Parallel Orders? Emerging Powers, Western Discontent, and the Future of Global Economic Governance

Stefan A. Schirm

1 Domestic and International Challenges for Global Economic Governance

The future of global economic governance will probably be determined less by the Western countries and their traditional political and economic elites than the past and present. This assessment rests predominantly on the analysis of two recent developments, specifically on the rise of two groups of actors whose goals differ from the aims of the former drivers of global economic governance (GEG): emerging powers and anti-establishment voters in the USA and Europe.

On the one hand, emerging powers such as Brazil, Russia, India and especially China (the BRICS) considerably gained economic clout as well as political influence in the last two decades. The *economic* dimension of this rise includes an impressive growth of Gross Domestic Product (GDP), per capita incomes, industrial base and share in world trade. The big emerging economies' GDP is supposed to surpass established industrialised countries' GDP in the near future. The *political* dimension of the rise of emerging powers can be seen in their increasing demands for more influence in traditional International Organisations (IOs) such as the United Nations

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S. A. Schirm (✉)
Ruhr University Bochum, Bochum, Germany
e-mail: stefan.schirm@ruhr-uni-bochum.de

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(especially in the UN Security Council), the World Bank and the International Monetary Fund (IMF). In addition, the BRICS countries (meanwhile also including South Africa) created several new IOs which follow the BRICS' priorities and are not controlled by the Western countries. The most important BRICS' IOs include the Asian Infrastructure and Investment Bank (AIIB), the New Development Bank (NDB) and the Shanghai Cooperation Organisation (SCO). Thus, the emerging powers most probably will co-determine the future of global economic governance inside the established IOs *and* in parallel through the new IOs created by them as well as in the G20 which includes both established and emerging countries. The rise of emerging powers implies that the domestic interest groups, the national institutions as well as the value-based ideas of emerging powers' societies which shape governmental preferences (Schirm 2013) will have a stronger influence on GEG than in past decades.

On the other hand, the future of global economic governance will probably also be influenced more than before by the domestic politics of Western countries as well, since most of the North American and West European countries show a considerable discontent among voters regarding the current international economic order. The electoral success of the Brexit campaign to leave the European Union (EU) and the election of Donald Trump to President of the USA are the most visible symptoms of a growing dissatisfaction among Western voters with the established elites and with the national and international distribution of power and wealth. Brexit, Trump and the anti-establishment movements in Italy (Lega, Cinque Stelle), France (Giletes Jaunes), Greece (Syriza), Germany (AfD) as well as in many other Western countries express scepticism regarding established elites and demand more national autonomy vis-à-vis IOs such as the EU, the IMF and the UN as well as more political influence and a reallocation of economic resources in their favour. This implies that the traditional political and economic elites, big business and well as established NGOs are challenged in their predominance over global economic governance by new actors in the domestic politics of Western countries whose clout is stemming from persistent societal discontent.

Thus, both the rise of emerging powers and the rise of anti-establishment movements in Western countries seem to change international politics in a similar direction, since both aim at more national autonomy and at increasing their respective share of political power and economic wealth following domestic concerns. This argument will be explored and evidenced in this chapter. First, the rise of emerging powers and Western anti-establishment movements will be examined shortly regarding their foundations and characteristics. Second, the aims of both novel features of international politics will be assessed regarding their similarities and their impact on global economic governance. Third, the conclusion will discuss possibilities for improving the legitimacy and adequacy of global economic governance through a better inclusion of the demands from domestic politics and emerging powers in reformed IOs and in an enhanced role of the G20.

