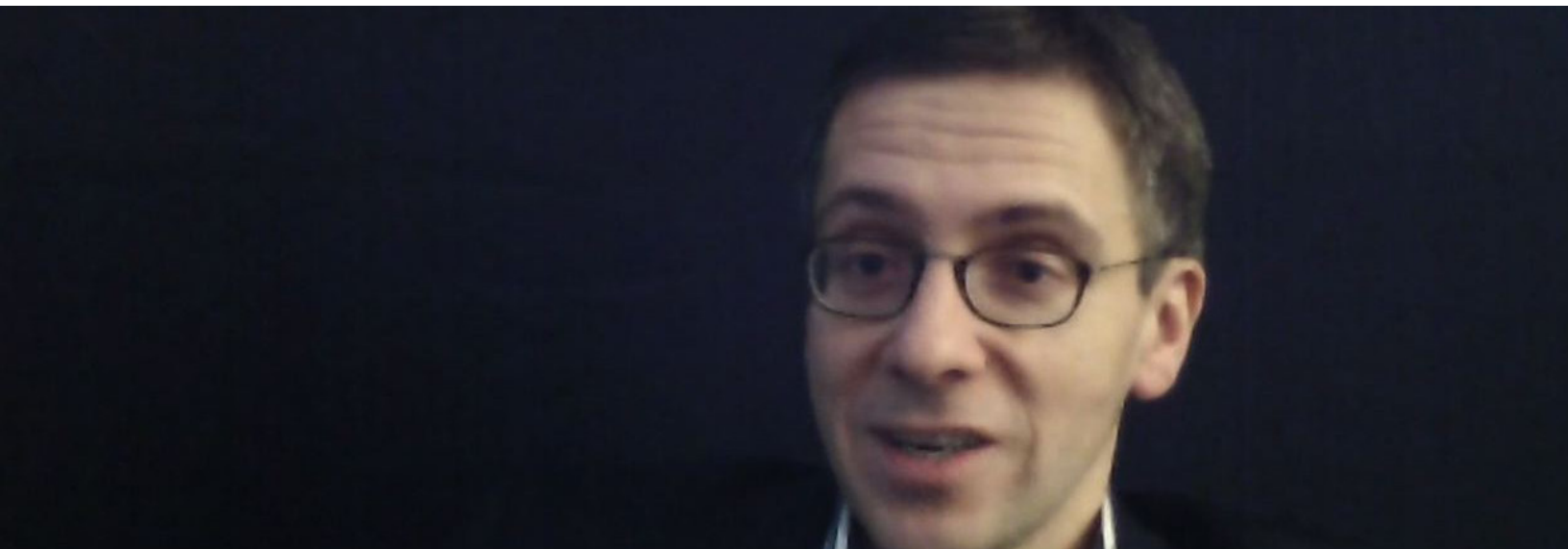


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Ian Bremmer on the drift in global governance

The head of Eurasia Group discusses the absence of G20 leadership in resolving economic imbalances and the current China-US relationship.



As a coauthor of Eurasia Group's annual risk forecast, president and founder Ian Bremmer identified the top risk in 2011 as "G-Zero": a lack of leadership on the part of G20 countries in guiding an international economic agenda and resolving subsequent conflicts. Instead, the G-Zero model features policies driven by self-interest, uneven growth, and strained political ties between developed and emerging economies—among them China and the United States, whose bilateral relationship is an integral part of this shifting world order.

In this interview, conducted at this year's World Economic Forum, in Davos, Switzerland, Bremmer talks with McKinsey's director of publishing, Rik Kirkland, about the implications of G-Zero and the current state of China-US relations.

Ian Bremmer: There is this backdrop of extraordinary unease because we're in a new world order that is so uncharted, and so much more volatile. What is clear is that the G20 that we put together after the financial crisis is aspirational. It doesn't actually work, it's not providing leadership—too many countries, different values. The ones that can provide leadership, the economies are doing badly.

The biggest risk from a G-Zero is probably protectionism, because the geopolitical balance, which used to be about military [and] conventional nuclear security, is now really about economics. And you see that with indigenous innovation; you see that with cyber issues, you see it with trade, you see it with currency.

It's great to have absolute levels of economic growth, but global rebalancing is going to come with a lot of pain on the part of consumers in the United States, in Europe, and Japan. The danger is this gets really politicized, and we move to an environment where instead of having a governance model, a G-model, you have everyone doing what they want for themselves. For the last 40 years, globalization, which the [World Economic Forum] has championed, has been very specific. It's been about the West reaching out to emerging markets and bringing them closer in terms of their manufactured goods, in terms of their labor, in terms of the markets.

That globalization is no longer happening; these emerging markets are growing and they have their own models, so you have a lot of economic growth, but politically, the kind of growth that we're going to be getting is going to create an unprecedented level of conflict.

The Quarterly: *Going back to China: we had a lot of tension in the first two years of the Obama administration. How do you see the US-China bilateral relationship evolving over the next 12 to 18 months?*

Ian Bremmer: So [China president] Hu Jintao just left the United States, and this is clearly the most important political and economic relationship in the world. It is clearly

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the most important summit that the United States has hosted in at least two decades. And virtually nothing happened—and frankly, that’s probably the best possible outcome we could have had. These governments tried very, very hard to ensure that everything was just going to be smooth, because they understand that, structurally, the conflicts are growing and nobody wants it to blow up. But the highest priorities are economic growth and political stability.

You only make big changes if you have strong individuals that can push those changes through. You don’t do it by committee, and China runs by committee. That’s not changing; the days of Mao¹ and Deng Xiaoping²—they’re over, and the new government that’s coming in 2012 is more of the same on that front, which is great for strategic, long-term stuff, and consistency and coherence of policy. But you want them to react, you know, sort of with a big sudden change in the currency—that just isn’t happening. It’s not in the cards.

We’ve exported one thing to China that I think is a problem for them. We have exported vulnerability to domestic constituency. There’s a lot more back and forth with domestic constituency in China than there used to be. The West is short-term because of this; the Chinese will become short-term because of this, and that will seriously undermine one of the biggest strategic advantages that the Chinese have had over the last 30 years. ○

¹Mao Zedong, the first president of the People’s Republic of China, 1954–59, and first chairman of the Communist Party of China, 1943–76.

²Paramount leader of the People’s Republic of China, 1978–92.