The Rise and Decline of the Liberal World Order and the Multilateral Trade System: A Critical-Constructivist Synthesis to International Regime Analysis

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ABSTRACT
This article devises an analytical framework that synthesizes neo-Gramscian and social constructivist perspectives to dissect international regimes amid global hegemonic shifts. It portrays regimes as intersubjective constructs with unique social purposes within the broader hegemonic fabric, shaped by dominant ideologies and power distributions. The study examines the transition of the trade regime from General Agreement on Tariffs and Trade (GATT) to World Trade Organization (WTO) through the Uruguay Round (1986-1994) and the Doha Round’s deadlock since 2001. The article posits that the Uruguay Round marked a pivotal hegemonic transformation, transitioning the regime from embedded liberalism to neoliberalism by transforming its social purpose, norms, and generative grammar. Yet, this shift, which precipitated a legitimacy crisis within the WTO and was exacerbated by the Doha Round’s failure to regenerate neoliberal hegemony with a fresh synthesis of free trade and sustainable development, arguably rendered the WTO directionless and contributed to the fragmentation of global trade governance amidst emerging regional pacts and varied ideological visions of economic liberalism.

Keywords: International Regimes, Social Constructivism, Critical Theory, World Trade Organization, Liberal International Order

Introduction

“the 1929 depression was so wide, so deep and so long because the international economic system was rendered unstable by British inability and United States unwillingness to assure responsibility for stabilizing it” (Kindleberger 1973: 291).

Kindleberger’s seminal The World in Depression attributes the Great Depression’s severity to the absence of a hegemonic stabilizer, a narrative resonant with the economic upheavals of the 1970s characterized by decolonization, energy crises, stagflation, and the Bretton Woods monetary system’s collapse (Cox 1987: 274-85). This period saw the rise of Japan and Europe, introducing “new protectionism” that ostensibly challenged the liberal trade ethos foundational to the General Agreement on Tariffs and Trade (GATT) regime established in
1947. Despite neorealists’ grim forecasts about the liberal trade regime’s future considering its vulnerability to systemic pressures (e.g. Krasner 1979), the GATT system not only persisted but also transformed into the World Trade Organization (WTO) during the Uruguay Round (1986-1994), a resilience attributed by neoliberal institutionalists to transatlantic cooperation fueled by shared geopolitical interests despite the absence of a willing and able hegemonic state (e.g., Keohane 1984; 2015: 94).

Since the early 2000s, and intensified by the 2008 crisis, narratives of the liberal world order entering a “post-hegemonic” phase have gained traction, casting China as a prominent “challenger” to the prevailing global framework, a notion once attributed to Europe or Japan (Keohane 2015; Mearsheimer 2019). The stalled Doha Round since 2001, moreover, underscores a departure from GATT-era accomplishments, with “murky” protectionism and diverse economic policies across the Global North and Global South testing the open trade system (Aggarwal and Evenett 2013). The advent of China’s “state capitalism” and growing United States (US)-European Union (EU) tensions revive the anxieties regarding the WTO’s future and economic globalization. Confronted with the BRICs’ (Brazil, Russia, India, and China) ascent and internal pushbacks from populist and anti-globalization movements, the US and Europe face challenges in rejuvenating the WTO and bolstering multilateralism (Ikenberry 2018; Duggan et al. 2022). Major powers, notably the US and China, have engaged in tit-for-tat protectionism and coercive tactics, resulting in trade wars (Serdaroğlu Polatay 2020). Paradoxically, these same nations are concurrently promoting integration through regional trade agreements (RTAs), illustrating the complexity of global trade governance and the inadequacies of a purely state-centric approach to managing the crises and instabilities of the current trading system.

The 1970s crisis prompted International Relations (IR) scholars to explore rules-based state cooperation under anarchy, leading to theories on “international regimes”. Scholars define international regimes as frameworks of norms, principles, rules, and decision-making procedures that inform actors’ expectations in various issue areas (Hasenclever et al. 1997). Mainstream theories, rooted in rationalism and focusing on the power and interests of the states through neorealism and neoliberal institutionalism, often disregard the complexity of changes to the regimes and their interaction with global capitalist forces (Cox 1981: 98-9). Rationalism overlooks the ideational essence and autonomy of regimes, simplifying them to platforms for state interactions and underestimating constitutive roles of non-state actors (Hasenclever et al. 1997: 136-139). Such ontological shortcomings underscore the imperative for an analytical approach that thoroughly incorporates both material and ideational dynamics influencing the liberal order, particularly amid significant systemic transitions as observed in the 1930s, 1970s, and early 21st century.

Social constructivism and neo-Gramscian frameworks offer insights beyond traditional IR paradigms’ ontological limits, yet their disjointed analyses have hindered theoretical unification. Constructivism, as articulated by Ruggie and Kratochwil, underscores the “intersubjective” bedrock of international regimes, underlining the pivotal role of ideas, norms, and beliefs in legitimizing state actions, though occasionally overlooking critical material dynamics like power distribution and economic transitions (Kratochwil 1989; Ruggie 2002). Conversely, neo-Gramscian perspectives, championed by Cox and others, examine the interplay between “social forces” and “historical structures,” acknowledging the intersubjective
shaping of the global order but often neglecting the analysis of meso-level structures such as “international regimes” (Cox 1981, 1983, 1987; Gill 2008). Integrating constructivism’s focus on the regimes and their intersubjectivity with neo-Gramscian insights into “world hegemony” and “institutionalization” presents a fertile path for amalgamating these valuable theoretical perspectives, thereby enriching our comprehension of global governance beyond rationalist confines (Gale 1998: 273-274; Cox 1981; 1983; 1987).

