

G lobal Governance at Crossroads

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Capitalist Genesis of Global Governance

Governance is defined as a framework under which action needs to be harmonized. Harmonization is a vague word to denote the varying mix of binding action, shaping joint action, encouraging coordination, prodding future planning, etc. How has global governance been born? It has three different but closely related roots: capitalism, security and democracy. All these have been affected by the steady tide of globalization which has been propelled by the diffusion of technological progress around the globe.

First, capitalism used to enjoy the sharp differentiation between developed and developing economies, the ratio of which is roughly two to eight. No longer. The G-8, which used to claim leadership over the management of the global economy with the hands of the top five, six, seven or eight economic leaders of the world, has faded somewhat from the highlighted world stage. Instead, by 2010, the G-20 – the group of leaders from the emerging economies plus the G-8 – has enshrined itself on the world stage. The G-8 started in 1975 as a scheme to sustain the old system of keeping the North-South distinction more or less intact while the world economy, tattered by sharp rises in fossil-related energy prices, somehow moved forward in concert with policy coordination by the leaders of key developed economies.

What has happened for the succeeding 35 years? In a nutshell, technology has diffused steadily from the North to the South and resulted in the need to coordinate interests among far larger circles. The momentum of economic development has stalled in the North whereas it has further surged in the South, albeit marked by intermittent ups and downs. While a new North has been consolidated, a new South has been created everywhere in the old North as well as the left-out South. It is very important to note at this stage that the global diffusion of technology does not engulf sovereign states per se but rather a good set of business units located globally. As I mentioned in the book *“Global Change,”* it does not mean the end of sovereign states but it means something close to the end of geography.

In 1985 the Plaza Accord was concluded by key economic leaders. The accord unleashed the purchasing and selling of currencies in the



Leaders of the world's seven richest countries gather in Rambouillet outside Paris for the first G-7 summit in 1975.

world instantaneously. By 1986 the business of currency trade swelled to a level 50-100 times as large as conventional trade in goods and services for the first time in human economic history. In tandem with the ease with which money moves across borders, “mad money,” as Susan Strange first mentioned in her book, has created bubbles here and there, resulting in the sudden collapse of bubbles here and there. The stalled old North in terms of creating economic surplus has been intensifying its inventions to make the best use of its opportunities of using money most efficiently.

Money is not only mad but also thirsty. Hence the intermittent collapse of bubbles somewhere in the world, e.g., Japan in 1991, Russia in the mid-1990s, East and Southeast Asia in 1997, the United States in 2008, and Greece in 2010. As money moves globally in massive volumes, the need to govern mad and thirsty money has been most acutely felt by bankers and leaders of the world. Hence the need for global governance.

Security Genesis of Global Governance

In the security domain, the sharp distinction made between the West and the East vanished in 1989-1991. Disciplining each member

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of both camps loosened and immediately vanished in the case of the East camp. Out of this loosening of discipline and solidarity and abandoning of key leaders' major attention and assistance arose the issues of anarchical spots called failed states (Ghani & Lockhart, 2008; Chomsky, 2007) like Cambodia (1980s and early 1990s), Kosovo (1990s), Rwanda (mid-1990s), Somalia and Afghanistan (both 1990s through 2000s), and of nuclear proliferation (Reed & Stillman, 2009; Brown et al., 2010) possibly leading to nuclear terrorism and global anarchism potentially in such countries and regions as North Korea, Pakistan, Iran, China, Syria, Myanmar, Israel and Palestine. These two issues have been undermining the scope and effectiveness of disciplining actors purported to restrain actors going astray.

First, intensified competition on a global scale has not enabled some least developing countries bereft of all kinds of resources to sustain themselves. Violence has occurred frequently at many places and the authority of government has gone down miserably. Confronted by possible or probable anarchy at home and abroad, some leaders have been most desperate in underlining and thus manufacturing and purchasing what they think is their ultima ratio, nuclear weapons.

Second, increased demand for energy resources has prompted an increasing number of developing countries to seek to generate nuclear energy on their own. What the nuclear North has agreed on largely among themselves and imposed on the rest in the South is increasingly disregarded. Yet the business-thirsty nuclear energy sector of the North has become somewhat alarmingly receptive to the idea of transferring nuclear energy technology and resources to the South.

Third, China has been helping to construct infrastructure at places strategically important and accessible to China on a global scale. They include port facilities, both commercial and naval, in Myanmar, Sri Lanka, etc. Given the steady economic growth for the last two decades registering two-digit annual growth rates and the even stronger impulse to modernize the Chinese People's Liberation Army, it is quite predictable for China to assert its territorial waters as widely as possible, especially in the Western Pacific and in the Indian Ocean leading to the Middle East and East Africa. How China is able to substantiate its dream of a "blue-water navy" capable of operating on high seas far from its coastal waters and its dominance in the Pacific and Indian Oceans swiftly is a moot question, however. Two key factors matter in this regard.

First, the momentum of economic development in China will start to dwindle as its demographic decline will begin in the second quarter of the 21st century. Second, no less seriously, the contradiction between the politics of one-party dictatorship and the economics of capitalism, Chinese style, has been aggravating the plight of most inland peasants as compared to coastal city professionals and very rich businesspeople. While the former could constitute sources of unrest and protest, the latter could constitute sources of apathy and animosity to those marginalized by government policy.

The crux of the matter is that the United States is widely deemed to remain the only power that can play a primary role in global governance despite all odds, at least in the former half of the 21st century. It is largely because there seems to be no one on the horizon who can become a world leader like the United States so soon. As mentioned in my book review on *"Bounding Power: Republican Security*

Theory from the Polis to the Global Village" in *Ethics & International Affairs*, while the United States has arguably started to decline visibly and tangibly, the superpower might be able to have other nuclear powers reduce their nuclear weapons while itself keeping a slightly more than minimum nuclear arsenal, thereby sustaining itself as a possessor of minimum deterrence and as a de facto imposer of global norms and rules with regard to a nuclear regime.

