UNIVERSITY of CALIFORNIA PRESS | GLOBAL PERSPECTIVES

Woods, Ngaire. 2023. “Multilateralism in the Twenty-First Century.” *Global Perspectives* 4 (1). https://doi.org/10.1525/gp.2023.68310.

Political Economy, Markets, and Institutions

Multilateralism in the Twenty-First Century

Ngaire Woods[1] [a]

[1] Blavatnik School of Government, University of Oxford, Oxford, UK

Keywords: multilateralism, international cooperation, strategic rivalry, global leadership, global public goods

https://doi.org/10.1525/gp.2023.68310

Global Perspectives

Vol. 4, Issue 1, 2023

The rise of geostrategic rivalry between the United States and China is changing international cooperation. As China seeks new influence and the United States seeks to contain China and to reduce its own international obligations, three dimensions of multilateralism are becoming particularly important. The first is the management of the superpower rivalry, through formal treaties, informal arrangements among states, and international institutions. The second is the capacity of the leadership of any international institution to foster cooperation beyond the immediate preferences of one or another of the most powerful member states. The third dimension is the legitimacy on which the authority of international institutions rests. The evolution of these three elements will shape the future of multilateralism, by which I refer to the arrangements created and agreed by states which facilitate cooperation by enshrining commitments to diffuse reciprocity and peaceful dispute settlement.

The analysis of history and of variations in current practice in international cooperation underscores several ways in which international cooperation could be sustained even as the US-China rivalry strengthens. Global agencies can play a crucial role finding and highlighting areas where cooperation and competition can coexist, and where their own capacities to pool information, to reduce transactions costs, and to broker and monitor agreements can assist. This, in turn, requires high-quality leadership by people who can effectively broker agreements among countries, persuade countries to pool resources, and attract and organize an effective and highly motivated staff. Such leadership requires positive ongoing action by member states, to define what is required for effective leadership of the institutions they collectively create, to seek proven competence in each domain before appointing leaders, and to monitor ongoing performance. Finally, international institutions can buttress their legitimacy by finding better ways to ensure the participation of all stakeholders, and to respond rapidly and effectively to global crises and to provide global public goods.

World order has long relied upon rules and norms to manage flows of people, goods, and investment and to regulate the use of force among countries. Far more challenging has been to build and sustain multilateral processes and institutions to support these rules. Russia’s invasion of Ukraine in 2022 was a clear breach of the UN Charter, yet many governments did not join in resolutions or actions against Russia. Their reactions highlight complex and changing relations between Russia, China, the United States, and the European Union and countries across Europe, Africa, Latin America, and Asia.

The US-China geostrategic rivalry sits at the center of changes in international relations. As China seeks to strengthen its global influence, and as the United States seeks to contain China, some argue that the future of multilateralism is bleak (Mearsheimer 2021). Even strong advocates of multilateralism have been pointing out for the last decade that “global cooperation is failing when we need it most” (Hale, Held, and Young 2013) and that fewer multilateral treaties are being signed and ratified, the implementation of existing treaties is poor, and states are increasingly rejecting oversight of treaty obligations and monitoring of compliance by multilateral organizations (MOs) (Eilstrup-Sangiovanni 2016). But multilateralism is not dead.

This article argues that multilateralism, including formal treaties and institutions as well as informal arrangements, can play an important role. International institutions can

a ngaire.woods@bsg.ox.ac.uk
https://www.bsg.ox.ac.uk/people/ngaire-woods

help to **manage the geostrategic rivalry**, even as China and the United States vie for influence, where institutions effectively identify areas for cooperation, pool information, reduce transactions costs, and broker and monitor agreements. But to do these things effectively requires **high-quality leadership** appointed and monitored with proper oversight by member states. Finally, as the world divides and fragments, it will be tempting for powerful states to use coalitions of the willing to attempt to set global rules and standards, but the **legitimacy** deficit will hamper that approach, highlighting their interest in multilateralism.

1. MANAGING THE GEOSTRATEGIC RIVALRY

Geopolitics has always shaped the institutions and alliances that either make international cooperation possible or thwart it. When Russia invaded Ukraine, the UN Security Council was paralyzed by Russia's position as a permanent member. For some this is proof of what John Mearsheimer calls the false promise of international institutions (Mearsheimer 1994). But history also highlights conditions under which institutions can provide governments with a forum in which they share information, mutually agree rules and standards, and subject themselves to monitoring so as to give each other assurance about compliance. In the words of two leading scholars of multilateralism, these arrangements can facilitate cooperation by enshrining commitments to diffuse reciprocity and peaceful dispute settlement (Keohane 1990; Ruggie 1992). Clearly, they do not always succeed in so doing.

