International political economy analysis has traditionally represented trade politics and change in the multilateral trading regime in material terms. Traditional analyses of multilateral trade have tended to adopt neorealist, neoliberal, or neo-Marxist (both Gramscian and world systems theory) approaches to explain the effects of the international trading regime on how states act. Rather than emphasizing the processes of change, these traditional theoretical analyses of the post–World War II trading regime emphasize its materially defined outcomes. Generally, these theoretical approaches define socio-economic and political organization, including capitalism, state power, and institutions, in material terms. These are seen to be the dog that wags the tail of identities such as “the Third World” and the meanings attached to them. Ideas and material factors are separate and independent causes of actions and outcomes.

As I will explain initially, this materialist approach has important implications for an understanding of regime change. The General Agreement on Tariffs and Trade (GATT) and its successor, the World Trade Organization (WTO), are usually seen to represent the interests of the most powerful Western states and particularly the interests of the United States.1 In this conceptualization, developing country opposition to the regime is regarded as the likely outcome. Furthermore, the WTO regime, produced during the marathon Uruguay Round of multilateral negotiations (1986–1994) is seen to be a continuation of the GATT (1947) regime, which was sponsored by U.S. hegemony. In this regime, developing countries are believed to be inherently disadvantaged.

Yet I will show that traditional materialist theories fail to recognize the sea change that transformed the role of developing countries in trade negotiations during the Uruguay Round. Developing countries advocated trade liberalization, while the United States and other major industrialized countries leaned

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1I use GATT to refer to the regime based on the treaty drawn up in 1947, although the WTO administers a new treaty, GATT (1994).
toward protectionist policies. While developing countries had established a coalition of opposition to the multilateral trading regime in the 1960s, they reversed this role during the Uruguay Round.

I note that for various reasons involving the interaction of material factors and new ideas, developing countries altered their position as opponents of trade liberalization. As a group in trade negotiations, they began to identify themselves as proponents of liberalization. Many countries unilaterally liberalized and became vocal advocates for stronger multilateral rules. They sought to hoist developed economies with their own petard by highlighting protectionism in developed countries.

I employ both materialist and constructivist theory to explain the transition from the GATT to the WTO and the changing role of developing countries. Rather than understanding the trading regime as an instrument of states, I argue that the trading regime should be regarded as a structure of collectively shared ideas about trade: a trading culture. In this sense, the trading regime is a distribution of collective ideas about trade that socializes trading behavior and simultaneously constitutes states as actors. As a culture, the regime structures roles that define the relationships of various actors or their “subject positions” in trade negotiations.

In this context, I contend that by adopting and sustaining pro-trade policies during the Uruguay Round, developing countries helped change the culture of the trading regime. Although the regime based on the GATT (1947) had been designed to facilitate exemptions from its laws for national economic purposes, the WTO regime expressly sought to restrict these exemptions. The GATT regime had enabled (predominantly developed) countries to balance their multilateral trade commitments with welfare state or embedded liberal objectives. In contrast, the new regime’s rules were based on the belief that states’ interests were best served by increasing aggregate welfare through trade liberalization.

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3 Alexander Wendt, A Social Theory of International Politics (Cambridge, U.K.: Cambridge University Press, 1999), pp. 315–357. A trading culture is less influential than other forms of culture derived from more intimate relationships (such as family) because trade culture is produced through less intensive interaction. Nonetheless, structures of ideas constrain and enable states’ actions as legitimate traders.

In the sense that the new regime reflected the primary state concern with instituting a competitive or self-regulating market, the regime embodied disembedded liberalism. That is, the economy was seen to be “disembedded” or separate from the society in which it was contained. Moreover, while the old regime had been based on power politics, the new one imposed tougher procedural rules. As developing countries increasingly used these new norms to influence negotiations, thereby undermining protectionism in developed countries, they became more important players in the negotiations. Consequently, multilateralism deepened. John Gerard Ruggie notes that multilateralism coordinates relations among three or more states on the basis of generalized principles of conduct. To the extent that developed and developing countries began to adopt neoliberal norms and legalism as the basis for their trade interactions, and both groups became important players in negotiations, the regime became “more multilateral.” Thus, I conclude that to properly understand the role reversal of developing countries and the Uruguay Round changes, it is necessary to recognize the role of ideas in regimes.

Comparing Theoretical Accounts of Regime Change

A detailed account of the differing theoretical understandings of regime change requires a separate essay. For the purposes of this essay, I note here a few key points: primarily, that traditional theoretical approaches understand regimes, such as the multilateral trading regime, to be the instruments of state or class power. They help states to realize materially defined interests and mediate causal “events.” Traditional theories take identities to be preformed, independent of interaction in regimes, and interests to be materially defined. In maintaining a materialist focus, these theories all tend to overemphasize the role of materially powerful states, underestimate the role of weaker states, and underestimate the extent of the change from one regime to another.

I suggest that these approaches cannot explain the way developing countries helped strengthen the multilateral trading regime, transforming it from one based on limited multilateralism (participation based on heterogeneous rules) to deep multilateralism or “superlateralism.” Traditional theories overlook the fact that all agents influence change through their action and interaction; structures are constituted by human agency, and they also constitute agents as actors.

5 Ruggie, *Constructing the World Polity*, p. 66.
By actively employing pro-trade discourse and unilaterally liberalizing, developing countries extended their scope of influence in the trading regime.

Structuralist theories, such as the hegemonic stability theory (HST) version of neorealism and neo-Marxist world systems theory, understand regimes to reflect the power of a predominant state. In these conceptualizations, international trading regimes are merely superstructures.

