

Global Governance Reached A New Cross Road

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Global governance has reached a new cross road since the world moved into the new century. A series of mechanisms and institutions within the global governance system have lost part of their efficiency; meanwhile a set of new mechanisms established since the beginning of the new century somehow haven't got institutionalized and functioned well yet. The number of issues faced by the world today urged nations to make efforts to improve the system in order to better address the challenges under the new situation. Nevertheless, countries especially the big powers so far haven't been able to reach a common understanding in general terms on what approach should be adopted to improve the current system. It appears that the world only super power, the United States, is in favour of a conventional approach, which basically means that the U.S. still plays a major role in global rules-making, while other countries across the globe are mostly in a position of being the rule-takers; or we can also assume that the U.S. may just need a little longer time to finally recognize that a fairer and more balanced global governance approach, rather than a traditional approach, should be more suitable to both the U.S. and other countries.

In the meantime, some developing countries and emerging economies, as well as those smaller developed countries with great potential and strength in special issue areas would prefer to have fairer and more balanced participation in regional and global affairs.

Some developing countries and smaller industrialized nations have been making efforts to promote the democratization of international relations for decades already. Certain progresses have been made. The establishment of the Group of Twenty (G20) mechanism can be a good example to represent a big progress of the global governance system. Through the G20 mechanism, developing and developed countries finally stand together to deal with common challenges in the global economic and financial area.

More progress in promoting the democratization of international relations in the coming years will need to be made, given that the world has been changing and the changes in a wide range of issue areas require an increasing and more balanced participation from both developing and developed states as well as from the non-state actors.

Though there could be numerous factors - such as problems existed in certain international organizations or other various transnational actors - that have affected the improvement of the global governance system. Instead of focusing on the exploration of all kinds of factors in great details, this analysis would aim to, from a broader and structural

perspective, assess the impacts of state actors, in particular, the major powers on the global governance system. In other words, it would attempt to observe how the various approaches - a unilateral and hegemonic approach or a fairer and more cooperative approach - taken by the major powers have affected and would continue to significantly affect the global efforts in improving the global governance system.

To do that, it would assume a view that a hegemonic approach taken by the U.S., instead of contributing to global governance, should be one of the main causes for having slowed down the process of improving global governance. This analytical piece would tend to suggest a possible solution for overcoming the issues that have constrained the cooperation among major powers. Before doing that, it would firstly give a brief historical overview of the development of global governance since the end of WWII.

A Brief Historical Overview of Global Governance

Global governance has roughly experienced three periods since the end of WWII: from 1945 to the 1970s, from the 1970s to the late 20th century, and from the end of the 20th century to present.

From 1945 to the 1970s, though the concept of “Global Governance” wasn’t created yet, states, as the main actors in international relations, plus a number of international institutions consisting of the International Monetary Fund, the World Bank, and the United Nations as well as various others had already been in a position of practising global governance.

Under the leadership of the victorious nations, particularly, the United States, a post-war world order was forged, as reflected by the establishment of the United Nations as well as of the Bretton Woods Institutions mainly consisting of the General Agreement on Tariffs and Trade (the World Trade Organization), the International Monetary Fund, and the International Bank for Reconstruction and Development (the World Bank).

Through the same period, many developing countries had just achieved national independence. Domestic construction and recovery had become the priorities of these countries. Generally, developing countries had had a limited participation in global governance and international cooperation.

From the security, geopolitical, and ideological perspectives at the international stage, the U.S.-led capitalist camp and the former Soviet Union-led socialist camp had competed for dominance. Ideologies had mattered a lot in terms of affecting the relationship and cooperation among nation states. The developing world and the developed world generally had secured a very limited collaboration, coordination, and communication.

For supporting its Cold War policy, the U.S. had started to implement its Marshall Plan shortly after WWII to help recover the European economy, which in turn had strengthened the power and influence of the U.S. - led capitalist camp. Then, during the 1960s-1970s, the U.S. had encountered a series of difficulties at both the domestic and international levels, along with the oil crises, the dollar crises, the uncontrolled movement of financial capital

across borders, as well as the U.S.-Vietnam war etc. Nevertheless, it had finally managed to overcome the challenges and further made a lot of achievements, particularly, in the economic field, as indicated by the formation of an economic model driven by a neo-liberal school of thought. Besides that, in the mid-1970s, the major developed countries established the Group of Seven (G7) mechanism, which served as one of the few main platforms for dealing with global political and economic issues.

Overall, during the post-war years, the U.S.-led major developed countries had been in a key position in leading the direction of global governance and international collaboration. By then the GDP of the G7 member countries accounted for around 70% of the global total, and the trade volume over 50%.¹

The second period of global governance was ranging from the 1970s to the late 20th century. A number of important events had taken place at the international stage over this period - the world turned from bipolar to unipolar with the dissolution of the former Soviet Union; China and the U.S. formalized their diplomatic relations in 1979; China adopted a reform and opening-up policy in 1978, and later from the mid-1990s had gradually developed a socialist market economy.

Through the same period, globalization had been deepened, and it had greatly influenced the developing and developed worlds in both negative and positive ways.