This research proposes a critical-constructivist framework that integrates neo-Gramscian and constructivist analyses to scrutinize international regimes within the superstructure of global order, covering both meso- and macro-level dimensions. It views regimes as intersubjective entities that both reflect and propagate hegemonic norms, highlighting the dynamic relationship between global hegemony, in a neo-Gramscian sense beyond state centrism, and the role of regimes. I suggest that international regimes serve as vessels for the ethical and ideological core of prevailing hegemonies, encapsulated within the “social purpose” of their “historic blocs,” through the ideational influence of social forces on intergovernmental interactions. This social purpose sets the ethical and ideological boundaries for global political authority projection, influencing state-market and government-firm relations, alongside the normative frameworks of regimes. In periods of hegemonic flux, regimes become battlegrounds for ideological disputes among divergent social forces, diminishing their capacity to uphold, convey, and perpetuate hegemonic norms.

This article examines the transition from GATT to WTO, focusing on the normative transformation during the Uruguay Round (1986-94) within the context of rising neoliberal hegemony. The study explores how a confluence of normative, material, and ideational shifts, driven by hegemonic forces, constituted a paradigmatic change in the trade regime’s governance. I argue that this critical moment caused a hegemonic transformation of the trade regime contrasting with “norm-governed” under “embedded liberalism” in previous decades, because it realigned the foundational norms, social purpose, and generative grammar of the regime with the neoliberal concept of control during the 1980s. Orchestrated chiefly by US-centered transatlantic corporations, integral to the neoliberal historic bloc, this transition was brought about by the strategic mobilization of the United States, European nations, and significant developing countries before and throughout the Uruguay talks. The transformation introduced new interpretative paradigms for trade concepts and policies, thus politicizing the trade agenda.

Since its establishment in 1995, the WTO has grappled with a hegemonic regime crisis, characterized by its diminishing capacity to promote economic globalization amid intense debates concerning its objectives and validity within a highly politicized milieu. This crisis has intensified due to challenges in harmonizing diverse neoliberal ideological perspectives across and between the Atlantic, the Global North, and the Global South. Significantly evident since the commencement of the Doha Round in 2001, intended as a neoliberal rejuvenation strategy via reconciling free trade with sustainable development, the situation has deteriorated. The deadlock, worsening post-2008, resulted in a splintered normative global framework, underscored by disparate regional agreements.

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1 This framework expands on the theoretical approach introduced by Altay (2011) and has been refined based on recent theoretical and empirical discussions.
The remainder of the paper first elaborates on a critical constructivist perspective that unravels international regimes and world orders by blending insights from selected scholars. It then applies this alternative perspective to analyze the transformation and subsequent crisis of the multilateral trade regime focusing on the Uruguay and Doha Rounds of the multilateral trade regime.

**A Constructivist-Critical Synthesis to International Regimes**

This paper’s critical-constructivist synthesis posits an ontological congruence between neo-Gramscian and social constructivist frameworks, emphasizing the intersubjectivity of “historical structures” and “international regimes.” This integration elucidates the dialectic between regime dynamics and shifts in global order, highlighting the potential for regimes’ “norm-transforming” metamorphosis amid hegemonic shifts, in contrast to “norm-based” evolution during periods of hegemonic stability.

Embodying Antonio Gramsci’s Marxist tenets, the neo-Gramscian paradigm presents a “critical” theory in international relations through a “historical materialist” lens, diverging from the conventional “problem-solving” frameworks rooted in rationalism. This perspective, particularly advanced by Robert Cox, intertwines with constructivist views on “international regimes,” suggesting a “homology” in understanding their role in cementing hegemony within the global order (Gale 1998). Cox contends that “institutions” amalgamate power (material capabilities) and ideas, pivotal for sustaining specific world orders, with their degree of “institutionalization” serving as a barometer for global hegemony’s robustness. In this light, a “strong international regime,” as characterized by institutional theorists like Keohane, mirrors “institutionalized hegemony” in Cox’s analysis (Gale 1998: 273-274; Cox 1981: 99, 120), underscoring that a regime’s “effectiveness” or “strength,” as frequently appraised by rationalist scholars, mirrors the depth of “world hegemony.”

This alternative ontological framework reimagines hegemony, transcending traditional conceptions of state-centric dominance to emphasize a nuanced interpretation where “social forces” – classes and class fractions – evolve from economic dominion to societal hegemony via coercion and consensus. It unveils “world hegemony” within “historic blocs,” alliances solidified by shared ideological and moral frameworks, offering a sophisticated ontology of global governance that surpasses mere coercion (Gramsci 1971; Cox 1983; Van der Pijl 2009).

“Historic blocs,” alliances of cross-border “social forces,” are propelled by shifts in material production. Blocs are products of the “war of position” by those forces to redefine

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2 Neo-Gramscian scholarship, a meta-theory in IR, draws on diverse schools. This analysis relies on the insights from the “Italian school” through Cox and Gill, the “Amsterdam school” via Van der Pijl, Overbeek, and works of van Apeldoorn, and Rupert, melding diverse aspects to explore the ideological and material foundations of global hegemony and historic blocs, pivotal in international political economy analysis.

global orders, influencing “state forms” and prevailing ideologies (Gramsci 1971: 360, 366, 377; Cox 1983: 131-133; Van der Pijl 2009: 233-239). The Amsterdam School conceptualizes these blocs’ ideological consensus as “comprehensive concepts of control,” crafted by leading class fractions through various phases of capitalist and labor development. Once established as “hegemonic” or “comprehensive”, these concepts articulate the “general interest” of the period (Van der Pijl 1998; Overbeek 2004a; 2004b), signifying a transition towards “intellectual and moral leadership” via widespread consent, necessitating compromises in an ethical, educative, and reciprocal endeavor across national and international arenas (Gramsci 1971: 350; Van der Pijl 1998; Overbeek 2004).

