Structural Imbalances in Global Governance System

By

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Table of Contents

What is Global Governance? ........................................................................................................2
Global Governance Institutes ........................................................................................................3
Financial and Economic Institutes .................................................................................................4
International Monetary Fund (IMF) ...............................................................................................5
World Bank ..................................................................................................................................8
United Nations ...............................................................................................................................10
United Nations Security Council ...................................................................................................13
UNFCCC and WTO .......................................................................................................................15
Conclusion .....................................................................................................................................17
Recommendations: .........................................................................................................................19
References: .................................................................................................................................20
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By Shakeel Ahmad Ramay

Since its existence, mankind has been endeavouring for the recognition of its individual identity and way of life. Gradually, it evolved from communal to various modes of living throughout the chapters of time. History narrates that such progressive transformation to communal livelihood was followed by societal expansion and ownership of resources that includes land, minerals, water, etc. As a result conception of localities/regions, and countries were pursued. Consequently, the concept of global living and governance was determined, as one can observe it prevailing today.

The notion of globalization can be traced back to the tenacious desire of historical warriors for capturing vast regions in order to rule and enhance prosperity, well-being, security, and reflect its power, e.g. Alexander, Roman Empire, Persian Empire, Mongol Empire, etc. Warriors or Empires were governed by the basic instinct of humanity regarding its eagerness of dominance, rule, and authority of influence over others. Explorers, preachers and traders complemented the process of globalization alongside these specified warriors of ancient times. Explorers traveled with the intent to discover new worlds for settlement and tourism. Preachers had the purpose to attract the consideration of the populace in their belief system e.g. Muslim, Jewish or Christian. Traders traditionally strived to maximize their profit by establishing or penetrating new markets for investment and trading of goods and services.

The intuition of dominance comprises two major forms in order to realize its objective; first, resolute power that can include swaying to brutality, and the second, supple power that incorporates the supremacy of character, high moral and ethical values. Warriors and Empires habitually adopted the first form whereas the preachers used the second form of supremacy. Traders or economic players on the other hand used either of these ones or the blend of both. The idea or approach could vary, but the objective intended was and is yet to dominate. War or competition is still on and different actors playing to achieve the dominance with changed names, tactics or means.

The process of globalization became more complicated with the invention of new technologies and novel horizons. Information, communication and transport, and technological breakthrough have shrunk the borders of nations and the world we reside in has become more interconnected and interdependent. Consequently, such Interdependence and interconnectivity also introduced a set of predicaments at the global level, e.g. what laws and rules to be followed, as to how conflicts over different issues be managed, who will set standards, how to transit trade and other transnational problems/phenomena etc. These questions or issues bring in light the importance and

need to have a global system of governance. However, literature shows that global governance always lagged behind the process of globalizations.

Formal developments regarding the formation of global institutions began in the mid-19th century with the formation of the International Committee of Red Cross and Postal Association. However, this paper will focus on process of global governance from the start of 20th century.

20th century started with antagonism of ideas, ways or means to dominate the world. Process of global institutions became more robust especially after World War-1, the economic recession right through the 1930s and the episode of World War-2. These three events left the world with sufferings and serious perils. The event of World War-1 arose so many questions on the future of sustainable peace and development. Economic recession of 1930 was most alarming in nature. It traumatized the basic economic structure of the world and compelled millions of people into unemployment. As the world was struggling to sustain the economic crisis, simultaneously the Second World War spread across the globe. The war caused a colossal number of casualties, mass migrations for shelter, and numbers left homeless. Livelihoods and habitation opportunities of millions were compromised. The testing era of the 1930s and beginning of 1940s emphasized the need to have a global system that confronted these issues.

What is Global Governance?

Concept of global governance is generally associated with the presence or establishment of global government. Both the proponents and opponents have a plethora of documents as evidence to prove their stance, but to-date we do not have any substantial evidence to pass a final judgment. However, rather than advocating for a specific school of thought, the focus of this paper would be on the integral issue of discussing what is global governance and on its relevant conventional definitions. James Rosenau defined it as “an order without the central government or authority” (Rosenau 1992b: 7). Adil Najam said it’s governing the world without formal government. By using markets lenses, it can be defined as “integration of all economic actions beyond boarders using the markets as a toll”. I define global governance as “it’s a system to secure the interest of powerful through manipulation and avoiding responsibilities, again through manipulation”.

