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SESSION ONE | THE SEARCH FOR GLOBAL LEADERSHIP

## **Challenges to the Rules-Based International Order**

***Economic and political upheavals are emboldening challengers to the rules-based international system, and to the liberal Western values it embodies. To stay relevant, the system must address three major flaws.***

The international order established by the victorious allies after the Second World War has been remarkably enduring. The framework of liberal political and economic rules, embodied in a network of international organizations and regulations, and shaped and enforced by the most powerful nations, both fixed the problems that had caused the war and proved resilient enough to guide the world into an entirely new era.

But given its antique origins, it is not surprising that this order now seems increasingly under pressure. Challenges are coming from rising or revanchist states; from unhappy and distrustful electorates; from rapid and widespread technological change; and indeed from the economic and fiscal turmoil generated by the liberal international economic order itself.

In general these challenges seem serious rather than catastrophic. There is little coherence or common interest among the challengers, except for discontent with aspects of the current order, and therefore little coordination. There is no sign of any integrated international opposition movement which might unite the discontented and advocate an alternative system, leading to the sort of ideological struggle that marked the last century. And, despite continuing conflicts around the world, war remains an exceptional and disreputable activity rather than, as in much of the past, a proper and attractive tool of international dispute resolution.

These are small mercies. The danger to the current order comes not from a single deathblow from a rival system, but from its gradual weakening in the face of widespread dissatisfaction among those it needs to serve. If the system is to survive, its weaknesses must be recognized and resolved, and it must adapt better and faster to the changing international situation.

Three interconnected problems must be resolved. The first is the problem of legitimacy. For a system based on rules to have effect, these rules must be visibly observed by their principal and most powerful advocates. In this respect, the decision by the George W. Bush administration to invade Iraq in 2003 under a contested UN authorization continues to cast a long shadow over America's claim to be the principal defender of a rules-based international system. Questioning the legitimacy of US leadership has not eased under Barack Obama, despite his more multilateral approach to problem-solving and reticence in using overt military force. The failure to close the Guantanamo Bay detention facility; the Senate report on the use of torture under the previous administration; the continued use of presidential authority under 'war on terrorism' directives to carry out lethal drone strikes in the Middle East and Pakistan; and the exposure by Edward Snowden of the way US intelligence services used the dominance of US technology companies over the internet to carry out espionage –

all have left the United States vulnerable to the accusation that it is as selective as any country about when it does and does not abide by the international norms and rules that it expects of others.

The danger today is that this questioning of US global leadership has opened the space for other countries to pursue a 'might is right' approach to their own policy priorities. Russia has annexed Crimea in violation of commitments to the Budapest Memorandum, has intervened directly in the conflict in Ukraine, and has laid out a doctrine that brazenly demands recognition of a Russian sphere of influence around its neighbourhood. The Chinese leadership is taking steps to turn its contested claims over islands in the South China and East China seas into a *fait accompli*. And regional powers in the Middle East, concerned about the current and future US administrations responding to the post-Iraq experience by being more selective in their support for traditional allies, are taking the preservation of their security into their own hands. The question arises, therefore, whether the post-Second World War institutions and rules can survive these challenges to US global leadership.

The second problem, which is tied to the question of legitimacy, is one of equity, in that a rules-based order must work to the advantage of the majority and not a minority. This has always been a problem. Ever since the institution of the current international system, any assessment of its fairness and effectiveness was often a matter of perspective. Democracy and respect for human rights were established in Western Europe, but not in the East. Decolonization reduced formal Western influence in Africa and Asia, but this was often replaced by the informal constraints of debt and foreign economic domination of key market sectors and finance. Freer movement of trade, investment and people stimulated economic growth in the developed and developing worlds, but also threatened cherished notions of culture, identity and religion.

For much of the past 70 years such problems, though grave, did not threaten the system. The Cold War helped limit their impact, including by allowing the survival of autocratic regimes that limited discontent through oppression. Then the phenomenal economic growth of the post-Cold War era helped spread prosperity and personal well-being to a much larger proportion of the world's population than before.

Discontent with the system was not eliminated, but made less apparent. This changed with the global financial crisis of 2008–09. The impact of the crisis was both economic and ideological, spreading dissent among those affected, and exposing the structural weaknesses and unfairness of much of the established international economic system.

This was particularly apparent in the European Union, perhaps the most rules-based and rules-observant of all branches of the current international order. Discontent in many member states was triggered by the economic impact of the financial crisis, but it has expanded to include dissatisfaction with the EU's policies on issues such as migration, the Union's elite-led political culture, and the balance of political and economic power within it. In response, the EU is working its way through an uncomfortable, messy and difficult restructuring programme; for this to be successful it will have to convince member states and their citizens that it can serve them better than in the past, and that it is more open and responsive to their concerns.

The third problem is one of self-confidence. The longevity of the current international system may have led to the assumption that it was in some way the natural order of things, requiring only occasional repair and defence against particular challengers. This has bred complacency.

Many aspects of the order are in fact revolutionary, disruptive and disorderly. They provoke violent and understandable resistance from those who see themselves as champions of their own established order, based on different rules. Global free trade regimes, UN Security Council-sanctioned interventionism, human rights activism on such issues as gay rights, and anti-censorship campaigns are elements of a transformative agenda being actively pursued by Western states and societies. What many in the West see as an attempt to spread the benefits of modernity is perceived elsewhere as an aggressive bid for dominance by Western economic and political interests and by the West's materialism and secularism. To its opponents, the West's refusal to accept that it has such an agenda makes its liberal policies appear all the more sinister. For many regimes, the Western agenda is truly an existential threat.

These fears do not provide a case for the West changing its approach, withdrawing or accepting cultural relativism. However, the West must recognize how radical its agenda can be, realize the depth of the opposition it may provoke, and sometimes tailor its policies accordingly.

This clearly was not the case with the EU's pursuit of an association agreement with Ukraine, the act that ultimately triggered Russian aggression in the region. The EU failed to appreciate what a big threat the agreement would be to President Vladimir Putin's regime, and to pro-Putin interest groups in Ukraine. It also failed to place this particular negotiation in the wider context of the West's erosion of Russian influence in the region since 1989. In this case the EU lacked both understanding of the situation and the determination to marshal the additional levers of power – including a means of deterring hostile military action – necessary to secure its interests in the face of Russian opposition.

These three problems – of legitimacy, equity and self-confidence – are serious, to be sure. But they do not imply that there is something fundamentally wrong with a rules-based system. Rather they suggest that the rules need to be revised to ensure that they remain relevant, and that they need to be applied as consistently and extensively as possible. In this, form follows function. Any reform of the rules-based order must first decide what the order aims to accomplish, and only then consider what structure is needed to achieve this. Just as the current order was constructed with the clear aim of avoiding a repeat of the nationalism, totalitarianism and conflict of the 1930s and 1940s, a modernization effort should reflect a reforming agenda intended to tackle the problems of the 2000s and 2010s. Who decides this agenda, and what it should contain, remain open questions.

The West has the opportunity to take the initiative, to decide now what sort of revised rules it would like to establish, and how far it is willing to take into account the interests of its rivals or alternatively to fight for its own priorities. If the leading Western powers do not take this opportunity – and at the moment there is little sign that they will – there are now plenty of others who might.