Democratic Genesis of Global Governance

Two phenomena are taking place more or less simultaneously. First, the number of democracies so defined by the United Nations reached 120 circa 1995, the largest in history. Since the number of member states of the United Nations was 185 as of 1995, more than 60% of member states were democracies. Since then, democracy receded somewhat.

Second, as John Keane pointed out in his book *"The Life and Death of Democracy,"* the nature of democracy has been metamorphosing from what is called representative democracy to what is called monitory democracy. Representative democracy is a democracy in which people's deputies are elected by popular votes. Monitory democracy is a democracy in which both the government and citizens monitor each other with the slogan of transparency and accountability.

A key impetus for change is technological innovation for communicating texts and photos by personal computer with identity kept anonymous. Salient in this process is the toning down of democratic passion in one country. Democracy without borders is not strong enough. But the strong national frame of democracy has been made more relative when at levels different from the national one, i.e., global, regional and local, democracy is more highlighted than before.

Binding rules, and nonbinding but atmosphere-shaping announcements keep emerging at all levels. One example of the former is the World Trade Organization's rules imposed once membership is granted. One example of the latter is the Kyoto Protocol on climate change and environmental degradation.

Scope & Effectiveness of Global Governance

So far I briefly explained how global governance has developed as a multifaceted, multi-level phenomenon. In this section I now briefly examine the scope, process and effectiveness of governance schemes in a number of selected areas, e.g., trade, the environment and security. Of numerous policy domains, security is the least framed domain. Nevertheless, there are a number of frameworks under which member states are bound. One good example is the convention on small arms and light weapons. In light of the fact that a huge number of people, especially children and women, are victims of such arms and weapons, the convention prohibits such weapons from being used at any circumstances. However, such weapons as well as normal weapons are still used, especially in places where anarchy prevails like in failed states.

Next come nuclear weapons. Although nuclear weapons were used only twice in wartime, Hiroshima and Nagasaki on August 6 and 9, 1945, there are no binding rules or norms which assure nonuse of nuclear weapons. That is why nuclear weaponry manufacturing, pur-

chasing and proliferation in general are apprehended globally. One instrument which is purported to bind is the Nuclear Nonproliferation Treaty or NPT. India is not a signatory to this convention. But the United States-India agreement on nuclear energy cooperation allows India to receive high-level nuclear technologies from the United States for energy-generating purposes.

Iran is a signatory to the NPT. Only recently have key actors, the United States, Russia and the European Union, decided to allow Iran to move forward to generate nuclear energy. The point here is that this decision depends importantly on how the country restricted is reputed by key actors.

Recent studies on the international dispute judicialization such as “*Uneven Judicialization:*

Comparing International Dispute Settlement in Security, Trade and the Environment” by Mondre et al demonstrate lucidly and indisputably that the security dispute is least judicialized in the International Court of Justice. Furthermore, the degree of judicialization in the security domain has not increased. In other words, state sovereignty in the security domain has been kept more or less intact despite all the observations in the opposite direction in many other policy domains. In the environmental policy domain, the picture is slightly different. Perhaps due to the well-publicized information on environmental issues, the dispute judicialization of the environmental domain is much greater than in the security domain. However, even if the process is initiated, it is not very common for the process to reach the final stage of dispute settlement by judicialization. The frequent incidence of avoidance is observed. Even in the trade policy domain in which the degree of judicialization is highly regarded, the dispute settlement by judicialization did not increase dramatically in 2000 compared to 1990. The point here is that judicialization, an aspect of the degree of global governance, has been on the slow increase since 1990, but it differs from one policy domain to another tremendously. Needless to say, the resort to the International Court of Justice in dispute settlement is no more than one way of conflict resolution and dispute placation. Still it is very important to note that global governance is still in an early stage of development in many policy domains.

Modes of Global Governance

Post-World War II modes of global governance remain hard to replace. There are no strong conditions under which such schemes are to be changed (Diehl & Frederking, 2010; Karns & Mingst, 2009; Weiss et al., 2010). The United Nations and its agencies have been functioning despite all the inadequacies and insufficiencies. The



G-20 leaders pose for a family shot at Excel Center in London in April 2009.

International Bank for Reconstruction and Development, the International Monetary Fund and the World Trade Organization are widely regarded as indispensable despite all the inadequacies and insufficiencies. Softer organizations like the G-8 and G-20 are more amenable to change.

However, most important here is that increasingly many leaders have started to express their feelings that post-World War II schemes of governance need to be rethought and redesigned. As has already been pointed out, the three geneses of global governance, capitalism, security and democracy, have been changing steadily: capitalism from one-country capitalism to global capitalism, security from national security to world security, and democracy from representative democracy to monitory democracy. So far these shifts do not trigger any fundamental or drastic action.

Rather, the extant organizations and nongovernmental and non-intergovernmental organizations have been amending their rules and functions. Rather new organizations have come into being like the G-20 and the UN Framework Convention on Climate Change. Rather new schemes of conflict resolution, dispute settlement, and appeasement and reconciliation are springing up year by year.

Judging from the trend of governance schemes since 1989 and the prospect of leading powers to shape norms and rules and impose an overarching framework in comprehensive ways, i.e., no drastic change in global governance and no clear prospect of an indisputable world leader except for the United States, it seems best to think that pragmatic incrementalism will continue for some time to come and that local and regional rearranging efforts are likely to proceed more steadily for something to come. **JS**

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