

COUNCIL *on* FOREIGN RELATIONS

International Institutions and Global Governance Program

CFR Symposium: Rising Powers and Global Institutions

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Effective multilateral cooperation requires some degree of buy-in from each of the world's major powers. But global power is shifting, creating new challenges and opportunities for global governance. Ultimately, the world order of the twenty-first century will reflect compromises between established powers—including the United States, the European Union, and Japan—and emerging ones—including China, India, and Brazil. This multisession, half-day symposium in Washington, DC, explored the implications of rising powers for the reform of international institutions and effective multilateral cooperation.

The symposium began with an address by **Stewart M. Patrick**, director of the IIGG program, on the future of multilateral cooperation. Two panels then took place, each of which included representatives from established and rising powers. The first panel assessed the future of the Group of Twenty (G20) and of the Bretton Woods institutions, including ongoing efforts to overhaul the World Bank and the International Monetary Fund (IMF). The second panel considered the implications of rising powers for the nuclear nonproliferation regime, which pivots on the Nuclear Nonproliferation Treaty (NPT). The keynote speaker, Deputy Secretary of State **James B. Steinberg**, concluded the day by discussing the Obama administration's policies toward rising powers and global institutions.

Executive Summary

Developing countries are undoubtedly growing in economic and political power. "We live, I believe, in the emerging market century," said **Antoine Van Agtmael**, chairman of Emerging Markets Management, LLC. Van Agtmael reported that developing countries now comprise one-third of global gross domestic product (GDP), and are likely to comprise one-half of global GDP within ten to fifteen years. Meanwhile, Brazil, Turkey, and South Africa are each growing "new diplomatic powers" in the nonproliferation regime, as noted by **Alex Lennon**, editor in chief of the *Washington Quarterly*. **Arvind Subramanian**, senior fellow at the Peter G. Peterson Institute for International Economics, summarized the trend by saying, quite simply, "Everything is up for grabs." The recent shifts in global

power are perhaps best exemplified by the elevation of the G20, which shows that “many more countries other than the G7 are going to determine” global policy.

The United States and other established powers have a long-term interest in ensuring that rising powers become pillars of a rules-based international order. Few of today’s global threats, from financial instability to nuclear proliferation, can be addressed without the involvement of emerging states. **Graham Allison**, director of the Belfer Center for Science and International Affairs, illustrated this point when he mentioned that Western sanctions against Iran do little more than promote Iranian trade with China. In his keynote address, Steinberg agreed that rising powers are an integral part of any coalition to “push forward” the U.S. agenda, adding, “We have to have strong ties to the key countries and the key actors that drive these institutions.”

But rising powers are ambivalent about their growing roles in global governance. “They want to be at the high table, they want to alter the rules of the game, and they want more say in global governance structures,” said Patrick, but rising powers are simultaneously “leery of assuming additional burdens and obligations of power.” According to **Eli Whitney Debevoise II**, former U.S. executive director of the World Bank, many of these countries “already have a seat at the table—the question really is what is the size of the seat, and what do they use it for?” China and Russia, for example, have already been incorporated into the Nuclear Suppliers Group (NSG), but former UN undersecretary-general for disarmament affairs **Nobuyasu Abe** noted that their entry has made NSG rules less stringent. South African ambassador **Abdul Minty** suggested that rising powers are also skeptical of the value of traditional multilateral tools (including sanctions, which they consider “very blunt”).

To accommodate rising powers, the United States will need to employ both formal and informal arrangements. Abe emphasized the value of informal gatherings, arguing: “When an institution becomes universal . . . people don’t pay the dues. But when it’s a voluntary small group, there’s a dynamic that works. People want to join it and they pay the dues.” According to Steinberg, the United States is working to “blend together” different mechanisms, including treaty-based forums (like the United Nations) and informal gatherings (like the Major Economies Forum). Steinberg stressed the importance of “traditional” organizations, but he added that the “the formalities of arrangements” should not be allowed to hinder effective multilateral action. Similarly, Subramanian advocated pragmatic institution-building, saying “We have to strive hard at coming up with institutional designs—carrots and sticks—that would allow countries to both agree to rules and then abide by them subsequently.”