Debate on the concept, significance and role of global governance is a continuous process and it attempts to adjust according to the existing circumstances. Emergence of

new hubs of growth and economies started to challenge the set path of global governance. Along with other countries and factors, China’s rapidly increasing share in international market, soft market and developing military is demanding a change in global governance system. However, the debate is likely to continue as it is an acknowledged fact that the power dynamics always tend to change.

Global Governance Institutes

World War-1 concluded with a weakened worldwide economic, social and political infrastructure. After the war, countries started looking for a global association to control the initiation of warfare and a permanent solution to maintain peace at global level. League of Nations was created and it was aspired as how the world would be better able to tackle the global issues. As nations were still struggling to endure these issues, a subsequent economic recession struck the global economy, which further deepened the state of problems. Finest brains of the world at that moment in time assembled together and started looking for more appropriate and sustainable solutions for peace and economic sustainability. Political leadership was also actively engaged in looking for solutions.

On the intellectual aspect, the process was led by Lord John Keynes of UK and Harry Dexter White of United States of America. Both were prestigious economists of that time. Keynes put forward the idea of formulating a more reconstructive and development-friendly institute, which had minimum implications on governments’ sovereignties. He proposed the creation of a cooperative type bank, but unfortunately his proposal could not get approval. However, White’s proposal to create incentive based mechanisms for bank and fund were approved. Nevertheless, Keynes argument for rule based management was accepted with varying degree. Fundamental similarity between the Keynes and White’s was that both were working for their own country’s interests.

On political front, Woodrow Wilson was the most prominent figure to advocate for the globalization on the basis of idealism and moral values. He also pushed the Americans to think beyond the national economic interests. He was very active during and after the World War-1 for the creation of League of Nations. However, his initiative did not reign long and the United States of America attempted to acquire another rout. Still USA was trying to portray herself as the champion of idealism and moral values as Henry Morgenthal said:

"the bewilderment and bitterness" resulting from the Depression became "the breeders of fascism, and finally, of war". Proponents of the new institutions felt that global economic interaction was necessary to maintain international peace and security. The institutions would facilitate, in Morgenthalu’s words, "[the] creation of a dynamic world

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community in which the peoples of every nation will be able to realize their potentialities in peace.

Simultaneously, efforts were also made for the creation of a new institute at global level for sustainable peace and security. From here the concept of United Nations emerged and USA President Roosevelt first used it in 1942. United Nations was built on the concept of outcome of International Conference on Peace in Hague 1899, and Organization of League of Nations 1919s.

Both systems were created concurrently, therefore, at times these are identified as sister organizations.

These two bodies were shaped with broader aims to secure the world from economic crisis and war adversities. The remaining part of the paper will be discussing the following general categories:

1. Financial and Economic Institutes
2. UN System

Financial and Economic Institutes

After World War-I, countries started looking for viable solutions to go back the pre-war state of economies. Exercise ended without any success, as economic recession hit the world economy in 1929 and it spread all across the world in 1930. World war-II further exacerbated the situation and some people believed that war was the result of economic depression.

For that reason, leading economists assisted governments to devise an improved resolution to avoid economic turmoil in future. With these objectives in mind, different economic and financial institutes were created. Regrettably yet in the presence of all global instruments, the crisis hit back repetitively through different time periods, including the economic crisis of late 1960s, 1970s, 1990s and the present one from 2007 that is still ongoing along with food insecurity, poverty, health, Vietnam War, Afghan turmoil since 1978, Iraq war etc. Moreover, there is a new set of threats and crises such as unrest and conflicts, changing power structure, rebellious mobilization of terrorism and cybercrime etc. The incidence of Arab spring spread across many countries which instigated colossal sum of losses to individual countries in regards to property and human life. Occupy Wall Street is an entirely new phenomena on this account.

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Still these financial and economic institutes are the most powerful instruments to control the world resources and national sovereignties at present. There are a number of financial and economic institutes, which govern and control the global financial and economic systems, however, this paper will be limited to the following institutes;

1. World Bank
2. International Monetary Fund

Moreover, discussions will be focused on structure and not the performances of these institutions.

**International Monetary Fund (IMF)**

Inflation, which was on the rise in the 1920s, has rampantly engulfed the world economy. Inflation was accompanied by decrease in world trade due to strict control and restrictions of countries. Restrictions further complicated the situation and world recalled to be widely interdependent witnessed the worst economic recession within a decade of the specified year. Currency of different countries started to depreciate, and since there was no standard currency or other regulators to control it, world leaders stressed on the significance of a global system to avoid restrictions in future.