Beyond Russia's invasion of Ukraine, the risk for multilateral institutions today is that China and the United States create spheres of influence and use international institutions as pawns in their superpower rivalry, entrenching cooperation within their respective rival alliances. We have seen elements of this before. From the outset of the Cold War after 1945, the US-Soviet rivalry was rapidly projected into multilateral arrangements. The Soviet Union joined neither the International Monetary Fund (IMF), nor the World Bank, nor the new trade arrangements set out in the GATT. It developed the Warsaw Treaty Organization and the Council for Mutual Economic Aid (COMECON). Meanwhile, the United States opted to shape reconstruction in Europe through the Marshall Plan and in Japan through the Supreme Command of Allied Powers (SCAP), creating NATO and the Organisation for Economic Co-operation and Development (OECD). Equally, the United States expanded its influence and control over the IMF and the World Bank, whose lending patterns and conditionality closely reflected US geostrategic interests (Harrigan, Wang, and El-Said 2006; Clark and Dolan 2021; Woods 2006). Likewise, the GATT became a "club" for members with similar political views (Davis and Wilf 2017). The UN Security Council and General Assembly became forums for set-piece debates and votes that entrenched the East/West divide and rivalry.

The demise of the Soviet Union saw the end of the Cold War and the beginning of what some called a "unipolar" world with the United States at its center. The dominance of the United States is now challenged by China, which has rapidly built up its international investments in other countries, seeking pacts with countries that deliver benefits from geopolitical security to trade and access to raw materials. Equally, China has stepped onto the world stage, seeking more influence in multilateral institutions through leadership positions, funding, and activities.

China's relations with countries across the world have deepened and broadened with astonishing speed. China's Regional Comprehensive Economic Partnership (RCEP) encompassing the ten members of ASEAN[1] plus Australia, Japan, New Zealand, and South Korea was launched in response to the failed US bid to create a Trans-Pacific Partnership (TPP) in 2010 that would encompass twelve countries in the Pacific (Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, Vietnam, and China). More broadly, China has developed its Belt and Road Initiative (BRI), which was launched in 2013 by President Xi Jinping to create an infrastructure linking partners to the west of China (the former Soviet republics), to the south (India, Pakistan, Southeast Asia), and elsewhere. Huge investments have poured into railways, energy pipelines, highways, efficient border crossings, special economic zones, and other strategic investments. New fora have been created to underpin these new relationships such as the Shanghai Co-operation Organisation, an eight-member group that includes Russia and Central Asian countries as well as India and Pakistan.

More recently, China announced in April 2022 that it had signed a pact with the Solomon Islands, and Chinese foreign minister Wang Yi traveled to eight Pacific Island nations with the goal of signing bilateral agreements and perhaps a regional pact. This propelled the United States into action, launching a counterdiplomacy aimed at protecting the US Indo-Pacific strategy, which relies on free access to the Pacific Islands.

In Europe, China has also greatly expanded its investments. Where in 2008 annual Chinese outbound foreign direct investment into the twenty-eight EU economies was EUR 700 million, by 2016 it had grown to EUR 35 billion (Hanemann and Huotari 2018). The eurozone crisis accelerated China's investments in infrastructure—in the ports of Piraeus, Zeebrugge, and Valencia, for instance—and in the gas and electricity grid of Portugal. In 2019 Italy became a formal partner in China's BRI. Similarly, in Latin America and across Africa, China's influence has grown extraordinarily fast.

As mentioned above, the rise of China could lead to a bipolar system in which multilateral institutions become

1 Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam

pawns in a new superpower rivalry. There are already some signs of this. For example, after China first announced the creation of the Asia Infrastructure Investment Bank in 2013, the United States began lobbying its allies not to join. It was unsuccessful. Today the bank has more than one hundred members and is lending to both developing and developed countries. However, it is still seen by the United States as a direct extension of China's policies abroad (European Parliament 2021).

In another development lending bank, the InterAmerican Development Bank, tensions have also surfaced. The US holds 30 percent of votes, and China only 0.004 percent. The bank decided to hold its annual meeting in Chengdu, China, in 2019. The United States intervened behind the scenes, and six days before the event, the venue was canceled (Wroughton and Rampton 2019). The meeting, which was celebrating the bank's sixtieth anniversary with all of its forty-eight members, was relocated to Guayaquil, Ecuador. Subsequently, the United States imposed a US candidate on the presidency of the bank, causing sixteen of the bank's forty-eight governors to abstain from the vote (Welsh 2020).

The most universal of all development banks is the World Bank, and in November 2019 it tabled its latest five-year lending plan for China (World Bank 2019b). US officials objected loudly (as well as formally) (Rappeport 2019). Their objections, voiced by Senator Charles Grassley, included that "China has been lending development money outside its borders to extend its influence for years while taking in U.S. taxpayer dollars via World Bank loans" (Grassley 2021). As a result, a group of Senate Republicans have brought forward the World Bank Integrity Preservation Act of 2021, which would direct the US executive director at the World Bank to vote against and use their best efforts to deny any project in a country that has reached the graduation threshold and is listed as a Tier 1 country or is on the special watch list for religious freedom abuses under the International Religious Freedom Act (Grassley 2021).