Finally, Minty suggested that the United States may need to deliver on outstanding promises of its own (including nuclear disarmament) before it expects rising powers to follow suit. According to Minty, rising powers have demonstrated a commitment to the nonproliferation regime, but their efforts must be met in kind. Through outreach efforts like the Prague address, the Obama administration has begun to improve the “atmospherics” of cooperation, but Minty said the United States can take more concrete actions to uphold the regime it purports to support (including through the prosecution of the A. Q. Khan nuclear network). By taking these steps, the United States can help build an effective and sustainable global architecture to combat transnational threats.

Session Summaries

Keynote Address by James Steinberg

Speaker: James B. Steinberg, Deputy Secretary, U.S. Department of State

Presider: Karen DeYoung, Associate Editor and Chief Correspondent, *Washington Post*

- President Obama has “clearly indicated that one of the core challenges of our time is to mobilize global cooperation to deal with these common threats.” The Obama administration has paid “a tremendous amount of attention to this challenge, both in terms of trying to elaborate an architecture of cooperation and building the relationships that can underlay those institutional relationships.”
- The **global economic crisis** illustrated the need for global cooperation in dealing with “the nature of a globalized trade and investment economy.” In response to the crisis, the Obama administration has tried to develop not just coordinated economic actions, but also institutional mechanisms to coordinate those actions, which resulted in the “strengthening and the elevation” of the G20.
- Since his presidential campaign, President Obama has identified **nonproliferation** “as one of his greatest priorities.” Obama recognizes the need “to develop stronger mechanisms to strengthen the nonproliferation regime” as “dangerous actors” try to acquire nuclear weapons. These actors could be states (e.g., North Korea and Iran) or they could be nonstate actors. The Nuclear Security Summit showed “the potential for these new tools and new mechanisms of cooperation, new architecture, new arrangements to begin to bring people together.” We need both “formal and informal tools” to combat nuclear proliferation.
- **Climate change** is another area that requires “new mechanisms of cooperation to deal with a challenge which clearly is one that no nation alone can deal with.” This challenge “involves many parties, not just governments but also the private sector and others.” Again, the United States will need to “blend together” different tools, including the UN Framework for the Convention on Climate Change and the Major Economies Forum. The climate conference in Copenhagen showed that “we cannot allow the formalities of arrangements” to impede action.
- The United States is also engaging more with select **regional organizations**, including the North Atlantic Treaty Organization (NATO), the Association of Southeast Asian Nations (ASEAN), and the Asia-Pacific Economic Cooperation forum (APEC).
- The United States has “strong ties to the key countries and the key actors that drive these institutions,” which requires strengthening “our **traditional alliance cooperation**” in Europe, the West, and East Asia. The United States is also trying to “build stronger and newer ties with key **emerging countries**,” including Russia, China, India, Brazil, South Africa, Egypt, and Indonesia.

Opening Remarks: “World Order and Multilateral Cooperation in the Twenty-first Century”

Speaker: Stewart M. Patrick, Senior Fellow and Director, International Institutions and Global Governance Program, Council on Foreign Relations

- In the twenty-first century, prospects for effective multilateral cooperation in confronting the world’s most daunting challenges are going to depend, first and foremost, on the interests and world-order visions of the world’s most important players. But the identity and the number of

those players are changing, creating new challenges and opportunities for cooperation. The United States obviously has a powerful interest in integrating these countries into a rule-bound system of international relations.

- None of the major emerging powers are revolutionary in the sense of trying to overturn the existing order. But each of these countries is at least moderately revisionist. All hope to adjust the structures and norms governing global security and economic relations to suit their preferences. The order that ultimately results from all of this is going to be the product of tough bargaining and negotiation between established powers like the United States, the European Union, and Japan and the rising pillars of world order, including China, India and Brazil, as well as a number of emerging middle powers.

