# The Diffusion of Global Power and the Decline of *Global* Governance

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s power diffuses beyond its traditionally Western center, global governance—or "what world government we actually have"1—has entered a new era characterized by "hard times." 2 As António Guterres put it to the United Nations General Assembly in September 2023, "Our world is becoming unhinged. Geopolitical tensions are rising. Global challenges are mounting. And we seem incapable of coming together to respond."3 Today, geopolitical tensions between the major powers pervade international politics. This has wide-ranging consequences for global cooperation through international institutions and beyond. In Germany, the talk is of a Zeitenwende (historical turning point) after Russia's large-scale invasion of Ukraine in 2022. For others, the return of Donald Trump to the White House signals America's final abandonment of the postwar order. But the hard times of global governance have been longer in the making. The power shifts associated with the resurgence of countries such as China had already put key features of international order into question, made binding cooperation in multilateral institutions more difficult, and initiated a new era of à la carte multilateralism.4

This essay makes the case that the changing global distribution of state power has led to a decline in "global governance": that is, the attempt to build authoritative rules and institutions that represent the common goals of the "international community." The major institutional achievements in this tradition include the core organs of the United Nations; the major economic multilaterals such as the

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Ethics & International Affairs, 39, no. 2 (2025), pp. 145-158.

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World Bank, the International Monetary Fund, and the World Trade Organization; and growing multilateral treaty commitments under international law. Such institutions have been hard hit by the diffusion of global power, which has made global agreements harder to reach. The decline of global governance is most visible in the sidelining of formal multilateral organizations and a growing disregard for international law.

This does not mean that the institutional ecosystem that makes up global governance has failed to innovate or adapt to the sobering new reality. Alongside prominent failures of international cooperation, we can also observe a shift toward informal, flexible, and, above all, *nonglobal* modes of governance. The prominence of the G7, BRICS+, and the G20 as purely informal clubs of major powers is a prominent example of this trend. But there is also a centrifugal tendency toward collaboration in alternative and partly competing governance arrangements. The United States has reduced its commitment to multilateral institutions and relies more heavily on "go-it-alone" strategies and coercive bilateral bargains. Meanwhile, China has increased its influence at the United Nations, cultivated significant support in the Global South, and built new institutions in line with its power and preferences. Global governance has adapted to the new reality by lowering its scope, weakening its commitments, and splintering into partly competing institutional orders. While this may meet some of the demand for governance that existing institutions have been unable to provide, it exacerbates the gap between the normative aspiration for a global community cooperating through a common institutional framework and the reality of great power competition and rival institutional orders.

## THE CHANGING DISTRIBUTION OF GLOBAL POWER AND THE REEMERGENCE OF SYSTEMIC HETEROGENEITY

In the aftermath of the Cold War, the aspiration for truly global governance held by the advocates of liberal internationalism was increasingly put into practice. It was a period buoyed by the decline of overt geopolitical competition and a growing belief in an expanding liberal normative consensus. The windfall of power enjoyed by the United States and its allies facilitated a growing utilization of existing multilateral institutions, such as the United Nations Security Council,<sup>5</sup> as well as the construction of new ones, such as the WTO.<sup>6</sup> Western club institutions such as NATO and

the European Union were steadily expanded to incorporate new members. It was a time of confidence in Western-led institutions and American power. Most would probably have agreed with John Ikenberry, Michael Mastanduno, and William Wohlforth when they wrote that "while in most historical eras the distribution of capabilities among major states has tended to be multipolar or bipolar—with several major states of roughly equal size and capability—the United States emerged from the 1990s as an unrivaled global power. It became a 'unipolar' state."

The picture today is very different. While the United States has maintained its position as the most powerful state in the world, the rise of China, India, and other developing countries has seen power diffuse beyond the traditionally dominant OECD world. While the extent of the power shift is hard to quantify and still strongly contested,<sup>8</sup> few today doubt that a fundamental shift in international power has occurred. President Trump's subsequent movement to "make America great again" has resulted in the United States abandoning its international leadership role and reanimated debates about the consequences of "American decline."

