

# New Zealand Futures Trust

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## A Future Shape for International Relations

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This first decade of the 21<sup>st</sup> century has produced a global financial and economic crisis whose ramifications for international well being and the future management of world affairs, are likely to endure. The crisis denotes change in the international pecking order which for so long has been dominated by a handful of powerful industrialised economies.

International relations are shaped by the way powerful nations emerge, behave and interact one with another; by the way economic opportunity and prosperity are shared or not shared, inside the international community; by issues that transcend boundaries like degradation of the global environment, or piracy, or security of energy supply etc; by the influences of militarism, of radicalism, of protectionism; and by the assertive (even coercive) spread of values - both secular and religious. The central question for 21<sup>st</sup> century global affairs is how readily nations are disposed to nourish and sustain an international framework through which to mediate these complex issues.

### Twentieth Century Legacy

The 20<sup>th</sup> century revolutionised the conduct of international relations. Dazzling advances in science, technology and communications accelerated the spread of goods, people and ideas across boundaries. They collapsed time and distance so international relations became more expeditious. The clear distinction between what constitutes an internal or an external issue or interest, disappeared. The overall process, christened globalization, magnified forcefully interdependence between nations and between the modern challenges they confront. Globalization bestows new opportunities upon those countries equipped to capitalise upon them, but not every country was, or is so endowed. Globalization thus served, paradoxically, at the same time to widen gaps between the successful and unsuccessful.

It empowered business and non-government, agencies and organizations to play a larger part in international relations. Single issue NGO concerned with environment, human rights and the like, now influence governments and the fashioning of international policy. Business exerts comparable influence. These trends will extend in the century ahead, and the task of harnessing non governmental involvement with global management in ways that are equitable and effective, will remain key in the international affairs of the 21<sup>st</sup> century.

Globalization multiplies risks as well as opportunities. Afflictions like terrorism, organised crime, drugs, people smuggling, and avaricious unprincipled behaviour in financial markets transcend boundaries - harming nations irrespective of size, power or location. In the globalizing world, it is no longer sufficient to define security solely in military terms; size and great power provide no guarantee of immunity against the prevailing afflictions; by the same token, it is not necessarily more dangerous therefore to be a small country - providing the right policy settings are always maintained. Geographical remoteness is no

protection either but strategic invisibility of the kind possessed by New Zealand constitutes a solid foundation for a nimble, independent foreign policy in support of a fair and just order in the world.

### **Militarisation**

The 20th century proved to be an age of murderous industrialised warfare on a global scale. Two world wars shaped international relations profoundly. They were the product of diplomatic miscalculation among Atlantic nations, the core of so-called Western Enlightenment, who pride themselves on rational civilising values. Their conflicts engulfed even the most distant countries - New Zealand included. In the aftermath, there ensued four decades of ideological confrontation between communist totalitarianism led by the Soviet Union, and Western liberalism led by the US, both backed by massive weaponry, which produced permanent tension and proxy wars. This was an age too of self determination, when European empires were collapsing in insurgency and violent struggle. Wars of choice, not wars of last resort, justified under the rubric of 'preventive war' further destabilised international order in the first decade of the new century. Their legacy endures today. The bequest to the 21<sup>st</sup> century is a tangible militarisation of international relations.

The invention of the nuclear bomb and the capacity therefore for humankind to destroy the planet, was the grim pinnacle of 20<sup>th</sup> century warfare. The repercussions of this monumental discovery will imbue the international relations of the 21<sup>st</sup> century. Despite international law that dictates their elimination, the acquisition, retention and perfection of nuclear weapons continues by a small group of powerful owners on the grounds that such weapons are indispensable for their national security. Dire penalties including even threats of preventive war, are directed by these owners at all other countries denying them the right ever to make the same claim. The situation with respect to missiles is equally bizarre. Unlike nuclear weapons, there is no actual international law that governs missiles because the great powers entirely disavow constraint upon their own missile programmes, whilst declaring missile production and trade by troublesome nations to be illegal. Such perverse monopoly creates a source of serious international friction even as it becomes demonstrably impossible to sustain in a globalizing age. Fears that dangerous weapons will spread into new hands (so-called proliferation) are sharpened by the menace of terrorism. But the twin issues of disarmament and of proliferation are inextricably connected. The crucial need to tackle them in unison is reinforced by the prospect of greater nuclear energy use in the century ahead as part of the response to climate change. This will spread the potential for nuclear weapon acquisition given the technical connections between energy generation and the raw material for weapons manufacture.