In fact, it is incorrect to say that the World Bank uses US taxpayers' money to lend to China. The World Bank earns money by lending to China since China is in a category of borrowers who pay up to 1.9 percent over LIBOR, and in 2019 the bank reported an increase in its income, due in part to an increase in loan spread revenue (World Bank 2019a, 2022). China's borrowing from the World Bank generates both revenue for the bank and learning and the sharing of practice across members. It is worth noting that the bank's lending aims in China include advancing market and fiscal reforms to encourage private sector development; promoting greener growth by reducing pollution and reducing carbon emissions; and increasing Chinese citizens' access to health and social services. It is not clear to which of these the United States objects. But this does not prevent the strategy rivalry spilling into it.

The strategic rivalry is also present in the World Trade Organization (WTO). This organization exists to facilitate trade negotiations, to monitor compliance with existing rules, and to provide a dispute settlement mechanism. Powerful countries use the dispute mechanism, which requires costly time-consuming preparation, technical knowledge, and information. The five most active users are five of the largest economies in the world: the United States, the European Union, China, Canada, and India. In recent years, a wrangling between the United States and China has emerged as China has begun to use the WTO system more, and as the United States has sought to push reforms on other members. China has become the third most active country in the dispute settlement process (having mostly been a third party in disputes until 2006). By the end of 2019, China had been involved in sixty-five disputes and had generally agreed to abide by WTO rulings on disputes, albeit more slowly and with less effect than complainants would like (CSIS 2020).

Over this period, the United States has been trying to push reforms through the WTO, and one tactic deployed to further these reforms has been to block any appointments of new judges to the appellate body of the WTO. The effect has been to render the adjudication mechanism inoperative since 11 December 2019, since it does not have the requisite minimum of three judges to hear a case. It bears noting that China's response has been to circulate a reform proposal underscoring the importance of global trade rules and criticizing those blocking appointments to the Appellate Body (WTO 2019).

A final example of the strategic rivalry spilling into multilateral institutions is the World Health Organization (WHO), from which President Trump announced in 2020 that the United States would cut funding and then withdraw, because of the organization's relationship with China (Gostin et al. 2020). China responded to the US announcement by pledging $2 billion over two years at the WHO's annual meeting in May 2020 to help fight the pandemic. Subsequently, after President Biden was elected in the United States, the US decision to withdraw from the organization was reversed in January 2021, but the questioning of whether the WHO has too close a relationship with China continues.

Despite geostrategic rivalry in all these instances, international institutions have nevertheless been facilitating important cooperation. Early in the COVID-19 pandemic, even as China-US tensions ran high, the IMF and the World Bank urged China, the United States, and other members of the G20 to create the Debt Service Suspension Initiative, established in May 2020, permitting the poorest countries to request a suspension of debt-service payments to official bilateral creditors. On top of this, they also agreed to scale up financial support, including a record IMF emergency lending and a $650 billion allocation of special drawing rights (SDRs) in the IMF. Cooperation here reflected the shared interests of China and the United States (and others) in ensuring that the poorest countries would not collapse.

Another example was in March 2022: even as China and the United States took different positions on UN votes in response to Russia's invasion of Ukraine, the Chinese-led Asia Infrastructure Investment Bank stopped all its activities in Russia. Cooperation on development financing for climate, for infrastructure that enhances development, is another shared interest of the United States and China.

Yet more recently, on 17 June 2022, the WTO reached agreement for the first time in a decade, concluding the 12th Ministerial Conference with a multilateral deal. The "Geneva package" is the first-ever agreement to put environmental issues at its core. Both the United States and China concurred in this package, albeit with some very delicate drafting, such as on the TRIPS waiver, which China has in essence agreed not to use (Balino 2022). The agreement underlines the reliance of both China and the United States on a functioning global trading system.

Most multilateral organizations are now acutely aware of the strategic rivalry and its reverberations within their corridors. Central to how international agencies fare will be the quality of leadership within them, even as China and the United States compete to ensure that their own preferred candidates become leaders.

2. LEADERSHIP WITHIN INTERNATIONAL ORGANIZATIONS

Scholars of international relations have long sidelined the issue of leadership in international institutions on the grounds that heads of organizations must navigate among powerful rival governments who establish, design, use, change, and finance them (Graham 2015; Jupille, Mattli, and Snidal 2013). But the leadership and management of international organizations has become an important locus of the strategic rivalry as China has focused more on enhancing its position and role in key organizations.

In the IMF, China is now the third most powerful member state with 6.08 percent of the voting power (Japan has 6.15 percent, Germany has 5.32 percent, the United States has 16.51 percent); it is also one of the few states with its own seat on the executive board. Since 2011 a succession of senior Chinese officials have held the position of deputy managing director of the organization. Similarly, in the World Bank, China is now the third-largest vote holder, and a senior Chinese official is the managing director and World Bank group chief administrative officer.

In the United Nations, China is now the second-largest contributor to the general budget as well as the peacekeeping budget. Chinese officials head up four of the fifteen UN specialized agencies: the International Civil Aviation Organization, the International Telecommunication Union, the Food and Agriculture Organization, and the UN Industrial Development Organization.

