

# The Emerging Fractured Global Order: Characteristics, Dimensions and Implications

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# The Fractured Global Order: concepts

- It is a **global but not integrated** order
- Puts all of us in contact with each other, but at the same time **creates profound divisions** between countries and peoples within countries
- **Benefits a small proportion of humanity and marginalizes the rest**
- **Multiplicity of fractures** (economic, social, demographic, environmental, security, technology, governance, culture, mass media, knowledge)
- Creates conditions for **instability, violence and chaos**
- Requires an **active international insertion strategy** for countries, firms, organizations, institutions and even individuals
- Demands **new leadership styles and approaches**



# The Fractured Global Order: paradox

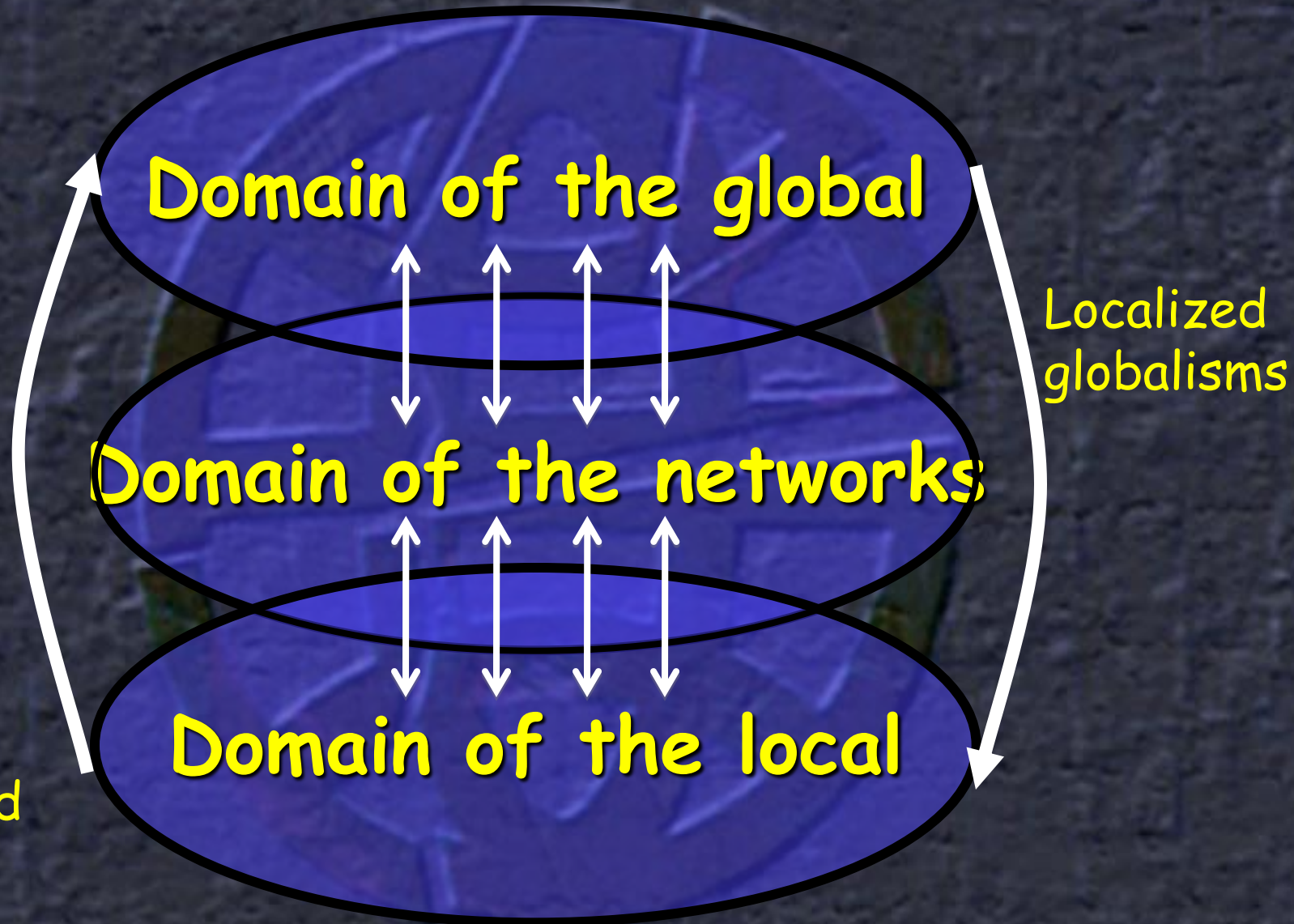
- The world **expansion of trade** in goods and services, the progressive **blurring of national boundaries**, and the **intensive exchange of information** and knowledge coexist with ...
- The **concentration of "global" activities** in a few **countries**, regions, cities and even districts (e.g. financial globalization), and ....
- With the **growing weight of a limited number of large corporations** (growth of intra-firm trade) that engage in "coopetitive alliances" (cooperation + competition) with each other
- ***Need for new concepts** to apprehend, appreciate, understand and manage emerging world context*

