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Global Governance

United Nations Security Council



Art.24.1.

(...) primary responsibility for the maintenance of international peace and security...

(...) in carrying out its duties under this responsibility the Security Council acts on their (UN Members) behalf

Art. 25

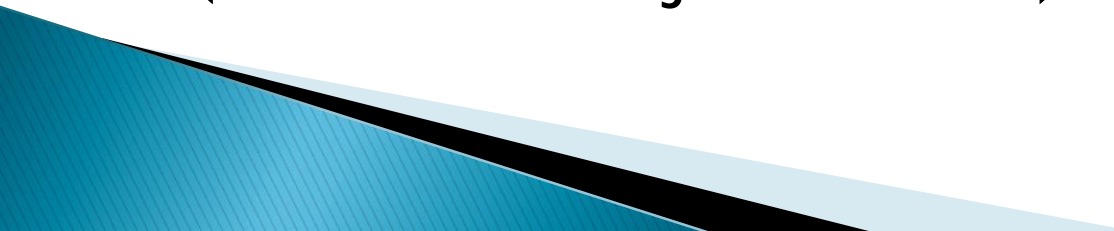
The Members of the United Nations agree to accept and carry out the decisions of the Security Council in accordance with the present Charter

Towards Global Governance

Anarchy  GG  World government

„Governance without government” – critical
absence

GLOBAL Governance

- ▶ GG # world order studies
 - ▶ IGOs lags well behind the nature of transnational collective problems
 - ▶ „Everything is being globalized except politics” (D. S. Grewal)
 - ▶ Problems lie not in globalization but in deficiencies in its governance
 - ▶ GG – „not created to take mankind to heaven but to save humanity from hell” (D.Hammarskjöld on UN)
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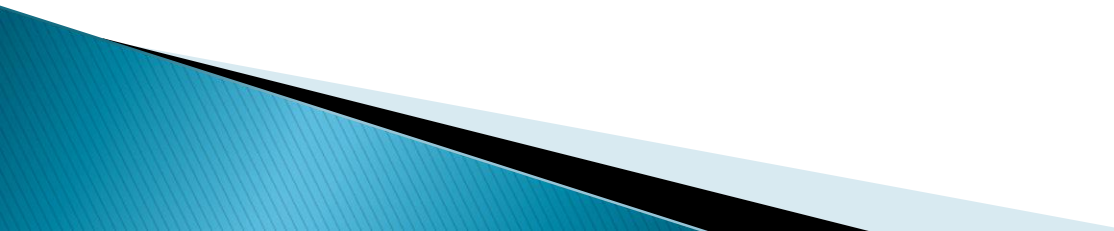
GLOBAL Governance

- ▶ GG = sum of formal and informal values, norms procedures, institutions that help all actors – states, IGOs, civil society, transnational corporations, and individuals – to identify, understand, and address trans-boundary problems

GLOBAL Governance

- ▶ „International Society” – consciousness of shared rules, practices, and institutions underpinned by hard and soft international law (English School)
- ▶ Global Ethics?

Global Governance

- ▶ 3 reasons for application of GG concept:
 - ▶ a) interdependence
 - ▶ b) NSA (non-state actors)
 - ▶ c) supranationality
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a) Nature of global problems

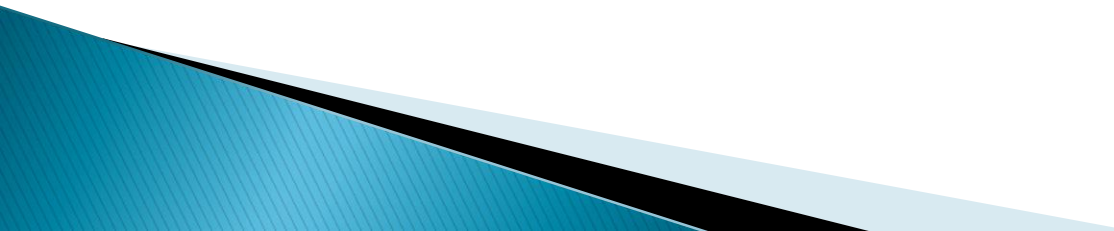


- ▶ „Systems theory” – everything related to everything else
- ▶ „Sovereignty – an organized hypocrisy” (S.Krasner)
- ▶ Complex interdependence: multiple channels of interaction, both formal and informal, governmental and nongovernmental; reduced hierarchy among issue areas as military, economic, social; diminishing role for military force

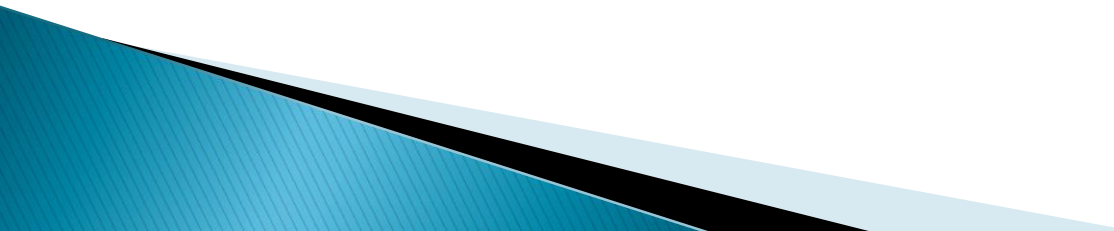
b) Non-state actors

- ▶ XX century – 38 000 IO were founded = more than 1 per day!
- ▶ IGO – the weakest link in GG?
- ▶ Examples UN/EU; Sovereignty as key factor?

c) Supranationality

- ▶ Transnationalism focuses on agents and processes # agency
 - ▶ Governance „by network”
 - ▶ Global Public Goods
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Public goods

- ▶ Accessible to all members of the group, independently of their individual contributions
 - ▶ Non-excludable, non-rival
 - ▶ Groups must find strategy to counteract scarcity of public goods due to their excessive overuse
 - ▶ Key problems: free riding; financing; gap between demand and supply
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Public goods



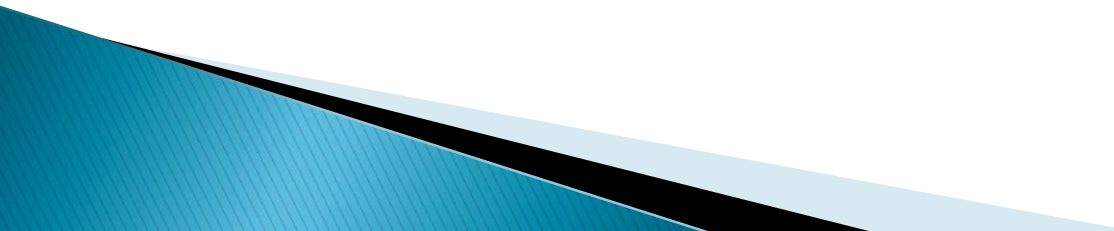
- ▶ Tragedy of the Commons – Garret Hardin
- ▶ Group of shepherds which uses common grazing land (public good)
- ▶ Everybody wants to maximize utility and be profitable
- ▶ Due to maximum exploitation everybody loses
- ▶ Solution: coercive measures, change of preferences by carrots and sticks, change the size of the group

Global Public Goods

offer benefits: Non-excludable; Non-rival.

