

# WILL INTERNATIONAL INSTITUTIONS FAIL AGAIN?

INTERNATIONAL POWER SHIFTS AND THE FUTURE OF GLOBAL COOPERATION

**Matthew D. Stephen**



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- International institutions thrive when they are utilized, their rules are respected, and they are important in shaping international outcomes. They fail when they fall into disuse, their rules are violated, or they otherwise become peripheral to the events of world politics.
- In order to function effectively, international institutions require a minimum level of agreement amongst their most powerful members. In many institutions today, the level of agreement is shrinking.
- While geopolitical tensions are real, the biggest risk to international institutions comes from the unravelling of domestic and transnational social coalitions in favour of economic openness and ideals of internationalism.
- To rescue international institutions, it will be necessary to take action at the national level. This means using the policy tools available to national governments to create economic security, reduce inequality, and foster inclusive community identities. This may come at the expense of deeper international integration, but it will be better for international cooperation in the long run.



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# WILL INTERNATIONAL INSTITUTIONS FAIL AGAIN?

## INTERNATIONAL POWER SHIFTS AND THE FUTURE OF GLOBAL COOPERATION

At the dawn of the twentieth century, international institutions and the inter-imperial system had fostered an open international economy and promised a new era of international peace. National economies and colonial possessions were linked into a world market that was underpinned by the international gold standard. No fewer than 30 intergovernmental organizations were founded between 1864 and 1914.<sup>1</sup> International institutions such as the International Telegraph Union (1865), the Universal Postal Union (1874), and the International Office of Public Health (1907) developed common technological standards and fostered economic globalization. The Permanent Court of Arbitration (1899) promised to resolve international conflicts based on law rather than coercive power, and the first international peace conference took place in The Hague in the same year. In this era of liberal triumph, international institutions represented the dawn of a new age: free trade, international peace, and liberal internationalism.

Then it all began to unravel. In European countries, labour unions, socialists, and social democratic parties began to gain in strength, contesting the economic policies necessary to sustain the gold standard and the open, liberal economic order it sustained. Demands for ‘protection’ from the market grew. At the same time, power in the international system was shifting. As Germany emerged as a world power in the heart of Europe, old systems of fluid alliances were broken and geopolitical tensions began to build. Englishmen began to complain of unsportsmanlike economic competition from state-supported German industrialists.<sup>2</sup> Despite decades of international cooperation and institutionalization, the liberal, bourgeois order exploded into war in July 1914. Despite earnest attempts to resurrect the old order, including the founding of the League of Nations in 1920, the next thirty years saw international institutions side-lined as the international system stumbled from one catastrophe to the next.

Will international institutions fail again today? While the early twenty-first century is not the same

as the early twentieth, there are spooky parallels. Just like the era prior to World War One, we have now witnessed several decades of economic globalization, liberal capitalism, and the growing role of international institutions. The World Trade Organization (WTO), founded in 1994, has overseen one of the greatest expansions in international trade ever seen. The UN Security Council emerged from Cold War paralysis to take on an increasingly active role in authorizing peacekeeping operations and enforcing peace. Human rights discourse has proliferated and new multilateral covenants and institutions on human rights have been signed.

Yet today, a sense of crisis has returned. Amongst developed countries, ‘populism’ now haunts the domestic political coalitions that have supported liberal economic policies. And like Germany a hundred years ago, China today has emerged as a new global power, stoking geopolitical tensions. Territorial conflicts – frozen and kinetic – have re-emerged in both Europe and Asia. International power shifts have coincided with domestic turmoil in key developed countries. In many ways, the situation today resembles that of the early twentieth century.

To assess the health of international institutions today, this paper surveys how international power shifts have affected the major multilateral institutions in three crucial policy fields: international trade, security, and human rights. International institutions thrive when they are utilized, their rules are respected, and they are important in shaping international outcomes. They fail when they fall into disuse, their rules are violated, or they otherwise become peripheral to the events of world politics.