Critical theory, diverging from problem-solving paradigms, aims to dissect the essence and dynamics of “historical change,” challenging the mainstream International Relations (IR) focus on “institutional stability.” Cox underscores the significance of deciphering shifts within “historical structures,” drawing on Braudel’s “longue durée” concept, namely extended periods defined by recurring patterns (gestes répétées) that forge an “action framework,” sculpted by the ascent of “social forces” amidst evolving social interactions and collective intersubjectivity against the backdrop of capitalist production shifts (Cox 1985: 53; 1992a: 149; Hasenclever et al. 1997: 193; Cox 1987: 1-103; Cox 1981: 97-101). During hegemonic or “organic” crises, the erosion of societal consensus precipitates the disintegration of hegemonic blocs and the waning of “intellectual and moral leadership,” thus highlighting conflicts and coercion (Gramsci 1971: 210, 275-276; Cox 1987: 279-287). Cox (1992b: 508) posits that as opposed to problem-solving theories critical analysis should focus on “how [inter-state] cooperation is achieved and sustained” as part of hegemonic (re-)production.

Regimes and their norms play a crucial role in institutionalizing and perpetuating hegemony (Cox 1983: 137-140), necessitating a meso-level analysis as undertaken by social constructivist scholars. Ruggie and Kratochvil conceptualize regimes as “institutional facts” situated within “intersubjective frameworks of meaning,” embodying both “constitutive” and “regulative” rules. The “constitutive rules” overlooked by rationalists craft the framework for practices, molding actors’ expectations, norms, and principles through “collective intentionality,” which cements norms and meanings (Ruggie 2002: 20-25; 32-34; 90-91; Kratochwil 1989: 26). Ruggie (2002) argues that regimes embed a “social purpose” within their constitutive rules, intertwined with their “generative grammar” – the lexicon of state conduct – that steers the “internationalization of authority,” influencing actors’ expectations, identities, and interests. The normative core of regimes reflects their intersubjective framework, laying down an authoritative foundation imbued with a significant “social purpose” (Ruggie 2002: 62-63).

Integrating two perspectives, I argue that regimes’ “social purpose” reflects the ideological concept of hegemonic “historic blocs,” resonating with Overbeek’s (2004a) assertion that hegemonic “concepts of control” embed these purposes into global orders, thus molding state forms and international norms. This alignment illuminates how hegemonic ideologies, through “social purpose,” define the normative landscape of regimes and governance, impacting the distribution of authority and the interplay between state oversight and market dynamics within hegemonic constructs.
I also contend that the emergence of new hegemonic concepts necessitates the institutionalization of the prevalent ideology of the nascent historic bloc by fundamentally transforming regimes’ normative core and intersubjective understandings. Critical theorists highlight that hegemonic orders foster comprehensive concepts of control by embedding intersubjective ethical and moral norms emblematic of their historic blocs into institutions, thereby engendering global consensus. Yet, as hegemonic dominance ebbs and global orders transit, ideational legitimation becomes fraught with challenges amid the disintegration of established paradigms and the reassessment of their societal functions (Cox 1996: 51-56; Bieler 2001: 98). Cox (1981: 99) underscores that ideological and material contentions within institutions presage the advent of new orders, where emerging norms in regimes and hegemonies materialize from the dialectical interplay between coercion and consensus among disparate forces.

I finally posit that hegemonic transitions, unlike periods of stability, necessitate distinct changes to the regimes, leveraging Ruggie’s dichotomy of “norm-governed” versus “norm-transforming” changes. Ruggie (2002: 65) articulates that pre-1980s shifts to post-war regimes were “norm-governed” within the “embedded liberalism” framework, contrasting with the “norm-transforming” shifts. This underscores the profound nature of post-war regime transformations during the 1980s as hegemonic, characterized by the advent and solidification of the neoliberal control paradigm. Moreover, in the throes of order transitions, as regimes emerge as battlegrounds for hegemonic contestation, burgeoning social forces undertake a transformative agenda, imbuing regimes’ intersubjective landscapes with their ideological visions in pursuit of dominance (e.g., Cox 1981: 99-100; 1996: 51-56).

The Rise of Neoliberal World Order and Its Decline

Our perspective suggests an alternative to the state-centric view of hegemony and world order by marking the post-World War II era through hegemonic cycles having both material and ideological aspects that mold the global order. The ascent of the post-war US hegemony was materially underpinned by the Fordist model of capital accumulation, aligning industrial capital with organized labor and elites, thereby diminishing the role of finance capital. Its historic bloc merged American and European industrial capital, labor, and elites, and advocated a synthesis of “corporate” or “embedded” liberalism to ensure economic prosperity in the United States and the capitalist world. This ideological and economic arrangement, arguably integrated “Keynesian economics”, “Fordism,” and “Wilsonian universalism” with an emphasis on market openness and state intervention for social welfare, facilitated the development of welfare states in Europe (Van der Pijl 1984: 8-20; Rupert 1995: 57). Post-war economic regimes, including the monetary system and the GATT-centered trade regime, embodied this embedded/corporate liberal purpose in their foundational norms and principles.

The disintegration of Pax Americana and its historic bloc commenced in the late 1960s, spurred by an organic crisis that transcended economic origins to affect political and societal domains. This period of hegemonic instability aligned with shifts in global political power, notably through the decolonization process and economic growth in Europe and
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The formation of the Group of 77, representing Third World countries, advocated for a New International Economic Order (NIEO) seeking equitable global wealth distribution. Economic ascendancy in Asia most notably in Japan and in Europe paralleled with economic turmoil entailing oil shocks, stagflation, and rising trade protectionism (Cox 1987: 274-85). The international historic bloc waned during the 1970s while diverse forces within the Atlantic capitalist class struggled to regain hegemony amidst challenges posed by economic globalization and a crisis in capitalist profitability.

