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THE FUTURE OF THE LIBERAL TRADING ORDER

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Predicting the future is risky business, generally best left to sorcerers and fortune-tellers who can adapt their predictions to the needs of their clients. Some political scientists and economists, however, have not been deterred from such efforts -- particularly those engaged in policy work. Pressed by the needs of their clients, they too appear to be similarly tempted to suitably modify their predictions. To make my own position clear, I would not wish to argue that developing detailed predictions is in itself not a worthwhile activity: as one's scientific understanding of a phenomenon increases, prediction should be at least one of the tests of theoretical adequacy. But whether made by political scientists or economists, this paper argues that many predictions about the future of the trading order simply do not have an adequate theoretical or logical foundation. The central objective of this paper is to outline a framework to analyse the relationship between governance structures and transactions, in an attempt to assess predictive efforts. As a secondary objective, it makes some contingent predictions about the future of the trading order, keeping in mind the quite likely possibility of economic or political shocks that can undermine such predictive efforts.

The paper is divided into three major sections. Part I presents a framework to examine the relevant elements necessary to develop scenarios of the future of the trading order. Based on the framework, Part II examines scenarios of what we might expect in the arenas of governance structures and international transactions. In part III of the paper, I bring some theoretical insights to bear on the elements necessary to account for different scenarios drawing on scholarly work in international relations and allied disciplines. A second task of this part is to examine some scenarios

postulated by analysts as well as to present some contingent predictions of my own.

I. A FRAMEWORK TO ANALYSE THE TRADING ORDER

To systematically examine the future of the trading system, it is useful to first consider the areas about which we need information. The following chart provides a way of considering the relationship among a number of constitutive elements that bear upon the trading order:

FIGURE 1 ABOUT HERE

Before examining the elements of this chart in detail, I first present the general logic of the elements and relationships postulated in figure 1. Beginning with the right hand side, I distinguish between various types of governance structures (meta-regimes, regimes, and national actions) and transactions. For me, meta-regimes represent the principles and norms underlying international arrangements. I use the term "international regimes" to refer only to rules and procedures, which can be examined in terms of their strength, nature, and scope.¹

The third element in this chart is national actions. Unlike the earlier notions of international regimes as being "governing arrangements that affect relationships of interdependence..." (Keohane and Nye, 1977, p. 19), it strikes me as more useful to be more specific. Hence, I define regimes as arrangements that regulate the imposition of unilateral controls and negotiation of bilateral accords.

¹ These distinctions are discussed in Aggarwal 1983, p. 618 and elaborated on in Aggarwal 1985, pp. 16-22. This classification contrasts with the commonly used definition of regimes as "implicit or explicit principles, norms, rules, and decision-making procedures around which actors' expectations converge in a given area of international relations" (Krasner 1983, p. 2). As scholars such as Keohane and Nye and Haggard and Simmons have noted in concurring with these distinctions, confining regimes to more formal interstate agreements avoids the normally fuzzy use of the regime concept (Keohane and Nye 1989, p. 258; Haggard and Simmons 1987, p. 494; and Keohane 1989, p. 17).

These national actions are of course only partially regulated by regimes; questions of compliance need to be investigated separately from formal prescriptions and proscriptions. Lastly, bilateral or unilateral controls regulate the types and levels of transactions that we see in particular issue areas.

The left hand side of figure 1 presents theoretical elements to explain the various parts on the right. The first element on the top left refers to the cognitive approach, which focuses on the supply of consensual knowledge and the political demands from policymakers.² The next element on the left just below the cognitive components are the factors that are likely to influence regime development. Traditionally, the supply side focus has been on the presence of a hegemon -- that is, a single major power in the international system.³ On the demand side, Keohane (1984) has focused on the benefits of regimes in reducing transactions costs, particularly in providing information to participants and lowering the costs associated with negotiating individual accords. From my perspective, while these functions of regimes are important, Keohane's concerns with transaction costs provides too narrow a focus. Regimes might also be desired to bring lower level arrangements into conformity with higher level accords dealing with broader issues ("nesting"), or to control the behaviour of actors, both internationally and domestically, through rule-based systems rather than through the employment of power capabilities (Aggarwal 1983 and 1985). These latter factors, at least to my mind, better account for cooperation "after hegemony" than a simple focus on information diffusion or reducing the costs of sending out negotiators to conclude large numbers of bilateral accords.

