



THE CRISIS OF GLOBAL GOVERNANCE: SOME METHODOLOGICAL APPROACHES TO THE PROBLEM

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Article history:	Abstract:
Received: 11 th April 2022 Accepted: 11 th May 2022 Published: 26 th June 2022	The article examines the theoretical and practical aspects of the phenomenon of global governance and argues that globalization as a socio-political phenomenon is the modern phase of capitalism. The essence and trends of the emergence and development of global capitalism are revealed, the reasons for its emergence, description, degree of spread and differences from the old capitalism are analyzed.
Keywords: Globalization, Capitalism, global capitalism, transnational capitalist class, neoliberalism, Fordism, Keynesianism.	

INTRODUCTION

The essence of the events taking place in the world today is the crisis of world governance. The new world order is turning from an object of theoretical research into a political reality, the search for optimal models of the world order continues, new theories and concepts are emerging. Some talk about the "end of history",¹ others - about the "clash of civilizations",² others - about the "new world order".³ Discussions about global governance have been unfolding in the international scientific community since the mid-1990s. The concept has become one of the topical issues for scientific research, has been included in textbooks on world politics,⁴ curricula on this issue have been introduced: at present, more than a dozen universities around the world have research centers specifically dedicated to the study of "global governance".⁵ Therefore, this topic deserves a thorough study.

Today, global governance is based on the polycentricity of the world and involves the participation in governance not only of states and interstate entities, but also of other actors. The impetus for the development of this approach was the publication in 1992 under the editorship of J. Rosenau and E.-O. Schempel's *Governance Without Government: Order and Change in World Politics*.⁶ And for T. Sinclair and M. Hewson, the pioneers of the study of this issue, the concept of global governance can become "a more integral and comprehensive tool for understanding global changes".⁷ Among the researchers of the phenomenon of global governance, the ideas of the Canadian scientist Robert Cox occupy a special place. His analysis of social forces⁸ points to a more comprehensive and flexible approach to the issue of structural change than other international relations theories (IRs). At the center of his analysis is

¹ Fukuyama F. *The End of History and the Last Man*. – London, 1992.

² Huntington S. *The Clash of Civilizations // Foreign Affairs*. – 1993, N 72 (Summer).

³ Kaplan J. Ed. *The 21st Century Cold War A New World Order?* Routledge. 2019.

⁴ 4 Лебедева М.М. *Мировая политика*. – / М.: Аспект-пресс, 2003. Антиглобализм и глобальное управление: Доклады, дискуссии, справочные материалы. – М.: МГИМО (У) МИД России, 2006. 440 с., Sinclair T. and M. Hewson eds. *Approaches to Global Governance Theory*. – State University of New York Press. Albany. – 1999.

⁵ In Germany, the research institutes Stiftung Entwicklung und Frieden (SEF) and Institut für Entwicklung und Frieden (INEF) are discussing the issue of global governance. They use the term Weltordnungspolitik (world order politics) to distinguish it from world government and world public politics. Research, teaching and training of global

governance specialists are carried out in many academic institutions, such as the Balsillie School of International Affairs (Canada), the Department of International Affairs of the London School of Economics (UK), the Leuven Center for Global Governance Studies (Belgium), the Global Governance Program of the European University Institute (Florence, Italy) and the Center for Global Governance of Columbia University Law School (USA) and in many other countries of the world including Russia, China, etc.

⁶ Rosenau J. and E. Czempiel eds., *Governance Without Government. Order and Change in World Politics*, Cambridge, Cambridge University Press. 1992.

⁷ Sinclair T. and M. Hewson eds. *Approaches to Global Governance Theory*. – State University of New York Press. Albany. – 1999. P. 3

⁸ Cox R. W., *Production, Power and World Order: Social Forces in the Making of History*, New York, Columbia University Press, 1987.)



the interaction of political and economic variables, there are interdependence relations of interactive nature between the mode of production, the state and the world order: the first determines the second, the second determines the third, and vice versa, the chain of conditioning unfolds from the world level to the level of social relations of production. The world order can take different forms depending on the types of production and the structure of the state. According to R. Cox, in any case, the main forms of the world order are hegemonic and non-hegemonic.

Our study is based on an analysis of global governance according to the neo-Gramscian theoretical framework formulated by Robert W. Cox, with special reference to the concept of hegemony. Drawing in part on Robert Cox's analysis of social forces and world orders,⁹ Antonio Gramsci's conceptions of the historical bloc and hegemony¹⁰, Stephen Gill's new constitutionalism¹¹, and William Robinson¹² and Leslie Sklar's transnational capital and transnational capitalist class¹³, we seek to explain some of the conditions under which a more "transnational" regime of accumulation and the hegemony of transnational capital associated with it can happen. Our point of view differs from and can be seen as a critique of classical Marxism, world systems theory, and (neo)-realist theory.

The evolution of national capitalism towards global capitalism, characterized by the growth of truly transnational capital and the integration of each country into a new globalized system of production and finance, the formation of a transnational capitalist

class as a global ruling class, and "transnational state apparatuses"¹⁴ is a characteristic feature of our time.