Following the dissolution of the American historic bloc amidst significant economic shifts, the 1980s heralded the rise of a neoliberal hegemonic order over a “transnational historic bloc.” These shifts were marked by changes in global labor division, capital accumulation patterns, and technological advancements, driving economic globalization and finance-centric market integration (Cox 1987: 274-285; Rupert 1995). The new bloc comprised transnational corporations (TNCs), banks, skilled labor, and elites from key capitalist regions, including Europe and Japan, thereby decentralizing the hegemonic nucleus from the US (Rupert 2000: 49). The ascendancy of “finance capital” over Fordist industrial sectors, as per Van der Pijl signified a transition to a “virtual” mode of post-Fordist accumulation, characterized by intangible production and distinctive temporal-spatial dynamics (Van der Pijl 1998: 57). This era underscored growing “structural power” of capital, influencing deregulatory policy agendas under Reagan and Thatcher, extending to the G-7 (Gill 2008). Post-Cold War, neoliberal state forms proliferated among transition economies, with finance and insurance sectors by the early 1990s comprising nearly half of the global foreign direct investment (FDI) stock (Hoekman and Kostecki 2001: 239). Leading forces of neoliberal hegemony in finance and knowledge industries have also played a transformative role in the re-design of the GATT regime, as elaborated in the next section.

Harvey (2009: 11) characterizes neoliberalism as an endeavor to free capital from “embedded liberalism’s” regulatory bounds, aligning with Overbeek’s (2004b) analysis of its aim to fulfill global capital accumulation necessities. The late 1980s and early 1990s saw the “Washington Consensus” push for minimized state interference, advocating for unfettered capital flows and commodification, epitomizing neoliberal orthodoxy. This period ushered in a shift towards significant market autonomy, privatizing governance, diminishing state sovereignty, and reducing governmental accountability (Cox 1987: 211-267). Gill and Cutler (2014) identify “new constitutionalism” as a tactic by market forces to cement the global neoliberal order, compelling governments into neoliberal reforms via legal and quasi-legal frameworks like the WTO and regional trade accords (Gill 2008: 138-142; 161-176). This strategic shift was crystallized during the Uruguay Round (1986-94), leading to the WTO’s inception in 1995, marking a hegemonic transition towards a neoliberal commercial framework.

Since the late 1990s, the neoliberal order has also faced an “organic crisis,” further intensified by the 2008-9 financial crisis, challenging its foundational material, ideological, and structural aspects, including state forms, institutions, norms, and policies (Carroll 2010: 170-174). The economic center of gravity has progressively shifted towards Asia, particularly through China’s ascent, which contests transatlantic economic domination. “State
capital” within state-led or hybrid economies has risen as novel social forces, competing with Western TNCs by seeking integration into global value chains and establishing transnational connections among business elites, signifying an intensification of global capitalist integration (De Graaff and Van Apeldoorn 2018; De Graaff 2020). This material shift is reflected in global governance and regimes, emblematic in the G-20’s emergence, transitioning from G-7 dominance to acknowledging BRICS and other emerging powers, indicating a transformative global governance paradigm (Stephen 2014; Duggan et al. 2022; Papa et al. 2023).

The neoliberal hegemonic crisis is a crisis of “authority” and “social purpose” as articulated by Ikenberry (2018), since the order’s ethical and ideological underpinnings have unraveled. This crisis stems from a series of financial upheavals beginning in Mexico and Latin America in the 1990s, eventually affecting the US and EU by 2008, and an associated global backlash against economic globalization and neoliberalism, characterized by the rise of anti-globalization and populist movements. Widespread discontent with neoliberalism, marked by increased poverty, environmental degradation, and social exclusion due to diminished state oversight, has fueled demands for corporate accountability, environmental sustainability, equitable growth, and social justice. This growing dissatisfaction represents a significant counter-hegemonic movement, pushing for reforms in neoliberal governance to prioritize public welfare over private interests (Rupert 2000; Stephen and Zürn 2019).

Critical scholars are divided over the neoliberal order’s destiny, oscillating between its rejuvenation through strategic adaptations within a transnational historic bloc and its supersession by a counterhegemonic paradigm championing sustainability and equality (Carroll 2010). Concurring with Overbeek and Van Apeldoorn (2012), I suggest the crisis as a dialectic of continuity and transformation, refuting the premise of an abrupt departure from neoliberalism. Neoliberalism’s resilience and adaptability, particularly post-Global Financial Crisis (GFC), are underscored by its integration of critiques and incorporation of “sustainable development” and “green economy” into its regenerative strategies, showcasing global capitalism’s tenacity (Wanner 2015).

**The Trade Regime and its Hegemonic Transformation**

GATT, established by 23 countries at the 1947 Havana Conference following extended negotiations among 56 nations, encapsulated the post-war hegemonic concept of embedded/corporate liberalism. The trade regime aimed to facilitate global market integration, yet it allowed for government interventions for developmental and social objectives thanks to core norms – liberalization, non-discrimination, development, safeguard, and reciprocity – that shaped the regime’s trajectory with “norm-governed” amendments until the early 1980s (Finalyzson and Zacher 1981).
Table 1. Rounds of Multilateral Trade Negotiations