2 How Emerging Powers Change Global Economic Governance

Emerging powers can be defined as countries whose economic resources increased considerably and as countries aspiring for more self-determination and influence in their regions and in global politics (Armijo and Roberts 2014; Brawley 2007; Destradi 2010; Kahler 2014; Schirm 2010). China, India and Brazil are the most important emerging powers since they have strongly expanded their economies, their share in world trade and their industrial output in the last two decades. They also succeeded in lifting a large part of their populations from poverty to national middle class income levels. Russia's economic re-emergence since 2000 made it join the original BRIC group of emerging powers, a term coined by two Goldman Sachs economists pointing at these four countries' predicted ability to surpass Western countries' GDP in the decades to follow. Besides these big emerging powers, several countries qualify as middle-sized emerging countries such as Turkey, Mexico, Indonesia, South Korea and Malaysia. Established industrialised countries partly also acted as emerging powers regarding their aspirations for a greater role in world politics. Germany's and Japan's (ultimately failed) diplomatic campaign together with Brazil and India for a permanent seat in the UN Security Council is one of the most prominent examples of established Western countries pursuing an anti-status quo strategy regarding their place in the international order (Schirm 2010). This chapter, however, will focus on the non-Western emerging powers. The term 'West' is used for the 'G7 plus' countries of Western Europe, North America and Japan. Supposedly 'Western' values and policies such as democracy and multilateralism are also pursued in many other countries which are commonly not considered 'Western' such as Brazil and India.

The BRIC countries became the most influential and respected group of emerging powers. A decade ago, the leaders of the four countries started meeting on a regular basis. The activities of BRICS in the last 10 years qualify the group as one of the two most influential novel institutionalised regimes in world politics in the twenty-first century—the other is the G20 (see below). The BRICS' increasing autonomy can be seen in many political positions which considerably diverge from Western, US-led policies such as

- Criticising the Western regime change intervention in Libya 2011 as contrary to national sovereignty and to the UNSC resolution
- Abstaining from supporting Western criticism of Russia's annexation of the Crimea
- Opposing Western sanctions against Iran
- Criticising Western reluctance to substantially increase emerging powers' voting shares in the IMF and the World Bank
- Rejecting Western 'intrusion' in the domestic politics of other countries through good governance and universalist standards.

In addition to these exemplary policy positions, the BRICS also proved autonomy regarding the institutional dimension of world politics. South Africa was admitted to the now BRICS group in order to include Africa, and leaders' summits were complemented by regular consultations on the ministerial level (such as finance).

In addition, several new international organisations were founded such as the Contingent Reserve Arrangement (CRA) and the New Development Bank (NDB) which are supposed to complement and partly substitute the IMF and the World Bank. Both new organisations are dominated by the BRICS and not by Western countries. Furthermore, some of the BRICS joined in founding and steering regional organisations such as the Asian Investment and Infrastructure Bank (AIIB), the Shanghai Cooperation Organisation (SCO), the India–Brazil–South Africa alliance (IBSA), etc. The BRICS' diverging policy positions and their newly created institutions increasingly constitute a 'parallel order' to the traditional international order dominated by Western countries and elites (Stuenkel 2016: 120–180).

In addition to these divergences from Western policies and institutions, the BRICS refuse Western style market liberalisation and especially resent financial market liberalisation pointing at liberalised financial markets as having decisively caused both the global financial crisis 2008 and economic inequality within Western countries. Indeed, the global financial crisis did not affect the highly regulated BRICS' financial markets directly and only had temporary negative repercussions on the BRICS through losses in exports to crisis-ridden Western countries. Research has shown that the BRICS economic systems show variation from more to less free market and qualify as 'state permeated', 'patrimonial' or 'corporatist' economies as opposed to Western 'liberal' or 'coordinated market economies' (Hall and Soskice 2001; Nölke et al. 2015; Vasileva-Dienes and Schmidt 2018).

These differences vis-á-vis Western IOs, policies and economic systems, however, should not be overstated since emerging powers show ambiguities in their international economic relations and their domestic economic policies. While striving for national autonomy and increased influence, they integrated into the established system in order to benefit from its advantages. All BRICS used the Bretton Woods institutions such as the WTO, the IMF and the World Bank in order to increase their exports to Western countries, attract foreign direct investment (FDI) and to obtain loans from Western banks. Thus, the BRICS demand autonomy and criticise Western dominance on the one hand and perform as responsible stakeholders in the World Trade Organisation (WTO), the G20 and the IMF, etc. on the other hand.