China has used its engagement with UN agencies to craft programs that complement and reinforce its Belt and Road Initiative; these agencies include UNICEF and UNHCR (UNICEF 2018; UNHCR 2019). In 2016 China pledged $200 million to create a new UN Peace and Development Trust Fund (UNPDTF), which is administered by a steering committee of five, four of whom are senior Chinese officials. In 2019 the UNPDTF's projects were heavily focused on "enhancing the complementarities and synergies between the Agenda and the Belt and Road Initiative" and "strengthening capacities of developing countries participating in the Belt and Road Initiative" (UNPDTF 2022). That said, other countries have begun to push back against China's influence (Sirohi 2017).

The United States has sought to ensure that China-backed candidates do not win the headships of any more international organizations. In 2019 the United States failed with respect to the Food and Agriculture Organization (FAO), an organization conceived and born in the United States (its first headquarters was in Washington, DC). The United States is one of the largest contributors to the FAO's budget and a key resource partner. In 2019 all member countries participated in the election of a new head, and the United States was determined to beat the Chinese candidate. However, the Trump administration miscalculated in its refusal to support the EU-backed French candidate, splitting the vote and leaving the way clear for the Chinese vice-minister Qu Dongyu to be elected (Lynch 2020). The United States did better in early 2020 when China campaigned for a Chinese candidate to be appointed head of the World Intellectual Property Organization. The United States threw its support behind a candidate from Singapore, who beat off the challenge from China (Magnier 2020).

These examples highlight that headships matter to the great powers, and for good reason. There are several ways a powerful, effective head of an international organization can increase the scope for multilateral action (Hall and Woods 2017). First, they can broker agreements among member states, facilitating coalitions of countries to challenge the most powerful state, or in support of a new mandate. For example, in the period 1953–61, Dag Hammarskjöld was secretary-general of the United Nations, during which time he seized the opportunity presented by the 1956 Suez Canal crisis, which did not directly involve the superpowers (Israel, France, and Britain were using force to respond to Egypt's President Nasser's nationalizing the canal), to create a peacekeeping mandate under the control of the secretary-general rather than the great powers on the Security Council. This created a new mandate for a greater autonomy for action by the United Nations.

A second important way heads can make a difference is by lobbying for resources, increasing the core funding and capacity of the organization. For example, Robert McNamara as president of the World Bank (1968–81) transformed its membership and finances. He personally undertook to ensure that negotiations brought China into the bank in 1980. He increased the bank's resources severalfold, including an increase in the bank's concessional lending arm (the IDA) from $400 million to $4 billion per year. In short, he massively increased the organization's financial and technical power.

Finally, the head of a global agency can make a difference by leading it in a way that attracts, develops, and retains an effective, highly motivated staff working in a culture of performance and integrity. These examples highlight the importance of good leadership and management for multilateralism in the future.

The difficulties faced by the leadership of international organizations are obvious. They face legal and political constraints on what they can do and where, from their mandate and governance. They face resource constraints. They face bureaucratic constraints. They must engage with a wide range of other stakeholders including staff, civil society, and beneficiaries. But strong leaders have shown that they can navigate and push back on each of these constraints and in so doing shape the setting of agendas, the gathering of information, and the resolving of states' collective action problems, which makes international cooperation possible (Abbott and Snidal 1998). This will be ever more important as the geostrategic rivalry strengthens.

Until now, leadership races have been exercises in competing to see whose national "wins" the leadership. Subsequently, governments have paid far too little attention to how the performance of the leadership is appraised and on what basis reappointment decisions are made. This is important. As highlighted in a survey exercise of international organizations, at the very least, international organizations should have seven elements in place to facilitate good leadership (WEF 2015). In most multilaterals, at least some of these are missing.

The likelihood of effective leadership would be improved if governments collectively ensured that leaders of international organizations are

1. selected and reappointed on their proven experience to excel in the core elements required of the role (as above);
2. subjected to a multilateral performance review that involves all countries in the organization;
3. held to ethical standards that are clear, monitored, and enforced;
4. reviewed for how effectively their organization attracts, develops, and retains talent in the organization;
5. setting strategic priorities, and held to their performance with respect to those priorities;
6. engaging with a wide range of stakeholders;
7. evaluated independently and effectively.

Without effective leadership, it is difficult for an organization to set and achieve its goals. The future of multilateral institutions will demand a very high quality of leadership in international organizations. This, in turn, will require all countries to engage through an appropriate governance framework and rules.

3. LEGITIMACY IN A CHANGING WORLD

A third and final force shaping multilateralism is the delicate balance between power and consent that underpins multilateral cooperation in a world of sovereign states. The participation of powerful states has historically been secured (or not) by giving them special rights. For example, although the United States stayed out of the League of Nations in the 1920s, a reluctant United States was persuaded to join the United Nations, the IMF, and the World Bank after the Second World War, not least because it was given a say over leadership, the hosting of their headquarters, and a special voice and influence in decision-making (the "veto" power in the Security Council, and weighted voting power in the IMF and the World Bank).