<table>
<thead>
<tr>
<th>Round</th>
<th>Start</th>
<th>Duration</th>
<th>Countries</th>
<th>Subjects Covered</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Geneva Round</td>
<td>1947</td>
<td>7 months</td>
<td>23</td>
<td>Tariffs</td>
<td>Signing of GATT, 45,000 tariff concessions concerning USD 10 billion of trade</td>
</tr>
<tr>
<td>Annecy Round</td>
<td>1949</td>
<td>5 months</td>
<td>34</td>
<td>Tariffs</td>
<td>Countries exchanged for around 5,000 tariff concessions</td>
</tr>
<tr>
<td>Torquay Round</td>
<td>1950</td>
<td>8 months</td>
<td>34</td>
<td>Tariffs</td>
<td>Countries exchanged for around 8,700 tariff concessions, reducing the 1948 tariff levels by 25%</td>
</tr>
<tr>
<td>Geneva II Round</td>
<td>1956</td>
<td>5 months</td>
<td>22</td>
<td>Tariffs, accession of Japan</td>
<td>USD 2.5 billion in tariff cuts</td>
</tr>
<tr>
<td>Dillon Round</td>
<td>1960</td>
<td>11 months</td>
<td>45</td>
<td>Tariffs</td>
<td>Tariff concessions worth USD 4.9 billion of international trade</td>
</tr>
<tr>
<td>Kennedy Round</td>
<td>1964</td>
<td>37 months</td>
<td>48</td>
<td>Tariffs, anti-dumping</td>
<td>Tariff concessions worth USD 40 billion of international trade</td>
</tr>
<tr>
<td>Tokyo Round</td>
<td>1973</td>
<td>74 months</td>
<td>102</td>
<td>Tariffs, non-tariff measures, plurilateral agreements on NTBs</td>
<td>Tariff reductions worth more than USD 300 billion secured. Plurilateral deals signed on: Anti-Dumping, Subsidies and Countervailing Measures, Government Procurement, etc.</td>
</tr>
<tr>
<td>Uruguay Round</td>
<td>1986</td>
<td>87 months</td>
<td>123</td>
<td>Tariffs, non-tariff measures, rules, trade in services, intellectual property, dispute settlement, textiles, agriculture, creation of WTO, etc.</td>
<td>Creation of WTO, extended range of trade negotiations, leading to major reductions in tariffs (about 40%) and agricultural subsidies, multilateral agreements on textiles and clothing, anti-dumping, subsidies, technical barriers to trade, sanitary and phytosanitary measures, customs valuation; General Agreement on Trade in Services (GATS), Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs), Agreement on Trade-Related Investment Measures (TRIMs), etc.</td>
</tr>
<tr>
<td>Doha Round (Doha Development Agenda)</td>
<td>2001</td>
<td>Unfinished</td>
<td>159</td>
<td>Advanced market access negotiations in goods and services including tariffs and non-tariff measures; Exemption to the TRIPs Agreement for public health and pharmaceutical licensing; trade and environment, trade and competition, trade and investment, public procurement, trade facilitation; implementation of WTO agreements, SDT for developing countries etc.</td>
<td></td>
</tr>
</tbody>
</table>


**Norm-Governed Changes to the GATT Regime**

The GATT regime operationalized its “liberalization” norm through systematic tariff reductions across eight negotiation rounds until the WTO’s establishment (See Table 1). “Non-discrimination” and “reciprocity” norms supported “liberalization,” with “most favored nation” (MFN) and “national treatment” (NT) principles ensuring uniform tariff rates and equitable treatment for imported goods, despite exceptions left for regional agreements. The United States initially overlooked reciprocity, offering unilateral tariff reductions to support European post-war recovery, leading to asymmetrical concessions that benefited allies that gained access to US markets (Dam 1970: 58-64; Hoekman and Kostecki 2001: 101-103). Hence most members did not fully commit to liberalization until the late 1960s, while market opening focused on the manufacturing sector, especially in capital-intensive industries of Fordism; agriculture, and textiles spared from substantial cuts (Finalyzson and Zacher 1981: 570).

Parallel to decolonization and the influx of newly independent developing countries into the GATT, the “development” norm gained prominence. Major developing countries adopted import-substitution policies for economic development and protected local industries from import competition. These countries organized around the G-77, a United Nations (UN) coalition of developing countries, opposed taking part in the multilateral trade regime in the anticolonial language of the postwar era parallel to their calls for an NIEO. Hence, developed countries began to view these countries as regime “outsiders,” prompting a shift towards acknowledging the “development norm” to officially recognize developing countries’ special status and “non-reciprocity” through significant amendments to the GATT text like the inclusion of Part IV on Economic Development in 1965 (Dam 1970: 236-42; Finlayson and Zacher 1981: 575; Ford 2002). )

In the 1970s, as the post-war liberal order faced a hegemonic crisis, systemic challenges arose, undermining tariff-reduction efforts and heralding “non-tariff barriers”
(NTBs) as protective measures, marking a pivot to “new protectionism.” This period saw US economic dominance contested by rising powers like Japan, European economies, and newly industrialized countries (NICs), leading to a stronger U.S. focus on “reciprocity” in trade negotiations (Dam 1970: 64-76; Finlayson and Zacher 1981: 575-576; Paemen and Bensch 1995: 115). However, the Tokyo Round (1973-1979) achieved limited success in addressing NTBs and liberalizing agriculture, hindered by resistance from Europe, Japan, and NICs, culminating in a few “plurilateral” agreements among advanced economies without broader consensus (Krasner 1979; Jackson 2002: 43, 70).

Hegemonic Transformation of the GATT Regime into the WTO

Contrary to neorealist forecasts of trade regime collapse, the 1980s saw the GATT undergo a “hegemonic transformation” markedly distinct from its prior norm-governed evolution. The Uruguay Round heralded a paradigm shift from embedded/corporate liberalism to neoliberalism, driven by a transnational hegemonic bloc aimed at dismantling state regulatory barriers to market access and integration. This transition culminated in the creation of the WTO, introducing a robust legal and normative framework with 60 new multilateral agreements that expanded trade liberalization to sectors like agriculture, textiles, services, and intellectual property rights, and bolstered enforcement and transparency in domestic deregulation (detailed in Table 1). This most comprehensive round of the history marked a transition to “deep integration” in economic globalization, targeting not just tariffs but also “behind-the-border” regulations across diverse trade areas (Croome 1995; Matsushita et al. 2003; Hoekman and Kostecki 2001: 413-418, 426; Jackson 2002: 175-211, 279-303, 310-313, 316), representing a profound neoliberal ideological shift.

