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Challenging Multilateralism and the Liberal Order

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*In May 2016 the Council on Foreign Relations' International Institutions and Global Governance program, the Stanley Foundation, the Global Summitry Project at the University of Toronto's Munk School of Global Affairs, the Brookings Institution, and the Project on the Future of Multilateralism at Princeton University held the sixth Princeton workshop on global governance. The workshop was additionally made possible by the support of the Robina Foundation. The views described here are those of workshop participants only and are not the positions of any of the workshop host organizations or the Robina Foundation. **The Council on Foreign Relations takes no institutional positions on policy issues and has no affiliation with the U.S. government.** In addition, the suggested policy prescriptions are the views of individual participants and do not necessarily represent a consensus of the attending members.*

WORKSHOP TAKEAWAYS

- New forms of competition and the fraying of the global order have limited the collective ability of actors to secure and sustain desired outcomes in global governance.
- Although global economic governance has performed reasonably well, the global economy, which is mainly driven by national economic policy decisions, has not. Global economic governance may have little to do with the challenges facing the global economy, including low productivity in developed economies and growing inequality.
- The role of the North Atlantic Treaty Organization (NATO) as security guarantor has been critical to European prosperity and the development of the European Union (EU).
- Further EU integration faces significant obstacles due to the rise of nationalist parties, low economic growth in the Eurozone, and the refugee and migrant crisis.
- The breakdown of trust and governing structures in the Middle East is the fundamental challenge facing the region. Capacity building by external actors will not be sufficient to create stability.
- The United States should work to limit the consequences of geopolitical tensions and maintain its global leadership through strengthening core alliances, selectively compartmentalizing issues to limit competition, and reforming institutions.
- The changing social contract between governments and people in countries around the world creates serious challenges for the contemporary global order.

INTRODUCTION

The sixth Princeton workshop on global governance convened scholars and former policymakers to examine the state of global governance and consider how to correct its shortcomings. The theme of this year's workshop was "Challenging Multilateralism and the Liberal Order: What Stance Should the United States Take?" Panels included the following topics:

- Measuring Progress in Multilateralism
- Assessing Alternative Global Orders
- The Crisis of European Integration
- A Divided Global Economic Order?
- The Middle East: Is a Multilateral Cooperation Strategy Possible?
- U.S. Grand Strategy: What's Possible? What's Likely?

MEASURING PROGRESS AND PROSPECTS IN MULTILATERALISM

Globalization has intensified the need for global cooperation, but the current global order is fraying. New forms of competition—for example, Russia in Ukraine and China in the South China Sea—are making international cooperation more difficult and will continue to do so. A number of workshop participants suggested that, despite their benefits, technological progress and advancements in the human lifespan also create challenges to national growth and prosperity. Faltering economic growth also generates new challenges to global order. Moreover, domestic politics, especially in the United States, threaten to undermine international stability.

The collective ability to sustain and secure desired outcomes in global governance—from protecting the global commons to alleviating poverty—is far more limited today than in the past. One participant noted that perhaps the heterogeneous conglomeration of actors that currently characterizes much of global governance is the best result under these circumstances. Traditional state-based multilateralism is unlikely to dominate global governance going forward, though it may still be effective at the regional level. The future of global multilateralism, one participant stressed, will instead likely be based on networks and coalitions suited to specific purposes.

Many participants welcomed this new approach to multilateralism as a replacement for the old, broken, and exclusionary system. Rather than an erosion of state power, one speaker proposed, these new networks—which involve partnerships between state and nonstate actors—are a response to increasing state ambition. The compact between governors and the governed is evolving as citizens expect their governments to provide more, and as states realize that they can meet these expectations only through new partnerships with a variety of actors. Assessments of whether global governance is “working” need to consider the growing complexity of these challenges and the degree of difficulty in resolving them.

Going forward, one participant suggested, the most successful actors in international affairs will be those that merge traditional attributes of power, especially technological advantages, with an ability to mobilize support across a range of actors, build resilience into infrastructure and natural resources, and invest in human development. This is what as the United States is attempting to do.

