Indo-Pacific, we mean that ... in this part of the world problems will be dealt with openly, rules will be reached transparently and applied fairly, goods and ideas and people will flow freely across land, cyberspace, and the open seas.”<sup>11</sup>

Of course some aspects of what the US appears to have in mind come with a much sharper edge. Consider “decoupling” or (in its more recent iteration) “de-risking,” which is not simply about semi-conductors, but a whole slew of technological verticals.<sup>12</sup> The CHIPS act and export controls have made policymakers in Southeast Asian capitals think that, despite assurances to the contrary, this may all very well indeed amount to a zero-sum game.<sup>13</sup> The feeling has grown when policymakers look at statements like the G7 Hiroshima Leader’s Communique, which, when it addresses supply chain security, clearly has parts aimed directly at China.<sup>14</sup> Some analysts have taken the view that

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<sup>10</sup> For “diplomatic monogamy” see Kevin Chen Xian An, US-Southeast Asia Ties: Reality is More Complex, cited above.

<sup>11</sup> Secretary of State Anthony Blinken, speech at Universitas Indonesia, Jakarta, Dec. 15, 2021, <https://sg.usembassy.gov/a-free-and-open-indo-pacific/>.

<sup>12</sup> Evan Feigenbaum, a very well-connected US thinker (and former government official), said in Nov. 2022 in remarks widely taken note of in Southeast Asia, “So, you often hear this talking point from Washington, the United States isn’t forcing countries to choose. We don’t want anybody to have to choose. Okay. Try putting a Huawei kit in your 5G backbone and see how the United States feels about you not making a choice. Try not complying with U.S. export controls and see whether the United States wants you to make a choice.” Evan Feigenbaum, The US and the Indo-Pacific Region. The Institute for Peace and Diplomacy, Nov. 22, 2022, <https://peacediplomacy.org/2022/11/18/evan-feigenbaum-the-u-s-and-the-indo-pacific-region/>.

<sup>13</sup> In the words of seasoned American diplomat Kurt Campbell (now coordinator for Indo-Pacific Affairs at the National Security Council), “We have tried to identify a few key technologies where we believe it is critical for the United States to maintain leading-edge capabilities. ... We have tried to make clear that there is a difference between a narrow derisking and a broad decoupling.” Bob Davis, Kurt Campbell on Talking to China Again. The Wire China, July 16, 2023, <https://www.thewirechina.com/2023/07/16/kurt-campbell-on-talking-to-china-again/>.

<sup>14</sup> “Building on our resolve in Elmau to increase vigilance and enhance our cooperation to address risks that undermine global security and stability, we will enhance collaboration by launching the Coordination Platform on

future months and years will see more pressure on countries (including those in Southeast Asia) to “de-risk” their economies.

## IV Cooperation within Competition?

“The era of strategic confrontation we have entered is frightening. This is especially so for those of us who want the ideals of individual freedom and democracy to thrive, while co-operating with China in both sustaining peace and prosperity and protecting our precious planet. Somehow, we have to co-operate and compete, while also avoiding military conflict.”<sup>15</sup>

It is worth observing that part of ASEAN centrality (especially in the form emphasized by the current ASEAN Chair, Indonesia) involves multi-alignment and mutually beneficial cooperation. This is obvious; but there has to date not been sufficient attention focused on how the ASEAN region may be a locus not just for conflict, but also conceivably for meaningful dialogue and areas of cooperation – to be sustained between ASEAN, the US and China, and the EU, too. A positive step in the right direction is the recent refinements in the Quad’s messaging. The Quad, which involves the US, India, Japan and Australia, promotes regional cooperation in key sectors. The Quad was initially received tepidly by some ASEAN member states, but more recent reactions from ASEAN capitals have been more positive, given that the public messaging behind the Quad shows it moving, it appears, beyond anti-China containment to regional cooperation in key areas such as maritime security, technology and supply chain resilience.<sup>16</sup>

It is therefore possible to cooperate notwithstanding heightened tension and uncertainty. There are already think tanks in the West which have begun to consider these issues in serious ways – particularly how to get the US (and by implication, the EU, to a degree at least) to find common ground with China.<sup>17</sup> But Southeast Asia should not be left out. There should be further study charting out possibilities for cooperation within Southeast Asia between the US and China on areas of interest that might help to alleviate tensions, keep lines of communication open and responsibly manage ties. Food security, climate change and public health come to mind, as do managing technology supply chains. These are fraught and complex issues. What is set out here are brief summaries of three areas for potential cooperation where tangible gains may be made over the medium term – if discussions start now.