The Uruguay Round transformed conventional GATT norms to sustain a paradigm shift to neoliberalism. The Round introduced “non-GATT” issues such as “intellectual property rights” and “trade in services,” which required the formulation of new norms and principles. The General Agreement on Trade in Services (GATS) exemplifies the paradigm shift towards deep integration and reformulation of norms as it adapted GATT norms to services trade. GATS established a “market access” norm akin to GATT’s “liberalization” principle and broadened the “non-discrimination” norm to encompass services trade, treating “all government measures” affecting cross-border service supply as potential “trade barriers” and challenging discriminatory government practices against foreign services or providers (GATS Art. I: 1; Hoekman and Kostecki 2001: 239-253). To this end, GATS reformulated the MFN principle under GATS which now mandates equitable treatment for “services” and “suppliers” from other countries (Art. II), and the NT obligation ensures equal treatment for foreign and domestic services and suppliers across all service supply measures (Art. XVII) (Matsushita et al. 2003: 240-243; Hoekman and Kostecki 2001: 252-258).

Moreover, the Uruguay Round enabled a “cognitive shift” in the trade regime by revising its “constitutive rules” and “generative grammar,” redefining trade and market access to encompass over 150 subsectors, including education and healthcare, thus broadening trade liberalization to complex regulatory issues like public health and immigration policies (Goldstein et al., 2010: 127, 133-134). This normative transformation has politicized the trade
agenda and the WTO, altering the traditional meanings of “trade”, “barriers”, “traders”, and “tradable commodities” (Drake and Nicolaidis 1992: 63). Previously confined to the exchange of physical goods with “trade barriers” largely seen as tariffs and border measures, the Uruguay Round marked a cognitive transformation by redefining these fundamental concepts, reshaping the trade regime’s underlying intersubjective meanings and expanding its definitive scope (Lang 2006: 109).

The establishment of the WTO marked a significant evolution from GATT’s informal governance to a formal, legalistic framework, introducing a “hard law” dispute settlement mechanism (DSM) in contrast to GATT’s “soft law” approach, thus augmenting the regime’s legal authority aligning with the neoliberal agenda (Abbott and Snidal 2000; Chorev 2005). This legalistic evolution underscored the WTO’s critical role in advancing neoliberal policies and redefined the functions and responsibilities of states, market actors, and the WTO itself. Chorev (2005: 329) identifies four key transformations facilitated by the new DSM: the transference of authority from national to international levels, redefining state interactions through the “judicialization” of inter-state relations, centralizing authority within the WTO, and bolstering the influence of domestically oriented international agencies, collectively termed “structural internationalization of the state”.

Finally, the shift from GATT to WTO marks a hegemonic regime transformation because it was driven by neoliberal social forces, particularly US TNCs in service and knowledge-intensive sectors, such as American Express, AIG, and Citicorp, crucial in integrating services and intellectual property rights (IPRs) into the global trade agenda. A strategic “war of position” was waged by those TNCs since the late 1970s to establish a hegemonic coalition, extending beyond the Atlantic to include Japan and other major economies, to garner support for a new negotiation round addressing these critical topics for economic globalization. Their efforts to advocate for new multilateral agreements under the GATT regime, through a transnational policy network, aimed at convincing transatlantic and global governments of the legitimacy, necessity, and advantage of comprehensive agreements to remove trade barriers in services and create fair rules for IPR-intensive industries (Drake and Nicolaidis 1992; Aggarwal 1992; Sell 2003; Altay 2011).

The Reagan administration’s ascension in 1981 propelled a 1982 proposal for a new GATT round, targeting trade liberalization in services and IPRs, driven by TNC advocacy. Initial resistance from the Europeans, Japan, and developing countries was overcome by TNC mobilization and education campaign, leading to the Uruguay Round’s launch at the 1986 Punta Del Este summit. The transformation from members’ viewing services and IPRs as “non-trade issues” to integral agenda items was facilitated by US pressure, European mediation, and strategic concessions, expanding the Round’s scope to include textiles, agriculture, and unresolved issues from the Tokyo Round.

The post-1986 period witnessed the Global South’s growing support of the Uruguay Round’s discussions in Montreal (1988), Brussels (1990), and Marrakesh (1994), over
services, agriculture, and IPRs, driven forward by TNCs’ efforts in knowledge dissemination and establishing a trade in services “epistemic community” helping them to understand the logic and benefits of trade-oriented service deregulation (Drake and Nicolaidis 1992). The transformation was marked by developing countries’ identity shift from “protectionist others” to “reciprocal traders,” facilitated by recognizing the tradability of services and the benefits of reciprocal negotiations not only in goods but also in service sectors they had comparative advantages like construction and data processing (Ford 2002).

The Round signaled a transition towards neoliberal ideology among developing countries, replacing their demands for privileged exemptions with “Special and Differential Treatment” (SDT) flexibilities, tailored to their development stages, indicating a reduction in policy autonomy for industrial development (Ford 2002; Jackson 2000: 164, 324; Matsushita et al. 2003: 385-388). This cognitive change, underpinned by “complex social learning,” rendered previous notions of trade in services as “non-trade” issues obsolete, advocating for a robust, rules-based system enhancing access to Northern markets (Ford 2002; Paemen and Bensch 1995: 39).