Emerging powers differ considerably regarding their domestic political and economic systems and regarding their international relations. For instance, China qualifies politically as an authoritarian system with strong governmental (party) control of the economy. Brazil, in comparison, is a democracy with courts and media being rather independent from the government. Traditionally, Brazilian governments are economically interventionist but do not systematically control the economy. In international trade negotiations, Brazil prioritises a liberalisation of trade in agriculture due to its competitive agricultural sector, while China prioritises a liberalisation of trade in manufactured goods and India is cautious regarding both agriculture and industry due to its rather weak competitiveness in both sectors and instead shows more openness than the other two emerging powers vis-à-vis a liberalisation in services.

Internationally, emerging powers were not conceded permanent seats in the UNSC (in the case of India and Brazil), nor were they empowered to the degree desired in the IMF and the World Bank. They were, however, included as equals in the major novelty in global economic governance in the new millennium, the G20. The Group of the 20 largest economies is the first and only international body to include established as well as emerging powers whose leaders meet annually since 2008 (Kirton 2013; Luckhurst 2012). The G20 is not a formal international organisation, but rather an institutionalised regime, which considers itself as the 'the premier forum for its members international economic cooperation and decision-making' (G20 2011). The G20 managed to agree on a modest redistribution of voting rights in the IMF (still unsatisfactory for the BRICS), to prevent major protectionist measures after the eruption of the global financial crisis in 2008 and to monitor global trade imbalances. On most issues, emerging and established powers did not align among their own peer group (G7 vs. BRICS), but rather followed domestic material interests and value-based ideas in aligning with those countries which shared their preferences (Schirm 2013). For instance, the major export countries China and Germany followed their domestic export lobbies in rejecting the demands for a cap on exports raised, among others, by the USA which in turn followed domestic sectors threatened by imports. Thus, the G20 seems to constitute a model for future global economic governance in several respects: First, it integrates established and emerging powers in intergovernmental cooperation; second, the agenda is not only dominated by Western interpretations; and third, both emerging and Western powers perform as responsible stakeholders following domestic political influences.

The current challenge to the established modes of global economic governance is not that emerging powers will leave the system altogether. The danger to the *established* system is that emerging powers increasingly become politically distant from it, create alternative organisations and grow economically independent from that system. Thus, the challenge is to avoid a split which obstructs common positions possibly needed for global governance (of trade, security, terrorism, poverty, health, environment, etc.). The rise of trade among emerging countries and between emerging countries and developing countries, the rise of international trade conducted in BRICS currencies (especially in Renminbi) or as barter trade are expected to continue. The same holds true regarding the BRICS' policy positions' divergence from those Western positions which are driven by Western domestic sectoral interests and societal groups demanding specific interpretations of free market and universal rules often without acknowledging the possible legitimacy of alternative interpretations of political and economic models brought forward by emerging powers and equally based on (their) domestic politics (Etzioni 2017).

3 How Western Countries' Domestic Politics Influence Global Economic Governance

The second challenge to current global economic governance derives from domestic political developments in those Western industrialised countries which initiated and steered the process of globalisation in the last decades. It was foremost the USA, Canada, the UK and other Western European countries as well as Japan which decided to liberalise their own economies and to promote the cross-border liberalisation of trade in goods and services, of capital and (in parts) labour. This liberalisation was supported, governed and legally anchored by international economic treaties and by the organisations of the Bretton Woods System such as the WTO (formerly GATT) and the IMF, which were (and still are) largely dominated by the Western countries. The aim of economic liberalisation was to stimulate growth by enhancing the efficient allocation of resources through competition, specialisation and economies of scale. This aim was widely achieved and world GDP considerably grew in the core decades of globalisation since the 1970s. World trade increased faster than world GDP, cross-border liberalisation was the key driver of the growth of world GDP. For the last decades, more than two-thirds of world trade, capital flows and investment occur in and among the group of established and emerging economies indicating that these countries were the main beneficiaries of globalisation.