Global governance is a complex and controversial topic (not only the details and processes, but even the definition of the very concept of "global governance"¹⁵ is a theme for a much debates), covering social sciences in general, and political sciences, international relations and international political economy in particular. What is global governance? If it is not supported by the world government, then who forms and implements the rules of this new game? Like any key concept, the notion of "global governance" can be problematic if applied loosely and uncritically. However, if used correctly, this idea can reveal important insights into contemporary world politics. Global governance is a pluralistic concept, and we will define it this way: global governance consists of policy making and its implementation in global political systems through the cooperation of governments with civil society and private sector actors, and it (global governance) is, at a minimum, a political process of trying to agree on coherent and effective collective action on a global scale.

In order to understand global governance it is imperative to know the concept of hegemony. The realist school in the theory of international relations reduces hegemony to one dimension - domination based on the economic and military capabilities of states. Realists describe hegemony as the domination of one state over others, while Gramsci's theory defines hegemony as a combination of coercion and

⁹ Cox R. W., *Production, Power and World Order: Social Forces in the Making of History*, New York, Columbia University Press, 1987., Cox (1983),

¹⁰ Gramsci's ideas are not yet well developed in the international relations literature, but they are gaining increasing attention even among influential non-Marxists, see Keohane, 1984; Russett, 1984. Our interpretation of Gramsci has been influenced by Cox (1983).

¹¹ Gill S. and Law D. *Global Hegemony and the Structural Power of Capital* *International Studies Quarterly*, 1989. 33, 475-499.

¹² William I. Robinson, *A Theory of Global Capitalism: Production, Class, and State in a Transnational World* Baltimore: John Hopkins University Press, 2004. Robinson, William I. (2014) *Global Capitalism and the Crisis of Humanity* (Cambridge University Press, U.S.)

¹³ Sklar, Leslie (2001) *The Transnational Capitalist Class* (Wiley-Blackwell Publishing, Oxford, UK

¹⁴ Overbeek H. (2004), "Transnational Class Formation and Concepts of Control: Towards a Genealogy of the Amsterdam Project in International Political Economy" in *Journal of International Relations and Development*; Bieler and Morton (2001), *Social Forces in the Making of the New Empire*. Amy Chua, *World On Fire: How Exporting Free-Market Democracy Breeds Ethnic Hatred and Global Instability* (Heinemann, 2003). New global capitalism. *International critical thought*, 2017 vol. 7, no. 2, 171-189 <https://doi.org/10.1080/21598282.2017.1316512> 2017 Chinese Academy of Social Sciences. William I. Robinson *Debate on the New Global Capitalism: Transnational Capitalist Class, Transnational State Apparatuses, and Global Crisis*.

¹⁵ Murphy C. N. *Global Governance: poorly done and poorly understood*, // *International Affairs* 76, 4. - 2000, P. 789- 803. Strange, S. (1997) "Cave! Hic Dragons: a Critique of Regime Analysis", in Diehl, P. ed. *The Politics of Global Governance*. International Organizations in an Interdependent World, Lynne Rienner Publishers, Boulder, London



consent. Following Gramsci's dual notion of coercion and consent, Cox¹⁶ and other neo-Gramsci theorists extended the concept of hegemony, which was first created by the leading social forces in the state, and then applied on a global scale. Gramsci argues that a social class becomes hegemonic not only by coercion of others, but also by establishing agreement among subordinate classes, a concept that Cox in his neo-Gramscian critical theory later applies on a larger scale to the world order, and holds that world hegemony begins as an outward expansion of national hegemony created by the dominant social class. Therefore, we can consider the global supremacy of the United States after the Second World War as an external expansion of the American historical bloc and its legitimizing ideology of neoliberalism. The United States gained global influence through the expansion of the Fordist mode of production, its assistance in rebuilding Western Europe, and the creation of economic structures at Bretton Woods, all of which helped create a historical bloc based on neoliberal capitalism. In the hegemonic order, the values of the hegemon are relatively stable and unquestioned. They seem to be the natural order for most actors. This order is reinforced by the structure of military power. Hegemony expands and is maintained by the success of the actions of the dominant social classes. In orthodox theories of global political economy, as noted above, hegemony is understood in terms of the role of the hegemonic state in ensuring the stability and openness of a liberal economic system¹⁷, where a single powerful state controls or dominates the system.¹⁸ Therefore, hegemony is the exercise of power by a superior entity in an international system and is implicitly based on consensus.

Globalization as a new phase in the development of capitalism.