The negative implications of globalization roughly manifested from the following aspects: it had generated uncertainties and vulnerabilities. Developing and less-developed regions and countries, as well as the small businesses in different countries could have suffered more from these uncertainties and vulnerabilities, due to the fact that, these less-developed regions and countries in the early stage of globalization generally had lacked advanced technologies, capital, and governance capacity to help them endure the consequences of globalization. Also, the global businesses run by big transnational corporations, compared to small businesses, were more competitive and obviously in a more advantageous position to enable them to benefit from globalization. Therefore, globalization somehow had created inequalities and widened the gap between the rich and the poor.

In the meantime, globalization had also created positive outcomes. Countries from different parts of the world had been more closely connected over this period. A large number of developing and less-developed countries, as well as a great deal of small businesses from various regions had got into the regional and international level-playing fields and gradually grown stronger. The period from the 1970s to the late 20th century had also been of a very significant time for countries, both developing and developed, to re-adjust their positions and policies. The developing and developed worlds had been more closely integrated and inter-connected with each other.

In addition, apart from state actors, the emergence of a wide variety of non-state actors had also played an increasing role in helping promote globalization and global governance up to a new stage. Apparently, the types of participants in contributing to global governance and problem-solving had been greatly widened. Though ideology was

still of an issue, it had played a much less crucial role in affecting the relationship and cooperation among various actors over the second period of global governance.

Alongside a great deal of dramatic changes at the global stage, the concept of “Global Governance” was created. Former West German Chancellor Willy Brandt and former Swedish Prime Minister Ingvar Carlsson had greatly contributed to the process of forging this concept. Former West German Chancellor in the early 1990s initially proposed that the world needed a new concept to handle the uncertainties and challenges in a more globalized world after the Cold War; and after having gone through a series of discussions in international summits, the concept named “Global Governance” firstly appeared in a report titled “Our Global Neighbourhood”, which was released by the Commission on Global Governance. Soon this new concept of “Global Governance” was widely recognized and applied at the global stage.²

Overall, through the first and second periods of global governance, the U.S. had shown confidence in ascertaining its leadership in rule-making and network-building. Meanwhile, during the second stage of global governance, many developing countries and small industrialized nations had also exhibited their strength and potential in participating in regional and global affairs.

Since the late 20th century, global governance has entered a third stage. A series of events including the 1997 Asian financial crises, China’s entry into the WTO, the 9.11 terrorist attacks, and the 2008 global financial crises etc. have had big impacts on the global political and economic landscapes. Dramatic progress has taken place in the global governance sphere, along with the growing role of developing countries and emerging economies in global affairs, as well as with the springing up of a number of new mechanisms and organizations such as the Shanghai Cooperation Organization (SCO), the G20, the BRICS, the Asian Infrastructure and Investment Bank (AIIB), and so on.

To better deal with the repercussions of the Asian financial crises, as well as to prevent further crises from happening, the G20 summit, as proposed by the Finance Ministers of the then Group of Eight countries, was formed on 16 December 1999 in Berlin. Then years later in response to the 2008 global financial crises, the G20 summit was upgraded to the leader’s level. Soon in 2009, the G20 replaced the G7 to become the primary international platform for managing global economic and financial affairs. The establishment of the G20 marked a big progress for the improvement of the global governance system.

A Unilateral and Hegemonic Approach - One of the Main Causes for Having Affected the Improvement of the Global Governance System

In retrospect, the U.S.-led major developed nations had been able to independently deal with a number of critical issues at the regional and global levels in the past century. By then, developing and less developed countries had been in a relative weak position and they had played a very minor role in global governance. Nevertheless, various parts of the

world nowadays are more closely connected. The contribution of developing countries to the world has kept growing. The new situation needs a new global governance approach. The new approach basically means that developing and developed countries and other various actors need to work together to promote the improvement of the global governance system in a pragmatic way. This should be a general trend of global governance in the 21st century.

However, some U.S. politicians and policy advisors don't seem to be ready to support this new approach at the moment. Rather they would still prefer a traditional approach - mainly a U.S. - led unilateral and hegemonic approach - which is supposed to meet the U.S. interest in the first place, while a large number of others bearing more international responsibilities without being able to enjoy the rights they are supposed to have. With the U.S. new administration taking office, it is not certain in what way the new government would tend to promote global governance.

In reality, instead of contributing to global governance, a traditional approach, under the new circumstances, appears to have constrained the improvement of the whole system on the one hand; and on the other hand, the U.S. itself cannot benefit any longer from promoting a traditional approach, as by doing so, the U.S. might risk further isolating itself from others. The traditional approach could lead to a scenario that a group of countries including developing countries, emerging economies, and less powerful developed countries might come together to set new rules in accordance with their common interests on certain issue areas. The world has already seen this trend, as illustrated by the formation of a series of new mechanisms and platforms since the beginning of the new century.

Generally, from the above, we can see that global governance has reached a new cross road now. In facing various uncertainties, this analysis would assume that sound and effective coordination and collaboration among major powers should still be very significant for the world to overcome numerous challenges in the global governance realm. In today's world, a unilateral and hegemonic approach most likely cannot work anymore. Rules have to be made based on the consideration of fairness and equality, rather than of the interests of one or a few major powers. A fairer and more balanced global governance system means more opportunities for all; and it is also conducive to the U.S. interest in maintaining its global influence as long as it can.

Notes

1. See He Yafei (2015). *China's Historical Choice in Global Governance*. Renmin University Press, P17.
2. Ibid. P2-3.