Reformist Multipolarity and Global Trade Governance in an Era of Systemic Power Redistribution

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Abstract

This article assesses the role of emerging powers in the liberal order by examining the diplomacy of these states in the Doha Round of the World Trade Organisation. The article discusses the changing shape of global trade governance through the insights provided by multipolarity, unipolarity and critical perspectives on emerging states. Based on the insights provided by these approaches, the paper provides an analytical account of WTO negotiations to argue that the changing position of emerging powers in global trade governance is indicative of a system of reformist multipolarity. This system entails three major characteristics. First, it is based on a multipolar decision-making process where established and emerging powers hold veto power over the negotiating process but commit to the stable management of the global economy. Second, it comprises a nascent great power concert where established and emerging powers share a common world-view on the centrality of the WTO to operate as the overarching authority for regulating and managing global trade. Third, emerging states maintain a reformist approach in this multipolar system seeking to re-negotiate the rights and responsibilities to be undertaken by each major stakeholder.
1. Introduction

Theoretical approaches to emerging powers attempt to investigate whether the BRICS (Brazil, Russia, India, China and South Africa) act as revisionist or cooperative states in the liberal order. Multipolarity perspectives expect the rise of the BRICS to lead to a system of great power conflict that destabilises the existing liberal order. Unipolarity perspectives expect a system of great power concert to take form as emerging powers peacefully integrate to the liberal order. Critical approaches expect emerging powers to maintain a reformist stance as they experience the pressures exercised by structures of the global economy. While these theoretical approaches present a broader picture of systemic power redistribution, more empirically-focused studies on emerging powers do not examine in detail how power is re-allocated across different major regimes of global governance. Many accounts rely upon a “few stylised facts” to indicate general trends in global governance without engaging in sufficient empirical analysis to substantiate their broader theoretical claims (Drezner, 2014, p. 129). Major questions therefore remain with regards to the role of the BRICS in major regimes such as trade, finance, climate change and non-proliferation. To what extent have we witnessed the emergence of multipolarity in these regimes? Is the shape of multipolarity in these regimes a form of great power conflict or great power concert? Is the integration of emerging powers in these regimes supporting global governance or is it causing friction and systemic crisis?

This paper attempts to address such questions to offer a more concise analysis of the role of emerging powers in global trade governance. The paper examines the power transition that has unfolded during the on-going Doha Round the World Trade Organisation (WTO), and analyses this transition process through the insights provided by multipolarity, unipolarity and critical approaches. The WTO is a promising case study for extracting valuable empirical evidence for understanding the relevance of major theoretical approaches to emerging states. This is because the WTO has comprised the first institution to have witnessed the redistribution of decision-making power among established and emerging powers. In contrast to the inflexible structures of other institutions such as the United Nations Security Council, the WTO has a flexible and informal structure that rapidly responds to changes in the global balance of power. It is therefore an ideal environment for understanding the changing role of emerging powers in the liberal order. As the Brazilian diplomat and Doha Round negotiator Braz Baracuhy has noted: “the Doha Round of multilateral trade negotiations constitutes a microcosm of the rising tensions between old and new powers and the challenges of continuity and change in the international order” (Baracuhy, 2012a, p. 108).

To understand the role of the BRICS in the WTO, this article proceeds as follows. First, major approaches to emerging powers are presented, identifying the insights put forward by each approach with regards to the shifting role of emerging powers in the liberal order. Based on these approaches, the paper then present an analytical approach and identifies a system of reformist multipolarity in the conduct of the global trading system. This system entails three major dimensions that are examined in three different sub-sections. First, it is based on a multipolar decision-making process where established and emerging powers hold veto power over the
negotiating process but commit to the stable management of the system. Second, it is indicative of a nascent great power concert where established and emerging powers share a common world-view on the centrality of the WTO to operate as the overarching authority for regulating and managing global trade. Third, emerging states maintain a reformist approach in the concert since the rights and responsibilities to be undertaken by each major power are still negotiated.

2. Approaches to emerging powers

Theoretical approaches to emerging powers attempt to understand the role of these states in a global process of systemic power redistribution. Three major approaches can be identified: (i) multipolarity perspectives that identify a system of great power conflict; (ii) unipolarity perspectives that identify of great power concert; and (iii) critical approaches that expect emerging powers to maintain a reformist stance as they integrate to the neoliberal order. While there are variations within these approaches, these three perspectives broadly define the possible paths of the BRICS to the liberal order (Schweller, 2011).

Multipolarity and great power conflict

Multipolarity approaches traditionally view emerging states as revisionist powers that are increasingly dissatisfied with the existing system and upset the global balance of power through confrontation. This is not only because of the aspirations of emerging states to achieve greater status, but also because of systemic changes that are triggered by their own rise and set them in a conflicting course against established powers, ultimately leading to instability and great power conflict (Mearsheimer, 2002). This line of thinking has been shaped by major thinkers of neo-realism. Waltz notes that if one power prevails in a bipolar system (as the US did in the Cold War), then such a process would rapidly lead to counter-balancing by other major powers that fear the overt concentration of power by the hegemon (Waltz, 1979). Gilpin also examines how emerging powers increasingly challenge the legitimacy of a system that does not recognise their new-found status. The increasing disjuncture between the actual distribution of power and the distribution of prestige can only be resolved through conflict (Gilpin, 1981). The classic example is 19th century imperial Germany and the manner in which its rise led to upsetting the balance of power and triggering the First World War.

