Essay

The Retreat of Multilateralism

P. S. Raghavan

The multilateralism that emerged from the World War, as a framework of international governance, was marked by universal membership of a variety of multilateral bodies and arrangements, including the United Nations, its organs and agencies, the Bretton Woods institutions (the World Bank, International Monetary Fund and others), international treaties and conventions. It is, for the most part, a system created, interpreted and administered by developed countries, or, more specifically, the victors of the World War. Multilateralism sought to address global political, economic and security challenges, with the more powerful countries keeping some sort of check on each other and exercising some control over the behaviour of smaller countries, while giving them also a voice and influence that they could not otherwise exercise. The Non-Aligned Movement espoused the Lilliputian strategy of small countries banding together to collectively influence larger ones and secure a measure of autonomy of policy.

John Ruggie identifies three normative principles constituting multilateralism: indivisibility, incorporating the concept of collective security; non-discrimination; and diffuse reciprocity — assuming that concessions and rewards balance out in the long run.[1] The system worked reasonably well during the Cold War. There was a rough balance between the two alliances — one, of the "free world" and the other, of the communist world (though some in the "free world" were pretty unfree and some in the communist world were only tepidly socialist). A professed ideological convergence and a shared perception of a military threat held each alliance together amidst deterrence doctrines of mutually assured destruction, near-military confrontations and propaganda wars.

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After the end of the Cold War, the multilateral regime was strengthened by the free trade arrangements administered by the World Trade Organisation. However, the surge in globalisation and technology diffusion that followed not only transformed the dynamics of international politics and economics, but also led inexorably to fragmentation and degradation of multilateralism.

Post-Cold War Order

Three separate but intertwined strands of developments attended the post-Cold War transformation.

Unipolar Moment

First, the 'unipolar moment' of US military and economic dominance saw an increasing tendency of the US to privilege unilateralism or selective bilateralism over multilateral consultations or consensus on issues of major global importance. In security and military affairs, this trend was manifest in (among other actions) the rejection of (or withdrawal from) the Comprehensive Test Ban Treaty, the Anti-Ballistic Missile Treaty, the Intermediate-range Nuclear Forces Treaty, the Ottawa Protocol banning anti-personnel land mines, the Convention on Cluster Munitions, Biological Weapons Convention and the Rome Statute of the International Criminal Court. Military interventions, like those in the Balkans, Iraq, Syria and Libya, were decided unilaterally or within a small group of allies.

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Russian and Chinese Challenge

Second, Russia's pushback and China's resurgence presented different kinds of challenges to the US, and its responses undermined multilateralism.

In the early 2000s, simmering tensions over the expansion of NATO, political and economic fissures in Europe, and Russia's insecurities and ambitions were clearly revealing cracks in the post-Cold War European security architecture. Warning lights were flashing, since at least 2007, of tensions potentially degenerating into confrontation, with the conflict in Georgia (2008) and the annexation of Crimea (2014) providing emphasis to these signals. Without justifying Russia's invasion of Ukraine in February 2022, it can be asserted that adequate attention was not focussed on creating a security architecture in post-Cold War Europe that would absorb Russia in it. This will remain a challenge for Europe, whenever and however the current war ends. President Macron of France has been reiterating this — the point being that President Putin and his actions should not be conflated with Russia as a country. The latter will remain on the scene, and has to be dealt with in a suitable security framework. The criticisms of this view from some quarters may be more about the timing of its assertion than its validity. Meanwhile, the war and the consequent harsh sanctions have disrupted the functioning of virtually every multilateral political or economic institution or arrangement, impacting global food, financial, energy and climate security.

China's rise, and its consequences for the US-led world order, have been plainly evident since, at least, the North Atlantic financial crisis of 2008, and have sporadically held America's strategic attention. But distractions of entanglements in Europe and West Asia prevented concerted focus on all the elements of its challenge to American global hegemony. The concerted US thrust to counter China's political and economic reach across Europe, Asia and Africa, its military ambitions in the Indo-Pacific and its global technological advance commenced with the Trump Administration and was accelerated by the Biden Administration. It has led to the revival of the Quad dialogue (of India, Japan, Australia and the US) and AUKUS (Australia, UK and the US) military pact in the Indo-Pacific, and bolstering military defences of Taiwan, Japan and South Korea — initiatives that have provoked harsh responses from China in words, gestures, economic coercion and military posturing.

The US has also launched a broad spectrum of unilateral, bilateral and "minilateral" political, economic and security initiatives targeted at China. They include, besides a range of high tariffs on imports from China, strong pressure on allies and partners to bar Chinese technology companies from contracts for 5G networks and other projects in high technology sectors. The Biden Administration's CHIPS (Creating Helpful Incentives to Produce Semiconductors) and Science Act incentivises semiconductor fabrication in the US and disincentivises the creation of new chip manufacturing capacity in China. Stringent controls were imposed on export of high-end semiconductors to China, and reluctant US allies were pressurised into compliance with these controls.

