GLOBAL GOVERNANCE: THE ROLE OF THE U.S.

Bhaskar Majumder
Govind BALLabh Pant Social Science Institute, Allahabad, India

Abstract: Post-Second World War global governance is inextricably linked with the history and ambitions of the U.S. - the leader of the capitalist world. Historically, in the process of consolidating its dominant position in the global power structure, the U.S. gradually found it difficult to maintain momentum. Though apparently there is no reason why the U.S. should be concerned about consensus-based global governance, the latent reason for the concern lies in the voices of dissent from within the capitalist world and the rising influence of countries beyond that world. The belief, that the U.S. is the indispensable nation faces resistance from both inside and outside its alliances. Though the U.S. aims at obstructing the proliferation of any budding regional / global power that could question its authority, it has been concerned since the beginning of the 21st century for maintaining both global authority and national security. In brief, post-Cold War global governance rests on the strategy of the U.S. to diffuse the rising power of the potential challengers by accommodating the large economies from the Third World in the network of governance. However the lifetime of the U.S. command of the global power structure remains to be seen.

GLOBAL GOVERNANCE: THE ROLE OF THE U.S.

The trajectory of world development shows one state occupying the position of leadership in the hierarchy of states through command over the technology-trade-finance-military network that formulates the rules to be followed by other states for participation in the International Economic Order (IEO) in the making (Cole, 1947; Whitmeyer, 1997). In other words, a particular state becomes the leader at a particular historical juncture with the other states following; the role of the leader is rationalized by exercise of her state power and accepted as a mandate by the followers. State power is positive if the state has acquired ‘the capacity to withstand the pressure of other states’ (Vital, 1972). The state power as such refers to international power relations. In the power structure, the rules floated by the leader show not only how the states are to participate, but also how the international institutions and corporations are to participate (Anell and Nygren, 1980).

By the end of the first half of the 20th century, the world experienced two World Wars, the Great Depression (1929-33) during the inter-War period, and post-Second World War decolonization of a large number of countries in Asia and Africa. By geographic space and size of population it showed a major shift in power balance. This brought about a New World Order. Two superpowers, the United States (U.S.) and the Union of Soviet Socialist Republic (U.S.S.R.), emerged at the end of the Second World War as the new geo-political leaders who fuelled the cold war. The basis of the cold war was rivalrous co-existence to control the globe, not by military conquest or annexation, but by ‘economic war’, ‘intimidation’, ‘entry into sovereign regions’, ‘heating up local regions’ (mainly Asia), ‘listing of states as obedient or rogue’ and other such tactics. The purpose was control over internal resources of the decolonized countries. In exchange for sacrificing American lives for protection of her European allies, the U.S. acquired authority immediately after the Second World War, particularly over the capitalist world (Hoogvelt, 1997). Since 1942 when the U.S. joined the Allies to aid them, the U.S. actions throughout the world came to be acknowledged as a global phenomena. The former U.S.S.R. also blocked the ‘forward march’ of the Axis powers towards the end of the Second World War, and hence could not be ignored as a global power.
An order represents a framework in which a system operates where the system may be described as an aggregation of diverse entities united by regular interactions according to some form of control (Mundell, 1972). It is a framework of laws, conventions, and regulations that establish the system and the understanding of the system by the participants in it. In the context of the world economy, it is the I.E.O. shaped by participation of countries with one country taking the leadership role, smoothening the functioning of the system formed by institutions and agencies. Post-Second World War the I.E.O. targeted expansion in the economic frontier of the advanced capitalist countries in North America and West Europe through trade-aid-investment in the frame of natural integration of economies (Weiss, 1997).

This paper therefore is structured into four sections. In Section the evolution of global power structure will be covered. Then in Section II an analysis of the imperial system and the U.S. strategy will be provided. In Section III the global governance by power balance, and U.S. role in it and consensus with this will also be examined. Finally, in Section IV the paper will offer concluding comments.

Global Power Structure: Evolution
The global power structure shows the relative power of states and the changing authority of states in time (Taylor, 1980). Power is understood not necessarily by possession of visible resources like the geographic area of a country, natural resource base, and size of population. It is better understood by the competence of the state to have control over resources and application of that competence to assume authority to guide the rest of the world. Acquiring competence and its application depend, in turn, on technology.