The end of the Cold War is often viewed on these terms. The transition from bipolarity to multipolarity increases the possibilities for conflict as the balance of power becomes more difficult to manage amongst established and emerging powers (Mearscheimer, 1990). The post-Cold War system entails changes in the distribution of power (and especially growth rates) but maintains the same anarchical nature that drives new powers to increasingly face the necessity of counter-balancing the hegemon (Layne, 1993). The difference with earlier versions of multipolarity is that changes in the distribution of power are now measured in economic and not military
terms. Nevertheless, economic multipolarity operates in a similar way and increases rivalry between major powers. Economic and military rivalry can be connected and be mutually reinforcing (Kennedy, 1989). During the early 1990s, Japan and Germany (second and third largest economies respectively at that point) were often viewed as states that would ultimately have to counter-balance US hegemony (Waltz, 1993).

Other multipolarity perspectives are further questioning these assumptions. They argue that conflict is not inevitable under multipolarity since there are different options available to the great powers (such as unilateralism, special bilateral relationships and collective security arrangements) that allow them to maintain peace (Kegley and Raymond, 1994). The post-Cold War system can be understood as “benign multipolarity” where the hegemon and established powers can engage with each other on a non-confrontational basis and collaborate to maintain stability within their respective regions (Kupchan, 1998). Benign multipolarity can be socially constructed since the behaviour of the major powers can shape the form of multipolarity and diffuse any tensions that emerge from systemic changes (ibid). In this respect, the relationship between the hegemon and emerging powers is defined by how they interpret each other’s’ behaviour and is not structurally imposed by the distribution of relative capabilities (Mastanduno, 1997). Throughout the 1990s, the US accommodated status-quo powers such as Germany and Japan and engaged transition states such as Russia and China. The US would only confront revisionist states but none of the emerging powers seemed to pose as such (ibid, p. 63).

Multipolarity therefore remains an inherently conflictual system but can nevertheless be managed with greater stability if major powers commit to a process of diffusing tensions and minimising great power rivalry. Nevertheless, some perspectives stress that there is a limit to which multipolarity can be managed since global anarchy and the changing distribution of capabilities (such as uneven growth) encourage major powers to search and take advantage of opportunities to expand their power at the expense of other powers (Posen, 2009). Today, the military “imperial overstretch” of the US and the relative decline of the US economy against the BRICS are systemic trends that keep pushing established and emerging powers to participate in a competitive multipolar setting (Layne, 2011; 2012).

**Unipolarity and great power concert**

Unipolarity approaches view emerging powers as supporters of the current order that aim to peacefully ascend within the hierarchy of states and participate in the management of the existing order. Rather than being driven into great power conflict, major powers join the hegemon in collective or concert-based arrangements that help realise common benefits and manage systemic crises (Kupchan and Kupchan, 1991). Such arrangements allow major powers to engage in competition and disagreement without undermining the stability of the existing order (ibid). Emerging powers may indirectly challenge certain policies of the hegemon but do not seek to challenge the legitimacy of the order itself. In contrast to the hard-counter balancing evident in multipolarity perspectives, unipolarity perspectives only expect indirect balancing to take place (Lieber and Alexander,
This is because emerging powers perceive hard counter-balancing as a costly option and are not willing to take an assertive stance, at least before they are confident they have further developed their material capabilities (Brooks and Wohlforth, 2008). In this respect, the more stratified the distribution of capabilities is, the less likely are emerging powers willing to engage in competition. In a unipolar stratification, emerging powers are less likely to pursue revisionist policies and challenge the status quo, and such reluctance reduces the possibilities for great power conflict (Wohlforth, 2009). This line of thinking reflects the conditions of the 00s. Multipolarity was not as imminent as initially predicted and US unipolarity persisted and re-emerged after 9/11. At the same time, the lack of evidence of any counter-balancing by the BRICS reflected the absence of great power conflict (Ikenberry et al, 2009).

Under unipolarity, emerging powers prefer to engage in great power politics through other strategies such as band-wagoning, neutrality, and soft-balancing (Pape, 2005; Walt, 2009). Soft-balancing represents a measured risk emerging powers are willing to take to challenge certain aspects of the existing hegemony. Even such limited balancing, however, does not always drive emerging power behaviour which may simply be focused on pursuing self-interests and may engage in normal policy disputes with the hegemon (Brooks and Wohlforth, 2005). Soft balancing therefore may not amount to anything more than “routine diplomatic friction” (Lieber and Alexander, 2005). Global governance in the 00s was often characterised by such every-day diplomatic friction between the US and the BRICS. Under unipolarity, the behaviour of the major powers remains important as they can determine the level of competition, albeit in indirect form, in the global system (Kupchan, 2011; Monteiro, 2011). This is especially because emerging powers such as China have not yet formulated a grand strategy of promoting multipolarity and remain ambivalent in their engagement with the US (Schweller and Pu, 2011).

Unipolarity perspectives overall expect minimal conflict and rivalry. They stress that emerging powers do not seek the dissolution of the liberal international order and the creation of a new one. Instead, the realisation of their power ambitions necessitates integration with existing institutions (Ikenberry, 2010). The prospects for cooperation are increased by the qualities of the liberal international order that distinguish it from previous orders (Ikenberry and Wright, 2008). The liberal order is not susceptible to transformation through warfare but is rather built upon rules-based multilateral institutions that regulate state behaviour and restrain revisionist tendencies. Established and emerging powers participate in an array of cooperative relationships that allow the latter to be recognised rather than relegated downwards in the hierarchy of nations. The order is therefore open to emerging states by providing “access points and opportunities for political communication and reciprocal influence” (ibid, p. 10). For the BRICS, the current order is “harder to overturn and easier to join” and they are more likely to follow a policy of integration and accommodation rather than revisionism (ibid).
Critical approaches and reformism

Critical perspectives argue that emerging powers have a limited potential to transform the liberal order because of their structural position in the global economy. They stress how the integration of emerging powers into the global economy allows them to become economically competitive but prohibits them from pursuing revisionist politics and promoting an alternative order (Vanaik, 2013). Emerging powers can exercise greater influence in global governance due to their high rates of growth but are simultaneously forced to follow the rules of the global production, trade and investment regimes (Palat, 2008, p. 722-724). This process of integration can be traced back to the ideological triumph of neoliberalism in the Third World during the 1980s and 90s (Augelli and Murphy, 1988; Biersteker, 1992).