Differentiating “multistakeholderism” from multilateralism, one participant proposed that multistakeholderism is based on who is *affected* by a particular solution whereas multilateralism is based on who has the *right* to rule or govern. Participants generally agreed that multistakeholderism is conceptually, ethically, and politically different from multilateralism, but also that it provided no guarantee of accountability or effectiveness in global governance.

The Paris Agreement and Global Governance

Participants widely agreed that the Paris agreement, reached in December 2015 at the twenty-first Conference of Parties to the UN Convention on Climate Change, was a breakthrough in global efforts to combat climate change. The agreement was successful largely because it did not attempt to tackle every aspect of climate change. Moreover, the agreement is customizable, taking into account the volatile and messy nature of the international system. One participant noted that the Paris agreement broke from previous efforts by recognizing that climate change is a domestic policy challenge first, rather than solely a collective action problem. Other participants highlighted the shift in approach from selective coercion to collectively supported competition. Additionally, the agreement was not simply an agreement between states, but was supported by a plethora of initiatives from a variety of state and nonstate actors.

However, the agreement is largely untested. One participant stressed that there is a real question of what will happen when one or more significant countries fail to comply, and how to make the agreement resilient under such circumstances.

FUTURE OF THE GLOBAL ECONOMIC ORDER

Participants emphasized that although global economic governance has performed reasonably well, the global economy has not. This incongruity is occurring because national economic policy around the world still matters far more than global economic governance in determining global economic growth. One participant commented that the potential of macroeconomic policy coordination is often overblown. Designing appropriate policies is further complicated by poor understanding of the post-financial crisis international economic order.

Another participant suggested that as the growth of the financial sector as a proportion of U.S. gross domestic product (GDP) and as a driver of U.S. economic growth has contributed to rising inequality and growing class segregation in the United States. The expansion of easy credit has further exacerbated socioeconomic inequality. These processes have animated class consciousness and fueled antiestablishment politics. The class-based anger and identity politics have translated into surging support for isolationism.

Acknowledging the uneven gains from globalization and the resulting populist backlash, some participants argued that elites around the world had not only failed to sell the gains from liberalization to fellow citizens, but in fact had made little effort to do so. Globally, the International Monetary Fund's credibility is under strain, worn down by populist resentment in the aftermath of successive crisis interventions. One panelist wondered whether the existing international economic architecture can handle populist changes in governments. Many others emphasized the need to understand the distributional, as well as aggregate, effects of global economic governance in order to counter inward-looking domestic economic policies.

One proposed strategy to rescue globalization is for political leaders to resurrect the post-1945 societal bargain of "embedded liberalism" that rebuilt the world economy through an embrace of trade liberalization while mitigating its adverse social consequences. The question is whether globalization has made such bargains impossible. Alternatively, participants suggested that clean energy could serve as a hook to generate new investment and economic growth within the existing economic order. In addition, infrastructure investment could both drive demand and bring along people who have been left behind by globalization.

THE EUROPEAN UNION IN CRISIS

A number of crises threaten the future of the European Union, including the potential British exit from the EU, Russia's invasion of Ukraine, the refugee and migrant crisis, the growth of right-wing and nationalist parties in European countries, and slow economic growth. These challenges in Europe considerably increase the need for collaborative solutions—and the tradeoffs that make such solutions possible—but participants warned that these crises, and the EU's inability to deal with them, are destroying the EU's legitimacy. Although crises have helped propel European integration in the past, today's crises could exacerbate one another. Still, participants broadly agreed that the European Union, as a mature political system, is unlikely to disband soon.

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Participants stressed that NATO's role as security guarantor has been critical to both European prosperity and the development of the European Union. It eliminated security dilemmas on the continent. European countries have been able to spend far more of their national GDP on

public goods and services because they have been able to forego significantly greater sums on defense. However, NATO is far better at addressing some security issues, such as deterring Russia, than others, such as the migrant and refugee crisis. This disconnect between the institution and today's security needs is further destabilizing Europe.

