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in Global Order LLC:
The Changing Balance of Influence
and U.S. Strategy

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EXECUTIVE SUMMARY

The trajectory of the rising powers is uncertain, but their current influence is a central fact of geopolitics. Already the financial crisis, the Copenhagen climate negotiations, and the Iran sanctions dust-up have illustrated the potential, the pitfalls, and, above all, the centrality of the relationship between American power and the influence of rising actors. The emerging powers cannot dictate the shape of the coming era, but they can block and complicate U.S. initiative. From its new position, the United States confronts not a rigid bloc of emerging powers, but complex and shifting coalitions of interest. The greatest risk lies, not in a single peer competitor, but

in the erosion of cooperation on issues vital to U.S. interests and a stable order. U.S. power is indispensable for that purpose, but not sufficient. No longer the CEO of Free World Inc., the United States is now the largest *minority* shareholder in Global Order LLC.

Can the United States use its changed position to shape the emerging order? Bruce D. Jones explores the prospects for cooperation on global finance and transnational threats, the need for new investments in global economic and energy diplomacy, and the case for new crisis management tools to help de-escalate inevitable tensions with the emerging powers.

INTRODUCTION

When historians assess America's role in the world after the terrorist attacks of 9/11, they will judge the early failures in Afghanistan, and weigh the costs of the Iraq war against its eventual outcomes (still uncertain). They will balance the deepening of the strategic relationship with India against the deterioration, and eventual reset, of relations with Russia. Climate change will loom large, for good or ill. Twenty years from now, we will know more about the consequences of U.S. counterterrorism policies from Pakistan to Yemen to Lebanon.

They will surely debate this question: did American overstretch¹ amplify the impact of the rise of the "emerging powers?"² While America's resources were bled by two wars, new potential rivals were growing and husbanding their energies. A mere four years after Charles Krauthammer's manifesto for "American Foreign Policy for a Unipolar World" caught the mood of American ambition, Fareed Zakaria's *The Post-American World* reflected the consequences of miscalculation.³ All of this before the global financial crisis drained the U.S. treasury further and highlighted China, India, Brazil and the Asian financial centers' new weight.

While the trajectory of the rising powers is uncertain, their present influence is now a fact of geopolitics.

That raises questions about the relationship between U.S. power and the changing international order. Already the financial crisis, the Copenhagen climate negotiations and the Iran sanctions dust-up have illustrated the potential, the pitfalls, and above all the centrality of the relationship between American power and the influence of the rising actors. The emerging powers cannot dictate the shape of the coming era, but they can block and complicate U.S. initiative.⁴

Nearly a decade ago, Joseph Nye identified "the paradox of American power."⁵ While the United States has unique military strength, it is constrained by the dynamics of the global economy and the need for international institutions to manage an interdependent world. Today, after two wars and an economic crisis have tested the limits of American power, we are confronted with a new paradox. For all of its continued heft, the U.S. looks weaker than it once did, and must navigate a world of rising powers. Yet international stability and prosperity still rest heavily on America's continuing strengths and leadership.

American leadership is far from overturned, but it is constrained. The question is thus posed: can the United States still lead the international system? Will the rising actors acquiesce to U.S. leadership and

¹ At the end of the Cold War, Paul Kennedy famously warned in *The Rise and Fall of Great Powers* that the great risk to unrivaled powers was confusing lack of rivalry for lack of restraint, and therefore overextending in military and economic terms, leaving little capacity to deter growing rivals. During its first term, the Bush Administration appeared to have read Kennedy but confused his warning for a manual.

² Paul Kennedy, *The Rise and Fall of Great Powers* (London, UK: Fontana Press, 1988). See also, Robert Gilpin, *War & Change in World Politics* (Cambridge, UK: Cambridge University Press, 1981).

³ Charles Krauthammer, *Democratic Realism: An American Foreign Policy for a Unipolar World*, (Washington, DC: AEI Press 2004). See also Robert Kagan, *Of Paradise and Power: America and Europe in the New World Order* (New York, NY: Vintage Books, 2004). Fareed Zakaria, *The Post-American World* (New York, NY: Norton, 2008).

⁴ Andrew Hart and Bruce Jones, "How Do Rising Powers Rise?" *Survival* 56, no. 2 (December 2010/January 2011): pp. 63-88.

⁵ Joseph Nye, *The Paradox of American Power: Why the world's only superpower can't go it alone*. (Oxford: OUP, 2002).

cooperate with it? Or are they contending to challenge if not the system itself—from which they profit—then U.S. leadership of it?

This paper reviews the nature of the emerging powers' rise and the strategies they are pursuing. An overarching picture emerges: America's dominance is dulled but its influence is sustained. From its new position, the United States confronts not a rigid bloc of emerging powers, but complex and shifting coalitions of

interest. The greatest risk lies not in a single peer competitor but in the erosion of systems and institutions vital to U.S. interests and a stable order. U.S. power is indispensable for international order, but not sufficient. No longer the CEO of Free World Inc., the United States now holds a position akin to that of the largest minority shareholder in Global Order LLC. Can the United States use its changed position to shape the emerging order?

Part 1: A CHANGING INTERNATIONAL ORDER

Much of the recent commentary on international order has focused on the issues of America's "relative decline" or the "rise of the rest."⁶ The change in the balance of economic weight is critical, but elides the context of the change. The context matters to interests and influence, and to intent.

GLOBALIZATION AND THE EMERGING POWERS' INTERESTS

The essential point of context is that China, India, Brazil and others' phenomenal growth in the past two decades was a function of their integration into a U.S.-backed system of global economics, finance and trade. As foreign policy analysts as diverse as Condoleezza Rice and G. John Ikenberry have argued, this means that these rising actors are fundamentally status quo powers: that is, they seek to profit and gain influence *within* the existing order, not to overturn it.⁷ This is not the first time in modern history that the established and rising powers have been financially and economically linked, and integration is no guarantee against crises between the powers. It is a firewall, though, against direct conflict.