Powerful countries, however, have to accept some constraints in order to persuade and co-opt other countries to participate in institutions in which the powerful have a particular voice. And even from their own point of view, international organizations only have value-added to the extent that they are distinct from unilateral or bilateral means. In cases where the United States has publicly sought unilaterally to push an international organization to do its bidding, the case has been made that it best advances its own interests by enabling the international institution, as eloquently laid out with respect to the IMF by Randall Henning (Henning 2009). In another example, in the China-led Asian Infrastructure Investment Bank, an "accountability framework" has been carefully crafted to balance the control by management (to whom some loan decisions are delegated) with the oversight of the board, on which sit representatives of the countries who are members (who evaluate the performance of the president).

Rigorous governance arrangements are the most obvious way the "multilateral" character of an agency is entrenched. Member countries can hold the institution and its management to account through their formal representation on the board, through rules about staffing and funding, and through decision-making processes that give all members a voice. Unsurprisingly, the process of decision-making in multilateral institutions is often laborious and lengthy.

Avoiding laborious institutional processes is tempting for powerful states who often opt to use smaller coalitions of the powerful instead. Sometimes this has positive results. Historically, it's worth recalling that in the early nineteenth century, a Concert of Great Powers—Austria, Great Britain, Prussia, Russia, and France—convened extensive multilateral consultations through which they settled rivalries and agreed, for example, on the neutrality of Belgium and Greece.

Informal negotiations and summits were important during the Cold War for containing the superpower rivalry. For example, the July 1955 summit that brought the heads of government of the Soviet Union, the United States, the United Kingdom, and France together in Geneva to discuss European security, disarmament, and East-West relations did not result in any formal agreement, but did lead to what was described as a "Geneva spirit" of willingness to engage in a limited way. The resolution of the Cuban Missile Crisis and the 1977–78 US-USSR agreement that the USSR would limit its engagement in Somalia offer further examples of structured informal talks.

Bilateral agreements were also useful, including at times of high tension. For example, the Soviet Union and the Western occupying powers (the United States, France, and the United Kingdom) agreed on the Austrian Independence Treaty and Austria's neutrality in 1955. In 1962 the Soviet Union and the United States signed the International Agreement on the Neutrality of Laos. Later in the Cold War (signaling what would be called the détente), the superpowers agreed treaties that included arms restraints, including the Anti-Ballistic Missile Treaty (ABM), in force 1972–2002;

the Strategic Arms Limitation Agreement, signed in 1972; the Accidents at Sea Agreement of 1972; and the Berlin Quadripartite Agreement of 1971. Less effective were efforts to engineer broad-based agreements, such as Nixon and Brezhnev's Basic Principles Agreement of 1972.

The limitations of small group governance, however, are manifold, particularly when the small group attempts to set binding rules for all other countries. Consider the following three challenges to the legitimacy and efficacy of small group governance.

First, small groups often fail adequately to balance the different interests of countries whom international standards will affect. For example, the Basel Committee was formed in 1974 to formulate global standards for the prudential regulation of banks. It is a small grouping of the governors of Belgium, Canada, France, Germany, Italy, Japan, the Netherlands, Sweden, the United Kingdom, and the United States, with Switzerland playing a hosting role. They are "like-minded countries," and they have in common the fact that they are the jurisdictions of the world's major financial services companies. Yet these two features increase the risk that the group will be blindsided by risks that would be more apparent if a wider range of countries (with different interests) were at the table. And indeed, in 2008 the financial crisis exposed that their banking sectors had "too much leverage and inadequate liquidity buffers.... poor governance and risk management, as well as inappropriate incentive structures. The dangerous combination of these factors was demonstrated by the mispricing of credit and liquidity risks, and excess credit growth" (Bank for International Settlements 2022).

A second drawback of small group governance is that it too often excludes information about how standards or rules will affect *all* countries. Continuing the Bank for International Settlements (BIS) example from above, evidence from developing countries highlights that the standards created by the BIS have significant impact on countries not included in their deliberations, and not figuring in their analysis or attention (Jones 2020). A different example is the global tax deal pushed by the G7, brokered by the OECD, and formally agreed by the G20 leaders in October 2021. The deal seeks to curb tax avoidance by large multinational enterprises (MNE) and introduces new taxing rights irrespective of an MNE's physical location, and a new global minimum corporate income tax of 15 percent on the largest MNEs. The problem, as expressed by countries such as Kenya, Nigeria, Pakistan, and Sri Lanka who refused to sign the agreement, is that these rules have been designed with little attention to their effect on countries other than the small group of wealthy countries who drove the process. The failure more fully to analyze and balance the consequences for other countries has resulted in a deal that will disadvantage the countries who suffer most, and disproportionately, from tax avoidance (McCarthy 2022). Developing countries may find that the global minimum tax could actually lead to tax revenue being lost to other jurisdictions (Lassourd 2022).