Since about the beginning of the 1970s, we have been living in a new historical era. This era has been variously described: some studies emphasize cultural change ("postmodernism"), while others focus on economic transformation ("late capitalism", "multinational capitalism", "flexible accumulation", "globalization"), and so on¹⁹. The world capitalist crisis that began in the 1970s is usually called the turning point towards globalization, and, in our opinion, this moment signaled the transition to a new transnational stage in the system. Globalization²⁰ represents a qualitatively new era in the ongoing evolution of world capitalism, marked by a number of fundamental shifts in the capitalist system: (1) the transition from a world economy or national chains of accumulation in an integrated international market to a global economy; (2) the growth of truly transnational capital and the integration of each country into the new world production and financial system; (3) the emergence of a new transnational capitalist class; (4) the emergence of a transnational managerial network of supranational political and economic institutions and national state apparatuses that have been infiltrated and reshaped by transnational forces; and (5) the emergence of new transnational relations of inequality and domination in a global society.²¹

a) The Rise and Consolidation of Neoliberalism

The crisis of the second half of the 1970s cannot be associated with a single incident, nor with any single failure in the normal business cycle. It was a fundamental crisis of "normality" that affected all aspects of the post-war order: social relations of production, the composition of the historical bloc and its concept of governance, the role of the state, and the international order. A recession that began in the 1970s and brought national corporate capitalism into

¹⁶ Robert W. Cox Gramsci, *Hegemony and International Relations : An Essay in Method*. Millennium: Journal of International Studies. Vol.12, No. 2. 1983. Pp. 162-75.

¹⁷ Stephen D. Krasner, "State Power and the Structure of International Trade", *World Politics*, Vol. 28, No. 3 (April 1976), p. 317-347. Robert Gilpin, "A Realist Perspective on International Governance," *Governing Globalization: Power, Authority and Global Governance*, eds. Anthony McGrew and David Held (Oxford: Polity, 2002): 237-248. Jennifer Sterling-Folker, "Realist Global Governance: Revisiting Cave! Hic Dragones and Beyond," in *Contending Perspectives on Global Governance: Coherence, Contestation, and World Order*, eds. Matthew Hoffmann and Alice Ba (London: Routledge, 2005).

¹⁸ Robert Gilpin, *War and Change in World Politics*, Cambridge, Cambridge University Press, 1981, p. 29.

¹⁹ Wood, Ellen Meiksins -- *Modernity, postmodernity or capitalism*. Review of International Political Economy Volume 4 issue 3 1997 [doi 10.1080/2F096922997347742]

²⁰ The approach to globalization can be broadly identified with the "global capitalism" thesis, see, in particular, Sklair 2001; Robinson 2004, who view globalization as representing a new stage in the history of world capitalism, involving the integration of national and regional economies into a new global production-financial system and related processes such as the formation of a transnational class.

²¹ These provisions are set out in more detail in William I. Robinson 2004, 2008: ch. 1.



crisis.²² The new concept of control that emerged as a result of these constructive efforts to overcome the organic crisis of the 1970s is called neoliberalism. Neoliberalism is the fundamental expression of the worldview of transnational mobile capital. The US government's decision to abandon the fixed exchange rate system in 1973 effectively ended the Bretton Woods system and, together with de-regulation, opened the way for the transnational movement of capital and the proliferation of multinational corporations (TNCs). Capital has achieved a new global mobility. Keynesianism was replaced by monetary policy, de-regulation, and a "supply-side" approach that included regressive taxation and new incentives for capital. Class compromise - Fordism was replaced by a new relationship of capital and labor based on deunionization, flexible and unregulated working conditions, and a benevolent social contract was replaced by social austerity and the law of the market in social reproduction.

Further, global legal and regulatory frameworks²³ have been created to facilitate the formation of globalized accumulation circuits. And, further, there was the imposition of the neoliberal model on the countries of the third and former Second worlds. Thanks to the ideology of neoliberalism, the world is increasingly becoming a single field for global capitalism. Therefore, gradually from the beginning in the 1980s, neoliberal approaches became the new orthodoxy in development. The resurrection and hegemony of market approaches define government intervention as ineffective and counterproductive and therefore require developing countries to privatize state-owned enterprises, adopt a series of stabilization measures to overcome balance of payments crises, and limit public spending. The increasingly complete mobility achieved by capital has allowed it to seek around the world the most favorable conditions for the various phases of globalized production, including the cheapest labor, the most favorable institutional

environment (for example, low taxes) and regulatory conditions (for example, weak environmental and labor laws), a stable social environment etc. As capital became liberated from the nation state and acquired new power over labor with the advent of globalization, states moved from reproducing Keynesian social structures of accumulation to serving the common needs of new patterns of global accumulation. What were developmental states in the earlier era have become neoliberal states in the face of globalization. These neoliberal nation-states functioned to serve the global accumulation of capital, whose task is to adapt national economic policies and practices to the perceived needs of global economic liberalism²⁴.

b) Neoliberalism as a hegemonic construct

The institutions that are critical to the production and reproduction of neoliberal hegemony are the dominant international organizations such as the International Monetary Fund (IMF), the World Bank (WB), and the World Trade Organization (WTO). The IMF was originally created to smooth out international balance of payments adjustments between countries, but beginning in the 1980s, IMF policy shifted towards a more market-friendly position. The World Bank was originally created to help Europe recover from the devastating World War II. Once that work was done, she turned to helping developing countries spur economic growth, increasingly setting conditions on loans that required market reforms. For the most part, these governance structures of the global economy operate to nurture and reproduce the forces of economic globalization and to discipline this emerging "global market civilization."²⁵

The development model of the IMF and other international financial institutions reflects the "one model fits all" mentality and is applied despite differences in domestic conditions, but always follows

²²William I. Robinson Global Capitalism Theory and the Emergence of Transnational Elites Critical Sociology 38(3) 349 –363. 2011. William I. Robinson Global Capitalism Theory and the Emergence of Transnational Elites January 2010. P. 2.