The fact that the emerging powers' growth is dependent on globalization has security as well as economic

implications. Globalization itself is dependent on a series of global networks for trade, transport, finance and information. Both trade-led growth and financial services depend on a constant flow of goods, people and data. The bad news is that these networks are vulnerable to disruption, both from terrorist and criminal organizations, and challenger states. The upside for international order is that that threat is shared. Not only do the United States, China, India, Brazil and Russia share security concerns about terrorism, they also have deeply shared economic interests in preventing a disruption to the basic operations of the global economy.⁸ This even gives the rising powers a continuing interest in the exercise of U.S. power, for example, in the use of U.S. naval assets to maintain the free flow of commercial goods and energy supplies through vital but vulnerable trade routes, like the Straits of Hormuz and the Malacca Straits. China has muttered about burden-sharing in the Malacca Straits, but no one seriously contests the shared international interest in U.S.-backed trade security.

Still, even within this system, a redistribution of influence carries risks. First, rapid growth is generating exponential increases in the demand for scarce supplies of energy and consumable resources.⁹ China's economy has trebled in the last two decades, but its energy and food consumption have risen even faster,

⁶ Zakaria 2008; Richard Haass, "The Age of Nonpolarity: What Will Follow U.S. Dominance?" *Foreign Affairs* 87, no. 3 (May/June 2008): pp. 44-56; Kishore Mahbubani, *The New Asian Hemisphere: The Irresistible Shift of Global Power to the East* (New York, NY: Public Affairs, 2008).

⁷ Condoleezza Rice, "Rethinking the National Interest". *Foreign Affairs* (Jul/Aug 2008). G. John Ikenberry, *Liberal Order and Imperial Ambition: American Power and International Order* (Polity Press, 2006).

⁸ Bruce Jones, Carlos Pascual and Stephen John Stedman, *Power & Responsibility: Building International Order in an Era of Transnational Threats* (Washington, D.C.: Brookings Press, 2009).

⁹ Michael Klare, *Rising Powers, Shrinking Planet: The New Geopolitics of Energy* (New York, NY: Holt Books, 2008): especially pp. 177-209.

as has India's. Vast new middle classes are driving exponential growth in demands as their consumption patterns start to reflect those of the west—with energy-hungry cars, luxury goods and high caloric diets.¹⁰ Tough, competitive dynamics are taking hold in the Middle East, Central Asia, Latin America and Africa in the search for energy, minerals and food—and the land and water it takes to produce them.¹¹ This will make some supplier countries rich and destabilize others, but also has the potential to destabilize major power relations themselves.¹²

Second, the emerging powers have every interest to maneuver for greater influence over the rules of the global economic game. Because it operates (by definition) across national spheres, the global economy is regulated through international negotiations—in the World Trade Organization, the World Intellectual Property Organization, the International Telecommunications Union (which sets global standards for cellular and wireless technology), and similar bodies. These regulations are the subject of newly intense diplomacy. The good news is that countries are battling for influence in Geneva boardrooms and not on the battlefield. The bad news is that complex negotiations over the regulations that undergird global transactions can bog down cooperation; the WTO has been stalled for years, for example, because the emerging powers now have the capacity to block U.S. and European positions they view (with some justification) as injurious to their interests.

Third, the simple fact is that with rising capacity comes rising ambition. It is a tenet of realism that power redistribution is inherently destabilizing.¹³ Of course, realism got the collapse of the Soviet Union wrong, and some power shifts result in peaceable transitions rather than war.¹⁴ But, well short of war,

the rising powers are already altering the global terrain and starting to act like every other new power—throwing their new political weight around within their regions and seeking global status to match.

There is an evident irony of it being a global financial and trade system underwritten and secured by U.S. power that has created the most important contemporary challenge to that power.¹⁵ The rising powers know that the United States is critical in undergirding the very system on which their power is dependent—but that will not stop them from testing U.S. leadership where it suits their interests to do so, and where they can get away with it.

INFLUENCE OF THE EMERGING POWERS

How much influence do the emerging “powers” actually have? The new economic weight and commensurate financial influence of China, India, Brazil and other recently developed economies are easily measured and, by now, universally acknowledged. If their role in response to the global financial crisis were not sufficient indication of their new clout, China overtaking Japan as the world's second largest economy was a potent symbol.

Economic weight is one thing; military power is another. For all of the media hype surrounding China's new weapons systems, the fact remains that not only is the United States still vastly the dominant military power, it will retain both a technological and capability lead in global terms for at least a decade, and probably two. Yes, at present, much of that capacity is bogged down. But that is a temporary reality. The U.S. nuclear guarantee remains a central part of a stable security order in North Asia, Europe and the Gulf.

¹⁰ Alex Evans, *Globalization & Scarcity: Multilateralism for a World with Limits* (Center on International Cooperation, forthcoming).

¹¹ China's ventures into Africa have been most visible. For a good recent analysis see, Sarah Raine, “China's African Challenges,” *Adelphi Papers* 49, no. 404 & 405.

¹² Historians will recall the effect of perceived threats to Japanese oil, rubber and other strategic materials' supply on their decision to enter the war against the United States and the United Kingdom in 1941.

¹³ John J. Mearsheimer, *The Tragedy of Great Power Politics* (New York, NY: Norton, 2001); Dale C. Copeland, *The Origins of Major War* (Ithaca, NY: Cornell University Press).

¹⁴ John Lewis Gaddis, “International Relations Theory and the End of the Cold War,” *International Security* 17, no. 3: pp. 5-58.

¹⁵ Charles Kupchan made this observation in a comment at a Princeton University/Stanley Foundation conference on global order, January 14-15, 2011.

The difference between the rising powers' economic weight and their still modest military power mirrors the debate between those who argue that the United States is in relative decline and those who posit continued American leadership in the international system. This is partially a debate about semantics. Few in the "America still leads" camp would deny that there has been a relative shift in the balance of economic influence; and few in the "relative decline" camp would deny American military dominance. But that semantic debate obscures a deeper question about the nature of the U.S. position in the world today and the extent to which it still commands a leadership role in the international system.