- ▶ Ways of delivery: every country cooperates (most difficult – lowest denominator or weakest link); single best effort(easiest); key countries; mutual restraint or cooperation
- ▶ Key problems: free riding; financing; gap between demand and supply

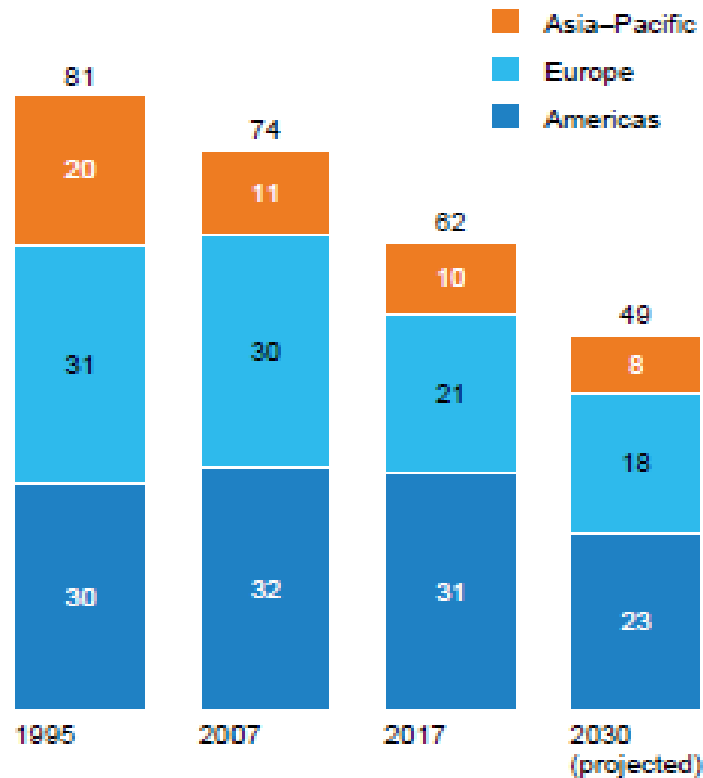
Leadership vacuum

- ▶ Material and normative dominance of the West is coming to an end?
 - a) the shift of power
 - b) Ideational underpinning
 - Democracy in decay? (F.Fukuyama)
 - Different ways to modernity # different modernities
 - Different narratives of what is global
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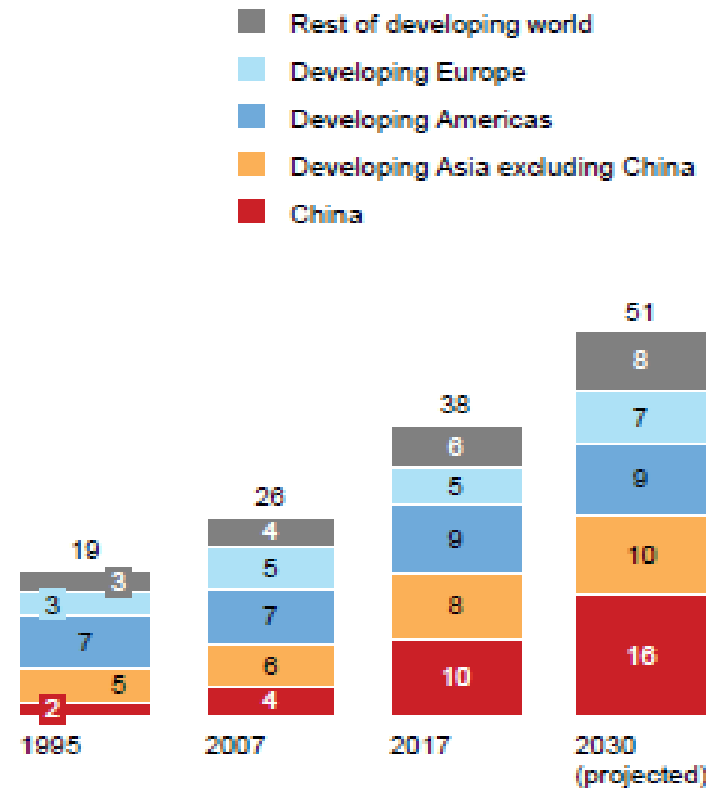
By 2030, developing countries, led by China and emerging Asia, could account for more than half of global consumption.

%

Advanced economies' share of global consumption by region



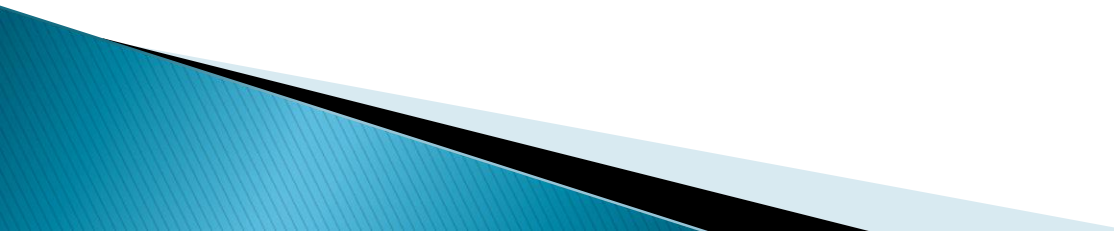
Developing economies' share of global consumption by region



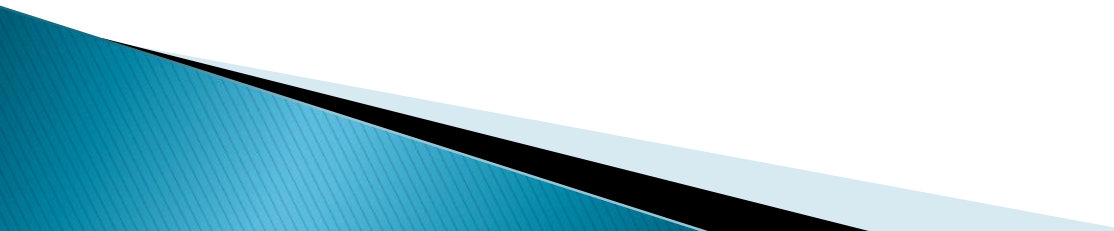
NOTE: Figures may not sum to 100% because of rounding.