China predictably retaliated by banning imports of semiconductor products from US companies and exports of key elements (gallium and germanium) that are critical inputs for semiconductor manufacturing.

Competition will also be intense in areas like quantum computing, artificial intelligence, biotechnology and clean energy technologies, in which the Biden administration has targeted ascendancy over China. Here again, even as it upgrades its domestic capacities, the US will seek to restrain its allies and partners from transferring advanced designs and high-technology components to China. Similar pressures have been applied — and fresh ones will emerge — on countries contemplating economic contracts with China that the US considers inimical to its strategic interests. They will be particularly strong in the Pacific Islands, where China's expansion of economic and military influence comes up against important US naval interests.

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The US drive to outcompete China in establishing global technology standards raises the real threat of the emergence of two mutually incompatible sets of standards, with countries in the middle having to choose. A number of countries (including some US allies) worry about the negative economic consequences of a techno-economic divide. The US National Security Strategy acknowledges this concern and asserts that the US does not intend to create such a divide. But it does not indicate how the competition can be so channelled as to avert an unbridgeable divide.

The tensions in great power relationships have engineered a near-total breakdown in the functioning of virtually every multilateral institution. The United Nations Security Council is charged with the maintenance of international peace and security, but its functioning has been paralysed by the split among its permanent members. The impact of this split runs through virtually every multilateral institution, arrangement, treaty and convention. Efforts to circumvent the split have led to decisions by majority voting in institutions where treaty provisions mandate consensus — with consequent protests about violations. The Organization for Prohibition of Chemical Weapons, the UN Human Rights Council and, most recently, the International Criminal Court have all attracted criticism (mainly from Russia and China) for allegedly overstepping their original mandate.

Rise of Middle Powers

The third post-Cold War strand is the rise of "middle powers"— dubbed by some as "the new non-aligned" — striving for greater autonomy of policy and action on the world stage. Freed from the straitjackets of the Cold War, countries broadened their networks of international relations across geographies. Globalisation facilitated the free movement of people and goods. Seamless technology diffusion permitted real-time transfers of ideas, information and money. This enabled many countries to leapfrog stages of development and attain levels of political stability, economic growth, military strength and cultural integration that fuelled their ambitions for greater regional and global influence.

The "middle powers" believe that current multilateralism is skewed in favour of a few global powers, which manipulate multilateral institutions to suit their geopolitical interests. They seek to chart a path that best suits their national interest, acting individually or in interests-based coalitions. The British weekly, *The Economist*, correctly notes (eschewing the hyperbolic assessments of some other Western publications) that these non-aligned countries "are not defined by their membership of an institution, but rather by their characteristics and behaviour ... [they] are pragmatic and opportunistic."[2]

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The pragmatism and opportunism are evident in the varied responses to Russia's invasion of Ukraine. Some countries voted with the US and its allies on resolutions in the UN condemning the invasion but did not join in the sanctions against Russia. Others (including democracies in Asia, Africa and Latin America) abstained on the resolutions. They took decisions on engagement with Russia based on their own economic interests. They did not blindly align with the West's interests when they did not suit theirs. The most public demonstration of this was the repeated decisions of the Organization of the Petroleum Exporting Countries (OPEC) to cut oil production, even after personal exhortations from the US President to increase output to keep oil prices under check. Saudi Arabia announced the cut almost immediately after a successful visit to the Kingdom by President Biden, when major arms deals were discussed. Almost every major West Asian leader telephoned President Putin immediately after the failed mutiny by the Wagner chief. Equally notable was an unsuccessful US-UK sponsored resolution in the UN Human Rights Council in October 2022 to discuss Chinese human rights violations in Xinjiang. Despite strong lobbying by the US, UK and others, the resolution lost, albeit narrowly. Almost the entire Islamic group, including Qatar and US ally UAE, voted against the resolution; most of Africa voted against or abstained. The UAE was reported to have heeded a US request to halt a Chinese port project near Abu Dhabi because of its potential military implications. According to subsequent leaks, work on the project recommenced shortly thereafter. Most recently, even Ireland, a staunch US partner and an unlikely claimant to the "new non-aligned" mantle, approved a contract with Chinese telecom major Huawei for supplying end-to-end network equipment for fibre-optic broadband to 50 Irish towns. Huawei is already funding research in AI technologies in top Irish universities.

Even as these actors boldly assert their interests and ambitions, their exploitation of the opportunities created by the deterioration in US-Russia and US-China relations further underlines the inadequacy of post-Cold War international governance structures.

The Obstacles to a 'Rules-Based Order'

These realities make it difficult to define and enforce a 'rules-based international order.' The insertion of this idea into most bilateral and multilateral statements today is itself an acknowledgement that the existing system of international governance, based on post-World War global realities, is not fit for purpose in the post-Cold War world. With increasing clashes of global and regional interests, adherence to rules is not uniform. Most countries will claim allegiance to a rules-based order, but the interpretation of the rules varies with countries. Many abide by rules that suit their interests and ignore or reinterpret those that do not.