For neorealists, regimes are premised on the anarchical structure of international relations and reflect the distribution of capabilities in the international system. They are formed by a hegemon, partly for altruistic reasons and partly as a means of pursuing its economic and political interests. Here, regime change is not structural change but merely reflects the power-balancing imperatives of the anarchic system and the inevitable decline of the hegemon. Given that regimes reflect the distribution of power, weak states have a minimal role in regime change, although they may be implicated in the regime’s demise, concomitant with the hegemon’s decline.8

Equally, neo-Marxist world systems theory finds the trading regime to be underpinned by the demands of a global capitalist world economy in which states’ roles are determined structurally. Trading regimes such as the GATT and WTO merely help to ensure that industrialized core countries have unlimited access to resources of the peripheral countries. Here, too, regimes might change with the decline of one hegemon and the emergence of another. As for neorealism, change is merely intrasystemic; a change in the rules of world trade and the roles played by traders cannot represent structural change while the capitalist system remains. Materially weak countries have minimal influence over the regime, as

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13 Hobson, *The State and International Relations*, p. 140.
only core countries are able to create trading regimes to facilitate the reproduction of the prevailing capitalist system. In these theoretical approaches, regimes reflect material imperatives, and norms and rules merely mask this.

Gramscian neo-Marxism argues that regimes such as the GATT arise out of the historically contingent social formation of capitalism. Strong capitalist states form world orders and regimes to benefit their bourgeois class and other national bourgeoisie. A hegemonic state uses regime norms to penetrate the markets of all other countries and to maximize the profits of its bourgeois class at the expense of others under the guise of universal benefit. Gramscian neo-Marxism suggests that trade regime change reflects a change in the relations of production and contradictions between the mode of production and the prevailing superstructure. Yet the shift is merely a shift from one capitalist social formation to another. The regime is ultimately distilled to the materialist capitalist base from which the regulatory superstructure is derived. Within this framework, developing countries can have a limited role in influencing regime outcomes as these structures merely co-opt elite talent from peripheral countries.

Neoliberalism also finds that regimes are largely the instruments of states and the expressions of states’ preformed interests. For neoliberals, while regimes might be formed by a hegemonic state, they can continue after that state’s decline if other states perceive a benefit. Nonetheless, regimes have only partial autonomy from the states that create them, and they tend to reflect the

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16 Hobson, *The State and International Relations*, p. 130.


interests of the dominant states that create them. The character of regimes is structured by the prevailing distribution of capabilities.

In this context, regimes embody norms that facilitate cooperation, providing information and altering incentives for action. They change the calculations of advantage that governments make. Importantly, interaction and the process of simple learning do not change identities or the interests of states. While neoliberalists concede that weaker powers use regimes to their advantage, they underestimate this potential. They overlook the way norms can change the meaning of power in certain circumstances.

In contradistinction to the emphasis on the way regimes change behavior in preformed agents, the constructivist approach observes that ideas constitute interests and trading identities (roles). In this purview, while events and material capabilities are important, “it is only because of their interaction with ideas that material forces have the effects they do.” By employing the concept of

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26 Peter Katzenstein, Cultural Norms and National Security: Police and Military Power in Postwar Japan (Ithaca, N.Y.: Cornell University Press, 1996); Jeffrey Checkel, “The Constructivist Turn in International Relations Theory,” World Politics 50, No. 2 (1998), p. 325. Wendt explains that roles are a socially structured part of identity and are constructed by shared ideas. While individuals might occupy roles, the roles themselves have a timeless aspect and a collectively understood meaning. They cannot be reduced to individuals and are properties of the structure rather than of the domestic properties of states as “units.” See Wendt, A Social Theory, pp. 23, 96, 257.

structuration, I recognize that all states reflexively reproduce structures through their actions and that structuration contains within it the potential for change.\textsuperscript{28} In constituting and reconstituting the social world, thinking agents draw on frames of meaning that have been developed collectively and historically.\textsuperscript{29} In this way, "states are what they do in international relations"; they construct identities and interests through their reflexive representations of Self and Other.\textsuperscript{30} The analysis provides a revealing insight into the Uruguay Round and regime change.

Since traditional theoretical approaches generally underestimate the influence that those lacking material power have in regimes, I conclude that all states have agential power in regime change.\textsuperscript{31} This is because agents are continuously reproducing structures, and although social structures or rules often appear immutable, a generalized and sustained shift in behavior changes these structures. States, as agents, learn what rules require of them and learn to use rules.\textsuperscript{32} Agents may not have control over the circumstances in which these structures are produced or the consequences of their actions. Nonetheless, social identities or roles change through a process of interaction and the meanings that become generally attached to that interaction—through complex social learning.

