

Leonid Grigoryev · Adrian Pabst *Editors*

Global Governance in Transformation

Challenges for International Cooperation



Springer

Global Governance in Transformation

Leonid Grigoryev • Adrian Pabst
Editors

Global Governance in Transformation

Challenges for International Cooperation

 Springer

Editors

Leonid Grigoryev
School of World Economy
National Research University Higher
School of Economics
Moscow, Russia

Adrian Pabst
School of Politics and International Relations
University of Kent
Canterbury, United Kingdom

ISBN 978-3-030-23091-3

ISBN 978-3-030-23092-0 (eBook)

<https://doi.org/10.1007/978-3-030-23092-0>

© Springer Nature Switzerland AG 2020

This work is subject to copyright. All rights are reserved by the Publisher, whether the whole or part of the material is concerned, specifically the rights of translation, reprinting, reuse of illustrations, recitation, broadcasting, reproduction on microfilms or in any other physical way, and transmission or information storage and retrieval, electronic adaptation, computer software, or by similar or dissimilar methodology now known or hereafter developed.

The use of general descriptive names, registered names, trademarks, service marks, etc. in this publication does not imply, even in the absence of a specific statement, that such names are exempt from the relevant protective laws and regulations and therefore free for general use.

The publisher, the authors, and the editors are safe to assume that the advice and information in this book are believed to be true and accurate at the date of publication. Neither the publisher nor the authors or the editors give a warranty, express or implied, with respect to the material contained herein or for any errors or omissions that may have been made. The publisher remains neutral with regard to jurisdictional claims in published maps and institutional affiliations.

This Springer imprint is published by the registered company Springer Nature Switzerland AG.
The registered company address is: Gewerbestrasse 11, 6330 Cham, Switzerland

Acknowledgements

This book grew out of six international conferences on global governance held at the National Research University Higher School of Economics (HSE) in Moscow from 2013 until 2018. We are very grateful to the HSE for supporting this work, especially the Faculty of World Economy and International Affairs and its Dean Professor Sergey Karaganov.

Our thanks go to our colleagues who contributed the chapters. It was a genuine pleasure to work with them, and we are thankful for their responses to our comments and for their patience in dealing with our requests.

We owe a special debt of gratitude to Michael Shipley for his excellent editing and in particular to our assistant editor Vlada Brilliantova who coordinated the book from start to finish. Without all her assistance and dedication, we would not have been able to complete this project.

April 2019

Moscow, Russia
Canterbury, UK

Leonid Grigoryev
Adrian Pabst

Contents

1	Introduction: International Cooperation in Times of Post-Cold War (Dis)order	1
	Leonid Grigoryev and Adrian Pabst	
Part I Global Governance in Crisis: The Changing Geopolitical Dynamics		
2	Is Global Governance Unravelling? The Revolt Against Liberal Globalisation	15
	Adrian Pabst	
3	The USA in a ‘Post-West’ World: Difficulties of Adaptation and Implications for International Order and Global Governance	35
	Dmitry Suslov	
4	Narrowing the Deepening Division Between the West and Russia . .	59
	Glenn Diesen	
5	Back to Nukes? Global Governance’s Transitional Moment	73
	Renato G. Flôres Jr	
Part II Re-Orienting Global Governance: ‘Great Powers’ and the BRICS		
6	EU ‘Sovereignty’ in Global Governance: The Case of Sanctions . . .	89
	Alan Cafruny and Ksenia Kirkham	
7	Integrated Challenge: China’s Response to Reforms in Global Governance	105
	Xin Zhang	

8	Challenges to Global Governance: Can the Asian Giants Show the Way?	117
	Nandan Unnikrishnan and Uma Purushothaman	
9	Is BRICS Capable of Filling the Vacuum in Global Governance? . .	129
	Maxim Bratersky	
Part III Key Issues in Global Governance		
10	How Tectonic Shifts in Global Energy Are Affecting Global Governance	147
	Manfred Hafner and Alessa Wochner	
11	Bridging the Gaps in the Polycentric Climate Change Regime	163
	Igor Makarov	
12	International Trade at a Triple Crossroads	183
	Vladimir Zuev	
13	Global Versus National Income Inequalities and Their Impact on Global Governance	201
	Marek Dabrowski	
Part IV Transforming Global Governance: Institutions and Policies		
14	Empirical Investigation into Economic Fundamentals of Global Governance Structures	223
	Alexander Kurdin	
15	The Contribution of BRICS to the International Competition Policy Regime	241
	Svetlana Avdasheva, Svetlana Golovanova, and Andrey Shastitko	
16	Financial Architecture and Financial Flows: BRICS and the G7 . . .	261
	Vikash Gautam and Vivan Sharan	
17	Global Recession and Income Inequality: Factors of Disruption for Elites in the Twenty-First Century	275
	Leonid Grigoryev and Victoria Pavlyushina	

List of Contributors

Svetlana Avdasheva Applied Economics Department, Faculty of Economic Sciences, National Research University Higher School of Economics, Moscow, Russia

Maxim Bratersky National Research University Higher School of Economics, Moscow, Russia

Alan Cafruny Henry Platt Bristol Professor of International Affairs, Department of Government, Hamilton College, New York, NY, USA

Marek Dabrowski National Research University Higher School of Economics, Moscow, Russia
Bruegel, Brussels, Belgium
CASE—Center for Social and Economic Research, Warsaw, Poland

Glenn Diesen National Research University Higher School of Economics, Moscow, Russia

Renato G. Flôres Jr Fundação Getulio Vargas, Rio de Janeiro, Brazil

Vikash Gautam Koan Advisory Group, New Delhi, India

Svetlana Golovanova Faculty of Economics, National Research University Higher School of Economics, Nizhny Novgorod, Russia

Leonid Grigoryev National Research University Higher School of Economics, Moscow, Russia

Manfred Hafner Johns Hopkins University SAIS-Europe, Bologna, Italy

Ksenia Kirkham King's College London, London, UK

Alexander Kurdin Faculty of Economics, Lomonosov Moscow State University, Moscow, Russia

Igor Makarov School of World Economy, National Research University Higher School of Economics, Moscow, Russia

Adrian Pabst University of Kent, Kent, UK

Victoria Pavlyushina National Research University Higher School of Economics, Moscow, Russia

Uma Purushothaman Central University of Kerala, Kasaragod, Kerala, India

Vivan Sharan Koan Advisory Group, New Delhi, India

Andrey Shastitko Faculty of Economics, Moscow Lomonosov State University, Moscow, Russia

Dmitry Suslov Center for Comprehensive European and International Studies, National Research University Higher School of Economics, Moscow, Russia

Nandan Unnikrishnan Observer Research Foundation, New Delhi, India

Alessa Wochner Sciences Po, Paris, France

Xin Zhang School of Advanced International and Area Studies, East China Normal University, Shanghai, China