Panel 1: Global Economic Governance: Progress and Prospects in the G20, International Monetary Fund, and World Bank

Speakers: Eli Whitney Debevoise II, Partner, Arnold & Porter LLP, and Former U.S. Executive Director, World Bank; Arvind Subramanian, Senior Fellow, Peter G. Peterson Institute for International Economics, Senior Fellow, Center for Global Development, and Senior Research Professor, Johns Hopkins University; Antoine van Agtmael, Chairman and Chief Investment Officer, Emerging Markets Management LLC, and Director, Strategic Investment Group

Presider: David E. Sanger, Chief Washington Correspondent, *New York Times*

- The Greek debt crisis raises fundamental questions about European financial governance, including: (1) Who is responsible for bailing out members of the euro? (2) Who makes the financial rules in Europe (the IMF? The G20? Other members of the euro zone)? (3) Can they override issues of sovereignty when doing so? In the words of **David E. Sanger**, chief Washington correspondent of the *New York Times*, “Who’s supposed to be the conductor on the train here?”
- Van Agtmael noted that, after a brief governance vacuum, Germany took the lead in responding to the Greek debt crisis. Sanger responded that it was interesting that, “We’ve created all of these big multinational institutions, and in the end . . . it came down to one country.”
- Subramanian disagreed, saying the Greek debt crisis did become an “international affair.” The IMF, for example, played an important role in two ways: (1) The IMF helped provide the money required to bail out Greece and (2) The IMF helped “impose tough conditions on countries that the Europeans themselves did not want to be seen as imposing on their brethren within the euro-zone.”
- The G20 also inadvertently played a role because it had recently expanded the IMF, which provided the IMF with the financing it needed to respond to the Greek crisis. Debevoise called the current financial architecture “an evolving situation” and noted that the G20 did eventually “hustle out a statement” after the Greek bailout was announced in Europe.
- Regarding the G20, Sanger asked whether all twenty members—with their diverse economic conditions and interests—would be able to reach a consensus on global economic policy. Debevoise agreed that “twenty is an unwieldy number” and that keeping the G20 on track would require “some discipline.” Van Agtmael responded: “The G20 is just a way station to the G7—but a new G7. And the new G7 would be the United States, the euro zone, Japan, and then the four BRICs.” Subramanian disagreed, arguing that the G20 is symbolic of the fact that “we’re in a dif-

ferent world” in which “many more countries other than the G7 are going to determine” global policy. Sanger equated the relationship between the IMF and the G20 to the relationship between the UN General Assembly and the UN Security Council.

- Sanger then turned to the question of sovereignty, noting that everybody had warned from the onset about “the difficulty of having a common currency and then individual country control over your fiscal policy.” Subramanian responded by saying, “You can’t be half sovereign. . . . If you want to have economic union, you also have to have political union.”
- Sanger then asked about the role that China should play in the G20, particularly in light of the euro crisis and U.S. national debt. Debevoise advised that China be patient and bide its time because “the trends are fairly obvious.” Van Agtmael advised that China do four things: (1) Clearly recognize that, like it or not, China is a major player; (2) Hold onto its pocketbook, because there are going to be a lot of demands on its pocketbook; (3) Strengthen ideas on a new reserve currency; and (4) Be careful about not being too smug.
- When the panel opened up to questions from the audience, one questioner asked about the rift between rising powers and established powers in the Doha Round of World Trade Organization (WTO) negotiations. According to the questioner, countries like China, Brazil, and India continue asking for “special and differential treatment,” though they “are not exactly underdeveloped in the traditional sense.” Van Agtmael countered that developing countries now are “a lot more open” than countries like the United States were at similar stages of industrialization.” According to Van Agtmael, “The real problem in Doha is that we still haven’t gotten used to the fact that we don’t dominate these forums anymore.”
- Another question prompted a discussion on the fundamental relationship between global powers and international institutions. Subramanian insisted that economic powers like the United States and China are not exempt from global rules. “We have to strive hard at coming up with institutional designs—carrots and sticks—that would allow countries to both agree to rules and then abide by them subsequently.” But Van Agtmael suggested that these countries may be “too big to put conditionality on.”