### TRADE

International trade is probably the policy field where power shifts are most advanced.<sup>3</sup> China, the new workshop of the world, has emerged as a new centre

1 Craig N. Murphy (1994): *International Organizations and Industrial Change*, Polity Press, Cambridge, 47.

2 Murphy 1994, 122.

3 This section draws on Matthew D. Stephen and Michal Parizek (2018): ‘New Powers and the Distribution of Preferences in Global Trade Governance: From deadlock and drift to fragmentation’, *New Political Economy*, <https://doi.org/10.1080/13563467.2018.1509065>. Last accessed 19 October 2018.

of international trade. With its more than US \$2 trillion worth of annual exports, it has become the biggest exporter in the world (after the European Union). Depending on the calculation method used, it is either the biggest or second-biggest national economy. Consequently, there are now three superpowers in the world of trade: the European Union, the United States, and China. In addition, other large states have become increasingly significant through a mix of market size, trade volumes, and institutional activism. Brazil plays a critical role in agricultural products, Russia in natural resource commodities, and India in services. Moreover, Brazil and India have also teamed up to push their interests most assertively at the WTO, not only in its legislative pillar of the Doha round, but in its dispute settlement procedures as well.

Several patterns can be observed in the way in which international power shifts have affected international institutions in the realm of global trade.

First, multilateral negotiations to update global trade rules under WTO auspices have failed. Newly powerful states such as China, Brazil and India have preferences for trade rules that are quite different from those of the United States, Europe, and Japan. The rich countries have primarily been interested in new regulations relating to investments, services, and intellectual property, as well as government procurement and state-owned enterprises. These are sensitive issues of domestic economic regulation. But they have faced fierce opposition from the rising powers, which have pushed for reform of more traditional sectors such as agriculture, while defending their own policy autonomy. Because the rule-making pillar of the WTO operates by consensus, these policy disagreements have readily translated into deadlock. For those who favour even greater economic globalization and liberalization, the failure of the Doha round is bad news.

Second, the deadlock in the WTO has led to its role in trade governance being gradually side-lined. The United States and the European Union have lost interest in WTO negotiations. Voices critical of China's trade practices, which are hard to influence based on existing WTO rules, have gained in strength. They have pursued their interests via alternatives such as the Trade in Services Agreement (TiSA) and 'mega' free trade agreements (FTAs). The latter involve large numbers of countries from multiple regions, cover a large portion of world trade, and include provisions that go beyond WTO rules. Until recently, there were three such mega FTA projects: the bilateral 'Transatlantic

Trade and Investment Partnership' (TTIP) between the US and the EU, the 'Transpacific Partnership' (TPP) amongst countries in the Asia-Pacific, and the 'Regional Comprehensive Economic Partnership' (RCEP) amongst the 'ASEAN plus Six' countries, including China and India.<sup>4</sup> If these mega-FTAs do go into effect, they have the potential to poach the WTO's core policy tasks of negotiated trade liberalization, rule monitoring and rule enforcement, and challenge the principles of universalism and non-discrimination that lie at the heart of the WTO regime. In the longer run, if countries increasingly bypass the WTO to set new rules and to settle their disputes, the WTO will decline.

Third, trade liberalization has contributed to increased inequality and the decline of the middle class in Western countries.<sup>5</sup> This, in turn, has fuelled the rise of opposition to further trade liberalization in developed countries. Most fateful of all is the US government's current renunciation of many aspects of the global trade regime and willingness to flout the rules. The US has now scuttled the TTIP and pulled out of the TPP. Even more significantly, the US has taken a unilateralist turn in erecting wide-ranging import tariffs. In so doing, it has invoked a 'national security' defence at the WTO, which explodes the foundations on which the whole institutional edifice is built. Moreover, the United States has fired the first shots in a trade war between the two biggest economies in the world. The threat to the multilateral trade order could not be more serious.

So far, however, responses from other major economies (including China) have been restrained. While they have responded with reciprocal measures, they have done so unenthusiastically. New US tariffs have not (yet) sparked a rush to protectionism around the world. New trade agreements continue to be signed. Tariffs remain, overall, at a historical low, even in the United States (see Figure 1). At the same time, international trade remains at historically very high levels. While trade relative to economic growth has declined somewhat, this can be attributed less to institutional decline and more to China's economic slowdown and diminishing returns in the specialization of global

4 ASEAN Plus Six refers to the ten ASEAN countries plus Australia, China, India, Japan, New Zealand, and South Korea.

5 Dani Rodrik (2011): *The Paradox of Globalization*, W.W. Norton and Company, New York, 192-3; David H. Autor, David Dorn, and Gordon H. Hanson (2013): 'The China Syndrome: Local Labor Market Effects of Import Competition in the United States', *American Economic Review*, 103 (6): 2121-68.