Vladimir Zuev National Research University Higher School of Economics, Moscow, Russia

Chapter 1

Introduction: International Cooperation in Times of Post-Cold War (Dis)order



Leonid Grigoryev and Adrian Pabst

Challenges to International Cooperation

In the summer of 1989, US political scientist Francis Fukuyama published an essay entitled ‘The End of History?’ in which he argued that the countries of the world would progressively converge towards Western liberal market democracy. Now that totalitarian communism had collapsed, the East would adopt the West’s model of democratic capitalism. ‘What we may be witnessing’, wrote Fukuyama, ‘is not the end of the Cold War, or the passing of a particular period of post-war history, but the end of history as such: that is the end point of mankind’s ideological evolution and the universalisation of Western liberal democracy as the final form of human government’ (Fukuyama 1989: 3; see also Fukuyama 2006). The end of history would mark the triumph of liberalism over all other ideologies and political systems. It would usher in a liberal world order and an era of Western hegemony. What started as an idea soon pervaded the political discourse in the West. George Bush Sr., Bill Clinton, Tony Blair, Gordon Brown, Angela Merkel, Nicholas Sarkozy and Barack Obama all believed that the Western brand of globalisation had established a new consensus on liberal political values and a market society.

But 30 years after Fukuyama’s thesis, the West and ‘the rest’ are sliding into forms of authoritarianism as market fundamentalism and state capitalism create oligarchic concentrations of power and wealth (Pabst 2019). Oligarchies occur in both democratic and authoritarian systems. Their demagogic leaders can be either more liberal, as with French President Emmanuel Macron, or more populist, such as Hungarian Prime Minister Viktor Orbán. In both the older democracies of Western Europe and

L. Grigoryev

National Research University Higher School of Economics, Moscow, Russia

e-mail: lgrigor1@yandex.ru

A. Pabst (✉)

University of Kent, Kent, UK

e-mail: A.Pabst@kent.ac.uk

© Springer Nature Switzerland AG 2020

L. Grigoryev, A. Pabst (eds.), *Global Governance in Transformation*,

https://doi.org/10.1007/978-3-030-23092-0_1

the post-1989 democracies of the former Soviet Union, fundamental freedoms are in retreat, and the separation of powers is under threat (Krastev 2018). The resurgence of a great power rivalry, especially with the rise of Russia and China, is weakening Western attempts to impose a unified set of standards and rules in international relations. Universal human rights, the rule of law, respect for facts and a free press are all in question. The days of spreading the universal values of ‘Western enlightenment’ have long since passed, and the years of Western unipolarity are already behind us.

No other system, however, has yet replaced the liberal world order. Its institutions are likely to endure even as new institutions and international arrangements emerge, including various regional blocs such as the Eurasian Economic Union, the Shanghai Cooperation Organisation, Mercosur and the African Union. These blocs disagree emphatically with the pillars of Western power (the USA, NATO, the EU) on a variety of important questions ranging from UN reform to address the Western domination of supranational organisations (IMF and World Bank) all the way to the creation of new institutions on non-Western terms, such as the China-led Asian Infrastructure Investment Bank (AIIB) or Beijing’s One Road One Belt initiative. All this is weakening global governance and international cooperation at a time when worldwide problems are more pressing than ever—from the threat of military conflict to nuclear proliferation, from financial regulation to trade standards and from combatting terrorism to fighting climate change.

A number of scholars have characterised the shift in the tectonic plates of global geopolitics as either post-Western or anti-hegemonic (Flockhart et al. 2014; Stuenkel 2016; Sakwa 2017). Common to such interpretations is the claim that modernity is not a unique Western gift to the world but rather a global project with many sources and numerous manifestations, of which Shmuel Eisenstadt’s thesis about ‘multiple modernities’ was one of the earliest conceptualisations (Eisenstadt 1987, 2000). If this is true, then the confrontation between the West and ‘the rest’ will not take the form of an ‘end of history’-style global convergence towards Western liberal market democracy or an inevitable ‘clash of civilisations’ as prophesied by Huntington (1993, 1996). Neither will it result in an inevitable contest between fundamental values or mutually incompatible or perhaps even incommensurable philosophies. Instead, the ongoing power shift from West to East and North to South is best understood as an organic evolution of world politics in which authority, status and privilege are redistributed anew to render the existing order fairer and more effective. This is certainly one plausible scenario.

The problem is that, at present, the institutions and policies of global governance do not reflect such a rebalancing of power between the West and ‘the rest’. On the contrary, there is a continual aggravation of tensions and conflicts between different great powers and their proxies. Sanctions and counter-sanctions undermine efforts to find durable political solutions, and the leaders of many countries are becoming increasingly unpredictable. The Cold War was an extraordinarily dangerous period of modern history, but it had two stabilising factors: first, the clear, opposing principles that defined the contest between two rival ideologies, and second, the grudging respect that the leadership of the two superpowers and their allies held for each other. Today, those distinct ideological dividing lines are gone. Now, most

disagreements are focused within rather than between countries, as the growing gap between the ruling elite and the people gives rise to different forms of populism. Moreover, political opponents at home and abroad are demonised, and robust public political debate has given way to political tribalism and group-think that are amplified by the echo chambers of global social media.

As a result, the political risk associated with confrontation and the lack of cooperation on vital issues is increasing exponentially. Ten years after the ‘credit crunch’ and the financial crash triggered in the West, neither regulation nor corporate governance arrangements have dealt with the underlying problems of debt, speculation and the lack of investment in productive activities. Amid one of the slowest economic recoveries from the recession in 2009–2010, Western countries are unprepared for another banking or sovereign debt crisis, and growth in new powerhouses such as China and India is starting to slow. The inequality of both incomes and assets combined with costs of living outstripping wage growth adds to a sense of economic injustice that is fuelling popular revolts in numerous countries. Energy, climate change and trade are other issues where multilateralism and international cooperation are failing to achieve tangible results. The Doha Round of the WTO was never completed, and now various trade wars are looming, especially between the USA and China and between the USA and the EU. The Paris Declaration on climate change signalled some noble intentions, but their translation into transformative policies is taking time, and Donald Trump has withdrawn the USA from the initiative altogether. Energy insecurity is on the rise as two of the largest producers—Russia and Iran—face a crippling sanctions regime. Although there is some cooperation on combating terrorism, including at the level of the intelligence services and the military, the major powers lack a common political strategy for confronting not just terrorist groups but also their financial and ideological sponsors. In short, the promise of an era of multilateral cooperation that appeared after the end of the Cold War has not materialised. At the dawn of the 2020s, the world is increasingly divided and polarised, and the forces opposed to global governance and a more cooperative approach to international problems are gaining ascendancy.