Part of the confusion arises from the term "balance of power," which lends itself to a sense of metrics and hard power. In the real world of international economics and politics, influence is a more accurate term, though harder to measure. In the space between finance and war, three realities shape emerging powers' influence.

First, the emerging powers' relative political and military weight *within regions* is far greater than global rankings suggest. This enables them to block or constrain U.S. initiatives on major geopolitical questions. Our military capacity dwarfs India's, but their influence in Myanmar and Iran rivals or exceeds ours, as does China's on North Korea. Brazil's deployable military capacity is miniscule, but it carries substantial clout in Argentina and Venezuela. This new influence is not uncomplicated though. One of the most interesting dynamics in contemporary international politics is the extent to which some actors, traditionally resistant to U.S. presence in their regions, now see it as balancing that of the regional power. In South

East Asia, Vietnam has called for sustained U.S. engagement in the South China seas. India's neighbors look at its rise with trepidation. A Brazilian diplomat acknowledged, in his terms, that trading "the imperial yoke of America for that of sub-imperial Brazil" was not exactly a step up for Brazil's neighbors. Still, that some neighbors are smarting under the new weight of the regional powers is illustration of the fact of it. This would matter less to U.S. interests and international order if their home regions were less significant in commercial and security terms.¹⁶

Emerging power influence is amplified, second, by multilateral institutions. China already has a veto in the UN Security Council, and it, along with India, has long wielded substantial influence in global bodies like the General Assembly, given each country's ability to muster support from the G-77 group of developing countries. As these powers assert themselves at the global level, and in such power clubs as the G-20, they are bumping into resistance in their continued efforts to lead the G-77; the erosion of G-77 unity in UN debates since the start of the G-20 has been striking.¹⁷ But for now, China, India and Brazil get to have it both ways. The United States has paid less attention to the diplomacy of global bodies. In an era when traditional geopolitical issues were all that mattered to U.S. foreign policy, this would matter little. But not only are key aspects of globalization managed in substantial part through inclusive multilateral fora—including trade and aviation, intellectual property—so too are climate, infectious disease and fragile states.

Third, the emerging powers profit from the phenomenon of the "shadow of the future." States calculating the costs of various strategies assess not only the present, but also the future influence of the

¹⁶ Only the Middle East matters more. There the United States confronts no single emerging global power but a regional challenger, Iran. The United States is still the dominant external power, but its alliances are deteriorating, and each of the emerging global powers is vying for influence and energy deals in the region. The question of whether U.S. global power carries enough weight to shape some form of rough cooperation in dealing with Iran's challenge constitutes a vital test of U.S. strategy and the emerging international order.

¹⁷ On human rights issues, the developing world largely hangs together on opposition to human rights interventionism and defense of sovereignty. But elsewhere, fractures are increasingly visible within the G-77. On climate, the vast gulf in interests between small African economies and the major emerging economies came into full display in Copenhagen, as the Africa Group banded together under Ethiopian President Meles, in part, in opposition to the BASIC group claiming to speak for their interests. At the General Assembly, countries like India and Indonesia have recently taken policy positions more redolent of their aspiring status as major global players, rather than as leaders of the developing world bloc. Both states, for example, adopted forward-leaning positions on the "protection of civilians" debate in UN peacekeeping during negotiations in 2010, breaking from their traditional more conservative positions and those of the majority of G-77 countries. Author notes, UN Committee on Peacekeeping, New York, Fall 2010.

United States and putative rivals. Accurate or not, the dominant international perception is of an America past its prime, and of emerging powers whose time is coming. The scramble is on to get into their good books and investment strategies. This is not only true of regional actors, but even of core U.S. allies, like Germany and the United Kingdom. Prime Minister Cameron's early post-election trip to Delhi was illustrative of a new focus for UK policy, and several of his European colleagues are following suit.

All this is amplified by the fact that priority security threats for the United States, like terrorism, operate in transnational spaces that diminish the influence of traditional modes of hard power. U.S. drone capacity has been an important (if probably counterproductive in the long run) tool of the U.S. war against al Qaeda in Pakistan, but is of little use in combating al Qaeda-inspired movements based in Toronto, Djakarta or Cairo. Hard power can contain fragile states, but not rebuild them. In short, U.S. foreign policy priorities play against our comparative advantages.

INTENT: STRATEGIES OF THE EMERGING POWERS

Influence is one thing; intent is another. To navigate the shifting international landscape, the emerging powers, Russia and Europe are using a combination of strategies: building alliances and regional structures, blocking regional moves that are injurious to their interests, bargaining for leverage on global issues, occasionally banding together to stymie the United States, and, critically, balancing each other's rise. U.S. grand strategy must account for each of these approaches.¹⁸

Building and blocking. Building alliances and institutions is a traditional tool for bolstering relative power. The emerging powers' strategy has focused on regional rather than global arrangements. It is

China's role in upgrading the Shanghai Cooperation Organization that has garnered the most attention and hand-wringing in Washington. But the other powers are active in their regions as well. Brazil has moved beyond simply trying to assert its influence within the Organization of American States, to leading the creation of the Union of South American States, which it dominates. India has begun throwing its weight around in Nepal, Bangladesh and increasingly Afghanistan—where it is now the third largest individual donor. It has also sought to move beyond the confines of the moldy South Asian Association for Regional Cooperation through new initiatives with the Bay of Bengal countries and Indian Ocean rim partners.¹⁹ Russia has proposed a new regional security architecture for the European space—one for which it has suggested few details but that would, presumably, amplify Russia's rights and roles.²⁰

None of this is entirely comfortable for the United States. Strong regional roles by the emerging powers could be viewed as a form of burden-sharing; in practice, it comes with assertiveness and increased blocking power on regional issues, and rising leverage on global ones. India and China have blocked U.S. moves on Myanmar; Russia and China have resisted U.S. strategy on Iran; and even South Africa was able to resist Western pressure on Zimbabwe.