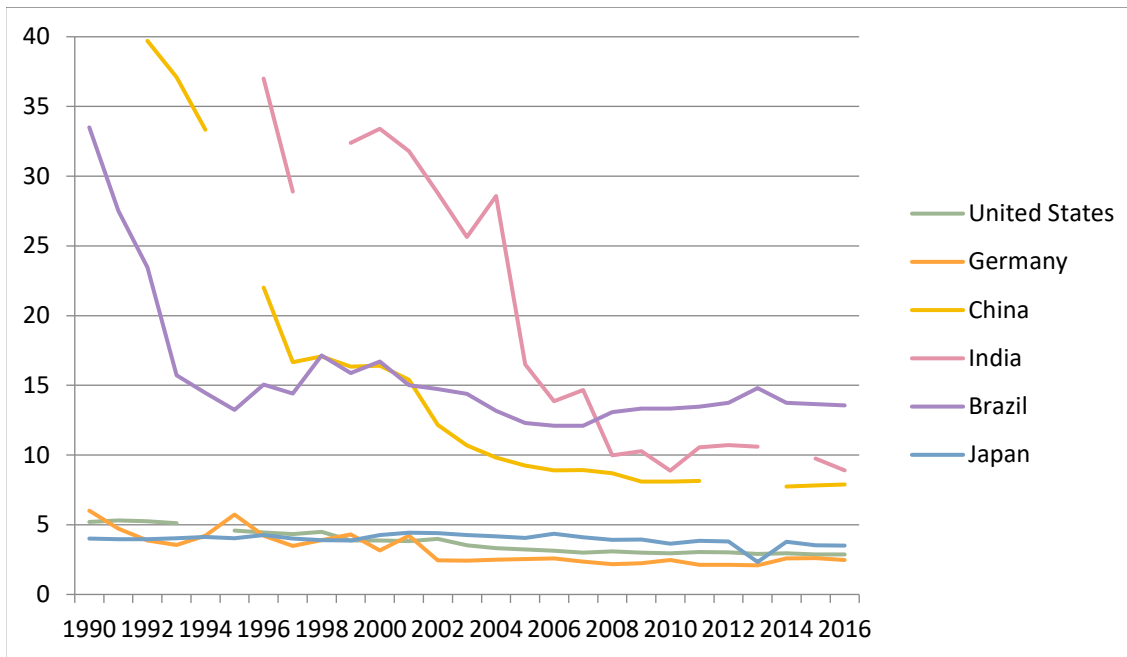


Figure 1: Tariff rate (applied, simple mean, all products) in selected countries 1990–2016 (%). Source: World Bank 2018.

supply chains.<sup>6</sup> While international trade institutions are increasingly challenged, openness to international trade is also underwritten by technological innovations and structural changes in the nature of production that are hard to reverse. Pending a fundamental geopolitical shock or an actual US withdrawal from the WTO – something Donald Trump has openly mooted – the institutionalized trade order seems likely to survive.

## SECURITY

Power has shifted in the military realm too. While the United States continues to tower over rival powers militarily, China and Russia have made important strides. The global balance of defence spending continues to shift towards Asia, and China has emerged as a major military power whose capabilities increasingly approach the global technology frontier.<sup>7</sup> As in trade, the shift in power has combined with preference divergence to challenge international rules and institutions. Yet in the field of security, institutions play a much less significant role in guiding the actions of the great powers.