International Monetary Fund (IMF) was established in December, 1944 and it started to work on 1st Mach 1945. Major objectives of IMF are:

1. To ensure the exchange rate stability
2. To control and avoid or eliminate barriers on exchange rate
3. Facilitate trade by providing above services
4. Help countries to come out of poverty

Signing members agreed to value against the dollar and USA dollar will be valued against gold reserves. In 1973, USA announced the suspension of dollar convertibility to gold and countries were free to choose the value of their currencies except the gold standard.

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The following table comprehensively explains IMF at a Glance

- Member States: 188
- Headquarters: Washington, D.C.
- Executive Board comprises 24 directors
- Bank has almost 2,475 staff members in 156 countries
- Total quotas: US$360 billion (as of 8/9/12)
- Additional pledged or committed resources: US$1 trillion
- Loans committed (as of 8/9/12): US$243 billion, of which US$186 billion has not been drawn
- Biggest borrowers (amount agreed as of 8/9/12): Greece, Portugal, Ireland
- Surveillance consultations: Consultations concluded for 128 countries in FY2011 and for 117 countries in FY2012
- Technical assistance: Field delivery in FY2011—198.2 person years
- Transparency: In 2011, about 90 per cent of Article IV and program-related staff reports and policy papers were published
- Original aims: Article I of the Articles of Agreement sets out the IMF’s main goals:
  - promoting international monetary cooperation;
  - facilitating the expansion and balanced growth of international trade;
  - promoting exchange stability;
  - assisting in the establishment of a multilateral system of payments; and
  - making resources available (with adequate safeguards) to members experiencing balance of payments difficulties

IMF acted as a dynamic organization, as it aimed to adjust itself according to altering environment. In the 1970s, IMF was liberated from its control over exchange rates. From the 1980s onwards, the institute further restructured itself and worked on the principles of so-called Washington Consensus. It introduced the structural adjust program, which is still ongoing at present.

IMF is engaged in a key role regarding smoothing of the exchange rate and to support the liberalization in trade. However, many people question the role of IMF and its negative impact on national economies, especially for developing and least developed countries. These queries are further strengthened by the prejudiced power structure in the favor of western countries.

Quota is determined by the financial contribution of member countries. Table below shows that the power structure highly skewed in the favor of most developed countries. USA has veto power in major decision-making process, as it holds 16.75 per cent votes. It may be mentioned here that for any major decision regarding policy or loan 85 per cent votes are required, which is impossible to get without approval of USA. Veto power of USA and four other members (Japan 6.23, Germany 5.81, France 4.29 and UK 4.29) helped developed countries to manipulate decision in their favor and according to their demand and requirements.

<table>
<thead>
<tr>
<th>IMF Member country</th>
<th>Percentage out of total votes</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>16.75</td>
</tr>
<tr>
<td>Japan</td>
<td>6.23</td>
</tr>
<tr>
<td>Germany</td>
<td>5.81</td>
</tr>
<tr>
<td>France</td>
<td>4.29</td>
</tr>
<tr>
<td>UK</td>
<td>4.29</td>
</tr>
<tr>
<td>China</td>
<td>3.65</td>
</tr>
<tr>
<td>Italy</td>
<td>3.81</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>2.8</td>
</tr>
<tr>
<td>Canada</td>
<td>2.56</td>
</tr>
<tr>
<td>Russia</td>
<td>2.39</td>
</tr>
<tr>
<td>India</td>
<td>2.34</td>
</tr>
<tr>
<td>Netherlands</td>
<td>2.08</td>
</tr>
<tr>
<td>Belgium</td>
<td>1.86</td>
</tr>
<tr>
<td>Switzerland</td>
<td>1.4</td>
</tr>
<tr>
<td>Mexico</td>
<td>1.47</td>
</tr>
<tr>
<td>Spain</td>
<td>1.63</td>
</tr>
<tr>
<td>Brazil</td>
<td>1.72</td>
</tr>
<tr>
<td>South Korea</td>
<td>1.37</td>
</tr>
<tr>
<td>Australia</td>
<td>1.31</td>
</tr>
<tr>
<td>Venezuela</td>
<td>1.08</td>
</tr>
<tr>
<td>Pakistan</td>
<td>0.44</td>
</tr>
<tr>
<td>The rest of 165 countries</td>
<td>31.16</td>
</tr>
</tbody>
</table>

Though, the power structure is biased and in favor of western countries, the main expenditures and earnings come from the loans to poor or developing countries.

