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Pluralist World Order

Globalization 101

Scholars all over the world are currently discussing the implications of the ongoing crisis of multilateralism, the apparent or threatening inability of states and peoples to cooperate for common solutions. One key concern is the political responses for a way out of the crisis: the fragmentation of global governance into conflicting blocks or dispersion of common action to non-cooperative unilateralism, bilateralism, or exclusive regionalism¹. This blog entry offers a Eurocentric perspective on that crisis. The method of procedure is to explicate shortly the meaning of three key concepts and their relation to global cooperation. The key concepts are integration, regionalism, and multilateralism.

Multilateralism and Regionalism

When we talk about multilateralism, its simplest definition could be three or more countries working together articulately to achieve a common goal. For the purpose of being more concrete, but without falling into a too narrow definition, we will define multilateralism as multiple countries acting coordinately on a determined issue (Keohane, 1990, s. 731), based under the principles of “indivisibility”, “diffuse reciprocity” (Ruggie, 1992), and “non-discrimination”.

- Indivisibility: Impossibility to divide the interests among the participants.
- Diffuse reciprocity: Reciprocity means all favors, benefits, or penalties granted by one state to the citizens, or legal entities, of another, should be returned in kind (e.g. visa free regimes). Diffuse reciprocity is seen more like an institutionalization of trust, where consistent cooperation creates generally accepted standards of behavior, which later help exert normative pressure on state action, thus contributing to the development of long-term cooperation.
- Non-discrimination: Similar to the most-favored nation principle, it refers to the granting of equal treatment to all of the willing participants.

Regionalism can, and seems to be interpreted in so many different ways that it may seem to lack consistency, which highlights some of the main problems in the debate like the lack of coherence in the use of the concepts “regionalization” or “region” themselves.²

1 See Sbragia, A. (2008). Review Article: Comparative Regionalism: What Might It Be? *Journal of Common Market Studies* JCMS. 29-49.

2 Christopher Harvey wrote: *To type ‘EUROPEAN REGIONALISM’ into the Libertas database at the London School of Economics and press the return key, is to conjure up to no less than 150 references. Among them is, so far, no ‘regional history’: there is a vast range of regional disciplines – geographical, ethnological, sociological, political, economic, anthropological – but somehow these contrive to speak not to but alongside one another, rather like guests at a badly organized dinner party* (Harvey, 1994: X).

A region, according to the Cambridge Dictionary, can be described as a particular area or part of the world. There are also various dimensions in regions:

- Region as a geographical unit, delimited from each other.
- Region as a social system, reflects the relation between different human beings and groups.
- Region as an organized cooperation in cultural, economic, political or military fields.

As Joseph Nye said (1968), “region” is an ambiguous term in common usage, sometimes used so broadly that it encompasses all international behavior or organization that is less than global regardless of geographical content.³

Regionalism refers to transnational cooperation to meet a common goal or to resolve a shared problem or it refers to a group of countries such as Western Europe, or Southeast Asia, linked by geography, history or economic features. (Insights, 2014). The main drivers for regionalism are (material) gains states expect to reap from trading with each other. (Börzel, 2016)

The constructivist *transactionalist*, and *security community* approaches further argue that successful integration, crucial in regionalism, requires a sense of community (Deutsch et al., 1957; Adler and Barnett, 1998; Acharya, 2001). Moreover, Deutsch (1957) explains how a security community is formed by a group of states, which no longer consider force as a means to solve conflict, and which is made possible by factors such as compatible values and expectations of economic benefits. States remain formally independent in pluralistic security communities. If they engage in peaceful change in order to merge politically, they become amalgamated security communities.

From this, we can conclude that regionalism is the institutional expression of the different international regions created through integration processes of different depths and subjects among states and entities with common purposes, shared interests, similar identities, and/or geographical ties. Or, in other words, “regionalism can be described as a functional relation that bundles multiple nations with their political, economic and cultural inheritance, often based on the geographical advantage” and “while 'old' regionalism had been concerned with relations between groups of neighboring states, new regionalism advances the prospect that countries can align themselves with other states outside of their specific geographical area” (Nanan, 2010, s. 47).

Consequently, regionalism can be seen as “inherently discriminatory and so is at odds with one of the principles of multilateralism. However, [at least in trade] Article XXIV of the GATT/WTO explicitly allows free-trade areas and customs unions that substantially abolish all internal trade barriers and, on average, do not raise external barriers” (Ethier, 1998, s. 12).