### **UN & Multilateralism**

The savagery and desolation of 20<sup>th</sup> century war drove a collective effort led by America to invent in 1945 a set of global institutions with the UN as the core, to prevent the scourge of war, to lay foundations for peace, for justice and the rule of international law and to nourish respect for the rights and dignity of the human individual. All this was enshrined with the principle of sovereign equality between nations, a powerful attraction for smaller member countries like New Zealand. But whether the UN and related global institutions (IMF, WTO, IBRD) will play a key part in the international relations of the 21<sup>st</sup> century now depends vitally upon multiple reforms to their methods, systems and priorities as well as to the attitudes and policies of member states.

The UN system does not exist of itself in a state of suspended animation. It is only as good as, or as bad as, its member states allow. While major powers maintain a firm grip on positions

of influence in the system, they are disillusioned with an organization that they are no longer able to control as they did in its formative stages because of the growth in overall membership, and the shifts in the tectonic plates of international order. We shall come back to this last point. Other countries whilst prizing the legitimisation that UN membership bestows upon their involvement with international affairs, have too often viewed the UN principally as a forum for berating and frustrating major powers' international policy objectives. Attitudes on all sides equally require change.

The intrinsic value offered by the UN system resides in its universal membership, its provision of permanent conference diplomacy for rule-setting across a vast complex of international issues – from the high security of nuclear weapons to food additives, from human rights to safeguarding patents, from the control of malaria to the sale of airline tickets. It has succeeded in 'socialising' member countries from very diverse backgrounds by fostering the habits of collective effort to surmount common problems. At a very moment in history when it has become abundantly clear that key global challenges for the 21<sup>st</sup> century - in environment, energy security, terrorism etc. etc. - cannot be resolved by powerful countries acting alone or just one with another, such a framework should be of inestimable value.

Is there a feasible alternative? It is excessively optimistic to believe that the international community can simply dismantle a deficient multilateral system, and start afresh by inventing completely new institutional machinery for 21<sup>st</sup> century international relations, that will command the loyalty and underpin the stability, of the entire world. Alternatives - like the G20, or a proposed League of Democracies, or ad hoc coalition(s) of the willing, or a globalised NATO and so on - are each expedient, pragmatic but unsubstantial substitutes in terms of genuine global institutions.

### **Future Directions**

Greater roles for government have been driven by two headline events in the first decade of the new century. First has been the requirement for heightened vigilance against terrorism where additional governmental powers have been assumed and controls introduced. In the process wide reaching fears for individual human liberty have been aroused. Second, the grave financial and economic crisis that peaked in last part of 2008 in the US, has implicated governments deeply in rescue efforts to mitigate aberrant failure with regulation and supervision of financial markets. Confident assumptions that the forces of globalization would in fact reduce the role and place of governments everywhere, have proven misplaced. Because of this, a workable framework for international cooperation between governments remains at a premium for collective safety and wellbeing.

There are several different conversations about the financial and economic crisis that point in various directions for international relations. First, there are those major developed economies determined to stabilise their financial systems with massive uncoordinated stimulus packages involving re-nationalisation of their banking systems. Second, there is the developing countries' conversation about greater adversity from diminishing export revenue, declining remittances, increased protectionism of both trade and credit, and diminishing aid levels from an encumbered developed world. Third, there is the conversation of those who are convinced that reform of the global finance system is the crucial priority and that IMF must be strengthened including with greater powers of supervision over governments to better assist recovery of equilibrium in the world economy.

A fourth conversation urges that first and foremost, however, the IMF and World Bank need themselves to be reformed. Management in both institutions is heavily weighted in favour of the US, Britain and others. Their governance has not been globalised and does not, as a consequence, command the confidence of those countries like China<sup>1</sup>, who have been urged to increase financial support for IMF - even while they believe responsibility for the first great 21<sup>st</sup> century financial and economic crisis rests squarely with the US and Britain, and they view IMF as little more than a branch of the US Treasury. In actual practice, IMF has not provided a forum for international cooperation, but rather an instrument for intervening in troubled member economies. Its resolute insistence upon capital market liberalisation has led to destabilizing speculation, and financial market liberalisation to bad lending practices<sup>2</sup>.