Synopsis of the Book

This book is the result of six international conferences on the theme of Global Governance that were held at the Higher School of Economics in Moscow from 2012 until 2018. From the outset, the ambition was to bring together a group of scholars from North America, Europe, Brazil, Russia, India and China to debate the main challenges to global governance and analyse both specific fields and problems. The discussion between Western and BRICS perspectives is of particular value, as are the interdisciplinary approaches and the combination of both theoretical arguments and policy analysis.

This book is divided into four parts. Part I focuses on the main geopolitical dynamics at a time when global governance is in question. Chapter 2 by Adrian Pabst, entitled ‘Is Global Governance Unravelling? The Revolt against Liberal

Globalisation', focuses on challenges to the liberal world order. The author argues that the system of global governance rests on the liberal world order that has been at the heart of international politics since the end of World War II, and especially since 1989—particularly the United Nations and Bretton Woods institutions. But the liberal model of globalisation and Western-dominated multilateral organisations are increasingly at odds with non-Western powers' non-liberal conceptions of multipolarity and civilisational diversity. While the institutions of global governance will likely endure, the five fundamental forces of capitalism, statism, technology, liberalism and globalisation have hollowed out the political culture and the substantive values on which it depends. Just as the liberal world order is, in reality, illiberal and tends towards disorder, so, too, global governance is less a cooperative worldwide system for addressing transnational problems than it is an arrangement that suits the interests of Western 'great powers'. Moreover, the dominant system of global governance will not resolve the pressing problems of economic injustice, social dislocation and ecological devastation until it tames the five forces and embeds them in relationships and institutions that can democratise and domesticate them. The growing backlash against neo-liberal globalisation in the West and elsewhere highlights the need for constructive alternatives to the liberal world order.

Chapter 3 by Dmitry Suslov examines 'The US in a "Post-West" World: Difficulties of Adaptation and Implications for International Order and Global Governance'. According to the author, the USA is in the midst of a very difficult and protracted revision of its place in the international system. Its role as a global leader, a major pillar of international security and centre of the global economic and political order is unsustainable and is increasingly rejected from both within and without. Adapting to this new role will not be a linear process, and it will advance at different speeds in different regions. In the medium term, it will likely lead to a harsh and prolonged confrontation with Russia and China, as well as a substantial increase in US foreign policy unilateralism. The latter will fluctuate from administration to administration, but the common denominator will be a less multilateralist and benign approach than in the Obama era. Because the USA remains the most powerful player militarily and diplomatically, retains the dominant position in global finance and has been the centrepiece of the prevailing global governance system for decades, both the international order and global governance will suffer negative consequences until the USA completes its transition to new modalities of participation in the international system. Only when the USA finally accepts rules for equal relations with the other poles in a multipolar world can a new international order and a new pattern of global governance emerge.

Chapter 4 by Glenn Diesen, entitled 'Narrowing the Deepening Division Between the West and Russia', considers that widening political gap as symptomatic of a broader unravelling of the post-Cold War order which has imperilled global governance. Positioned between a unipolar and multipolar system, the world is being pulled in each direction. Although Russia's rejection of the unipolar order has helped to widen the political gap with the West, that gap will ultimately narrow if Moscow doubles down on its position long enough for the multipolar system based on multilateralism to become firmly established. The foundation for a multipolar

order is emerging, creating political incentives to develop global governance that address the new realities. Russia's vision of a multipolar and balanced international system is founded on geo-economic inter-regionalism in Greater Eurasia, a goal it pursues by diversifying its economic connectivity and developing new trade blocs, transportation corridors and financial instruments. As the political dogmas of the post-Cold War era lose force, new political voices are also emerging across the West that support the embrace of a new order. Yet, until a new order establishes itself, the stakes will grow higher, the willingness to take greater risks will increase and the possibilities for miscalculation continue to multiply.

Chapter 5 by Renato Flôres asks whether we are 'Back to Nukes? Global Governance's Transitional Moment'. Based on a realist view of international relations, the author develops the idea of a transitional moment triggered primarily by three forces: the slow decline of the global hegemon and the concentrating aspects of modern capitalism and science; the alienation of certain segments of society due to income inequality; and the polarisation of groups of countries due to the asymmetric distribution of information processing capabilities. This transition will involve a more chaotic, dangerous period of poorer governance in which the key feature will be a proliferation of states either claiming a greater voice in world affairs or defying hegemonic intentions. He argues that states are likely to back up such behaviour and seek to protect their disputed or menaced sovereignty by arming themselves with nuclear weapons. This would maintain and increase a state of flux in global governance, as well as dominate and condition other transformations and processes—most importantly that of capitalism itself or its oft-predicted demise. If the hard times ahead do not lead to the end of the world, new forms of governance might eventually emerge. The transition would then have been concluded, and a new cycle could begin. We might see the emergence of 'islands' of better governance arrangements, especially more bottom-up approaches in the field of climate change action.

One interesting question in this context is whether new, more flexible or resilient associations can gain a voice. Despite the many criticisms directed against them, the BRICS countries might prove capable of such a step. They make for a kind of union—sometimes very loose and other times rather focused—that might provide a clue on how to aggregate countries' preferences without demanding universal agreement. Moreover, three of its members are already part of the nuclear club. The Shanghai Cooperation Organisation might be another potential regional governance format, as well as the discreet, much older and frequently lambasted ASEAN.

Part II of the book further explores these themes by turning to the BRICS countries and the EU and analyses both transregional and global issues. Chapter 6 by Alan Cafruny and Ksenia Kirkham is entitled 'EU "Sovereignty" in Global Governance: The Case of Sanctions'. The authors suggest that the US rejection of multilateralism in favour of a unilateral 'America First' strategy is exemplified by Washington's increasing reliance on sanctions, including extraterritorial or secondary sanctions that prohibit US companies from conducting business with third parties dealing with sanctioned firms, effectively shutting them out of the US financial system. As the EU has become increasingly exposed to various US-led sanctions regimes, its leaders have appealed for the construction of a 'sovereign Europe' fortified by closer military

and economic integration. Yet US structural power remains very strong—at least for the present time—and in many respects decisive: there remains a wide gulf between the rhetoric of European assertiveness and the realities of power and economic interest. In the short term, it is highly unlikely that the EU could mount a successful challenge to the USA—either with regard to sanctions or to more general trade and monetary policies. However, in the longer term, it is possible that continuing US unilateralism will undermine the basis of its own legitimacy and power and that the EU could at least partially free itself from the American superpower.