The foundational institution in international security affairs is the United Nations, whose Charter prohibits the use and threat of force in international affairs. Yet this prohibition is frequently violated and violations show no signs of decreasing.<sup>8</sup> The United States raised great hopes with its willingness to seek Council approval for its defence of Kuwait in 1990, and the 1990s were a time when many hoped that the UN Security Council would become a true keeper of the peace through cooperation amongst the major powers. Yet this turned out to be an illusion. The United States and allies have repeatedly used force without a Security Council mandate. The bombing of Yugoslavia in 1999, the invasion of Iraq in 2003, and the bombing of Syria in 2017 all more or less clearly violated the UN Charter’s prohibition on the use of force.<sup>9</sup>

Russia has learned to play by similar rules. Its occupation and annexation of Crimea from Ukraine in 2014 was accompanied by tongue-in-cheek legal justifications that failed to persuade most UN members.<sup>10</sup>

6 Barry Eichengreen, *Is globalization on its last legs*, World Economic Forum, <https://www.weforum.org/agenda/2016/11/is-globalization-on-its-last-legs-asks-barry-eichengreen>. Last accessed 19 October 2018.

7 Editors (2018): ‘Editor’s Introduction: Western technology edge erodes further’, *The Military Balance*, 118(1): 5–6.

8 Bear Braumoeller (2013): ‘Is War Disappearing?’, American Political Science Association, Chicago 2013 Annual Meeting, [https://papers.ssrn.com/sol3/Papers.cfm?abstract\\_id=2317269](https://papers.ssrn.com/sol3/Papers.cfm?abstract_id=2317269). Last accessed 19 October 2018.

9 Daniel H. Joyner (2002): ‘The Kosovo Intervention: Legal Analysis and a More Persuasive Paradigm’. *European Journal of International Law* 13(3): 597–619; Sean D. Murphy (2003): ‘Assessing the Legality of Invading Iraq’. *Georgetown Law Journal* 92: 173–257; Michael N. Schmitt and Christopher M. Ford (2017): ‘Assessing U.S. Justifications for Using Force in Response to Syria’s Chemical Attacks: An International Law Perspective’, *Journal of National Security Law & Policy* 9: 283–304.

10 One hundred UN members voted in favour of General Assembly Resolution 68/262 entitled ‘Territorial integrity of Ukraine’.

Russia's intervention in the Syrian civil war, while based on the invitation of the government, has also seen it become embroiled in war crimes, and it has responded with obfuscation to the alleged use of chemical weapons by government forces there.<sup>11</sup>

Meanwhile, China has made sweeping claims to disputed islands and rocks throughout the South China Sea. The ensuing territorial disputes with neighbouring states have since been caught up in a broader military rivalry between the United States and China over the entire Western Pacific. China's interpretation of the provisions of the United Nations Convention on the Law of the Sea (UNCLOS) with regard to aspects of its claims in the South China Sea has been rejected by most UN members and by a UN Arbitral Tribunal. This has been accompanied by a militarization of disputed territories, and heightened tensions with India over disputed borders in South Asia.

In such a context, it is hardly surprising that the UN Security Council, the body created by the UN Charter to have "primary responsibility for international peace and security", has been prominently failing. The Council is increasingly divided, as China and Russia have been willing to confront the positions of the 'P3' Western permanent Council members (the United States, United Kingdom, and France) on a series of acrimonious conflicts over Libya, Syria, and Ukraine. The number of vetoes cast in the Security Council has been rising steadily since the low point reached in the early 1990s.<sup>12</sup> On issues where the major powers see their core national interests at stake, the Council has become as deadlocked as it is on the ancient subject of Council reform. The Organization for Security and Cooperation in Europe (OSCE), one of the most significant (trans-) regional security institutions, has seen its rules ignored and its norms violated in numerous areas such as arms control, human rights, democracy, electoral integrity, and – most vividly in the case of Ukraine – even territorial integrity.

But there are also signs that the Security Council and other security institutions will continue to play a meaningful, if limited, role in international security affairs in the future. Civil conflicts in Africa now constitute the vast majority of the Council's agenda and account for the biggest share of peacekeeping personnel

deployments.<sup>13</sup> Even in the terrible case of Syria, the Council has forced Syria to give up its chemical weapons programme, threatened Chapter VII measures in response to subsequent chemical weapons attacks, and called for temporary ceasefires to allow humanitarian access.<sup>14</sup> The Council continues to pass more resolutions, mostly by consensus, and deploy more peacekeepers than was the case during the Cold War.<sup>15</sup> On issues such as combating international terrorism, and intervening in intra-state conflicts, the Security Council remains the major vehicle for cooperation amongst the major military powers. Even the OSCE has played a significant role in mediating the conflict in Ukraine, facilitating the Minsk Protocol between the parties.