# The Fractured Global Order: structure

- Three closely interlinked and partially overlapping domains: *Local, Network, Global*
  - Each one has its own characteristics, logic and modes of interaction with the other two domains
- New set of interrelations between peoples and social groups in time and space
- Emerged because of the aggregate impact of human activities on the world we live in, and as a consequence of advances in communications and transport technologies
- Has led to:
  - Changes in the scope, extent and intensity of exchanges of tangible and intangible goods
  - Changes in power relations between states, corporations, civil society, institutions



# Domains of the Fractured Global Order



# Domains of the Fractured Global Order

## *Domain of the Local*

- Interpersonal relations and transactions mostly anchored in time and space
- Production, exchange and consumption of tangible goods and personal services takes place in specific and circumscribed places
- Access to information primarily geared to subsistence, cooperation and social development in a given location
- Human interactions fully inserted within the framework of concrete life experiences ("here and now")
- Exists since the beginning of the human species
- Communications: "few to one", "one to few" and "few to few"
- Evolved gradually towards the *domain of the networks*



# Domains of the Fractured Global Order

## *Domain of the networks* (full view: beginning of 16<sup>th</sup> century)

- Intensive exchange of tangible and intangible goods (products and services, influence and power relations, transmission of data and information) through a multiplicity of channels and nodes that interconnect individuals and social groups at national, regional and international levels
- Creation of transgovernmental, transcorporate y transassociative and transacademic networks
- It is possible to identify and trace flows through networks and nodes, and the ways in which they link with each other
- Human interactions partially disembedded from their local settings ("here and now" augmented with "there and then")
- Communications: "one to many" and "many to one"
- Provides the underpinnings and infrastructure for the emergence of the *domain of the global*



# Domains of the Fractured Global Order

**Domain of the global** (emerging: end of the 20<sup>th</sup> century)

- Global impact of actions in domains of local and networks
- Massive, dense and nearly-instantaneous exchange of symbols and intangible goods and services on a planetary scale (information age)
- Advances in communications and information technologies liberate activities and interactions from the constraints imposed by immediate experience (cyberspace)
- Not possible (or most difficult) to identify and trace specific interactions and transactions
- Transactions delinked from space and time; the "here and now" and "there and then" augmented by movements towards the "everywhere/nowhere and always/never"
- Human interactions disembedded from local contexts; articulation of complex and convoluted "networks of networks" and emergence of "clouds"
- Communications: "many to many", "all to many", "many to all"
- ***New field for the exercise and evolution of human faculties***



# Domain of the global: manifestations

- Still early stages, but contours are visible: both *intangible* and *tangible* expressions of phenomena that take on global scope (information exchange, climate change, interconnected instabilities)
- Migration from the *domain of the networks* to the *domain of the global*; borderline activities
- Optic cables, satellites, cellular networks, WiFi, massive servers, GPS, among other devices: basic infrastructure that allowed explosion in telecommunications
- Internet, www, distributed computing, cloud computing: communication platforms on which the intangible manifestations of the *domain of the global* is taking shape