Prior to implementing neoliberal reforms, states such as China and India projected a world-view of Third Worldism and non-alignment that antagonised the liberal order. The process of state restructuring, however, led to the decline of such counter-hegemony since “the vision of constructing an alternative way of ordering international economic relations had dissipated” (McDowell, 1994, p. 502).

Critical perspectives highlight the role of multilateralism in disciplining emerging powers. Multilateral institutions are governed by the G-7 states and allow for diffusing any tensions between them and securing the smooth operation of the existing order (Gill, 1997, p. 8-9). Such institutions limit the possibilities for institutional innovation, marginalise alternative visions of world order and discipline emerging states that challenge the status quo and promote radical demands (Schechter, 1999). Multilateralism gradually expands through new types of institutions that promote state restructuring in the global South. Developing countries that previously followed inward looking, mercantilist and self-sufficient economic models are forced to integrate with global capitalism (Gill, 1997, pp. 11-12). These conditions were evident in the 1990s through the emergence of what critical perspectives describe as the “new constitutionalism” (Schechter, 1999). Institutions such as the WTO, the IMF, and the World Bank supervised economic policies in a number of developing countries through new forms of regulations and structural adjustment. In the 00s, “new constitutionalism” further expanded to force the BRICS to accept the Washington Consensus. The G-7 “group hegemony” granted certain benefits to the BRICS to achieve their integration in the liberal order but simultaneously blocked any attempts by these states to promote redistribution of global wealth and undermine the rules and norms of the liberal order (Bailin, 2005).

New bodies such as the G-20 (Finance) were designed by the G-7 with the aim of binding emerging powers to the surveillance mechanisms of the IMF and the World Bank, and reinforce the ideological orthodoxy of free capital mobility in these states (Soederberg, 2002).

Critical perspectives examine how the integration of emerging powers to the liberal order and its multilateral institutions shapes the world-views of these states. Emerging powers are dependent upon the liberal order for maintaining their growth while simultaneously experiencing the social tensions produced by such integration. Major shifts in the global economy (such the emergence of East-Asian regionalisation) unfold within the American Empire and do not cause the formation
of ideological alternatives (Parisot, 2013). The rise of the BRICS is a product of uneven development and accumulation in the global economy. Their economic success is integral to the neoliberal system and causes its re-production rather than decline (Saull, 2012). The BRICS have realised the long-due demands of the South for greater participation in global governance, but they have simultaneously eroded “the broader emancipatory and universalistic dimensions of the long struggle for independence, equality and justice” originally envisioned by the Non-Aligned Movement (NAM) and the G-77 (Golub, 2013, p. 1013). Emerging powers have enhanced their voice in global governance but cannot use such leverage to challenge the US-centric liberal order and promote greater democracy, equality and social justice (Gray and Murphy, 2013). As a result of these processes, emerging powers settle for a reformist approach that aims to take advantage of the opportunities granted by neo-liberalism while renegotiating the most negative effects of globalisation (Jordaan, 2003; Nel, 2010). Reformism reflects overall the limits of the BRICS in promoting major transformation and reveals their tendency to seek change from within and not outside the liberal order.

An analytical framework

Multipolarity perspectives expect the rise of the BRICS to increase the possibilities for great power conflict but allow for a degree of stability if established and emerging powers commit to the management of global governance. Unipolarity perspectives expect limited conflict and a greater willingness of all powers to participate in a great power concert since all parties gain from participating in the liberal order. Critical perspectives argue that the integration of the BRICS to the liberal order and its multilateral institutions leads to adopting a reformist stance that inhibits pursuing revisionist politics.

Based on these insights, the article derives an analytical framework of emerging power behaviour in global trade governance to argue that the rise of the BRICS in the WTO has led to the formation of a system of reformist multipolarity. Such a system involves three dimensions: (i) it entails a multipolar distribution of power in its decision-making structure where established and emerging powers hold veto power over the negotiating process but commit to the stable management of the system; (ii) both established and emerging powers share a common world-view on the centrality of the WTO to operate as the overarching authority for regulating and managing global trade; and (iii) emerging states maintain a reformist approach in the concert where the rights and responsibilities to be undertaken by each major stakeholder are still negotiated.

3. Reformist multipolarity in global trade governance

Multipolarity in the WTO

Multipolarity in global trade can primarily be identified in the exercise of influence in the decision-making process of the World Trade Organisation (WTO). The WTO is the
prime organisation for governing global trade given its extensive legal jurisdiction, its
enforcement mechanisms and its almost universal membership. The role of major
powers in the WTO is determined not only by their material capabilities (share of
world trade), but also their bargaining skills and expertise, and their legitimacy in
representing broader segments of the organisation’s membership. Since its
formation in 1995, the WTO has experienced a significant power transition where
leading developing countries have emerged as key players in the decision-making
process. Despite prolonged tensions, the WTO has not witness the emergence of
great power conflict but rather a transition to stable multipolarity. Such stability
derived from two conditions. First, established and emerging powers have shown
the willingness to sit at the negotiating table and search for consensus despite their
different views on the role of the WTO. Second, emerging powers have strived to
control their alliances with other developing countries and diffuse any tensions that
would lead to institutional crisis and breakdown.