² Although not all would agree with this effort to restrict cognitive theory to a focus on the development of meta-regimes rather than on regimes, this approach helps to clarify the apparent conflict between structural and cognitive approaches.

³ More recent work, however, suggests that a collection of states might also serve such a structural purpose (Snidal 1985).

The remaining two components are domestic politics and technology, organisation, and tastes. Domestic politics will potentially undermine or bolster regimes as states decide whether or not to comply with their injunctions. Finally, transactions are not simply affected by governance structures but by the traditional focus of economists on changing technology, organisation, and tastes (among other significant factors) that underlie basic factors influencing the supply and demand for goods and services.

We can now use this framework to understand prospects for the trading order (or other empirical areas, for that matter). Given the complexity, however, of examining each of the elements that affect trade, this paper identifies only a few key scenarios and does not provide a detailed discussion of each. The next section and the first part of section III focus on individual elements in the framework, whereas the second part of section III examines how various scholars have sometimes combined more than one element in their analyses.

II. IDENTIFYING POSSIBLE QUESTIONS ABOUT THE TRADING ORDER

This section uses the framework outlined in section I to examine the types of questions we might ask about the future of the trading order. My focus here is to simply catalog the types of potential changes that we might identify with respect to governance structures and transactions -- rather than on the theoretical arguments that have been brought to bear to explain them (discussed in the third section).

We begin with different views of likely changes in trade transactions (the bottom right side of figure 1). Most basically, we can ask if trade is likely to increase or decrease in the aggregate, say as a proportion of domestic product. In the post-WW II era, this ratio has grown rapidly; some have

suggested, however, that this rapid growth may be coming to an end. A second aspect concerns the geographical patterns of trade. Will trade become regionally based, bilaterally based, or relatively even across different countries? These possibilities have been discussed in the recent literature that attempts to ascertain whether trade blocs have begun to form from a transactional perspective -- without focusing on institutional structures (Frankel 1991). A third issue in this connection concerns the types of goods that will make up trade, namely agricultural, manufactured goods (low or high tech), or services. Here again, a debate continues on the degree to which services will continue to be a dynamic factor in trade growth and the extent to which any of these three sectors might become increasingly domestically oriented. Finally, a key issue that has a variety of political implications concerns the degree to which intra-industry or intra-firm trade might grow as compared to interindustry trade (Ravenhill 1992a).

Moving up to governance structures, we can look first at national actions -- specifically the degree to which bilateral agreements or unilateral restrictions are likely to be the order of the day. Neoclassical trade optimists might argue that such restrictions will be eliminated as increasing recognition of the benefits of free trade permeates decisionmakers' thinking. Other possibilities are a growth in unilateral actions as in the 1930s or an array of bilateral accords among states as pursued by Germany and Japan, also during this period.

Next, with respect to regimes, we can examine likely changes in the strength, nature, and scope of regimes. Beginning at the end, the scope of regimes has become a key issue, both in terms of the likely number of actors who will be participating and the range of issues that will be covered. Some see regimes becoming regionally specific (as with the European Community (EC), North American Free Trade Agreement (NAFTA), and possibly Asia Pacific Economic Cooperation

(APEC), while others envision a strengthened General Agreement on Tariffs and Trade (GATT) as a result of a possibly successful Uruguay Round. A second dimension of scope concerns the types of issues that might be included in these regimes, whether global or regional. The GATT itself has expanded discussion to new issues such as services, investment measures, and so on as well as to new types of non-tariff barriers (albeit with a good deal of controversy). It might also be possible to see regimes integral or connected to the GATT dealing with competition policy or such seemingly disparate issues as environmental regulation.

Turning to regime nature, I defer discussion of this element to my examination of meta-regime changes; the usual dimension on this score, however, is the degree of liberalism promoted by the regime. With respect to strength, one can envision at least four distinct possibilities based on combinations of strong or weak international regimes and strong or weak regional arrangements as potential components of global regimes. Put differently, we can envision a strong GATT and strong EEC type arrangements, a strong GATT and weaker APEC type accords, a weak GATT with strong EEC, NAFTA, and Asian blocs, or a weak GATT and weak regional accords along current APEC lines.