Complex social learning is a process by which agents form social identities through the responses to their actions. Although learning can imply a power relationship (teacher/student), it should be seen here as an intersubjective process through which agents create social identities through sustained action. For example, if agent A repeatedly behaves aggressively, others come to understand A to be an enemy and respond accordingly. They also attach this understanding of "enemy" to A's intentions and anticipate A's actions accordingly. Over time A learns to see him/herself as others do, and their established roles and behaviors become social structures or conventions.\textsuperscript{33}

In this context, I observe that a culture of international trade involves shared understandings about the relationship between Self and Other.\textsuperscript{34} Cultural change

\begin{itemize}
  \item\textsuperscript{28} Giddens, \textit{New Rules of Sociological Method}, p. 134; Wendt, \textit{A Social Theory}, p. 188. Structuration refers to the process through which agents reproduce social structures and are simultaneously constituted as actors by these structures. See also Nicholas Onuf, \textit{World of Our Making: Rules and Rule in Social Theory and International Relations} (New York: M.E. Sharpe, 1989), pp. 58–77.
  \item\textsuperscript{29} Giddens, \textit{New Rules of Sociological Method}, p. 163.
  \item\textsuperscript{31} For a justification of states as agents, see Wendt, \textit{A Social Theory}, ch. 5.
  \item\textsuperscript{32} Onuf, \textit{World of Our Making}.
  \item\textsuperscript{33} Wendt, \textit{A Social Theory}, pp. 329–335.
  \item\textsuperscript{34} Ibid., p. 257.
\end{itemize}
implies a collective change of mind about prevailing roles, and since states can behave in aberrant ways within a culture and not change the culture’s logic, there is a high water mark where a generalized change in behavior establishes a new collectively held understanding about roles. This process can be seen during the Uruguay Round.

**Developing Countries as the Protectionist Other**

Developing countries had formed an identity in the post–World War II regime as the protectionist Other to a Self of predominantly developed country traders. The GATT regime permitted exemptions for national economic purposes like boosting employment or protecting important national industries. Both developed and developing countries used these exemptions extensively. Although exemptions were de rigueur and developing countries used them, they felt themselves to be opponents to the regime. While ten of the twenty-three original GATT members were developing countries, they quickly lost faith in a system that maintained exemptions for protection against their most important exports.35

Developing countries argued that the GATT, which focused on reducing tariffs on industrial goods, did little to improve conditions in markets that concerned them.36 The U.N. Conference on Trade and Development (UNCTAD) and the Group of 77 developing countries (G77) argued for greater exemptions from market disciplines for development purposes.37 They pushed for a redistributive New International Economic Order (NIEO) and recognition in GATT of the need for special action outside GATT disciplines for development purposes.38

The demands emerged from the ideas and material circumstances in which developing countries found themselves at the end of the colonial era, as well as from their nation-building aspirations. Developing countries traditionally had provided raw materials for the industrialized West and were particularly vulnerable to price fluctuations and natural disasters. Intellectually, postcolonial development theory provided the framework for understanding these problems


36 Developing countries relied heavily on GATT exemptions for balance of payments and increasingly applied them discriminatorily. They also relied on infant industry exceptions under Article XVIII of the GATT. Hudec, *Developing Countries in the GATT*, p. 26.


and the solutions. Development theory of the 1960s and 1970s found developing countries’ interests were at odds with a liberal trading regime. This literature argued that Most Favored Nation (MFN) treatment would perpetuate developing countries’ reliance on primary products. Instead, they should develop infant industries behind tariff walls, embracing state-led industrialization and import substitution industrialization (ISI).

Through these practices and complaints, developing countries gradually established a collective identity as protectionists. As developing countries increasingly opposed the multilateral trade regime in the anticolonial language of the postwar era, developed countries soon understood them as outsiders in trade. Developing countries shared this understanding and established these roles as a structure in trade negotiations. That is, they learned to see themselves as others saw them and behaved accordingly (complex social learning).

Consequently, GATT increasingly formalized developing countries’ identity as “protectionist Other,” with provisions for discretionary special and differential treatment. The dichotomy between the developed country trading Self and the developing country Other in the trading regime reached its apogee in the 1968 Generalized System of Preferences (GSP). This amendment, in conflict with the MFN principle, enabled developed countries to give preferential access to markets for developing countries in most industrial products and several agricultural and primary products.

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44 Developed countries may have benefitted from the GSP, but it formalized the outsider identity of developing countries in trade negotiations. See GATT, BISD, 18S, p. 73.
This behavior and its institutionalization reinforced the power differential between developed and developing countries. In a trade regime such as the GATT, formally predicated on the ability to offer concessions, the developing countries’ strategy of remaining effectively outside trade rules was disempowering.\textsuperscript{45} In asking for preferential treatment, developing countries were unable to pressure developed countries for market access. Developing countries’ requests were reduced to “favors,” and they relied on “soft law” commitments from developed countries.\textsuperscript{46} This was symbiotic with the material problem that developing countries’ trade was largely insignificant to developed countries.

Although the G77 movement secured commitments for special treatment from developed countries, these commitments were largely ineffectual. Power politics, which had evolved as the GATT regime’s modus operandi, meant that the commitments did not translate into action.\textsuperscript{47} Countries that were unable to provide reciprocal market access were defined as outsiders. Furthermore, developed countries increasingly discriminated against developing country exports through the 1970s.\textsuperscript{48} Developing country exports were increasingly restricted through voluntary export restraints (VERs), antidumping, and health and safety standards.\textsuperscript{49}

While the GATT regime was ostensibly based on multilateralism (participatory decisionmaking around common principles), it reflected predominantly egoistic national behavior based on a socioeconomic schema of nation building. This meant protected industrial development and income redistribution for developing countries and the welfare state employment compromise (embedded liberalism) for developed countries. Even GATT’s founder, the United States, frequently used exemptions for national purposes, such as that in 1955 for


\textsuperscript{46}Furthermore, Jagdish Bhagwati notes that the UNCTAD was generally dismissed in the main game of trade concessions. He claims that it became “commonplace in some quarters to think of UNCTAD as if it were instead UNWASHED and UNKEMPT.” Jagdish Bhagwati, “Global Age: Sceptical South to Fearful North,” \textit{The World Economy} 20, No. 3 (1997), p. 260, emphasis in original.