Ranking by relative power of states is basically Europe-led by formation of states in the post-Westphalia period. Britain emerged from the Treaty of Vienna as the victor in the prolonged struggle for empire that marked the Mercantile Era. Britain came to be acknowledged as the imperial power by the retention and extension of her empire (O’Brien, 1990). By the beginning of the First World War, Britain ruled sixty colonies plus India but Britain paid the penalty for her territorial expansionism by being weakened by the end of the First World War (Faria, 1991). As the penalty for losing the First World War, Germany had to pay reparations to the victorious allied nations and the U.S. demanded repayment of the war debt (Girling, 1985). The result was a crippled German economy. Also the end of the Second World War stripped Italy of her colonies (Cole, 1979). In Syria and Lebanon, France had to terminate her colonial rule because of British initiative (Darwin, 1988). Post-Second World War Canada accepted that the nation’s future lay in a regional understanding with the U.S.. The 19th century belonged to the U.K. with the inter-war period of the 20th century showing its decline. By the end of the Second World War the beginning of Americanization of the second half of the 20th century took place (Gamble, 1990; Holland, 1985). History gives enough evidence of the elevation of the U.S. to the position of the capitalist leader of the post-Second World War. First, in 1947 when the British withdrew their troops from Greece that were meant to fight the communist insurgents, the U.S. took over the responsibility and became a natural leader (Holland, 1985). The second example followed the outbreak of the Korean War in 1950 when Britain framed its foreign policies on the assumption that “Britain’s role was to be America’s junior partner in a world-wide struggle against communism” (Darwin, 1988, p. 142-143). Post-Second World War saw the entry of the U.S. into regions earlier reserved for British or European influence (Darwin, 1988). It was the British view that the U.S. would play the determinant role in devising what came to be known as the World Bank based on the argument that it was the U.S. alone who could provide financial support after the war (Harrod, 1972).

Since the beginning of the 20th century, the U.S. shouldered the leadership role on a world basis, particularly over the capitalist world. The U.S. created space for breeding of giant corporations ultimately to encompass the world production system to implement global
division of labor. The post-Second World War I.E.O. shaped by the U.S. accommodated not only the allies, namely, the U.K. and France, but also the former ‘Axis Powers’, namely, Japan, Germany, and Italy, and thus the G-7 came into existence. The ‘Cold War’ was the immediate basis of this accommodation (Cole, 1947; Nailor, 1980) as the US decided that, with China left to the margins, a demilitarized Japan would be a crucial ally in both the cold war and the reorganization of the capitalist order (Aseniero, 1996). For political control over the world, the U.S. could not exclude the U.S.S.R. because of the geo-political-military power of the latter (Cole, 1947). Hence, the Security Council in the United Nations (U.N.S.C.) took shape with China left out. The five-permanent member (P-5) Security Council came to be constituted with the U.S., the U.S.S.R., the UK, France, and Taiwan as members. Only after 1975 was Taiwan replaced by China as a permanent member in the Security Council. The most significant aspect of the Council is that each country enjoys veto power on any issue that affects any constituent country of the United Nations.

The U.N. legitimizes the choice of the U.S., within a given power structure because of the dollar contribution of the U.S. in the U.N. budget, which is much more than the contribution by any other member country except Japan (Cole, 1979; Anell and Nygren, 1980). The exercise of power by the U.S. becomes more visible when a country becomes ‘disobedient’ by the violation of the rules imposed and interpreted by the U.S. as leader (Chomsky, 1993). Power exists by its application and its legitimization and the power of the U.S. is legitimized by the U.N., the latter often shouldering the moral cost of that legitimization.

Decolonization and the liberation of countries, which came to be called the Third World at the end of the Second World War, influenced the modus operandi of this power structure. The countries in the Third World aimed to establish a club of non-aligned countries to avoid any entanglement in the Cold War and to safeguard their national sovereignty. Many countries in the Third World advocated non-alignment immediately after decolonization as a symbol of opposition to colonialism and imperialism (Toye, 1987). In essence, it was only the modus operandi, and not the general principles of the I.E.O., shaped by the post-1945 global leader, that had changed. Decolonization was a convenient change of technique adopted by the industrial countries that helped them escape the political costs of directly controlling colonial territories by military-administration while ensuring that their vital economic interests were carried forward (Darwin, 1988). It may show a transformation from the U.K.-led territorial expansionism to the U.S.-led transnational expansionism. Visible territory occupied by conquest remained a sign of power until the U.S. understood it differently. The strategy of the U.S. by formation of an ‘imperial system’ as different from an ‘imperial power’ opened the gate for it to enter into any space anytime without allowing the concerned country to doubt its real intentions. Iraq might be an exception, but that too allegedly started for inspections of ‘weapons of mass destruction’ that Saddam might have possessed (Majumder, 2005).