Multipolarity in global trade effectively existed since the 1970s and 80s. The US and
the EU dominated the General Agreement on Tariffs and Trade (GATT), with other
developed countries playing a key role in the negotiations. The eight and last round
of the GATT (the Uruguay Round, 1986-94) was concluded after agreement was
reached among the Quad (US, EU, Japan, Canada) with the consent of other
influential developed countries such as Australia (leader of the Cairns Group of
agricultural exporters). The Uruguay Round led to the formation of the WTO in 1995,
an institution that was effectively built upon Western interests and preferences. The
WTO allowed for a process of asymmetrical bargaining though which developing
countries were always given the promise of more opportunities but real market
access was mostly provided to developed countries (Wilkinson, 2011). Nevertheless,
the WTO granted a “deliberative potential” to all members and therefore provided
the incentives to developing countries to strive and proactively shape negotiations
(Higgott and Erman, 2010, pp. 466-69). These conditions meant that WTO
negotiations were marked by tensions but also that the organisation provided access
to emerging economies. This became clear with the collapse of the 1999 Seattle
ministerial that demonstrated that the global South could exercise veto power in the
negotiations.

To maintain the legitimacy of the WTO, the US, the EU and other developed
countries agreed to a launch a new platform of negotiations: the Doha Development
Agenda (DDA, or Doha Round). The DDA was proposed by the US and the EU as an
agreement placing development at the centre of global trade and demonstrated
their willingness to accommodate the interests of emerging economies. Certain
emerging powers such as South Africa joined the US and the EU in supporting the
DDA but others (notably India) resisted the launch of the DDA and remained
outsiders. The DDA was finally launched in 2001 and ratified the accession of China
in the WTO, showing how the US and the EU recognised that global trade could
effectively be governed only if all emerging economies participated in the DDA. They
also appeared, however, to assume that they could still determine on their own the
direction of negotiations. The US and EU attempts at promoting new issues and
neglecting agriculture, a pivotal issue for emerging economies, caused the
frustration of the latter. Such frustration ultimately led to the collapse of WTO
negotiations in Cancun in 2003, an event that can be seen to first demonstrate the emergence of multipolarity in the WTO. Leading developing countries such as Brazil, China, India and South Africa formed the G-20 (Trade) coalition, which successfully blocked US and EU initiatives and proposed an alternative agenda seeking ambitious agricultural liberalisation and developmental provisions (Narlikar and Tussie, 2004).

The Cancun collapse amply demonstrated the re-balancing of influence between North and South and demonstrated that emerging powers effectively held veto power over the negotiations (Taylor, 2007). Within a few months the US and the EU recognised Brazil and India (leaders of the G-20) as key actors for achieving progress and invited them to provide leadership in resuming negotiations. The US and the EU understood that the WTO would only retain its legitimacy if leading developing countries were recognised as major players and participated in managing the multipolar distribution of trade power (Deese, 2008). The 2005 Hong Kong ministerial witnessed the emergence of the G-4 (US, EU, Brazil, India), a new group encompassing both established and emerging powers that was more effective and legitimate in driving the negotiating process (Wilkinson, 2006). Also described as the ‘New Quad’, the G-4 replaced the traditional Quad (US, EU, Japan, Canada) that had successfully provided leadership in the GATT and depicted the emergence of a North-South multipolar system of governance in the WTO (Efstathopoulos, 2012). The G-4 states were not bound by the collective understandings that had underpinned the Western-centric Quad, but nevertheless shared a common interest in achieving progress in the DDA.

The redistribution of power in the WTO reflected broader changes in the balance of power at the global level. The BRICs acronym was first announced in 2003 and predicted that emerging economies would overcome the G-7 industrialised nations in a few decades (Wilson and Purushothaman, 2003). During this period, various multilateral fora recognised the rise of the BRICS. The G-8 invited the Outreach-5 states (Brazil, China, India, South Africa and Mexico) to join their summits, reflecting the understanding of Western leaders that the global economy could not realistically be managed in the absence of emerging economies. The G-20 Finance group also invited the leaders of emerging economies to the same effect, while the IMF and the World Bank began a process of re-allocating voting quotas to emerging economies in order to reflect the changing realities of the global economy (Wade, 2011). Multipolarity in the WTO therefore reflected the advent of multipolarity in other areas of global governance. In contrast to multipolarity perspectives that expected the re-distribution of economic capabilities to increase tensions and rivalry, multipolarity in global economic governance satisfied the core interests of emerging powers. The WTO in particular could rapidly accommodate the rise of the BRICS because of its flexible and informal decision-making process (Steinberg, 2002). The process lacks clear rules and guidelines and benefits the major economies with the greatest bargaining capacity exactly because the lack of formalised structures does not involve the burden of institutional reform (as in the case of the UN Security Council).

The formation of the G-4 allowed established and emerging powers to manage multipolarity in global trade rather than being driven into competition by systemic
factors. These states strived to agree on the balance of commitments over critical areas such as agriculture, Non-Agricultural Market Access (NAMA) and Special and Differential Treatment (Efstathopoulos, 2012). The ministerial meeting that took place in Geneva in July 2008 was a particularly critical moment as all major players were close to reaching agreement but the meeting collapsed due to disagreement over flexibilities on food security (Wolfe, 2010). For sceptics, the G-4 represented an unstable version of multipolarity that could easily erupt into great power conflict. That would normally take shape through lack of dialogue, trade wars, the erosion of monitoring and disciplinary mechanisms, and the retreat of major economies to regional trade blocs. In certain instances, relations between the US, the EU, Brazil and India were often marked by tensions and a ‘blame game’ over who is responsible for the deadlock. Despite the lack of agreement, however, the WTO did not experience a process of great power conflict and stability was maintained since all parties kept returning to the negotiating table and remained committed to the DDA.