\textsuperscript{47}UNCTAD, Sixth Session, p. 27.


agriculture, excluding developing countries from GATT benefits.\textsuperscript{50} Developing countries’ effective exclusion from the regime, their identity as the protectionist Other, and the norms of power politics that governed the way the regime functioned limited the regime’s multilateralism.

In this context, developing countries initially lined up against a new round of multilateral trade negotiations at the Ministerial Meeting of 1982. Led by India and Brazil, developing countries particularly opposed the U.S. push to incorporate new sectors such as trade in services, investment measures, and protection for intellectual property rights.\textsuperscript{51} They argued against extending the GATT agenda while developed countries failed to meet their existing commitments.\textsuperscript{52} True to their traditional understanding of themselves as structurally disadvantaged in trade, developing countries such as India and Brazil claimed that liberalization in services, intellectual property, and investment would serve only the interests of predominantly American transnational corporations (TNCs).\textsuperscript{53}

\textbf{Trading Places}

From their original position of staunch opposition to the trading regime, developing countries reversed their role to become vigorous advocates of the regime during the late 1980s. They played a critical role during the Uruguay Round in strengthening the multilateral trading system against exemptions for national purposes. Developing countries began to support a stronger legal framework and intervened at important points in the negotiations where compromise by the major powers threatened to weaken trade rules.\textsuperscript{54} As major industrialized traders like the United States and the European Union (EU) increasingly sought to protect strategic industries (such as textiles) and agriculture, developing coun-


\textsuperscript{51} A group of twenty-four developing countries opposed the new round. This included Argentina, Bangladesh, Brazil, Burma, Cameroon, Colombia, Ivory Coast, Cuba, Cyprus, Egypt, Ghana, India, Jamaica, Nicaragua, Nigeria, Pakistan, Peru, Romania, Sri Lanka, Tanzania, Trinidad and Tobago, Uruguay, Yugoslavia, and Zaire. GATT, BISD, 28S.


\textsuperscript{54} Ricupero, “Integration of Developing Countries,” p. 19.
tries began to argue for liberalization. Throughout the round, developing countries became active negotiants, heavily influencing the agenda. Many began to consider that a trading regime that applied market disciplines broadly to both developed and developing countries would be more beneficial than a regime that permitted derogations for all.

Multiple negotiating stalemates during the Uruguay Round provided the conditions in which developing countries could increase their influence. Negotiations stalled first at the Ministerial Meeting in 1982, where the Uruguay Round was mooted due to opposition by developing countries to extending the agenda. This conflict was later superseded by a conflict between the United States and the European Community (EC) over agricultural subsidies. The conflict provided a new opportunity for developing countries to influence negotiations, which traditionally had been stitched up by the great trading powers. This conflict over agricultural subsidies provided greater impetus for the United States to negotiate with developing countries such as Zaire, Uruguay, and Colombia. During the Uruguay Round, it was the weight of numbers and not trading might that became necessary for negotiations to progress.

The Uruguay Round was extraordinary because the negotiation plans were drafted by groups of developed and developing countries outside traditional GATT groupings. As research and negotiation following the failed 1982 Ministerial Meeting highlighted the costs of trade isolation, particularly for developing countries, many began to support a new round of negotiations. The Association of Southeast Asian Nations (ASEAN), South Korea, and Chile welcomed the prospect of a new round and made it clear that they would not oppose the inclusion of trade in services. The group of twenty-four developing nations that had opposed the new round diminished to ten members as increasing numbers of developing countries reassessed their interests in multilateralism.

Normally minor players became catalysts for the Uruguay Round negotiations. This helped undermine the traditional procedural practice of power politics. A group led by New Zealand, the European Free Trade Association

55 UNCTAD, Seventh Session, p. 142.
56 Ford Foundation Report, The Uruguay Round and Beyond; Croome, Reshaping the World Trading System.
57 Ford Foundation Report, The Uruguay Round and Beyond, p. 40.
58 Ibid., p. 27.
61 Ricupero, “Integration of Developing Countries,” p. 16.
countries, Australia, and Canada joined with twenty developing countries that wanted a new round to independently hammer out a draft ministerial declaration to launch the round. This group, which grew to around fifty countries, met outside the GATT and involved the United States, the EC, and Japan only in the last stages. Its work program formed the basis of the Swiss-Colombian draft that was used to set the Uruguay Round agenda. Even Brazil, a former leader of the G77 opposition to GATT, joined the Cairns Group, an alliance of developed and developing country agricultural exporters, to push for greater liberalization in agriculture. Many developing countries signaled that they were prepared to make what they perceived to be substantial sacrifices in liberalizing services and intellectual property to secure a stronger multilateral regime. This action was due to a variety of material and ideational reasons.

The Uruguay Round was launched only when developed countries agreed to address outstanding issues concerning developing countries and agreed to parallel but separate negotiations in services, as Brazil had proposed. The Ford Foundation Report commented:

The success that developing countries had in influencing the launch of the Round demonstrated both to themselves and to the developed countries that, contrary to previous opinion, they could indeed exercise leverage in GATT agenda-writing negotiations. While the possibilities for further effective participation were still perhaps not fully defined, developing countries were sufficiently encouraged by these results to join actively in the next phases of the negotiation.

