

Global Governance: Challenges of Unpredictable Era

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The second decade of the 21st century is the next, already very advanced stage of global transformation. Its distinguishing feature is the fact that despite all attempts to reinvent the international institutional infrastructure, global governance is in increasingly deep decline. Even the most powerful and influential players no longer lay claim to the ability to control the course of events.

The G20 emerged in a moment of highest panic, when the most urgent need was to calm down markets, and then it showed itself to be a very successful instrument. The very fact that 20 of the most powerful and important states came together had a positive psychological effect. Further attempts to turn the G20 into a key body for global governance faced objective difficulties, because, to use the expression of George Orwell, “all animals are equal, but some are more equal than others”. The “more equal” once shaped the informal G4—US, China, Eurozone mainly represented by Germany, and Japan (so far). Those countries are essential to discuss issues of global economic governance; the rest are more or less visible entourage, which can have certain influence but not in a decisive manner. That inevitably creates problems of legitimacy, which is also applicable to the G8, and does not provide the framework for settlement of political problems. Meanwhile, the current international troubles are mostly of a political nature.

International environment—more complex and chaotic

The international environment is getting more complex in many ways.

First, there is the growing gap between the world economic system, which is becoming increasingly integrated and global, on the one hand, and the system of political relations, on the other. The latter is still based on national priorities and also shows signs of weakening influence of all inter- and supra-national (to a greater degree) bodies in contrast to national sovereignties. The combination of economic interdependence and of the political and ideological incompatibility is getting quite common. Intricate relations between Russia and the EU, and especially those between the US and China, are the most obvious examples of this kind.

Second, international relations have been getting more “democratic”, and individual countries more “emancipated.” (The “Arab Spring” is a vivid manifestation of the latter process. The main purpose of the protests was the updating and strengthening of the nation states in the Arab world, with the

most likely net effect of greater sovereignty of countries in the region and a rise of nationalism.) Bloc discipline, typical of the Cold War era, is finally giving way to independent policies by not only large players, but also medium-sized ones. Countries that just fifteen years ago remained loyal members of stable alliances (for example, France and Turkey), and of systems of relations (Egypt and Pakistan), or did not show any far-reaching ambitions (Brazil and Iran) are now ever more often determined to play their own game.

The desire to participate in international relations does not necessarily mean the ability to play a constructive and effective role in them. The level of ambition often exceeds real competence, which contributes to the overall turbulence. In any case, the growing activity of the hitherto low-profile actors is reducing the already diminished resources of the leading powers to control the current developments and reduce the potential of global governance, calling into question the very possibility of handling global processes.

Third, the erosion of integrationist and governance institutions, inherited from earlier periods and proven unable to adapt themselves to rapid changes (NATO, the EU, the IMF, the WTO, OSCE etc.), which manifested itself at the beginning of the 21st century, again raises the question that implied a plain answer five years ago. Namely: Is integration the key to political and especially economic problems? The principle “too big to fail” that governed the global financial markets and that led to the all-too-well-known consequences in 2008 is, in fact, applicable to relations between states. As a result, cyclic economic crises are spreading with the speed of a pandemic and are catalyzed by the problems of individual countries, which enter into a dangerous resonance. Attempts taken to save at all costs some elements of the system for the sake of the whole system impede structural reform and merely defer an even deeper crisis.

According to an assumption that had long been considered an axiom, small and medium-sized actors in the era of globalization have no prospects, so the sole way out for them is to join large unions. This is certainly true in terms of deriving benefits from the global economy. However, there is a downside to globalization, which, as the Greek experience shows, can have fatal consequences for the weaker economies. The principle of solidarity of larger members of integration organizations with smaller ones is doomed to stay within the realm of interest of the “heavyweights,” which will always act to minimize their own costs. Therefore, “keeping hands free” from external constraints (i.e., retaining an opportunity to use a broader set of tools, which has traditionally been considered a privilege of the great powers) may prove a basic condition of survival for less-significant actors.

Fourth, the principles on which the international environment is structured will continue to change. On the one hand, the lack of control of the global world is fraught with both objective risks and subjective fears, so attempts to find ways of keeping the processes under control will be stepped up. Since the universalist approach to political and economic governance cannot cope with

the ocean of challenges, there has emerged a trend towards regionalization as a way of structuring the global processes. On the other hand, the approach to forming alliances will change dramatically. Stable alliances, cemented by common values (i.e., ideology), were a product of the 20th century, when ideologies played an exaggerated role in world politics. The 21st century, judging by many indications, will see a return to normality in this sense: geopolitical and geo-economic interests will prevail over the sharing of values. The latter, of course, will not disappear, but it will be rather an additional factor that facilitates or, conversely, complicates cooperation. Donald Rumsfeld's maxim "The mission determines the coalition" will long survive its author, who quit active politics a while ago. Flexible alliances created for specific missions that the very same Rumsfeld described as "coalitions of the willing" look more promising in an environment where problems can be quite unexpected—both in their content and place of action.