The consequences of American decline for global governance point to the enduring relevance of "hegemonic stability theory." This theory, which has long animated the field of international political economy, postulates that a single powerful state (a hegemon) is necessary to overcome international cooperation problems and create the conditions of "hegemonic stability," reflected in goods such as world peace, a liberal and open global economy, and the functioning of strong international regimes.<sup>9</sup> The theory has frequently been criticized, on both empirical and theoretical grounds.<sup>10</sup> Many concluded that the theory was no longer relevant due to the apparent resilience of American power and the unique self-reinforcing characteristics of the American hegemonic order.<sup>11</sup> Others believed its logic was challenged by the surprising strength of cooperation between Western countries despite American decline, often understood as part of a "liberal international order" that transcended power politics and made hegemony unnecessary for cooperation.<sup>12</sup>

Despite this criticism, hegemonic stability retains an enduring relevance to global governance today. The theory was never solely about the distribution of power, but rather about the interaction between the distribution of power and the goals of the major powers, or what John Ruggie referred to as "social purpose." For Ruggie, it was not inevitable that a decline of the dominant state leads to a decline in the strength and stability of international institutions. Rather, what mattered was the degree of convergence in the social purposes of the major powers. <sup>14</sup> If a

common social purpose could be found that would unite the erstwhile hegemon with the emerging powers, there would be no need for hegemonic decline to result in a decline of international order. This was how he explained the surprising robustness of the postwar "embedded liberal" economic order. Thus, hegemonic decline need not erode global governance.

But Ruggie's argument also helps us to understand what is different about the contemporary power shift compared to the power shifts of the 1970s and 1980s that he theorized. The redistribution of international economic power in the postwar period occurred primarily among the allied and relatively homogeneous G7 nations. Despite their differences, they were united by similar economic and political institutions and continued to have shared understandings of international order and fundamentally similar goals. By contrast, the international power shift of the last twenty years has taken place precisely between major powers with widely disparate domestic characteristics and that increasingly lack a common social purpose for how to govern the globe. Major powers such as China, India, and Russia have more fundamentally different perspectives on global priorities than the group of G7 industrialized countries, whose unity of purpose is itself increasingly coming under strain. Already in 1997, China and Russia declared their joint commitment to "a multipolar world and the establishment of a new international order" and noted that the "diversity in the political, economic and cultural development of all countries is becoming the norm." 16 There was certainly no oath of loyalty to an American-led liberal international order.

The new diversity of the goals pursued by the major powers—what Benjamin Faude and John Karlsrud refer to as "the preference heterogeneity of the international system" is visible in a range of political differences between rising and established powers. In line with the expectations of hegemonic stability theory, this imposes limitations on the capacity for international cooperation in many issue areas of global governance. The empowerment of nondemocratic and illiberal countries such as China has considerable implications for global collaboration, especially in political issue areas such as human rights, election monitoring, and democracy promotion.¹8 There is no "liberal peace" mediating relations between China and the United States. What Michael Doyle refers to as the "domestic structural roots" of the conflict between them appears to place them on a path of "cold peace" at best, with "cold war" a more likely outcome.¹9

But the differences are not limited to regime type. Major powers today also differ greatly in terms of their level of economic development and their national form of

capitalism. This leads old and new powers to have divergent priorities for multilateral trade and investment agreements, generating new tensions over global economic governance.<sup>20</sup> They also differ strongly in their cultures and national identities, with power shifts likely to be more disruptive when the new powers' identities differ strongly from those of the established powers.<sup>21</sup> Moreover, positional struggles over leadership and influence between China and the United States are exacerbated by the emergence of status competition, which encourages seeing their bilateral relationship in zero-sum terms.<sup>22</sup> The rivalries that emerge in one domain also have a habit of "spilling over" into other areas, leading to less cooperation than purely rational calculation would expect.<sup>23</sup> For these reasons, the diffusion of power has not only terminated the unipolar era but also ushered in a new era of systemic heterogeneity. While the world remains highly economically integrated, we have moved from an era of unipolarity and liberal hegemony to one of multiple centers of power and a disintegrating liberal order.

### THE DECLINE OF GLOBAL GOVERNANCE

Global governance has always been sensitive to the challenge of international power shifts. Sometimes, emerging powers gain access to the club institutions of dominant powers and are transformed into system supporters.<sup>24</sup> An early case was the incorporation of France into the Concert of Europe as a fifth great power in 1818, only three years after the end of the global conflict unleashed by the French Revolution. Germany and Japan were rapidly incorporated into the Western institutional order after World War II, when it became clear they would be indispensable in the new global rivalry with the Soviet Union. Yet, in each of these cases, the rising powers were first defeated by force of arms, and had to be transformed through reconstruction and institutional inclusion into states with interests commensurable with the established powers. Ultimately, "incentives to form international regimes depend most fundamentally on the existence of shared interests." When these shared interests are lacking, power transitions are likely to exacerbate tensions and lead to institutional contestation and rivalries.