²³ "Global constitutionalism" in the words of S. Gill, see Gill, Stephen (1998). "New constitutionalism, democratisation and global political economy". Pacifica Review: Peace, Security & Global Change. 10 (1): 23– 38. doi:10.1080/14781159808412845, Gill, Stephen; Cutler, Claire (2014). New Constitutionalism and World Order. Cambridge, United Kingdom; New York, NY: Cambridge University Press. p. 7.

²⁴ Cox R. W. Civil society at the turn of the millennium: prospects for an alternative world order. Review of International Studies (1999), 25, 3–28. См. еще Leo Panitch, 'Rethinking the role of the state', in James H. Mittelman (ed.) Globalization: Critical Reflections (Boulder, CO: Lynne Rienner, 1996).

²⁵ Market civilization refers to the individualized, consumerist, and energy-intensive social order that prevails in the wealthy regions of 21st century capitalism. His view of the world is materialistic, short-term and ecologically close. See, Gill S. (1995) Globalization, Market Civilization, and Disciplinary Neoliberalism. Millennium: Journal of International Studies.



the principles of the Washington Consensus²⁶. By conditionalizing loans and aid, the IMF and the World Bank can force debtor states to implement a neoliberal policy agenda and thus maintain neoliberal hegemony.

The dominance of speculative financial flows over productive capital reflected the hegemony of transnational financial capital in the era of globalization and its frenzied activity in the last years of the twentieth century gave Susan Strange a chance to call it "casino capitalism".²⁷ The US state is the key instrument of the global capitalist system, reproducing or seeking to replicate the global capitalist system and defend the interests of global capital over national capital. Where ideological and political hegemony is not enough to protect the structure of global governance, there is military power. The wars in the Balkans, the Persian Gulf, and the Middle East have been a clear lesson in how military power intervenes when a regional power tries to ignore global hegemony. Thus, less powerful states remain "rule takers" in international economic institutions. And today it is a clear fact that the transnationalization of market forces, despite its ability to increase aggregate wealth, exacerbates inequality. Instead of steady growth and a fair distribution of wealth, we see an ever-widening gap between rich and poor people in both industrialized and developing countries. The

difference between the incomes of the richest and poorest countries increased from 35:1 in 1950 to 71:1 in 1992.²⁸ As David Hulme summarizes, "Our world is organized in such a way that between 1.5 and 2.5 billion people have little or no access to their most basic needs."²⁹ And an unprecedented increase in the gap between rich and poor has occurred within and between nations.³⁰ Citizens of states commonly referred to as the "winners of globalization" also suffer from its negative effects. In the United States and the United Kingdom, income inequality, as measured by the Gini coefficient, increased by more than 16 percent from the 1980s to the early 1990s.³¹ As early as the United Nations Millennium Declaration, it was stated that "although globalization offers great opportunities, its benefits are currently very unevenly distributed."³² In addition, back then, a United Nations report indicated that faith in the ability of unregulated markets to provide the best conditions for human development had gone too far. Too much reliance on the "invisible hand" of the market is pushing the world into unsustainable levels of inequality and deprivation³³. Therefore, the urgent task of modern global governance is the need to find a new balance between public and private interests.

The neoliberal construct of economic common sense did not come under broad and critical scrutiny until the onset of the Great Recession in 2008. After the crisis, social movements such as "Occupy Wall

²⁶ The consensus as a political package forces a weak developing country like Tanzania or Mozambique to open up its economy at all levels to the capture of its most valuable resources by foreign powers. The consensus contains technical descriptions that sound rational. In reality, this is a model of foreign multinational rule, which some critics call neo-colonialism. Few countries can compete with huge multinational companies or banks. A term coined by John Williamson to refer to the general consensus in Washington's international financial community, which included not only the US administration but also major international financial institutions and think tanks such as the Institute for International Economics, see below. Williamson, J. (1990) What Washington Means by Policy Reform. In: Williamson, J., Ed., Latin American Adjustment: How Much Has Happened? Institute for International Economics, Washington, 7-20. To be fair to Williamson, he simply described a set of policy prescriptions for fiscal adjustment in developing countries and called it the "Washington Consensus." He cannot be held responsible for the derogatory connotations that have been attached to the epithet of other observers of these processes.

²⁷ Susan Strange Casino Capitalism. Manchester University Press. 2015. Pp. 240. Frenzied Financial Speculation: Currency speculation alone exceeded \$5 trillion a day in 2013.

²⁸ UNDP (1999). Human Development Report: Globalization with a Human Face. http://hdr.undp.org/sites/default/files/reports/260/hdr_1999_en_nostats.pdf crp. 6

²⁹ David Hulme, Global Poverty: How Global Governance Is Failing the Poor (London: Routledge, 2010), P. 3.

