

The reform of global governance

Decline of US hegemony opens a window of opportunity

Lora Anne Viola

The end of unipolarity and the decline of US global hegemony create an opportunity for reform of the global governance architecture. Military and economic decline means that the US will only be able to accomplish its foreign policy goals and maintain world influence if it engages in cooperation with other states. But in exchange for carrying a larger share of the governance burden, other states will demand a greater voice in formal decision making. Through the decline of the US and the rise of multipolarity, it is likely that we will see a market place of institutions emerge to provide global public goods.

Liberals, conservatives, and most everyone in between see the need for change in the international institutional framework. International institutions such as the United Nations, World Bank, and International Monetary Fund – all products of the immediate post-WWII world – are widely seen as being out of date and not up to the challenges of the 21st century. Dissatisfaction with international institutions can be traced to two problems: the perceived incompetence and inefficacy of international institutions, and their perceived loss of legitimacy resulting from a general democratic deficit. Both of these problems turn on the issue of accountability: to whom and how are international institutions to be made responsible?

While the post-WWII arrangements were designed to be oligopolistic, reform movements of the last decades have been pushing for a change of guard. Most sovereign states and civil society groups whose cooperation is vital for solving the pressing problems of the day, from climate change to poverty to terrorism, have either little sway over global policies or are excluded from the global governance apparatus altogether. To meet the needs of the 21st century, reformers have argued, international institutions need to become more transparent, more representative, and they need to more equally distribute decision-making authority. In other words, global governance needs to become more democratic.

Such calls for reform have been reliably made for decades, and just as reliably they have failed miserably. In large part, this failure has been due to opposition from the United States which has not considered institutional reform to be in its strategic interest. The US' extraordinary military might and economic

wealth throughout the 1990s led to what some have called a “unipolar moment”; a situation in which only the US had the hegemonic power to impose its preferred global policies and forgo multilateral cooperation. At its pinnacle in 2000, the US accounted for more than 30 percent of World Product (measured in current US Dollars) and it far surpassed its peers in military spending. At the time of the Iraq War in 2003, a coalition of major powers would most likely not have been able to militarily balance the US. Given the US' material position, “going it alone” was more efficient than bearing the costs of negotiating with partners. Under the Bush administration in particular, efforts to reform global institutions were not only stymied, but a deep skepticism regarding multilateral institutions led to policies which further undermined them. At the apogee of its power two things were misaligned: the normative impetus for reform did not coincide with US strategic interests. But now things are different.

Several changes have combined to open a window of opportunity for real reform of the international order. The end of the Bush administration and the election of a president committed to multilateral cooperation and democratic legitimacy is certainly promising. But the Obama administration's change of tone alone is not decisive. Consider that President Clinton, although a supporter of a rule-based multilateral international order, closely guarded US dominance in international institutions. More significant than the US' change in normative priorities, is the fact that this coincides with a change in strategic interests. Contrary to a prominent argument recently made by Stephen Brooks and William Wohlforth in *Foreign Affairs*, it is not US power that will enable institutional reform; rather, it is precisely the end of unipolarity and the decline of US global hegemony that is opening an opportunity for change.

The US certainly remains powerful, but since the Bush administration took office, the US has seen a precipitous decline in those factors which made it a superior power. The fact is that the US' relative economic standing has been declining over the last eight years. Excessive spending to finance two wars abroad and slowing GDP growth over the last few

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Internationales System im Wandel

Das Ende der amerikanischen Vormachtstellung bietet die Chance, das internationale System auf eine neue Grundlage zu stellen. Die USA, wirtschaftlich und militärisch geschwächt, werden ihre außenpolitischen Ziele nur erreichen und ihren weltweiten Einfluss aufrechterhalten können, wenn sie mit anderen Mächten zusammenarbeiten. Im Tausch für die Übernahme größerer Verantwortung in globalen Fragen werden diese Kooperationspartner aber mehr Mitsprache in den formalen Entscheidungsprozessen verlangen. In dieser multipolaren Welt wird eine Vielzahl neuer Institutionen dazu beitragen, Kollektivgüter wie Sicherheit oder Sicherung lebenswichtigen Ressourcen zu gewährleisten.

years, now exacerbated by the current financial crisis, paint a bleak picture of the US' medium term economic trajectory. And while today the US still accounts for about one quarter of World Product (measured in current US Dollars), this figure has been steadily decreasing from its height in 2000. As the US' share in the global economy declines, countries such as China, Russia, and India are experiencing rapid growth. The relative rise of these states puts us on the brink of a truly multipolar world.

Militarily, too, the US seems to have past its peak. Even with the second largest and most technologically advanced army in the world, the US was not able to achieve decisive victories in Iraq and Afghanistan. Moreover, as long as its forces are tied up in Iraq and Afghanistan, the US will likely be unable to react alone should a major conflict arise in another region of strategic interest. With more than one quarter of its total troops deployed in more than 150 countries, the US is overstretched. And as the economic crisis deepens, the political will to continue high military spending and the financing of foreign wars will wane.

