



Multilateralism Can Survive the Loss of Consensus



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International cooperation can advance, even when the most powerful players are at odds

Can adversarial nations work together for the common good? It's natural to despair over prospects for international cooperation given the state of the world order. Geopolitical competition is straining the multilateral system, which has helped maintain global stability since the Cold War. The most powerful nations cannot seem to agree on how to solve urgent global problems, from the climate crisis to governing economic competition and international trade to regulating artificial intelligence.

Geopolitical competition doesn't naturally advance international cooperation. The economic historian Charles Kindleberger showed how a lack of global leadership and international cooperation prolonged the Great Depression. Yet at other times geopolitical competition has, paradoxically, raised international cooperation. During the Cold War, for example, Presidents Dwight Eisenhower and John Kennedy advanced US leadership in open markets, free trade, and other global public goods

to counter communism.

Multilateralism is splintering today—not because of geopolitical competition alone—but because it's an expensive global public good. It benefits all humanity but distributes costs unevenly across nations.

Even in today's polarized world, geopolitical rivals can still agree on common goals—the planet should be hospitable to human beings, the next pandemic should be controlled and confined through sensible public health safeguards, global economic policy should yield prosperity for all. Nations might disagree on how to achieve these goals—arguing that one approach or another unfairly benefits a rival—or they might accuse others of free riding by failing to contribute toward solving a common problem.

Carbon, for example, has been accumulating in the atmosphere for centuries. How should we divide the burden of tackling climate change between past and present emitters? Or how should we share responsibility for providing financial stability and restoring global growth? An advanced economy might expend considerable resources to ensure growth and stability while others fail to behave prudently.

Middle powers

If great powers refuse to support the international system, can others take their place? Global public goods are costly to provide. Small poor economies don't have the resources to patrol the seas to keep shipping lanes safe for international commerce or to pump trillions into the world economy when markets fail. But middle powers—those with sufficient economic and financial firepower—may be candidates to take over the role of great powers. And middle powers that are not on the front lines of great rivalries and are committed to rules-based order are in fact playing an increasingly consequential role.

Without continuing US leadership, rules-based free trade agreements have already emerged. Consider the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, the 12-member free trade pact that rolled

out after the US failed to ratify its precursor, the Trans-Pacific Partnership. This new agreement even includes the United Kingdom, not a Pacific nation: Open economies appreciate arrangements built on a predictable rules-based system.

Middle powers can afford to provide global public goods more easily than can small states. But they are just as likely as great powers to be swayed by diminishing incentives and are just as unlikely to uphold multilateralism if they see no net benefit. Support for multilateralism must align with their self-interest. Their actions must, in other words, be incentive compatible.

If the international system is to endure, it must have more than just great- or middle-power leadership. Incentive compatibility must replace the idea that size matters and will add more to the resilience of the international system than explicit contractual collaboration agreements. All nations must contribute in a way that delivers visible gains for everyone. But how is this possible without goodwill or consensus between critical actors? I propose three pathways.

Inadvertent cooperation

First, policymakers should seek opportunities for inadvertent cooperation. Cooperation emerges naturally when countries agree on a common solution to a problem and can lay out explicit articles of collaboration. Inadvertent cooperation, however, means that countries cooperate even when they disagree: It's about doing the right thing even if for the wrong reason.

Inadvertent cooperation is most evident when there are positive spillover benefits. During the COVID pandemic, nations raced to find a vaccine. Faster vaccine development was made possible by a combination of mRNA technology and competition between companies in different countries. The process meant building on what others had discovered, but competition yielded vaccines that benefited everyone.

Consider the energy transition. If one country considers that a competitor is unfairly subsidizing production of

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electric vehicles, it could subsidize its own production rather than slapping tariffs on its adversary. Such subsidies are a sharp riposte to its adversary but also increase the supply of affordable clean-energy vehicles, which reduces carbon emissions. It's a good outcome for all, even though everyone is acting for the wrong reasons.

Prisoners' dilemma

Second, policymakers in smaller nations should nudge the international system out of gridlock. When all countries seek their own self-interest, a prisoners' dilemma can result: Every country acts in ways that are individually optimal but mutually destructive when taken collectively. No country can free itself from the dilemma: If it tries to do so unilaterally, others take advantage. When great powers get caught this way, a small nudge can persuade them to change course and pursue a collectively preferred outcome.

Advanced economies, for example, often hesitate to grant emerging economies greater access to their markets. Instead they put up barriers to trade, depriving developing economies of opportunities to become richer, which in turn drives outward migration. This ratchets up political tensions on all sides. If developing economies can persuade advanced economies to act as a group, the impact of freer trade is minimized; imports are spread across the advanced economies, and rising incomes in developing economies reduce the incentive to migrate. Nudging can help great and middle powers do what they want to do but cannot for fear of losing out to adversaries.

Pathfinder multilateralism

Third, policymakers should strive for pathfinder multilateralism. When some nations turn their backs on multilateralism, subgroups of countries that favor it can still work together. The World Trade Organization's Multi-Party Interim Appeal Arbitration Arrangement (MPIA) provides an independent appeals process to resolve trade disputes when the main appellate body can't function for lack of a quorum. MPIA membership has tripled to more than 50 nations since 2020. In pathfinder multilateralism coalitions act together to overcome problems. While the focus is different, these arrangements resemble what the IMF has called “pragmatic multilateralism.”

The Regional Comprehensive Economic Partnership is another example. The 15-nation free trade agreement is committed to rules-based order; it's an inclusive arrangement and, as well as members of the Association of South-east Asian Nations (ASEAN), includes countries as politically diverse as Australia, China, Japan, New Zealand, and South Korea. Even as multilateralism is in retreat elsewhere, ASEAN countries continue to promote it in the Asia-Pacific region.

International cooperation through multilateralism may seem impossible now, with consensus falling, particularly between geopolitical rivals. Yet inadvertent cooperation, overcoming the prisoners' dilemma, and pathfinder multilateralism can restore the best of the international system. **F&D**

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