Bargaining and Balancing. Blocking is an expensive strategy, however. Much more prevalent are bargaining moves. In the financial, climate, energy and regional security fields, the past several years have seen a steady rise in the assertiveness and effectiveness of the emerging powers at the various international bargaining tables.

Prior to the financial crisis, the emerging powers were showing more signs of wanting status rather than influence in global decisionmaking. Senior policymakers in Delhi, Brasilia and even Beijing

¹⁸ For a fuller account of these dynamics, Hart and Jones, 2010.

¹⁹ Specifically, the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC), and the Indian Ocean Rim Countries' Association for Regional Cooperation (IOR-ARC).

²⁰ Europe, too, has focused on building up its regional security architecture. European rhetoric has it that this is designed to project European power globally; but here, rhetoric runs ahead of reality.

were acutely aware that with greater influence would come responsibility and cost-sharing, and saw no reason to rush for that. Noisy nationalists were in evidence as well. But in the executive offices of those capitals, policy was dominated by a mature recognition that the U.S. role in securing globalization was in their own interest, that the United States could be trusted to protect the global economy from severe contraction, and that, although they would push for greater status, they would do so carefully, not wanting to upset the apple cart of American leadership. As a ranking Brazilian diplomat put it: “We want a long, soft landing in America’s relative decline, not a short, violent crash.”²¹

The financial crisis changed this. Shock at the extent of U.S. mismanagement of credit markets and regulatory failure at the onset of the crisis has led the emerging powers—as well as Europe—to re-evaluate the merits of America’s financial leadership. There is not much they can do about this, of course. None of them have the economic scale or financial systems to displace America’s global financial roles. But China’s central bank governor gave voice to a widely shared frustration when he spoke bluntly about China’s interest in exploring alternatives to the dollar serving as a reserve currency.²² France’s President Sarkozy has echoed this theme. China, India and Brazil have all been more assertive in bargaining for more seats and votes in key international financial institutions. World Bank board reforms in 2009 gave China and other developing world economies a larger share of the vote, and IMF reforms were agreed in the G-20 shortly thereafter.²³

In some areas, such as climate change and some aspects of trade, the emerging powers have gone so far as to band together to deter U.S. initiatives. The BASIC²⁴ grouping that composed itself in Copenhagen has widely divergent interests and strategies for coping with climate change, but all of them resist a strong U.S. role in setting the rules of the game. China and India were also substantially more nimble than the United States in turning the multilateral setting to their own advantage—until the very last minute, when Secretary Clinton’s large financing proposal turned the tables.²⁵

But outside the climate arena, such banding together has been rare. If the anti-U.S. frustrations expressed by China’s central bank governor were widely shared in Singapore, Brasilia and Paris, these capitals nevertheless have not banded together with China to take up their currency proposals. This is because there is one strategy that is even more important for the emerging powers than bargaining—balancing.

In India, China’s currency proposal is to be met with skepticism; a continued reliance on the dollar and the U.S. Treasury is a comfortable position for India, and strengthening China’s hand is hardly a central objective of Indian strategic policy. China and India look at each other across the Himalayas as both huge trading partners and historic rivals. Russia has also sought to balance China’s rise. Joint statements from BRICs²⁶ Summits on potential currency cooperation have gone entirely unimplemented. Russia has played its role as potential swing vote in the UNSC negotiations on Iran to bolster its relationship to

²¹ Author interview, Brazilian Ministry of Foreign Affairs, April 14-16, 2010.

²² Nathalie Boschat and David Pearson, “Sarkozy Outlines G-20 Priorities,” Wall Street Journal, August 25, 2010. French President Sarkozy has said that the question of reserve currency will be a topic during the French G8/20 Presidencies. Interestingly, some policy officials in the U.S. administration have noted that reserve currency carries a substantial cost and have argued that the United States should be prepared to explore reasonable alternatives.

²³ Developing nations, after recent reforms, have 47.19% of voting power in the Bank. Sewell Chan, “Poorer National Get Larger Role in World Bank,” *New York Times*, April 25, 2010, section B, page 3.

²⁴ Brazil, South Africa, India and China. There was an irony that the Copenhagen Climate Accord was reached in draft by these countries plus America—actually making sense of the acronym.

²⁵ The BASIC group had positioned themselves, *inter alia*, as championing the rights of developing countries. By promising to help deliver \$100 billion per year in climate adaptation financing, the United States swung the most influential group of developing countries, the Africa bloc led by Ethiopia, towards its position, thus isolating the BASIC group in the final days of the Copenhagen negotiations.

²⁶ Brazil, Russia, India and China.

the United States vis-à-vis China. The leaked statement that articulated Moscow's new foreign policy approach was, in essence, a document about how to solidify the "reset" with Washington as a hedge against Chinese assertiveness.²⁷ Balancing is not just against China. Russia and China cooperated to keep Brazil and Turkey out of the negotiating process on Iran, defending their position as veto-wielding members of the UN Security Council and the clout that comes with it.

Thus while the trade, financial, elite and diplomatic ties between the emerging powers continue to grow and deepen, for each, relations with Washington are still more central to foreign policy than relations with each other, at least for now. And in this lies the key to U.S. influence.

IMPLICATIONS FOR THE U.S. ROLE IN THE WORLD

On major questions of global economy and security, interests, not ideology or an anti-U.S. leadership strategy, are driving emerging powers' shifting alliances. Despite efforts to find a West/Rest or democratic/autocratic divide in international order, such divisions are not dominant thus far. Cooperation on global finance and counterterrorism in no way guarantees cooperation on energy and climate, or regional security. The United States has been as likely to find support from China as from Europe on many of the major challenges it confronts. At the Toronto meeting of the G-20, the United States, China, India and Brazil banded against the United Kingdom, Germany and Australia on questions of stimulus versus fiscal restraint.²⁸ The U.S. perspective on terrorism has been closer to the Indian or Russian standpoint than to the European approach. The United States and Europe worked closely with Russia to persuade a reluctant China to join hands on Iran. On climate change, the United States is no more closely aligned to Japan or Europe than it is to India or China. The Western alliance (but not a

democratic alliance) lives on in issues dominated by values debates—human rights, democracy promotion, and to a lesser degree, development.