SOURCE: McKinsey Global Growth Model; McKinsey Global Institute analysis

Leadership vacuum

- ▶ Shift of power not followed by the shift in division of power in global institutions
 - ▶ Gridlock in almost all areas of GG: trade, finance, development aid; internet regulation
 - ▶ „Existing institutions solve some problems they were initially designed to address, but also fail to address problems which have emerged from the very global economic system they have enabled” (Held, Young)
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Reasons of gridlock (Hale, Held, Young)

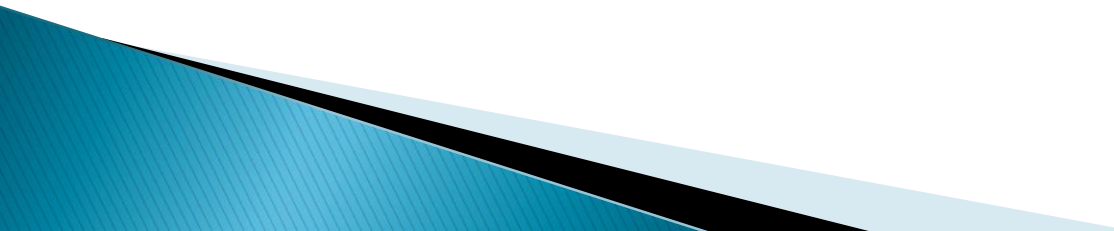
1. Increasing multipolarity
 - ▶ Larger transactional costs
 - ▶ Legitimacy problems
 - ▶ Different interests
 2. Institutional inertia
 - ▶ Mixture of different decision-making systems, all they are strengthened simultaneously
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Reasons of gridlock (Hale, Held, Young)


3. Harder problems

- ▶ Scope of problems much larger
- ▶ Problems influence societies much deeper

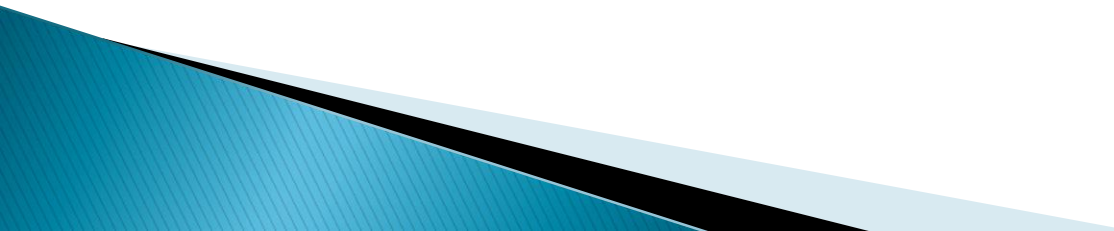
4. Fragmentation

- ▶ Growing transaction costs
 - ▶ Ineffective division of labor
 - ▶ Too much flexibility
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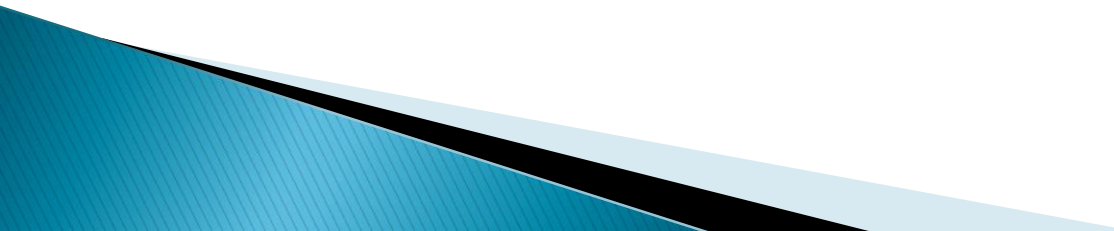
Future of Global Governance

- ▶ Regionalization
 - ▶ Stumbling blocks or building blocks?
 - ▶ TTIP as a golden stone? Further liberalization/regionalization of trade, global consolidation on later stage
 - ▶ Future of US leadership?; EU?
 - ▶ Xi-Jinping – defender of globalization?
 - ▶ Asia – most positive attitudes towards globalization; US/EU – most negative (Pew Research)
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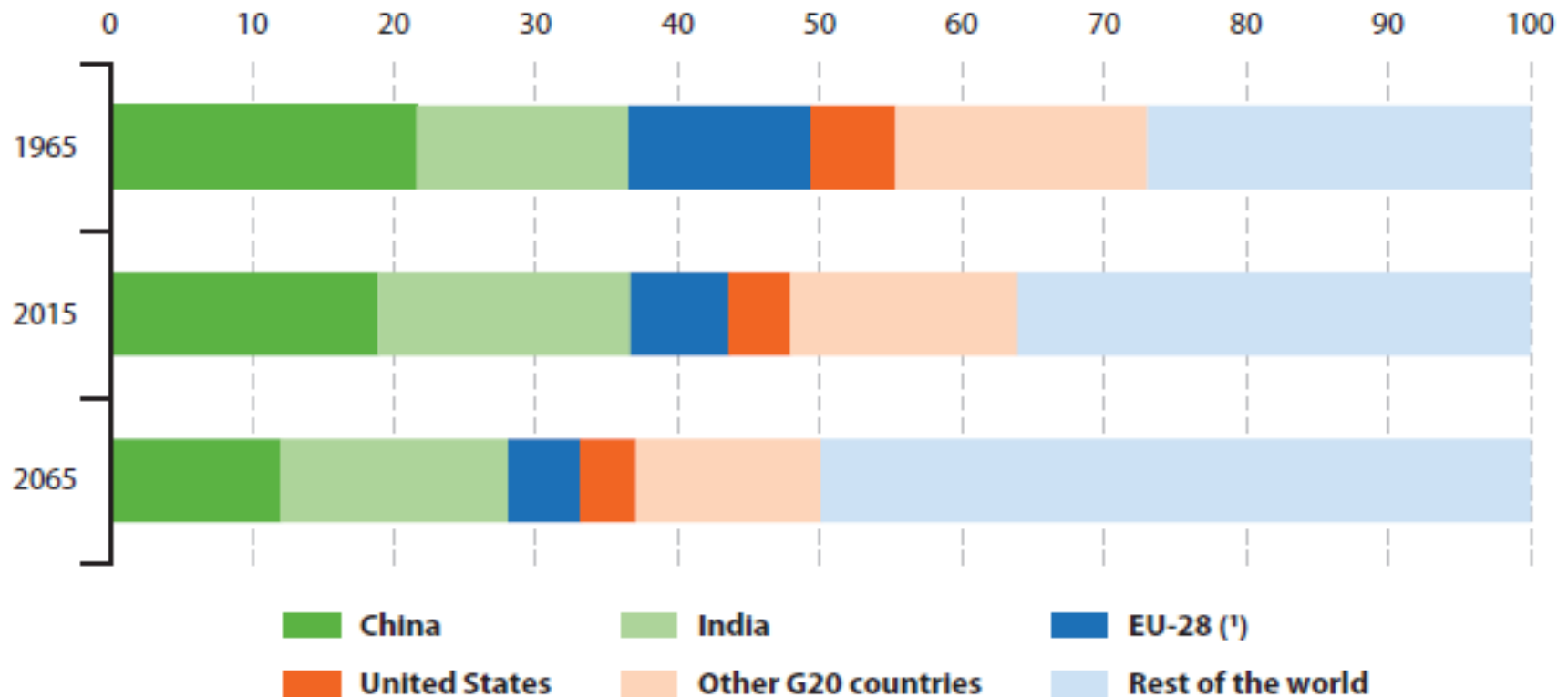
Future of Global Governance

