

The Global Order is in Decline

News:

On 11th December 2017, the RAND Corporation, the US non-profit organisation, in an analysis called into questions America's ability to maintain the international order. It issued a damning indictment of the America's military forces, calling on the administration of US President Donald Trump to reassess the nation's defence strategy and security posture. It highlighted: *"If adversaries perceive US military [...] as inadequate to the task of deterring and defeating coercion or aggression, the viability of this nation's entire national security strategy and, indeed, the rules-based liberal order that it has promoted for more than 70 years, will be called into question."*

Comment:

It was the United States that constructed the post-World War 2 world. Having made the difference to turn the tide in the war, America was well placed to dictate the terms of the post war world. The Yalta Conference in 1945 distributed the spoils amongst the victors, but the year before at the Bretton Woods Conference, the International Monetary Fund, the World Bank and the General Agreement on Taxes and Tariffs (GATT) were created. The Brookings Institute confirmed in a report: *"The United States has viewed all multilateral organisations including the World Bank, as instruments of foreign policy to be used in support of specific US aims and objectives...US views regarding how the world economy should be organised, how resources should be allocated and how investment decisions should be reached were enshrined in the Charter and the operational policies of the bank."* All of this required maintaining a military presence in Europe and Asia. In the immediate aftermath of the war, this was manifested in the occupations of Japan and Germany and placing constitutional limits on the size and operations of those countries' armed forces. Out of this emerged NATO in 1949 as the overarching military structure through which the US security umbrella for Europe was manifested.

The collapse of the Soviet Union and the end of the Cold War led to an unprecedented period of primacy and freedom of action for the US and its liberal order. For the first time in decades, the opportunity now existed for these international institutions to fully serve the aims that the US had envisioned for them in the aftermath of WW2.

However, the high hopes were not to last, and it seems that an unwinding of this institutional order is well underway. Russia's successful rollback of the colour revolutions of the early 2000's revealed the shallow extent of the US commitment to its partners in the Central Asian and Caucasus region. The unopposed invasion of Ukraine has confirmed that the commitment was not sustainable and had never represented a vital US interest.

Serious international crises from Syria and Iraq to Rwanda and the Congo have shown the impotence of the international community and the failure of the UN and its institutions to provide a serious guarantee for world peace.

The World Trade Organisation was meant to provide a means for liberal free market states to preach their doctrines to the lesser nations of the world. It was also intended to put greater pressure on emerging economies to follow capitalist prescriptions for reduced government intervention in the market and greater involvement of the private sector in the provision of public goods such as water, energy, education and healthcare. However, the Doha Development Round of negotiations, intended to run only from 2001 to 2005, and to address the perceived inequities of treatment of developing countries, has still not concluded.

On the domestic front, the much-vaunted financial sector has proved to be an Achilles heel rather than a source of strength for the global economy. Following the global financial crisis, the institutions and trade agreements that underpinned the international markets are now seen as part of the problem rather than the solution.

The political and economic drivers that led to the creation of the liberal order no longer inspire policymakers, nor do they form part of the historical memory of the societies that sustain their existence today. The European struggles of the 20th century have been replaced by both new resources and new actors, which require new mechanisms to be addressed, which the global power is failing to do. RAND has confirmed what many had known for some time that with the many problems in the world, the liberal order is failing most and now alternatives need to be sought.

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