Panel 2: Global Security Institutions: The Nonproliferation Regime

Speakers: Nobuyasu Abe, Director, Center for the Promotion of Disarmament and Nonproliferation, Japan Institute of International Affairs and Former Undersecretary-General for Disarmament Affairs, United Nations; Graham T. Allison, Director, Belfer Center for Science and International Affairs and Douglas Dillon Professor of Government, John F. Kennedy School of Government, Harvard University; Abdul S. Minty, Deputy Director-General, Ambassador, and Special Representative for Disarmament and the New Partnership for Africa’s Development, Department of International Relations and Cooperation, Republic of South Africa, and Governor, Board of Governors, International Atomic Energy Agency

Presider: Alexander T.J. Lennon, Editor in Chief, *Washington Quarterly*, and Senior Fellow, International Security Program, Center for Strategic and International Studies

- Lennon opened the discussion by asking one central question: “Is the nonproliferation regime in a state of existential crisis?” Allison responded in the affirmative. He illustrated the regime’s weakness by pointing out that “one of the smallest, weakest, poorest, most isolated countries on earth, North Korea, can successfully violate the rule of the regime and defy the demands of the great

powers.” Allison also noted that “four thousand centrifuges are spinning” in Iran, despite efforts by the regime to stop them.

- Abe demonstrated a slightly more optimistic view, saying that the nonproliferation regime consists of more than just the NPT treaty—it includes the Nuclear Suppliers Group, the International Atomic Energy Agency (IAEA), UN Security Council Resolution 1540, and the new Nuclear Security Summit. According to Abe, “When an institution becomes universal . . . people don’t pay the dues. But when it’s a voluntary small group, there’s a dynamic that works. People want to join it and they pay the dues and they try to keep the rules.” As a result, members of the nonaligned movement that typically decry the nonproliferation regime went out of their way to illustrate their nonproliferation efforts at the April 2010 Nuclear Security Summit in Washington.
- Minty responded to Lennon’s question by saying the nonproliferation regime is not in crisis, but is “at a crossroads.” He noted that nonnuclear weapon states joined the nonproliferation regime because nuclear weapon states had promised to disarm—a promise the Obama administration seems to take relatively seriously. In that regard, “the development so far in the atmospherics are very good.”
- Minty proceeded to disagree with Abe, saying that the nonproliferation regime “does not extend to things like the NSG [Nuclear Suppliers Group] because the NSG is like a private club . . . it is not a multilateral body.” Minty also took issue with Abe’s statement, countering that nonaligned countries do not actually “say one thing in one country and another in another venue.”
- The conversation shifted to the illegal nuclear network of Pakistani scientist A. Q. Khan. Minty noted that Khan’s underground network involved forty countries, but South Africa was the first to prosecute any of its members. Allison said the Khan network was one of the “most dramatic” things that are corroding the nonproliferation regime.
- Minty proceeded to criticize policies that too closely align aid and nonproliferation efforts. “It’s no use getting a small island state that has no nuclear capability to sign [the additional protocol to the NPT],” he said. “It makes a real difference only for countries that have some nuclear capability.”
- Minty then asked what the ultimate use is of a nuclear weapon. He added that the military and civil society needs to “talk about this outdated weapon which is likely to create so much destruction if it is used by accident or by design.”
- Lennon asked Abe about the IAEA’s role in the latest Brazil-Turkey-Iran agreement. Abe called the IAEA “an honest broker” and a “technical service provider.” Minty added that the “IAEA cannot avoid being involved” as a verification body. According to Allison, the Brazil-Turkey-Iran deal could be appreciated “if understood in the context of a comprehensive strategy in which sanctions and pressure and military threats, particularly by Israel, are part of the whole picture.”
- Lennon then asked whether developing countries think that sanctions “are an ineffective nonproliferation tool.” Minty responded by saying that sanctions are a “very blunt tool,” adding that “these sanctions are not making any real difference to the actual nuclear capacity of Iran.” Abe said that sanctions have “sometimes worked” in the past, citing Libya as an example, but conceded that it can be “very difficult” to pinpoint their effects. According to Allison, countries use sanctions when they “can’t do anything or don’t want to do anything” because sanctions “give people the illusion of action.”