This fourth conversation clearly indicates that the future shape of international relations will depend crucially upon whether reform to key international institutions allows a rightful place to those emerging economies whose heading signals a sea change in the order of international affairs. Such countries have seized the opportunities that global growth over the 20 or so years up to 2007, provided. China in particular has revived as an economic powerhouse and even though there are real fragilities in the revival, it has lifted 400 million people out of absolute poverty. Thirty years from now the four largest economies will be China, India, Brazil and the US. Some 75% of global foreign exchange reserves are now held by the emerging economies.

It is axiomatic that the newly emergent economies must therefore be involved with remedies for restoring and sustaining balance in the international financial/economic system. This requires they command an equal say in ongoing IMF/World Bank management. For this to happen privileged positions will need to be conceded or at very least shared, by governments like Britain and France as well as the US. There is no signal in G20 conversations to date that any are ready for such concessions. The lesson, already apparent inside WTO from the stalled Doha Round of trade negotiation is, however, that the newly emergent economies will no longer accept the old way of doing things where the traditional power brokers (the US, EU and, sometimes, Japan) prearranged outcomes congenial to themselves, which others are then cajoled or coerced to accept. This no longer provides a workable foundation for the shape of international economic relations in the years ahead.

Precisely the same requirement to remodel established but outdated arrangements exists of course in the domain of political/security, and the UN Security Council where vital change to the composition and numbers of permanent UNSC members is proving formidably difficult. The Council's powers of legitimisation for the use of military force represent the most significant political attribute possessed by the UN. It is contested by powerful nations like the US, who do not accept that national security policy should be necessarily subject to any higher authority. But the US cannot blithely ignore legitimacy without severe cost to its international reputation as the 2003 Iraq war amply confirmed. But whether such UNSC powers will endure as a feature in the international relations of the future, depends crucially upon its reform.. From a New Zealand foreign policy perspective such changes to the UNSC and to IMF are indispensable if the advantages of international rules based behaviour in the world are not to be jeopardised. The changes will however require fundamental readjustments by several important countries with which New Zealand

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<sup>1</sup> Woods N. From Intervention to Cooperation; Reforming the IMF & World Bank; Progressive Governance 2008; [www.policy-network.net](http://www.policy-network.net)

<sup>2</sup> Stiglitz. J. Globalization and Its Discontents. Penguin. 2002. p.212 etc.

traditionally has identified in its international dealings. Our foreign policy must make clear our perceptions of this need.

### **Regionalism**

An incongruous consequence of globalization is that it has produced a world of regions. The extended 20<sup>th</sup> century integration of Europe (the EU) is the most ambitious supranational experiment whose ultimate destination is however, still unclear. New Zealand was obliged to fight resolutely to protect vital trade interests in the formative years of European integration. In the century ahead the regionalisms that will impact most upon us will be in the Pacific and in East Asia. The extent to which upheavals in neighbouring island countries, notably Fiji, have undermined foundations for Pacific Islands regionalism (PIR) is gravely disappointing given the seminal New Zealand role in establishing those foundations. A return to the New Zealand drawing board is inescapable. Revival of Pacific Islands regionalism fortunes will take much time involving judicious New Zealand reconsideration of objectives.

The tempo and direction of regionalism in East Asia will shape international affairs and New Zealand's sense of place in the world. Global events, like financial and economic recession, may obviously influence just how exclusive any East Asian framework for regional integration will become. China provides the engine power. A sustained constructive Chinese international relations approach and open trading policy, serves to reassure others of China's peaceable intentions even as it widens its sphere of interest, and seeks the international respect to which its very existence and potential entitle it. But the nature of its progress will obviously depend upon actual policies, by the reactions of others to those policies, and by the systemic effects of this interaction. Trepidation about the rise of a new superpower needs to be tempered by reality that China has no need to vindicate itself by the assertive spread of ideas or values, nor by active pursuit of military superiority as a badge of superpower status. For a foreseeable future, China's established priorities lie elsewhere with the immense challenge of economic and social progress. As the tempo and direction of East Asian regional cooperation unfold, so New Zealand must strive to position itself advantageously, and cultivate continuously the capacity for independent judgement.