The second condition that ensured the formation of stable multipolarity in the WTO was the ability of emerging powers to control their South-South alliances. As noted by certain multipolarity perspectives, the condition of stable multipolarity requires not only communication between major powers but also their willingness to manage broader systemic changes. Emerging powers must not only show restraint but also refrain from using their alliances to challenge the hegemon. It could be argued that the ability of emerging powers to discipline the global South was actually expected and encouraged by the US and the EU. By recognising Brazil and India as major stakeholders, the US and the EU broadened the “enacting coalition” of the global trading system by allowing Southern powers to participate in the process of institutional design (in this case the DDA) (Gruber, 2000, pp. 81-86). The result was that “the emergence of these new stakeholders could cause even the most stalwart opponents of the enacting coalition’s cooperative initiative to think twice about tampering with it if and when they were to someday take power themselves” (ibid, p. 86).

Emerging powers such as Brazil, China, India and South Africa played a critical role in alleviating the frustration and more radical demands of the developing world. This was a significant process because certain developing countries remained resistant to progress in the DDA and became more active in criticising the North for their unfair practices (Gallagher, 2007; Lee, 2012). Such frustration was a result of the broader diffusion of power in the WTO and could lead to systemic crisis causing the collapse of negotiations. Emerging powers retained the promise of development for the global South and committed to defending its core demands within the G-4. Even though the WTO retained a hierarchical structure, emerging powers improved the prospects of developing countries’ participation in the WTO by representing different groups and coalitions in the G-4 (Narlikar, 2010). In many cases, emerging powers defended interests that were not their own but were vital for other developing countries. Because of the need to control their alliances, Brazil and India could not provide many concessions in the G-4 (Efstathopoulos, 2012). Disagreement therefore within the G-4 did not signify a lack of commitment over the WTO’s
stability but rather reflected the belief of emerging powers that achieving such stability required alleviating the frustration of weaker members.

The WTO therefore appeared to fit the notion of stable multipolarity because of two conditions. First, the scenario of great power conflict was alleviated because of the willingness of established and emerging powers to sit at the negotiating table and search for consensus despite their different views on the DDA. Second, a broader crisis was avoided because of the willingness of emerging powers to control their alliances of developing countries and diffuse any tensions that would lead to crisis and breakdown. The role of emerging powers in managing their Southern coalitions demonstrates the significance of exploring not only the relations between the major poles of the global economy, but also the relations of these poles with smaller states. Emerging powers acted as catalysts in overcoming the collective resistance of developing countries and persuading these states to participate in the WTO, generating powerful incentives for both major and smaller developing countries to participate in negotiations that can lead to collective goods (Miller, 1994). Such conditions not only allowed for stable multipolarity to emerge, but also facilitated the formation of a great power concert (ibid). As shown below, the conditions for the formation of such a concert became evident with the onset of the 2008 global economic crisis.

**A nascent great power concert**

The formation of stable multipolarity in the WTO during 2001-8 demonstrated the willingness of major powers to refrain from engaging in trade wars and commit to multilateral negotiations as the primary avenue for managing global trade. The outbreak, however, of the global economic crisis at the end of 2008 provided the critical test for the stability of the WTO. The crisis has often been seen to create the conditions for great power conflict, realising the scenario of the 1930s when the global economy had fragmented into rival regional blocs that engaged in trade wards and played a role in further escalating the crisis that led to warfare. Against such pessimistic expectations, the WTO has withstood the prospect of institutional breakdown and has allowed for the formation of a nascent great power concert. Such a concert has maintained the condition of stable multipolarity while further consolidating the process of great power cooperation. The foundations of the concert can be found in two conditions that existed under the previous years of stable multipolarity but were further consolidated after the crisis. The conditions were: (i) the willingness of established and emerging powers to share leadership to retain the primacy of the WTO; and (ii) their commitment to maintaining a liberal trading system that maintain open markets and discourages the use of protectionism.

While unipolarity perspectives would arguably have to recognise the rapid emergence of multipolarity in the global economy, they could still demonstrate how their expectations for a great power concert have remained very relevant after 2008. The global crisis has had a major impact upon global economic governance and has further re-defined diplomatic relations between established and emerging
economies at the international level. This became evident with the formation of the G-20 Leaders Forum in 2008. The willingness of the US to invite the creation of this forum verifies those unipolarity perspectives that expect the hegemon and emerging powers to participate in cooperative rather than antagonistic relations. The G-20 leaders initially committed to a so-called ‘standstill provision’ provision, a common pledge of the G-20 countries to refrain from introducing protectionist measures (Schott, 2010). In all meetings since 2008, the G-20 have also repeatedly referred to the conclusion of the Doha Round as a vital part of the collective effort of the G-20 states for a more assertive management of the post-crisis global economy. The G-20 calls for revitalising the DDA have often been discredited as rhetoric, but are nevertheless indicative of a nascent discourse in global governance that necessitates the cooperation of established and emerging powers in order to manage the post-crisis global economy (Cooper, 2010; Luckhurst, 2012). In this respect, the G-20 also demonstrates the relevance of unipolarity perspectives that expect the adaptability of the liberal to provide emerging powers with the opportunity to express their voice in multilateral fora.