Choosing the leadership

In late June 2011, two major international organizations decided the issue of their leadership. UN Secretary General Ban Ki-moon of South Korea was unanimously re-elected to a second five-year term, and Christine Lagarde from France took over the post of Managing Director of the International Monetary Fund, vacated by her fellow Frenchman Dominique Strauss-Kahn, who had resigned following claims of sexual assault.

There were no unexpected developments in either case. It is only in extraordinary circumstances that an incumbent UN Secretary General, whoever he is, is not re-elected to a second term. (So far, this has happened only with Boutros Boutros-Ghali, who in the first half of the 1990s failed to realize who the sole master of the world now was, and the United States vetoed his second term for his criticism of the US.) As regards Lagarde, her election was a continuation of the inviolable tradition of appointing a European as managing director.

Yet, tensions keep growing behind the facade of predictable voting, which suggests that the next time the appointment of officials to these high posts will proceed in a much more conflictual atmosphere.

Over his five years in office, Ban Ki-moon proved to be an undistinguished bureaucrat without any visible ambitions. Attempts to do something with the UN in order to bring the organization into line with the realities and requirements of the new century had failed under his predecessor, Kofi Annan. Nevertheless, Ban was lucky—it was during his term (which does not equal "thanks to him") that the UN began to emerge from the decay in which it had found itself at the turn of the century. Washington again began looking for ways to legitimize its actions via the Security Council. The UN Security Council resolutions on the Iranian nuclear program and Libya, and the UN

actions in Côte d'Ivoire seemed to have returned to the organization viability and its due place.

This might well have been so, but for the results of the measures taken. For example, the impasse in which major powers found themselves in fulfilling the UN resolution on a no-fly zone in Libya, passed in strict accordance with UN procedures, is probably even more hopeless than the difficulties the same powers had faced when acting in Yugoslavia and Iraq without Security Council approval.

The surprisingly easy accord achieved in the UN Security Council on Libya actually demonstrated not consensus but a lack of interest among influential states and their unwillingness to assume any responsibility whatsoever—either for action or inaction. Formerly, any issue that implied interference in internal affairs sparked heated debates, whereas now a group of important international players simply distanced themselves from the problem. The non-Western world actually allowed the Western world to do whatever it pleases, because it was sure that the West would only discredit itself as a leader. The Libyan campaign has proved that these calculations were correct. NATO finally abandoned all formal proprieties and took side in a bloody civil war, turning into a mean of regime change.

Several years ago, when US policies were aimed at spreading democracy around the world, their architects of course did not mean what we are witnessing today. Meanwhile, the process of democratization is going on—not only in individual countries, but throughout the international community. On the one hand, fast-growing countries of Asia are rapidly increasing their political potential and demanding to be heard. On the other hand, even those representatives of the former “Third World” that cannot boast impressive achievements have taken much more proactive positions.

However, the modern design of the United Nations better suits a different model—namely, the preservation of the monopoly status of the permanent members of the Security Council, along with the presence of the General Assembly where others can simply let off steam. This is a typical managed democracy. It is within its framework that Ban Ki-moon was re-elected—without competition, without alternative candidates and even without him presenting his political agenda. The incumbent Secretary-General does not cause allergy in leading players—this is enough for being re-elected to a second term.

Institutionally, this cannot be changed—all the proposed reforms run into a categorical unwillingness to share privileges on the part of those who enjoy them. However, a system that is unable to reform itself from above, sooner or later will face pressure from below; in the case of the United Nations, it will be pressure from the “democratic masses” in the General Assembly, however populist they may be. This will mean a new balance of power in the world, when those who are accustomed to rule will have to prove to others their right to that. Ban Ki-moon's successor will have to be elected in a different atmosphere.

BRICS falling apart

The developments in 2011 have repeatedly drawn attention to the problem of global governance, and each time it turned out that neither the traditional institutions, nor new ones, which are just emerging, can cope with the challenges of today. BRICS is one of these new institutions. At a summit in China this spring, the leaders of its five member states declared that they are the backbone of global economic and political stability and will strengthen their interaction in this field. However, when the scandal over IMF Managing Director Strauss-Kahn offered them an opportunity to demonstrate this interaction, BRICS fell apart.

Russia, which at the level of rhetoric has always been the main herald of the importance and necessity of BRICS, made an exhibition of itself. At first, Moscow, together with other members of the Commonwealth of Independent States and without consultation with the other BRICS countries, supported a candidate from Kazakhstan. Shortly afterwards, together with its BRICS partners, it spoke out against the tradition of appointing a European as IMF managing director. Finally, at a G8 summit, it found that there was no better candidate than Frenchwoman Christine Lagarde. All that happened within one week. The other BRICS countries showed no solidarity either. South Africa came up with a candidate of its own, former Finance Minister Trevor Manuel, but the others did not bother to take note of that. Brazil quietly entered into negotiations with the front-runner candidate about its needs, while India and China hid behind statements about the imperfection of the world order.