Participants remarked that, although they have similar values, the United States and European Union diverge on a number of important issues, including the International Criminal Court, the emphasis given to unilateralism, and the use of military force. Moreover, the backsliding on democratic norms within Europe, for example, in Hungary and Poland, is concerning. One participant commented that the divergence of values within the EU could weaken its ability to promote liberal norms on the global stage. Other participants emphasized that successes are often attributed to national governments but failures are attributed to the EU.

MULTILATERALISM IN THE MIDDLE EAST

One participant argued that the regional order in the Middle East had been largely stable until the Arab Spring. Previously, most states had been governed on an authoritarian model, and the United States supported this status quo in the region. That order collapsed in 2011. Even when governments sought to respond to popular demands by modifying the social contract, their exclusionary approach to doing so—through reforms directed primarily at elite or status quo actors—merely exacerbated problems. Regardless of any progress the United States is able to achieve diplomatically in the short term, the fundamental challenge in the Middle East is the breakdown of trust in governing structures.

However, the United States cannot credibly walk away from the region, which weakens its hand in negotiations. Several participants stressed that U.S. regional leadership should focus more on job creation and less on military assistance, because economic (as well as political) stagnation is at the root of the Middle East's difficulties. One participant commented that security assistance has led to an unhealthy dependence on U.S. security in the region.

Participants underscored the trust deficit between the United States and the Sunni states, predicting that this relationship will never return to its previous state. Regarding Iran, participants perceived that the Iranian leadership is confident that it has far more to offer the United States in negotiations than vice versa. The United States has the opposite problem with Saudi Arabia and other Sunni states; participants noted the difficulty of reassuring Saudi Arabia without signaling to Iran that the United States is trying to overthrow its regime. Still, most participants felt that progress in the regional order requires the participation of both Iran and Saudi Arabia. Although Saudi Arabia has been deeply focused on what it does not want in the region, the United States should push the Saudis to think also about what they do want in order to transform the region.

U.S. GRAND STRATEGY AND ALTERNATE GLOBAL ORDERS

The United States is still well positioned to lead in global governance. The U.S. ability to pivot among different arrangements is unparalleled and will remain so. At the same time, participants questioned whether the world is simply too messy for the United States to have a grand strategy, noting that U.S. policymakers are often overwhelmed by the speed and diversity of changes. Participants also emphasized the difference between countries contesting U.S. hegemony per se, and those contesting the rules of the liberal international order. It is possible to have the first without the second.

Underscoring the importance of framing, one participant suggested that to strengthen the liberal world order, the United States should seek to limit the perception of U.S. power over others and instead emphasize the power of the United States to include others in this global order.

Participants also emphasized the need to strengthen countries that are supportive of the liberal world order, as well as to strengthen and better integrate the core alliance structure on which U.S. global leadership is based. At the same time, some suggested that the United States should think more flexibly about its alliances: some non-allied countries may be important partners on specific issues. However, others noted that countries around the world routinely call for greater U.S. leadership, but these same countries are often not satisfied with the forms that leadership takes.

Although countries around the world routinely call for greater U.S. leadership, they are often not satisfied with the form of leadership the United States offers.

Participants stressed that the U.S.-China relationship is the most important relationship for the United States to get right. Several cautioned that U.S.-China geopolitical conflict is not inevitable, but that to treat it as such could become a self-fulfilling prophecy. One participant recommended that the United States should share power with China as a foundation for global governance and noted that China is not seeking to overturn the global order. Compared to both the United States and Russia, China has been highly reluctant to use force, and has increased its involvement in the provision of public goods, from peacekeeping to responding to the Ebola crisis. Still, China is distinct from other rising powers, which lack the resources to alter the global order.

Several participants underscored the importance of healthy regional orders as a basis for global order, noting that regional bodies implement many global agreements. At the same time, however, the United States is expressly committed to preventing the emergence of regional hegemony. One participant cautioned that China attempts to play global and regional bodies off each other.

Overall, the changing global order, including regional upheavals, makes global governance increasingly difficult and likely to produce suboptimal outcomes in addressing global challenges. The discussion also underscored how domestic challenges around the world—including the changing social contract between governments and people—create serious complications for global governance and world order.