

Towards Inclusive Multilateralism.

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In this position paper, I will present four arguments:

1. The COVID-19 has not created new but rather exacerbated existing tensions in world politics, particularly between the US and China. These tensions are not only caused by geopolitical rivalries. They entail alternative visions – or scripts – for the international order. At the same time, the world is not facing a new Cold War.
2. With the US withdrawing from the liberal international institutions it co-created after the Second World War and China seeking to roll-back liberal norms and values, the COVID-19 crisis is a test case for Europe’s commitment to principled multilateralism as the best way to achieve peace and prosperity in the world.
3. The EU and its member states have shown solidarity and common purpose in dealing with the COVID-19 pandemic and its economic consequences. This will strengthen Europe’s soft power. Yet, internal unity comes at a price. It curtails the EU’s hard power in world politics to sustain the liberal international order.
4. Without a (new) liberal hegemon, the liberal international order has to rely on the cooperation among democracies to uphold liberal norms and values, on the one hand, and to make liberal multilateralism more inclusive, on the other hand.

1. Geopolitical Tensions and Competing Visions

The COVID-19 pandemic has not only caused a global recession. It has seen an increase in geopolitical tensions, particularly between the US and China, which are undermining multilateralism. These tensions predate the pandemic. They are not only about economic and military influence in the world. Learning from the US, China has sought to translate its economic and military power into international authority by heavily investing in the promotion of a positive image that attracts other countries, particularly in the Global South. This positive image draws on a model for organizing politics and society, both at the domestic and the international level, which shall help developing countries to escape Western capitalism and US hegemony. Authoritarian state capitalism (“Beijing consensus”) is presented as an alternative to the liberal script of liberal democracy and market economy. Unlike the “West” (and the Soviet Union), China does not seek to directly impose its model on other countries. Rather, it relies on the soft power of attraction based on superior economic performance. South-South solidarity, non-interference, and mutual benefit guide Beijing’s “no strings attached” aid investments, in contrast to the Western approach of making aid, trade, and investment conditional on the respect of human rights, the rule of law, democracy, and good governance. At the same time, Beijing seeks to guide the policies of other countries, promote norms it favors, and encourage pro-China popular sentiment. Indeed, China enjoys popularity and is perceived as an alternative to the “West”, particularly in developing countries, not only among elites but also among ordinary citizens.¹

By building multilateral “counter-institutions”, such as the Asian Infrastructure Investment Bank (AIIB), the Belt and Road Initiative (BRI), and the Global Network Partnerships, China promotes its own model of development. This makes China not only a geopolitical rival of the US and its liberal allies – it has become a systemic competitor.

The so called East-West conflict during the second half of the 20th century was as much an ideological competition as a military rivalry between two superpowers. Yet, we are not seeing a new Cold War, even though members of the Trump administration like to compare Chinese President Xi Jinping to Soviet dictator Josef Stalin and accuse China of aiming to “remake the world” in its image.² China is the second largest economy in the world and may soon surpass the US. Its economy is far more entangled with the world economy and that of the US than the Soviet Union ever was. Domestic repression, territorial aggression, and support for authoritarian regimes notwithstanding, China has yet to overthrow (democratic) regimes in foreign countries.

2. Rolling-back International Liberalism

Many Western and non-Western scholars like to portray the post-1945 international order as the creation of the United States of America. US hegemony and later leadership has been necessary to establish liberal international institutions after the end of the Second World War and sustain them throughout the Cold War. US leadership was certainly key to laying the foundations of the liberal international order. Yet, the US government had quite some help from other countries in establishing the United Nations, the World

¹ Friedrichs, Jörg. 2019. Explaining China’s Popularity in the Middle East and Africa. *Third World Quarterly* 40 (9): 1634-1654.

² <https://www.politico.com/news/2020/06/24/robert-obrien-xi-jinping-china-stalin-338338>, last access August 19, 2020.

Bank and the International Monetary Fund, the system of military alliances, as well as other global governance institutions. While US hegemony underwrote the liberal international order (LIO) after World War II, its substantive content owes as much to Latin America, Western Europe, Africa, and Asia, particularly after de-colonization. Moreover, the US started to retreat from hegemonic leadership already in the 1970s. And US governments have at best reluctantly endorsed the deepening of the liberal authority of international institutions after the end of the Cold War.

While the US' appetite for global leadership had decreased for quite some time, President Trump started to pullout of several international agreements, including the Trans Pacific Partnership, the Paris Agreement on climate change, the Iran nuclear deal and the Intermediate-Range Nuclear Forces Treaty. The global pandemic has not halted this withdrawal from liberal international institutions. On the contrary, the US has left the World Health Organization in the midst of the pandemic. Trump ordered to relocate a third of US-troops stationed in Germany. By insisting on greater burden sharing, Trump has been putting off long-standing allies, not only in Europe but also in Asia. Instead of working with US allies to push for access to China's market, he started a trade and technology war with China.