The twentieth-century Cold War offers an instructive comparison. Due to fundamentally different interests rooted in Soviet domestic arrangements, it became untenable to incorporate the Soviet Union into the postwar Western institutional order, and efforts to include the countries of the Eastern bloc in institutions such as the General Agreement on Tariffs and Trade (GATT) and

the IMF ultimately failed. The international institutions that the Soviet Union and the Western powers did share—most prominently the United Nations and its Security Council—soon became hamstrung by the rivalries of the Cold War, seriously limiting their effectiveness. Consequently, global governance remained deeply constrained, with international cooperation taking place primarily within rival institutional orders linked to widely diverging social purposes. Institutions such as the Council for Mutual Economic Assistance and the Warsaw Pact faced off against the GATT and NATO, each side backed by rival military superpowers. Today's shift toward a heterogenous international system is again accompanied by a decline of governance at the global level and a resurgence of more exclusive and competing orders.

A major catalyst of the decline of global governance is the shift in the United States' approach from one of inconsistency and ambivalence to one of outright hostility. In recent years, the United States, under the Trump administrations, has withdrawn from numerous international agreements and organizations, including the Joint Comprehensive Plan of Action (the "Iran nuclear deal"), the Paris Agreement on climate change, the World Health Organization, the Universal Postal Union, the United Nations Educational, Scientific and Cultural Organization, or UNESCO, and the United Nations Human Rights Council. It has also threatened to leave others, such as NATO, NAFTA, and the WTO.<sup>26</sup> For Donald Trump, such institutions are part of the "ideology of globalism" that must be rejected.<sup>27</sup> In addition to withdrawing from global governance institutions, the second Trump administration is also stripping the American state of many of its tools of international influence, such as the United States Agency for International Development, or USAID.<sup>28</sup> The U.S. government has also attacked the International Criminal Court, placing its staff (and their family members) under sanctions.<sup>29</sup>

It would be comforting to dismiss these actions as the erratic steps of an exceptional presidency, but the forces that brought Trump to power run deep. As Alexander Cooley and Daniel Nexon put it in reference to the first Trump term, "Trumpism is the American wing of a counter-order movement—one challenging the American international system and liberal ordering from within the advanced industrial democracies."<sup>30</sup> A globally active and connected radical right has emerged that associates global governance with unaccountable and malevolent liberal elites.<sup>31</sup> This reinforces the unraveling of America's global leadership position and undermines the effectiveness and perceived legitimacy of global governance institutions.

The decline of global governance is also visible in the longer-running gridlocks of global multilateral organizations. While it has maintained many of its activities for peacekeeping in the developing world, the UN Security Council remains immune to fundamental reform and faces gridlock among the Permanent Five members on key issues relating to the maintenance of international peace and security, including nonproliferation, managing civil wars, and counterterrorism.<sup>32</sup> It also has difficulty meeting its core goal of maintaining international peace and security: it was, of course, powerless to stop the Russian march into Ukraine, and more generally, the number of international armed conflicts has reached the highest level recorded since the Second World War (although fatalities continue to be low by historical standards).33 The WTO offers a cautionary tale of another sort. In contrast to the inflexible Security Council, the WTO successfully incorporated the emerging economies of China, India, and Brazil into its inner circle. But a consequence was that it subsequently fell victim to protracted disagreements among the enlarged circle of key players.<sup>34</sup> The WTO currently appears powerless to stop the United States from initiating trade wars with all of its major trading partners and rejecting the foundations of a liberal multilateral trade regime. Similar cases of multilateral organizations failing in their core tasks due to the new systemic heterogeneity are apparent in the areas of climate change and health governance. In the case of the United Nations Framework Convention on Climate Change, the only way to preserve a common commitment to emissions reductions was to shift from binding targets to voluntary commitments. The COVID-19 pandemic could have been the moment to galvanize global cooperation behind a common goal; instead, it resulted in a temporary collapse in global cooperation.<sup>35</sup>