Although developing countries had formerly lobbied for nonmarket measures in trade, they increasingly lobbied for market disciplines. The Cairns Group’s strong demands for liberalization in agriculture were important in undermining the embedded liberal norms on which the post–World War II regime had been based. While the GATT regime allowed exemptions to protect important national industries or foreign exchange, new alliances of developed and developing countries pressured for restraint. The Cairns Group emphasized the need to prohibit waivers, such as for agriculture, which had been integral to the embedded liberal compromise embodied in the GATT. The idea advanced during the Uruguay Round was that rather than focusing on national economic objectives, countries should aim to increase aggregate welfare through trade.

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63 The Cairns Group of agricultural exporters comprised Argentina, Australia, Brazil, Canada, Chile, Colombia, Fiji, Hungary, Indonesia, Malaysia, the Philippines, New Zealand, Thailand, and Uruguay.


65 Ricupero “Integration of Developing Countries,” p. 19.
This policy could be considered a “disembedded liberal” or neoclassical economic agenda because it privileged global economic growth and market liberalization over the social needs of specific groups within nations.66

Equally, a small group of developing countries was widely credited with saving the Uruguay Round from a fraudulent success that would have sacrificed agricultural and textile trade liberalization. Six Latin American members of the Cairns Group refused to accept partial results that excluded agriculture at the Montreal Mid-Term Review in 1988.67 Many expected that the ministers would agree to accept the disagreement between the EC and the United States in agriculture and the disagreement over intellectual property rights. The developing country group argued that the negotiations had not gone far enough.

In a symbolic move, the group of former GATT opponents chose to walk away from negotiations rather than accept inadequate liberalization from the EC.68 While the press claimed that the Americans were behind this move or supported it, the former chair of the GATT Contracting Parties, Rubens Ricupero, argued that the United States had opposed it and could not have been more coercive. Only an all-night side meeting of the United States, the EC, Canada, Australia, Brazil, and India broke the deadlock. The new agreement accepted progress achieved in eleven sectors, subject to resolving the remaining difficulties in agriculture, textiles, intellectual property, and safeguards by the following year.69

Developing countries highlighted the need to liberalize trade in tropical products, eliminate quantitative restrictions and nontariff barriers (NTBs), and curtail the use of antidumping and countervailing duties.70 Rather than seek substantive exemption from trade rules, developing countries reinterpreted “special and differential treatment” to focus on graduated integration into liberalization commitments and technical assistance.71 Most weighed into the latter part of the round in favor of trade liberalization.72

Developing countries became vocal about the “palpable lack of respect” for GATT rules among developed countries, highlighting the use of nontariff mea-

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66 See Ruggie, “International Regimes,” for a discussion.
67 Argentina, Brazil, Chile, Colombia, Peru, and Uruguay. Ricupero, “Integration of Developing Countries,” p. 21; Ford Foundation Report, The Uruguay Round and Beyond, p. 106.
68 WTO, Doc TNC/7(MIN), 1988.
69 Ricupero, “Integration of Developing Countries,” p. 21.
70 Patnaik, India and the GATT; GATT, BISD, 27S, pp. 55–65.
72 GATT, Focus, No. 68 (1990), p. 6; UNCTAD, Eighth Session, pp. 35–36.
sures in sectors where developing countries generally had a comparative advantage. They particularly criticized exemptions such as VERs to protect developed countries’ senescent textile industries, the trend toward bilateralism, and claims about “unfair trade practices” to justify breaching trade rules. They also demanded that agriculture should be liberalized before developed countries made further claims on developing countries. An UNCTAD trade and development report noted: “The thrust of the developing countries’ initiative shifted in that, while seeking to preserve the commitments made in their favour, they began to concentrate on defending the integrity of the unconditional MFN clause, obtaining MFN tariff reductions and strengthening the disciplines of the trading system.”

Furthermore, many developing countries signaled their commitment to disembedded liberalism and multilateral trade by liberalizing unilaterally during the round. While many adopted disembedded liberal norms domestically for instrumental reasons, including fiscal and balance of payments pressures and the desire to “catch up” with the Newly Industrializing Countries (NICs), these policies provided them with negotiating leverage. They also caused them to reassess their interests over time. Unilateral liberalization became a sign that developing countries were committed to the objectives of market discipline rather than protection. They used this to pressure developed countries for reciprocity.

Throughout the round, UNCTAD emphasized that more than thirty developing countries were in the process of genuine trade policy “revolutions.” For several countries, the average MFN tariff reduction on industrial products was comparable or greater than that of OECD countries. A growing number had attempted to integrate their economies more closely into international markets. They also had privatized state enterprises, adopted more liberal regulations toward foreign direct investment, and liberalized financial markets.

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The Ford Foundation Report’s study of eleven developing countries found liberalizations that “ranged from the ‘dramatic’ (Mexico, Nigeria, Korea), to the significant (Costa Rica, Kenya, Tanzania, China, the Philippines), to the small, but discernible, with potentially major re-evaluations of policy underway (Argentina, Brazil and India).”  

Many African countries (not included in the report) that had followed an ISI strategy after independence also began to liberalize. Furthermore, UNCTAD and GATT documents reveal intensifying concern about the formation of regional blocs in developed countries and the need for stronger rules to prevent this. Developing countries felt that any unreliable gains they had won through preferential tariffs were outweighed by their effective exclusion from influence in multilateral negotiations.

Whatever the impetus, the WTO reported a “sea-change that had taken place in trade policies through greater market orientation.” Indeed, UNCTAD noted: “In recent years developing countries have been in the vanguard of [liberalizing] change. It is now time for developed countries to respond positively and demonstrate their political will to meet the challenges of change.” In this way, developing countries eroded their role as the protectionist Other in trade and began to represent themselves as the core of the multilateral trading Self.