Therefore, it seems puzzling why economic liberalisation and the established international economic order are increasingly opposed in Western countries. The answer to this question leads directly to the domestic politics and economy of these countries and to the core question of International Political Economy (IPE) on the *distribution* of gains. In order to understand Western discontent, the analysis has to reach beyond the simplifying notion of 'countries' and 'states' and examine the distribution of the gains of globalisation among different actors and groups *within* the countries at stake. Regarding actorness, government politicians play a central role because they ultimately decide on international treaties which have distributional effects internationally and nationally. Government politicians in democratic political systems are responsive to the demands of powerful domestic groups due to their interest to remain in office (Moravcsik 1997). While voters' value-based ideas and material interests might shape governmental preferences in a more general way, ideas and interests of well organised, articulate and funded lobby groups influence governmental politicians in a specifically targeted way in promoting special interests (Schirm 2013). Helen Milner writes on domestic actors' economic interests: '(...) cooperation among nations is affected less by fears of other countries' relative gains or cheating than it is by the domestic distributional consequences of cooperative endeavours. Cooperative agreements create winners and losers domestically; therefore they generate supporters and opponents' (Milner 1997: 9). Hence, the analysis of the IPE and of global economic governance has to examine the domestic material, institutional and ideational foundations of governmental preferences with domestic politics theories such as the Societal Approach (Schirm 2016, 2018, 2019a).

In sum, globalisation and global economic governance have distributional effects domestically and offer a wide field for activities of well-organised lobby groups. These lobby groups have increasingly captured the benefits of globalisation in industrialised countries, while the governments have not substantially compensated those parts of the electorate which lost or did not benefit much from globalisation. Hence, the process of economic liberalisation did contribute to increasing GDP and incomes *on average*, but the gains were distributed in a very unequal way. While the financial sector, the consulting and media business, transnational corporations and foundations massively profited from liberalised financial markets and trade, many blue-collar workers and the public service as well as large parts of the middle class did either suffer a loss, not reap any benefits or only participate only in a modest way. This picture is especially accentuated in the USA (Bremmer 2018: 27), but even in the social market economy of Germany with its large welfare transfer system, the household income (purchase power) of the bottom 30% did not increase since 1991 (Bofinger 2016). At the same time, Germany's export industry has reached record levels of profits and export volume—often with the help of governmental politicians who promote the companies' interests in state visits, international negotiations and shield manufacturers from cost-inflicting technical and environmental standards. On the other side of the Atlantic, US car manufacturing workers often lost their jobs as a result of (a) the transfer of automotive production to cheaper production sites in countries such as Mexico, of (b) competition from East Asia, and of (c) automation which became necessary due to tougher international competition. US consumers in general benefitted from cheaper car prices and the owners of successful car manufacturers profited from cheaper production and higher sales.

Unequal gains from open borders for finance and trade were exacerbated by the global financial crisis which erupted in 2008. Financial industry institutions such as Goldman Sachs, American International Group, Royal Bank of Scotland, Hypo Real Estate (Deutsche Bank) and Commerzbank were rescued by national governments; that is, by the tax payer in the form of financial aid or guarantees with the argument, these financial institutions would be 'systemically relevant' for the stability of the international economy. Thus, private financial companies which had paid their owners and executives huge compensations convinced the governments to infuse large amounts of public money to keep them in business and dramatically reduce their losses. The basic rules of the market economy were eliminated in a scheme which allowed profits to stay private while potential and actual losses were socialised. The management of the Eurozone crisis showed similarities since the rescue packages to countries with severe solvency problems such as Greece primarily bailed-out the private US, British, French and German banks which were heavily exposed in the crisis countries and would have had to write off loans without the help of tax payer funded financial transfers (and guarantees) to the Greek, Spanish, Portuguese governments, etc. Again, private financial institutions which had profited from lending money were now shielded from losses through governmental intervention.