- ▶ Order of orders?
 - ▶ No one's world?
 - ▶ Multiplex world?
 - ▶ Multipolar/polycentric world?
 - ▶ Is regionalism a solution? (regional tensions; regional UNSC)
 - ▶ Need for better understanding of agency: decentralizing IR, de-Westernize IR; understand different historical narratives
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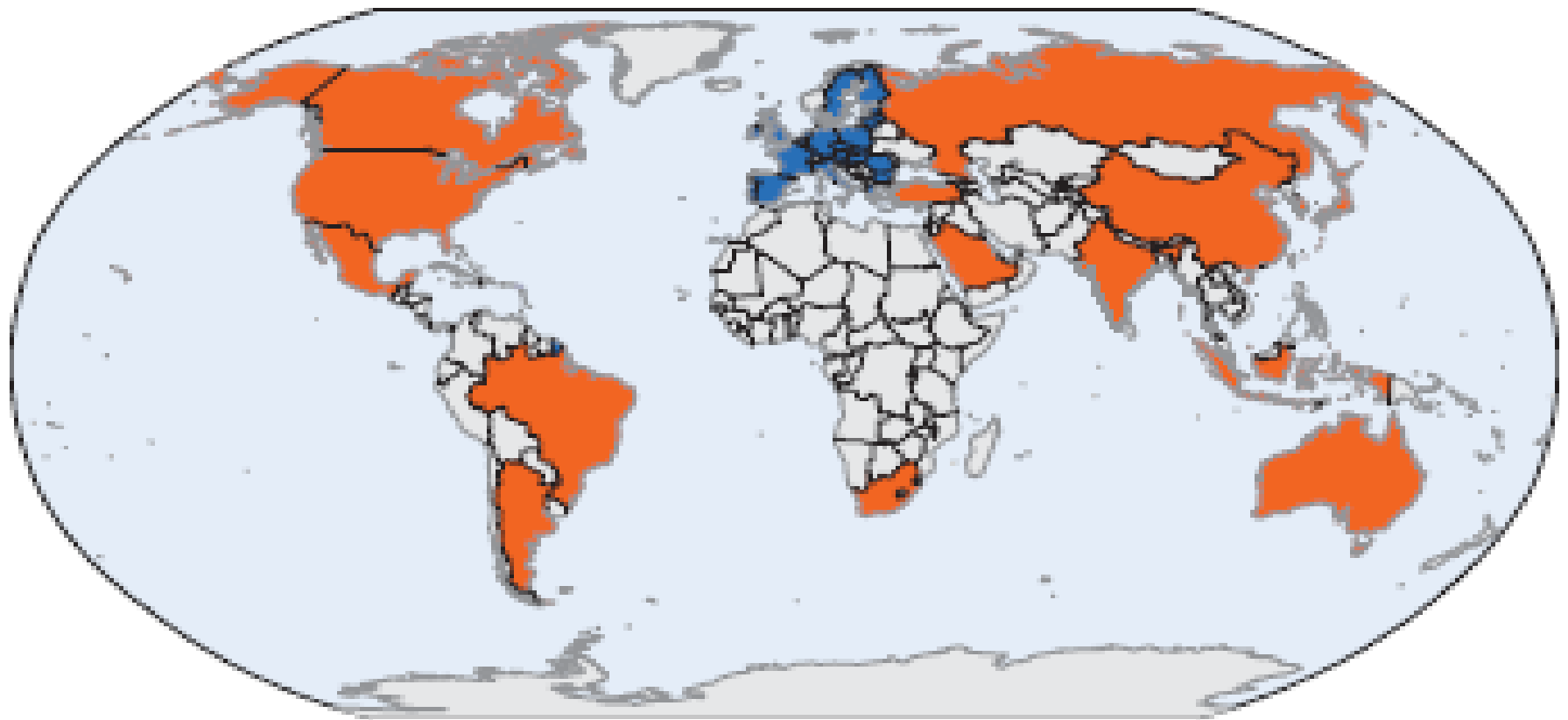
EU Global Strategy

- ▶ Promotion of rules-based global order
 - ▶ Multilateralism
 - ▶ UN as a bedrock (reformed!), cooperative regional orders
 - ▶ Provision of global public goods („responsible global stakeholder”)
 - ▶ Resilience of societies (neighbors East+South)
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Population (1965, 2015, 2065; % of world total)