While supporting disembedded liberal norms formerly advocated by the Western economic community, developing countries were able to argue that developed, and not the developing, countries were impeding progress in trade liberalization. The Moroccan king Hassan II, explained:

The reason why many developing countries have courageously restructured their economies in order to integrate themselves better into the international economy is that they are convinced of the virtues of financial discipline and the need to cushion the [ensuing] transitional social cost. In turn, this called for a counterpart from the developed countries in the form of corresponding adjustments favouring market access and transparent conditions of fair competition.

83 GATT, BISD, 24S, p. 50; 33S, p. 119; UNCTAD, Seventh Session, p. 152.
88 GATT, BISD, 30S, p. 87.
Since pressure for special treatment had reduced their bargaining power, developing countries found that supporting disembedded liberalism provided new leverage in trade negotiations. They used disembedded liberal norms to challenge intellectual property protection as trade restrictive. They also argued that immigration regulations should not be an unnecessary barrier to trade in services.\(^90\) Equally, developing countries challenged the use of trade sanctions for environmental purposes and labor standards with disembedded liberal arguments. In some areas, developing countries advocated more radical liberalization than had developed countries.

Given the various deadlocks that prevailed through the Uruguay Round, developed countries like the United States were ultimately forced to choose between greater restraints for all on national trade policies or disintegration of the trading regime. Developing country intervention that favored liberalization and stronger rules helped turn the tide toward a stronger multilateral trading regime. Consequently, the new regime that emerged from the Uruguay Round emphasized mutual self-restraint for the benefit of traders as a group, which reflected a new set of socioeconomic norms that redefined the role of government. This new role was to limit the scope of national trade policies interfering with trade.

Just as developing countries moved to support disembedded liberalism during the Uruguay Round, they began to advocate a stronger rules-based system to replace the power politics and exemptions of the GATT.\(^91\) Developing countries aimed to ensure that the use of unilateral policies, like the U.S. Section 301, was “circumscribed rather than enhanced.”\(^92\) They suggested that “The acceptance of stronger disciplines would lead to a legal structure for the implementation of the results of the Uruguay Round which would preclude the resort to unilateral trade action outside the framework of the GATT.”\(^93\)

Given the deep conflicts between the United States and the EC over agricultural support and the precarious state of multilateral trade, developing country pressure to reduce “gray area” trade measures was particularly important in strengthening the trading regime. With this pressure, negotiators made substantial progress in dealing with NTBs—particularly VERs, which were prohibited

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\(^90\) GATT, DOC MTN.GNS/W106 (1990); B. K. Zutshi, “Bringing TRIPS into the Multilateral Trading System,” in Bhagwati and Hirsch, eds., The Uruguay Round and Beyond, p. 43.


and were to be phased out. Continuous pressure from developing countries helped ensure that agriculture and textiles were brought under the auspices of the multilateral trading regime. The WTO agreement stipulated that the MFA must be progressively eliminated, although much of the liberalization was to occur after a long phase-in. Developing countries also pressured to limit the use of antidumping and countervailing measures among developed countries, but many continued to justify their own use of subsidies on development grounds. Thus, developing countries’ commitment to stronger rules enforcing market disciplines helped reconstruct the international trading sphere as a more juridical realm.

While developing countries initially opposed Canada’s proposal for a multilateral trading regime unless it was a U.N. organization, some then supported the WTO as one of the Uruguay Round’s greatest achievements. As a negotiating group, developing countries joined the proponents of the single undertaking provision in the final Punta del Este declaration. They supported the proposal by Canada and the EC to incorporate the new agreements in a totally new institution. The legal body was formed despite U.S. opposition at the eleventh hour. Developing countries realized that they would have no means of defending themselves against unilateral trade measures if they remained outside the new institution. Although they emphasized the need for special consideration, developing countries also supported the bid to strengthen dispute settlement proceedings.

The dispute settlement system enshrined in the WTO significantly altered the procedures of interaction in the trading regime. The system aimed to provide a mechanism for small traders to pressure larger trading partners to correct violations of multilateral agreements. Under the new rules, protagonists would no longer be given the option to adopt dispute panel findings voluntarily. These decisions would be enforceable with financial penalties such as sanctions. Parties could formerly block panel reports under the consensus rule, but the new regime adopted a system of negative consensus. Dispute findings would be

94 GA TT, BISD, 29S, p. 70.
98 Bhandari, WTO and Developing Countries, p. 155.
adopted unless members rejected the findings by consensus, in contrast to the
previous requirement for consensus support for the ruling to stand. The dispute
mechanism proscribed unilateral retaliation—an important outcome, as even
powerful countries concerned with maintaining the legitimacy of their own
claims were pressured to adopt the regime’s more strictly specified disci-
plines. In so doing, it redistributed influence in the WTO regime to countries
with fewer material means of handling disputes.

Negotiators recognized that small countries would find it difficult to reta-
litate against a major trading nation. By 1997, developing country participation
in the WTO dispute settlement system (through cases they initiated) had increased
by 28.5 percent on those initiated under the GATT.