# Domain of the global: manifestations

- *Global financial concerns:*

- Massive, extensive, instantaneous, non-traceable transactions all over the world (paradox)
- Worldwide spread of derivatives and blind risk-taking
- Exponential growth of currency, futures, index and other synthetic transactions
- Huge deficits and debt problems in rich countries

- *Emerging global social issues:*

- Consumption patterns, entertainment, gastronomy
- MMPORGs, "Second Life", cyberworlds
- Explosion of social networks: Facebook, YouTube, MySpace, Hi5, LinkedIn, etc., (borderline between the domains of the network and of the global)
- Demographic changes and migration



# Domain of the global: manifestations

## • *Economic dimensions of globalization:*

- Outsourcing and global supply chains; proliferation of trade agreements; Doha Round stalled
- Rise of global dematerialized "creative industries": music, videos, e-books, videogames, information services, e-newspapers
  - Zero reproduction cost; intellectual property issues

## • *Global security issues:*

- Cyberwarfare and cybercrime (cyberweapons)
- Transborder crime, social unrest and terrorism
- Environment and migration security concerns
- Breakdown of complex systems (external threats, internal malfunctions, deliberate sabotage)

# Domain of the global: manifestations

- *Global environmental threats*

- Scale, extent and differential impact of climate change (water, food, diseases, pandemics, migration)
- Depletion of ozone layer, extreme weather events
- Possibility of environmental catastrophes (inversion of Gulf Current? Loss of Arctic ice)

- *Aggregate and cumulative impact of these manifestations*

- Result of individual and collective human action
- Concerns about stability and disruption
- How to take advantage of new opportunities

- Interactions between the three domains: *new context for the evolution of humanity in the post-Baconian age*