³⁰ Michael N. Barnett and Thomas G. Weiss, Humanitarianism Contested: Where Angels Fear to Tread (London: Routledge, 2009). Jonathan Michie and John Grieve Smith, eds., Global Instability: The Political Economy of World Economic Governance (London: Routledge, 1999); and Joseph E. Stiglitz, Globalization and Its Discontents (New York: Norton and Company, 2002). Erik S. Reinert, How Rich Countries Got Rich and Why Poor Countries Stay Poor (London: Public Affairs, 2007).

³¹ UNDP (1999) op. cit.: p. 6.

³² Slaughter S. Liberty Beyond Neo-liberalism A Republican Critique of Liberal Governance in a Globalizing Age. Deakin University. 2005. Palgrave Macmillan. New York.

³³ In 2014, nearly 1.5 billion workers worldwide, or about 50 percent of the global workforce were in "vulnerable" employment arrangements, including informal, flexible, part-time, migrant and itinerant work arrangements.



Street" (abbr. OWS)³⁴ and "Los Indignados" (Spanish. "Outraged")³⁵ in Spain turned the statistical category of 1% into a strong political representation.

Criticism of the neoliberal project

A 2013 survey of fourteen developed countries showed that a significant portion of the population is vulnerable to potentially malignant political discourses. It turned out that the vast majority of respondents (74%) believe that inequality is growing, and only 7% say that it is declining, and this opinion is confirmed by aggregate statistics. However, a majority in all but one country (Australia 44%) said the system was pro-rich and anti-poor population. The share of respondents who agree with this statement ranged from 58% in Canada, 61% in the United States and Japan, and 65% in the UK to an astonishing 79% in Poland, 86% in Italy, 89% in Spain and 95% in Greece.³⁶ These findings highlight the continued failure of post-crisis recovery strategies and offer a fundamental rethinking of the founding postulates that have underpinned global governance over the past three decades.

As discussed above, a significant part of the population in OECD countries, especially those affected by austerity, believe that the system is designed against them and that they alone are bearing the negative costs of the economic crisis. Consequently, by

the beginning of the 21st century, global capitalism faced a double crisis - structural and subjective; one of overspending and the other of legitimacy. Since 2010, there has been a rise in books written by respected academics³⁷, and in-depth studies by influential political think tanks that critique and reject neoliberal governance and identify further reform needs.³⁸

Similarly, the United Nations Conference on Trade and Development (UNCTAD) has called for "rethinking the principles underlying national economic policy making and supporting international agreements", calling for active employment and redistributive measures.³⁹ In turn, a 2013 Oxfam study called for a new global initiative to end extreme wealth by 2025 and recommended that governments implement a policy package that would reduce income inequality to 1990 levels.

The application of market-friendly policies on a global scale over the past three decades has effectively concentrated global wealth and income at the top level, dismantled labor protection and social safety nets, and allowed capital to take refuge in tax havens⁴⁰, thereby avoiding social environmental and political costs. This condition of world development was named by S. Gill as an "organic crisis", which shows painful symptoms of the market civilization of

³⁴ Civil protest actions in New York City beginning September 17, 2011. The goal of the protesters is a long-term seizure of Wall Street in the financial center of New York in order to draw public attention to the "crimes of the financial elite" and call for structural changes in the economy..

³⁵ The "Indignados" ("Indignant") movement, which greatly shook the political system of Spain and founded "occupy" movements around the world. The demonstration took place on May 15, 2011 under the slogan "We don't want to pay for this crisis." That year, 21,000 protests took place across Spain, between 6.5 and 8 million Spaniards took part in these events, people expressed their dissatisfaction with the economic crisis, austerity measures and corruption. The movement quickly spread beyond Spain, inspiring the "Occupy" protests on Wall Street in New York, as well as protests in other European cities. In 2014, against the backdrop of these events, the left-wing Podemos party appeared, which came third in the elections in December 2015.

³⁶ Tencer, D. (2013, May 27). Income Inequality Widening, Canadian Say in New Poll. The Huffington Post Canada. Retrieved from: [http://www.huffingtonpost.ca/\(2013/05/27/income-inequality-canada-pewresearch_n_3342633.html](http://www.huffingtonpost.ca/(2013/05/27/income-inequality-canada-pewresearch_n_3342633.html). Cited in Stephen Gill Critical Perspectives on the Crisis of Global Governance Reimagining the Future. Palgrave Macmillan. 2015. P. 64.

³⁷ 52 E.g., Krugman, P. (2012). End This Depression Now. New York: W.W. Norton Company., Reich, R. (2012). Beyond Outrage: What Has Gone Wrong with Our Economy and Our Democracy and How to Fix It. New York: Alfred A. Knopf., Sachs, J. D. (2011). The Price of Civilization: Reawakening American Virtue and Prosperity. New York: Random House., Joseph Stiglitz The Price of Inequality: How Today's Divided Society Endangers Our Future. Penguin. 2013.