Lastly, with respect to governance structures, we can examine the meta-regime of principles and norms underlying potential trading regimes. These could be the standard idea of a liberal order with few restraints, a relatively interventionist regime that allows trade restraints, or conceptions such as "embedded liberalism" or "open regionalism."⁴ Or, to take the case of a potential meta-regime for

⁴ It is worth noting in this context that the meta-regime deals with more than just the degree to which liberalism is promoted but rather norms as to when restrictions might be possible and the degree to which other organisational forms within a multilateral order might be permissible (say, the development of free trade areas).

an APEC-type regime, we could see how open regionalism as a concept would call for organisational activity that is consistent with basic GATT norms.

III. PREDICTING CHANGES IN GOVERNANCE STRUCTURES AND TRANSACTIONS

We can now consider some limited scenarios for the four components of: (1) cognitive changes; (2) international systemic factors; (3) domestic political changes; and (4) tastes, technology, and organisation. Logically, of course, there is no limit on the potential changes in these four parts, since one can (and cannot!) envision all changes in knowledge, technology, or domestic political organisation. Instead, I focus on existing arguments related to each of these four elements and thus consider a short to medium range scenario in each based on "surprise-free" changes.

A. Factors and Specific Scenarios Identified by Various Paradigms

The cognitive approach to analyse meta-regimes is based on two key factors, the "supply" of consensual knowledge, resulting from agreement among scientific researchers, and the demands placed on policymakers by interest groups (Haas 1980). The interaction of these factors can be seen as providing the meta-regime underlying international regimes. On the supply side, we currently are seeing a world of increasingly competing paradigms. John Ruggie (1983) has referred to the post WW II consensual convergence around the notion of "embedded liberalism" -- whereby states engage in open trade but allow for some intervention in light of their domestic economic and political concerns about dislocations. Ruggie suggests, however, that there is now a danger that this consensus may be breaking down. In trade, what I have termed "liberal protectionism" and what Gilpin (1987) refers to variously as sectoral protection, organised trade, or "benign mercantilism" might provide a

potential mode of reconciling domestic and international demands on policymakers. In the context of the textile regime, however, I have argued that "liberal protectionism" failed to be a stable intermediate point between liberalism and protectionism. If sectoral protection in other sectors efforts similarly does not provide a stopping point between these two extremes, then we may see the development of "illiberal protection" that signals the breakdown in this cognitive consensus.⁵

This notion of embedded liberalism as the underlying principles and norms of the post WW II economic order has not of course been accepted by most neoclassical economists. For them, the slippery slope metaphor has described all deviations from free trade and until recently was the one article of faith held by almost all such economists. With respect to trade liberalisation, the argument has been that if we take one step toward protectionism, we will quickly find ourselves at the bottom of the protectionist pit. These notions are challenged by work suggesting that protectionism does in fact sometimes disappear (Aggarwal, Keohane, and Yoffie 1987) and more fundamentally by the many articles in the GATT regime that permit states to raise tariffs or use quotas under specified conditions (Finlayson and Zacher 1983).

A different strain of work by so-called "new trade theorists" suggests that the optimal outcome for individual state welfare may not be unilateral liberalisation based on the traditional exception of "optimal tariffs." Instead, one may achieve economy of scale and technological advantages through the manipulation of trade.⁶ This work has often been seized upon as justification

⁵ In a 1992 paper, Ruggie argues that explicit negotiation of market shares as in the textile regime is inconsistent with the embedded liberalism compromise and is "illiberal protectionism."

⁶ See the discussion by Ravenhill 1992b of two schools within new trade theory.

for protectionism, although its more orthodox proponents have even suggested that it may strengthen the case for free trade in light of the difficulties in implementing such strategic policies.⁷

Another area of research concerns the potential stability of trading blocs as an alternative to a multilateral order. Much of this work has argued that blocs may not be such a problem for liberal trade, particularly if they do not create a large amount of trade diversion (Lawrence 1991). From a more political perspective, the argument has been that blocs may prove to be a more viable liberalising alternative in the absence of a single global hegemon that is willing to make the necessary sacrifices to provide the public good of an international trade regime (Gilpin 1987).

