



What is Next? ...for World Order and Global Governance

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Emerging Global Governance

The assumption in international policy circles has long been that the rules and the institutional arrangements that have held largely since the end of the Second World War were “the” global norms. In the scholarly world, the most influential scholarship in International Relations, International Organization and International Political Economy has largely reflected the proposition that “exogenous conditions” can be assumed to be stable and largely unchanging, and the chief intellectual goal has been mapping how the actors in the system would adapt to, and internalize, the established norms and rules. There was really no need to debate fundamentals or first principles. Or so it was thought. But as the world has entered a period of dynamic change, it is increasingly apparent that another perspective is required – one that can grapple seriously with both change and continuity.

Structural shifts in the world economy were the first to reflect these changes. Since the early 2000s, a rebalance in world economic power and capabilities has been underway. [This shift has continued unabated](#), despite the slowdown in the fastest growing economies in the system over the last two decades. Indeed, the great financial crisis of 2008-09, and the continuing global economic downturn

henceforth has only added further momentum to the world economic shifts.

However, change has not occurred only in the structure of the world economy. The shift afoot in international politics and a growing range of transnational issues, as well as the governance of world affairs, is also now very clear.

The international system is buffeted by the rise of state powers whose aspirations recall international relations of earlier eras—from a Westphalian definition of sovereignty to spheres of influence. At the same time, the scope of issues that demand attention at the global level is expanding. Health pandemics that ignore national borders require responses to thwart their spread that are both national and international. Global energy, climate change and environmental problems need solutions that involve suppliers, producers, and consumers who operate and live in different regions of the world. The flows of refugees globally are placing enormous stress on national institutions, while highlighting the limited capacity of existing regional bodies to effectively respond to the crisis.

Nor have traditional global security concerns, including nuclear proliferation, small arms trade, and inter-state territorial disputes,

gone away in the post-Cold War era; instead, they have grown more acute. The rise of violent extremism and other non-traditional security threats related to the impact of human activity present new urgent risks and threats that demand new global collective action to resolve.

The Emerging World Order

Amid these challenges, more actors— both states and non-state agents—have responded by joining in processes of international policymaking and international governance. The growing diversity of actors in global policy has gone hand in hand with intensifying contestation over priorities and agenda setting, as well as over organizational norms, rules and organizing principles.

Dissatisfaction with the effectiveness of policy responses from established diplomatic corridors and incumbent institutions, as well as growing discontent among the so-called rising powers and developing countries with the distribution of representation in decision-making, is fueling the creation of new international institutions, and the search for innovative solutions to global challenges.

A more complex global scenario involving a complicated and diverse mix of institutions is the result. Some observers see the increased diversity as problematic, reflecting an increasingly leaderless international system. Others see hope in the growing diversity, including the potential for greater resiliency— as well as more policy space, for smaller and weaker actors in the system. There is some evidence that a more multi-tiered, multi-layered system – with a greater mix of regional, global and bilateral arrangements – [could produce a more sustainable global scenario over the longer run.](#)

Amid the global flux, the rules and norms that have held for much of the post-World War II period, especially under the leadership of the liberal West, can no longer be assumed to remain uncontested in the future.

The situation calls for a return to the fundamental questions in the study of world order: what are the main trends and patterns of global change and power moving forward, how do the shifts in power relate to the nature of international authority and legitimacy in the emerging world order, who are the main drivers of change, who is formulating the substance of unifying principles in the emerging order, who are the forces of opposition, who are the winners and losers, how are interests being changed in the process of global change, what is coming next, what ought to be next, are there critical issues that we are ignoring or underestimating at our own peril?

Some observers have begun talking about a “post-American world order.” But the fact that the relative preponderance of power resources remains in the hands of the United States suggests that such talk is premature. The US retains the advantage of superior power across all dimensions of national power (material, ideational, soft, hard, high politics, low politics). American power is also reflected in the robust network of alliances and treaties it maintains around the world, and its relative ability to mobilize coalitions of international allies and partners to take international collective action in the security arena. Nonetheless, signs indicate that we have transitioned into a period where universal global action is likely to be the exception rather than the norm. The order we observe is a more negotiated order, where a greater degree of bargaining and negotiation is the norm in global politics and global problem-solving.

Reaching consensus in the emerging world order will be more of a challenge than in the past, likely requiring more give-and-take, especially between the great powers, as well as among various alignments and coalitions.