**IDEAS AND MATERIAL CAUSES**

Traditional theoretical accounts generally attribute this change in policy approach
to material events that destabilized nation-building programs, either through
changing incentives or coercion from greater powers. Material factors changed
the incentives countries faced in multilateral trade negotiations. Changing trade
patterns in the 1970s and 1980s provided incentives for developed and develop-
ing countries to persist with negotiations. Although growth in trade was dis-
tributed unevenly among them, developing countries’ share of world exports of
manufactures increased. In 1970, developing countries exported 7 percent of
world exports of manufactures, producing predominantly primary products. By
the beginning of the Uruguay Round in 1986, the share had risen to 12.5 per-
cent, and by 1992, to 20 percent.

Post-Fordist production, which produced intra-industry trade, provided trade
opportunities for low-wage developing countries that manufactured labor-
intensive products. As some developing countries matured industrially, they
tended to engage in two-way, intra-industry trade with the developed market
economy countries. Some firms in developed countries had become dependent
on intermediate goods and components manufactured or assembled in develop-
ing countries. Some developing countries also achieved remarkable export

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100 Bhandari, *WTO and Developing Countries*, p. 148.
101 Kuruvila, “Developing Countries,” p. 179.
102 See Cox, “Global Perestroika”; Gill, “Economic Globalization and the Interna-
tionalization of Authority”; Immanuel Wallerstein, “Imperialism and Develop-
ment,” in A. Bergesen, ed., *Studies of the Modern World-System* (New York: Academic
Press, 1980), pp. 13–25; Samir Amin, *Dynamics of Global Crisis* (London: Mac-
millan, 1982); Krasner, *Structural Conflict*; Keohane, *After Hegemony*.
success in technology-intensive products where the markets were characterized by high product differentiation and specialization and high demand elasticity. Changes in trading patterns also helped undermine developing countries’ established alliances, such as the G77.

This evolving interdependence was augmented by a growing sense that developing countries’ fate was tied to that of the multilateral trading system. In addition to the impetus from technological change, developing countries also were drawn into the trading regime through the debt crisis of the early 1980s. The debt crisis and a 20 percent fall in developing countries’ terms of trade made the problems of securing foreign exchange more pressing.105 Many affected countries gradually adopted policies to boost trade competitiveness and earn foreign currency.106 IMF and World Bank policies also forced many countries to liberalize their markets to increase their foreign exchange earnings.

The effects of the debt crisis were overlaid in 1989 by the collapse of the Soviet Union and the end of the Cold War, which removed traditional sources of funding for developing countries that had distanced themselves from the West. Urgency surrounding the need for foreign exchange increased interest of developing countries in trade liberalization. It prompted the recognition that developing countries’ fate, perhaps even more than that of developed traders, depended on a strong multilateral trading regime.

Global recession and growing pressures for protection in developed countries intensified the sense of urgency surrounding multilateral trade issues in the early 1980s.107 With the United States and Europe engaged in trade conflicts and exploring opportunities for regional trade agreements, many developing countries feared being economically isolated. As NTBs increasingly affected developing countries, they began to reassess the value of multilateral disciplines. Particularly America’s growing domestic antipathy toward trade competition underlined the need for a stronger multilateral system. Concern about protectionism and the need for stronger rules intensified among developing countries before and during the Uruguay Round.108 UNCTAD concluded that “the first challenge [for developing countries was] to halt the erosion of the system from within and restore credibility to the trading system,” particularly MFN treatment, momentum for liberalization, and the credibility of the system’s rules.109

107 UNCTAD, Seventh Session, p. 130.
109 UNCTAD, Seventh Session, p. 152.
Yet material forces alone do not account for how the role of developing countries changed in the Uruguay Round. The effect of what is often given as a material cause is the product of an interaction between ideas and material factors.\footnote{Keir, \textit{Imagining War}, p. 3; Checkel, “The Constructivist Turn,” p. 325.} The process, which produces meaning and changes roles and regimes, depends on an interaction among social rules or structures and agents. The way that a country responds to an event, such as a debt crisis, depends as much on prevailing economic wisdom as it does on the material resources and limitations a country faces. Evolving neoclassical economic prescriptions in both developed and developing countries were important in determining how problems like the debt crisis were perceived and treated.

While the 1960s and 1970s were characterized by economic nationalism and ISI, the 1980s and 1990s produced a mind shift. The emergence of a new socioeconomic schema of disembedded liberal economics during the 1980s shaped the policy options for a new trading regime.

Although the 1980s and 1990s might have been characterized by an \textit{objective} change in the level of interdependence and common interest in the trading regime, change in the trading regime depended on its \textit{subjective} recognition. Moreover, this subjective recognition was encapsulated in a growing belief in “globalization” and was influenced as much by the collapse of the Soviet Union and the popularized notion of convergence toward liberalism as it was by technological change. A new epistemic community of economists and bureaucrats was particularly important in the 1980s in focusing on the importance of trade.\footnote{Epistemic communities are networks of knowledge-based experts with recognized competence in a particular domain. They help establish norms that construct interests and identities. Peter Haas, “Introduction: Epistemic Communities and International Policy Coordination,” \textit{International Organization} 46, No. 1 (1992), pp. 2–3.} This community influenced policy in both developed and developing countries as nationally focused economic policies were perceived to fail in the 1970s. As developed and developing countries gradually recognized interdependence, a common fate, and the need for self-restraint in trade policies, they began to represent each other in partnership terms.