The relevance of these perspectives has also become evident in global trade. During the crisis, the US and the EU have invited emerging powers to assume greater responsibilities and leadership in the WTO. US officials have argued that progress in negotiations requires emerging economies to commit to higher levels of liberalisation. For example, Susan Schwab (United States Trade Representative from 2006 to 2009) has noted that a sufficient momentum for concluding the Doha Round can only be generated when the BRICS assume the responsibilities commensurate to their economic weight (Schwab, 2011). The US and the EU have also used plurilateral agreements to exercise pressure upon emerging powers, including the Trans-Pacific Partnership (TPP) and the Transatlantic Trade and Investment Partnership (TTIP). These initiatives do not indicate the conduct of trade wars but rather the attempt of the Obama administration to influence the BRICS to join schemes of trade governance built upon US rules (Schott, 2011). The EU has followed the same approach and has been confined to ambivalent leadership, also as a result of its members’ preoccupation with the Euro-zone crisis. The EU capacity to shape negotiations has been declining in the Doha Round but its ability to resist and block the agendas of other members remains intact (Young, 2011, p. 727).

In response to the US and the EU, emerging powers have not engaged in counter-balancing but have rather reaffirmed their commitment to the WTO. Their tough negotiating stance has often led analysts to see them as veto players that fail to be proactive and set the negotiating agenda of the WTO (Narlikar, 2013, pp. 561-562). A careful reading, however, of the BRICS positions would reveal that the polemic language would only qualify as soft-balancing, although some unipolarity perspectives would not identify any degree of balancing in their trade diplomacy. This is because the BRICS have gradually taken a more positive, albeit cautious, approach that aspires to revitalise the importance of state-led development but accepts the role of trade liberalisation as an engine of growth (Ismail, 2012; Baracuhy, 2012b). The participation of the BRICS in the G-20 Leaders Summit has further propelled these states to pursue crisis-management diplomacy and use their status as leaders of the global South to re-energise WTO negotiations. After Russia’s
accession to the WTO in 2011, the BRICS have not coordinated their positions towards counter-balancing but have only been limited to pronouncing that the delicate balance of trade-offs arduously negotiated in the DDA should be further sustained and not be undermined by other trade deals (WTO, 2011c, p. 2). The BRICS trade ministers have also urged other G-20 members to commit to concluding the DDA since this would be the prime way of revitalising the multilateral trading system at a time of crisis (BRICS, 2012). Similar initiatives have been undertaken individually by emerging powers demonstrating that the BRICS do not seek to directly challenge the positions of the US and the EU but rather to ensure that they contribute their share in advancing the DDA.

The commitment of both established and emerging powers to the WTO is not only reflected in their willingness to share leadership but also the restraint these powers have shown in their domestic policies. In their initial declarations after 2008, the G-20 leaders urged WTO members to resist initiating protectionist measures. Despite initial predictions on the rise of protectionism (Tussie, 2010), it now appears that all major traders have retained their commitment to open trade. Protectionism has featured prominently after 2008 as a possible tool for mitigating the negative effects of the crisis and reducing trade imbalances. Nevertheless, the actual economic impact of the protectionist measures introduced post-2008 has been moderate and has not caused a return to a 1930s scenario of trade wars as some multipolarity perspectives would expect (Bussiere et al, 2011). Major traders have retained their commitment to free trade, and especially the emerging economies that have benefited from trade liberalisation and have committed to a series of international trade agreements (ibid). The distribution of power amongst major traders has not led to the collapse but rather the strengthening of global economic governance mainly because of the commitment of major economies to the core economic ideas of openness and liberalisation (Drezner, 2014, pp. 152-156).

The role of the WTO itself has been critical in providing incentives, as unipolarity perspectives would suggest, that ensure that emerging powers will not act to undermine the system. Recent data shows that the crisis has caused an increase in various trade restrictions, but these measures have been consistent with WTO rules, indicating the capacity of the WTO to diffuse the protectionist surge in major economies (Ruddy, 2014). Such success has derived from the organisation’s capacity in promoting economic efficiency and accountability in trade transactions, and driving negotiations towards the removal of distorting practices. The WTO’s dispute settlement mechanism has also guaranteed the consistent enforcement of multilateral disciplines, and has sustained a legal system that is stable and predictable from the perspective of emerging powers (ibid). Despite criticisms for lacking accountability, the WTO has provided sufficient transparency in trade transactions, encouraging both established and emerging powers to uphold their collective commitment to free trade (Wolfe, 2012). In this respect, the WTO’s mechanisms have also been reinforced by other international organisations (including non-economic ones) that ‘lock-in’ the commitments of major economic powers, raise the costs of defection and reduce uncertainty, and, consequently, decrease the incentives for protectionism (Baccini and Kim, 2012).
Emerging economies have also played a crucial role in retaining openness in global trade. Recent statistical analyses have demonstrated that leading developing countries (including Brazil, China and India) have resisted after 2008 the prospect of increasing protectionism. Since their applied tariffs (real measures in place) are lower than their bounded tariffs (levels agreed under the WTO), emerging economies could have raised their tariffs without facing retaliation from developed economies (Gawande et al, 2014, p. 4). Their increasing participation, however, in the global trading regime and global supply chains has generated powerful incentives within the BRICS against increasing their applied tariffs. The WTO has enhanced these incentives directly, through rules and regulations that maintain open markets, or indirectly, by minimising uncertainty and sustaining the specialisation in global supply chains which allow emerging economies to benefit from liberalisation (ibid, p. 25). These findings verify those unipolarity approaches that stress emerging powers view the liberal order as providing economic opportunities that can be realised through integration and not revisionism.