An additional indicator of the decline of global governance is a flagrant disregard for international law by major powers and their allies. The constitutive features of the international legal order—the sovereign equality and territorial integrity of states—appear increasingly to be challenged by major powers. Russian aggression has seen land war—including annexations and nuclear threats—return to Europe. China advances dubious territorial claims in the South China Sea with little basis in international law. The United States has threatened to use economic and military force to expand its territory, and its president has proposed to expel the Palestinian population of the Gaza Strip and acquire the land as part of "a real estate development for the future."<sup>36</sup> Discourses associating great power sovereignty with domination over others have proliferated.<sup>37</sup> In an ambiguous development for international law, international tribunals and courts have been called on to

adjudicate states' commitments under the United Nations Convention for the Law of the Sea and the Genocide Convention, only to see their judgments disregarded and rejected by the states concerned. Global governance was supposed to represent a progressive change from the traditional international order of state-based international law. Instead, there are growing signs of the emergence of a neo-imperial order.

These observed failures of global governance have multiple causes but, coming as they do at a time of increasing systemic heterogeneity, they are fully consistent with the logic and expectations of hegemonic stability theory. It is not only that many formal intergovernmental organizations have succumbed to gridlock and have difficulty adapting to the new geopolitical environment.<sup>38</sup> It is that even if they do adjust, this often narrows the range of possibilities for global collective action: a move away from, rather than toward, global governance understood as the aspiration to govern the globe according to a common set of rules administered by authoritative international institutions.<sup>39</sup> The WTO and the climate change regimes are cases in point. While they have "successfully" adapted to a new constellation of global power by integrating new powers, this has ultimately resulted in a hollowing out of their core tasks. Adaptation and decline are far from mutually exclusive.

### ADAPTING GOVERNANCE TO A WORLD OF SYSTEMIC HETEROGENEITY

In such an environment, three forms of institutional adaptation to the decline of global governance can be expected. Each form of change represents a mechanism by which the institutions of global governance can be brought more closely in line with an increasingly heterogeneous international system. While some will see these forms of change as useful adaptations to a new political reality, others will see them as a retreat from the global governance vision of a political order designed to achieve the common goals of the international community.

First, the *scope* of global cooperation can decline. Some issues may prove too contentious to achieve a global consensus and will subsequently fall off the agenda of global governance. In the same way that federal systems of government are designed to accommodate regional diversity by leaving certain policy areas to state or local authorities, governance beyond the state might have to leave more contentious issues to be governed at national or regional levels. An early example

of reducing the scope of global governance was the abandonment of efforts to conclude a Multilateral Agreement on Investment in 1997. The ambition was to replace a rapidly proliferating network of mostly bilateral investment treaties with one coherent multilateral arrangement. Yet the issue proved too politically controversial to achieve consensus among developed countries, let alone between developed and developing countries. A similar outcome can be seen in the ambition to include deeper "behind the border" issues in the multilateral trade negotiations at the WTO. Divergent interests among the major economic powers made agreement impossible, setting the WTO on a path of gridlock and eventual marginalization.<sup>40</sup> Today, the global trade regime is giving way to a two-track regime, with a relatively thin set of global commitments administered by the WTO, and a range of partly competing regional trade agreements with deeper commitments and competing major power sponsors. A similar process may be underway on sensitive issues such as democracy and human rights. Where differences between Western, developing, and authoritarian countries prove irreconcilable, such issues may increasingly fall off the global agenda.

Second, global governance may shift toward more informal, flexible, and "low cost" arrangements.41 As binding agreements become harder to negotiate and enforce, countries will opt for nonbinding frameworks and voluntary commitments that allow for more tailored and less rigid forms of cooperation. This form of change is illustrated by the global climate regime. The binding framework of emissions commitments embodied in the Kyoto Protocol proved too politically demanding and lacked a hegemonic sponsor. It was subsequently replaced with the voluntary and more flexible Paris Agreement, which accommodated a new distribution of power and preferences (yet which itself has an uncertain future). Informalization and flexibilization can be seen as useful adaptations to ameliorate the governance gaps left open by the failure of formal multilateral organizations. But they also represent a retreat from rule- or law-based systems and stymie the participation of poor states and other actors. The "sovereignty costs" of such institutions may be low (understood as the loss of national discretion by adhering to standards set by international institutions).<sup>42</sup> But sovereignty costs are precisely what the normative ambition of global governance is all about.