This huge success of the banking lobby can be attributed to the very close relationship between political decision makers and the financial industry, a phenomenon coined as 'Wall Street–US Treasury Complex' and 'the revolving door between Wall Street and US government'. This tight link is also apparent in other Western countries such as Germany whose Christian-Democratic chancellor Merkel chose the then CEO of Deutsche Bank, Josef Ackermann, as her chief advisor in the global financial crisis and whose current Social-Democratic finance minister Scholz chose the Co-President of Goldman Sachs Germany as his deputy in charge of financial market regulation. Higgott (2018: 5) concludes on the (mal-) functioning of financial markets and the relationship between government/elite ('states') and society: 'Dysfunctional markets under conditions of an asymmetrical reward system continue to exacerbate dysfunctional relations between states and markets that have for some time now been eroding the social bond between states and their societies'.

In sum, open borders for finance and trade led to an unequal distribution of political influence and economic wealth. Anti-establishment movements have typically addressed these distributional issues as core elements of their electoral campaigns (Fukuyama 2018; King 2017: 100–115; Streeck 2018). For instance, Donald Trump argued that the liberalisation of trade has led to a loss of jobs in traditional US industries and that globalisation has benefitted countries such as China, Mexico and Germany while hurting US workers. The Brexit campaign insinuated that the membership in the EU would have brought more damage than benefits to the UK in form of job losses, financial transfers to Brussels and a surge in migration to the UK. The Alternative for Germany (AfD) first focused on the costs of saving the financial industry and crisis-ridden countries for the German taxpayer in the Eurocrisis and turned to oppose unlimited migration after Chancellor Merkel opened German borders for migrants and refugees in 2015. The left-wing anti-establishment parties of Syriza (Greece), Cinque Stelle (Italy) and Podemos (Spain) criticise national elites for an unequal distribution of wealth and emphasise national self-determination regarding foreign conditions for financial aid imposed by the IMF and the Euro-Group as core issues. The new left- and right-wing movements share an anti-globalist and anti-establishment orientation in arguing that the national political establishments and international organisations have privileged elite interests, especially transnational financial and corporate interests to the detriment of large parts of the population. In addition, right-wing and some left-wing movements (Cinque Stelle, Aufstehen) also share the opposition to unrestricted migration fearing a loss of cultural community, new distributional conflicts, and a reduction of public resources to be spent on national citizens (Gardels 2017; Bröning 2018).

4 How Will the Challenges Alter Global Economic Governance?

The rise of emerging powers will probably shape the future of global economic governance by two trends. First, in addition to the persistence of traditional institutions of globalisation (such as the IMF, the UN and the WTO), recent formal and informal institutions (such as the G20 and the BRICS' organisations) may gain power. The latter are characterised by national self-determination and seek global governance as issue-related inter-governmental cooperation rather than as the implementation of universal rules by international organisations and transnational experts. According to Amitai Etzioni, such a 'nation-centred system' is 'based on nation-states, high respect for their sovereignty, and agreements among nations rather than liberal concepts of individual rights, liberalising regime change, and global governance' (Etzioni 2017: 1, 2018).

Second, as a consequence of a stronger role of nation-states, future global economic governance will possibly be less determined by material interests and values of transnational elites, but rather more by the interests and ideas dominant in the domestic politics of the member states of international cooperative agreements because of governments' accountability towards their citizens. Clearly, national elites can also capture the political process to the detriment of large parts of the population as is evident regarding the unequal distribution of wealth in China and regarding the private profits and socialised losses of the financial industry in Western countries. A stronger role of the democratic nation-state in international negotiations, however, structurally enhances the accountability of governments vis-a-vis their societies. In other words, the weaker non-accountable transnational networks and international organisations become in steering global governance, the stronger the role of the 'two-level game' (Putnam 1988), which national governments have to play in order to reach a 'win-set' which attracts both domestic and international support.