A final limitation to coalitions of the willing is that they short-circuit the process of getting a larger number of countries to buy in and feel ownership of a rule or an action. This is precisely what makes multilateralism onerous, but ultimately more effective. The costs of not engaging a wider group of countries can be high. For example, actions to condemn and punish Russia for its invasion of Ukraine were initially undertaken by the United States and a small group of allies. The results have been a sanctions regime applied by too few countries to be effective, and the previously mentioned eighty-two countries that abstained or voted against the resolution against Russia in the United Nations (Woods 2022). Another example is the G7, which was created in the 1970s as a forum to coordinate the policies of major economies in the wake of the US departure from the Bretton Woods system. By the late 1990s, the G7 membership (United States, Japan, Germany, United Kingdom, France, Canada, and Italy) failed to include countries whose crises were affecting the G7 and whose cooperation and resources were required to address the crises. After the 1997 East Asian financial crisis, a more inclusive G20 meeting of finance ministers was formed. A couple of decades later, during the COVID-19 pandemic, the G20 was itself criticized for its lack of representativeness and legitimacy. Advocates of a UN-wide approach to health threats argued that a small group of wealthy countries within the G20 had commandeered most available vaccines during the COVID-19 pandemic, and had failed to support the COVAX mechanism they themselves created to ensure that at least frontline health workers across the world could be vaccinated.

Smaller groups such as the G7 and the G20 have usefully functioned as "crisis committees" for consultation at speed in a crisis. The limitations of these groups, and other ad hoc coalitions of the willing, come to the fore when they attempt to define actions or rules for other countries who have neither been consulted nor had their interests properly considered and taken into account.

Multilateralism gives a structured form to negotiations, decision-making, implementation, and enforcement, which assists in navigating between the sheer power of great powers and their need to co-opt other states.

CONCLUSIONS

The strategic rivalry between China and the United States is a rivalry between nations who both depend on global markets, global finance, global innovation, and the co-option of other countries and regions of the world to sustain their own success. For this reason, we are likely to see multilateralism adapt and persist.

Some cooperation will take place within alliances and coalitions dominated by China and by the United States. Their rivalry will not just shape cooperation within each of their own alliances. It will also shape cooperation in international organizations—in part directly, in part indirectly, through the leadership and management of international organizations. There will be some splitting off where the great powers prefer to deal within their own alliances. On other issues, international organizations will remain the preferred forum for collaboration but also for competition.

For international institutions, the lessons are threefold. First, they will need yet more adeptly than before to navigate the strategic rivalry, finding and highlighting areas where cooperation and competition can coexist, and where their own capacities to pool information, to reduce transactions costs, and to broker and monitor agreements can assist. This will require high-quality leadership.

Multilateral institutions will need heads who can effectively broker agreements among countries, persuade countries to pool resources, and attract and organize an effective and highly motivated staff. Proven experience in these domains should be a sine qua non for any country's candidates for leadership. Equally, the countries who belong to multilateral organizations need to ensure that they are collectively reviewing the performance of leaders, setting and holding them to ethical standards, ensuring that they hire and promote talented people, that they set and achieve strategic priorities, engage with a wide range of stakeholders, and are regularly reviewed. In too many existing multilateral organizations, some of these elements are missing.

International institutions will change as the strategic rivalry deepens. The United States and China are likely to use multilateral institutions in a competitive way to cement relations with selected allies, such as in development financing, as well as in a cooperative way to ensure global cooperation, such as on climate change.

Not all forums for international cooperation will be universal. Ad hoc and exclusive processes could be useful, particularly in containing the strategic rivalry. Equally, they will usefully corral powerful countries to act in a crisis. However, their legitimacy will be strained when they attempt to set standards for all countries. Equally, their effectiveness is likely to be stymied where their membership is narrow. Multilateral governance creates a framework to bring more countries into a negotiation. Crucially, this offers a way to countervail a concentration of narrow interests, as well as to provide more information, and more potential buy-in from countries. These elements are crucial to a future multilateralism that is both legitimate and effective.

AUTHOR BIOGRAPHY

Professor Ngaire Woods is the founding Dean of the Blavatnik School of Government and Professor of Global Economic Governance at Oxford University. Her research focuses on how to enhance the governance of organizations, the challenges of globalization, global development, and the role of international institutions and global economic governance.

She founded the Global Economic Governance Programme at Oxford University, and co-founded (with Robert O. Keohane) the Oxford-Princeton Global Leaders Fellowship program. She led the creation of the Blavatnik School of Government.

Ngaire Woods serves as a member of the Asian Infrastructure Investment Bank's International Advisory Panel and as a Non-Executive Director at Rio Tinto. She is a trustee of the Mo Ibrahim Foundation, the Stephen A. Schwarzman Education Foundation, and the Van Leer Foundation. She is a member of the Conseil d'administration of the Institut National Du Service Public. She sits on the advisory boards of the Centre for Global Development, the Hoffmann Global Institute for Business & Society, the African Leadership Institute, the School of Management and Public Policy at Tsinghua University, the Nelson Mandela School of Public Policy at Cape Town University, and the International Business and Diplomatic Exchange (IBDE). She is Vice-Chair of the Alfred Landecker Foundation's Governing Council and a member of the UK Department for International Trade's Trade and Economy Panel.