Third, as the prospects for *global* governance weaken, the incentives for major powers to fall back on their own regional institutions and clubs increase. This form of change can emerge both for functional reasons—problems that cannot be solved at the global level may still be at least partially addressed at the regional level—and

for power-political reasons, as major powers compete with each other by constructing partly rival institutional orders. This would signal the (re)emergence of more regional and complex institutional arrangements. Where the United States still engages with international institutions at all, this is likely to take place more within exclusive clubs—NATO, the Quad, AUKUS, the G7—than within formal and inclusive institutions such as the UN. At the same time, China has built new global governance institutions while pledging to "further develop and improve the global governance system, and jointly build a community with a shared future for mankind."43 This encompasses both a normative vision and an institutional reality.44 At the normative level, China under Xi Jinping has rejected Western labels such as "liberal international order" 45 and "rule-based order." 46 Instead, China has articulated new concepts for international order such as "a global community of shared future," which offers an alternative normative framework for the goals of the international community. <sup>47</sup> At the institutional level, China has participated in the creation of new institutions and initiatives across a range of governance areas.<sup>48</sup> The Asian Infrastructure Investment Bank, which constitutes at least a potential rival to Western-dominated multilateral development banks, is one of the most prominent such cases. Others include security institutions such as the Shanghai Cooperation Organisation, China-led regional forums, and the BRICS+ forum, which increasingly acts as a non-Western counterweight to the G7. China has gradually constructed an array of institutions alongside established ones, while pledging commitment to the United Nations as the "core" of the international system,<sup>49</sup> where it has steadily expanded its influence.<sup>50</sup> One trend of global governance in these particular hard times is therefore the gradual emergence of a range of institutions under Chinese influence, which may add up, in the long run, to a more China-centered international order.

### Conclusion

In an era of faltering multilateral institutions, indirect-but-kinetic military conflict between the major powers, and erosion of the fundamental features of international law, global governance is indeed facing hard times. These may not be completely unprecedented and may not embody the worst-case scenario foretold by some theorists of hegemonic decline. Nonetheless, the global diffusion of power does have dramatic consequences for global governance, and these consequences do match the expectations of theories of hegemonic decline. In light of the tensions

between rising and established powers, there are many signs that *global* governance is indeed failing. Yet, as Faude and Karlsrud point out in their introduction to the roundtable, this does not mean that governance beyond the state is failing to adapt to the new reality. In particular, adaptation can involve reducing the scope and normative ambition of global governance, abandoning the commitment to rules and institutionalized authority, and the emergence of new normative and institutional orders linked to different major powers.

At the normative level, there is some solace in the fact that alternative modes of governance can, to some extent, pick up the slack of faltering cooperation in formal intergovernmental settings.<sup>51</sup> It is surely better to maintain opportunities for cooperation in informal and flexible formats than to revert to noninstitutionalized bargaining. Formal and binding governance arrangements are also not normatively desirable per se, especially when they emerge through hegemonic coercion to compel "agreement." A decline in hegemonically imposed cooperation may even open up more choice and autonomy for weaker countries in some cases, and allow genuine mutual interest to play a greater role in shaping governance arrangements. On the other hand, the signs are multiplying that the new distribution of power has undermined the aspiration to govern the globe according to a common set of rules administered by authoritative international institutions. The reemergence of territorial aggrandizement and powerful states casting doubt on the sovereignty of weaker ones are more suggestive of a neoimperial order than a post-Westphalian one. In this way, the adaptation of global governance is not necessarily incompatible with its decline.

#### Notes

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Abstract: The global diffusion of state power has led to a decline in *global* governance; that is, in the attempt to build authoritative rules and institutions that represent the common goals of the international community. The rise of China and other powers has increased the heterogeneity of the international system, and the erstwhile hegemon has turned against the international order. The

major powers today have vastly different domestic characteristics and pursue strongly divergent interests. This has gridlocked and marginalized multilateral organizations such as the United Nations and World Trade Organization and seen a worrying disregard for international law. In response, the institutional ecosystem of global governance is adapting by lowering its scope, weakening its commitments, and splintering into partly competing institutional orders. Adaptation and decline are not mutually exclusive: Today, we can witness the adaptation of global governance to its own decline. Theoretically, this points to the enduring relevance of hegemonic stability theory for global governance. The result is a reduced normative ambition for global governance, signaling a retreat from the grand internationalist vision of organized cooperation among all the members of the international community.

Keywords: global governance, multilateralism, international institutions, power shift, hegemony, hegemonic stability