A different set of challenges to the general consensus on the benefits of trade liberalisation comes from environmentalists. In addition to arguments that have been around for some time on "sustainable development", recent efforts to go beyond the removal of tariff barriers has raised the fear that domestic environmental regulations, which have increased in most countries in recent years, will be attacked by the international trading regime.⁸ The issue of differing environmental regulation has become a particularly controversial issue in the context of the NAFTA negotiations. Environmentalists argue that the U.S. may move to lowest denominator environmental regulation or that American firms will simply use the opportunity to move south of the border to pollute because of Mexico's laxer enforcement of environmental standards.

⁷ See Richardson 1992 for a recent statement about the implication of the "new trade theory."

⁸ This fear has been brought to a head most recently in the U.S. with the ruling by the GATT that the U.S. could not restrict the import of Mexican tuna because it was displeased with the manner in which Mexicans were endangering dolphins through their fishing techniques (Winham 1992).

More briefly, on the demand side, we can envision scenarios where firms and/or workers who have become increasingly "transnationalized." The most common experience, however, has been a case where firms become internationally competitive but labor does not, thus leading to domestic struggles over trade policy.

In sum, although export promotion and trade liberalisation generally have gained adherents, particularly in Latin America, Eastern Europe, and parts of Asia that have previously had relatively closed markets, the cognitive consensus on the benefits of an open trading order, either systemically or for individual states and groups within states, has come under increasing challenge.

We turn next to the second component -- the factors influencing the supply and demand for regimes. With respect to the supply side, rather than focusing on the traditional hegemonic stability perspective that is often unclear as to the level at which we are discussing hegemony, I find it more useful to consider a number of inter-linked or "nested systems." These include the overall security system, the overall economic system, and the trading system. At the overall security level, with the demise of the Soviet Union, many argue that the system is moving to unipolarity. Alternatively, if one focuses on the possession of second-strike nuclear capabilities as the defining characteristic of the system's structure, then at a minimum Russia (and possibly others) would need to be considered as other poles.⁹ From a longer run perspective, one can envision other major power emerging at the security level such as a unified European Community, a resurgent Germany, and or a militarised

⁹ On this score, analysts have not always been clear as to the relevant information that we need to code system structures. For example, Kenneth Waltz 1979, p. 131 points to a large number of factors that we must take into account to measure capabilities but provides no measure or insight into how we might weight the different elements that make up his "measure" of capabilities.

Japan.

At the level of the overall economic system, most scenarios have the EC, Japan, and the U.S. as the three major poles of the system. Although other potential economic powers are sometimes discussed, most analysts tend to focus on these three. A similar structural configuration has generally been considered for the overall trading system, although the U.S. is often seen to be weaker in this regard than in the overall economic system as a whole in light of its persistent trade deficits.

From the perspective of nested systems, the implications of these scenarios are on the whole pessimistic for the trading system. Following the logic of hegemonic stability, the relative decline of the U.S. in the overall economic and trading systems, combined with the declining threat to U.S. allies from the collapsed Soviet Union, implies a strong unwillingness on the part of the U.S. to make sacrifices to maintain a multilateral trading system.

With respect to regime formation on the demand side, a transactions costs argument suggests the possibility of regimes continuing despite hegemonic decline. In terms of a scenario for this element, one could argue that increasing technological complexity and a growing number of state and non-state actors in the world economy reinforce pressures to maintain international regimes. Alternatively, one might suggest that this very complexity mandates a turn to more regional forms of organisation where costs may be more easily managed.

Turning to other factors on the demand dimension, the nesting argument directly applied to institutions could predict at least two scenarios. First, the presence of overall economic institutions and the thick network of interconnected organisations might make actors reluctant to undermine these important institutional connections. From this perspective, the existing international trading regime will likely be preserved because of its connections to the larger institutional context of economic

cooperation among states. A second scenario might be one where increasing trouble in other economic institutions at the more aggregate level (say the OECD), might lead to a lack of willingness to support international institutions in trade.