³⁸ OECD. (2011). Divided We Stand: Why Inequality Keeps Rising: Remarks by Angel Gurría, OECD Secretary General. Paris: OECD. 5 December. Retrieved from: www.oecd.org/document/22/0,3746,en_21571361_4431511_8_49185046_1_1_1_1,00.html., UNCTAD. (2012). Trade and Development Report 2012. New York and Geneva: United Nations Conference on Trade and Development., Oxfam. (2013). The cost of inequality: how wealth and income extremes hurt us all. Retrieved from: <http://policy-practice.oxfam.org.uk/publications/the-cost-of-inequality-how-wealth-and-income-extremes-hurt-us-all-266321>.

³⁹ UNCTAD 2012. Op. cit. : Pp. i-ix.

⁴⁰ <https://www.kommersant.ru/doc/4414856>. \$1 trillion of corporate profits go to tax havens. 07/10/2020, 19:01. Tax Justice Network (TJN), an international non-governmental organization, has estimated that about \$1 trillion of company profits from around the world pass through tax havens every year. Reviewed on 04/30/2021.



capitalism. Similarly, Robinson argues⁴¹ that 500 years of capitalism has led to a global epochal shift in which all human activity turns into capital. From this point of view, the world has become a single market that has privatized social relations.⁴² Thus, it can be argued that since the 1970s, the Gramscian form of hegemony has been reconstructed in favor of capital.⁴³

Markets, as Karl Polanyi pointed out long ago,⁴⁴ have always been socially constructed. Only after the rapid expansion and de-regulation of global financial markets over the past three decades, driven by advances in technology and communications that saw daily financial flows rise from about \$200 million a day in the mid-1980s to \$1.5 trillion dollars a day in the late 1990s, we began to assume that market power was completely out of the jurisdiction of state power⁴⁵.

The role of American hegemony

From 1945 until 1970, the US exercised unquestioned hegemony in the world system, and this hegemony began to decline during the period between 1970 and 2001. Since 2001, the US has sought to restore its position by pursuing a more one-sided policy. The US has moved from a hegemony in compliance to an imperial power dominated by coercion. Both globalization and militarism are seen as strategies adopted by the US to reverse its hegemonic decline⁴⁶. By reordering the political plans of other

states, they seek to exercise power primarily through coercion rather than consensus. What is happening now on a global level is that the fight has begun over what will replace neoliberal capitalism and how this crisis will have its results, if not its resolution. In fact, global governance is currently facing a very wide range of not only economic, but also political and cultural shifts and increasing inequalities.

Crisis of global capitalism and Prospects for the future

Global governance is now facing an unprecedented crisis - environmental, social, economic and political at the same time. Therefore the fundamental issues at stake are: where is this crisis heading, what are the possible outcomes, what are the prospects for counter-hegemonic resistance to the globalist bloc? These are hotly debated questions today.

Specialists mark several scenarios: 1. Anti-globalization movements of ultra-rights. They have been able to capitalize in many countries due to the insecurity of the working and middle classes. Far-right rebel forces can be seen in many countries around the world.

2. Progressive elites and nationalist groups in third world countries, reformism from above, aimed at stabilizing the system, saving it from itself and from more radical responses from below. Transnational reformist-oriented elites have proposed regulation of global financial markets, government incentive programs, incentives to shift from speculation to accumulation of products, and limited redistribution measures. Such elites as J. Soros, J. Sachs and J. Stiglitz, as well as representatives of international financial institutions and some governments, are currently guided more by neoclassical than institutional economics, and are striving for "global neo-Keynesianism",⁴⁷ global redistributive project, global reformist capitalism. Reformists among the global elites such as Joseph Stiglitz⁴⁸, Jeffrey Sachs⁴⁹, George

⁴¹ William I. Robinson, *A Theory of Global Capitalism: Production, Class, and State in a Transnational World* Baltimore: John Hopkins University Press, 2004.

⁴² Our emphasis

⁴³ Scholars who influenced Thatcherist politics were F. A. von Hayek and Milton Friedman. Institutions active in the dissemination of liberal economic and social ideas were the Mont Pelerin Society (founded in 1947 by Hayek), the British Institute of Economic Relations (1955), the British Center for Policy Studies (CPS) (1974) and the Adam Institute. Smith (1977). 1986 (American) Heritage Foundation President Edwin J. Faulner, Jr. was also Treasurer of the Mont Pelerin Society (Overbeek, 1987: 184).

⁴⁴ Polanyi, K. (2001). *The Great Transformation: The Political and Economic Origins of Our Time*, 2nd ed. Boston: Beacon Press.

⁴⁵ Nowhere is this argument more convincing than in the writings of Susan Strange. Especially *Strange (The Retreat of the State: The Diffusion of Power in the World Economy* Cambridge: Cambridge University Press, 1996, xvi, 218pp., *Mad Money: When Markets Outgrow Governments*. Ann Arbor: University of Michigan Press, 1998, 212 pp.

⁴⁶ Soederberg, S. (2006). *Global Governance in Question: Empire, Class, and the New Common Sense in Managing North-South Relations*. London and Ann Arbor, MI: Pluto Press.

⁴⁷ For such reformist, institutional, and neo-Keynesian thinking, see in particular Soros (1998), Stiglitz (2003), and Sachs (2006). These three are neither anti-capitalist nor anti-globalist; they talk about capitalist globalization "with a human face".