How will Western domestic discontent shape the future of global economic governance? Anti-establishment movements in Western countries differ considerably regarding their localisation on the right or left sides of the political spectrum, regarding the role of the government in steering the economy, regarding welfare state provisions, health policy, migration, etc. They do, however, by and large share the criticism of the perceived unjust distribution of power and wealth in their countries, the opposition towards liberalising globalisation and the mistrust towards national as well as transnational elites. The common ground of left and right anti-establishment movements became apparent in Greece where the socialist Syriza governs with a right-wing party and 2018 in Italy where the leftist Cinque Stelle formed a coalition government with the right-wing Lega party. In the USA, while differing very much on many issues, both Donald Trump and Bernie Sanders shared the criticism of free trade and globalisation as having hurt American workers and as having contributed to a very unequal distribution of wealth (King 2017: 109; Bremmer 2018: 18).

Thus, besides the programmatic differences between the anti-establishment movements, their common ground is considerable and leads to clear trends for global economic governance, since they aim at increasing national self-determination through a reduction of the international commitments. Strengthening national autonomy ('take back control') was one of the most important motivations for Brexit voters in the UK to favour leaving the European Union and is frequently found in President Trump's arguments for leaving international commitments such as the Trans Pacific Partnership (TPP) and the Paris Agreement. Italy's Cinque Stelle and Lega have both at times articulated (and then moderated) their desire to leave the EU, while the AfD wishes Germany to leave the European Monetary Union (EMU). Therefore, if these movements continue to influence politics, the trend regarding the future of global economic governance points to a weakening of binding international rules and institutions and to a strengthening of national autonomy as well as influence.

Hence, the impact of both emerging powers and Western anti-establishment voters will most probably strengthen a 'nation-centered system' and weaken trans- and supranational institutions and elites. If the latter resist a redistribution of power, the world might watch an even further division and split in international politics between the established and the new nation-centred order.

5 Strategies for a More Inclusive and Legitimate Global Economic Governance

While challenging the established international order and distribution of power and wealth, both emerging powers and Western anti-establishment movements can function as triggers for a reform of international cooperation which would increase its legitimacy and efficiency. First, if emerging powers would participate more in the gains of the international economic order and have a stronger influence on it, the system would have more worldwide legitimacy because it would rest on higher acceptance by the community of states. Western countries and especially the USA might lose some influence on, for instance, IMF conditionality, UNSC decisions and on the global projection of economic liberalism. The then stronger nation-centred system would be based on the support of more countries and could especially count on an enhanced participation of emerging powers. The support of the latter might also make international cooperation more efficient due to emerging powers' stronger commitment of resources to the management of common problems. In addition, broader support by member states in a reformed system might also lead to a more efficient domestic implementation of international agreements, especially if domestic material interests and value-based ideas of member states' societies are included more in cooperative endeavours and international leadership (Schirm 2010: 198).

Anti-establishment movements in Western countries might contribute to a higher domestic legitimacy of international cooperation if their rise triggers a better inclusion of voters which are dissatisfied with globalisation and thereby leads to a change in the distribution of power and wealth within Western countries. Hence, if established elites are made to understand through elections that the sustainability of international economic policies in democracies also depends on domestic support, they might indeed reconsider established policy patterns and opt for a more inclusive approach to the distribution of power and wealth. International politics needs domestic support to reach legitimacy and efficiency and this support depends on a non-elitist sense of community which more broadly includes the material interests and value-based ideas of the respective societies. Thus, a reformed international order and nation-centred system requires the established elites to cede some of their ideational power and material benefits, but it could ensure a more legitimate international system because it would rest on broader support both domestically within Western countries and from emerging powers.

The probable costs in economic efficiency of a lighter version of open-border liberalisation might seem justified considering the then possible stronger public support of the international economic order within the affected societies. In other words: 'a society is more than just an economy, and the benefits of social cohesion would justify a modest economic cost' (Colgan and Keohane 2017: 43). Also from the perspective of those favouring economic globalisation, a lighter version of globalisation should be preferable to an end of globalisation and defined borders preferable to closed borders. One of the strongest supporters of liberalisation and globalisation, the weekly *The Economist*, concludes in a survey on the retreat of global business: 'The result will be a more fragmented and parochial kind of capitalism, and quite possibly a less efficient one—but also, perhaps, one with wider public support' (Jan. 28, 2017: 17).