ACKNOWLEDGMENTS

With deepest thanks to Shantayanan Devarajan for his early stage comments on this draft.

COMPETING INTERESTS

I have received honoraria from the World Bank and from the Independent Office of Evaluation of the IMF for research and lectures on this topic.

Submitted: January 15, 2022 PST, Accepted: October 26, 2022 PST

REFERENCES

Abbott, Kenneth W., and Duncan Snidal. 1998. "Why States Act through Formal International Organizations." *Journal of Conflict Resolution* 42 (1): 3–32. https://doi.org/10.1177/0022002798042001001.

Balino, S. 2022. "WTO Members Look to the Future in Wake of 'Geneva Package.'" IISD Knowledge Hub. June 23, 2022. https://sdg.iisd.org/commentary/policy-briefs/wto-members-look-to-the-future-in-wake-of-geneva-package/.

Bank for International Settlements. 2022. "Basel III: Responding to the 2007-09 Financial Crisis." History of the Basel Committee. 2022. https://www.bis.org/bcbs/history.htm.

Clark, Richard, and Lindsay R. Dolan. 2021. "Pleasing the Principal: U.S. Influence in World Bank Policymaking." *American Journal of Political Science* 65 (1): 36–51. https://doi.org/10.1111/ajps.12531.

CSIS. 2020. "How Influential Is China in the World Trade Organization?" China Power Project, Center for Strategic and International Studies. 2020. https://chinapower.csis.org/china-world-trade-organization-wto/.

Davis, Christina L., and Meredith Wilf. 2017. "Joining the Club: Accession to the GATT/WTO." *Journal of Politics* 79 (3): 964–78. https://doi.org/10.1086/691058.

Eilstrup-Sangiovanni, M. 2016. "The Global Crisis of Multilateralism." E-International Relations. https://www.e-ir.info/2016/12/03/the-global-crisis-of-multilateralism/.

European Parliament. 2021. "Asian Infrastructure Investment Bank How Lean, Clean, and Green Is the AIIB?" European Parliamentary Research Service PE 679.086. February 2021. https://www.europarl.europa.eu/RegData/etudes/BRIE/2021/679086/EPRS_BRI(2021)679086_EN.pdf.

Gostin, Lawrence O., Harold Hongju Koh, Michelle Williams, Margaret A. Hamburg, Georges Benjamin, William H. Foege, Patricia Davidson, et al. 2020. "US Withdrawal from WHO Is Unlawful and Threatens Global and US Health and Security." *The Lancet* 396 (10247): 293–95. https://doi.org/10.1016/s0140-6736(20)31527-0.

Graham, Erin R. 2015. "Money and Multilateralism: How Funding Rules Constitute IO Governance." *International Theory* 7 (1): 162–94. https://doi.org/10.1017/s1752971914000414.

Grassley, C. 2021. "Senators Reintroduce Bill to Curb China's Access to World Bank Lending Intended for Developing Nations." Office of the US Senator for Iowa. April 29, 2021. https://www.grassley.senate.gov/news/news-releases/senators-reintroduce-bill-to-curb-chinas-access-to-world-bank-lending-intended-for-developing-nations.

Hale, T., D. Held, and K. Young. 2013. *Gridlock: Why Global Cooperation Is Failing When We Need It Most*. Polity, UK.

Hall, Nina, and Ngaire Woods. 2017. "Theorizing the Role of Executive Heads in International Organizations." *European Journal of International Relations* 24 (4): 865–86. https://doi.org/10.1177/1354066117741676.

Hanemann, T., and M. Huotari. 2018. "EU-China FDI: Working towards More Reciprocity in Investment Relations." Report by MERICS and Rhodium Group. https://merics.org/en/report/eu-china-fdi-working-towards-more-reciprocity-investment-relations.

Harrigan, Jane, Chengang Wang, and Hamed El-Said. 2006. "The Economic and Political Determinants of IMF and World Bank Lending in the Middle East and North Africa." *World Development* 34 (2): 247–70. https://doi.org/10.1016/j.worlddev.2005.07.016.

Henning, C.R. 2009. "US Interests and the International Monetary Fund." PIIE Policy Brief Number Pb09-12. https://www.piie.com/sites/default/files/publications/pb/pb09-12.pdf.

Jones, Emily, ed. 2020. *The Political Economy of Bank Regulation in Developing Countries: Risk and Reputation*. Oxford University Press. https://doi.org/10.1093/oso/9780198841999.001.0001.

Jupille, Joseph H., Walter Mattli, and Duncan Snidal. 2013. *Institutional Choice and Global Commerce*. Cambridge: Cambridge University Press. https://doi.org/10.1017/cbo9781139855990.

Keohane, Robert O. 1990. "Multilateralism: An Agenda for Research." *International Journal* 45 (4): 731. https://doi.org/10.2307/40202705.

