

David Skilling

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***What will a G-Zero world look like, and what are the implications for small states?***

The world faces a global leadership vacuum. No single country, or group of countries, is able to exercise meaningful leadership on international issues – the unipolar moment of the US is past, emerging powers like China are not taking up the slack, and collective institutions from the UN to the G20 suffer from a lack of alignment of interests. Rather than the G20, an informal G2 between the US and China, or a US-led G1, geopolitical analyst Ian Bremmer, in his just-released book ‘Every Nation for Itself’, argues that the world is operating with a G-Zero. No one is in charge.

Indeed, it’s difficult to see meaningful progress being made on global issues from climate change to trade negotiations. And coordinated global action on economic, fiscal, or exchange rate issues, is quixotic at best. It is better for the world to have the G20 than not, but one should not bet the house on its effectiveness.

This G-Zero – in which the world has very limited collective decision-making capacity – is problematic at a time when international cooperation is increasingly needed. This state of affairs raises the prospect of increased tensions, economic and political turbulence, and the weakening of existing international rules and norms.

So far, so gloomy. But although the G-Zero is an apt description of the global situation, this is not completely uncharted territory. Although issues of global leadership are becoming more acute, as economic and political power becomes more broadly distributed among countries with different interests and perspectives, the world

has not had strong leadership for some time.

The last WTO Round was concluded in 1994, and uneven progress was made on the Kyoto Protocol after it was adopted in 1997.

The G-Zero can be seen as the acceleration of an existing dynamic, with a world becoming increasingly complex and challenging to navigate, rather than as a completely new state of affairs. Indeed, small states – the canaries in the mine of the global economy – have become familiar with a turbulent and uncertain global environment and weakening multilateral institutions over the past decade or so.

To the extent that the G-Zero has been emerging over time, recent experience may provide some guidance on what sort of states are most likely to be successful in the G-Zero – as well as on how the G-Zero may develop over time.

First, consider the states that are most likely to succeed in the G-Zero. Bremmer identifies ‘pivot states’ as one such group; countries that are able to balance key relationships and that are not locked into just one. Singapore is cited as one such pivot state, along with larger countries and regions such as Brazil, Turkey, and Africa.

But there is a more general point to be made. As Bremmer notes, key to success is an ability to adapt to a changed global context. In this regard, small states are likely to do well in the G-Zero because they tend to be good at adapting. Although small developed states have benefited substantially from globalisation and the spread of open markets, they have also performed strongly over the past couple of decades in what

has been a much more competitive, volatile, and less ordered global environment.

Small states have responded quickly and flexibly to the emerging G-Zero. For example, to compensate for the WTO, small states have been in the vanguard of signing FTAs. It was Brunei, Chile, New Zealand and Singapore that signed the P-4 agreement, the precursor to the Trans-Pacific Partnership (TPP). Small states will need to continue to work hard (and creatively) to continue to perform in the G-Zero. And as events in Europe remind us, there is little margin for error.

So although the pressures of the G-Zero are likely to intensify, countries can do well if they adapt and take hard decisions. Countries will need to think deliberately – and in a hard-headed way – about how to position themselves in a world quite different than a couple of decades ago. Some countries, particularly large countries that are used to exerting influence, may find this a politically challenging process.

Second, how is the G-Zero likely to develop over time? Recent experience suggests that, at least for the moment, the world is slowly adapting to the G-Zero. It may be that the G-Zero becomes so unsatisfactory that it is not sustainable. But as it stands, the G-Zero does not seem particularly fragile over the next decade or two (mainly because of the absence of alternatives).

And I think there will be dynamics in the global system that will prevent some of the excesses of a G-Zero world, so that the system remains tolerably open – even if global public goods are under-supplied. For example, if countries

continue to respond to the emerging G-Zero in the way they have, it is likely to lead to a more regionally-based global economy – a trend that is already evident. If these types of behaviours continue, the G-Zero is likely to be relatively enduring. Not ideal, perhaps, but manageable.

There is also a more positive interpretation of the G-Zero. Although the US-led system of the past several decades has been largely positive, it was far from perfect. A transition to a more distributed, bottom-up model of global governance may bring benefits in terms of resilience and dynamism, even if global agreements prove more elusive.

Small states have something to contribute to the effective functioning of the G-Zero. They have a clear interest in an open, rules-based system, and because they are small and unthreatening may be able to exert out-sized influence. We should not be naïve – small states are, well, small – but small states do have a record of providing policy leadership. The contributions that Singapore makes at the IMF and around the G20 are good examples of this.

The G-Zero formulation captures the global situation well. It will be a more challenging global environment for countries to navigate. But the G-Zero is likely to be with us for some time, and countries need to ensure that they have the adaptive capacity to perform in a messy, disordered global environment over a sustained period. The distribution of possible outcomes is likely to widen; countries that adapt will manage through, countries that do not will encounter an unforgiving environment.

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[contact@landfallstrategy.com](mailto:contact@landfallstrategy.com)

[www.landfallstrategy.com](http://www.landfallstrategy.com)

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