Despite internal disagreements within the hegemonic bloc, especially on agriculture and services, the Round came to a successful closure with coercion, concessions, and negotiation tactics. It culminated in foundational steps towards future liberalization in services with the establishment of the GATS, despite not achieving comprehensive deregulation immediately as demanded by the TNC coalition (Aggarwal 1992; Drake and Nicolaidis 1992). Europe’s preference for a “gradual liberalization” strategy for service opening in alliance with developing countries reflected the emerging “embedded neoliberalism” vision in the continent, leading to the postponement of advanced liberalization in sectors like finance and telecommunications to post-Uruguay Round talks. 5

The Hegemonic Crisis of the Trade Regime

The WTO, since its 1995 inception, confronts a growing hegemonic crisis rooted in its neoliberal purpose and subsequent politicization of the trade agenda. This crisis is intensified by counter-hegemonic forces questioning the WTO’s role and legitimacy. Critics, notably labor unions and environmental NGOs, argue that the WTO promotes TNC interests and trade liberalization at the expense of national sovereignty, environmental standards, and developmental policies. The opaque nature of WTO negotiations and dispute resolutions has sparked reform calls for a more sustainable, equitable, and democratically aligned framework (Howse and Nicolaidis 2003; Lang 2014).

Until the 2001 Doha Ministerial Conference, the WTO found itself at the center of debates between “revisionists” and “expansionists,” with developing countries critiquing the expansionist ambitions of Atlantic powers while voicing dissatisfaction with the meager benefits received from the Uruguay Round, especially in agriculture and textiles. They

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5 Embedded neoliberalism emerged from the ideological confluence underpinning the European single market program, blending the neoliberal ethos of European TNCs, the neo-mercantilist stance of protectionist entities, and Jacques Delors’ social democratic vision during his tenure at the European Commission (Van Apeldoorn 2001: 74-76).
highlighted the burdensome obligations to comply with new technical and food standards, and to implement WTO agreements like trade-related intellectual property rights (TRIPs), necessitating extensive domestic policy reforms. They demanded treaty revisions, aiming to enhance SDT provisions for equitable benefits and flexible compliance timelines. Eventually, the revisionist block emerged under the leadership of India and Brazil and supported by anti-globalization NGOs, pushing for reforms that prioritize development, environmental sustainability, and social welfare, challenging the WTO’s neoliberal bias (Jackson 2002; Ricupero 2000; Matsushita et al. 2003).

Meanwhile, the Atlantic hegemonic bloc, particularly the United States and EU, aimed to expand the WTO’s remit into new trade related domains, mirroring their nuanced neoliberal agendas. However, divergences between the EU’s “embedded neoliberalism” and the US’ radical neoliberal stance influenced their expansion tactics. Faced with counter-hegemonic resistance, US TNCs pivoted towards RTAs like NAFTA for smoother market liberalizations, whereas European and Japanese firms preferred a multilateral investment framework within the WTO, aligning with their embedded neoliberal visions. The EU’s initiative at the 1996 Singapore Summit to launch a “Millennium Round” reflected embedding neoliberalism, pushing for new market norms in “Singapore issues” (investment, competition, public procurement, and trade facilitation) and attempting to balance market access with social and environmental considerations. However, transatlantic disagreements and the rise of counter-hegemonic forces challenged the advancement of a unified neoliberal prospect within the WTO’s commercial multilateralism until the 2001 compromise.6

A Fragile “Hegemonic Compromise:” The Doha Development Agenda

The 1999 WTO Seattle conference, marred by anti-globalization protests, saw the failure to launch the EU’s “Millennium Round.” The Doha Round, initiated in 2001 as a “Development Agenda,” was a problem-solving initiative to address counter-hegemonic concerns. It aimed to reassert neoliberal hegemony in multilateral trade by aligning free trade with sustainable development goals. The Doha Declarations emphasized sustainability, public health, and the integration of developing countries into global trade. The round would seek to balance selected Northern demands for advancing deep integration with Southern blocs’ demands for balanced inclusion through strengthening economic policy flexibility and revisions to certain treaties. Key focuses included addressing post-Uruguay Round “implementation issues” for developing nations, strengthening SDT provisions, revising TRIPs for better access of African nations to medicines, and aligning WTO rules with environmental treaties. However, the fate of the contentious “Singapore issues” at the heart of neoliberal norm expansion was deferred to the 2003 Cancun Ministerial Conference amid significant opposition from the Global South and NGOs.

The Doha Round’s trajectory diverged from the successes during the Uruguay Round, facing repeated deadlocks in the 2003 Cancun conference and afterward, showcasing deep North-South divisions, particularly over agricultural subsidies, market access, and Singapore

issues. The formation of the G-22 bloc led by China, India, and Brazil underscored the Southern resistance to new issues and their opposition to agricultural tariff cuts without substantial subsidy reductions from developed nations. Despite agreeing in 2004 to exclude Singapore issues from the Round’s agenda, barring trade facilitation, unresolved disputes led to the Round’s stagnation, exacerbated by the 2008-9 financial crisis.

**Counter-hegemonic Forces and the Ideological Divide**

Since its inception in 2001, the Doha Round has been mired in deadlock, arguably reflecting ideological conflicts between neoliberalism and counter-hegemonic forces, thereby challenging the WTO’s neoliberal underpinnings amidst global shifts. Transatlantic TNCs and governments have been unable to cultivate a cohesive hegemonic vision that has given courage and energy to a resilient Southern coalition. The rise of anti-globalization movements which precipitated the US’s failed attempt at a Multilateral Investment Agreement (MAI) under the OECD in 1998, also contributed to the collapse of the WTO conferences in Seattle (1999) and Cancun (2003) as they mobilized Southern governments. Post-Seattle, in the face of growing anti-hegemonic sentiment, the United States shifted focus to regional agreements like NAFTA, prioritizing regional, ambitious norms over global, minimalist standards, indicating a strategic division among Atlantic allies (Walter 2001; Graham 2000).

Counter-hegemonic NGOs, instrumental in thwarting the MAI, targeted the WTO, portraying negotiations for investment and competition agreements as menaces to sovereignty and sustainable development, thereby gaining influence comparable to TNCs’ structural power during the Uruguay Round. Strategically leveraging sustainable development ideals over market integration, they questioned the WTO’s legitimacy and authority on expanding to Singapore issues, forging a formidable counter-hegemonic bloc through educating Southern governments and influencing Geneva’s intersubjective dynamics, a stark contrast to the North’s unified stance during the Uruguay Round (Graham 2000; Sell and Prakash 2004; Murphy 2010).