EU & G-20

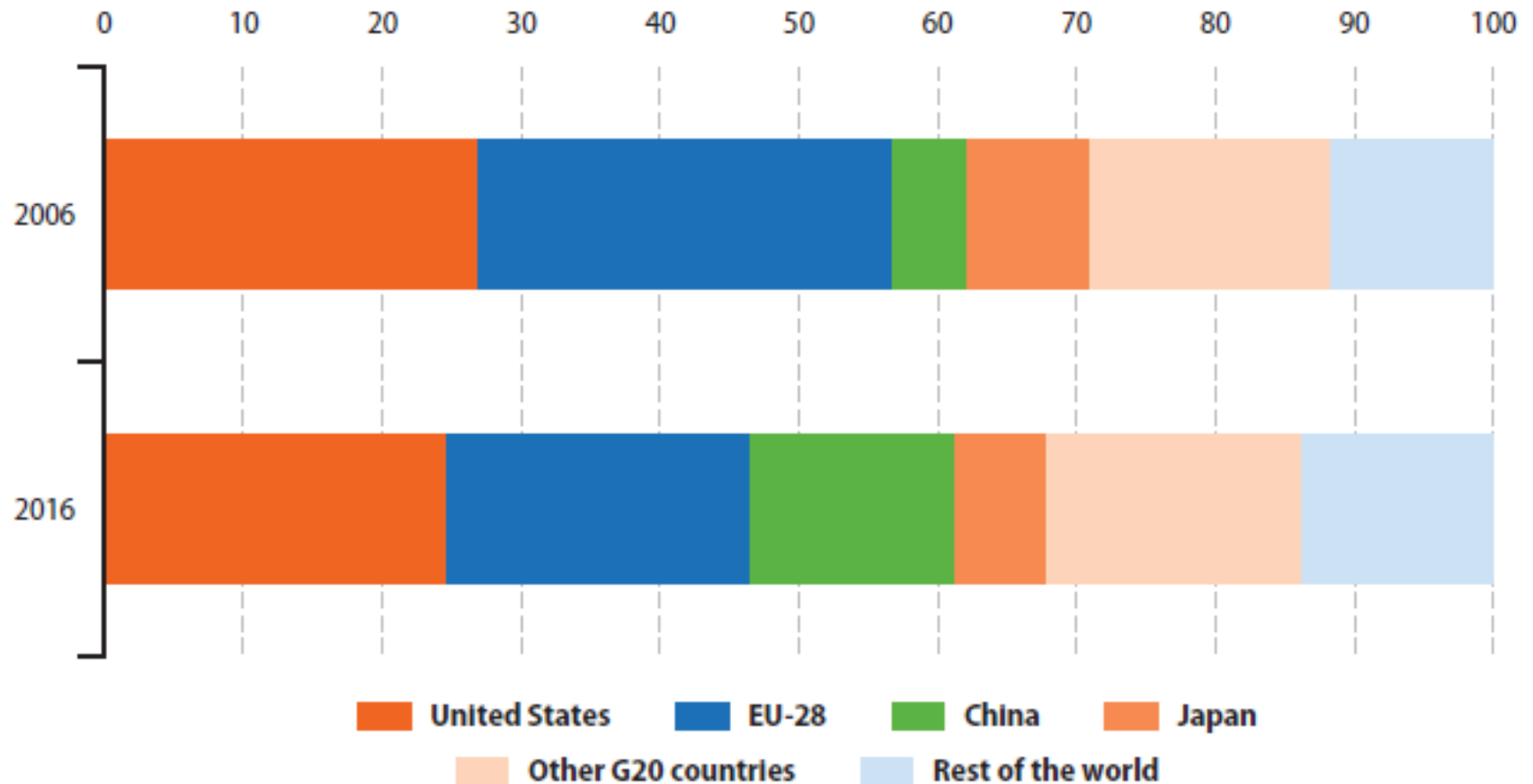


EU-28

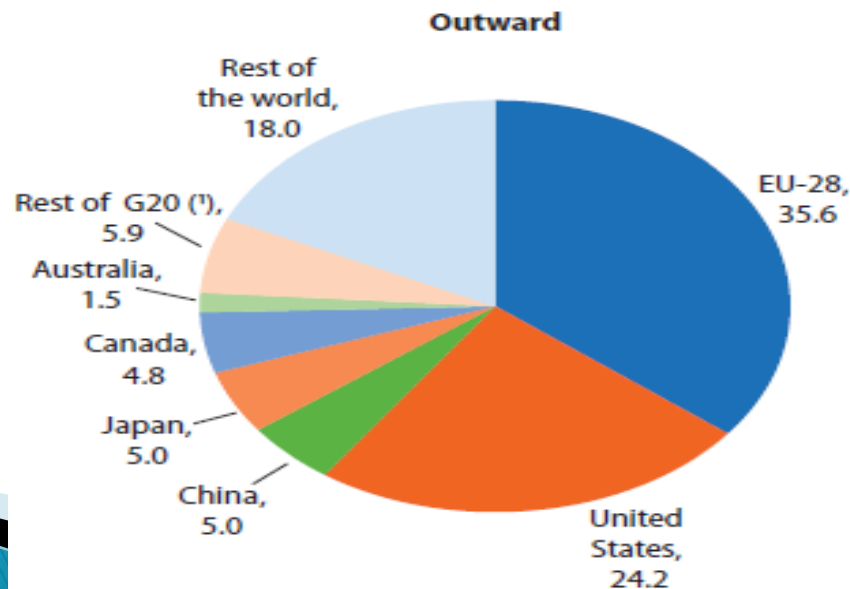
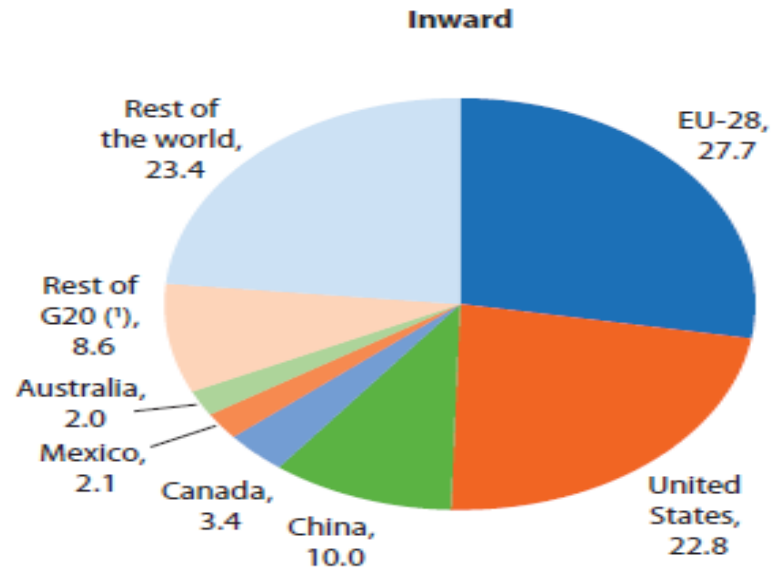