Chapter 7 by Xin Zhang is on ‘Integrated Challenge: China’s Response to Reforms in Global Governance’. The argument is that because of the state’s unique role in China’s national system of capitalism within the post-Cold War international system, state capitalism in catch-up development, as practised by China, is different from the historical patterns in the previous two rounds of ‘state capitalism’. In particular, the state commands new tools and instruments to control and coordinate the behaviour of national capital, making it possible for a genuine model of national development to emerge. Meanwhile, the hybrid nature of China’s state capitalism implies Beijing is interested in promoting a set of ‘parallel structures’ in global governance without mounting a full-scale challenge to the current institutional structure of the global system. The nature of the domestic complex of state capitalism in China suggests that these ‘parallel structures’ will continue to exist without directly replacing Western-dominated structures in global governance. However, the long-term sustainability of such parallel structures is highly contingent upon China’s relative position within the capitalist world system and the nature of global capitalism.

Chapter 8 by Nandan Unnikrishnan and Uma Purushothaman is entitled ‘Challenges to Global Governance: Can the Asian Giants Show the Way?’ According to the authors, the claim that the world is going through a transition to a multipolar order is now indisputable. This new order will require new rules of engagement. Can the two Asian giants, China and India, help frame some of these rules? Have they been able to cooperate on any issues of global governance so far? The chapter begins with a definition of ‘international order’. It then examines the transition to a multipolar world order and the challenges to global governance in this new order. Next, it examines areas in which China and India have cooperated and can cooperate. It concludes that while they could cooperate and set the rules in areas where they do not have core interests, it is unrealistic to expect them to help in framing rules of high politics because, as two rising powers, their goals are inherently irreconcilable and contradictory: while China appears to be seeking hegemony in Asia, India, too, has ambitions to be a great power.

Chapter 9 by Maxim Bratersky is entitled ‘Is BRICS Capable of Filling the Vacuum in Global Governance?’ According to the author, global governance is widely acknowledged to have been in a deepening crisis ever since the 2008 global financial meltdown. This chapter investigates the question of whether new international institutions such as BRICS fit into and complement the new order. Second, it asks whether the BRICS agenda is developed enough to respond to the challenges of the more decentralised international system that is currently developing. The chapter

addresses three questions. First, do the BRICS countries share the same vision of multipolarity so as to collaborate in the international arena in promoting the new reformed order? Second, is BRICS institutionalised sufficiently, compared to similar clubs, to be capable of carrying out its functions effectively? Third, has the BRICS agenda evolved into something universal and broad enough to be relevant to other participants in the international system? The arguments presented in this chapter demonstrate that BRICS seems to be on a par with its peers in terms of its economic, financial and security policies. It has developed a significant degree of institutionalisation to structure these policies, and its member countries share common ideologies and values.

Part III of the book focuses on the key issues in global governance. It covers some of the most important aspects of global governance arrangements in the socio-economic sphere. The disruption of global governance has different dimensions and a varying intensity that affects markets, industries and households around the world differently. The section encompasses critically important issues for the world community and respective problems of global governance: energy transition, climate change prevention, global trade and social inequality.

In Chap. 10 ‘How Tectonic Shifts in Global Energy Are Affecting Global Governance’, Manfred Hafner and Alessa Wochner argue that global energy has never been governed in any centralised way. The national interests of exporting and importing countries as well as the interests of producers of different types of energy or specific equipment always differ. Price fluctuations, national regulations, security considerations and technological changes are constantly influencing the course of changes in this key industry of the global economy. According to the authors, the Energy Transition is an umbrella term to describe what they refer to as the ‘tectonic shifts’ now taking place in the energy industry. The authors study those shifts in the time horizon to 2050, from energy demand growth to ‘top-down’ decarbonisation, to digitalisation and to ‘bottom-up’ technological progress. They demonstrate the importance of energy security considerations in the existing constellation of global governance structures. In their G7/G8, G20 and BRICS formats, the leading countries consider energy the key issue in geopolitical and economic development. The IEA addresses the economic issues that developed countries face, whereas OPEC is concerned with the interests of energy-exporting countries. Major developing countries such as China, India (both BRICS countries) and others play an important role due to their concerns about the long-term environment in which they will develop. At the same time, the USA considers ‘energy independence’ a strategic objective, and the EU is trying to achieve ‘independence from fossil fuels’.

In this global setting, authors examine the difficult choice between several scenarios for the future that crucially depend on global governance—especially on the capability of leading economic blocs to cooperate. And the key distinguishing element is the degree of effort devoted to climate change prevention. Both the weak climate governance and the ‘muddling through’ or ‘central’ scenarios would produce troubling results for the global economy, environment and societal life. Only strong global governance with effective coordination between major economic blocs could help the global community to minimise the risks and costs associated with climate

change. Essentially, this is an appeal by the authors for better long-term global governance on energy.

This issue is covered in more depth in Chap. 11, ‘Bridging the Gaps in the Polycentric Climate Change Regime’, by Igor Makarov. The author analyses the climate change prevention process resulting from national strategies and the Paris Agreement of 2015. His key conclusions paint a distressing picture of current international climate change management and underscore that ‘[t]he Coasian system of global governance has failed. The Kyoto Protocol failed to take into account the significant changes in the global economy that occurred after 1990’. The chapter highlights the absence of a breakthrough in the reduction of GHG emissions in recent years due to economic growth and a lack of strong climate-oriented policies. Igor Makarov considers the course of recent events, such as implementing the ideas of the 2009 Nobel Prize Laureate Elinor Ostrom. This is a very important theoretical contribution to the debate on governance. He writes: ‘The Paris Agreement implemented these principles and launched the polycentric climate change regime’. This regime grants different levels of government in all countries the freedom to experiment and learn from each other in the pursuit of a common objective.

Readers might be interested to compare the approach of Makarov with those of Hafner and Wochner in Chap. 10 and their three scenarios. In Makarov’s chapter, the limited capability of the international system to set common objectives and rules and to ensure adequate enforcement is the underlying reason for the scenario of weak climate change prevention. He, therefore, reaches an openly pessimistic conclusion: ‘[T]he current international climate change regime based on the Paris Agreement is insufficient to prevent catastrophic climate change. Deeper cooperation between leading economies is especially necessary, including among those that are now reluctant to reduce greenhouse gas emissions’. We can expect, of course, that the Paris Agreement in 2023 will sound as another ‘call to arms’ to save the climate.

Chapter 12 by Vladimir Zuev is entitled ‘International Trade at a Triple Crossroads’. In fact, the title itself indicates the extreme complexity of global trade issues. The author makes a bold attempt at considering the intertwining of three concurrent changes. First one is the changing regime of global growth dynamics: GDP vs. export. The levelling out of export growth close to GDP growth in recent years has challenged business-as-usual corporate strategies and textbook theories of the last half-century (or more). It is affecting the global growth regime and, most likely, certain issues in the catching up process for developing countries. The second issue is the rapid rate of technological change that modifies trade mechanism flows, costs and patterns. And third, a mass of new trade restrictions have emerged in force, despite the long-standing position of leading countries, including the USA, the EU and China, to support trade liberalisation and the WTO process. Trade nationalism and sanctions are contrary to the theories, promises and rational grounds for global economic development. Achieving global governance in trade is extremely difficult and highly dependent on the geopolitical picture. With nationalistic policies increasingly applied to trade relations, the author is sceptical that the situation will stabilise soon.