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Economic Coercion to increase our collective assessment, preparedness, deterrence and response to economic coercion, and further promote cooperation with partners beyond the G7. We will deepen our strategic dialogue against malicious practices to protect global supply chains from illegitimate influence, espionage, illicit knowledge leakage, and sabotage in the digital sphere.” G7 Hiroshima Leaders’ Communique, May 20, 2023, <https://www.whitehouse.gov/briefing-room/statements-releases/2023/05/20/g7-hiroshima-leaders-communique/>.

<sup>15</sup> Martin Wolf, US-China Relations Have Entered a Frightening New Era. In: The Financial Times, April 25, 2023, <https://www.ft.com/content/00d033a8-2a8d-4858-8eae-bf5e5966d1c4>.

<sup>16</sup> See Sharon Seah, Asean and the Quad Inch Closer Together. In: Foreign Policy, May 24, 2023, <https://foreignpolicy.com/2023/05/24/quad-asean-southeast-asia-china-geopolitics-indo-pacific/>.

<sup>17</sup> This is the focus of the Brookings-CSIS joint project Advancing Collaboration in an Era of Strategic Competition. See <https://www.csis.org/programs/freeman-chair-china-studies/projects/advancing-collaboration-era-strategic-competition>. Areas that appear to have been tentatively identified as ripe for cooperation include climate change, food security and global health.

## 1. Artificial Intelligence

ASEAN leaders clearly have concerns about the rapid pace of the development of AI. Since February, there has been, in principle, agreement to develop an “AI guide” for the region. The ASEAN Guide on AI Governance and Ethics was taking shape and would try to balance the economic benefits of the technology with its many risks.<sup>18</sup> It is clearly in the very early stages of discussion and development, and it is unclear when the guide will be complete. Although the ambition to harmonize differing intra-bloc views on the issue will surely be a difficult prospect, the move is still a step in the right direction, and does signify that there is some cross-bloc will to examine the issue and come to some agreement (not unlike how in 2018 ASEAN became the first regional organization to subscribe in principle to the United Nations’ norms of responsible state behavior in cyberspace, which include ensuring supply chain security, refraining from intentionally damaging critical infrastructure and respecting human rights online and offline).<sup>19</sup>

Away from ASEAN, EU tech chief Margrethe Vestager has spoken along with American officials of the need for a code of conduct on AI. Vestager describes generative AI as a “seismic change” that demands a regulatory response. But the aim of the Code of Conduct, which would precede regulation, would include developing non-binding international standards on risk audits, transparency and other requirements for companies developing AI systems. The EU/US AI Code of Conduct, once finalized, would be put before G7 leaders as a joint transatlantic proposal, and companies would be encouraged to voluntarily sign up.<sup>20</sup>

Some of the reporting on the EU/US AI draft code suggests that the hope is that other countries (including those in Asia) might be encouraged to sign up, too.<sup>21</sup> Before the finalization of the ASEAN guide, it would be useful for ASEAN and the EU to come together to understand perspectives on AI – including generative AI. Rather than ASEAN and the EU/US going their separate ways on this, it would be useful for a platform for cross-bloc discussion to be established, one that might mutually (and beneficially) feed into both codes currently under development.

Bringing in Beijing into discussions should not be ruled out. China has in recent years made intriguing moves when it comes to technological governance. Measures rolled out by the Chinese Cyberspace Administration (CAC) include rules pertaining to algorithmic transparency, introducing a repository that gathers information on how algorithms are trained and, more recently, regulations on generative AI which, according to informed commentators, show that the regulators are keen to give industry room to grow while maintaining overall control.<sup>22</sup>

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<sup>18</sup> Fanny Potkin and Panu Wongcha-um, Exclusive: Southeast Asia to Set ‘Guardrails’ on AI with New Governance Code. Reuters, June 16, 2023, <https://www.reuters.com/technology/southeast-asia-set-guardrails-ai-with-new-governance-code-sources-2023-06-16/>.

<sup>19</sup> <https://ccdcoc.org/incyber-articles/asean-cyber-developments-centre-of-excellence-for-singapore-cybercrime-convention-for-the-philippines-and-an-open-ended-working-group-for-everyone/>.

