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

Domain of the global

Domain of the networks

Domain of the local

Globalized localisms

Localized globalisms

Diagram showing the connections between the domains.
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\textsuperscript{th} 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, 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 20th 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

**Domain of the global:**
- GPGs

**Domain of the networks:**
- Institutional agreements for the provision of GPGs

**Domain of the local:**
- National and local activities to provide GPS

- Knowledge, public acceptance, political decision
- National organizations, policies, financing mechanisms and operational procedures
- International organizations, financing mechanisms, policies and operational procedures
Delivery system for GPGs

Domain of the global: GPGs

Domain of the networks: Institutional agreements for the provision of GPGs

Domain of the local: National and local activities to provide GPS

New type of international negotiations; explicit and implicit agreements to manage the global. (Power relations between states and networks; epistemic communities)

Negotiations between international entities and local and national organizations; key role of states (MOUs, letters of agreement, contracts, diplomatic notes)
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)
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 tecno-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.
  - Conceptual frameworks permanently under construction.

Final remarks