
A World of Regions - Jeffrey D. Sachs

NEW YORK – In almost every part of the world, long-festering problems can be solved through closer cooperation among neighboring countries. The European Union provides the best model for how neighbors that have long fought each other can come together for mutual benefit. Ironically, today’s decline in American global power may lead to more effective regional cooperation.

This may seem an odd time to praise the EU, given the economic crises in Greece, Spain, Portugal, and Ireland. Europe has not solved the problem of balancing the interests of strong economies in the North and those of weaker economies in the South. Still, the EU’s accomplishments vastly outweigh its current difficulties.

The EU has created a zone of peace where once there was relentless war. It has provided the institutional framework for reuniting Western and Eastern Europe. It has fostered regional-scale infrastructure. The single market has been crucial to making Europe one of the most prosperous places on the planet. And the EU has been a global leader on environmental sustainability.

For these reasons, the EU provides a unique model for other regions that remain stuck in a mire of conflict, poverty, lack of infrastructure, and environmental crisis. New regional organizations, such as the African Union, look to the EU as a role model for regional problem-solving and integration. Yet, to this day, most regional groupings remain too weak to solve their members’ pressing problems.

In most other regions, ongoing political divisions have their roots in the Cold War or the colonial era. During the Cold War, neighbors often competed with

each other by “choosing sides” – allying themselves with either the United States or the Soviet Union. Pakistan tilted towards the Americans; India towards the Soviets. Countries had little incentive to make peace with their neighbors as long as they enjoyed the financial support of the US or the USSR. On the contrary, continued conflict often led directly to more financial aid.

Indeed, the US and Europe often acted to undermine regional integration, which they believed would limit their roles as power brokers. Thus, when Gamal Abdel Nasser launched a call for Arab unity in the 1950’s, the US and Europe viewed him as a threat. The US undercut his call for strong Arab cooperation and nationalism, fearing a loss of American influence in the Middle East. As a result, Nasser increasingly aligned Egypt with the Soviet Union, and ultimately failed in the quest to unite Arab interests.

Today’s reality, however, is that great powers can no longer divide and conquer other regions, even if they try. The age of colonialism is finished, and we are now moving beyond the age of US global dominance.

Recent events in the Middle East and Central Asia, for example, clearly reflect the decline of US influence. America’s failure to win any lasting geopolitical advantage through the use of military force in Iraq and Afghanistan underscore the limits of its power, while its budget crisis ensures that it will cut its military resources sooner rather than later. Similarly, the US played no role in the political revolutions underway in the Arab world, and still has not demonstrated any clear policy response to them.

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President Barack Obama's recent speech on the Middle East is a further display of America's declining influence in the region. The speech drew the most attention for calling on Israel to return to its 1967 borders, but the effect was undercut when Israel flatly rejected the US position. The world could see that there would be little practical follow-up.

The rest of the speech was even more revealing, though it drew little public notice. When Obama discussed the Arab political upheavals, he noted the importance of economic development. Yet when it came to US action, the most that the US could offer financially was slight debt relief for Egypt (\$1 billion), scant loan guarantees (\$1 billion), and some insurance coverage for private investments.

The real message was that the US government would contribute very little financially to the region's economic recovery. The days when a country could depend on large-scale American financing are over.

We are, in short, moving to a multi-polar world. The Cold War's end has not led to greater US dominance, but rather to the dissemination of global power to many regions. East Asia, South Asia, Latin America, and the Middle East have new geopolitical and economic influence. Each region, increasingly, must find its own path to economic development, energy and food security, and effective infrastructure, and must do so in a world threatened by climate change and resource scarcity.

Each region, therefore, will have to secure its own future. Of course, this should occur in a context of cooperation across regions as well as within them.

The Middle East is in a strong position to help itself. There is a high degree of economic complementarity between Egypt and the oil-rich Gulf States. Egypt can supply technology, manpower, and considerable expertise for the Arab region, while the Gulf provides energy and finance, as well as some specialists. The

long-delayed vision of Arab economic unity should be returned to the table.

Israel, too, should recognize that its long-term security and prosperity will be enhanced as part of an economically stronger region. For the sake of its own national interests, Israel must come to terms with its neighbors.

Other regions also will find that the decline of US power increases the urgency of stronger cooperation between neighbors. Some of the greatest tensions in the world – say India and Pakistan, or North and South Korea – should be defused as part of region-wide strengthening. As the EU shows, ancient enmities and battle lines can be turned into mutually beneficial cooperation if a region looks forward, to resolving its long-term needs, rather than backward, to its long-standing rivalries and conflicts.

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