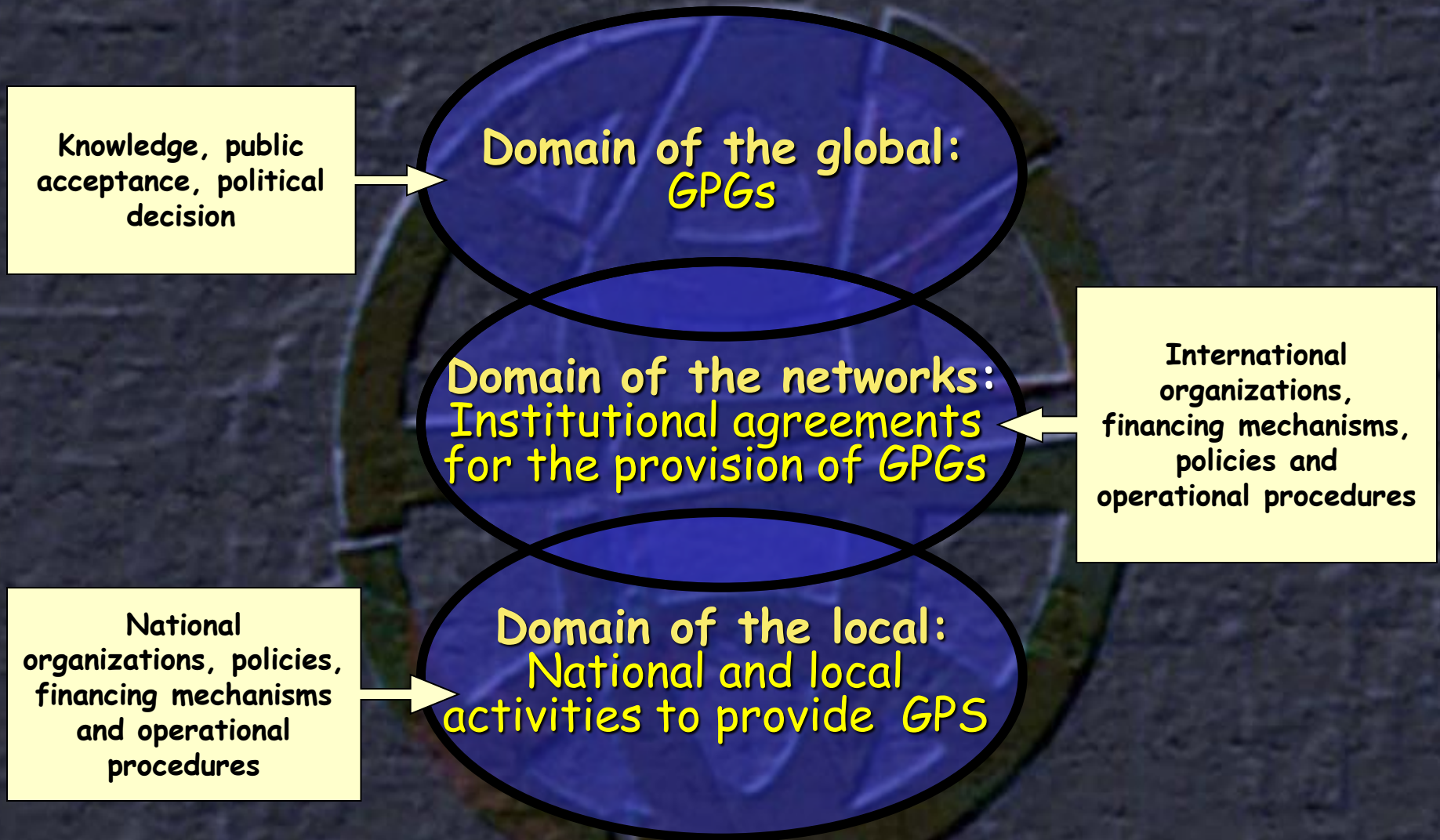


# Example: provision of Global Public Goods

**Global Public Goods:** (Sagasti and Bezanson, 2001)

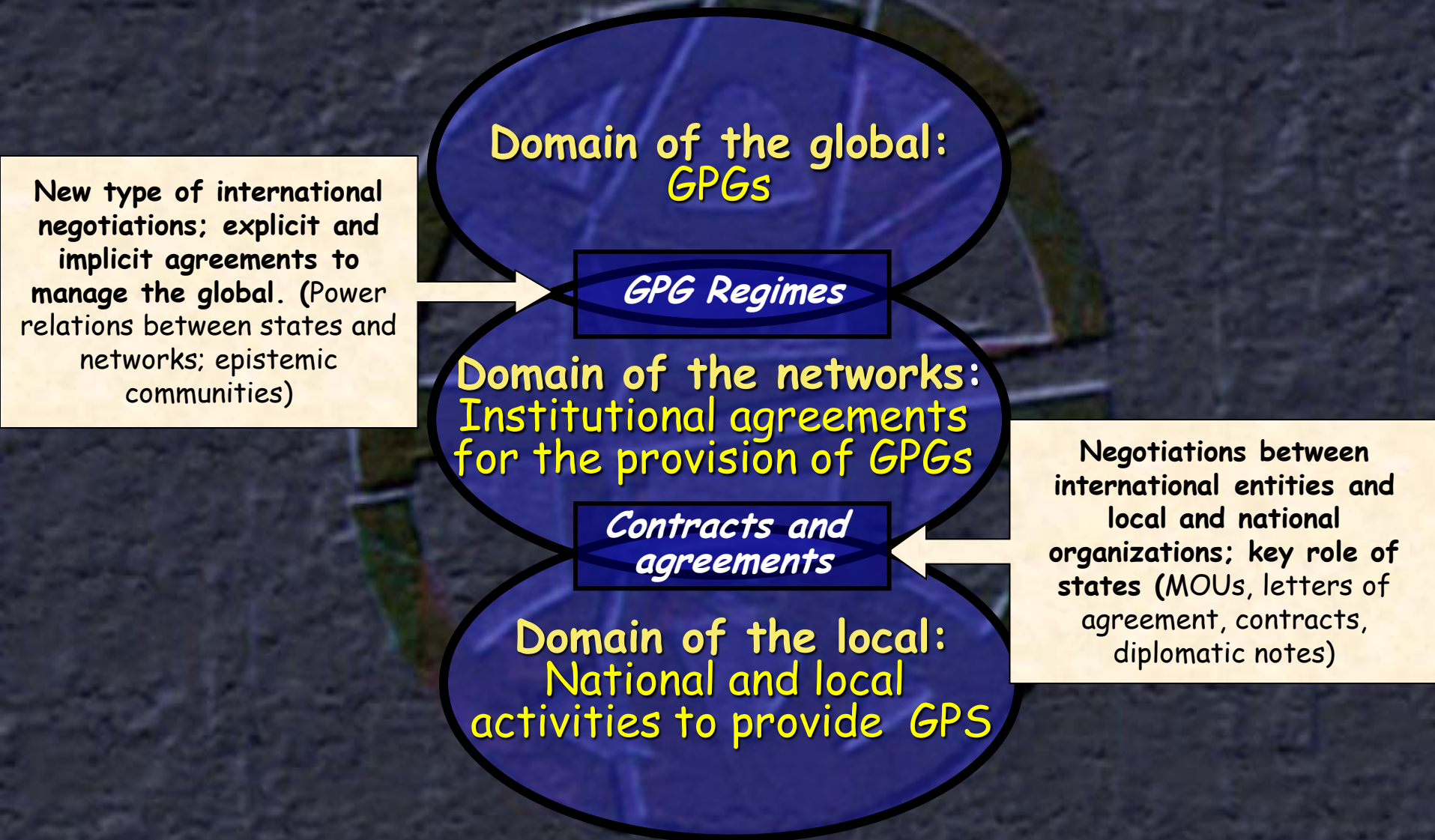
- Renewed interest in collective action, global problems require moving beyond individualism
- Global Public Goods (GPGs):
  - Non-exclusivity (difficult to impede their use)
  - Non-rivalrly (its use by one does not prevent others from using it)
  - Externalities and "free riding"
  - Global or international scope
- *Political nature of decisions regarding the provision of GPGs*
- Creation and report of Zedillo Commission
- Ephemeral nature of concerns: disappearance and reappearance of issues; staying power