Finally, on the demand side, we can consider states' interest in using regimes to control each others' behaviour as well as that of their domestic pressure groups. Here, too, one can construct competing scenarios. If we focus on the relative decline in U.S. power, one might argue that the U.S. will attempt to replace its material economic capabilities by attempting to bind its counterparts through a rule-system: put differently, it is better to institutionalise the preferred order now, before further decline sets in. With respect to domestic actors, as interdependence in the world economy increases, and protectionist pressures increase from particular groups, a liberally-oriented state may pursue a strategy of pursuing international agreements to control this pressure. Alternatively, a more interventionist or protectionist-minded state (or a very weak state) might see little use in binding its hands through international accords, thus allowing it to respond to domestic pressure groups with a minimum of domestic political conflict.

Focusing directly on domestic politics, we have already seen how pressure groups may affect the formation of meta-regimes and influence regime choices. Assuming that more states will become democratic, one might argue that interest groups will be able to use their new found freedom to increasingly press for restrictive policies. Following the traditional logic of collective action, although consumers might also be more willing to press the case for fewer restrictions (and lower prices) in such increasingly democratic societies, they tend to be less willing and able to do so than specifically affected industrial sectors.

Lastly, we can consider the variables that directly affect trade transactions. In general, most models hold tastes, technology, and organisation constant for purposes of prediction. But some analysts now point to the importance of the internationalisation of consumer tastes as fostering a more liberal trading system. In terms of organisational changes, the literature on different forms of corporate organisation provides a host of relevant scenarios in this context. These include, among others, global multinationals, regionally based firms, firms that may be nationally based but who source internationally, and those who are global but who "act local." Finally technological changes have been a driving force in the changing patterns of trade that we see.

B. Specific Predictions of the Future of the Trading Order

As we have seen, it is possible to construct a large number of scenarios from the many different components in the framework. We next consider what some specific studies of the trading order predict. We can consider three specific examples of such analysis in an effort to identify the advantages and problems in such work before I present a scenario of my own.

I begin with a neorealist perspective on trade, found in the work of Joseph Grieco (1990), as well as a more general perspective on the international system as found in Kenneth Waltz's (1979) and John Mearsheimer's work (1991). Grieco essentially ignores cognitive factors, and focuses on the structure of the international system. His basic thrust is that any cooperation in trade will be almost completely attentive to relative gains issues. Mearsheimer, too, is sceptical about the role of institutions in constraining international conflict, focusing on the balance of power among states along the lines of Waltz's work to examine the future of European stability. The most central issue for Mearsheimer concerns the security system. His work suggests that the security system is likely to

become both multipolar and unstable. Germany and Japan, as states in an anarchic system, will be driven to develop nuclear weapons. He has little to say about the overall economic system, but presumably analysts in this line of thought would simply point to the constraints of the overall system on the evolution of the economic system. Predictions in trade, therefore, would be along the lines of trading partners who are wary of relative gains that might lead to one major power gaining advantages over another. A world of regional blocs would be quite consistent with this argument, and the possibility of malign mercantilist behaviour would be high.

In this vein, although starting from a different premise, Weber and Zysman (1992) have made a similar prediction about the possible inability of the U.S. to promote a "managed multilateral system." They too suggest a logic of three blocs, but the driving force in their argument has two key elements: (1) the emergence of new technologies which will affect the military balance of power as weapon systems rely increasingly on high technology; and (2) the logic of strategic trade policy combines with the importance of technological spillovers to create a strong incentive for countries to follow aggressive trade policies. This approach basically draws on two of the four components in my framework -- the elements driving meta-regime changes and those affecting transactions directly. Moreover, it also postulates an important feedback between economic transactions and changes in the international security system. This perspective contrasts with the Mearsheimer/Grieco vein of work that conceives of the international system as relatively static and ignores the structure of the international economic system. At the same time, the Weber and Zysman give short-shrift to institutions and reject the quite likely possibility that firms may organise transnationally, thus retarding the formation of blocs around nationally or regionally-based industries. Moreover, although their work discusses the importance of institutions in passing, these organisations themselves have

little constraining value in shaping the trajectory of the international economy in their analysis.