Lassourd, T. 2022. "What Does the Global Minimum Tax Deal Mean for Developing Countries?" Insight Series, IISD. February 10, 2022. https://www.iisd.org/articles/global-minimum-tax-deal.

Lynch, C. 2020. "U.S. State Department Appoints Envoy to Counter Chinese Influence at the U.N." *Foreign Policy*, January 22, 2020. https://www.scmp.com/news/china/diplomacy/article/3048799/horse-trading-and-arm-twisting-us-battles-china-over.

Magnier, M. 2020. "Horse Trading and Arm Twisting as US Battles China over Leadership of UN Intellectual Property Agency." *South China Morning Post*, February 4, 2020. https://www.scmp.com/news/china/diplomacy/article/3048799/horse-trading-and-arm-twisting-us-battles-china-over.

McCarthy, J. 2022. "A Bad Deal for Development: Assessing the Impacts of the New Inclusive Framework Tax Deal on Low- and Middle-Income Countries." BROOKINGS GLOBAL WORKING PAPER #174. May 2022. https://www.brookings.edu/wp-content/uploads/2022/05/Tax-and-Bad-Deal-for-Development_Final.pdf.

Mearsheimer, J. 1994. "The False Promise of International Institutions." *International Security* 19 (3): 5. https://doi.org/10.2307/2539078.

———. 2021. "The Inevitable Rivalry: America, China, and the Tragedy of Great-Power Politics." *Foreign Affairs* 100: 48.

Rappeport, A. 2019. "U.S. Objects to World Bank's Lending Plans for China." *New York Times*, December 5, 2019. https://www.nytimes.com/2019/12/05/business/us-china-world-bank.html.

Ruggie, John Gerard. 1992. "Multilateralism: The Anatomy of an Institution." *International Organization* 46 (3): 561–98. https://doi.org/10.1017/s0020818300027831.

Sirohi, S. 2017. "China Faces Pushback in the UN on Belt-Road Initiative, Retreats Quietly." *The Wire*, December 17, 2017. https://thewire.in/diplomacy/china-obor-belt-road-un-pushback.

UNHCR. 2019. "UN Refugee Chief Connects with Chinese Companies at Boao Forum." March 29, 2019. https://www.unhcr.org/news/latest/2019/3/5c9df95b4/un-refugee-chief-connects-chinese-companies-boao-forum.html.

UNICEF. 2018. "Henrietta Fore, UNICEF Executive Director High-Level Symposium: Belt & Road Initiative and 2030 Agenda for Sustainable Development." June 13, 2018. https://www.unicef.org/press-releases/henrietta-fore-unicef-executive-director-high-level-symposium-belt-road-initiative.

UNPDTF. 2022. "United Nations Peace and Development Trust Fund." 2022. https://www.un.org/en/unpdf/2030asd.shtml.

Welsh, T. 2020. "Mauricio Claver-Carone Overcomes Regional Opposition to Become First American IDB President." DEVEX. September 14, 2020. https://www.devex.com/news/mauricio-claver-carone-overcomes-regional-opposition-to-become-first-american-idb-president-98080.

Woods, Ngaire. 2006. *The Globalizers: The IMF, the World Bank, and Their Borrowers, Cornell Studies in Money*. Cornell University Press.

———. 2022. "What the Mighty Miss: The Blind Spots of Power." *Foreign Affairs*, July–August 2022.

World Bank. 2019a. "Management's Discussion & Analysis and Financial Statements." June 30, 2019. https://thedocs.worldbank.org/en/doc/625641565356285634-0040012019/original/IBRDFinancialStatementsJune2019.pdf.

———. 2019b. "Country Partnership Framework for the People's Republic of China for the Period FY2020-2025." November 11, 2019. https://documents1.worldbank.org/curated/en/902781575573489712/pdf/China-Country-Partnership-Framework-for-the-Period-FY2020-2025.pdf.

———. 2022. "IBRD Financial Products: Lending Rates and Fees." 2022. https://treasury.worldbank.org/en/about/unit/treasury/ibrd-financial-products/lending-rates-and-fees.

World Economic Forum. 2015. "Effective Leadership in International Organizations." A report by the Global Agenda Council on Institutional Governance Systems of the World Economic Forum in collaboration with the Blavatnik School of Government. https://www3.weforum.org/docs/WEF_Effective_Leadership_International_Organizations_report.pdf.

World Trade Organization. 2019. "China's Proposal on WTO Reform." May 13, 2019. https://docs.wto.org/dol2fe/Pages/FE_Search/FE_S_S009-DP.aspx?language=E&CatalogueIdList=254127&CurrentCatalogueIdIndex=0&FullTextHash=371857150&HasEnglishRecord=True&HasFrenchRecord=False&HasSpanishRecord=False.

Wroughton, L., and R. Rampton. 2019. "IADB Cancels China Meeting after Beijing Bars Venezuelan Representative." *Reuters*, March 22, 2019. https://www.reuters.com/article/us-venezuela-politics-china-iadb-exclusi/exclusive-iadb-cancels-china-meeting-after-beijing-bars-venezuela-representative-idUSKCN1R32NU.