While areas of agreement between the major powers have rapidly dwindled, shrinking the capacity of international institutions to act, they continue to play a meaningful role in world affairs – when the major powers find them useful.

## HUMAN RIGHTS

Contemporary international power shifts also come with implications for international human rights institutions. Beginning with the Universal Declaration on Human Rights (UDHR) in 1948, the United Nations has been the site of a vast proliferation of multilateral human rights treaties. Today, the two covenants on civil, political, economic, social, and cultural rights are joined by a further nine "core international human rights instruments" covering issues such as genocide, refugees, racial discrimination, discrimination against women, torture, the rights of children, migrant workers, persons with disabilities, and enforced disappearance.<sup>16</sup> These have greatly expanded the normative benchmarks by which governments can be judged regarding the governance of their own societies. The language of human rights even permeates Security Council decision-making.

There are various UN bodies responsible for monitoring states' compliance with their human rights obligations, but they tend to be overworked and have only hortatory mechanisms at their disposal. Moreover, the treaties themselves are "vague; they conflict with each other; and they conflict with other rules of

11 Richard Pérez-Peña (2018): 'In a Chemical Weapons Debate, Russia Tries to Change the Subject', *New York Times*, 26 June 2018, <https://www.nytimes.com/2018/06/26/world/europe/chemical-weapons-russia.html>. Last accessed 19 October 2018.

12 Sebastian von Einsiedel, David M. Malone, and Bruno Stagno Ugarte (2015): 'The UN Security Council in an Age of Great Power Rivalry', United Nations University Working Paper Series 4, p. 3.

13 von Einsiedel et al., pp. 6, 9.

14 See Security Council Resolutions 2118 (2013), 2209 (2015), and 2401 (2018).

15 von Einsiedel et al., p. 3.

16 See <https://www.ohchr.org/EN/ProfessionalInterest/Pages/CoreInstruments.aspx>. Last accessed 19 October 2018.

international law”.<sup>17</sup> This makes their enforcement, or even assessing compliance, a complicated matter. Yet the increased assertiveness of rising powers is generating new challenges even for these already limited human rights institutions.

Firstly, rising power governments are increasingly strident in articulating the position that human rights obligations should not interfere in states’ domestic affairs. Sovereignty and non-interference is central to their normative agenda. “Naming and shaming”, the major mechanism by which human rights institutions can promote compliance, is not something most rising powers endorse. While this is true for countries such as China, it is also true of many democratic developing countries. India, like many other countries, embraces human rights and democracy as core principles of its domestic order. Yet it also emphasizes non-interference and sovereignty in its approach to international institutions, and together with China, Russia, and the United States, India has not ratified the Rome Treaty establishing the International Criminal Court.<sup>18</sup> India is very sceptical of naming and shaming particular countries’ human rights records, and has traditionally abstained on or opposed country-specific resolutions in forums like the UN General Assembly and the Human Rights Council, something it has in common with China.<sup>19</sup> One reason is that intrusive international human rights obligations can generate significant reputational costs for countries with prolific human rights abuses, while providing few benefits.<sup>20</sup> But India also embraces non-interference not only out of pragmatism, but as a moral principle, which also puts it in opposition to more interventionist interpretations of the Responsibility to Protect, often espoused by Western governments.<sup>21</sup>

At the same time, China and Russia have become increasingly confident in promoting their own human rights agenda internationally. Russia, together with other Muslim and Orthodox Christian countries, has promoted a series of resolutions in the Human Rights

Council invoking “traditional values of humankind” and emphasizing the family as “the natural and fundamental group unit of society”.<sup>22</sup> China and Russia have joined with other countries to reduce financing for United Nations human rights programmes, most recently with a successful effort to cut jobs related to human rights protection in peacekeeping operations.<sup>23</sup> For its part, China has argued that “The rights to subsistence and development are the primary, basic human rights. ... Safeguarding the right to development is the precondition for realizing economic, cultural, social and environmental rights, and obtaining civil and political rights”.<sup>24</sup> Related to this, China argues that because human rights flow from material development, underdeveloped countries cannot be held to the same standards as developed ones, a position that actually finds some support in existing human rights law.<sup>25</sup>

At the same time, just as in the case of trade, the rise of new powers has coincided with a backlash in the United States, as signalled by the USA’s declaration of withdrawal from the UN Human Rights Council in 2018. When international human rights institutions become so deeply contested and their legitimacy questioned, it is hard to see how they will exert the ‘compliance pull’ required to have an independent effect on actually promoting human rights. The countries most likely to heed human rights criticism are those who are committed to human rights anyway. Such an environment does not appear auspicious for the strengthening of international human rights institutions. Indeed, these are rather signs of decline.