Finding common ground on global norms moving forward will be a greater challenge if we consider global societal conditions. Parts of the world are increasingly divided and angry. Among the marginalized and dispossessed, certain segments have been drawn to religious extremism, with some taking to armed violence. Other parts of the world remain, on balance, optimistic about the future. It is not coincidental that these are the parts of the world for which the gains of global economic integration have outpaced the losses in recent decades. However, even in places with higher growth, the dark side of economic globalization has also been in operation, most obviously expressed in national Gini coefficients, or where the environment has been sacrificed for growth. One response among recently industrialized and emerging economies has been to devise new international cooperation arrangements or new institutions, focused on the global South. Among the advanced economies, growing economic inequities are expressed along racial and ethnic fault lines, increasing social tensions. Political divisions within the advanced democracies are more and more acutely divided over the future direction, goals and contours of their societies, suggesting the breakdown of the social contracts that have held for much of the post-Second World War period. Conflicts in some zones of the world are flowing into other zones, destabilizing conditions further and catalyzing further existential debate.

Forging consensus on shared agendas, and clear sets of priorities, for taking collective action and global problem-solving will be daunting in this emerging world order. This

points to the need for international leadership and authority, which can translate capabilities into collective action through new instruments.

Collective Action & International Leadership

In addressing collective action in the emerging world order, one is confronted immediately with a lack of policy consensus, shortfalls in international leadership, authority and legitimacy, and the short-termism of politicians and some corporate actors. Many are questioning the global integration and openness agenda of the last three decades, or calling for a reversal. Even where support for global integration remains strong, there is a sense that some modification and recasting of the integration agenda is needed.

In the main, the Group of Twenty (G20) summits – the new global organizational framework that has been forged to deal with the global economy – lacks consensus to guide collective action. For example, the ‘leading economies’ that assembled as a global crisis management committee to put a basement under the free fall of the global financial system in 2008-09, have failed to deliver as the steering committee for the world economy. The G20 have never truly reached consensus on the main causes of the financial crisis of 2008-09, nor on the main lessons of the crisis. Nor, despite joint “declarations” about consensus and “actions plans” have G20 countries found common ground on the essential remedies for putting the world economy on the path of sustainable, stable, and strong growth. The deeper reality is that the degree of ideational and policy consensus on global problem-solving and collective action in the world of the G20 is a far cry from the consensus that was struck, for example, for the Plaza Accord agreement of 1985 between the G5 nations (although Plaza

turned out to be a flawed solution, and was soon followed by the Louvre Accord).

Despite the limitations of the G20, we are not lamenting the loss of the G5 world, nor rallying behind reinvigorating a G7. The G7 has also proven itself less than capable of providing global economic leadership during the last decade, and it is highly questionable whether it can provide global security leadership moving forward given its estrangement from Russia, not to mention China's absence at the table. Our point is that the G20 is showing that governance 'by a committee of 20 nations' is not working well today. There has been an inability to strike consensus across the divide that runs through the middle of the G20 between the G7 caucus and the advanced economies, on the one hand, and the BRICS nations and the major developing countries, on the other, with regard to a number of the key working areas of the G20. In some instances, there is a lack of consensus within the G7 grouping itself.

The United Nations is also the object of [growing criticism](#). Much of the opprobrium is directed toward the Security Council and the unwieldy General Assembly. Ultimately, however, there is no alternative forum to replace the Security Council as the final arbiter on the most pressing global security matters. The UN will likely remain a key setting for rethinking and new collective action on the contemporary refugee crisis and international migration challenges moving forward, especially as these concerns converge with the international security agenda, and non-conventional and non-traditional security threats. Regional solutions alone are proving themselves to be inadequate.

For smaller or less prominent nations in the system, moreover, the UN remains the only real option for voicing their concerns and interests. In addition, it has served as an

important platform for action by nongovernmental organizations in some global policy arenas, such as climate change. It is telling, moreover, that, even as the rising states allocate resources to form new international institutions, they also continue to support the UN.

At the same time, [the UN has also received commendation](#) as a source of promising international action on the climate change and environment front. The UN and other existing institutions have also emerged as sources of innovation on the global energy governance front (please see the upcoming commentary in this Series by Anne Florini).

New Alignments

Whereas geo-strategic alliances were the core feature of the last century, this century, so far, appears to be more about pragmatic context and specific alignments. New alignments of state interests and corporate power characterize the emerging world order. These coexist alongside established alliances and partnerships that are carryovers from the Cold War order.