<sup>20</sup> Marianna Drake, Marty Hansen and Lisa Peets, EU and US Lawmakers Agree to Draft AI Code of Conduct. June 9, 2023. <https://www.insideprivacy.com/artificial-intelligence/eu-and-us-lawmakers-agree-to-draft-ai-code-of-conduct/>; for domestic moves with the US which are independent of the EU-US discussions, see Mohar Chatterjee, White House Reaches AI Agreement with Top Tech Firms, Politico, July 21, 2023, <https://www.politico.com/news/2023/07/21/biden-notches-voluntary-deal-with-7-ai-developers-00107509>.

<sup>21</sup> Natasha Lomas, EU and US Lawmakers Move to Draft AI Code of Conduct Fast. TechCrunch, June 1, 2023, <https://techcrunch.com/2023/05/31/ai-code-of-conduct-us-eu-ttc/>.

<sup>22</sup> As Matt Sheehan from the Carnegie Endowment notes, “By rolling out a series of more targeted AI regulations, Chinese regulators are steadily building up their bureaucratic know-how and regulatory capacity. Reusable regulatory tools like the algorithm registry can act as regulatory scaffolding that can ease the construction of each successive regulation, a particularly useful step as China prepares to draft a national AI law in the years ahead.” China’s AI Regulations and How they Get Made. Carnegie Endowment for International Peace, July 10, 2023, <https://carnegieendowment.org/2023/07/10/china-s-ai-regulations-and-how-they-get-made-pub-90117>.



The debates over regulating AI (just like the debates on international cyber norms) will likely take years to play out. But, in these early crucial years, it is important to set the stage for what could be fruitful inter-bloc discussions, in order to come to some meeting of minds. Different political and cultural approaches, and different economic imperatives, will mean that harmonization across blocs may well not be possible, or may take decades. But the effort to understand each other's perspectives – to at least find a basic common platform to exchange views on this consequential issue – should begin now.

## 2. Digital Cooperation

Another area of potential information exchange and cooperation is in the broad area of digital services. This represents a huge market: The digital economies of Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam are projected to grow to \$330 billion by 2025. ASEAN member states have over time embarked on a slew of different (and sometimes somewhat opposed) data regulation policies. The variegated and fragmented nature of these policies is problematic, with a distinct lack of coherence inhibiting growth and adding to business and transaction costs.<sup>23</sup> Some countries (Philippines, Singapore) take a fairly liberal approach, for example, to cross-border data flows; but others (Vietnam, Indonesia) operate more restrictive regimes. Although ASEAN ministers periodically reaffirm commitment to fostering enhanced digitalization (as they did most recently at the 56th ASEAN Foreign Ministers' Meeting held in Jakarta from July 11–12, 2023), what is really needed is a genuine commitment across ASEAN to cooperate in the implementation of digital regulations, together with a commitment to engage on these issues with key external trading partners – not least the EU, China and the US.<sup>24</sup>

Further development in the digital sphere has the potential to contribute towards sustainability, food productivity and the more efficient delivery of public health services.<sup>25</sup> ASEAN nations would benefit if they accelerate efforts to consult widely and take soundings from others, given that key trading partners (the US, EU and China) all have their own different cross-border data regimes. The EU, unlike ASEAN, does possess the authority at the bloc level to enforce collective policy standardization among members. From the ASEAN point of view, the goal should not be to artificially force harmonization (given the legal, political, and security impediments) but to attempt to strike a balance between national interests (including security concerns) and regional goals that would enhance ASEAN economic competitiveness overall. As things stand, existing shortcomings have the potential to undermine investor confidence, and hinder further cross-border digital cooperation.

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<sup>23</sup> See Sithanoxay Syvannaphakdy, *Fragmented Digital Regulations are Constraining ASEAN's Digital Economy*. ISEAS Fulcrum, Feb. 17, 2023, <https://fulcrum.sg/fragmented-digital-regulations-are-constraining-aseans-digital-economy/>.