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Several small and middle countries believe they should have a greater say in framing, interpreting and administering the rules of a new international order. The latest US National Security Strategy recognises this aspiration. It asserts that all nations subscribing to universal rights and freedoms could contribute to shaping the rules of the international order. In the current geopolitical environment of polarisation and zero-sum calculations, they will have little opportunity to do so.

Globalisation is now facing an assault from its original sponsors for domestic economic reasons and on external strategic considerations. Western democracies are responding to harsh verdicts from electorates in country after country, showing disillusionment over uneven growth and growing inequality that are seen to be the result of unbridled globalisation. In April 2023, US National Security Advisor Jake Sullivan outlined the contours of a new economic philosophy for the US, which he termed the 'New Washington Consensus.' It is an antithesis of the free market orthodoxy of the Washington Consensus of the early 1990s, which promoted "trickle-down economics" — deregulating trade and capital flows, dismantling industrial controls and slashing taxation. "Trickle-down economics" will now give way to "Bidenomics" — building the economy "from the bottom up and from the middle outward."[3]

A Changed Strategic Context

The domestic triggers for this change of policy are reinforced by external strategic considerations. China looms large in this changed context. Restraining its expanding economic reach and technological influence are now crucial US aims. Added to this is the COVID-19 experience, when the US found itself vulnerable to disruptions of the supply chain in important sectors of its economy.

The initiatives for supply chain resilience, identifying trusted sources and friend-shoring are principally targeting China (and Russia), but the potential development of closed supply chains, building on national security exceptions to the movement of goods and technologies, could create new segmentations in the global economy. When the NATO Secretary General told the Davos Economic Forum (May 2022) that freedom is more important than free trade and protection of values more important than profit, he was effectively defining new (and subjective) boundary conditions for economic globalisation.[4]

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The US-Europe dialogue on the limits of economic engagement with China features the distinction between decoupling (which is an impossibility for any country) and de-risking, which involves disengaging from China in strategically important sectors and maintaining normal engagement in others. With trillions of dollars in trade at stake, this distinction is likely to prove difficult to clearly establish. The separation of strategically important materials, components and technologies from others is a tortuous and messy exercise since there are few technologies today that do not have some defence applications, and there will remain the possibility of bureaucratic overinterpretation or systemic laxity. Disruptions of supply chains due to non-uniform understanding of the 'rules' will impact the principal supplies and inflict collateral damage on others.

Another blow to globalisation (and multilateralism) is the effective decay of the World Trade Organization (WTO), within less than three decades of its creation. The WTO is an international organization with near-universal membership, with a judicial jurisdiction that is recognised by its entire membership. This important attribute has been nullified by the failure to appoint members to the appellate body of its dispute settlement mechanism. The US clearly wants untrammelled control over its trade policies as an instrument of economic coercion or incentivisation, without the irritant of judicial reviews.

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The tensions between the parallel thrusts of the US and China in trade, technology and development — one seeks to uphold a rules-based order by creating the "rules of the road", and the other claims to be democratising access to trade, technology and development — have inspired new structures (and reactivated old ones) to promote political influence, economic integration and security arrangements. The growth of "minilateralism" — bringing together small groups of countries to promote shared political, economic or security interests — is a response to the general malaise in multilateral mechanisms. Such interests-based coalitions are also a hedge against the uncertainties in the course of major power rivalries.

Reforming Multilateralism

During its elected term as a member of the UN Security Council in 2021-22, India focussed on the need for a reformed multilateral system that would explore new opportunities of progress; develop effective responses to terrorism; reform multilateral systems; craft a comprehensive approach to international peace and security; and democratise access to technology.

An effective, reformed multilateral system has to contend with the new realities of the post-Cold War world that encompasses the current geographical, economic and technological configuration of major power rivalries, the aspirations of newly-empowered small and middle powers, and transnational challenges like climate change, international terrorism, energy security and health security. Modern-day competitions are backed by incredible technological capacities and enormously destructive military prowess. The transnational challenges pose existential threats that can be effectively tackled only with effective multilateral mechanisms. As the US National Security Strategy recognises, this entails cooperation with the same rivals with whom the global order is hotly contested. Competition affects cooperation (as COVID-19 showed), but the need for cooperation should temper competition in a rational environment. The challenge of a reformed multilateral system is to reconcile this seemingly irreconcilable contradiction, accommodating a complex diversity of perspectives, ideologies, interests and aspirations. The war in Ukraine is an immediate test for a world order in the making; putting a lid on US-China tensions is a more intractable challenge.

> **The transnational challenges pose existential threats that can be effectively tackled only with effective multilateral mechanisms.**

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