### **West and the Rest**

The advance of newly emergent economies to positions of greater influence in the world is a signal that to be modern and successful in the century ahead, will no longer necessarily entail being 'western' and that indeed, being modern is consistent with a variety of cultural and religious traditions.<sup>3</sup> The realisation that in order to succeed the emerging economies had to borrow models from the West, and adapt to suit their own requirements liberal economic policies, technologies and, even, democracy set in motion a profound transformation in the international order. Despite many confident forecasts to the contrary, however, the process of globalization has not homogenized the world around a single model that is 'western' in all essentials. Indeed cultural and other diversity is being reinforced by the tectonic change. The management of this transformation forcefully substantiates the case for 21<sup>st</sup> century reform of the existing multilateral system. It will have to be a system that better reflects the values and interests of the newly emergent nations alongside those of the founder nations, but achieving that blend will be a momentous task. It is a source of some encouragement that newly emergent countries almost without exception, voice support for the UN system, even as some powerful founders exhibit disillusionment.

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<sup>3</sup> Thomas S. The Global Resurgence of Religion & the Transformation of International Relations. Palgrave. 2005. p.21 etc.

There are unsurprisingly two versions amongst current forecasts about the response by the US, to the emerging transformation of international order. One is that, aside from the single and vital dimension of sheer military power, America's relative position is diminishing and a post-American world is in prospect where the US, still as the predominant player, may encounter some difficulty in adjusting to a more hybrid international order.<sup>4</sup> The other forecast concludes that far from being on the verge of decline, the US is still actually in its ascent as the unrivalled superpower, without any serious political, economic or military challenge in prospect.<sup>5</sup>

Whichever forecast is the more accurate, America's self view will be paramount. How far will the US continue to believe that its security depends upon its sense of manifest destiny to change the world in its own image? Does massive ongoing military superiority including forward deployed military bases and locations throughout the world ( and on top of this prospective dominance in space) actually make America safer? Overwhelming military supremacy, after all, nourishes a precarious source of global disequilibrium, and an extensive forward military presence especially in the larger Middle East, provides a lightening rod for radicalism, insurgency and terrorism.<sup>6</sup>

In the more diverse and hybrid environment of international affairs being suggested here for the 21<sup>st</sup> century, it will be important to avoid facile categorisations of the past, in particular the temptation to lump several varieties of Islam, and of Islamic radicalism, into a single monolithic adversary. The temptation to exaggerate terrorist threat must also be resisted. It is a hideous tactic but it is not new, and does not pose an existential threat to the international system in any way comparable to the Cold War, or earlier world wars<sup>7</sup>. It needs to be recognised that Islamic insurgency is more typically the product of specific local conditions rather than a component of any carefully calibrated global campaign<sup>8</sup>. The US promised a global war on terror of infinite duration. A new Administration has shifted gear on this. But the manner in which insurgency and conflict in Afghanistan has spilled over into the borderlands of a destabilized Pakistan, adds a very serious dimension to the predicament, and makes a negotiated end to the Afghan insurgency paramount. Resolution of intractable problems in the larger Middle East, but first and foremost of the lasting Israel-Palestine conflict, will shape 21<sup>st</sup> century international relations.

Features that appear so dominant and permanent in international relations can change precipitously without warning. Twenty years ago, the Soviet Union was entering melt down, apartheid still held sway in South Africa but was about to lose its grip, and Saddam Hussein was about to invade Kuwait. All this shaped international relations profoundly. But while there was much wisdom afterwards among pundits and soothsayers, no one actually predicted any of these events. That is a right and prudent note upon which to end.

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<sup>4</sup> Zakaria F. *The Post American World*. Allen Lane 2008. pp.42-43 etc.

<sup>5</sup> Friedman G. *The Next 100 Years*. Black Inc. 2009 p. 251 etc.

<sup>6</sup> Bowman B. *After Iraq; Future US Posture in the Middle East*. Washington Quarterly. Spring 2008 pp.77-91

<sup>7</sup> Howard M. in *World Crisis; the Way Forward after Iraq*. Ed. Harvey R. Constable 2008. p.186

<sup>8</sup> Zakaria F. *op. cit.* pp.10-18