Other important concept we should keep in mind is “integration”, since this element could be present (or not) in regional as well as multilateral processes. Integration refers to a voluntary action, or process, through which a sense of community is attained along with the creation of

3 *The spectrum of limited-membership international groupings ranges from those with a great degree of geographical contiguity such as the European Economic Community (EEC), through those quasi-regional groupings such as the North Atlantic Treaty Organization (NATO), to those with virtually no geographical component such as the British Commonwealth. There are no "absolute" or "naturally determined" regions. Relevant geographical boundaries vary with different purposes; for example, a relevant region for security may not be one for economic integration... Core areas can be determined and various boundaries delineated by analysis of mutual transactions, effective organization and interdependence of political decision-making.*

From this point of view, an international region can be defined broadly as a limited number of states linked by a geographical relationship and by a degree of mutual interdependence... International regionalism in the descriptive sense is the formation of interstate associations or groupings on the basis of regions; and in the doctrinal sense, the advocacy of such formations. (Nye, 1968, ss. vi-vii)

(supranational) institutions and practices in common. This process erodes the autonomy of each of the parts and make them part of a larger aggregate. (Deutsch et al.) Integration processes can occur in different levels as well (Haas; Hanreider; Bock; & Lipsey, 2008):

- Regional integration: it refers to that process among two or more states on a geographically confined scale, at a level below that of global integration, which sums up such worldwide phenomena as international law, the United Nations, and world trade or population movements.
- Global Integration: In contrast to regional integration or the integration of structures of authority within a state, refers to processes of integration in which functions are delegated to a new central authority whose decisions are accepted as legitimate by the component members of world society.
- Functional integration: refers to the integration of “technical” or “noncontroversial” activities of nations.

Integration goes also hand-in-hand with processes of interaction. Clearly, there can be no processes of global integration if there are no processes of global interaction; at the same time, frequent interaction can take place without diminution of the autonomy of the members that could lead to the establishment of a new central authority.

From Westphalian Order to Global Governance: End of Statism

The Peace of Westphalia (1648) was probably one of the first primitive attempts to create a multilateral Treaty in Europe⁴, which could be considered a regional agreement as well, since it included mostly European empires and some of their holdings. It brought a sort of stability to the international system during a time where wars among states for territorial rights or religion were common. This agreement did not end all conflicts altogether. However, thanks to the creation of the concept known as the Westphalian Sovereignty that forbade interference in another state's domestic affairs, it helped prevent any major conflicts from arising between the European powers for almost three hundred years, with a small break during the Napoleonic Wars (1803 – 1805). Afterwards, the “balance of power” created with the Peace of Westphalia was restored in Europe with the creation of the Concert of Europe, which also retook sovereignty as the central principle in international relations and law.

Over the years, however, the Concert of Europe failed to continue upholding the balance of power and gave way to a series of events that led to the Great War (WWI) in 1914. Once the war ended though, the victors understood the importance of creating a system similar to that of the Concert of Europe and the Peace of Westphalia that kept all nations in check and prevented another great war from breaking out, so they created the first international organization aimed to maintain world peace and settle grievances among nations, it was called the League of Nations. Unfortunately, the harsh treatment and conditions imposed on the losing states, especially on Germany, and the obvious asymmetry of power created by the victors, as well as the rising imperial ambitions of other nations, like Japan, caused the institution to fail in its purpose and WWII began.

After World War II (WWII), there was a widespread international consensus to approach current and future problems from a multilateral, global perspective. This with the purpose of avoiding a catastrophe as those that occurred in 1914 and 1939. Proof of this consensus was the creation of several institutions such as the United Nations (UN), the World Bank, and, later, the GATT/WTO.

⁴ Compared to Chinese or East Asian international order or the so-called tian-xia system, the European system was a system of wars; unlike the Chinese, which brought peace for several hundred years as well as stability.

These organizations were charged with the task of regulating and mediating between all of the world's nations all types of matters, e.g. economy, finance, development, politics, trade, etc. Moreover, after the Cold War, the multilateral approach was boosted by the newly emerged hegemon in the international system, the United States, which was trying to project its influence globally, and shape the future of today's trading and financial system. Proof of this is the completion of the Uruguay Round (1986-1994) in the WTO negotiations, which would probably have suffered the same fate as the current Doha round and stalled indefinitely if it had not been for the backing of the United States.