# Delivery system for GPGs





# Delivery system for GPGs



# Delivery system for GPGs

- Application of conceptual framework to case studies:
  - Climate change mitigation
  - Biodiversity conservation
  - Funding AIDS research
  - Maintaining financial stability
  - Operational conflict prevention
- Use of conceptual framework to assess performance of the Consultative Group on International Agricultural Research (CGIAR)
  - See: Sagasti and Timmer (2008)
- Structure of fractured global order allows better conceptualization and design of interventions



# Fractured Global Order: dimensions

- International security in a post-bipolar world
- Economic and financial interdependence
- Persistent inequalities and economic uncertainty
- Social transformations (demographic change, families, aspirations)
- Environmental and natural resources, sustainability concerns
- Return of culture, religion, ethnic and ethical issues
- Governance and dissemination of democratic practices
- Key role of mass media
- Knowledge explosion and knowledge divide

# Fractured Global Order: dimensions

## *International security in a post-bipolar world:*

- End of the Cold War and of East-West rivalry
- Virtual elimination of threat of total nuclear war
- New security concerns: terrorism; resource and environmental conflicts (oil, water); international crime and drug traffic; proliferation of chemical, biological and small scale nuclear weapons; militarization of space
- Waning power of the state: pressures “from above” (integration); “from below” (autonomy) and “from the sides” (corporations, civil society organizations)
- Increase in the number and intensity of local and regional conflicts (ethnic, religious, resources, borders, social protests)
- Greater role for international and regional organizations in maintaining peace and security
- Demand for new international governance structures



# Fractured Global Order: dimensions

## *Greater economic and financial interdependence:*

- Rapid growth and worldwide expansion of financial markets (and of the dangers associated with them)
- Changes in the patterns of international trade: transformation of the content of trade in favor of high technology products and services; emergence of the North Pacific as key area for international trade; multiplication of regional and bilateral trade agreements; growth of trade within transnational corporations and conglomerates; trade imbalances, surpluses and deficits
- Gravest financial and economic crisis in 80 years: imbalances, irrational exuberance, global contagion, end of decoupling illusion (we are all in it together!)
- New situations in key countries: USA, China, European Union, Russia, Japan, Brazil, India, South East Asia, South Africa, Turkey, Indonesia, middle-income countries