Though the post-Second World War emergence of the I.E.O. is thought often as an Anglo-American affair, in reality Britain had no choice but to be dependent on the U.S. for war and recovery. The post-War I.E.O. did not emerge as an offshoot of a negotiation between equals or between two fully independent countries. The U.S. gave $ 30 billion of land-lease aid to Britain, but there was no equivalent British leverage on the U.S. Ultimately, Britain had to accept what the U.S. wanted (Gardner, 1972). So the post-1945 world institutions dealing with finance, trade, and development were shaped keeping in mind the U.S. and to a lesser extent the European interest. Immediately after the Second World War, the Truman administration developed the Marshall Plan to stabilize and strengthen the war-torn Western Europe through foreign aid. Countries in Western Europe were natural allies of the U.S., the latter being a melting pot of relocated people earlier settled in these countries. The apprehension was collapsing nation-states and emergence of communist regimes, as had already occurred in Poland, Czechoslovakia, and Hungary. The U.S. as the leader of the capitalist order had to champion world capitalism by promise of protection to the post-war declining economies in Western Europe.
In the first few decades of its existence, the U.S. fought wars with France and Britain - the Franco-American War in 1798-1800 and the War of 1812. As a result of the urgent need to end the Second World War to save the allies, Roosevelt ordered American ships to fire on German submarines on sight in 1941. Truman got the U.S. engaged to a major war in Korea in 1950 without the approval of the Congress. The U.S. had to terminate the Vietnam War in 1973 because Congress refused to continue funding it. Three years later Congress restricted C.I.A. operations in Angola. In the mid-1980s, the Congress disallowed funding for Reagan’s backing of insurgents in Nicaragua (Schonberg, 2004). The U.S. administration under the leadership of Presidents Kennedy, Ford, Reagan, Bush, Clinton and Bush Jr. since 1960 onwards has been following a uniform path of military aggression. Kennedy chose to heat up the Cold War by escalated military confrontation with Cuba, Carter established the ‘police’ role of U.S. in the Persian Gulf, Reagan invaded and overthrew an allegedly pro-Soviet government on the tiny Caribbean Island of Grenada in 1983, Bush opted for the U.S. invasion of Panama in 1989, the U.S. involvement in the Gulf War and the U.S. intervention in Somalia. Clinton exercised power in conducting arms inspection in Iraq by the UN team and this was dominated by the U.S. Bush Jr. invaded Iraq in 2003 to have control over oil, re-imposition of dollar hegemony over Iraqi oil sales, and regional control in Central Asia (Table 1).

**Table 1: US Interventions in Other Countries, 1950-2003**

<table>
<thead>
<tr>
<th>Year</th>
<th>Countries</th>
<th>Year</th>
<th>Countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>1950</td>
<td>Korea</td>
<td>1968</td>
<td>Laos</td>
</tr>
<tr>
<td>1953</td>
<td>Iran</td>
<td>1975</td>
<td>Jamaica</td>
</tr>
<tr>
<td>1954</td>
<td>Guatemala</td>
<td>1981</td>
<td>Nicaragua</td>
</tr>
<tr>
<td>1958</td>
<td>Lebanon</td>
<td>1983</td>
<td>Grenada</td>
</tr>
<tr>
<td>1959</td>
<td>Thailand, Laos</td>
<td>1984</td>
<td>Lebanon</td>
</tr>
<tr>
<td>1961</td>
<td>Cuba</td>
<td>1986</td>
<td>Libya</td>
</tr>
<tr>
<td>1963</td>
<td>British Guyana</td>
<td>1989</td>
<td>Panama</td>
</tr>
<tr>
<td>1964</td>
<td>South Vietnam, Brazil</td>
<td>1991</td>
<td>Iraq</td>
</tr>
<tr>
<td>1965</td>
<td>Dominican Republic</td>
<td>2003</td>
<td>Iraq</td>
</tr>
</tbody>
</table>


**International Power Relations**

Following the end of the Second World War, the power relations in the international sphere became clear. Most of the countries in Asia, Africa and Latin America were rescued from their earlier colonizers (mainly the U.K. and France) along with the defeat of the Axis Power countries (Germany, Italy, and Japan). The end of the War elevated the U.S. and the U.S.S.R. to a position of domination in international power relations. Decolonized countries, known as the Third World, came to be the platform for the execution and understanding of international power relations. Economically, these relations were manifested around the reservoirs of ‘oil’, and ‘mines and minerals’ these decolonized countries were endowed with, around which the transnational corporations (T.N.C.s), with headquarters in the advanced capitalist world, operated. Politically, these countries were under the tutelage of both powers – the U.S. and the U.S.S.R.. The major players in the power relations that gradually unfolded themselves in the post-U.S. domination period were China in the Asia region and the European Union (E.U.) as a solidarity block of Western European states.