<sup>24</sup> The digital economy is a significant focus area of the US-led IPEF, and there is a push (emanating in part from the US business community) to have strong digital trade rules embedded with IPEF. Some of the commentary from the US perspective, however, suggests that this seen as something of a zero-sum game. See Aidan Arasasingham, Emily Benson, Matthew P. Goodman and William Alan Reinsch, *Domestic Perspectives on IPEF's Digital Economy Component*. CSIS Briefs, Jan. 26, 2023: "If Washington is unable to offer a compelling vision for the future of the digital economy, alternative models crafted by Beijing and Brussels stand to become the regional defaults," <https://www.csis.org/analysis/domestic-perspectives-ipefs-digital-economy-component>. See also Kevin Chen, *The Case for a US Digital Trade Deal in IPEF – and Why It's an Uphill Battle*. In: *The Diplomat*, June 5, 2023. <https://thediplomat.com/2023/06/the-case-for-a-us-digital-trade-deal-in-ipef-and-why-its-an-uphill-battle/>.

<sup>25</sup> Important reading here is Anthony Toh Han Yang, *Can ASEAN Overcome Challenges to Digital Development?* In: *RSIS Commentaries*, July 20, 2023, <https://www.rsis.edu.sg/rsis-publication/cms/can-asean-overcome-challenges-to-digital-development/>.

### 3. Disinformation/Threats to Cohesion

One area that ASEAN and the EU can find common ground in is the fight against disinformation and fake news. The right to high-quality information should be considered an essential human right, and this should be an issue that brings ASEAN and the EU together.<sup>26</sup>

The EU recognizes (clearly evidenced through its official publications) that disinformation and propaganda have a direct impact on human rights, the rule of law and democracy. At the same time, Article 10 of the European Convention on Human Rights states that everyone has the right to freedom of expression, and that this right shall include freedom to hold opinions and to receive and impart information and ideas without interference. But Article 10 goes on to note that:

The exercise of these freedoms, since it carries with it duties and responsibilities, may be subject to such formalities, conditions, restrictions or penalties as are prescribed by law and are necessary in a democratic society, in the interests of national security, territorial integrity or public safety, for the prevention of disorder or crime, for the protection of health or morals, for the protection of the reputation or rights of others, for preventing the disclosure of information received in confidence, or for maintaining the authority and impartiality of the judiciary.<sup>27</sup>

This approach is in fact not that much different from the positions taken by various ASEAN member states. Some ASEAN member states (AMS) have enacted their own legislation in the recent past with the aim, either wholly or in part, of fighting fake news and disinformation. These include Vietnam, Thailand and Singapore. While the laws these AMS have enacted are very different, what they have in common is the attempt to limit poor-quality information and mitigate its impact on society. We have much to learn from each other when it comes to ensuring access to information while at the same time balancing this right with the right of societies (across East and West) to be free from junk news, misinformation, and content manufactured to undermine resilience of societies.

These laws are necessary – and, here again, there is common ground across ASEAN and the EU – because suasion with the tech companies and softer measures have not worked. The EU, for example, launched in late 2018 the EU Code of Practice (COP) on Disinformation for a trial period of twelve months. The COP relied in the first instance on trust and self-regulations between the key players (government, tech companies), with the emphasis on voluntary collaboration on the part of the tech companies running social networks. As laudable as initiatives like the COP have been, they have not proved sufficient to stem the flow of fake news and disinformation, which threatens to undermine the resilience of societies.

What needs to be recognized is this: Social media have not resulted in one single happy online global village. It is undeniable that while the contestation of ideas online can be a force for good, it has also meant that people have become more intolerant, locked into their own filter bubbles and echo chambers. Intolerant ideologies and exclusivist thought is on the rise in Europe just as it is in Southeast Asia.

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<sup>26</sup> For this section, I have drawn from my contribution Human Rights in the ASEAN-EU Relationship: Finding Common Ground. In: Tommy Koh and Yeo Lay Hwee (eds.), ASEAN-EU Partnership: The Untold Story. Singapore: World Scientific, 2020, pp. 49–55.

<sup>27</sup> European Convention on Human Rights, [https://www.echr.coe.int/documents/d/echr/convention\\_eng](https://www.echr.coe.int/documents/d/echr/convention_eng).

There are various European initiatives to address this issue. These include the Council of Europe's "no-hate-speech" campaign to raise the awareness of the danger of using hate speech and encourage politicians to avoid inflammatory rhetoric.