# Fractured Global Order: dimensions

## *Persistent inequalities and economic uncertainty:*

- Huge financial and commercial disequilibria (US deficits, Chinese surpluses, Japanese stagnation, bubbles and crises, currency misalignments); instability of international economic system; spread of disturbances
- Persistent and growing income inequalities between countries (debates on the subject)
- Excessive consumption in rich countries (waste, energy intensity, pollution, obesity) and underconsumption in poor countries (malnutrition, health, poverty); “Midas World”?
- Growing income and opportunity inequalities within both rich and poor countries (economic exclusion, unemployment)
- End of period of unbridled free market excesses?
- Growing concern for improving international economic governance (global financial regulation?, G20?, IMF?)



# Fractured Global Order: dimensions

## *Transformation of social conditions:*

- Demographic disequilibria:
  - Low population growth and aging in rich countries (migration?)
  - Relatively high growth rates and demographic transition in poor countries
  - Youth problems (unemployment, meaningless; special case of China)
- Growing social demands in poor countries (food, nutrition, education, health, housing, sanitation)
- Employment and unemployment:
  - Rich countries: structural changes in employment patterns
  - Poor countries: challenge of improving productivity and absorbing growing labor force (demographic dividend)
  - “End of work”? (Rifkin); greater knowledge content of work
  - “Jobs” and access to goods and services: decoupling?
- Social exclusion and discrimination in poor and rich countries (gender, age, race, ethnicity, poverty, religion, education)
- Redefinition of gender relations and family structures

# Fractured Global Order: dimensions

## *Environment and the sustainable use of resources:*

- Greater acceptance of importance of environmental problems
  - Resource depletion, pollution
  - Global warming, climate change
  - Environmental degradation, biodiversity loss
- Key threats to the environment
  - Excessive consumption in rich countries and poverty in developing countries; “maldevelopment” (Ignacy Sachs)
  - “Impossibility theorem” (Herman Daly)
- Environmental and resource issues as international security threats
  - Resource wars (access and control of energy, food, minerals)
  - Migration as a result of environmental catastrophes
- Growing realization that concerted action is required to forestall environmental and resource threats
  - Need for environmental friendly (clean) technologies
  - Global environmental governance?; Global Public Goods?



# Fractured Global Order: dimensions

## *Return of culture, religion and ethical concerns:*

- Growing importance of religion and cultural aspects
- Emergence of religious fundamentalism (Islamic, Christian, Hindu, among others) as an important force behind political, social and economic actions, but also as an excuse
- Rising tide of extremist views and violence (Middle East, Scandinavia)
- Conflicts between trend towards homogenization and desire to preserve cultural identity (no “war of civilizations”, but pretext to justify war by political leaders)
- More salient role for ethical considerations in development (equity, human rights, tolerance, solidarity, rejection of violence, fight against corruption)
- Growing importance of cultural industries (creativity, ingenuity, intangible goods)
- Need for pluralistic and integrated cultural identities

# Fractured Global Order: dimensions

## *Governance and dissemination of democratic practices:*

- Crisis of governance in rich and poor countries (representation vs. efficiency; social demands overrun institutional capacities)
- Ideas of political pluralism, democracy and social participation have spread over most regions of the world
- Roles of the public, private and civil society sectors are being redefined
- Social consequences of economic crisis and policy reforms exacerbate governance problems
- Key impact of information and communication technologies on the functioning of political systems throughout the world
- Growing importance of social and institutional capital
- Reinterpretation of the conventional conceptions of Western liberal democracy (for good and bad)



# Fractured Global Order: dimensions

## *Key role of communications and mass media:*

- Change in patterns of communications: for the first time it is possible for “many to communicate with many” simultaneously (Internet, www, twitter, facebook)
- Overwhelming weight of television: instantaneous transmission of images, dissemination of information, opinion making (scope and influence of open signal TV in poor countries)
- Concentration of ownership of global mass media (towards a single dominant pattern of thought?), vs. differentiation of personalized “mass” media
- Conscious and unconscious manipulation of audiences: watchers, listeners, readers and users as “targets”
- Polarization of mass media, loss of objectivity and balanced appreciations; role of advertising, publicity and their impact on news
- Possibility of eavesdropping on personal communications; ubiquitous presence of monitoring devices (Big Brother?)