**World Bank**

History of World Bank is similar to IMF with a slightly different mandate. Established in 1944, the bank evolved from the International Bank of Reconstruction and Development (IBRD) to a grouping of affiliated institutes, i.e. International Development Association (IDA), International Finance Corporation (IFC), the Multilateral Guarantee Agency (MIGA), and the International Centre for the Settlement of Investment Disputes (ICSID).

Primary purpose of creating the World Bank was reconstruction and development after the event of World War-II and the Economic recession of 1930. World Bank has gradually widened its role, and it is also working to reduce poverty in poor countries. On the poverty front, IDA is playing a very critical role in compliance of its mandate from IBRD. IBRD was created on the assumption that it would be self-sustaining by means of working as a bank and providing loans. However, IDA was created to provide concessional loans on very low interest rates or with no interest rate for a long period of time, e.g. 25-40 years.

**Box-2**

<table>
<thead>
<tr>
<th>What World Bank Do?</th>
</tr>
</thead>
<tbody>
<tr>
<td>• It will work for the promotion of economic development of poorest countries. Bank will help the developing and poor countries through long-term funding for development projects and programs.</td>
</tr>
<tr>
<td>• Bank will give funding for economic development to countries, which have less than $865 GNP through IDA.</td>
</tr>
<tr>
<td>• It will promote and encourage private sector through the provision of funding by IFC.</td>
</tr>
<tr>
<td>• On financial resource side, the bank will create it through the borrowing from international bond market</td>
</tr>
<tr>
<td>• The staff of 9,000 will be hired from 168 member states</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Highlights of World Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Biggest funder of education sector</td>
</tr>
<tr>
<td>• Biggest funder for HIV/AIDS</td>
</tr>
<tr>
<td>• Leading player in fight against corruption</td>
</tr>
<tr>
<td>• Strongly support for debt relief</td>
</tr>
<tr>
<td>• Heavily investing in biodiversity projects</td>
</tr>
<tr>
<td>• Biggest funder of water supply and sanitation projects in world</td>
</tr>
</tbody>
</table>

Like the IMF, the World Bank also has recognized structural problems in its governance system. In 2010, the voting system was reformed, but it still in need of further reforms. USA is still major player with voting share of 15.85 per cent, and for all major decisions

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its approval is a must. Reforms of 2010 increased voting quota of some emerging economies like China and India, etc., but Bank did this at the cost of developing and least developed countries. As a result the voices of marginalized countries became more marginalized. Moreover, the responsibility of developing countries (countries which gain in voting power) without getting much power.

Table 2

<table>
<thead>
<tr>
<th>Country</th>
<th>World Bank New Voting Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>15.85%</td>
</tr>
<tr>
<td>Japan</td>
<td>6.84%</td>
</tr>
<tr>
<td>China</td>
<td>4.42%</td>
</tr>
<tr>
<td>Germany</td>
<td>4%</td>
</tr>
<tr>
<td>France</td>
<td>3.75%</td>
</tr>
<tr>
<td>UK</td>
<td>3.75%</td>
</tr>
<tr>
<td>Italy</td>
<td>2.64%</td>
</tr>
<tr>
<td>Brazil</td>
<td>2.24%</td>
</tr>
<tr>
<td>Spain</td>
<td>1.85%</td>
</tr>
<tr>
<td>Canada</td>
<td>2.43%</td>
</tr>
<tr>
<td>India</td>
<td>2.91%</td>
</tr>
<tr>
<td>Russia</td>
<td>2.77%</td>
</tr>
<tr>
<td>Australia</td>
<td>1.33%</td>
</tr>
<tr>
<td>Mexico</td>
<td>1.68%</td>
</tr>
<tr>
<td>South Africa</td>
<td>1.57%</td>
</tr>
</tbody>
</table>


<table>
<thead>
<tr>
<th>Country</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Netherlands</td>
<td>1.92%</td>
</tr>
<tr>
<td>Turkey</td>
<td>1.08%</td>
</tr>
<tr>
<td>Indonesia</td>
<td>0.98%</td>
</tr>
<tr>
<td>Switzerland</td>
<td>1.46%</td>
</tr>
<tr>
<td>Belgium</td>
<td>1.57%</td>
</tr>
</tbody>
</table>