The result is a partial shift in the U.S. position. True, the United States no longer enjoys the status of unrivaled hyper-power that it maintained after the end of the Cold War, or the status of "leader of the free world" that characterized its position in the western alliance during the Cold War. U.S. dominance is dulled, but its influence remains substantial. With the change in the structure of international order, the U.S. position has morphed into something equivalent to the position of the largest minority shareholder in a modern corporation—a position not of control, but of substantial influence. Its influence, however, has to be wielded in a new mode.

With today's power distribution, no one actor, and no one set of actors, commands an automatic majority of "votes." Setting the rules of the game, solving crises and taking advantage of opportunities requires coalitions among "shareholders." On any given vote among shareholders, the largest minority shareholder can be outvoted if the rest band together—as the United States found in Copenhagen. But by the same token, the largest shareholder, even if a minority shareholder, has more options available to them than any other actor to forge temporary alliances to produce enough of a majority—sometimes a decisive majority—to win a specific vote. The United States can work with India and African states to win a vote on peacekeeping issues, with China and Brazil to win a decision on financial regulation, and with Russia and Europe on the management of Iran.

No other state has anything like this range of tactical alliances available to them. This extends to convening power. The largest minority shareholder cannot demand a shareholder meeting; but if they call for one, most other shareholders are likely to agree to attend. For all of the fact of the prominence of the emerging powers in the G-20 response to the

²⁷ Fred Weir, "Leaked Russian Document: Could Medvedev Era Tilt More Pro-West?" *Christian Science Monitor*, May 13, 2010, available at: <<http://www.csmonitor.com/World/Europe/2010/0513/Leaked-Russian-document-Could-Medvedev-era-tilt-more-pro-West>>.

²⁸ See the G-20 Toronto Summit Declaration of June 27, 2010, available at: <<http://www.G-20.utoronto.ca/2010/to-communicue.html>>.

financial crisis, efforts by other states to generate a coordinated response floundered; only the United States had the authority to convene the G-20 summit. Theoretically, India or China could have convened the Nuclear Security Summit—but it was the United States that did so.

This is a complex game, where the United States can no longer get its way just by force of its own position, or lead a stable alliance against a common threat. Crafting decisions requires complex “voting alliances” that will need to be forged vote by vote, or issue by issue. This requires courting relationships with a wide range of shareholders and a willingness to return favors of a variety of types. Still, it is a position of substantial influence. The comparative ease with which the largest minority shareholder can pull together a coalition to reach a blocking majority confers a role that can best be described as “gravitational pull.”²⁹ No other shareholder can afford to band permanently against

you, lest it risk seeing its interests in the “board” vitally damaged. Some shareholders may occasionally be tempted to play spoiler roles on individual votes, but if they push this too far they will provoke banding behavior by other shareholders protecting their interests—as China learned on currency issues and Russia learned in its efforts to annex South Ossetia, roundly condemned by the emerging powers as well as the West. When this occurs, the others will look first to the largest minority shareholder to lead the way.

But this comparative advantage cannot be overplayed. If the United States attempts to portray its position as that of global hub, or if its strategy were perceived to be one of a resurrection of dominance, it would likely backfire, triggering a deeper banding together of the other powers and middle powers against the U.S. position. To succeed in wielding influence from its new, influential but less dominant position, the United States needs a new mindset about strategy.

²⁹ The phrase is Bruce Jentleson’s; conversation with author, Seminar on Global Governance, Brazilian Ministry of Foreign Affairs, April 14-16, 2010.

Part 2: IMPLICATIONS FOR U.S. STRATEGY AND INTERNATIONAL ORDER

That all of this matters can be illustrated by imagining the negative scenarios if the United States withdraws from leadership functions, no one else steps in, or the powers fail to find ways to cooperate on global challenges—what David Gordon calls the “G-Zero” scenario. In global finance, the results would be swift and disastrous; cooperation this time around prevented something akin to the Great Depression on a global scale. Similarly, consequences would arise if no lead actor or constellation of actors was providing naval assets to secure trade. If global economic negotiations grind to a halt, global trade and finance will begin to erode.

Of course, the primary purpose of international order—to prevent major power war—is even more fundamental. But well short of active conflict between the major powers, mismanagement of the changing international system can pose tremendous costs for the United States and virtually everyone else.

Avoiding a G-Zero scenario, a major power conflict, and continued high U.S. expenditure against leadership functions that produce stability should be key U.S. goals. And that requires three elements of strategy: fostering cooperation and burden-sharing on global finance, transnational threats and development; renegotiating rules of the road for economic, energy and climate competition; and investing in tools for crisis de-escalation and management. This should be complemented by frank debate, but not firm divides, on human rights.

FOSTERING COOPERATION ON GLOBAL FINANCE AND TRANSNATIONAL THREATS

In the realm of global finance, the United States has adapted to the new realities swiftly and gracefully. The creation of the G-20 Summit, the decision to accept new International Monetary Fund (IMF) monitoring on U.S. financial decisions, and a new agreement to give China, India and other rising economies a greater percentage of shares at the IMF have been remarkable. The creation of the new Financial Stability Board and the shift in global economic order have also been significant. This outcome was indicative of changed realities and a changing American mindset in favor of new voting rights for the rising powers at the IMF, at the expense of European seats.

Extending cooperation to other issues is easy to wish for, harder to do. But as noted above, U.S. and emerging powers’ interests align in several areas, including on some security issues. The Bush administration, its rhetoric notwithstanding, pursued an agenda of cooperation on security issues, through formal and informal arrangements—pushing for an enormous expansion in UN peacekeeping, fostering informal arrangements to tackle nuclear smuggling (the Proliferation Security Initiative), and building strong bilateral cooperation with China, India and Russia on terrorism issues. The Obama administration has taken a similar two-track approach: fostering informal arrangements like the Nuclear Security Summit, which has translated into ongoing cooperation to

protect nuclear materials; and using the UN Security Council to coordinate major power approaches to Iran and North Korea, with some important success.