Finally, Trump's America First policy has not only antagonized long-standing partners and allies in the world. It has seriously undermined US soft power. The US may no longer be willing to act as the leader of the free world. Many liberal countries will not accept its leadership, either. American democracy seems unable to address global challenges, such as climate change, social inequality, and migration.

With the US retreating into unilateral nationalism and protectionism, China has offered to step in and provide global leadership. Its practices, however, shed doubts on how responsible a stakeholder China is with regard to the LIO.

President Xi has affirmed China's support for the international rules of the game on trade, climate, and security. With joining the WTO in 2001, China officially embraced the liberal international economic order. Recently, Beijing promised to accelerate the world economy's recovery from COVID-19 and make globalization more inclusive.³ It pledged its renewed economic growth to promote global trade and cross-border investment. Beijing also announced measures to open its market and create a level-playing field for foreign goods and investments, including lower tariffs and tax rates.

While seeking access to foreign markets, however, China has limited foreign competition in its own domestic markets. Many of Beijing's mercantilist trade practices conflict with WTO rules. Ensuing disputes cannot be settled by the WTO because the US has paralyzed its dispute settlement mechanism. Yet, China is not pushing for necessary reforms either. Its "economic statecraft" is not only increasingly contested by industrial countries. It renders the relationship with many developing countries close to the neo-colonialism China accuses Western countries of: unequal exchange (natural resources for cheap consumer goods and investment in infrastructure), collusion with corrupt and authoritarian regimes, and undermining social and environmental standards.

China claims to sustain the international economic order. Yet, rather than working with existing institutions, such as the WTO and the IMF, it has created new multilateral institutions, such as the AIIB, the New Development Bank and the BRI. With these "counter-institutions", China seeks not only to complement

³ <https://news.cgtn.com/news/2020-07-31/China-s-opening-up-to-drive-a-more-inclusive-globalization-Szf722bG2k/index.html>, last access August 17, 2020.

but to transform the international order to break the “Western dominance” with its “Washington Consensus”. Rejecting the liberal universalism of the post-Cold War international order, China invokes the principle of non-interference to fend off criticisms of its curbing of Hong Kong’s autonomy, the locking up of Muslim Uyghur in reeducation camps, and other gross human rights violations against its citizens.

China is not the only state that seeks to roll back the authority of international institutions to protect and promote human rights, democracy, and the rule of law. Yet, Beijing is also challenging “traditional” international law. Its large-scale land reclamations in the South China Sea do not only contest the territorial sovereignty of neighboring states. Turning reefs and sandbars into military outposts also compromises the freedom of navigation through Southeast Asian waters. Finally, bullying states that take position against its contestations and violations of international law, liberal or not, contradict China’s commitment to non-interference and unconditional aid, trade, and investment. Nor are these practices compatible with the rule-based multilateralism China claims to promote. By resorting to payment or coercion rather than relying on the attraction of its culture, political ideals, and policies, China undermines the soft power it has tried to build over the past decades. Its “debt trap diplomacy”, or the racist and discriminatory COVID-19 treatment of African nationals in China have created disillusionment and resentment not only among developing countries.

3. Europe’s Call

With the US withdrawing from the liberal international institutions it co-created after the Second World War and China seeking to roll-back liberal norms and values, the COVID-19 crisis has become a test case for Europe’s commitment to the LIO. It certainly has the economic power to be a global player if not to become an international leader.

The EU has shown solidarity and common purpose in dealing with the COVID-19 pandemic and its economic consequences. As in the rest of the world, European states had resorted to narrow nationalism in their initial response to the outbreak of the pandemic – closing borders, holding medical supplies, competing for a vaccine. Similar to the Eurozone crisis a decade ago, Southern member states of the EU demanded financial solidarity in form of a mutualization of debts while Northern member states insisted on budgetary discipline. Much to the surprise of many pundits and policy makers, the member states overcame their divisions – after four days and three nights of tough negotiations, the 27 heads of governments agreed on a USD 870 billion stimulus package. Next Generation EU may pale in comparison to the USD 1.2 trillion Germany alone has pumped into its economy in form of loans, grants, and securities. However, the money is not the point – even though it will greatly help Italy and some other European countries in rebuilding their health sectors and creating new jobs.

What is truly historic about this deal is that the EU will be authorized to borrow money by issuing bonds. And the financial risk will be shared by all member states. This is huge since EU treaties ban bail outs and do not allow the EU to be liable for the debts of its member states. Moreover, to repay the joint debts, the EU shall obtain tax authority for the first time. It will start collecting a levy on plastics next year likely to be followed by a tax on digital companies and climate unfriendly imports. Again, this crosses a political Rubicon with the EU receiving a proper tax and spending capacity. With the recovery program and the multi-annual financial framework on which the EU member states agreed a few weeks ago, Europe has not only proven to be united in marshalling a fiscal response to the pandemic. It has made a gigantic step towards economic and fiscal union. The EU has thereby turned its back on the austere monetarism that guided its

fiscal and monetary policies during and after the Eurozone crisis. The EU and its member states have gone into a record debt for the next four decades. Yet, rather than merely spending their way out of recession, Europeans seek to stimulate their economies by changing the structure through supporting reforms and investments in future-oriented sectors, such as clean energy and digitalization. Moreover, the aim is not only to strengthen the economic resilience of the EU and its member states but also their democratic resilience. For the first time, EU funds are conditional on the respect for the rule of law.