⁴⁸ Joseph Stiglitz, who served as senior vice president and chief economist at the World Bank in 1997 and 2000 and helped to impose neoliberalism around the world, also emerged as a leading voice among reformers after the 1997-98 Asian financial crisis.

⁴⁹ Jeffrey Sachs is perhaps the most emblematic of the neoliberal reformers. As a consultant to international financial institutions and governments, Sachs designed and



Soros and others—all previously adherents of the neoliberal "Washington Consensus"—now support institutional⁵⁰ rather than classical economics as the intellectual pillar of the post-neoliberal global capitalist order.

3. Popular movements around the world, which is reflected in the growth of the global movement for justice. In recent years, twentieth-century popular resistance movements and forces have begun to coalesce around an anti-neoliberal agenda of social justice, as embodied in the Seattle protests of late 1999 and the Porto Alegre clashes of 2001-2004. This rebellion is reflected in: massive uprisings in the EU countries after the sovereign debt crisis and the introduction of new tough programs to cut social spending; rebellion in North Africa and the Middle East; turn left in Latin America; militant resurgence in the US and the Wall Street Occupation Movement, etc. But the most catastrophic scenario is the global collapse of civilization, the degeneration of civilization. The only difference now is that for the first time we are talking about a truly global civilization, so it will be a global collapse (as we are now seeing a pandemic). Of course, we are always creating our own collective

implemented the very first neo-liberal structural adjustment program in Bolivia in 1985. This program has been a disaster for the poor in Bolivia: purchasing power has fallen by 70 percent almost overnight, unemployment has risen to 25 percent as thousands have been shot and strikes have been declared illegal, and millions of people have been stranded because almost all social benefits have been canceled/cancelled. From Bolivia, Sachs became the conduit for "shock therapy," a program of structural adjustment in Russia after the fall of the Soviet Union, which resulted in a 50% drop in GDP overnight, a tenfold increase in poverty, and a 75% increase in mortality among workers. See., Joseph E. Stiglitz, *Globalization and its Discontents* (New York: W.W. Norton, 2003). Jeffrey D. Sacks, *The End of Poverty: Economic Possibilities for Our Time* (New York: Penguin Books, 2006).

⁵⁰ What has been called "new institutionalism" is a research program spanning the social sciences whose main theoretical claim is that institutions have an independent and formative influence on politics, economics, and social structure. In addition, prior institutional development establishes pathways that shape and define current and future political, economic and social processes ("path dependency"). Possibly the most famous book related to the New Institutional Economics, Douglass C. North, *Institutions, Institutional Change and Economic Performance*, (Cambridge: Cambridge University Press, 1990). See also John Harris, Karen Hunter, and Colin M. Lewis (eds), *The New Institutional Economics and Third World Development*, (New York: Routledge, 1997).

history and therefore the future is never predetermined. But in our opinion, any transformative project should put democracy back on the agenda.

One of the most ominous criticisms of global governance is its inability to deal with growing global poverty and unrest. The world is no longer divided, as it once was along a geographical line, that is, between North and South, but rather represents a new social architecture. This architecture, which divides humanity into elites, the bourgeoisie, the marginalized, crosses territorial and cultural boundaries, turning the world into winners and losers of globalization. Addressing these challenges requires a reformed and more robust system of global governance that can regulate global markets.

The total world wealth is estimated to be around \$200 trillion, with the US and Europe owning roughly 63 percent of that total; Meanwhile, the poorest half of the world's population together own less than 2 percent of the world's wealth.⁵¹ The World Bank reports that in 2008, 1.29 billion people lived in extreme poverty on less than \$1.25 a day, and another 1.2 billion lived on less than \$2 a day⁵². Thirty-five thousand people, mostly small children, die of hunger every day. The "Occupy Wall Street" movement in the United States drew attention to unprecedented global inequality with the cry of "99% vs. 1%." The gap is indeed quite stark: in 2015, the top 1% of humanity had more wealth than the other 99 percent. Moreover, the top 20 percent of humanity controlled about 95 percent of the world's wealth, while the remaining 80 percent had to make do with just 5 percent.⁵³ This division of global society into haves and have-nots has created a new global social apartheid, evident not only between rich and poor countries, but also within each country, as transnational social and class inequalities become increasingly important compared to geographically perceived North-South inequalities.

⁵¹ Tyler Durgen, "A Detailed Look at Global Wealth Distribution," Zero Hedge, October 11, 2010, <http://www.zerohedge.com/article/detailed-look-global-wealth-distribution>.

⁵² "World Bank Sees Progress Against Extreme Poverty, but Flags Vulnerabilities," The World Bank, February 29, 2012, <http://www.worldbank.org/en/news/press-release/2012/02/29/world-bank-sees-progress-against-extremepoverty-but-flags-vulnerabilities>.

⁵³ Oxfam, *An Economy for the 1%* (Oxford, UK: Oxfam GB, 2016), https://www.oxfam.org/sites/www.oxfam.org/files/file_attachments/bp210-economy-one-percent-tax-havens180116-en_0.pdf.