In addition to these material setbacks, the Iraq War and other Bush administration actions have led to a significant loss of legitimacy for US foreign policy both in the world and at home. General mistrust towards US power combined with its relative decline will make it difficult for the US to push its preferred policies onto institutions and allies. But even more significantly, America's image of itself has changed. Even if current indicators of US decline prove to be wrong and the US recovers its unique hegemonic standing, the illusion of omnipotence has been shattered and Americans are wary of undertaking unilateral foreign action. This is a more humble and risk-averse vision of what the US can achieve on its own.

Although the consequences of the past decade have been largely negative for the US, they may bode well for global governance. The strategic interests of the US are changing as its power position is changing, and this is what makes the prospect for international institutional change brighter than before. As the notion of global hegemony fades and as interdependence continues to grow, the number of problems not solvable by one country or even a few alone will multiply. This means that even the US will only be able to accomplish its foreign policy goals and maintain world influence if it engages in cooperation with other states. Obama and a new generation of realists are recognizing that, when global hegemony is beyond reach, international

institutions can enhance security and magnify power. The US therefore now has a strategic interest in having a robust framework of international institutions—including both formal intergovernmental organizations and strong norms of legitimacy. The question is, will this be translated into institutional reform or just remain a change in attitude?

The US is unlikely to voluntarily deny itself the special authority it formally has in the current global governance architecture, such as at the United Nations Security Council. But its growing reliance on cooperation partners means that the US is losing, and other states are gaining, bargaining leverage. Hundreds of states countenance an unequal position in the UN system as part of what might be called a grand bargain struck after WWII: the majority of states accept having only a minimal voice in managing the international system and in exchange the great powers—in particular the United States—shoulder the heaviest burdens of maintaining order and peace. The idea is that the hegemon is allowed privileges as long as it provides global public goods.

But the US is no longer able to live up to its security commitments across the globe and it cannot provide public goods, such as solutions to climate change or terrorism or nuclear proliferation, on its own. As the US' side of the grand bargain breaks down, a larger group of states will have to take on an increasing share of the burden – but they won't do so for free. At a minimum the US will have to subordinate some of its policy preferences in order to get others to share the burdens of global governance. But beyond this, rising powers are likely to use their bargaining leverage to demand more decision-making authority. This entails reforming the formal institutional apparatus to reflect the voices of those actors set to play a larger role in governance over the next decades. The declining US may still prefer the current institutional set-up, but it can ill-afford to block demands for institutional reform and risk non-cooperation or circumvention.

Major changes in the international system have always come at critical junctures – a moment, such as at the end of Great Power war, in which actors are forced to rethink international order. The end of unipolarity represents such a juncture in which relationships are in flux and in need of reorganization. But the decline of the US does not *guarantee* institutional reform; it simply diminishes one large and long-standing obstacle to that reform. Other impediments still stand in the way, including institutional inertia, vested bureaucratic interests, the costs involved in



Lora Anne Viola received a BA in political science and economics from Columbia University, and an MA and PhD in political science from the University of Chicago. She has been a member of the WZB research unit "Transnational Conflicts and International Institutions" since 2006, where she studies institutional change. She has taught seminars on international institutions at the University of Chicago and at the Free University of Berlin. [Photo: Mike Minehan]

viola@wzb.eu

forging a new bargain, and the conflicts of national interests. The critical question, then, is how to best capitalize on this critical juncture to create change.

Recent commentators have argued that real change will only occur when a hegemonic leader imposes solutions to overcome institutional inertia and conflicts of interest. But the reality is that none of the major powers is likely to be hegemonic in the coming decades. US hegemony is being replaced by a multipolar world in which not only states but a variety of new actors—NGOs, private foundations, and corporations—are influencing global policy. There is, however, another potential motor of change more suited to the 21st century: market competition. While hegemony keeps competition under a lid, multipolarity can unleash it. Through the decline of the US and the rise of multipolarity, it is likely that we will see a real competitive environment emerge in the provision of global public goods. This energy should be harnessed to power institutional reform.

Multipolarity opens the possibility of pluralistic models of governance in which actors with similar interests create new cooperative organizations outside of the UN. The G8 and the G20 are examples of this dynamic. The proliferation of clubs of common interest leads to a multiplication of governance venues which both cooperate and compete to provide solutions to international problems. Such a market place of institutions breaks the monopoly of the UN system and creates competition. When similar issues can be addressed in multiple forums, the possibility of “forum shopping” means that organizations will have to continuously adapt in order to retain clients, develop authority, and attract material resources. Competition, in other

words, creates incentives for institutions to overcome the obstacles hindering change and engage in innovation. At this critical juncture, then, the pluralisation of governance institutions should be encouraged because it can facilitate burden sharing, increase the range of interests that get formal representation, incentivize innovation, and improve accountability by encouraging organizations to be responsive to their constituencies.

We are still a long way from democratic global governance, but the conditions for reform are better than they have been in decades. Institutional change is costly but, as the world becomes truly multipolar and even more interdependent, the dividends of having invested in a modern infrastructure of cooperative global governance will only increase. The world — and not least of all Europe — needs to grasp this opportunity before the window closes.

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