As opposed to the ‘closed’ pre-1978 China, post-1978 China was a transformed economy. China’s potentially large domestic market and abundant cheap labor attracted foreign investment. In 1995, for instance, China received foreign investment more than any country in the world except the U.S. (Report in The Economist, March 1-7, 1997). Through inviting foreign direct investment (F.D.I.) and related ‘open door’ measures, China moved towards adopting the U.S. system of market orientation. Since 1978, the Sino-American relationship took a stable shape at least in outward appearance. With entry into the I.M.F. and the World...
Bank, China acquired acknowledgement from the U.S. (Report in The Times of India, Lucknow edition, July 22, 1997). It is to be acknowledged that ‘acknowledgement of the U.S.’ is a necessary condition to be a ‘power’ in the global power structure.

However, the increasing partnership between the European Union (E.U.) and China may be a cause of concern for the U.S. The strategy for the U.S. was accommodating China, and maintaining the E.U. as a strong partner on strategic issues. Also, the U.S. had to balance its China policy vis-à-vis Japan and the South-East Asian countries. The U.S.-E.U. relationship was, however, not without troubles. There were also the possibilities of potential challenges from within the imperial system. The successive Presidents of France often waged a war against ‘American hegemony’. N.A.T.O. was an offshoot of the U.S. initiative through the Atlantic Alliance Treaty. The alliance was not damaged by General de Gaulle’s decision to withdraw France from the integrated military structures of the alliance, especially as he was keeping his forces in Germany, and as he remained an ally of the U.S. in the North Atlantic Treaty itself. France was part of the NATO alliance during the Cold War period but left the N.A.T.O. military structure because it did not want to be subordinate to the U.S. military power (report in The Times of India, 2007, Oct. 8). Romano Prodi as the head of the European Commission declared that one of the E.U.’s goals was to create “a superpower on the European continent that stands equal to the United States” (Report in The Economist, 2003, April 26). The U.S. imposition of War on Iraq in 2003 divided Europe. In spite of 54 years of the N.A.T.O. alliance, Germany and France opposed the U.S. policy on Iraq, while continuing to remain in the alliance (Hoffmann, 2003).

The post-Second World War world economy was dollar-centered and between 40.0 and 60.0 per cent of international financial transactions were denominated in dollars. For decades the dollar remained the world’s principal reserve currency. In 1996, dollar accounted for approximately two-thirds of the world’s foreign exchange reserves. Around 60.0 per cent of long-term external debt in the Third World was denominated in dollars (World Bank, 2003). The 1997 East Asian financial crisis reinforced the demand for dollar. The power of the U.S. economy, thus, was linked with the power of dollar as a reserve currency. This power, in turn, was linked with the growth of the U.S. economy itself. However, the possibility that the euro may replace the international role of the dollar as a transaction and reserve currency has become a cause of concern for the U.S. (Gilpin, 2001).

### Imperial System and the U.S. Strategy

Imperialism has many phases and ways of expression (Table 2).

<table>
<thead>
<tr>
<th>Time/Era</th>
<th>Imperial Power</th>
<th>Reason</th>
</tr>
</thead>
<tbody>
<tr>
<td>Late 19th Century</td>
<td>U.K. (strong)</td>
<td>Industrial Revolution-led Colonization</td>
</tr>
<tr>
<td>Inter-War Period</td>
<td>U.K. (weak)</td>
<td>Great Depression</td>
</tr>
<tr>
<td>Post-Second World War</td>
<td>U.S. (rising)</td>
<td>Transnational Capitalism-led Globalization</td>
</tr>
<tr>
<td>Post-Cold War</td>
<td>U.S. (strong)</td>
<td>Disintegration of U.S.S.R.</td>
</tr>
</tbody>
</table>

Source: Structured from Literature.

The late 19th century, belonging to the U.K. by its post-industrial revolution power to convert other countries into colonies by conquest, showed the beginning of imperialism. Moreover the inter-War period manifested symptoms of imperialism when the Treaty of Versailles was chalked out with the aim of defeating Bolshevism. This aim got delayed because of the Great Depression (1929-33) and the Second World War (1939-45). The post-Second World War period gave imperialism a solid foundation with the emergence of transnational / monopoly capitalism and the necessity to protect the safety of capital, particularly the export of capital. This capital is mobilized on a global scale by Multinational Banks (M.N.B.s) to chase the Transnational Corporations (T.N.C.s) who follow global division of labor or assembly line production. The Washington Consensus trio, World Bank, I.M.F. and G.A.T.T., were set up
for the execution of the international economic order plan (Majumder, 2000). G.A.T.T. was a short-term measure that came in place of the I.T.O. to guide world trade. Ultimately since January 1995 G.A.T.T. was replaced by the W.T.O. which was supposed to be democratic by a one country-one vote principle. However, the mechanism within the W.T.O. to address problems kept the weak economies away from the disputes in the W.T.O. It is the U.S. that maintains the ultimate authority in all the three institutions, W.B., I.M.F., W.T.O., by dollar vote in the first two and show of strength of power in the Disputes Settlement Unit, the Appellate Tribunal within the W.T.O., and location-logistics-staff advantages in all three. The U.S. as the savior aimed to expand its global economic influence constrained by the Soviet political power.