# Fractured Global Order: dimensions

## *Knowledge explosion:*

- Exponential growth and growing importance of scientific and technological knowledge as a factor of production and service activities (Kurzweil's Singularity?)
- Transition towards the information and knowledge society
- Changes in the conduct of scientific research: increasing costs, greater specialization, key role of information technology (Google, networks, virtual instruments)
- Increasingly systemic character of technological innovation: greater number and diversity of inputs required, participation of a larger number of actors
- Change in techno-economic paradigm (Freeman, Pérez): from an energy intensive one (with oil as the "key factor"), to one intensive in information (with the microchip as "key factor"), and to one intensive in biotechnology?



# Fractured Global Order: dimensions

## *Knowledge divide:*

- Extreme and accumulated disparities in the capacity to generate and utilize knowledge between rich and poor countries (and within countries)
- Limited science and technology capacities of the poor to face the economic, social, political, cultural, environmental, scientific and technological challenges of the knowledge society
- Emerging powers beginning to create their own science, technology and innovation spaces
- Urgent need to create endogenous science and technology capabilities in poor countries
- How to avoid the emergence of “two civilizations”?

# New structure of power relations

- New power relations between states, corporations and civil society organizations
- *States*
  - Tensions from above (domains of global+networks): integration, international public goods, supranational entities, external pressures
  - Tensions from below (local): autonomy, decentralization, subsidiarity, local-global links (both ways)
  - Tensions from the side (corporations, civil society)
- *Corporations*
  - Expansion and consolidation of large global corporations
  - Cooperation and competition at all levels
  - New organizational models: networks, devolution, autonomy, sharing
- *Civil society*
  - Emergence and articulation of single-issue initiatives
  - Newly found individual and group power (communications + media)
- *Lack of institutional frameworks to manage increasingly complex power relations between the three domains*



# New structure of power relations

- From the *Cold War* to the *War against Terrorism*
- From East-West division, to *Included- Excluded* and *Rich-Poor* divisions



¿New slogan?

*“Excluded of the world unite. You have nothing to lose but your misery”*

Bobby McGee syndrome?:  
*“Freedom is just another word for nothing left to lose”* (Kris Kristofferson)



# Power relations between states

- Uncertainty factors and drivers of change
  - *Deterioration of remaining superpower* + desire to reassert dominance
  - *Growing unease, inexperience and internal problems* of emerging superpower (China)
  - *Diverging interests and influence* of remaining and emerging superpowers, of middle powers and of the rest of states, *new rules of the game?*
  - *Critical regions of conflict and violence*: North East Asia, Central Africa, Caucasus, South America, Middle East
  - *Real or perceived crisis in one or several dimensions of the fractured global order*: security, economic, environment, social, knowledge, etc.
  - *Wild cards*: abrupt climate change, mass migrations, nuclear attacks, major pandemic, water wars, oil disruptions, severe weather events, solar flare?



# Power relations: other actors

- *Restructuring of corporate relations* in post-crisis (and post-Baconian) age
  - Is a new capitalist order likely to emerge?
  - What is the “new normal” for the corporate environment (McKinsey, EIU, others)?
  - What will be the new drivers of corporate success?
  - How will corporations relate to governments and civil society in the post-crisis, post-Baconian age?
- The *new roles of civil society* organizations
  - The global-local nexus in civil society
  - Bypassing the state system and engaging with corporations
  - Beyond single issue CSOs? Role of political parties?
  - What is the role of international academia?

# Final remarks

- Emergence of *domain of the global* has altered fundamentally the scope and impact of human action
- We are still coming to grips with it: importance of *appropriate perceptions* and *conceptual frameworks* to appreciate and understand its implications
- Management of interactions between domain of the global and the two other domains (*new institutions*)
- Conceptual framework of the fractured global order has been used primarily for designing *public policies* and analyzing *international organizations*
- Need for *continuous revision* of:
  - Ideas and evidence about the evolution of the fractured global order