International studies helped raise consciousness about international economic change and the growing importance of developing countries in trade, as well as highlighted the impact of intra-industry trade. UNCTAD and World Bank studies emphasized the costs for developing countries of rising protectionism in the developed world.\footnote{UNCTAD, \textit{Trade and Development Report 1985}, 1987, 1990.} The GATT \textit{Leutwiler Report} noted that in the face of increasing NTB protection against their key exports, developing countries should use reciprocal concessions as an insurance policy.\footnote{GATT, \textit{Leutwiler Report} (Geneva: GATT, 1987).}
In both developed and developing countries, economic thought shifted from the welfare state and state-led industrialization models that had prevailed during the 1960s. In developed countries, this discursive shift was manifest as a transition from Keynesian economics to neoclassical economics after the policy failures of the 1970s and the collapse of the fixed exchange rate system.\textsuperscript{114} In developing countries, this transition was manifest in the shift from ISI policies to export-oriented industrialization policies. Developing countries were enveloped in the new discourse of market economics that emerged after the crisis of confidence in Keynesianism in the 1970s.

While development theorists had advocated protected, state-led industrialization during the 1960s and 1970s, a new influential body of research pointed to the role of trade in development. High growth rates in the East Asian NICs in the 1980s were attributed to market orientation and export-oriented industrialization policies.\textsuperscript{115} In this climate, UNCTAD, once the developing country voice of opposition to the trading regime, emphasized the regime’s opportunities.\textsuperscript{116}

Although events like the debt crisis would have once prompted market restrictions such as quantitative trade restrictions, the new economic mindset prescribed market reform. By the 1980s, both the material and ideational conditions in which developing countries had established the identity of protectionist Other had changed. Developing countries’ socioeconomic policies became more homogenous with those of developed countries during the 1980s, as they both increasingly adopted domestic market-oriented economic policies.

This new behavior helped erode the sense of difference on which developing countries’ protectionist identity as Other had been based. Through repeated interactions based on this new behavior, developed countries “learned” the new role of developing countries, which began to see themselves in the role of reciprocal trader.

**Culture Shift: GATT to WTO**

As more states changed their representations of each other from protectionist rivals to reciprocal traders, the logic of the system changed. That is, the collectively held ideas about roles and appropriate behavior changed. The emergence of a new economic discourse around disembedded liberalism created a contra-


\textsuperscript{115}Anne Krueger, *Trade and Employment in Developing Countries*, vol. 3 (Chicago: University of Chicago Press, 1983).

diction within the multilateral trading regime. Regimes like the GATT, which had embodied the traditions of the social welfare state, became discordant with an international system that was increasingly characterized by multinational capital and market-based economic policies.

New theories of economic development and management created new ways of exercising power in the trading realm. Claims for international income redistribution and preferential treatment became increasingly untenable or illegitimate within this discursive framework. Instead, the new norms of disembedded liberalism provided constraint and opportunity for developing countries to redefine themselves in multilateral trade negotiations. In this context, developing countries advocated a stronger trading regime based on disembedded liberalism, and they supported legalism over the traditionally accepted power politics. In this, they helped change the trading regime’s norms as well as the distribution of influence.

As developing countries changed their negotiating stance in multilateral trade negotiations, they undermined their former identity as the egoistic Other. In engaging with multilateral trade rules while adopting disembedded liberal policies and unilaterally liberalizing, developing countries began to represent themselves in a new role as “multilateral trader” with interests in common with other traders.

Thus repeated interactions formed a new structure of roles. While policy changes might have begun as a simple instrumental action, they became increasingly accepted as legitimate and expected practice and defined social interaction in the trading regime. Developing countries chose behaviors in response to incentives and imitated successful policies as rationalist models predict, but even more occurred in their interaction. These actors also constructed and reproduced identities, which in turn constituted their interests based on their behavioral choices. Consequently, the trading regime became premised on a notion of mutual interest among traders—or at least generalized reciprocity.

Whatever motivates policy change, by acting as if they cared about other multilateral traders, developing countries began to form a collective identity as multilateral trader. Developed countries reciprocated as they accepted the collective identity—that is, an identity where the interests of the Other are regarded as integral to those of the Self. This is not a totalizing claim, nor does it assume that this identity, involving multiple actors, is homogenous or free of conflict. Rather, it changes the meaning of disputes. Yet even if states adopted pro-trade policies for selfish or instrumental reasons initially, these policies

118 Wendt, A Social Theory, p. 366.
119 Ibid., p. 342. This draws on Wendt’s understanding of collective identity formation.
120 Ibid., ch. 6.
eroded protectionist identities over time as they were sustained. By forming a collective identity as reciprocal trader, developing countries gained new influence in the trading regime.

CONCLUSIONS

Contrary to the expectations of traditional theoretical analysis, I have shown that developing countries played an integral role in strengthening the multilateral trading regime. They began to change its culture from one of egoistic multilateralism to deep multilateralism or “superlateralism.” After thirty years of attempting to change the trading regime as outsiders to the sphere, in becoming part of the multilateral trading Self, developing countries obtained greater influence in the trading regime.121

Since material factors contributed to this change, it can be understood only by recognizing the constitutive aspect of regimes. In synthesizing a constructivist and a material approach to regime change, I have revealed more in the Uruguay Round negotiations than traditional theories have countenanced. Whether the collective identity of reciprocal trader will become deeply socialized remains open. Continuation of the collective identity as reciprocal trader will depend on the coherence of these international trade norms with domestic norms and material circumstances. It will also depend on the sustained responses that developing countries receive from developed countries in the trading regime.

In emphasizing the social processes through which change occurs, I suggest that power is socially constructed and it problematizes the relationship between structure and agent. Significantly, such an approach suggests that as meaning constructs power and all states are involved in producing meaning, all states, even those without material power, can use dominant norms to influence policy outcomes.