15 non-EU G20 members

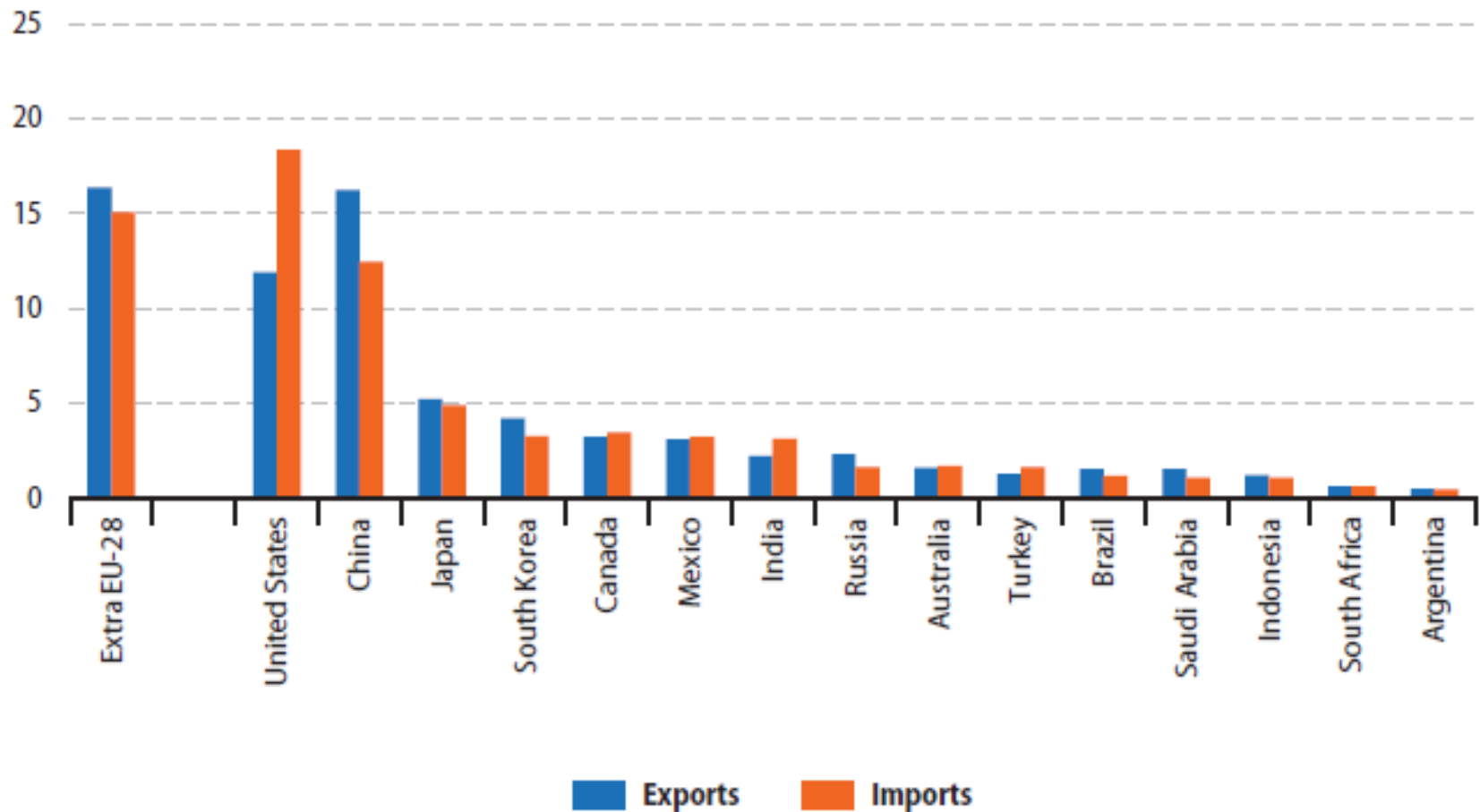
GDP, 2006–2016, % of world total



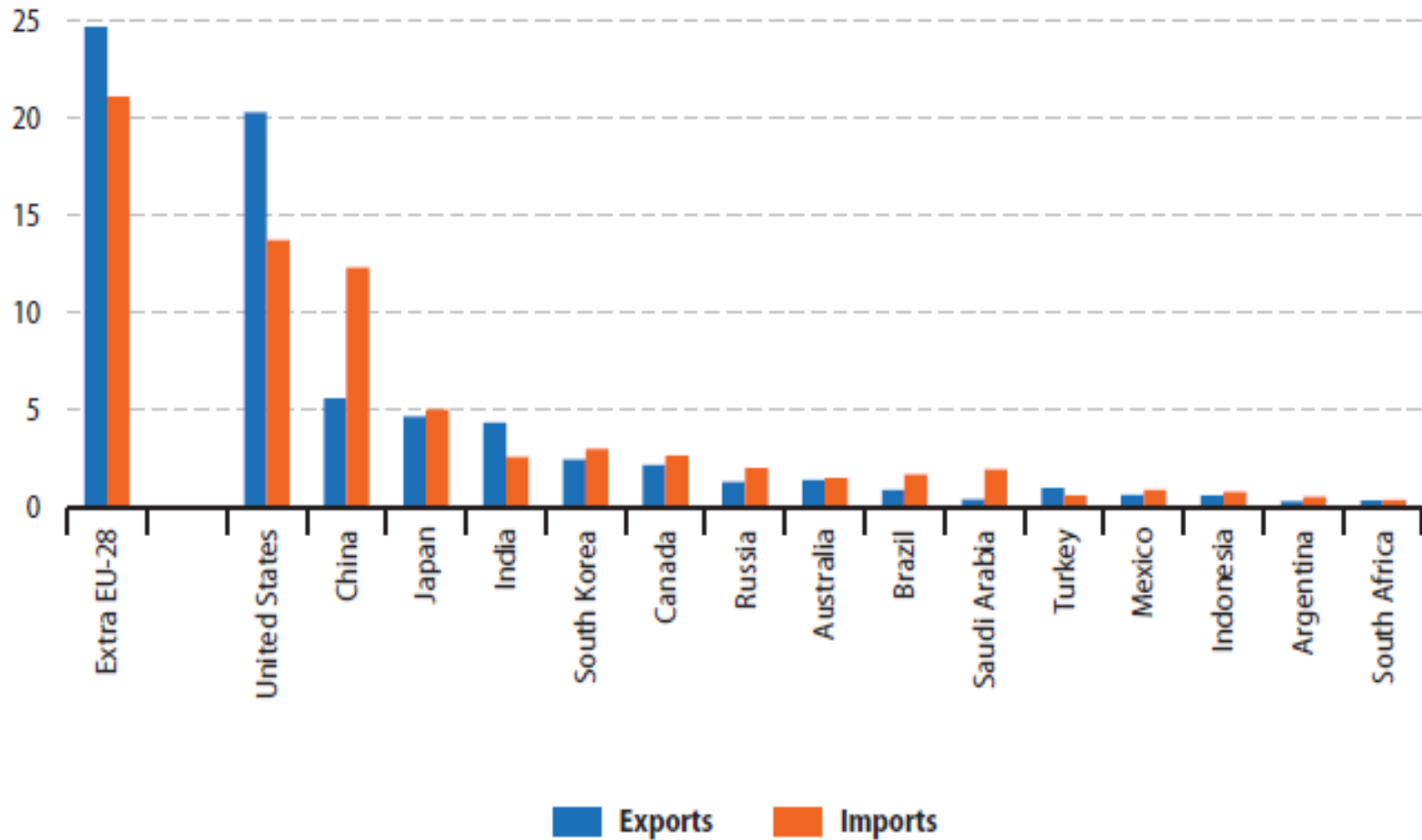
Shares of world stock of FDI (2016)