The serial setbacks at the WTO spurred first the United States and then the EU and major emerging economies towards negotiating over 400 RTAs and 3000-plus bilateral investment treaties (BITs), showcasing an increasingly fragmented global normative framework. This trend highlights the complexity of reaching a consensus that harmonizes disparate norms on market integration, sustainability, and development, especially post-2008 amidst an intensifying hegemonic crisis.

**Global Financial Crisis and Deepening of the Hegemonic Crisis**

Following the Global Financial Crisis (GFC), economic globalization slowed, marked by dwindling international trade and stagnating global value chains (GVCs), a trend intensified by the Covid-19 pandemic, suggesting a shift towards “de-globalization” (e.g. Deardorff et al. 2020; Drelich-Skulska et al. 2021). This period also underscored a global consensus on the need for state intervention to mitigate economic downturn impacts and enhance competitiveness. It saw a rise in “murky protectionism,” employing state measures and strategies that bolster domestic sectors without overtly breaching WTO norms (Aggarwal and Evenett 2013). The
Global North resorted to emergency Keynesian measures and favored green technologies, while the Global South, notably China and Russia, leaned towards “state capitalism” and “neomercantilism” (Van Apeldoorn et al. 2017; Van der Pijl 2017).

Protectionist inclinations post-2008 further undermined the WTO’s rule-making capacity, leading to only incremental, uncontroversial agreements. A tacit acknowledgment of the demise of the Doha Round was followed by the Bali and Nairobi packages of 2013 and 2015, which represented limited progress, primarily addressing developing countries’ issues (Wilkinson et al. 2014). Escalating US unilateralism, populism, and geopolitical tensions since 2016 further impaired consensus building for multilateral norms, undermining WTO’s efficacy in global trade governance and dispute resolution. The Trump Administration’s 2019 cessation of Appellate Body appointments, citing overreach and threats to U.S. sovereignty, mirrored a broader dissatisfaction with the WTO’s authority over nation-states, even among leading capitalist countries (Scott and Wilkinson, 2022).

Amid the WTO’s legislative decline, the proliferation of regional trade agreements reflects diverse economic ideologies. Before Trump’s tenure, the United States pursued assertive RTAs like the Transpacific Partnership (TPP), aiming to establish NAFTA-like standards and counter China’s ascent, epitomizing Anglo-American neoliberalism (Csehi and Heldt 2021). Conversely, the EU sought to boost global competitiveness and the regulatory influence of its acquis, embodying “embedded neoliberalism” that integrates economic liberalization with social cohesion (Van Apeldoorn 2001). However, the rise of populism and economic nationalism since 2016 has fragmented regional trade governance, shifting from rule-based cooperation to unilateralism. Brexit in Europe; the US exit from the TPP, NAFTA’s revocation of the USMCA, and the US.’s initiation of a trade war with China to address trade imbalances and security issues (Csehi and Heldt 2021), illustrate a transition to unilateral trade strategies and coercion, undermining transatlantic hegemonic cooperation post-Brexit and under the “America First” policy.

The Global South’s nuanced engagement with neoliberalism, evidenced by preferences for adaptable agreements, challenges reductive rationalist perceptions of China and emerging powers as mere “challengers” to the liberal order. These nations seek governance models that resonate with their diverse neoliberal visions, ranging from state-centric to hybrid frameworks, as exemplified by initiatives like Mercosur and the Regional Comprehensive Economic Partnership (RCEP). These regional commercial efforts reflect a commitment to inclusivity and regional cohesion, diverging from US and EU visions (Gao and Shaffer 2021; Stephen and Zürn 2019; Duggan et al. 2022; Papa et al. 2023), thereby illustrating the adaptability and multiplicity of neoliberalism in the Global South.

Conclusion

Integrating neo-Gramscian and social constructivist insights, this article presents a critical-constructivist perspective on international regimes as self-sustaining, intersubjective entities shaping global political authority and propagating hegemonic world order. Arguably, regimes reinforce global hegemonic concepts by guiding state-market relations, yet they encounter
vulnerabilities amidst organic crises, struggling to sustain a unified social purpose, challenging established norms and norm-building functions of the regimes.

Focusing on the GATT to WTO transition, I argue a pivotal hegemonic regime transformation during the Uruguay Round (1986-94), reflecting a move towards neoliberal hegemony. This transition, unlike the prior “norm-governed” progression of the GATT regime within an “embedded liberal” framework, underwent a “norm-transforming” overhaul with the rise of the WTO, driven by neoliberal social forces and their historic bloc. This transformation was strategically orchestrated by transatlantic corporations (TNCs), central to the neoliberal bloc, by successively rallying the United States, European nations, and significant developing countries throughout the Uruguay Round, thereby recalibrating the regime’s social purpose, normative essence, and generative grammar—redefining trade concepts, norms and principles, and politicizing trade agendas.

The WTO’s current hegemonic crisis, characterized by its difficulty in promoting economic globalization and neoliberal norms amidst the organic crisis since the late 1990s, is vividly reflected in the Doha Round’s stalemate since 2001. I contend that this crisis stems not from a counter-hegemonic state challenge in the realist sense but from intrinsic contradictions within the hegemonic bloc and mounting ideological resistance to its objectives globally, in both the North and South. Counter-hegemonic momentum, fueled by anti-globalization and populist movements, along with emerging economies’ state-driven policies, has diminished transatlantic TNCs’ sway and steered policy orientations towards re-integrating markets under state oversight. Since 2008, the trade regime’s intensifying crisis, driven by calls for broader policy sovereignty and state mediation, has splintered the normative fabric of global trade governance, elevating the significance of regional accords and investment treaties.

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