Chapter 13 by Marek Dabrowski is devoted to ‘Global Versus National Income Inequalities and Their Impact on Global Governance’. This theme has become fashionable in recent years, thanks to works by Thomas Piketty and the widespread recognition that growing income inequality is a problem in key developed countries. The author offers a wide-ranging and very useful review of the existing literature on the subject. His point of view lies very close to the mainstream perspective, including that of international financial organisations, that humanity has made progress by reducing ‘global inequality’ in the twenty-first century, measured for all countries by the Gini coefficient. The Millennium Development Goals project was a recognised success and paved the way for the next undertaking—the UN’s Sustainable Development Goals of 2015. The tenth goal calls for reducing inequality between countries and social inequality within them. Of course, everybody recognises that recent successes were the result of tremendous efforts by China and India. The author argues that the reduction of global Gini is proof of the reduction of global inequality and ‘can help reduce the economic and social sources of political conflicts and tensions between countries’. Nevertheless, the author underscores that the growing income inequality in the advanced economies can ‘undermine the existing global economic and political order, boost protectionism and national egoism’.

Part IV of the book turns to the theme of ‘Transforming Global Governance: Institutions and Policies’. It covers a number of very important themes in the world economy, problems of development, regulations and market structure. Chapter 14 by Alexander Kurdin is entitled ‘Empirical Investigation into Economic Fundamentals of Global Governance Structures’. The author explores empirical aspects of change in the global governance structure, devoting special attention to energy, climate and trade. The academic aspect of the chapter addresses issues related to the theory of global governance mechanisms based on the application of property rights and transaction cost economics: the specification of property rights in any global area; governance mechanisms; and an enforcement mechanism. An important systematic approach to global governance issues explains that the early work on modes of governance can be classified according to seven general types of institutional arrangements (Grigoryev and Kurdin 2013) in global governance. These seven types range from international regulation based on an organisation with its own independent management and resources all the way to self-sustaining activity by economic agents (individuals, companies or states) in conformity with national regulation. Recent changes in global governance regimes affected all modes of institutional settings, making it necessary for businesses and governments to adapt to the new and often uncertain situation. This also places an urgency on academia to extend empirical works and refine theories. The widening scope of economic sanctions in the world could be seen as reshuffling the institutional arrangements between existing modes and shifting the power of regulation to less predictable (erratic) and politically determined modes.

Chapter 15 on ‘The Contribution of BRICS to the International Competition Policy Regime’, written by Svetlana Avdasheva, Svetlana Golovanova and Andrey Shastitko, is devoted to another type of market failure where the current governance system is still inadequate—global anticompetitive practices. The authors show two

types of limitations found in the BRICS-coordinated competition policy. The first arises from the asymmetric allocation of gains and losses from anticompetitive conducts, while the second stems from strong path dependence in institutional settings of competition policy. At the same time, the necessity of catching-up development explains important differences between BRICS and OECD approaches to competition policy at the national and global levels. When common interests overcome institutional limitations, the competition enforcement regimes of the various BRICS countries reinforce each other. The authors make it clear: ‘The influence of BRICS competition policy on international competition will increase in the nearest future. More importantly, driven by the size of its national economies and its accumulation of enforcement experience, BRICS competition policy will have a growing influence on competition rules in the global market as well’.

Chapter 16 is devoted to ‘Financial Architecture and Financial Flows: BRICS and the G7’ and written by Vikash Gautam and Vivan Sharan. It offers an in-depth economic analysis of the financial behaviour of BRICS and G7 countries. The authors utilise a set of modern econometric tools to study the influence of financial flows on the economic development of the two major blocs. The results are very important to the theory of development, government policy and global governance in the area of financial architecture. The research produces very deep and insightful results. Without going into technical issues of analysis, the authors can state that BRICS economic growth is dependent on labour quantity and total factor productivity. The BRICS economies as a group are dependent on financial flows in the form of foreign direct investments. By contrast, G7 economic growth is more contingent upon foreign portfolio investments. These differences create the grounds for both interdependence and competition for financial resources. Sanctions and national and international financial regulations affect the pace of development in many countries. That is one of the challenges for global growth, catching up for developing countries and solving the Sustainable Development Goal (SDG) №10 on inequality in the foreseeable future (UN 2015).

Chapter 17 by Leonid Grigoryev and Victoria Pavlyushina is on ‘Global Recession and Income Inequality: Factors of Disruption for Elites in the Twenty-First Century’. It looks beyond immediate issues and challenges and seeks to identify and document the deeper, underlying reasons for the current disruption in global governance. The chapter is divided into three sections, each considering these issues from the perspective of different sciences: economic analysis, sociology and political science. First, the Great Recession of 2008–2009 was followed by the credit crunch and slow growth that lasted until 2013. During this period, households in the five major economies, the USA, Great Britain, Germany, France and Italy, experienced an observable decline in personal consumption and an increase in unemployment. State finances, in their turn, were overloaded by debt problems (and debt crises in other countries). The unexpected depth and duration of the troubling events associated with the crisis raised the spectre of a long depression. Against this backdrop, citizens have felt social inequality much more acutely, and the subject has become a public issue in academia and the media (Grigoryev and Pavlyushina 2019). The consequences came in the form of dramatic events in political systems—reflected in declining democracy indexes—and unexpected electoral revolts: Brexit, a

reshuffling of political forces in Italy and France and the election of Donald Trump. The authors suggest that political elites were disrupted and somewhat frightened by these events, and reacted to some extent by seeking responsible parties beyond their borders. Global governance was one of the first victims of this reaction, though not the only one.

* * *

Economic growth occurs in widely differing countries according to their level of development and other driving factors. It requires not only capital, labour, technology and management, but on the global scale, it also needs peace, predictability, low-risk investment, good governance and conflict resolution. Future opportunities for global peace and sustainable growth are dependent primarily on the institutional setting in economic affairs from the standpoint of global governance theory: stable institutional regimes and types of predictable enforcement rules. The character of growth in G7 and BRICS countries and competition policy are new and important aspects of global governance, as this volume shows. Various chapters also include a contribution to an important problem: how the economic crisis of 2008–2009 and social inequality have influenced the state of democratic processes and electoral systems in the major developed democratic countries.

Challenges to international cooperation in recent years have become increasingly unpredictable, the scope of those troubles is spiralling upward, and it is time to calm down and seek a new settlement for global cooperation. By the spring of 2019, it is still too early to say whether there is some light at the end of the tunnel. New opportunities for global development are coming from activities of BRICS countries and from civil society support for the UN's SDG process. Cooperative international relations, new roads of globalisation and more stable modes of global governance based on compromises and shared interests will be important for addressing global social and economic challenges and for helping to generate prosperity for all.