**Countries with largest World Bank voting shares and their share of global nominal GDP, %**

![Chart showing voting power and GDP for various countries.](chart)

*Source: IMF World Economic Outlook*

**United Nations**

On account of the United Nations, it can be traced back to the establishment of League of Nations (LoN). The League was created on January 10, 1920, to manage the breakouts of wars and maintain peace. Woodrow Wilson, one of the most prominent figures who advocated for the creation of League of Nations, urged Americans to rethink and develop foreign policies on the basis of morality, ethics, and democracy. Unfortunately, not enough support was drawn from USA congress and Senate, and eventually USA did not adhere to League of Nations. League of Nations, however, seized to operate in the beginning of Second World War.

Apart from USA decision not to join the League of Nations, it also had some fundamental flaws. LoN did not consent to Germany and Russia joining the same on the basis that Germany initiated the callous war and Russia embraced a communist party, leaving the three most powerful countries at the time aloof. Moreover, it did not have the power to implement its decisions. At the time of formation of the United Nations, the primary issue
of “having the power to implement” was measured and discussed among the participants. However, that fundamental question of power is still here. The UN till the present has been unable to implement particular decisions that were deemed pertinent, like the resolution of Kashmir and Palestine. But, the UN also has a good number of success stories. UN functions through a number of bodies with the likes of Security Council, General Assembly, UNDP and UNEP etc.
Coming back to the relevance of structural imbalances, UN also has some inherent discrepancy in its power structures. Foremost, I believe, the UN establishment process had some fundamental flaws since it was negotiated amongst a certain group of countries that were minuscule. Second, we can distinguish that the process after the Atlantic Charter between USA and UK, it can be indicated that the transfer of power from one superpower to another was ascertained.
Third, most of the UN agencies are located in developed countries, which in turn weaken the ability of developing or least developed nations to contribute and secure their interests. Furthermore, most importantly the power to influence the decisions at the UN level is exceedingly biased in favor of developed or prevailing countries. However, for the rationale of the paper’s subject of matter, only the analysis on the structure of UN Security Council, WTO and UNFCCC is to be conducted.

**Box-23**

1. Both USA and UK agreed not to go territorial expansion after the World War II.
2. Future rearrangement or adjustment of boundaries of any would only be made after consulting the real stakeholders
3. Everyone have equal right for independence and self-determination.
4. Efforts will be made whole-heartedly to facilitate trade by lowering trade barriers
5. Social welfare and economic cooperation would be priority
6. All efforts would be made to make world peaceful and free from all types of fears
7. Sea will be free for movement on equality basis
8. USA and UK would work together disarmament, especially for aggressive nations

### United Nations Security Council

The UN Security Council was created with the mandate to maintain and secure peace and security of the world. The Security Council also takes lead on determining the state of threat or offensive related behaviors of countries. Box below profoundly illustrates a snapshot of the functions and responsibilities of the UN Security Council.

**Box-3**

- Security Council will work to ensure the peace and security of world by keeping in mind the principles and purpose of UN
- Investigation of disputes and conflicts, which might cause international crises
- Propose different ways to settle these disputes and conflicts
- Work for the formulation of framework to manage the armaments
- Security Council will work to detect and decide about any aggressive act or potential threat to peace and security of world and will propose the appropriate measures to combat it
- Ask member states to act and impose the economic sanctions and soft measures against an aggressive country to stop the conflict or dispute
- As the last resort to take military action to control the conflict and ensure peace and security
- Decide on the entry of new member states
- Provide strategic leadership for whole UN system
- Give recommendations for the appointment of Secretary-General and Judges of International Court of Justice of UN to General Assembly

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These functions and responsibilities given to the Security Council are truly imperative and reflect on the sense of desolation associated to the previous world wars. Much emphasis was given on the maintenance of peace and security. Moreover, the world was reminded the lack of implementation of power by League of Nations, making it essential for all member countries to accept the decision of Security Council. Functions and responsibilities clearly show that major powers are confined with the Security Council, e.g. nomination of Secretary-General and acceptance of new members, etc.