At the EU-AICHR Policy Dialogue on Human Rights in Brussels in November 2019, (which was attended by the present writer in his capacity as Singapore's representative to the ASEAN Intergovernmental Commission on Human Rights), there was useful preliminary discussion of this – how the young generation who carry the torch will need to understand tolerance, common space and pluralism. It is the right of citizens in AMS to enjoy these conditions, just as it is in EU nations. But these things that we have for so long taken for granted as ingrained in our societies are increasingly under threat. These are issues that the EU and ASEAN should actively consult and compare notes on, with the aim of building a muscular defense of what we hold dear: tolerance and moderation.

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## About the Authors

<p><b>Seán CLEARY</b></p>	<p>Executive Vice-Chair, FutureWorld Foundation; Chairman, Strategic Concepts (Pty) Ltd; Senior Adviser &amp; Senior Fellow, Salzburg Global Seminar; Special Adviser, Global Solutions Initiative; Advisory Board Member, Carnegie Initiative on AI and Equality; Diplomatic Moderator, Geneva Science and Diplomacy Accelerator; Faculty member, Parmenides Foundation; Advisor, Club de Madrid; Formerly: Chair, Working Group on Code of Conduct for Political Parties and Organizations, South African National Peace Accord; Trustee: SA Foundation for Conciliation; Peace and Reconstruction Foundation. He was a Diplomat and Chief Director of the Office of the Administrator-General, Namibia. He holds qualifications in social science and law from the University of South Africa, and a Master's degree in Business Administration from Brunel University, UK.</p>
<p><b>Dr. Jörg HABICH</b></p>	<p>Managing Director at Liz Mohn Center gGmbH in Gütersloh. He is responsible for activities to strengthen the management skills for deciders in politics, business, civil society, and arts like the Trilogue Salzburg. He was Senior Project Manager at the Bertelsmann Stiftung from 2004 to 2022 and responsible for the High Level Dialogues including the Federal President's Forum Bellevue on the Future of Democracy, a discussion hosted by Frank-Walter Steinmeier in cooperation with the Bertelsmann Stiftung. He has led a range of projects on democracy, labor law and labor market, crisis management and various other topics. He has a doctoral degree in Business Administration from the University of Paderborn and is the author of books and articles on global challenges, crisis management, leadership, and general management. He is Associates Lecturer in Strategic Management and Human Resources and Organizational Science at various Universities of Applied Sciences.</p>
<p><b>Professor Dr. Harold JAMES</b></p>	<p>Professor of History and International Affairs at the Woodrow Wilson School, and Director of the Program in Contemporary European Politics and Society. He studies economic and financial history, business history, and modern European history. After graduating from Cambridge University, he was a Fellow of Peterhouse before going to Princeton in 1986. He writes a monthly column for Project Syndicate.</p>
<p><b>Dr. Shashi JAYAKUMAR</b></p>	<p>Studied Modern History and English at St Hugh's College, Oxford and completed a D. Phil in Anglo-Saxon History at Balliol College. He then worked in the Administrative Service of Singapore's government for several years. During that time, he was posted to various Ministries, including the Ministries of Defence, Manpower, Information and the Arts,</p>



	<p>and Community Development, Youth and Sports. Shashi Jayakumar returned to academia to think tanks, first, as a secondee from government at the Lee Kuan Yew School of Public Policy, and then as a Senior Fellow at the S. Rajaratnam School of International Studies (RSIS). At RSIS he held the appointment of Head of the Centre of Excellence for National Security and Executive Coordinator, Future Issues and Technology. He held these positions until 31 Jul 2023 and is now an independent researcher and security consultant.</p>
<p><b>Pascal LAMY</b></p>	<p>Vice-President of the Paris Peace Forum and President of the European branch of the Brunswick Group. He coordinates the Jacques Delors Institutes in Paris, Berlin, Brussels. He is also President or member of various boards with a global, European or French scope. He is an affiliated professor at the China Europe International Business School CEIBS Shanghai and at HEC Paris. Pascal Lamy served two consecutive terms as Director General of the World Trade Organization. Previously, he was European Trade Commissioner, Director General of Crédit Lyonnais, Chief of staff of European Commission President Jacques Delors and his G7 Sherpa, Deputy Director of Cabinet of the French Prime Minister and of the French Minister of Economy and Finance.</p>
<p>Prof. Dr. <b>Peter NEUMANN</b></p>	<p>Professor of Security Studies at the Department of War Studies at King`s College London and founded the International Centre for the Study of Radicalization, which he directed. He was a member of the Christian Democratic Union's Shadow Cabinet in the 2021 German federal elections, with responsibility for "internal and external security". He also served for the Organization for Security and Cooperation in Europe's (OSCE) Special Representatives on Countering Violent Extremism. At King's College London, he established the MA in Terrorism, Security and Society at the War Studies Department, and served as co-Director. He has taught courses on terrorism, counterterrorism, intelligence, radicalization and counter-radicalization at King's College London, Georgetown University, Johns Hopkins University, and Sciences Po.</p>
<p><b>Verena NOWOTNY</b></p>	<p>Partner at Gaisberg Consulting, a communications agency based in Vienna. With more than 20 years of international experience in the areas of strategic communications and public affairs, she supports corporate business, start-ups and institutions with positioning as well as with acute and preventative crisis communications. Verena Nowotny worked for many years as the foreign policy spokesperson for former Austrian Federal Chancellor Wolfgang Schüssel. Thereafter she lived and worked in Shanghai, then moved on to New York where she served as spokesperson for Austria's non-permanent membership in the UN Security Council.</p>