The disintegration of the U.S.S.R. and the reunification of Germany led to the establishment of a unipolar world of unquestioned imperialism that showed the complete domination of the U.S. over the world order. At this phase, even the intra-Third World conflicts and their solution depended on the U.S. (Anderson, 2002). So by the beginning of the twentieth century the US had no need of an empire constituted by colonies. They strategized its policy in favor of an invisible economic expansion governed by private property and market (Jones, 1979). This strategic shift in maintaining its supremacy as well as world power balance was necessary to keep the potential challengers happy via their accommodation in the imperial system. If the imperial system worked under the tutelage of the U.S., then they remain in command. The power of the U.S. strategically works better if it gets assured collaboration for the system that it built to serve its purpose. However, voices of dissent continued to come from France questioning the US authority since the 1960’s to break free of US tutelage and project French power more forcefully in global politics. In fact, the Presidents of France, Mr. Mitterand in the 1960’s and Mr. Chirac in the 1990’s, refused to submit to U.S. pressures to terminate normal political-economic relations with Cuba (Petras and Morley, 1998). Thus, the end of cold war could not eliminate the challenges to the Imperial System from within.

In an asymmetric power relationship, the apex unit will have a tendency to fix the agenda as the strongest power maintains global order. The last decade of the twentieth century also shows apparently increasing consensus as the use of the veto became gradually rare in the U.N. Security Council. In reality, however, the post-Cold War era camouflages Pax Americana by an outward appearance of unity in the U.N. The fact is that the dominant actor remains the U.S. It has the veto power on multilateral action for international peace and security. What it does not want to participate in, others will be reluctant to undertake. Hence, consensus may come under ‘compulsive conditions’.

In the 1990s Clinton declared the U.S. as an ‘indispensable nation’. Since 9/11(11 September 2001), the U.S.-led imperial system changed. The immediate consequence of attacks in New York and Washington was emergence of an era of American unilateralism. The U.S. preference was for unilateralism, and the strategy was pre-emptive action. It assumed the authority to reject or re-define multilateralism when it does not suit its interests (Hogg, 2004). The U.S. President started enjoying unlimited authority following 9/11. No geographic limits were set on the authorization of the war. The question remains, however, whether the US can “go it alone”.

**Global Governance: Power Balance, the U.S. Role and Consensus**

The U.S. aims at ensuring only its ambition in a system that it built as the U.S. made explicit and effective its hostility to a number of treaties like the Comprehensive Test Ban Treaty (CTBT), the ABM treaty, and the Kyoto Protocol on the environment. Furthermore the U.S. de facto rejects the International Criminal Court (I.C.C.), with sanctions attached against allies that dared to support the court (Hoffmann, 2003). The U.S. thus practices ‘exceptionalism’ (Box 1).

**Box 1: U.S. Disregard for Other Nations in the Recent Past, Selected Examples**

- The U.S. refused to join the majority of countries in creating an International Criminal

The U.S. unilaterally left the I.L.O. and rejoined recently (when?).

The U.S. refused to ratify the international agreement on ‘greenhouse gases’ and join in a global effort to reduce transnational pollution.

The U.S. refused to join 130 countries in a treaty banning the use of land mines.

The U.S. refused to implement the chemical weapons convention, on the grounds that it will not allow inspections on U.S. territory.

The U.S. refused to ratify the comprehensive Nuclear Test Ban Treaty.

The U.S. unilaterally imposed military action on Iraq in 2003 when it failed to obtain authorization from the U.N.

Source: Structured from Griffin, 2003.

On 6 May 2002, American President George W. Bush withdrew the United States’ signature from the Rome statute of the International Criminal Court (I.C.C.). Three months later, Bush signed the American Service members’ Protection Act (A.S.P.A.) into law. The A.S.P.A. prohibits the U.S. from cooperating with the I.C.C. and authorizes the President to use “all means necessary” to free American personnel imprisoned in by the I.C.C. in The Hague. In addition, the A.S.P.A. ensures that American personnel do not fall under the jurisdiction of the I.C.C. when operating on their territory (Lagasse, 2004). In view of the fact that it played a pivotal role in establishing the Nuremberg trials, the Helsinki Accords and the International Criminal Tribunal for the former Yugoslavia (I.C.T.Y.), it seems that the U.S. is retreating on the principles of international justice it previously championed.