In the meantime, it was Russia that had the key to a hypothetical common position of the BRICS. If Moscow had expressed a dissenting opinion at the G8 summit, the other BRICS partners would have had grounds for consolidation, and the pushing through of Lagarde's candidacy by Europe, which in view of its desperate economic situation could not afford missing this key position, would have looked like an outright imposition of its will. But Moscow preferred not to do so in order to not disrupt its European friends' game. As the Hong Kong-based *Asia Times* pointed out, "BRICS will remain a shelter for Russia so long as it stands excluded from a common European home," whatever passionate words Russia may say about the organization.

Speaking objectively, BRICS had no chance to prevent the election of Christine Lagarde as IMF managing director; this would have been possible only if the United States had turned its back on the EU. But that would have been a real blow to the foundations of the transatlantic relationship; Washington is not ready for that yet. However, BRICS missed a wonderful chance to assert itself as an independent and influential force.

By the way, Moscow's concession is strange, because four years ago, when Strauss-Kahn was nominated for IMF managing director, Russia took a principled position and proposed a different candidate. And, as it has turned out now, it was right.

Pyrrhic victory of Europe

Europe has every reason to celebrate a victory, something rare nowadays; but in the medium term this victory may prove Pyrrhic. Analysts have long said that the tradition of appointing a European as IMF managing director, set in the 1940s, does not meet the modern realities. When Strauss-Kahn was elected in 2007, the Europeans promised that he would be the last European candidate for the post. Most likely, no one was going to fulfil this promise even then. But since then the situation has changed greatly, and keeping the post of IMF head for a European has turned from an element of prestige into an urgent necessity. The Fund plays a key role in saving Eurozone countries that are on the verge of bankruptcy, and if its head stops showing understanding for Europe's position and starts dictating terms, as it used to be in the IMF a long time ago, the entire economic edifice of the EU will start to totter.

The desperate situation has forced the Europeans to put diplomatic politesse aside. Four years ago, at least some arguments were presented for a European IMF chief and for Strauss-Kahn personally, and the latter even presented some program. Now there was nothing like that.

Europe will likely achieve its goal, but in the longer term it will have to pay for that. Having brushed aside the conventionalities, the EU has shown to the world that the only thing that matters is that self comes first. This is not new, but the EU's foreign-policy tactics used to be based on an image of the moral standard that cares about others' interests more than its own. So, a further weakening of the EU's influence is inevitable, and Lagarde will most likely definitely be the last European IMF head, even if she proves to be super-efficient and professional at this post—especially as by 2016, when her term of office expires, the world may have changed dramatically.

One of the reasons why no revolution has taken place this time was China's passive stand. In word it opposes the Western monopoly, but it sees no sense in entering into a showdown over the Fund's destiny. China itself does not really need the IMF—neither for itself, nor for the salvation of countries in which China might be interested: in simpler words, Beijing has a lot of money of its own. Symbolically, the size of one's share of votes in the organization is important; however, in the present situation, even adjusted in favour of "developing" countries, the West still has controlling interest—and bears responsibility for the organization's efficiency.

What China is seeking today is delegating the largest possible number of its representatives to various levels of the governance of international organizations, including the IMF. This helps to pave the way for a transformation of institutions from within, which is more in line with the Chinese evolutionary psychology than abrupt changes. Infiltration into an organization, coupled with the discrediting of its Western managerial elite, perfectly meets China's current interests and helps create a bridgehead for a different type of conduct in five years.

The developments regarding the IMF have confirmed the general erosion of all existing institutions. BRICS is no exception. China prefers infiltrating into the status quo in order to quietly transform it later. India is busy addressing specific problems with specific Western countries—the US, Germany and France. Brazil is using the situation to strengthen its positions in the Western Hemisphere. South Africa is far away on the periphery. And Russia, as usual, is trying on all the hats at once, seeking to be everywhere and with everyone.

The absence of a consolidated confrontation does not mean that the current system enjoys support. Although no one promises now that the charming Frenchwoman will be “the last European” at the helm of the IMF, this is likely to happen. By 2016, when a new IMF head will have to be elected (and a new UN Secretary-General as well), it will be more important and advantageous for America to reach agreement with China and other fast-developing non-Europeans than with the Old World. In addition, if things in Europe keep developing the way they are now, it will not be Europeans that will be the major contributors to the IMF then.

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The erosion of all institutions, created in the era of the former balance, has entered the final stage. However, no new structures and rules have appeared, because the transition state in which the global system is now, is far from completion, and the final destination is still unknown. Accordingly, the question arises as to how appropriate and effective further integration into existing institutions will be. At the same time attempts by the leading players to strengthen these institutions, to adjust them to the flow of change may have the opposite effect—in accordance with the law of unintended consequences.

It is gradually becoming clear that flexibility and adaptability are valued above permanent commitments. Growing interdependence promotes the understanding that global problems cannot be solved at the national level. But since political consciousness is still unable to overcome the national boundaries, the real answer to challenges ever more often is not the pooling of efforts, but ever more stubborn attempts to retain room for individual manoeuvre. In a rapidly changing environment, stable alliances may not expand opportunities, but narrow them. That poses new challenges to the very idea of global governance as we knew it and will demand profoundly new approaches.

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