The willingness of emerging and established powers to share leadership and their commitment to open trade eventually translated into progress in the DDA negotiations. The ministerial conferences that took place during the height of the crisis (in 2009 and 2011) were treated by established and emerging powers as stocktaking exercises that would explore possible areas of convergence and avoid the political escalation that had typically surrounded previous conferences (Scott and Wilkinson, 2010). The willingness of established and emerging powers to compromise eventually became apparent at the 2013 Bali ministerial conference that focused on the issues of food security and trade facilitation. Food security was promoted by India with the aim of maintaining domestic food subsidies, while trade facilitation was promoted by the US to help streamline bureaucratic procedures that hindered trade. The ministerial initially appeared deadlocked but the final day of negotiations saw the US and India reaching consensus. An agreement was reached after the WTO Director-General Roberto Azevêdo held consecutive meetings with the Indian Commerce Minister Anand Sharma and the United States Trade Representative Michael Froman in order to find language acceptable to both parties (Bridges Daily Update, 6 December 2013). The ministerial was a landmark moment not only because it allowed for revitalising the role of the WTO in a time of global crisis, but also because it was an indication of how the great power concert could operate.

The post-2008 landscape overall depicts two key processes that have comprised the foundations of a great power concert: the willingness of established and emerging powers to share leadership and their commitment to a liberal trading order. The first condition has provided all major powers with ‘status incentives’ while the latter with the ‘economic incentives’ to participate in a great power concert (Rosecrance, 2002). Such conditions do not necessarily mean that the concert will be fully formed and maintained in the long-run. They do suggest, however, that established and emerging powers have recognised the existence of multipolar trading system where each power holds veto power but cannot unilaterally enforce consensus. The system is mutually beneficial for all major powers in terms of prestige and economic gains, while all parties understand they would be worse-off if they allowed the system to
collapse. To fully materialise the potential of this system all major powers promote a degree of reform. In this respect, the initial phase of a great power concert and especially the stance of emerging powers in this early phase can be fully understood through the notion of reformist multipolarity.

Reformist multipolarity

The condition of a nascent great power concert ensures that major powers share a fundamental commitment to the WTO system but have yet to agree on the rights and responsibilities of each party. In this process, established and emerging powers retain a reformist stance, although such reformism is more pronounced in the case of the latter since emerging powers had a lesser participation in the original design of the WTO system. Reformism overall reflects the world-views of emerging powers in a nascent great power concert and comprise an approach that contributes to rather than undermining the legitimacy of the concert. As demonstrated above, emerging powers are not willing to engage in revisionist politics but rather promote their preferences through the WTO system. This final section argues that the notion of reformism is a useful analytical tool provided by critical perspectives, but to be fully developed it must be associated with the diplomacy of re-balancing the re-negotiation that emerging power pursue in a multipolar setting.

The key analytical move for understanding reformism is to denote how it cannot be mistaken for mere conformism as certain critical perspectives suggest, but rather as a process of re-negotiation within a great power concert. In contemporary global governance, emerging powers seek to re-negotiate the rights and responsibilities of major economies and promote the re-balancing of power and authority in the governance of the world economy to strengthen the voice of the global South (Nederveen Pieterse, 2011). Instead of seeking to overthrow existing institutions through revisionism, emerging powers rather seek to reshape global governance because of their increasing confidence and ability in reforming the institutions of the liberal order (Nel, 2010, p. 952). Such reform aims to promote the redistribution of global resources and the recognition of the higher status of emerging powers, and bears a historical continuity (rather than discontinuity as critical approaches suggest) with the struggle for a New International Economic Order (NIEO) (ibid). The participation of emerging powers in global governance is not a process of “hegemonic incorporation” enforced by the US but rather one of “collectivist cooperation” where emerging states possess sufficient weight in the global economy to secure their participating at the highest tables of decision-making (Beeson and Bell, 2009).

Reformism must be understood in a historical context as critical perspectives argue but should not only be treated as a process of declining counter-hegemony even though it may be the result of this process. Emerging powers can re-define key norms of global governance and promote their own vision of liberalism. Unipolarity perspectives have shown how they strive to support the liberal order although these perspectives have not fully clarified how the BRICS adhere to the foundations of the liberal order but seek to change the most neo-liberal aspects of this order. The
concept of reformism better portrays how the vision of the BRICS does not merely conform to the neo-liberal model but aspires to re-negotiate the rights the emerging powers in the liberal order. A major part of this effort is the preoccupation of the BRICS with retaining a central role for the state in managing the economy and regulating trade flows (Stephen, 2013). This is a hybrid approach to global governance where the BRICS are dependent upon and increasingly favourable to the institutions of the liberal order but continue to challenge the most neo-liberal arrangements of this order (for ex. unconstrained financial flows, human rights and interventionism) (ibid, pp. 17-19). Like the developmental states of South-East Asia in the 1970s and 1980s, the BRICS have re-discovered the role of the state in managing development while selectively adopting certain ideas of the Washington Consensus. Such a hybrid approach may not amount to counter-hegemony but nevertheless challenges those policies of the Washington Consensus the severely limit the role of the state. For example, the BRICS have improved their voice in the IMF and the World Bank and have endorsed the mission of these institutions but have also questioned certain of the conditionalities imposed by these institutions (Ban and Blyth, 2013).