A neoliberal institutionalist perspective suggests that the GATT as an institution may continue to serve important functions for actors. Some within this school go so far as to suggest that Germany will forego a nuclear strategy based in part on institutional constraints that they face in the international system (Hoffman 1991, p. 192). Moreover, in terms of institutional preservation, this approach would argue for the continuation of international institutions because of the important functions that they serve for national actors. In short, this perspective would be more optimistic about the continuation of a multilateral trading order but could also be consistent with regional blocs.

A cognitive approach would quite consistent with the emergence of different types of institutional and trading arrangements. But since the model is driven by new political demands and cognitive consensus, yet lacks a theory as to which consensus will emerge, the approach proves indeterminate in predicting specific trading outcomes.

In sum, different scholars have attempted to examine the future of trade (or, at least we can project how they might do so in light of their theoretical foci). As I have suggested, a more integrated approach that considers and weights components at different levels to forecast the likely evolution of governance structures and transactions is needed. Owing to space constraints, and the still early stage of my integrative research endeavor, I cannot provide a detailed theoretical and empirically based scenario of my own. Instead, the following discussion should be seen as suggestive and a direction in which we might wish to move in constructing more adequate scenarios of the trading order.

With these caveats in mind, I briefly turn to the most likely scenario for the trading system from my perspective, based on the elements of the framework I have been discussing. With respect to cognitive considerations, it is noteworthy that although a cognitive consensus about the failures of

communist strategies of development has taken hold among almost all developed and developing countries, the same cannot be said for the benefits of unrestricted trade. Thus, I would expect to see increasing conflict about the underlying principles and norms of the GATT and growing efforts by scholarly communities to press the often competing cases for unfettered trade, industrial policies, and pressure to expand discussion of trade issue area to include environmental considerations. The result of this declining consensus about GATT norms will facilitate the emergence of alternative trading arrangements, although I expect the GATT to continue in a weakened state.

Tying this lack of a cognitive consensus to the absence of U.S. hegemony, the result should be a series of bloc-type arrangements in Europe, Asia, and North America--but with each one claiming to be GATT-consistent. I expect the benefits of institutions from a transactions costs perspective, as well as U.S. and Japanese interests in binding each other to institutional arrangements, to lead to a continued effort to reinforce the GATT. But realistically speaking, in light of changing nested systems (in particular, the absence of a strategic threat), I would expect the development of trading blocs to continue apace. In terms of regime strength, then, I would expect both a weak GATT and weak blocs. Moreover, I would expect market sharing arrangements to be continuously negotiated between blocs. However, unlike others, I do not expect the EC to become highly protectionist nor for the U.S. and Japanese to develop strong blocs under their tutelage. In addition, I do not think that environmental factors will make their way into the GATT regime, but will instead be handled on a regional basis and through institutional arrangements at this level.

Turning to the last two components in the framework, domestic politics and economic factors, I expect that increasingly democratisation will be the order of the day, associated with rising protectionist pressures from displaced workers and uncompetitive firms. It is this factor, in particular,

that will drive interest groups to play upon the cognitive dissensus to secure policies that immediately benefit them. My guarded optimism about the future of the trading order stems from changes in technology and organisation, as well as from a continuing evolution in the internationalisation of tastes. I think that the pressure to resist blocs will come from the continuing internationalisation of corporations across regions and the quick spread of technological innovation. As a result, I suspect efforts to form tight blocs will be strongly resisted by both consumers and corporations.¹⁰ With respect to corporate internationalisation, I suspect that the U.S. is likely to succeed in pressuring Japan to increase access for foreign investors, thus preventing the types of malign bloc scenarios that Weber and Zysman point to as a strong possibility.

IV. CONCLUSION

In light of significant changes in the international system over the last few years, analysts have increasingly grappled with the question of what the future might bring, both in the security and economic arenas. From my perspective, however, much of this speculation about the future is atheoretical, and has been based on consideration of a narrow range of factors from which extrapolations have been made.

This paper has suggested that at least in the area of trade, it is helpful to begin with a more coherent integrated approach to consider the future of the trading order. As argued in section II, drawing upon a framework presented in the first section, a number of scenarios can be developed

¹⁰ Although democratisation will help consumers in partially countering interest group pressure for protection, as I have noted, because of collective action problems, they will be less powerful than adversely affected producer groups.

with respect to the likely evolution of governance structures and international transactions. Moreover, as I have suggested in the third section, these scenarios can be tied to various theoretical components dealing with cognitive structures, systemic perspectives, domestic politics, and economic factors in a systematic manner. Section III also considered how some authors from different analytical perspectives have examined or might potentially predict the future of the trading order. Finally, the section presented an illustrative first step of how one might construct a scenario based on a more systematic integration of variables at different levels. As a preliminary prediction, I suggested that a weak multilateral institutional system with weak and relatively open blocs within this structure seems likely.

As I have suggested, by and large, existing studies of the future of the trading order do not carefully consider the dynamics of interaction among the variables I have pointed to, thus diminishing the utility of their predictions. I hope that this framework can help in providing a basis for developing more detailed predictions of the future of the trading order by pointing to the key variables that influence outcomes. At a minimum, it should provide a "do it yourself scenario kit" for would-be fortune tellers.

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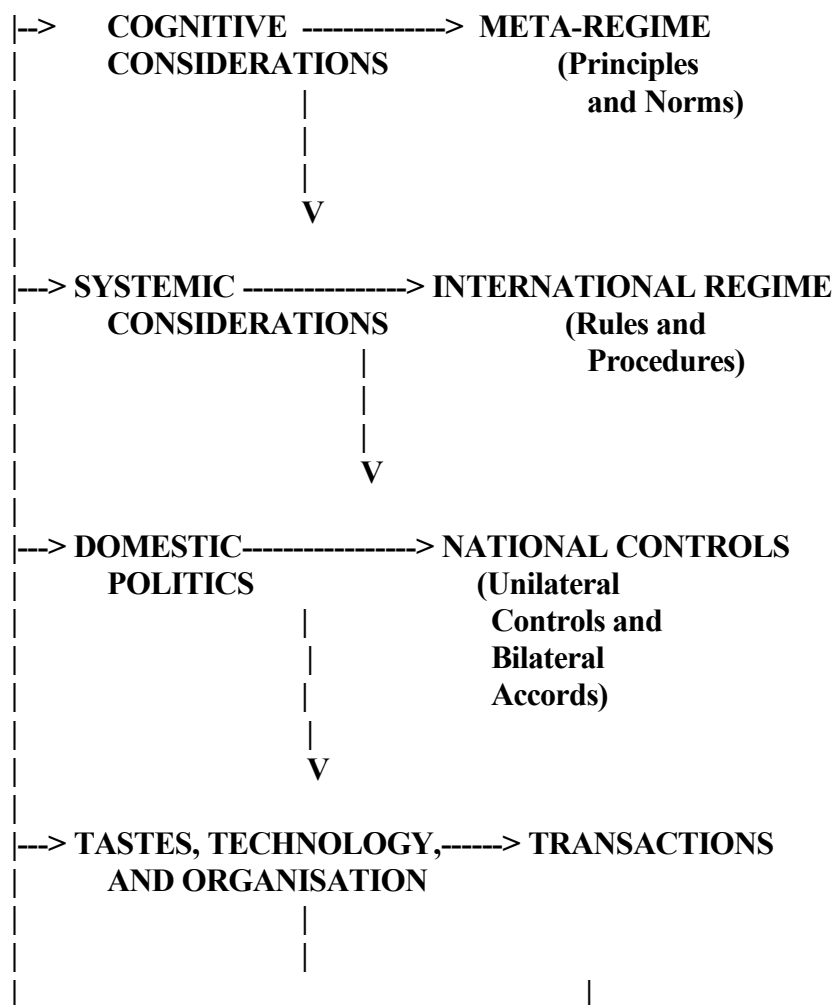
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FIGURE 1: A FRAMEWORK TO ANALYSE THE TRADING ORDER



Source: Aggarwal 1985, p. 20.