One of the defining patterns of the emerging order involves the rising powers and developing countries so-called "routing-around" the incumbent powers and the established principles and institutions (evoking what Barma, Ratner, and Weber provocatively called a "[world without the West](#)") to create new bilateral, regional and global arrangements. Whether these new arrangements will reshape international politics and economics in fundamental ways is the key question.

This routing-around started before the 2008-2009 crisis: China, India and Russia met first trilaterally (starting in 2001), and then bilaterally, with state visits by the Chinese

president to Brasilia in 2004, the Brazilian President to Moscow and Beijing in 2005 and 2006, and Chinese and Russian presidential visits to Brasilia and New Delhi in 2007 and 2008. These visits took place in tandem with the growth of investment, financial, monetary, tourist and academic ties between these economies.

The same leaders also made regular visits to countries in Africa during the same period, and their governments opened more and more diplomatic offices throughout the continent. They engaged with African states not through the framework of aid or of assuming the “burden” of aiding a poor continent. Rather, they approached the continent in terms of “opportunity and managed risk”, and “partnership and shared benefits”. The rhetorical shift alone was appreciated in African capitals and, importantly, was accompanied by multi-year purchase agreements for African exporters, major financial resources, waves of infrastructure investment, and technical cooperation. (In 2011, South Africa became a member of the “BRICS” club.)

After the financial crisis hit, the emerging economies relied on their own national development banks and state export-import banks to weather the storm (please see the upcoming commentary in this series by Kristen Hopewell). They found that their accumulation of large foreign currency reserve holdings and the domestication of their debt provided key insulation during what became the most severe financial crisis since the Great Depression of the 1930s. They were able to draw on their reserves to provide trade finance to their trading partners, to finance their national champions to expand overseas, and to fund their domestic infrastructure development.

It was disappointing for the emerging economies and the major developing countries when their efforts to direct more attention to their concerns on the G20 agenda failed, largely because they were stifled by the G7. This was a factor in their initiation of new institutions, namely the New Development Bank and the Asian Infrastructure Investment Bank. Only after the emerging economies took matters into their own hands did the G20 address their infrastructure and sustainable growth concerns in a more serious way.

Ironically, despite the lack of tangible results from the G20 agenda, the summits have been useful as a venue for the national leaders in the new alignments to meet bilaterally. These bilateral “side-meetings” have yielded concrete deliverables. For example, although the recent G20 Hangzhou Summit delivered some noteworthy announcements on climate change, green finance, rhetorical support for industrialization in Africa, for South Africa, the most important agreements were likely those between President Jacob Zuma and Chinese President Xi Jinping on Chinese support for the South African economy, including the agreement for the China Development Bank (CDB) to provide a US\$500 million credit facility to Eskom, South Africa’s electric public utility. The [agreed upon borrowing arrangement](#) will help to stabilize Eskom’s liquidity position, especially for the 2016 to 2017 financial year; it will also help to finance the power utility’s capital expenditure programs over the medium-term, including the government’s nuclear power program. According to the Eskom CEO, the “gesture from CDB to make available US\$500 million” is important for the South African public utility because it signals that Eskom can “still raise capital in international capital markets,” and that being able to draw funding from other BRICS nations means the public utility is not being “held hostage” by large institutional investors and asset management firms.

Aside from the great powers and the major emerging economies, “middle powers” are also trying to exercise their collective influence in global affairs. The South Koreans have led the effort to explore the collective diplomatic potential of the “[MIKTA](#)” countries (Mexico, Indonesia, Korea, Turkey, and Australia). The [Australian government adds that](#), “MIKTA countries are significant economic powers and play pivotal strategic roles in our regions. MIKTA countries are the 11th, 13th, 15th, 16th and 18th largest economies in the world. We share important fundamental values and interests, including commitment to open economies, human rights and democracy, and it matters to us all that international governance structures effectively address the problems we face.” The Australians write, “our consultative forum can play a constructive role internationally,” and that MIKTA’s “diversity will enable us to build consensus to advance the common interests.”

Through a self-named “[3G coalition](#)”, small states in the UN system are working together to leverage their collective voice, to influence global priorities and reshape the global agenda. Their exertions include pushing the G20 nations to be more inclusive and to connect more with existing international institutions, especially within the UN system where the 3G nations have official status and voice. The 3G coalition is trying to ensure that the concerns and interests of small states are on the global agenda. Their efforts highlight the interconnection between representational legitimacy (the need for broader consensus-building) and organizational effectiveness in responding to global problems.

The Global Architecture— Old and New

What the above trends and patterns tell us about the study of global governance is that we should focus not only on international coordination at the apex of the global system, i.e. from the top down. The incremental shifts emerging at various levels of the system-- including from the bottom up-- also bear monitoring and assessment.