Regarding global economic governance, the G20 can serve as an example for some features of an internationally cooperative nation-centred system with a thinner layer of rules: The G20 bears a very low degree of institutionalisation, does not possess an own bureaucracy and budget. It operates on a purely inter-governmental basis, thus having to coordinate the plurality of interests and ideas important to its member countries and their societies and elites. The G20 does not attempt at supranationalising the plurality of goals of its member states, but rather rests on the agreement of heads of states on issue-specific compromises. The national governments steering the G20 can be captured by elites as well, but are structurally more accountable to their citizens than any international organisation and transnational network. The G20 could enhance societal ownership in international cooperation by acknowledging the diversity of economic and political systems, of protectionism and liberalisation. The crisis of globalisation, global governance and of the Eurozone has shown that one size does not fit all, since the neoliberal Washington consensus, EMU rules and other global norms did not lead to overall convergence, but instead often to new friction. Thus, the intergovernmental coordination of the G20 might be better suited than traditional IOs in dealing with plurality of cultures as well as economic and political models.

A reformed and inclusive G20 could, for instance, establish understandings on a broader economic participation of the populace, on higher corporate and individual taxation of winners of globalisation (financial industry, TNCs, private foundations) and on a compensation of those who lose or do not benefit much from globalisation. Another strategy to acknowledge plurality and self-determination can consist in the G20's coordination of different degrees of national openness to globalisation as a flexible process. Countries may temporarily and selectively withdraw from economic openness and international organisations and later join again according to their specific levels of societal acceptance and economic hardship induced by open borders. Along this line of thought, Rodrik (2011: 253) argues regarding the WTO: '(. . .) countries may wish to restrict trade or suspend WTO obligations—exercise 'opt outs'—for reasons other than a competitive threat to their industries. Distributional concerns, conflicts with domestic norms and social arrangements, prevention of the erosion of domestic regulations, or developmental priorities would be among such legitimate grounds'.

The main obstacle for a reform of IOs and global economic governance consists in the huge benefits which the established order offers for private and public elites especially (but not only) in Western countries. Bremmer (2018: 166) argues: 'The sense of crisis isn't yet strong enough, because so many globalists continue to profit from the system as it is, and walls of various kinds will protect them, temporarily, from real danger'. Private special interests are not only lobbying national governments, but also on the international level, for instance at the WTO, the EU and at G20 summits. Both big business and single-issue NGO lobby groups have legitimate interests, but do not represent a broad spectrum of societal interests and values, are not democratically accountable to the populace, cannot (and do not intend) to reconcile or balance differing interests within and among societies. Therefore, a stronger role of nation states in global governance might well be a blessing, since governments, especially democratically elected governments, are in principle more accountable to the populace than private groups and have to balance and reconcile the plurality material interests and value-based ideational expectations which characterise any society.

In sum, the rise of both emerging powers and Western anti-establishment movements was enabled by economic globalisation, created elements of a parallel order, but can also trigger an adjustment of the traditional international economic order to their demands. The economic rise of emerging powers and their political aspiration for changing global economic governance would not have been feasible without the huge economic benefits these countries obtained through the participation in global trade and investment managed by the traditional IOs of the Bretton Woods system and enabled by the openness of Western markets. Rising production and growing exports of emerging powers correlated to a large extend with a reduction of manufacturing in Western countries and with a transfer of production from Western countries to emerging economies. This development caused substantial hardship in Western countries and liberalisation led to a very unequal distribution of the gains of globalisation within these countries. The latter, in turn, were core reasons for the rise of anti-establishment movements in Western countries which now challenge the national and international distribution of power and wealth. Thus, both challenges to the established economic order and traditional global economic governance are consequences of this order and mode of governance. Following the demands of both challenges for a more inclusive distribution of power and wealth on national and international levels with the strategies outlined above might increase the acceptance and support of national and international political order. Making economic governance more accountable towards the societies and countries concerned by strengthening the role of democratic nation-states through intergovernmental cooperation could enhance the legitimacy of global economic governance and avoid parallel or conflicting world orders.

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