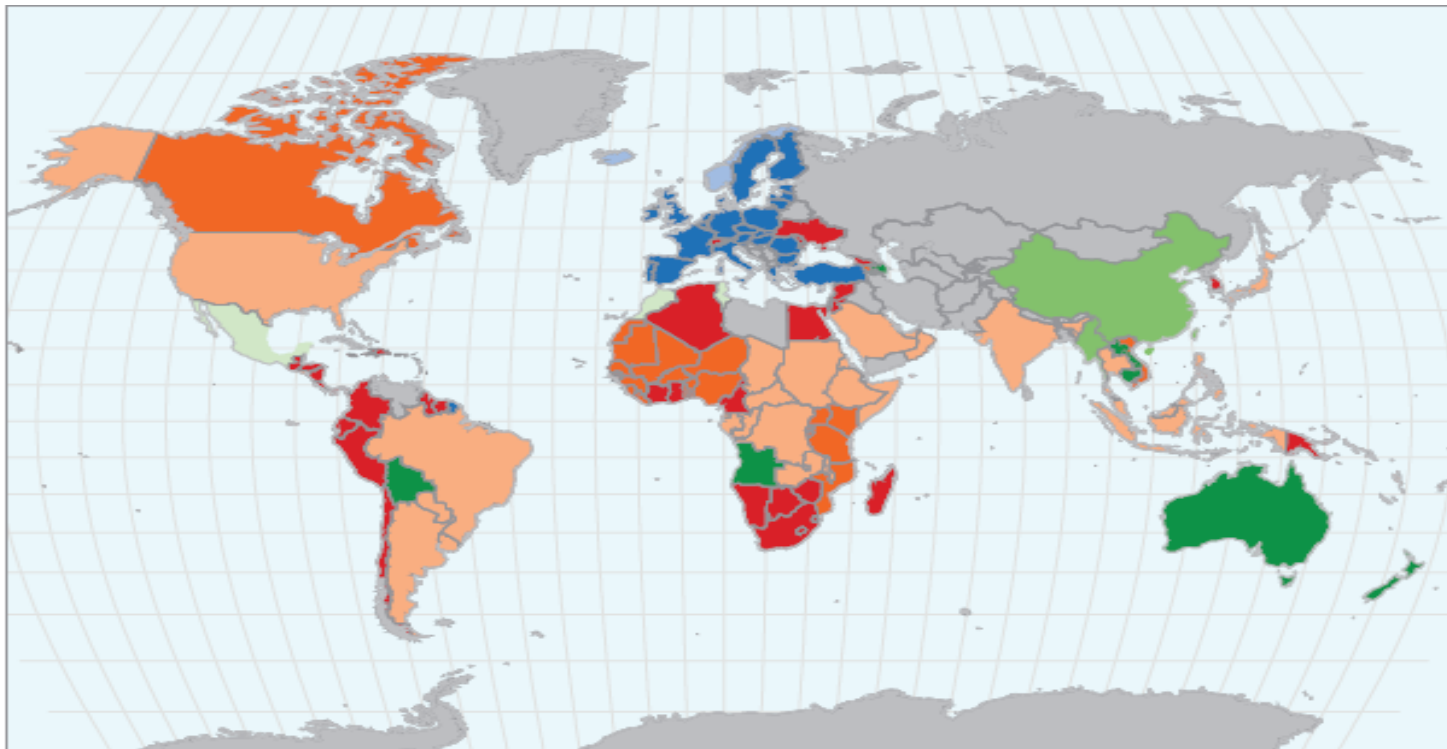
Trade in goods (2016, % of world total)



Trade in services (2016, % of world total)



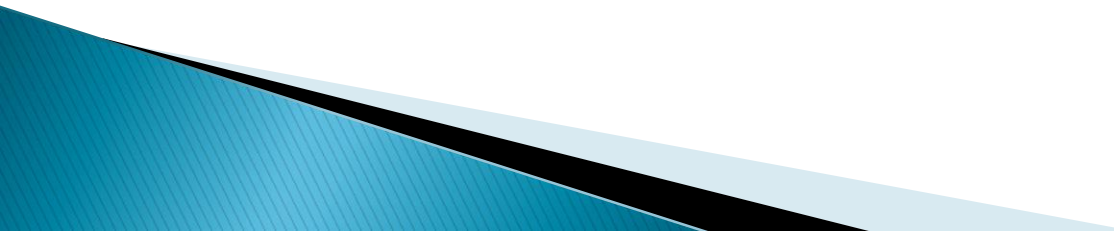
EU trade agreements and trade negotiations



- EU and customs union (Andorra, Monaco, San Marino, Turkey)
- European Economic Area (Norway, Iceland, Liechtenstein)
- Preferential trade agreement in place (FTA, EPA, DCFTA)
- Preferential agreement awaiting adoption / ratification
- Preferential trade agreement being negotiated
- Potential for free trade partnership
- Stand-alone investment agreement being negotiated
- Preferential agreement in the process of modernisation