The points above tell us that we should not focus excessively on global summitry. Due attention must be given to structural change, i.e. how international politics and economics are changing, and how, when, where and why the balance of forces is shifting in fundamental ways. Our discussion also sets into relief the interrelation between structural changes and formal institutional arrangements, especially the rise of new institutions and their relations with existing institutions, and the role of informal organization and networks. The shifts in the balance of structural forces include both state and non-state actors.

It is no longer news that the BRICS and Asian nations have initiated their own new institutions to remedy what they perceive as the policy and institutional shortcomings of the current global architecture. The creation of the New Development Bank (NDB) and the Asian Infrastructure Investment Bank (AIIB), and the launch of a China-led “One Belt, One Road” initiative have caused a stir. At the inauguration of the AIIB and the NDB, Chinese Finance Minister Lou Jiwei (who is also the newly appointed Chair of the AIIB’s Board of Governors) said that the new banks would complement the existing multilateral development banks—but that, in addition to this, the new banks would aim to improve the existing governance arrangements, standards and business models. [He also challenged](#) the notion that there were already set ‘best practices.’

These and other new international initiatives deserve closer and more detailed study. They are likely to be core elements of the multi-tiered and multi-centered global governance system that appears to be emerging. Closer attention needs to be given to whether the new institutions are interacting with existing institutions— and, if so, how they are doing so. We also need to better understand the deeper logics and or other push-factors driving the emergence of new institutional initiatives. Systematic research and analysis is needed on the scale and extent of change that is emerging in this increasingly “negotiated” order to understand who the drivers, the winners and losers of the transformation we are witnessing. The lag in academic research – especially within the elite academies – is noticeable. It is arguably a decade behind the emerging reality.

Multi-Dimensional Perspectives

The new institutions emerging are providing spaces to rethink fundamentals: what is meant by “sustainable growth” and how is this concept best operationalized in today’s changing global environment, for example? *Global Policy* is the optimal partner to initiate this line of inquiry. Recently, for example, the journal [published the comments](#) of Lorenzo Fioramonti (University of Pretoria in South Africa), that reflect on how the convergence of socioeconomic, environmental and energy crises has led many experts and policymakers to question “GDP” and “GDP maximization” as the basic metrics of economic success. Fioramonti suggests that non-G7 nations may emerge as “global leaders in well-being, prosperity, and sustainable development,” giving rise to “more equitable and sustainable” regionalism and globalism.

As an example of this potential leadership, for more than a decade now, Chinese officials have been interested in the transformative

potential of the idea of “green GDP.” This innovation would face many obstacles to implementation inside China. However, Chinese authorities were also discouraged from pursuing the development of this idea when they sought support in doing so from the established global financial institutions. With the creation of the new multilaterals, it will be worth tracking whether new resources are directed to green GDP or other innovative ways to measure and strive for sustainable growth.

Although we expect that some of the new solutions will be generated in the emerging world and in the new institutions, the incumbent powers and established institutions remain as the holders of key experience and many lessons-learned. Their adaptation to today’s changing international conditions, including their response to competitive pressure from the newer institutions and rising actors, will provide another source of innovation. Ultimately, the key dynamic in developing new global solutions will center on the relations between the rising actors, rising institutions, and the traditional powers and incumbent institutions.

Working in partnership with *Global Policy*, this Series will highlight innovation and evidence-based research that provides new perspectives and creative solutions that address the “what is next” in global policy and global governance, and how we may get there. We aim to give space to what can be called new multi-dimensional, or “new three-dimensional thinking,” for lack of better terminology—i.e. perspectives that reconsider the fundamentals, and lessons-learned, best practices and models along “South-South, South-North and North-South” dimensions. As we explore new directions in global problem-solving, we will aim to connect with the lexicon of global sustainability, global

risk and crisis management, while giving focus to evidence-based research, breakthroughs in research questions and methodologies, and the identification of innovative solutions to critical challenges.

We hope to support the search for what the grand strategist, Henry Kissinger, [has referred to](#) as the “new concepts” and “coherent strategy” that will allow the great powers and regional orders (and the multiplicity of states and non-state actors that make up contemporary global governance) to relate to each other, to “work in parallel,” if not in tandem, rather than exist at logger-heads, in response to global challenges. In this way, this endeavor is an effort to find the “unity of things” that “lies beneath the surface,” and that “depends upon a balanced reaction between opposites.”

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