During the Covid-19 crisis, the EU and its member states have renewed their commitment to principled multilateralism as the best way to maintain peace and prosperity in Europe and the world. Yet, internal strength and unity does not automatically translate in a stronger international role. The World Health Organization (WHO) is a case in point. The EU has tried to act as an honest broker between the US and China in the WHO. It opposed the US criticism of the WHO as mismanaging the COVID-19 crisis and of its one-sidedness in favor of China. At the same time, the EU has supported an independent investigation into the origin of the virus. The EU also initiated the WHO resolution calling for an international response to the pandemic in May 2020. The commitment to multilateral cooperation to provide a vaccine as a global public good, however, may be harmed by the EU's own efforts to strengthen European health sovereignty. Member states have opted to go with the EU scheme for buying COVID-19 vaccines instead of joining the WHO program. The "Team Europe approach" shall pool resources from EU institutions and member states to mobilize USD 23,7 billion in support for countries most affected by the pandemic. At the same time, part of the money for its internal COVID-19 recovery program comes from the budget that was to strengthen the EU's development cooperation and humanitarian aid. Similar cuts were made in the area of security and defense policy. Regardless of the outcome of the upcoming election, any US administration grappling with the economic consequences of the pandemic will ask for bigger European contributions to transatlantic burden-sharing. We are likely to see national defense budgets shrink rather than grow. The member states missed a chance to pool resources at the EU level to support defense research, military mobility, and military operations abroad.

The EU may have managed to strengthen its soft power by showing solidarity and common purpose in terms of crisis. Yet the EU's internal unity comes at a price – it curtails the EU's hard power to provide global public goods and sustain the LIO. This is not to say that Europe has to "relearn the language of power and geopolitics to play a role in global politics".⁴ The past 75 years of its history have been about overcoming geopolitics, which caused so much war, destruction and colossal human suffering in Europe. The EU provides an alternative model or script of international relations that is based on a deep form of principled, liberal multilateralism to achieve peace and prosperity. This is no excuse for the lack of some autonomous military capabilities to protect the liberal values that are constitutive for the EU and its member states. If Europe feels responsible for preventing or stopping genocide and massive human rights violations, it cannot rely on others to do it.

4. The future of Multilateralism

Multilateralism and the LIO in general can neither rely on the US nor on China for leadership. Both currently promote alternative scripts for the international order. Even if the Trump Administration will not be re-elected, the times of US leadership in the LIO will be over, given America's domestic crisis. China is only willing to support rule-based multilateralism as it serves the survival of its regime. The EU is still committed

⁴ <https://www.ips-journal.eu/regions/europe/article/show/embracing-europes-power-4095/>, last access August 20, 2020.

to the liberal international order and has voiced ambitions to play a more active role as a global leader. Yet, it is unable to put its money where its mouth is.

Being unable to rely on the leadership of any single power, multilateralism will have to be reinvented. We need to think of forms of collective leadership to tackle global challenges such as the current pandemic and its economic consequences. “Cooperation among democracies”⁵ has played an important role establishing and sustaining the LIO. Yet, democracies need to acknowledge that their liberal scripts for organizing society at the domestic and at the international level is not shared by all, and that they have no right to impose them on others. This does not mean giving up on liberal values and norms. Rather, it requires acknowledging alternative scripts. There is a tension within liberal scripts between the universalism of their values and their inherent pluralism based on the principle of individual and collective self-determination.

One way to negotiate the tension between universalism and diversity is by emphasizing commonalities. China and the US equally strive for peace and prosperity. They struggle with the same global challenges. Even many Americans would still agree that these challenges cannot solely be tackled at the national level. At the same time, competing for the best way on how to reduce social inequality, stop climate change, and contain pandemics can be productive – as long as this competition is part of a shared effort to protect the global common good by making the global economy more sustainable, open, and inclusive. Europe, together with the ROK and other liberal states, should take up China on its ambition to make the international order “fairer and more reasonable”. They should work together in convincing the US to reform the rules of multilateralism to give not only China but other emerging and developing countries a greater say. In return, Europe, the ROK and other supporters of principled multilateralism should call on Beijing to live up to its claims of a peaceful rise by respecting the sovereign rights of its neighbors and economic partners.

Covid-19 may not be a turning point. But it offers a chance for collective leadership of like-minded countries to make multilateralism more inclusive.

⁵ Risse-Kappen, Thomas. 1995. *Cooperation among Democracies. The European Influence on U.S. Foreign Policy*. Princeton: Princeton University Press.