The post-Cold War regionalization tendency was viewed optimistically. For, according to TAPRI's 1995 report *Regionalization and the Theory of International Relations*, "some of the positive expectations connected to regionalism are that [it] makes away power politics (equality among members regardless of material and non-material capacities) and makes armed security impossible (ends arms race among members)" (Käkönen & Lähteenmäki, ss. 3-4). The authors of this report explain that regionalization emerged as a process that aimed to create order when the bipolar world order vanished, attempting to replace it instead with various smaller "sub-orders". However, that was the 20th Century, and while most regional processes in the 20th century seemed to be building blocks of global integration, it is increasingly less so today.

Both regionalism and multilateralism in the 20th century were forms of global integration. Both processes embody pooling of state authority for common institutions at least to some degree. The EU illustrates a supranational form of integration. ASEAN illustrates interstatism with some legal supranationalism. WTO stands for both legal supranationalism and interstatism (eg. Juutinen 2016). And, perhaps more importantly, both regional and global processes took place under the strong leadership of US, which guaranteed that they were in conformity and ultimately, mutually supportive. This was the context of hegemonic multilateralism (used by e.g. John Ikenberry).

Regional Trade Agreements (RTA) started to proliferate during the 21st century⁵ as a result of globalization, the increasingly multipolar international system, and the stagnation of the Doha round of negotiations in the WTO, which frustrated many of the participants and forced them to push regional alternatives to achieve what had not been possible so far in the multilateral forums.

Today, statism and sovereignty no longer define the whole nature of global order. Instead, through the constructions of constitutional or legal layers that define or institutionalize social relations between states, among peoples and across regions, statism has, in the sense of Westphalian order, come to an end. At least so it seemed not too many years ago. But even though statism is accompanied and restrained by global institutions, politics still play a chief role within those institutions. Indeed, the concept and meaning of multilateralism bears witness to that survival. And the crisis of multilateralism perhaps bears witness to its reawakening.

It may be argued then, that the regionalization process, which started as a way to circumvent the greater obstacles presented by the myriad of interests, perspectives and opinions in the multilateral arena by bringing together similar perspectives and/or contexts, have, nowadays, turned into an obstacle in itself, interfering with the resolution of international problems that need to be treated multilaterally. It also may be argued, that the crisis of multilateralism, or the lack of a dominant power to enforce multilateralism, has led to intensification of problems at global and multilateral level. In addition, these problems have shifted to regional level. In any case, it appears that

5 Richard Baldwin (201) makes an in depth analysis and comparison on how trade transformed between the 20th and 21st centuries, but rules remained pretty much the same, causing problems or loopholes for those who seek to take advantage of trade. For more information on this see:

- Baldwin, R. (2011). 21st Century Regionalism: Filling the gap between 21st century trade and 20th century trade rules. *CEPR Policy Insight*

regionalism in the 21st century, along with the multilateralism, are different in many key aspects. Does the emergence of the new phenomena imply global conflicts? Fragmentation of global governance? Or something else? These questions lie at the heart of the project “*Regional Challenges to Multilateralism*”.

The Research Project

In this research project, we elucidate the challenge of regional blocs to multilateralism in the context of post-hegemonic and increasingly multipolar international order, and establish to what extent regional blocs threaten global cooperation and reproduce the political rifts and conflicts at multilateral institutions.

Take, for example the regular meetings between the leaders of the 20 major economic powers under the auspices of G20 Summit, where joint communiques about cooperation and coordination are produced regularly. However, in the multilateral institutions where those documents should turn to joint decisions little progress has been made. Much more has been accomplished on the regional level between like-minded groups. Therefore, 21st century regionalism seems to be characterized by increasing plurality and intensifying antagonism. This is partly due to the rise of Asia, China in particular, but also to the general increase of plurality of power and worldviews that have replaced US hegemony.

This project seeks to answer the following research questions:

1. What is the relation of trade regionalism with trade multilateralism? How steep are the differences in this relation between, for example, RCEP and CETA?
2. What is the relation of financial regionalism with financial multilateralism? How steep are the differences between, for example, NDB and World Bank?
3. To what extent if at all do competing worldviews manifest in the institutional variety of regionalism in the 21st century?
4. How to increase the resilience of multilateralism? What can major powers, in general, and the EU in particular do to become more constructive actors?

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