Academics and intellectuals played a historically important role in setting the agenda for political elites in the period after World War II. It now appears to be a very good time for an 'intellectual comeback'. Global governance is a framework for many interests and for conflicting, even excessive aspirations. But spiralling tensions have put the whole path of global development at risk. Therefore, the restoration of global governance, predictability and institutional integrity should be a priority and a necessary intermediate step for collective action to address global problems.

References

- Eisenstadt, S. N. (1987). *Patterns of modernity: Beyond the west* (Vol. 2). New York: New York University Press.
- Eisenstadt, S. N. (2000). Multiple modernities. *Daedalus*, 129(1), 1–29.
- Flockhart, T., et al. (2014). *Liberal order in a post-western world*. Washington, DC: Transatlantic Academy.
- Fukuyama, F. (1989). The end of history. *The National Interest*, (16), 3–18.

- Fukuyama, F. (2006). *The end of history and the last man* (p. 1992). London: Hamish Hamilton.
- Grigoryev, L., & Kurdin, A. (2013). Mechanisms of global governance: Economic analysis. *Voprosy Ekonomiki*, 7, 4–28. [In Russian].
- Grigoryev, L. M., & Pavlyushina, V. A. (2019). Relative social inequality in the world: Rigidity against the economic growth, 1992–2016. *Russian Journal of Economics*, 5(1), 46–66.
- Huntingdon, S. (1993). The clash of civilisations. *Foreign Affairs*, 72(3), 22–49.
- Huntington, S. P. (1996). *The clash of civilisations and the remaking of world order*. New York: Simon & Schuster.
- Krastev, I. (2018). Eastern Europe's illiberal revolution: The long road to democratic decline. *Foreign Affairs*, 97(3), 49–56.
- Pabst, A. (2019). *The demons of liberal democracy*. Cambridge: Polity Press.
- Sakwa, R. (2017). *Russia against the rest: The post-cold war crisis of world order*. Cambridge: Cambridge University Press.
- Stuenkel, O. (2016). *Post-Western world: How emerging powers are remaking global order*. Cambridge: Polity.
- UN. (2015). Transforming our world. The 2030 agenda for sustainable development. *A/RES/70/1*. United Nations.

Part I
Global Governance in Crisis: The Changing
Geopolitical Dynamics

Chapter 2

Is Global Governance Unravelling? The Revolt Against Liberal Globalisation



Adrian Pabst

Introduction

The system of global governance that came into existence after 1945 and that expanded at the end of the Cold War is still dominant but it is no longer hegemonic. Its mutation from a multilateral model in the 1990s via a US-led unipolar order in the early 2000s to a more multipolar arrangement since the fallout from the Iraq invasion and the 2008–2009 financial crisis has not radically altered the five fundamental forces driving world politics. The first of these forces is capitalism, with its tendency to treat not just labour and social relations but also human beings and nature itself as commodities to exploit and discard purely for their exchange value. The second force is statism, in which all intermediary institutions are subordinated to centralised administrative control. The market expands into hitherto autonomous areas of society as the state removes obstacles to economic exchange and compensates for corporate failure (Gamble 2006).

The third force is technology, with its promise of liberating us from the constraints of history, nature and humanity in the name of a new Promethean spirit that offers transhumanism as a response to human frailty and mortality (Pabst 2018a). The fourth force is liberalism as a philosophy and ideology that views the isolated individual as being outside of relationships and institutions and that considers self-emancipation as higher than mutual bonds of attachment and affection (Milbank and Pabst 2016). The fifth and final force gathers all the others under the umbrella of globalisation in which capitalism, statism, technology and liberalism subordinate embedded economies, democracy and cultural integrity. The system of global governance seeks to enforce a procedural uniformity that is seen as the sole universal while at the same time proclaiming the values of democracy and diversity as the pillars of its own, increasingly questionable legitimacy (Niblett 2017; Nye 2017).

A. Pabst (✉)
University of Kent, Kent, UK
e-mail: A.Pabst@kent.ac.uk

In this chapter, I shall argue that the system of global governance rests on the liberal world order that has been at the heart of international politics since the end of World War II and especially since 1989 (Ikenberry 2011, 2018)—notably the United Nations, the Bretton Woods institutions and other pillars such as NATO. By global governance, I denote the liberal model of globalisation and multilateral organisations dominated by the West, which is increasingly at odds with non-liberal conceptions of multipolarity and civilisational diversity of both Western and non-West powers. While the institutions and norms of global governance are likely to endure for some time, the five fundamental forces of capitalism, statism, technology, liberalism and globalisation have hollowed out the political culture and the substantive values on which it depends. Just as the liberal world order is, in reality, illiberal and tends towards disorder (Jowitt 1991, 1992; Hoffmann 1998), so, too, global governance is less a worldwide system of cooperation to address transnational problems than it is an arrangement that suits the interests of superpowers or ‘great powers’ (Pabst 2018b). Global governance and the international order of which it is part rely on three core claims that are liberal myths. First, this order is the main reason for the peace and prosperity that have existed since 1945. Second, the key motivation of US foreign policy has been to create and uphold this order. Third, Donald Trump and his support for fellow strongmen is the primary threat to the liberal order of partnership to which we owe progress. But as Graham Allison has rightly argued:

The “long peace” was the not the result of a liberal order but the by-product of the dangerous balance of power between the Soviet Union and the United States during the four and a half decades of the Cold War and then of a brief period of U.S. dominance. U.S. engagement in the world has been driven not by the desire to advance liberalism abroad or to build an international order but by the need to do what was necessary to preserve liberal democracy at home. And although Trump is undermining key elements of the current order, he is far from the biggest threat to global stability (Allison 2018: 125).

My key argument is that the dominant system of global governance will not resolve the pressing problems of economic injustice, social dislocation and ecological devastation until it tames the five forces and embeds them in relationships and institutions that can democratise and domesticate them. The section ‘Liberalism in Retreat’ charts the global retreat of liberalism in the West and the ‘rising rest’. The section ‘Liberalism’s Imperial Sphere of Influence’ shows how the liberal order is compatible and complicit with imperial spheres of influence. The section ‘Liberal Hubris’ points to hubristic liberalism as the hegemonic ideology of our age. The section ‘The End of Economic Progress—for Now’ outlines the end of economic progress as a result of liberal market fundamentalism, while the section ‘How Liberal Identity Politics Is Eroding the West’ argues that liberalism’s identitarian turn undermines politics at home and abroad. The section ‘The Rise of the Illiberal Non-West’ provides an account of the rise of the illiberal non-West, and the section ‘Contours of a New International System?’ concludes with a brief sketch of the contours of a new international system that differs from the tenets of the liberal world order and global governance.