A similar combination of formal and informal approaches could help to solidify cooperation on terrorism and other transnational threats. For example, navel cooperation against piracy is being pursued and could be extended. The U.S. Navy patrolling alongside the Chinese, Indian, Russian, Japanese and European navies off the coast of Somalia provides a compelling case study of shared interests.³⁰ The fact of a UN Security Council resolution completes the picture, and provides an interesting model that squares the circle between the U.S. instinct for informal arrangements, and the European and emerging powers' desire to reinforce the formal arrangements of the UN. Over time, aspects of this model could be extended to burden-sharing on trade security in more sensitive locations.

It is debatable whether such cooperation could be extended to active crises, for example on Afghanistan/Pakistan. Certainly Russia, China and India do not have an interest in the return of the Taliban or the ascendancy of al Qaeda, or in the further destabilization of Pakistan. But there are two basic problems. First, is a classic of cooperation problems. The threat is shared, but unequally. Relative costs matter. Both China and Russia lose from insecurity in western Pakistan—but India and the United States lose more. A challenge for strategy is to find arrangements that create incentives for cooperation or regulated competition, even in the non-collapse scenarios. This is a key role for institutional arrangements, as opposed to *ad hoc* cooperation. In *ad hoc* cooperation, the relative losses question will loom large, whereas institutional approaches can create

bureaucratic and elite interests that trump relative losses.³¹ A second set of problems are habit, capacity and trust. Few of the emerging powers have the habit, or even the tools, for strategy cooperation on security problems. The United States has tried to engage China on scenario planning on North Korea, for example, and has been rebuffed. India's diplomatic capacity is thin and already over-stretched. These constraints will change rapidly, though, and it might be wise not to start on North Korea or Pakistan, but rather to build trust in significant, second order problems such as Somalia or Yemen.

A further area where cooperation can grow is development. Sustaining global economic recovery will require a serious effort to support growth for middle income and less-developed states. After resisting the agenda, the G-20 has created a development group that, so far, has found far more common ground than differences. Before that, the new monies and new ideas emanating from the emerging powers had been treated as a threat rather than a source of new energy. The West's and the emerging powers' interests in development do not entirely align, especially on issues like corruption, but there is a base of shared interest in new and stable growth. Given the continuing failure of western development strategies, an open mind and genuine dialogue seem warranted.

Cooperative efforts serve two purposes. They are important for functional reasons; the issues need to be managed, and their distributed nature means that collective efforts are a necessity, not a luxury. However, fostering deeper collaboration has a second, ordering effect—forging a sense of what the Obama administration has called “shared security.”³² This matters both for government-to-government relations and the broader public narrative. The domestic

³⁰ This happens under the creatively named SHADE mechanism—Shared Awareness and Deconfliction—appropriate goals for quite a lot of cooperation issues.

³¹ An important example is the extent to which European armies want to participate in NATO even where their governments do not see interests in specific operations; access to American defense technology is a major institutional carrot. A similar dynamic pervades UN peacekeeping; the Indian armed services (as well as their Pakistani counterparts) pressure their civilian leadership to maintain commitments to UN peacekeeping operations even when those operations are in and of themselves marginal to national interests. The bureaucratic interests in participation in the institution create an enduring interest.

³² See the remarks of U.S. National Security Advisor James Jones at the February 2009 Munich Security Conference, available at: <<http://www.securityconference.de/General-James-Jones>>.

resonance of competitive and conflictual dynamics tends to outweigh cooperation. Every Chinese and Japanese citizen knows their two countries clashed over maritime issues in September 2010; hardly any know that they are patrolling jointly in the Gulf of Aden. Counterterrorism cooperation is one area that can compete in domestic salience. For U.S. audiences, against the charge that China is cheating on currency rules, “they’re helping us on trade security” sounds abstract; “they’re helping us on al Qaeda” carries more punch. Counterterrorism cooperation should have greater visibility in both countries.

Shared interests in tackling transnational threats will only be a part of an overall sense of security. Other security issues—regional security and energy security—will drive divergence. But deeper collaboration on shared threats can contextualize the inevitable confrontations ahead.

REGULATING ECONOMIC AND ENERGY COMPETITION

In other areas, the nature of U.S., European and emerging power interests will push towards competitive rather than cooperative dynamics. The G-20 has already shifted—perhaps too quickly—from a mode of crisis response to negotiating new modes of regulation to prevent future crises. That takes it into the terrain of negotiating the rules of competition (on currency, regulation of financial products, etc.). Here again, issues of relative loss loom large. Everyone loses if the bottom drops out from global financial systems, but states profit or lose differently from different regulations; hence fierce competition.

Similar competitive dynamics over the rules have blocked deeper trade cooperation in recent years. In the WTO, divergences between the United States, Europe and the emerging powers have stymied new openings in the Doha round, as every actor plays for optimal outcomes, resulting in no outcome at all.

Such dynamics will likely be increasingly common in international negotiations on global economic regulation. In some settings, the emerging powers are divided. On the issue of regulating intellectual property rights, for example, China has avoided siding with other developing countries that challenge the existing rules. Still, in this realm of the “software” of globalization, the United States may have no choice but to pay more attention to the interests and ideas of new powers, and to give some ground. U.S. dominance has enabled a somewhat less than level playing field, tilted to our advantage. Trying too hard to retain that advantage runs the risk of triggering the G-Zero scenario. One way or another, global economic diplomacy will matter more in the years ahead, and that must be reflected in the allocation of diplomatic resources—as indeed is acknowledged in the QDDR’s proposals for “elevating economic diplomacy.”³³

Issues of relative loss and relative gain may be particularly hard to manage on questions of energy, carbon and scarce resources. The issues will shape the question of whether contemporary relationships between the United States and the other major powers tilt towards the collaborative, the competitive or the conflictual. This is not the place to spell out in detail the kinds of area or resource specific agreements that may help ameliorate the worst of “race to the bottom” behavior that might otherwise characterize the sphere of energy security and climate change.³⁴ Suffice it to say, a component of U.S. order strategy should be to balance U.S. economic and energy needs with the long-term risks of failure to forge an agreement on climate and the short-term conflict risks of unregulated competition over energy.