Leaders may also obstruct others’ rights through pre-emptive actions. The U.S. executes pre-emptive action not only to forestall an imminent attack but also claims the ability to eliminate the threat of future attacks (Colijn, 2004). The U.S. considers pre-emptive action as a legitimate defense mechanism power as they see themselves as almost uniquely having a sense of global justice.

U.S. President Bush announced the Proliferation Security Initiative (P.S.I.) during his post-Iraq visit to Poland on 31 May 2003. The P.S.I., not endorsed by the U.N., envisages the search of planes and ships with suspect cargo and is one of the examples of the dominant country’s imposition of unilateral power on other countries (Colijn, 2004). An asymmetric power relation between countries, with the U.S. at the vertex of the global power structure, may impose constraints to carry forward the tasks of global governance by principles of democracy.

Can the U.S. Alone Govern the Globe?

Governing globalization is to be understood by the ambitions of the U.S.. The countries in the rest of the world acknowledge this as the U.S.’s ambition. One of the major reasons why the U.S. is concerned is economic. It has to maintain its command in International Financial Institutions (I.F.I.s). The voting share of the U.S. in the I.M.F. fell from 34.7 per cent in 1950 to 21.5 per cent in 1980 and further fell to 18.25 per cent in 1996. The share of the U.S. in 1996 was marginally above what was required to stall any major decisions in the IMF and that fall could compel the U.S, to obstruct any further decline in its voting share in IMF (Center for Monitoring Indian Economy (C.M.I.E., 1996). Membership in the World Bank is restricted to Governments who are the members of the I.M.F.. Like in the I.M.F., the percentage subscription of members to their capital stock in the World Bank determines their voting shares. The U.S. maintains its voting power in the I.M.F. to influence the decisions taken by the latter. As a result of the proportionate relationship between the voting share on the one hand and output-cum-trade share on the other, the U.S. has to expand its production possibility frontier. Thus, it is a compulsion for the U.S. to grow as market expansion is a necessary pre-requisite to maintain power.
The spread of U.S. assets through Transnational Corporations (T.N.C.s) and Multi-national Banks (M.N.B.s) really show the power of the U.S. Most of these T.N.C.s are rooted in the U.S. and many of these are dominant firms in the export-basket of the host countries. If the shape of the global market is to be determined, it is to be U.S.-determined through these T.N.C.s. The U.S. can therefore maintain command over its own assets that have entered into foreign countries and multiplied while in use. Furthermore the U.S. has the economic power to invade the industry and markets of its trading partners and politico-military allies. It has the resources to maintain a dominant military position and it can carry on foreign aid, invest in and lend to the Third World countries, thus tying them into the network of the capitalist order. This reinforced dependency perpetuates because of the position of the U.S. as the major donor in the world banking system and of the dollar as the world reserve currency (Magdoff, 1969). However the U.S. expansionism remains concealed behind a shield of supranational organizations — the U.N., the World Bank, the I.M.F., the Marshall Plan, and the W.T.O. (Jones, 1979).

In this network, countries in the Third World happen to be the platforms where the inner conflicts are mistakenly viewed as conflicts purely internal to and internally evolved in the Third World Countries. Many of these T.W.C.s compete within to get the favor of the U.S. by foreign direct investment, military support and advice. It is the occasional voice of dissent from within the imperial system, and the growth of Japan and Germany in particular that cautions the U.S. By inclusion of such countries by diplomatic relations in the extended Security Council or in the extended G-7, the U.S. tries to thwart any challenge from within and also tries to offset any outside challenge. The post-Second World War I.E.O. floated by the U.S. allows the potential challengers from within the imperial system to control the resources internal to the Third World. By imposing shocks on the dissident countries, by allowing the ‘close’ countries to encroach upon the economic-political sovereignty of ‘others’, the U.S. tries to consolidate its rank of ‘number one’ in the global power structure. Political-economic and military aspects are intertwined in all stages of imperialism. Crucial to the whole conception of the Grand Area was control of the Middle East and absolutely essential for the control of the globe – not only for being the repository of most of the world’s proven oil reserves but also geo-politically. The U.S. thus began a long series of overt and covert interventions in the region since the 1950’s; the beginning was the 1953 overthrow of the domestically elected Mossadegh government in Iran, which had nationalized foreign-owned oil companies. Thus, oil is the single most important strategic factor that governs U.S. ambitions in the Middle East. The U.S. invasion in Iraq in 2003 aimed at the second largest owner of oil reserves, next to Saudi Arabia. Also the U.S. considers the whole region as a location to execute its strategy of global power and this would also contain the rising power of China. Control of oil through setting up of regional military bases would thus translate into greater global power (The Editors, 2002Is this a real reference?). Historically, the U.S. continued to have monopoly power over trade in oil since the agreement between the U.S. President Roosevelt and the King of Saudi Arabia, Ibu Saud. This agreement allowed the U.S. dollar to be used as the fiat currency in oil trade. Iraq committed a strategic mistake in 1999 by starting to trade oil in the Euro under the persuasion of France and earned short-term profit and then paid the long-term penalty by being invaded by the US.

