

Can We Save the World from Chaos?

By Masakazu Toyoda

Is the world in complete disorder and in chaos? Sadly, we must admit that it is.

On the international political front, the Ukraine crisis results from an aggression by a specific country against another country. Such a situation is clearly in violation of the UN Charter and could have been stopped or alleviated by a resolution of the Security Council. The views of its members being divided rendered the Council helpless to do anything tangible. The Israel-Hamas conflict is adding to the confusion so much so that both support for Israel and support for Palestine have gradually moved towards the isolation of Israel. Regrettably, the ceasefire proposals remain in limbo and too many innocent people are killed daily in both regions. Above all, the world is clearly no longer unified and has become divided into separate clusters such as the G7 countries representing the developed world, China and Russia, and/or the Global South. Each group is claiming its own recognition and legitimacy.

A similar confusion applies to trade and finance. The WTO dispute settlement function under the two-judge system is dysfunctional, with no Appellate Body member appointed. The swift Regulations, introduced early on as part of the economic sanctions against Russia after the Ukraine crisis, have not been effective.

With such current political, trade and financial issues, the application and definition of the 'rule of law' have been reduced to a drop in the ocean.

Why has this chaos in the international order arisen? Several factors are likely to be at play.

Among those factors, the first one is the decline in economic power of the G7 countries with their share of the world's GDP diminishing from 70-80% to less than 50%. The second is the turning inwards of the United States, which used to be the leader of the G7 and effectively the leader of the world. With a US national opinion clearly divided, the country is showing less and less leadership and is no longer the world's policeman. The third factor is that the world's second largest economy, China, is sharpening its confrontation with the US, which feels threatened. The fourth one is linked to the emergence of the Global South as a new key player. The Global South is adding an extra layer of complexity to both the West and, China and Russia, which are becoming impatient to take sides. The result of all this has been to disempower the UN and WTO and to make the rule of law a skeleton. These factors lead to the catastrophic inability to resolve short to long term world issues.

What kind of goals should the world be aiming for?

First, reform the UN and the WTO to re-institute the 'rule of law'. Second, promote free trade and economic security to all nations.

Third, avoid a Taiwan contingency to maintain peace in Asia.

Fourth, support the healthy economic development of the Global South.

Finally, deepen the dialogue with China to avoid a Sino-American conflict.

Reaching those goals for an ideal international order is essential

because not achieving them could possibly lead to disasters (including World War III). The problem is to find "How can a chaotic world achieve those goals?"

One possibility would be for an independent country, such as Japan, to act as a catalyst. The Japan Economic Foundation established a Study Group to report on 'Japan's Creative Contributions' for a New International Order'. The following are the main pillars.

The first pillar is Japan's contribution for 'the rebuilding of the *rule of law*'. As it will most probably take time to strengthen the functions of the UN, Japan should first strive to reform the Security Council by becoming a quasi-permanent (or long-term) member of the Council. Japan's official position is to aim for a permanent seat on the Security Council, but when the Council is not functioning properly as it is at the moment, Japan as an independent body and an officially recognized member, could work towards rebuilding the importance of consensus while preventing veto abuse, etc. As for restoring the functioning of the WTO, Japan could work towards persuading other countries to agree to restore the Appellate Body by devising ways to handle security matters, etc.

Another pillar would be Japan's 'contribution as one of the flag-bearers of *free trade*'. In the context of the US-China confrontation, for example, it is crucial to recognize economic security as most important while recognizing the need and reality for specific economic restrictions policies for a small number of technologies, often referred to as 'Small Yard, High Fence'. Some form of cooperation with the EU should also be considered, using the UK's accession to the CPTPP² as an opportunity. From the perspective of economic security, export controls and other measures should also be strengthened.

Furthermore, and with a sense of crisis, it would be a minimum to strengthen our deterrence efforts, that a 'Taiwan contingency' is a 'Japan contingency' or an 'Asian contingency'. Most importantly, with common world issues such as global warming, the ageing and increasing of the population, it is vital to deepen the dialogue with China and recognize the need for cooperation with the Global South. As such, we must strengthen our cooperation with Southeast Asia and South Asia and focus on making the voice of Asia a One Voice. The Economic Research Institute for ASEAN and Asia (ERIA), established in 2008 on Japan's initiative, should play a major role in those objectives. **JS**

[1] Chairperson: Professor Emeritus Shinichi Kitaoka, University of Tokyo

[2] CPTPP (Comprehensive and Progressive Agreement for Trans-Pacific Partnership)

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