However, the power distribution in Security Council is highly inclined to influential countries. The Security Council consists of 15 members (five permanent and 10 non-permanent members). Permanent includes United State of America, China, United Kingdom, France and Russia and non-permanent members are selected on the rotational basis. Each non-permanent requires 2/3 of casting votes to become the member. Permanent members enjoy the power of veto, which is mainly responsible for the discussed structural imbalance along with other factors.

First, representation at permanent portfolio is unequal, as three white nations from Europe and one USA and it is considered apartheid system24. Diversity of religion is also missing and it represents only one religion along with communism of China. This is in violation of charter of the UN which clearly solicits for non-discrimination on all basis and levels. Second, history shows that veto power is approximately always used for the protection of respective national interests rather than the concern of humanity or globe. Example can be quoted of USA 32 vetoes from 1980s onwards, which had some impact on Israel25. Process of decision-making and implementation becomes more complicated when one of the permanent is involved in conflict, e.g. Algeria (1954–62); Suez (1956), Hungary (1956), Vietnam (1946–75), the Sino-Vietnamese war (1979), Afghanistan (1979–88), Panama (1989), Iraq (2003), and Georgia (2008).

Third, selection of Secretary-General is done through the Security Council, which requires endorsement of all permanent members. It sometimes results in a deadlock, e.g. Dag Hammarskjöld in 1953 was selected Secretary-General after several candidates were vetoed. Dag Hammarskjöld was considered a compromised candidate at that time. Selection of Secretary-General depicts that any candidate must be adequate to veto members before they institute the process in the UN General Assembly. Fourth, membership process of new ones can only be initiated after the approval of Security Council or in other words after the approval of permanent members.

Fifth, Security Council can start deliberations on any issue which they jointly perceive is a threat or a potential threat in the future. Permanent members can also provide propositions on any type of binding and non-binding orders. According to chapter VII that

it is obligatory for all member states to accept and implement the decision of Security Council.

Sixth, the permanent members (P5) take all decisions on peace and security, imposition of sanctions, and deployment of peace forces. Although decisions are taken by the permanent members regarding peace keeping missions, they usually show reluctance to send their troops to the troubled areas, e.g. China and USA on no account have sent their armies as peace missions. A major portion of peace forces is provided by the developing and least developed countries. Therefore, developing and least developed countries feel that P5 enjoys power on the table and other small and less developed countries fight at field.

Lastly, the selection of Security Council is an integral and very complicated process. Countries with significant lobbying power can only become member of council. It should be made aware that 70 countries by no means became members of the Security Council.

UNFCCC and WTO

The structure of UNFCCC and WTO is different from UN Security Council. In UNFCCC and WTO, all members have equal voting right and every member’s vote has equal weight. All decisions are made with consensus. It means that rejection of any decision by any member will be the rejection of that decision. There are two schools of thought, which have contrary opinion about this structure of decision-making. First group, mostly comprises developing countries and scholars think it is good that these organizations have this arrangement. It safeguards the interest of weak countries. It hinders the way of most developed countries to twist decisions in their favor. Second group thinks it is slowing down the pace of decision-making and sometimes it hinders the process of decision-making.

However, reality is different in these two organizations. Developed or powerful countries still manipulate decisions in their favor. For example, in WTO after Doha development agenda progress is very slow and developing and least developed countries almost failed to get promised benefits. Moreover, developed countries continued to provide subsidies to their producers and pushing the developing and least developed countries to lower down the tariff and open trade. In the same way in UNFCCC, after Bali progress started to slow down after 2009 and right now extensive negotiations are going on. In 2009 at Denmark, developed and emerging economies also bypassed the system of negotiation and had a deal in small group. Promises made at Copenhagen, e.g. fast track financing, still need to be fulfilled by the developed countries.

Moreover, developed countries also use Britten Wood institutes to get their desired results. For example, IMF pushes agenda of trade liberalization and removal subsidies through Structural Adjustment Program. The same way, the World Bank brought into debate the Washington Consensus. Now, World Bank also has initiated the lending for climate related activities.