EU & WTO

EU proposal for WTO reform:

- ▶ rulemaking and development
 - ▶ regular work and transparency
 - ▶ Updated dispute settlement
- 

EU competition policy – the power of regulation

- ▶ 5 billion \$ antitrust fine against Google (for Android; earlier for preferential search)
- ▶ Investigation on Amazon
- ▶ Rulings against ‘big techs’ (Microsoft, Facebook/Whatsapp)

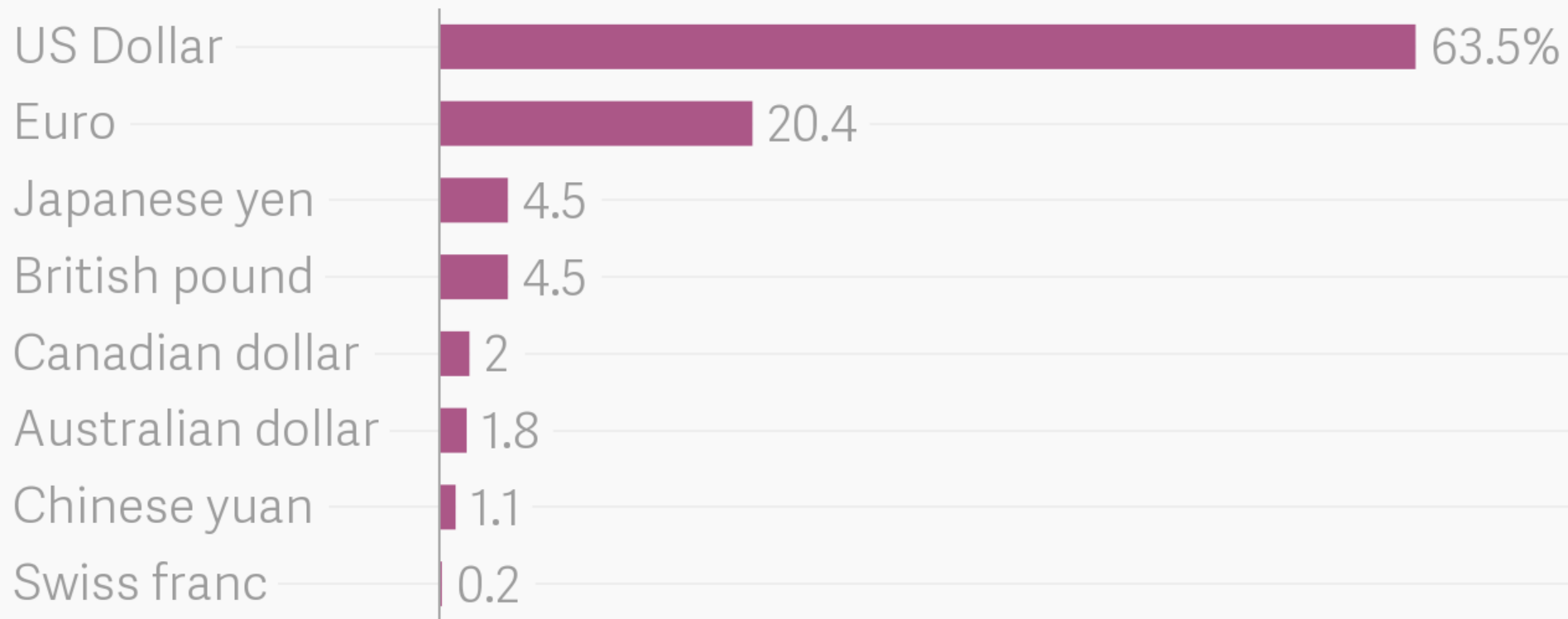


EU in global finance

► Euro as world reserved currency

Share of allocated foreign exchange reserves

Q3 2017

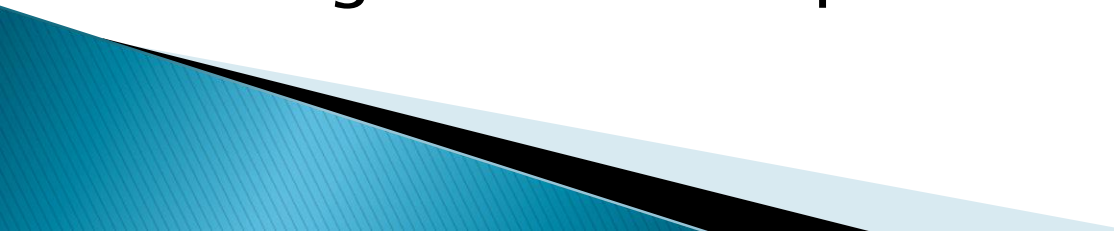


EU in global finance

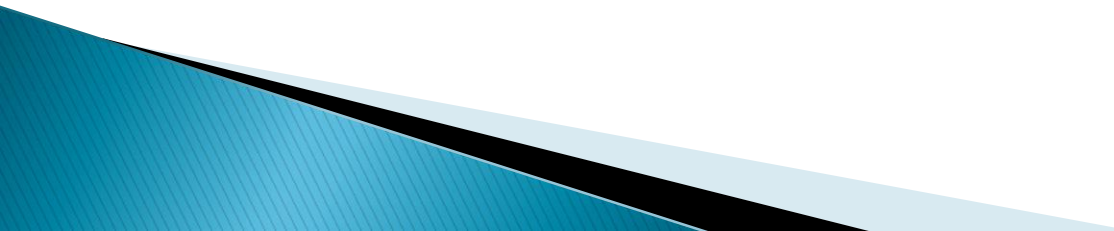
- ▶ European Monetary Fund (will replace European Stability Mechanism?)



EU and development aid

- ▶ Official Development Assistance of EU+Member States = 75,7 billion\$. The biggest donor in the world!
(0,5% of EU GNI, while non-EU countries 0,21%)
 - EU – the biggest contributor to climate finance
 - Climate finance from the EU budget will more than double by 2020, to 20% of the total budget for development aid.
- 

EU as security actor

- ▶ European pillar of NATO?
 - ▶ Strategic autonomy?
 - ▶ PESCO, CARD
 - ▶ European Defence Agency, European Defence Fund, European Defence Market (?)
 - ▶ European Intervention Initiative
- 

Military spending 2017 (SIPRI)

- ▶ USA 611 billion \$
- ▶ Europe 342 billion \$
- ▶ Russia 69,2 billion \$

EU CSDP missions and operations (2017)