This does not mean abandoning any sense that some of these areas can serve as zones of cooperation. There is a great deal of loose talk about scarce water and the likelihood of an uptick in conflict over water resources. History suggests otherwise. Coun-

³³ Quadrennial Diplomatic and Development Review, U.S. Department of State, 2010.

³⁴ For an important proposal on how to structure carbon regulation so that it leads to regulated competition and shared interests among the major economies, see Strobe Talbott and William Antholis’ proposal for a Global Agreement on Reduction of Emission (GARE) in *Fast Forward: Ethics and Politics in the Age of Global Warming* (Washington, D.C.: Brookings Press, 2009).

tries that have competing needs for access to a water source have more frequently forged agreements to cooperate on preserving and sharing that source than fought over it.³⁵ U.S.-China joint initiatives on carbon-sequestering technology also illustrate the potential for win-win approaches.³⁶ Still, competitive mindsets prevail. Genuine shortages of strategic minerals, food supplies and arable land, combined with mercantile policy, do seem set to cause rough competition, veering into conflict.³⁷

INVESTING IN TOOLS FOR CRISIS DE-ESCALATION AND MANAGEMENT

Because competition is inevitable, and because regional security dilemmas will almost certainly prove more complicated over time, a third and critical component of strategy will be to invest up front in tools for crisis de-escalation and management.

Much of this will be region specific. But across the board, a key element for the United States is to be imaginative in using flexible coalitions of other countries (or “shareholders”) to bolster its own diplomacy. When the United States sought to isolate Russia over its effort to annex South Ossetia and Abkhazia, western unity was not the death-blow to Russia’s effort—it was China’s firm condemnation of Russia’s position. When the United States sought to respond to China’s growing assertiveness in the South China Seas, the most helpful request for U.S. engagement was not the predictable one from Japan, but the surprising one from Vietnam. So long as the United States is viewed as a critical part of managing the global balance of power, its presence will help defuse clashes with the emerging powers.

We can also be creative about the role of middle powers. Against a backdrop of mounting competition

and tense exchanges between the Arctic powers, it was Norway and Denmark, that drafted agreements with Russia and the United States which led to a lowering of tensions and agreement to use International Maritime Organization conventions to manage boundary disputes in the Arctic. Could similar middle power roles be used to defuse boundary tensions or create third-party de-escalation mechanisms in other regions? At the most creative, one could imagine a third-party mechanism being on call for China, Japan, Russia and the United States to help resolve boundary disputes and/or naval incidents in the South China Seas. One such multi-nation mechanism was used by South Korea to investigate the Cheonan sinking, but because that mechanism was not pre-agreed by China, it had modest impact on crisis diplomacy.³⁸ Could a more robust, if still informal, third-party mechanism provide more concrete crisis prevention and management tools? These issues warrant quiet exploration.

The United States can and should also invest in reinforcing the UN Security Council (UNSC). During the Cold War, the UNSC gave the United States and the Soviet Union a joint tool for crisis de-escalation. In the Middle East, for example, faced with crises between their respective Israeli and Arab allies, the United States and the Soviet Union agreed on several occasions to Security Council ceasefire resolutions and peacekeeping deployments.³⁹ These halted crises before they could escalate into direct superpower confrontations.

Growing use of the UNSC has been a point of surprising commonality between the Bush, Clinton, Bush and Obama administrations. This, however, was during a period of U.S. dominance. With new influence for new actors, the issue of membership reform hangs over the Security Council’s future

³⁵ World Development Report 2011; forthcoming.

³⁶ Kenneth G. Lieberthal, “U.S.-China Clean Energy Cooperation: The Road Ahead,” Brookings Institution Policy Brief, September 2009, available at: <http://www.brookings.edu/-/media/Files/rc/papers/2009/09_us_china_energy_cooperation_lieberthal/09_us_china_energy_cooperation_lieberthal.pdf>.

³⁷ Alexander Evans, “Resource Scarcity, Climate Change and the Risk of Violent Conflict,” Background paper for the World Development Report 2011 (Forthcoming, World Bank, April 2011).

³⁸ In addition to U.S. officials, Sweden, Australia and the United Kingdom contributed personnel to the investigation.

³⁹ Bruce Jones, “The Security Council in Arab-Israeli Wars,” in Adam Roberts et al (eds.) *The Security Council and War* (Oxford, UK: Oxford University Press, 2008) pp. 298-323.

utility. The issue is probably less complicated than generally believed, and it is worth noting that if India and Japan were full members, the UNSC would have all the Asian powers—creating a crisis management platform for that region where the shift in the balance of power will be most volatile.⁴⁰

Still, even if there were a positive vote in the General Assembly (GA) today for membership change, it would be years before the required two-thirds of the GA's membership had undertaken the necessary domestic ratification procedures for Charter reform. So, pursuing UNSC expansion does not negate the need for interim measures. Functional cooperation with the emerging powers on nuclear security, counterterrorism and piracy helps, but does not provide either a crisis response mechanism *per se*, or the underlying relationships between senior national security officials that can be called upon in times of an acute crisis. (The fact of a pre-existing G-20 mechanism among finance ministers was vital for allowing swift alignment between G-20 leaders during the financial crisis.)

Crisis management capacity could be developed in several ways: creating an informal mechanism that links national security advisors or foreign ministry officials of the P5 plus the emerging powers around common threats; involving foreign ministries in G-20 sherpa mechanisms (as was often done for the G7); or having a separate process through which G-20 (or G8 plus 5) foreign ministers meet. A more radical, but perhaps interesting, idea is to take the UNSC's Military Staff Committee out of retirement and bring the emerging powers (and others) into its deliberations as relevant to the specific topic or crisis.⁴¹ This could provide a "trial run" of UNSC reform that neither threatens the legitimacy of the

UN, nor risks diluting the focus of the G-20, nor locks the United States into untested membership change.