## CONCLUSION

Do the contemporary challenges to international institutions surveyed here suggest they are failing once again? They do indeed appear deeply challenged. As in the early twentieth century, international power shifts and heightened geopolitical tensions have coincided

17 Eric A. Posner (2014): *The Twilight of Human Rights Law*, Oxford, Oxford University Press, 86.

18 Brazil, by contrast, has ratified the Rome Statute. South Africa ratified the Statute, notified its withdrawal in 2016, and then revoked its withdrawal in 2017.

19 Peter Ferdinand (2014): ‘Rising Powers at the UN: An Analysis of the Voting Behaviour of BRICS in the General Assembly’, *Third World Quarterly* 35(3), pp. 376–391 at p. 285.

20 This contrasts with the cases of the WTO and Security Council. The WTO provides rising powers with important stability in their integration with the world economy, while the Security Council provides Russia and China with unique privileges.

21 Madhan Mohan Jaganathana and Gerrit Kurtz (2014): ‘Singing the Tune of Sovereignty? India and the Responsibility to Protect’, *Conflict, Security & Development* 14(4): 461–87.

22 ‘A new global force is fighting liberal social mores’, *The Economist*, 11 July 2015, <https://www.economist.com/erasmus/2015/07/11/a-new-global-force-is-fighting-liberal-social-mores>. Last accessed 19 October 2018.

23 Rick Gladstone, ‘China and Russia Move to Cut Human Rights Jobs in U.N. Peacekeeping’, *New York Times*, 27 June 2018, <https://www.nytimes.com/2018/06/27/world/africa/china-russia-un-human-rights-cuts.html>. Last accessed 19 October 2018.

24 State Council Information Office of the People’s Republic of China (2016): *The Right to Development. China’s Philosophy, Practice and Contribution*. Beijing: State Council Information Office, [http://english.gov.cn/archive/white\\_paper/2016/12/01/content\\_281475505407672.htm](http://english.gov.cn/archive/white_paper/2016/12/01/content_281475505407672.htm). Last accessed 19 October 2018.

25 Randall Peerenboom (2005): ‘Assessing Human Rights in China: Why the Double Standard?’ *Cornell International Law Journal* 38:71–172 at pp. 79–80.

with nationalist backlashes in many countries. The multilateral trade system is faltering, the international security system is in disarray, and human rights institutions are increasingly contested. But despite this, one could say that international institutions are faltering at a high level. International trade remains at (nearly) record highs, and policy steps against economic globalization also encounter strong opposition from globalist interests. Disrespect for security institutions by major powers and terrible civil conflicts are rightly shocking to many observers, yet the Security Council's numerous peacekeeping operations are often overlooked. And while international human rights institutions also appear to be facing a backlash, it is in fact national institutions and politics that are more important in shaping a country's human rights record.

Can the decline of institutionalized cooperation outlined above be halted or even reversed? Attempts to isolate, confront or undermine the rising powers are unlikely to achieve this. And pushing for more technocratic international cooperation in sensitive areas is unlikely to be effective and may only exacerbate existing tensions. Ironically, it would appear that the best way to strengthen international cooperation is to take action at the national level. This requires addressing the legitimate grievances of the social groups left behind by economic globalization. This means using the policy tools available to national governments to create economic security, reduce inequality, and foster inclusive community identities. It requires doing so in a way that confronts the domestic pathologies of inequality, polarization, and nationalism. This may even come at the expense of deeper international integration, and therefore appear as a retreat from international 'cooperation'. But it will be better for international cooperation in the long run. Globalization must be managed in ways that respect the very limited capacity to govern it at the international level. The alternative is to risk a repeat of the gallant failure of times gone by.