These examples clearly show that industrial power still dominates the power structure. Although these organizations have given equal voting rights, but still decisions are made or manipulated by powerful countries.
Conclusion

Conclusion of such a miscellaneous theme is quite impossible. It was observed during the literature review that the system of global governance was complicated. It was drafted in a very sophisticated manner and has all the elements to be manipulated in favor of a few powerful stakeholders. For example, in the World Bank and IMF, veto power of major decisions lies with the USA, but apparently the system appears very democratic. Permission or the consent of USA is a prerequisite to the start of processes on any important issue because the required number of votes can never be attained without the consent of USA. Both IMF and World Bank requires 85 per cent votes for any major decision, which can never be attained without the participation of the US, as they account for 16.75 per cent and 15.83 per cent of the votes in the IMF and World Bank respectively.

Therefore, the working framework or attitude of both the institutes changes with the varying preferences/ideologies of the US administration. The first loan subsequent to World War-II was sanctioned to France, and soon after Marshal Plan was followed for sanctioning loans to European countries for development. With the appointment of McNamara, the focus of the Bank shifted to poverty reduction through investment on mankind, e.g. food, education, health, etc. The ideology of McNamara changed with the appointment of A.W. Clausen as the new president of World Bank in the 1980s. Clausen was the one who introduced the Structural Adjustment Program, which reversed the McNamara development process. Structural Adjustment Program is still on-going and is pursued by the World Bank and IMF.

Explicit power of USA at IMF and World Bank also gives USA the power to attain its foreign policy objectives. At the time of first loan sanctioning, USA asked France to remove communist members from cabinet and France had to comply on that. Although the group of influential countries had increased at both the institutes, USA still enjoys final authority to veto any decision. However, it is hardly a reality that decisions are motivated by political preference, as it happened during the Cold War era when allies of Russia were not given preference for loans.

The case of Security Council is not much different except the number of veto countries is five and the fact is that they adopt decisions keeping in view their national interests, e.g. USA, China, France, UK and Russia. These five countries in fact decide as how to interfere in the affairs of other states on the grounds of self-defined or perceived threats to world peace and any act of human rights violations, genocide etc. Recent events in Afghanistan and Iraq can be referenced as prominent examples. The Security Council also uses the instrument of Right to Protect and Intervene such as on the occurrence of Libyan and Mali conflict that can be quoted as examples.

Finally, the literature review also highlighted the point that corporate business empires are endorsing a very important and influential role in the global governance. Business empires use different tactics to achieve their benefits by investing heavily in research

and media departments and in some cases indirectly control the specified sectors as well. For example, leading and influential research organizations are funded by these business empires. Brookings, Council on Foreign Relations, and Woodrow Wilson Center are all heavily funded by big corporations like Coca Cola, Pepsi, Ford, Barclay, Citibank, AT&T, Rockefeller, etc. These corporations heavily invest in the anticipation of promoting their business interests.

These are the means through which these corporations enhance their influence and power on such institutes. Apart from areas like economic, social, foreign policy, etc. now these practices are engulfing the security and intelligence departments as well. Brookings recently announced the establishment of Mini CIA in the name of Center for 21st Century Security and Intelligence.

Picture of global institutes above indicate the structural imbalances and influence of different countries and corporations. In such situations, developed or least developed countries ought to strive and secure their rights alongside their dignity at global level. The answer can be upright and simple or very complicated. Simple answer is that renegotiate the power structure, but the complicated part is HOW TO DO IT.

However, the world can address these imbalances by reforming the existing structure of global governance institutes. Most of the UN agencies and Britton Wood Institutes were created after World War-2. These institutes have become old and unable to address the modern day challenges, e.g. terrorism, cyber security etc. Moreover, economic development is also shifting from North to South, and this shift also puts pressure on emerging economies take more responsibility and share the burden of international development. But, the power structure of UN and Britton Wood Institutes favors the North, which emerging economies consider a hindrance to their role.

Therefore, there is a dire need to reform existing institutes and create new institutes to cater to the emerging challenges.

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Recommendations:

1. Veto power in Security Council should be dissolved or must be diluted.
2. Role of General Assembly must be strengthened and major decisions should be taken in General Assembly, e.g. nomination of Secretary-General etc.
3. Financing structure of UN should be reformed.
4. Strong role of IMF and World Bank in northern countries should be minimized and veto power of USA must be abolished.
5. Representation of developing and least developed countries should also be enhanced at all decision-making bodies of IMF and World Bank.

Most importantly, the world needs to follow the strategy, which Woodrow Wilson advocated to USA people at the time of formation of League of Nations. Woodrow Wilson asked for thinking beyond the economic interests and make decision on the basis of morality and ethics. World should follow it now, otherwise the situation will become worse.
References: