

Introduction: A New Global Economic Order?

The concept of global governance first gained prominence in academic and policy debates in the 1990s. Unprecedented levels of global interdependence after the Cold War ushered in a new era of multilateral collaboration under the leadership of the United States (US). From the outset, global governance served as both an analytical framework and a political programme, seen by many as ‘a way of organizing international politics in a more inclusive and consensual manner’.¹ Liberalism provided a powerful normative framework for the post-Cold War world order, prompting Fukuyama to declare the ‘end of history’.² Today, the liberal international order is widely seen as in crisis. In light of growing multipolarity, diverging interests and staggering levels of global inequality, old and new lines of contestation have (re) emerged. With intergovernmental organisations gridlocked across policy domains, public trust in these institutions is eroding and global governance is increasingly perceived as an elite project that benefits the few, not the many.³ Populist leaders around the world have seized on these concerns, most notably US President Donald Trump, who has repeatedly questioned the value of multilateral organisations and likened global governance to ‘control and domination’.⁴

Global power structures are also in flux. Even before Trump’s ascent to power and the shift towards ‘America First’, US global leadership was waning as a consequence of deep structural changes in the global economy.⁵ Indeed, global economic governance has undergone profound reform in recent years, with the aftershocks of the 2008 global financial crash still reverberating through major international organisations and far beyond. Observers are scrambling to understand the contours of both the familiar and the novel in an unsettled global economic order, placing particular attention on the changing balance of power between advanced and emerging economies, as well as public and private sources of authority.⁶ Signs of global economic disorder are particularly visible in the faltering architecture of economic governance, with the multilateral trade regime rendered inoperative by contestation, and efforts to hold accountable global private market actors and the social forces of unfettered globalisation falling short.⁷

Against a backdrop of US retreat from its role as hegemonic stabiliser, the European Union (EU) –the world’s most advanced experiment in governance beyond the nation-state– is grappling with a number of internal challenges that may weaken support for the European project as a whole. Nevertheless, the European Commission is actively manoeuvring to respond to a new global economic governance landscape. A recent think piece by the European Commission’s Director- General for Economic and Financial Affairs calls upon the EU to shift focus away from “winning the war” –i.e. responding to the 2008 crisis– to “winning the peace” –i.e. overcoming the legacy of the crisis and creating conditions for strong, sustainable, balanced and more inclusive growth’.⁸ However, reflective of growing geopolitical turbulence, Europe has also dramatically sharpened its political stance on China’s trade practices. The careful formulation of China as a ‘strategic partner’ in the 2016 EU strategy on China has been replaced

1 Barnett and Duvall (2004), p. 5.

2 Fukuyama (1989).

3 Hale, Held and Young (2013); Kahler (2018); Zürn (2018).

4 Trump (2018).

5 Acharya (2014).

6 Drezner (2019).

7 Shaffer (2018); Mattli (2019).

8 Buti (2017).

in its 2019 EU-China strategic outlook by the much more forceful designation of ‘economic competitor’ and ‘systemic rival’.⁹

For its part, China increasingly appears to view US retreat as an opportunity to assert its role in global economic governance. Observers have identified the 2008 crisis as a notable inflection point for Chinese ambitions for economic statecraft as a key plank of its foreign policy.¹⁰ Strategically, China under the leadership of President Xi Jinping has privileged participation in the informal intergovernmental mechanisms of the G20 over engagement with key Western- dominated organisations, such as the International Monetary Fund (IMF), the World Trade Organization (WTO) and the World Bank. This likely reflects longstanding Chinese discontent over the terms of its membership within the WTO in particular, as well as a preference for the more representative and open institutional design of the G20.¹¹ On the plus side, the rise of China and other emerging markets has significantly broadened participation in global economic governance, but it has also made cooperation more difficult. Despite reassurances from Chinese officials that Western powers have ‘nothing to worry about, as China has been a big beneficiary of the current system and global governance architecture’¹², for many observers, recent events are reconfiguring ‘the global as a realm of disputes and confrontation, rather than one driven primarily by interest alignment within multilateral state forums’.¹³

While the great powers retain primacy in economic diplomacy, power and authority in global economic governance is clearly no longer the preserve of states. A growing number of market actors are now involved in global economic policy-making and delivery. This phenomenon is particularly prominent in the field of ‘megaregulation’, augured in by the defunct Trans-Pacific Partnership (TPP) and finally realised in the Japan-led Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), among other ambitious interstate and transregional economic ordering schemes.¹⁴ Such megaregulatory economic projects have also mobilised significant civil society opposition amidst allegations of corporate capture and elite governance. To understand the internal dynamics of global economic governance, it is not only necessary to incorporate non-state actors, but also to ‘disaggregate’ the state, with different domestic agencies participating quasi-independently in the politics of negotiating and implementing globally defined economic goals.¹⁵ This has opened up space for new forms of collaboration between heterogeneous actors –organising governance in less formal, less legalised, more ‘networked’ ways– but it has also revealed new areas of contestation as authority becomes more diffused and it is increasingly difficult to say who exercises economic power, how and over whom.

Rapid change is a hallmark of global economic governance. Global governance scholars have an important role to play in stepping back from the dizzying speed of real world developments to try and take stock of the situation at hand. At a time when the major economic organisations are beset by geopolitics and economic nationalism, close scrutiny of major structural dynamics is important if we are to begin to decipher clues as to global economic governance futures. This paper offers some modest reflections in this direction, focusing in particular on the interrelationships of two of the major players in global economic governance: China and the EU. It builds upon the discussions of a workshop, hosted jointly by University College London (UCL)’s Global Governance Institute, UCL Laws and CEU San Pablo University Madrid on 22 March 2019. Funded by a Jean Monnet Network grant, it brought together a multidisciplinary group of scholars from the EU and China to discuss global economic governance and regulation across issue areas spanning trade facilitation, investment, competition, tax and environmental concerns.

The study of China-EU economic governance offers a valuable sightline onto areas of innovation for a new generation of global governance scholarship. In particular, by framing key organisations and initiatives as

9 European Commission (2016); European Commission (2019a).

10 Wong (2019).

11 He (2016).

12 Yafei (2018).

13 Coen and Pegram (2015), p. 419.

14 Kingsbury et al. (2019).

15 Slaughter (2004).

sites of intervention and contestation, scholars can shed light on the endogenous causes of conflicts and struggles as functions of international organisations themselves, as opposed to ‘seeing global politics as an epiphenomenon of struggles between independent units’.¹⁶ We evidence this through showcasing two key domains of China-EU economic relations:

(1) China and the EU in the WTO and (2) the Belt and Road Initiative and Chinese foreign direct investments (FDI) in Europe. Puncturing the cooperation bias which permeated much first generation global governance scholarship is an important first step to arriving at an appreciation of the *politics* of ‘making’ global governance and the distributive struggles involved, jettisoning linear accounts of changing global power dynamics. It also invites observers to take seriously conflict over norms, values, ideas and identities – issues that global governance scholars have too often shied away from. Finally, such an effort can shed light on some of the practical challenges of global policy-making and delivery in the 21st century and the pressing question of ‘what works?’

COMING INTO VIEW: A THIRD GENERATION OF GLOBAL GOVERNANCE SCHOLARSHIP

If global governance research is to make sense of the full complexities of global public policy making and implementation, it must advance debate across disciplinary, theoretical and issue-specific silos. Against this background, Coen and Pegram have called for a ‘third generation of global governance scholarship’.¹⁷ Whereas a first generation of global governance researchers, grounded primarily in the liberal institutionalist tradition of international relations (IR) theory, has focused almost exclusively on interstate cooperation through formal multilateral structures, a second generation of scholars, spanning IR, public policy, international law and other disciplines, has investigated the emergence of new actors, institutions and mechanisms in a rapidly changing, increasingly complex global governance landscape. An emergent third generation of global governance research has much to gain from accelerating a convergence across this pluralist body of research to develop a more comprehensive understanding of what is causing blockage in global governance and, crucially, to devise ‘coherent and realistic solutions to global public policy challenges’.¹⁸

Arguably, one of the most pressing tasks for this new generation of researchers is to move decisively beyond the understanding of global governance as a consensual problem-solving exercise and think more seriously about the sources, dynamics and effects of contestation. Importantly, explanations must go beyond simplistic juxtapositions of ‘global vs. national interests’ or ‘status quo vs. revisionist states’, focusing instead on the complex power dynamics that are embedded in thick interdependencies. As Zürn has argued ‘world politics is now embedded in a normative and institutional structure that contains hierarchies and power inequalities’.¹⁹ This has produced distributional struggles –raising questions of ‘who gets what, when, how’²⁰ – but also normative conflict over legitimacy, accountability and the thorny issue of how we arrive at transnational conceptions of the ‘public good’ and ‘good governance’. In this endeavour, it is also important to not lose sight of world history. If scholars wish to understand the underlying causes of contestation within the global system, it will be imperative to describe and explain systematically how power dynamics have changed over time, and within specific historical contexts.²¹

16 Zürn (2018), p. 263.

17 Coen and Pegram (2015; 2018).

18 Coen and Pegram (2018), p. 109.

19 Zürn (2018), p. 1.

20 Lasswell (1958).

21 Murphy (1994).