And there are interesting models of both informal and semi-formal major power cooperation in crisis containment under UNSC mandates. In Afghanistan, NATO operates under a UNSC mandate that enables not only NATO allies but also others, like Australia, the UAE and Singapore, to deploy. In Southern Lebanon, at America's behest, France, Germany, Italy, India and China are all deployed under a UNSC mandate, and with a bespoke management arrangement (the Strategic Military Cell) that operates outside the normal command structures of the UN Secretariat. And again, there is the example of counter-piracy cooperation in the Horn of Africa.

FRANK DEBATE, NOT FIRM DIVIDES, ON HUMAN RIGHTS

Finally, it is important to touch on what may be the most contentious of issues between the United States and the emerging powers, namely human rights.

On basic human rights issues, the key dynamic will be between the West and China. Neither domestic reality, nor good strategy, will allow the United States to ignore the human rights issues with China. But U.S. diplomacy on the issue should be cognizant of the relatively limited impact that outside pressure will have on China's evolution and the broader context to the relationship—a balance admirably struck by President Obama during President Hu Jintao's January 2011 visit to Washington. President Hu's acknowledgment that China had "issues" with human rights was a mild opening, but certainly one worth pursuing.

⁴⁰ While this is not the place for a full discussion of UNSC membership reform, it is worth noting this: for all of the rhetoric surrounding permanent seats for Japan, Germany, India and Brazil, all four have privately accepted that no permanent seats are on offer. What they are gunning for are long-term elected seats—with a possibility of permanency down the road. (Basically, business class seats with the possibility of an upgrade.) China is on record as supporting this position, which it views as a diplomatic victory. Russia recently joined the United States in officially accepting India's claims; no state can afford the bilateral consequences of being isolated in appearing to block India's aspirations. Both the United States and China can be expected to drag their feet on reform, but the gap between key states' positions is narrower than commonly understood.

⁴¹ I am indebted to Waheguru Pal Sidhu for this point. Notably, Ambassador John Bolton made a similar proposal during his tenure at the UN—to revive and expand the membership of the MSC for peacekeeping management. Such was the controversy surrounding his appointment, however, that his proposal received little traction, partially because his interlocutors simply assumed, incorrectly, that he intended to revive the MSC in its current configuration—limited to the P5. Notes, UN headquarters, June-August 2005.

More broadly, using human rights standards or issues of democracy promotion as a yardstick for cooperation will backfire. On both issues, emerging power behavior combines a defense of sovereignty (fundamental to their security) with a tradition of resisting western interventionism. Democratic India, Brazil and South Africa routinely vote with their NAM friends and against the West in the Human Rights Council.⁴² Moreover, while issues like “the responsibility to protect” are presumed to divide the “West from the rest,” and do so in rhetoric, reality is more complex. India and South Africa spoke out

strongly against NATO’s action in Kosovo, which was supported by the Organization of Islamic Countries; France, Russia and Germany banded together to block U.S. action in Iraq.⁴³

So, contentious, yes; neatly dividing the west from the rest, no. There is complexity not cleavage here. And an effort to use human rights or democratic criteria to drive hard cleavages in the international system would likely provoke more serious banding together by the emerging powers—*against*, not in favor of, our strategy.

⁴² Richard Gowan and Franziska Brantner, *A Global Force for Human Rights: An Audit of European Power at the UN* (London, UK: European Council on Foreign Relations, 2008).

⁴³ See Jones, Pascual and Stedman, *Power and Responsibility*.

CONCLUSION

America has rebounded from dips in its influence before. An oil price rise before economic downturn, a brewing crisis in Iran, a rising competitor, domestic divides and a Democratic president facing a resurgent right—welcome to 1978. Still, absent dramatic change, an economic shift to “the rest” will continue, and political influence will follow.

If we foster cooperation where interests allow, and devote serious resources to global economic and energy diplomacy, we can balance the contentious dynamics of regional security and human rights. Preparing for crises by investing in management tools can help de-escalate them when they arrive.

This may fail, as the domestic resonance of competition drives out awareness of shared interests. And it will certainly face substantial obstacles. Europe reluctantly gave up seats at the IMF to accommodate the rising powers, and will resist further reforms. Chinese nationalists may overplay their hand, triggering Western antibodies. Brazil and India can overreach. And an inward looking Congress can undermine the credibility of U.S. strategy, on issues both foreign and

so-called domestic (climate, energy, currency). The alternatives, though, are unpalatable: an effort to reassert American dominance that will almost certainly backfire, or the manifestation of the G-Zero scenario, with risks of direct conflict between the powers.

The odds of success rise if accompanied by serious efforts to maintain U.S. strength, economically and militarily, and to cultivate a bipartisan foreign policy. Michael O’Hanlon addressed the first point in a paper on defense budget cuts that can sustain national strength.⁴⁴ Robert Kagan captured the latter in writing that conservatives who voted for New START recognized that the United States has only one president at a time and U.S. national security is strongest when his foreign interlocutors believe he speaks with broad domestic support.⁴⁵

This mattered somewhat less when the U.S. position was more dominant. But as the “largest minority shareholder” in the complex holding company that is Global Order LLC, the unity of U.S. positions impacts the gravitational pull of our strategy—a gravitational pull in ever greater tension with the otherwise centrifugal forces of a shifting international order.

⁴⁴ Michael O’Hanlon, “Defense Budgets and American Power”, Brookings Foreign Policy Paper Series 24, December 2010, available at: <http://www.brookings.edu/papers/2010/12_defense_budget_ohanlon.aspx>.

⁴⁵ Robert Kagan, “The Senate Passed New START – What’s Next?” The Washington Post, 22 December 2010, available at: <<http://www.washingtonpost.com/wp-dyn/content/article/2010/12/22/AR2010122203206.html>>.

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