As stated the U.S. came to be the undisputed leader of the globe in the post Second World war period. Apparently then there is no reason why the U.S. should be concerned for global governance by accommodating more countries under the hegemonic umbrella. The basic reason behind inclusion of more countries is the challenge that it faces ‘from within’. The reason why the U.S. continued with globalization post-1989 by accommodating the willing economies is the changing location of the state in the hierarchy of states over time (Table 3).

<table>
<thead>
<tr>
<th>Phase</th>
<th>Time</th>
<th>State in</th>
<th>Global War</th>
<th>Imperial Power</th>
</tr>
</thead>
</table>

Table 3: Global Power Structure in History, 15th to 21st Century
The time span for the imperial power moved in an ascending order, from 87 years for Portugal to 111 years for Netherlands, 105 years and 124 years in succession for the U.K. The leader, at present the U.S., has spent 98 years of its domination. If history repeats itself, the U.S. can expect to dominate the world order for some years to come. However, the tacit-technological resistance now to global authority is much more than what could have been imagined during earlier centuries. The problem is that the single authority in a unipolar world cannot identify any other state as a ‘global evil’ – it seems the single authority is itself identified for ‘whatever happens in the rest of the world’. The U.S. cannot decide to openly hurt the national sentiment of any state. It has to look after all the states, particularly the advice-cum-protection seekers. The parallel problem is that every authority needs an enemy or an entity in opposition. It has to prove its power – power to solve conflicts. Development or forward movement of the entities in history lies in this dynamism. The post-Cold War U.S. fails to find this opposing entity and hence fails to solve conflicts, notwithstanding Iraq 2003. Occasional disagreements in global fora are an exception to this enemy-searching endeavor. Such disagreements, however, are a European prerogative.

First, to make the T.W.C.’s understand their true worth, the U.S. formed the G-7 in 1975 in a response to the 1973 O.P.E.C.-led oil crisis price hike, as well as demand by the T.W.C.s empowered by O.P.E.C. for a New International Economic Order (N.I.E.O.) in the U.N. General Assembly. The declaration of N.I.E.O. by the T.W.C.s reflected compulsions of these countries because they reached the limit of remaining dependency on export of low-tech primary goods and import of high-tech capital goods and technology. The N.I.E.O. argued for the establishment of the rights of sovereignty of states over their natural resources, and ultimately, the right to nationalize the firms using these resources. The T.W.C.s advanced their demands at the U.N. that centered on the non-sustainability of the consumption-mix at home unless supported by technology-cum-product-mix at home. Since technology could not be developed easily through internal R&D, the T.W.C.s demanded access to modern science and promoting the transfer of technology from the advanced world suited to the economies of the Third World (Anell and Nygren, 1980). The U.S. and the G-7 rejected these vital provisions of the N.I.E.O. (Sauvant, 1981).

The U.S., however, understood what could have been the turning point in history. Hence, it planned to extend the frontier of political governance by identifying the economies that matter in global markets. Subsequently, the U.S. formed the global policy institution, G-20, in 1999 that accommodated as members not only countries like China, India, Indonesia, from Asia, Brazil from South America, and South Africa from Africa to represent all the three continents clubbed as the Third World but also the European Union (E.U.) as a single member as well as the Bretton Woods twins. This was also to show to the rest of G-7 what it could do by embracing the large economies from the Third World.

Accommodating large economies from the Third World by the U.S., as distinct from rejecting the N.I.E.O., was to contain pressures from the emerging powers in Asia as well as thwart...
challenges from within G-7. The selection of countries from the Third World was made easy by post-Reform (1978) China moving towards market economy and post-N.E.P. India (1991) moving towards being a free market open economy (Table 4).

