

# ATS2624 Global Governance Notes

## Week 1 – Intro to GG

### Institutional examples of global governance

The UN, IMF, WB, WTO

NGOs, MNCs

### Origin of global governance

- First example of global governance = The International Telegraph Union
- Emergence of an interconnected world in 19th century
- Driven by global capitalist economy
- Governing the global economy:
  - Facilitating expansion through technology
  - Rules for global commerce
  - Solving problems created by global capitalism

### The International Political Economy

- Examines the relationships between power and money (states and markets)
- Posits that politics and economics are inherently related
- Examines how and why have states tried to govern the global economy? (policies, values, norms)
- Asks who benefits, who writes the rules of global governance and who gets marginalized?

### Emergence of global governance

Pre-Great war

- Merging of communication and transportation systems through public international unions
- Standardisation of measurement and IP
- Cooperation of labour unions (measurement / chemical standardisation within industry)
- Economic internationalisation
- International co-operation in social fields

### The UN

- Security council
- General assembly
- Development system
- Acts to support communication and transportation infrastructure that link the world economy
- Maintains economic agreements on IP and standardisation
- Support of growing welfare states
- Increasingly free trade
- Support for decolonisation (as early as 1946)
  - Technical assistance
  - Humanitarian support
- Economic development programs for the third world
- Constant expansion of international human rights law
- NGOs often use the internationalisation of the economy to demand cooperation in other areas as well

## Neo-Gramscian

Antonio Gramsci: Italian philosopher and communist

### What the system is

- Based upon hegemony (power), a combination of coercion and consent
  - Secured through ideological means
  - Pushed through private institutions (schools, not-for-profits)
- “Common sense” is ideological and promoted by government/media
- **Historic Bloc**
  - A class cannot dominate in modern conditions by merely advancing its own narrow economic interests
  - A class must exert intellectual and moral leadership, and make alliances and compromises with a variety of forces
  - This bloc forms the basis of consent to a certain social order, which produces and re-produces the hegemony of the dominant class through
    - institutions
    - social relations
    - ideas
- The role for institutions
  - Spread hegemonic models to other states
  - Where consent is constructed
  - Maintain consent among Western countries
  - Coerce consent among the global South

### How the system is changed

- Exploitation alone won't lead to change
- Change comes about through a 'War of Position'
  - Critiquing common sense
  - Building alliances
  - Counter-hegemonic bloc
  - Demystifies existing “common sense”

### Backlash against hegemony

- Anti-IMF Riots (when countries sign and services are cut back, riots break out)
- Alter-globalisation movement (a disparate group of actors trying to challenge neo-liberalism)
- Backlash after 2008 (discontent with the neoliberal model)
- Crisis of neoliberal hegemony (Occupy Wallstreet, populism, nationalism)
- Incorporating civil society (bringing in malcontents to socialise them and encourage consent)

### View of global governance

- Neo-Gramscian scholarship understands global governance as an institutional structure concerned primarily with the expansion, management and consolidation of global capitalism
- This structure is committed to creating the conditions for the global mobility of capital and the spread of capitalist social relations through:
  - Privatization
  - liberalization
  - deregulation
  - regulation and surveillance mechanisms (IMF, World Bank)

- Economy continues to grow
- People take on debt to offset declining income

## Week 9 – The GFC

### Summary of the crisis

- Financial institutions begin engaging in securitisation: the pooling of various types of contractual debt
  - residential mortgages
  - commercial mortgages
  - auto loans
  - credit card debt obligations
- These securities are then sold to third party investors as collateralized debt obligations (CDOs)
- Rating agencies start giving high risk CDOs AAA ratings (highly safe)
- Banks beginning engaging in riskier lending practices in the housing market (NINJA loans)
- Cascade effect
  - Home owners start defaulting (pressures from housing crisis)
  - Subprime loans fail
  - Credit crunch ensues
    - Banks refuse to lend to other banks
    - Banks are unsure of their own debt risk
  - Financial institutions start collapsing
  - US financial crisis morphs into global economic crisis
- By 2009, the situation is the worst global recession since 1970s
  - Lending freeze
  - Companies collapse
  - Mass unemployment

### Causes of the GFC

#### 1. Issues of regulation

- Failure of governance system
- Failure to regulate markets and companies
  - No regulation of new financial instruments such as derivatives
  - Few codes of conduct
- Assumption of self-regulating market > becomes global norm
- Failure to set up a global governance system to manage the global economy

#### 2. Financialization

- The reliance of the global economy on the finance industry
- Structural power of finance
  - Domination over other industries and state government
  - In Australia, the FIRE (finance, insurance, real estate) sector grew at twice the rate of other sectors between 1985 - 2016
- Legacy of the crisis of the 1970s
- Divide between 'fictitious' and 'real' economy
  - Real economy is stagnating while financial sector grows
  - Only 6% of bank loans goes to manufacturing while 30% goes to other banks

- Insulation from democratic process
- States are increasingly seen as powerless
- 60% of Europeans and Americans distrust their government
- De-politicisation of politics
  - Growth in populism
  - Populism = division of people and elites
  - Populist leaders arise, often outside existing politics
  - Populism has long history (emerges during political crisis)
  - Right wing populism dominant
    - Trump
    - Le Pen
    - Johnson
  - Populism re-politicises politics (rejection of existing in favour of goals)
  - Populism growing in both south and north
    - Chinese nationalism
    - Indian nationalism
    - Philippines
    - Brazil
  - Populism on left and right
    - AOC
    - Bernie Sanders
    - Often more radical (nationalisation of industries, increasing taxes, growing welfare, Green New Deal)

### Global governance crises

- Neoliberal World Order in crisis
  - Led to inequality, falling social mobility
  - Cushioned GFC but failed to resolve GFC
  - Tensions between south and north
- Populist backlash
- Reassertion of sovereignty and self-interest (zero-sum thinking)
- Rejection of cooperation and multilateralism
  - UN running out of money (only 70% of states have paid in)
  - UN bankrupt by end of October?
- States increasingly not committed to GG
  - Withdrawing from institutions
  - Attacking directly (Trump, Morrison)
- Gramsci: “the situation consists precisely of the fact that the old is dying, and the new cannot be born; in the interregnum, a variety of morbid symptoms appear.”