Liberalism in Retreat

Brexit and Donald Trump's election mark a revolt against the economic and social liberalism that underpins globalisation, mass immigration and multilateral free trade. Trump's victory also casts doubt over the bipartisan consensus in the USA that for the past 70 years has favoured the Western security community, multilateral cooperation, international law, environmental protection, democracy promotion and the defence of universal human rights (Krastev 2016; Niblett 2017; Ikenberry 2018). Some of the values that have upheld the liberal international order and the system of global governance are in question—not least when considering the rise of nationalist strongmen in China, India, Russia, South Africa, the Philippines, Japan and recently Brazil.

Meanwhile, the domestic trouble of Emmanuel Macron's presidency with the rise of the 'yellow vest' protest movement and the slow departure of Angela Merkel weaken the heart of the European project. Its lack of popular legitimacy fuels the flames of the anti-establishment insurgency in the West (Pabst 2019) and the rollback of liberal democracy in Eastern Europe (Krastev 2017; Murray 2017; Zielonka 2018). Across the West, a new alliance of working-class and lower-middle-class voters has risen up against unaccountable elites and remote technocracy. In each case, the economic losers of liberal globalisation have won a rare victory over the Davos oligarchy—with its creed of low wages, deindustrialisation, job-exporting trade deals, deregulation of global finance and endless foreign war (Pabst 2016a, b).

However, Brexit, Trumpism and the wider insurgency in the West are also supported by the vested interests of extreme neo-liberals who reject even limited international political restraints on capital. They prefer protectionism and nationalism because this allows them to rip up environmental, economic and social protections at home. In a manner reminiscent of the late nineteenth century, some capitalists back the authoritarian statism of both the far left and the radical right in an attempt to shore up their oligarchic power, which further undermines the system of global governance from within. Something similar is happening in non-Western countries where a hybrid fusion of brutal market competition, state coercion and a surveillance society is becoming normative rather than aberrant. The demise of democratisation and resurgent nationalism in countries as diverse as China, India, Russia, Japan, the Philippines and now Brazil pose the most significant threat to the institutions of the liberal world order since the slide into dictatorship during the interwar period (Emmott 2017; Luce 2017).

As part of a wider shift from a values-based foreign policy to an interest-based contest among 'great powers', the Western-dominated system of global governance since 1989 is unlikely to continue unchanged or collapse altogether. Instead, what seems to be emerging is a 'multi-order' (Flockhart 2016) in which the international system, with the UN and other international organisations at its apex, will endure, but will also witness intense competition for hegemonic power (Pabst 2018b). The US-centric and Sino-Centric spheres of influence will vie for power, with Russia and India prepared to cut deals with whoever shows them the most respect and acknowledges their strategic national interests.

However, trans-regional hegemons and rival spheres of influence based on competing civilisational visions can clash, and a cultural competition for hegemony is less predictable and possibly even more dangerous than was the Cold War era struggle between sovereign states with opposing ideologies. Moreover, each bloc is deeply divided: the US-dominated order is split between a more liberal-cosmopolitan EU and a more national-conservative USA and Japan, while the Chinese leadership views many neighbouring countries as little more than culturally inferior vassal states—leaving Russia stuck in a geopolitical grey zone.

The liberal world order that is still at the heart of the international system is not about to collapse. Liberal ideas and institutions are not all bad and look as though they will endure. However, liberalism cannot escape its own inner contradiction between market anarchy and the technocratic state—thereby provoking the anger that leads to populist nationalism. This is particularly true as long as liberals fail to recognise the nature of the current crisis. It is not merely cyclical because it is not just a periodic setback in an otherwise linear history of progress. Neither are we facing the terminal crisis of an entire system that is about to implode. Marx's prophecy of capitalism's collapse has not happened and likely will not happen. Rather, we are witnessing a new kind of crisis—a meta-crisis (Milbank and Pabst 2016)—because liberalism erodes the economic and cultural foundations on which a vibrant market economy and democracy depend: the progress of shared prosperity and a common identity. The liberal world order is in retreat primarily because Western liberalism is so corrosive and makes the West more vulnerable to external threats.

Liberalism's Imperial Sphere of Influence

The key problem with the arguments in favour of global governance is that they are grounded in a misconception of the nature of this system. It is true that the defenders of liberal internationalism recognise the inherent tension between, on the one hand, the USA as the 'Liberal Leviathan' in global governance that upholds the rules-based structure and provides public goods and, on the other hand, the forces of reactionary nationalism in America and elsewhere in the West that undermine liberal values and threaten the provision of global public goods (Ikenberry 2011). In place of a rules-based system, however, global governance actually involves a core power or hegemon projecting power beyond its national borders onto the constituent parts (Hast 2014). Thus, global governance is compatible with a specific sphere of influence that differs from other spheres of influence insofar as it rests on the principles of economic and political liberalism that are promoted by 'great powers' beyond their borders, notably the USA, the UK, continental European countries and Western allies elsewhere, primarily Japan (Mearsheimer 2001).

Such a system is not the same as Hedley Bull's conception of international society. The international society he conceptualised is less a society than an impersonal mechanism grounded in the myth of sovereign equality. Ole Wæver (1997: 62) puts this well:

Bull, and a lot of Bullians, create a picture of the international *system* as a kind of ‘law of nature’, a mechanical, timeless world of ultrarealism where international *society* then enters as the norms and rules; it is a picture closer to American neoliberalism with its interest in cooperation, regimes and institutions.

Thus, US liberalism has promoted an artificial state system based on American rules and norms rather than an international society composed of genuinely common values as well as shared interests and institutions. In fact, the origins of the liberal sphere of influence can be traced to the Monroe Doctrine of 1823 and the 14-point plan by US President Woodrow Wilson in 1919 (Reynolds 2013). Common to both is opposition to colonial rule and an emphasis on national self-determination but also the accentuating of American pre-eminence—beginning with US domination over its Central and Latin American ‘backyard’ and progressively extending to the rest of the West.

While the imperial powers of Britain and France were greatly weakened by 4 years of unprecedented destruction and bloodshed, the other old empires of Tsarist Russia, Austro-Hungary, the Ottomans and Germany collapsed altogether. Newly independent countries across Central and Eastern Europe, the Balkans as well as the Near East retained ties to Paris and London but found a new champion in the USA, which became the leading economic and geopolitical power. Paradoxically, the liberal order—that had begun as an anti-colonial project in 1776 and as a republican alternative to imperial monarchy (especially after 1789 and 1848)—morphed into a novel kind of imperialism directed from Washington. On his visit to London on Christmas Day 1918, Wilson declared in front of the assembled court of St James that the old order embodied by Britain was over and that the USA represented a new dawn that would make the world ‘safe for democracy’. In the process, the USA elevated the Westphalian principle of national self-determination, making it the overriding value of the international system and, as the historian David Reynolds (2013: 15 and 37) argues:

the prime test of state legitimacy, rather than dynastic inheritance or imperial rule. Here indeed was a ‘seismic shift’ in European history. Yet the principle of nationalism was an artificial construct, almost an anthropomorphic fantasy. Consider some of its cognate terms—national *consciousness*, national *will*, *self-determination*: in each case the nation is treated as analogous to an individual human being. [...] In short, [the aim of the U.S. is] to recast the world in America’s self-image [original italics].