Consequently, by the end of the 1990s, the capitalist system entered the most serious structural crisis in its history, which threatens to become systemic. The crisis of global capitalism is unprecedented given its scale, global reach, the extent of environmental and social degradation, and the extent of the means of violence.⁵⁴ Some call it the crisis of humanity⁵⁵. We are indeed facing a crisis of humanity.⁵⁶ 85 percent of the world's wealth is monopolized by just 10 percent of the world's people, while the bottom half of adults worldwide own only 1 percent of the total (in fact, the top 2 percent in the top 10 percent own half of the planet's wealth)⁵⁷. Indeed, it could actually undermine the social well-being of most people on a planet characterized by a growing health, food and energy crisis associated with broader crises of accumulation, exploitation of people and nature, deprivation of livelihoods and common wealth against the backdrop of widespread environmental destruction, situation, which S. Gill described as a global organic crisis.⁵⁸

All of these multiple crises collectively raise fundamental questions about the legitimacy, democracy, and ethical content of contemporary forms of global governance.

⁵⁴ For the structural and potentially systemic nature of the current crisis, see in particular Robinson, 'The crisis of global capitalism', op. cit., Mike Davis, *Planet of Slums* (London, Verso, 2007), Karl Polanyi, *The Great Transformation*, second edition (Boston, Beacon, 2001).

⁵⁵ William I. Robinson *A Crisis of Humanity*, as well as in his theory of global capitalism, see in particular William I. Robinson, *A Theory of Global Capitalism* (Baltimore: Johns Hopkins University Press, 2004), William I. Robinson, *Latin America and Global Capitalism* (Baltimore: Johns Hopkins University Press, 2008), Глава I.

⁵⁶ For the crisis of world capitalism, see Michel Chossudovsky and Andrew Gavin Marshall, eds., *The Global Economic Crisis: The Great Depression of the XXI Century* (Quebec: Global Research Publishers, 2010); William K. Tabb, *The Restructuring of Capitalism in Our Time* (New York: Columbia University Press, 2012).

⁵⁷ David Rothkopf, *Superclass: The Global Power Elite and the World They Are Making* (New York: Farrar, Straus and Giroux, 2008), 37.

⁵⁸ An organic crisis is one in which the system faces a structural (objective) crisis as well as a hegemony legitimacy (subjective) crisis. Gill, S. (ed.). (2012). *Global Crises and the Crisis of Global Leadership*. Cambridge: Cambridge University Press.; см. также главу 9 в Stephen Gill Ed. *Critical Perspectives on the Crisis of Global Governance. Reimagining the Future*. Palgrave Macmillan, NY. 2015.

Therefore, the problem of democratization of the mechanisms of governance in the world-political system over the past decade has become the subject of discussions about the consequences of globalization⁵⁹. Regarding the possible forms of democratization of the system of states and the global system, there are several approaches. Some, such as Falk,⁶⁰ see an opportunity for the democratization of the global political system in an increase in the number of non-governmental actors and transnational movements; others, like Held⁶¹, see the prospects for building democracy in the world system with the advent of a growth model of cosmopolitan democracy that combines state citizenship and world citizenship. And still others see great potential for democratizing global governance through the use of the Internet to shape global civil society. But, in our opinion, the appropriate conditions have not yet been created for the implementation of such plans.

CONCLUSION

It is impossible to predict the outcome of the crisis of global capitalism. Without a doubt, world capitalism has huge reserves on which to rely. We may see a recovery of productive rather than financial capital in the world economy and a global project of redistribution. Perhaps the more reformist (as opposed to radical) wing of the global justice movement will join with the more reformist (as opposed to conservative) wing of the Transnational Capitalist Class to push a reformist or global redistributive project whereby actual and potential leaders and sectors from subordinate groups are included into a dominant project to prevent the formation of a counter-hegemony. Fundamental changes in the social order become possible when an organic crisis occurs. In times of great social crisis, such as the one we are facing in a global society at the beginning of the 21st

⁵⁹ Boutros Boutros-Ghali *An Agenda for Peace: Preventive diplomacy, peacemaking and peace-keeping*, UN, 1992. Pp. 53. Moravcsik A. Is There a 'Democratic Deficit' in World Politics? A Framework for Analysis // *Government and Opposition*, April 2004, v.39, №2, p.336–363; Beausang F. *Democratizing Global Government: The Challenges of the World Social Forum* // UNESCO, Management of Social Transformations Discussion Paper №59, 2002 (<http://unesdoc.unesco.org/images/0012/001259/125902e.pdf>).

⁶⁰ Falk, R. A. (1995). *On Humane Governance: Toward a New Global Politics*. Cambridge: Polity Press.

⁶¹ Held D. *Democracy and the Global Order: From the Modern State to Cosmopolitan Governance*. Oxford: Polity Press. 1995.



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century, the correct theoretical understanding is critical if we hope to intervene effectively in resolving such crises. Predictions about the future of capitalism remain controversial. Polanyi's "Great Transformation" is over, and a "new Great Transformation" will be required at a global, supranational level to realize values other than the creation of a self-regulating market. Under these conditions, we need stronger public engagement: global governance is doomed to failure without strong public support and participation.