	<p>She holds Master's degrees in Political Management from the George Washington University (Washington, DC) and in Legal Studies from the University of Economics and Business (Vienna).</p>
<p><b>Dr. Thieß PETERSEN</b></p>	<p>Senior Advisor at the Bertelsmann Stiftung, Gütersloh. He joined the Bertelsmann Stiftung in 2004 and specializes in macroeconomic studies and economics. He studied economics in Paderborn and Kiel before joining the Institute for Theoretical Economics at Christian Albrechts University in Kiel as a research assistant. He then became a research assistant and lecturer in economics at the University of Applied Sciences in Heide. After that he was a project adviser at the DAG Forum Schleswig-Holstein in Kiel, later becoming the forum's managing director. In addition to his work for the Bertelsmann Stiftung, he is a lecturer at the European University Viadrina in Frankfurt (Oder), where he specializes in macroeconomics, economic growth and public finance.</p>
<p><b>Philip REMETE</b></p>	<p>Project Assistant at Liz Mohn Center gGmbH, Gütersloh. Since joining the Bertelsmann foundation in 2021, he worked on several projects, especially the 20th anniversary publication and the yearly preparation of the Trilogue Salzburg, the German-Spanish forum 2022, as well as the publication of Federal President Steinmeier "Zur Zukunft der Demokratie". He studied Management with a focus on Organizational Culture at the University of Witten/Herdecke and is currently finishing his Master's degree at the University of Münster. His research focuses on Organizational Behavior, Management, Leadership, and Group Cohesion.</p>
<p><b>Professor Dr. Huiyao WANG</b></p>	<p>Huiyao Wang is the founder and president of the Center for China and Globalization, a think tank in China. Wang plays multiple policy advisory roles in China as a counselor for the State Council appointed by former Premier Li Keqiang, and honorable vice chairman of China Association for International Economic Cooperation under the Ministry of Commerce. He is steering committee member of the Paris Peace Forum, and a member of the Migration Advisory Board of International Organization of Migration of United Nations. Wang frequently participates in debates about global issues like China and globalization, global governance, international trade and investment, global migration and talent as well as in Munich Security Conference, Munk Debates, Paris Peace Forum, and Athens Democracy.</p>

Imprint  
© August 2023  
Liz Mohn Center gGmbH, Gütersloh, Germany

Responsible:  
Dr. Jörg Habich

Collaboration:  
Sabine Fornefeld, Isabelle Gubelt, Tim Haschke, Gerrit Issinger, Philip Remete

Corrector:  
Tim Schroder, Frankfurt, Germany

Layout Cover:  
Marion Tonk


Graphic Arts:  
Jürgen Schultheiß, Bielefeld, Germany

Print:  
Territory GmbH, Verl, Germany

Liz Mohn Center gGmbH  
Carl-Bertelsmann Str. 256  
Postfach 103  
33311 Gütersloh  
Germany  
[www.liz-mohn-center.de](http://www.liz-mohn-center.de)

**Address | Contact**

Liz Mohn Center gGmbH  
Carl-Bertelsmann-Straße 256  
33311 Gütersloh  
Germany  
Phone +49 5241 81-0

Dr. Jörg Habich  
Phone +49 5241 81-81277  
 joerg.habich@liz-mohn-center.de

[www.liz-mohn-center.de](http://www.liz-mohn-center.de)