Put differently, Wilson’s conception of international politics views national states as liberal egos writ large. This account is based on liberal norms of individualism and voluntarism that are deeply rooted in American political life and that successive administrations have exported, thereby, to promoting national ends by imperial means (Northcott 2004; Pfaff 2010).

The 1941 Atlantic Charter signed by US President Franklin D. Roosevelt and British Prime Minister Winston Churchill added free trade to national self-determination as a foundational value of the Western-dominated order. It marked a turning point in which, in the words of historian David Ellwood (1992: 21), Roosevelt became convinced of the ‘universal significance of the American historical

experience'. Therefore, a certain idea of universalism underpins the institutions of the liberal world order that has the USA and its own sphere of influence at its core.

From Wilson via Roosevelt and Reagan to the neo-conservative vision for a New American Century under George W. Bush, the USA has progressively replaced the balance of power and national interests (the settlement established by the 1815 Congress of Vienna) with a hegemony of supposedly universal values and global interests—an idea according to which American values and interests are synonymous with those of the whole world. This lies at the heart of the system of global governance that is now being contested by Western and non-Western countries alike. Crucially, America has always denied that it is in the business of building an empire. Instead, the USA has suggested that it came into existence precisely to throw off the shackles of British colonial rule and to fight imperialism everywhere, notably Europe and the Near East, but also along the Pacific Rimland. As former US Defence Secretary Donald Rumsfeld famously said in an interview with Al-Jazeera, 'We don't seek empires. We're not imperialistic. We never have been' (Maurer 2013). But Karl Rove—a long-standing adviser to President George W. Bush—was perhaps somewhat more honest in the declaration he made in the aftermath of the Iraq invasion. 'We're an empire now', he said, 'and when we act, we create our own reality' (quoted in Suskind 2004). Whether apocryphal or not, this statement encapsulates the peculiar liberal fusion of realism with idealism and the refashioning of the world in the image of liberal ideology.

The historian Niall Ferguson rightly remarked that 'the United States is the empire that dare not speak its name. It is an empire in denial, and U.S. denial of this poses a real danger to the world. An empire that doesn't recognise its own power is a dangerous one' (Gibbons 2003; see also Ferguson 2005). This is manifest in the protracted crisis of the liberal values-based foreign policy that was so dominant under Bill Clinton and Tony Blair's 'humanitarian' interventionism and the neo-conservative crusade in Afghanistan and Iraq (Ignatieff 2003; for an alternative liberal view on humanitarian intervention, see Rieff 2002, 2011). At the same time, the USA and its allies worldwide remain the single most powerful global force. With approximately 900 military bases in as many as three-quarters of the world's countries and 30% of total global wealth, US power continues to exceed that of the British Empire at any point in its history. If the liberal world order underwritten by American liberalism now faces its greatest challenge to date, it is because this order tends towards hubris and is, by its very nature, unstable.

Liberal Hubris

Liberalism is so hubristic that it ends up cutting off the branch on which it sits. First came liberal hubris after the end of the Cold War. Francis Fukuyama's 'end of history' thesis epitomised the conceit that Western liberal market democracy is the final form of government to which all parts of the world will ultimately converge. As Ivan Krastev (2016: 6) puts it, 'The Western model was the only (i)deal in town'. For

the advocates of global governance, the post-1989 world was one in which borders would formally endure even while losing much of their real relevance. Robert Reich (1992: 3; original italics), Bill Clinton's Secretary of Labor, described the new model of political economy as follows: 'There will be no *national* products or technologies, no national corporations, no national industries. There will no longer be national economies. At least as we have come to understand that concept'. So when the Soviet bloc imploded and free-market capitalism replaced bureaucratic state capitalism, the hitherto more embedded liberal model morphed into a new global order that promoted market fundamentalism, mass migration and military intervention in the name of supposedly universal principles that were, in fact, narrow, Western and liberal—a mix of oligarchic democracy, individualistic human rights and cultural relativism.

So, while progressives and neo-conservatives talked of liberal world order and a new American century in the wake of the Cold War, the end of communism really inaugurated 'the new world disorder' (Jowitt 1991, 1992; Hoffmann 1998). The events of 1989 and 1991 were not primarily an hour of triumphal victory of one ideology and system over its rival, but rather an epoch of profound change that combined liberation from Communist dictatorship with a sense of crisis resulting from the implosion of the Soviet system. Contrary to the borderless utopia of liberal progressivism, critical voices like Stanley Hoffmann and Ken Jowitt identified the redrawing of borders, the reshaping of national identities, the escalating of previously frozen conflicts and paralysing uncertainty and not post-ideological clarity as the real drivers of the process. What liberalism's short-lived hegemony concealed from view was the resurgence of old ethno-national and religious identities (Juergensmeyer 1993, 2000) and the rise to power of alternative worldviews with a claim to universal validity—notably capitalism (compatible as much with liberal democracy as with illiberal authoritarianism) and Islamism. As globalisation weakened national states, movements of contestation and rage sprang up across the world—from the new social movements and al-Qaeda in the late 1990s via Occupy Wall Street after 2007–2008 to the Arab Spring and ISIS since 2010.

Faced with Islamist threats to democracy, the war on terror and the destructive power of finance in the post-Cold War era, liberals failed to heed not just Hoffmann and Jowitt's scepticism but also the prescient warning by George Kennan (1960: 11; original italics) in his BBC Reith Lectures in 1957:

There is, let me assure you, nothing in nature more egocentric than the embattled democracy. It soon becomes the victim of its own war propaganda. It then tends to attach to its own cause an absolute value which distorts everything else. *Its* enemy becomes the embodiment of all evil. *Its* own side, on the other hand, is the center of all virtue. The contest comes to be viewed as having a final, apocalyptic quality. If *we* lose, all is lost; life will no longer be worth living; there will be nothing to be salvaged. If *we* win, then everything will be possible; all our problems will become soluble; the one great source of evil—*our* enemy—will have been crushed; the forces of good will then sweep forward unimpeded; all worthy aspirations will be satisfied.

It is perhaps unsurprising that the advocates of global governance have been in denial about their own role in the crisis of the international system that has existed