Table 4: Members in G-20

<table>
<thead>
<tr>
<th>Institution</th>
<th>Members</th>
</tr>
</thead>
<tbody>
<tr>
<td>G-20</td>
<td>G-7 plus EU plus Argentina, Australia, Brazil, China, India, Indonesia, Mexico, Russian Fed., Saudi Arabia, South Africa, South Korea, Turkey, Bretton Woods Institutions.</td>
</tr>
</tbody>
</table>

*Source: UNDP, 1999.*

Hence, contrary to the modus operandi of imperial powers earlier, the U.S. has built up an accommodative system by not only formation of the most powerful institutions like the G-7, but also the G-20, the latter accommodating large economies from the Third World. Effectively, however, the G-20 is an extension of the G-7. The problem remains that the U.S. cannot accommodate all the countries as members in a single decision-making body. Thus, the small economies from the Third World, particularly countries in Africa, except South Africa, have remained outside the membership network. These small economies have remained not only dependent on the T.N.C.s for technology-cum-export of limited commodity vectors, but also have remained non-promising for the advanced capitalist countries by being small in terms of actual and potential markets. These expendable countries are only members in the U.N. Generally Assembly.

However the belief that the U.S. is the "indispensable nation" is no safety net for the U.S. So long as the functioning of the ‘Imperial System’ formed by the U.S. serves its own purpose of diffusing revolutionary propaganda and communist insurgency in particular in those T.W.C.s undergoing turbulent transformation, the U.S. will tolerate the differences by the ‘allies on not-so-major issues’. Above all, the end of the Cold War has not completely eradicated the concern of the U.S. for ‘national security’ all over the world. The U.S. needs T.N.C.s and world policing. Since the U.S. policy is to obstruct the proliferation of any potential power that can question its authority in the foreseeable future, it moves forward by accommodating the emerging power countries. The real strategy of the U.S. therefore is to diffuse the power of the potential challengers by pseudo-accommodation.

**Concluding Comments**

Governance at a particular historical juncture may show the legitimization of the current location of countries in the global power structure. An efficient governance of the globe may also imply the obstruction for some other countries and groups of countries to go ahead of others, given an unequal world, when the most dominant power, the U.S., preserves and protects its power by legitimization of the current power structure.

The main question comes if governance is consensus-based. Any consensus among unequal partners is a pseudo consensus as the participation of countries in the I.E.O. has remained extremely unequal by the economic veto power in the hands of the U.S. through the World Bank and I.M.F.. There exists real political veto power of the dominant countries through the Security Council of the UN. This goes against democracy at the global level. Any consensus-based global governance requires wither away of the veto power.

Under this geographically dispersed location of global decision-making and executing centers, non-veto power wielding participation of countries, and delinked political power space from economic power, an effective consensus can emerge for global governance. The existing arms for execution of global order so far are the Bretton Woods twins and the U.N. Security Council but the guiding principles are provided by the U.S. However, since the U.S.’ strategy gets both support and opposition 'from within' the imperial system, in addition to support and opposition from outside, the U.S. has to search for solutions based on consensus.
What the majority of the world thinks around the possible global governance is an approximation of the probable outcome based on their experience since the Second World War. The United Nations (U.N.) may be seen as a powerful institution for global governance since it is at the centre of global political governance as the UN has to arrive at decisions through consensus. The building blocks of this consensus have to be equality in participation of countries, accountability of the different wings of the U.N. to the citizens of the world and transparency in every action endorsed by the U.N. The U.N. has to be democratic and the power of member countries in the U.N. has to remain delinked from the dollar contribution of the countries in the U.N.’s budget. However, in order to make it more democratic and inclusive, an Economic Security Council for global governance may be constituted on the lines chalked out by the U.N. itself (U.N.D.P., 1994).

What is needed is a world governance forum that is democratic by elimination of the veto power of a select few. The forum has to allow each country to participate on equal terms in global proceeding and the forum has to be accountable, credible, representative, transparent, and effective. It has to accommodate the global civil society. The forum also has to have a vision of the future of the globe. It has to function in an inter-governmental frame as global governance is an agreement based on willing participation by all the countries for arriving at consensus on all issues that affect at least one country in the world.

The most difficult task towards formation of such a global governance forum is to make the U.S. understand the necessity of such a forum. If the U.S. continues to think it is ‘exceptional’, the global governance mechanism, even if formulated, will fail to deliver warranted results. What will be needed is a ‘working consensus’ to offer a space for all to participate with prior information about the agenda mutually agreed upon.

Democratic participation of countries in the global forum by the one country-one vote principle is obviously preferred to the one dollar-one vote principle. The forum however has to be cautious in the sense that while the O.E.C.D. countries as a homogenous group will reveal a single interest group, the decolonized Third World countries may reveal diverging interests in a competitive race to catch up. The proposed global governance forum has to bridge the gap in the revealed interests both within the Third World and between the Third World and the rest of the world, which is the ultimate aim of global governance.

REFERENCES


**BIBLIOGRAPHY**


The Economist, London, several issues.

The Times of India, Lucknow edition, several issues.