The same reformist approach can be identified in the WTO. Throughout the Doha Round, emerging powers have sought to re-negotiate key aspects of the WTO and promote a more developmental form of trade liberalisation. As unipolarity approaches suggest, the liberal order has facilitated the social learning and integration of emerging powers and has allowed them to participate in a multipolar system of governance. Unipolarity approaches, however, would have to examine in greater detail how such integration has also allowed emerging powers to re-shape the WTO system from within. Such approaches would be correct in arguing that emerging powers increasingly act as supporters of trade liberalisation, but would also need to examine how emerging powers deploy the free trade rhetoric to re-interpret certain principles of trade liberalisation and redefine the relationship between trade and development (Ford, 2003). Emerging powers have delegitimised the unfair policies of Western economies and have exposed their hypocrisy in advocating free trade while maintaining protectionist measures (Taylor, 2009). Brazil and India have made significant advances in blocking agendas deemed harmful for the global South and demanding greater liberalisation in critical areas for developing countries such as agriculture. China and India have demanded special emergency clauses for developing countries in agriculture, striving to re-negotiate the role of the state in regulating trade flows and retaining domestic policy space (Brink et al, 2013). Such positions demonstrate that the reformism of the BRICS fully support the foundations of the liberal order but aspires the re-negotiate the rights of major economies in a multipolar trade system.

Critical approaches have clearly explained how the domestic trade sectors of states like Brazil and India have undergone a process of liberalisation initially dictated by the external forces of the liberal order. They have not acknowledged, however, how these restructured sectors have allowed Brazil and India to take a more proactive stance and re-shape the agenda of the WTO (Da Conceição-Heldt, 2013). They have also neglected how the process of state restructuring has been different for each of the BRICS. The interplay between material capabilities and diplomatic leadership has
been different for Brazil, India and China, as the former two have influenced WTO negotiations mainly through activism and coalition-building, while the latter mainly through its economic weight (Hopewell, 2014). Critical perspectives would also have to account for how emerging powers strategically use certain trade policies rather than solely removing their trade barriers. As unipolarity approaches note, these states have generally resisted increasing their applied tariffs. The BRICS have maintained, however, the option of occasionally using certain Temporary Trade Barriers (TTBs) such as import-restricting anti-dumping, safeguards and countervailing duty policies (Bown and Crowley, 2014). Deploying such measures is consistent with WTO disciplines and does not reflect a shift to protectionism, as the proponents of great power conflict suggest. It does demonstrate, however, that emerging economies are not simply disciplined by external pressures to liberalise as critical approaches suggest, but have been able to maintain substantial autonomy in their conduct of domestic and international trade policy-making.

Reformism overall reveals how emerging powers act in a great power concert. They are not system-takers passively socialised into the concert, nor are they system-shapers that radically seek to alter the liberal order. They are rather engaged in a more complex process of “reciprocal socialisation” through which they internalise key norms of the liberal order while simultaneously promoting their preferences within, and reshaping the liberal order (Terhalle, 2011; Xiaoyu, 2012). The flexible nature of a great power concert facilitates such a process. In contrast to multipolarity perspectives that identify processes of conflict and revisionism, the liberal order allows for such pluralist forms of global governance to develop (Hurrell, 2013). A great power concert allows established and emerging powers to maintain their different interpretations over the management of the liberal order, but at the same time provides the informal diplomatic and summitry avenues for negotiating such differences and diffusing tensions. A great power concert in a system of reformist multipolarity needs not be seen as the embodiment of great power alignment and common world-vision in re-constructing the global order. It is rather an environment for managing disagreement among major powers, responding to global shocks, providing stability, and maintaining “minimum standards of order in the international society of states” (Kirton, 1989).

Reformist multipolarity therefore only constitutes the first phase in the transition towards a great power concert in global trade. In this phase, all key players share the need to participate in the system but have yet to agree on the appropriate balance of commitments to be undertaken by each side. All key players recognise that global economic governance can only function if both established and emerging powers participate in the management and conduct of the global economy. They have yet to agree, however, on the benefits and levels of burden sharing to be allocated to each major player. The phase of reformist multipolarity naturally includes recurrent phases of deadlocks in the negotiations as evident in the Doha Round. This is because the current power transition is taking place to a large extent through the channels of global governance (Ikenberry, 2010). It is therefore normal to be witnessing prolonged fluctuations and tensions in this form of negotiations. Despite the persistence of deadlocks, reformist multipolarity allows for re-negotiating major power roles and re-balancing formal and informal decision-making power in
international institutions. It allows for accommodating divergent preferences and expectations within the existing institutional architecture, and, most importantly, diffuses tensions that could lead to systemic breakdown.

**Conclusion**

The power transition that has unfolded in the WTO can be understood as the emergence of reformist multipolarity in global trade governance. Such a system entails three major and inter-linked conditions. First, it is based on a multipolar decision-making process where established and emerging powers hold veto power over the process but commit to the stable management of the system. Second, it is indicative of a nascent great power concert where the established and emerging powers in this concert share a common world-view on the centrality of the WTO to operate as the overarching authority for regulating and managing global trade. Third, emerging states maintain a reformist approach in the concert since the rights and responsibilities to be undertaken by each major stakeholder are still negotiated.

These attributes are relevant to understanding the role of concerts in global economic governance. Apart from the WTO, different bodies such as the G-20 Leaders Forum, the IMF and the World Bank could be witnessing similar conditions, especially as these institutions have begun to recognise the central role of the BRICS in managing the global economy. Changes in one institution could affect the re-balancing of decision-making power in other institutions, with these processes being mutually reinforcing. Beyond the domain of global economic governance, great power concerts would have to be assessed in a different light. This is because major areas of security such as nuclear non-proliferation, democratisation and humanitarian intervention create different dynamics that arguably pose greater obstacles to the formation of great power concerts. Despite the existence of different conditions in the economic and security domains of global governance, the notions of reformist multipolarity and great power concert would allow for considering the different stages towards great power cooperation and the different paths to alleviating great power conflict in the liberal order.
Bibliography


