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REVIEW ESSAYS · GLOBAL POLITICAL ECONOMY AND GOVERNANCE

The Fragmentation Thesis Revisited

A Critical Review of Recent Scholarship on Global Trade Governance

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ABSTRACT

Over the past decade, a growing body of scholarship has argued that the multilateral trade order established after the Second World War is fragmenting into competing regional and bilateral regimes, driven by great-power rivalry, industrial policy resurgence, and the erosion of dispute-settlement mechanisms. This review essay assesses four recent books and a cluster of associated journal literature that advance versions of this "fragmentation thesis," evaluating the strength of their empirical claims and the coherence of their theoretical frameworks. It argues that while the descriptive account of institutional strain is well supported, much of the literature underestimates the adaptive capacity of existing multilateral institutions and overstates the coherence of emerging regional blocs as substitute governance structures. The essay proposes an alternative reading centered on layered governance, in which multilateral, regional, and bilateral arrangements coexist and interact rather than displace one another, and suggests directions for future research on institutional overlap and forum-shopping behavior among states.

Keywords: global trade governance; institutional fragmentation; multilateralism; regionalism; dispute settlement

1. The Fragmentation Thesis and Its Appeal

The claim that the multilateral trade order is fragmenting has become one of the more durable narratives in contemporary international political economy. It draws intuitive support from a set of observable trends: the prolonged paralysis of the Appellate Body of the World Trade Organization, the proliferation of preferential and regional trade agreements, and the return of industrial policy and strategic trade restrictions among major economies. The literature under review here treats these trends not as isolated policy choices but as symptoms of a deeper structural shift away from a rules-based multilateral order toward a more fragmented, power-based system of overlapping regimes.

This essay examines that literature critically, asking whether the empirical pattern it documents is best explained by genuine institutional fragmentation, or by a less dramatic process of institutional layering in which new arrangements supplement rather than supplant existing ones.

2. Strengths of the Descriptive Account

The reviewed literature is at its strongest when documenting the empirical strain on multilateral trade institutions. The extended dispute over Appellate Body appointments, the difficulty of concluding new multilateral rounds since the Doha impasse, and the sharp increase in unilateral trade measures justified on national security grounds are well documented and persuasively linked to a broader erosion of confidence in binding multilateral adjudication. Several of the works reviewed here also usefully connect these developments to shifts in the underlying distribution of economic power, situating institutional strain within a broader account of great-power competition rather than treating it as a purely technical or legal phenomenon.

3. Weaknesses in the Causal and Theoretical Claims

Where the literature is less persuasive is in its treatment of what follows from this institutional strain. Much of the work reviewed here moves too quickly from evidence of multilateral erosion to the conclusion that a coherent alternative order — organized around competing regional blocs — is emerging to replace it. This inference rests on thinner empirical ground. Regional trade agreements examined in this literature frequently lack the institutional depth, enforcement mechanisms, and internal coherence attributed to them; many function as shallow tariff-reduction arrangements layered atop, rather than substituting for, continued reliance on multilateral rules for matters such as subsidy discipline and intellectual property protection.

A further weakness lies in the treatment of state behavior as unified and strategically coherent. Several accounts attribute to states a deliberate, forward-looking strategy of institutional exit, when the empirical record is at least as consistent with a more pragmatic and reactive pattern of forum-shopping, in which states pursue whichever venue — multilateral, regional, or bilateral — offers the most favorable terms for a given issue at a given moment, without any coherent commitment to abandoning

multilateralism as such.

4. Toward a Layered Governance Alternative

This essay proposes that the observed pattern is better captured by a framework of layered governance than by a fragmentation narrative. Under this alternative reading, multilateral, regional, and bilateral arrangements are best understood as coexisting and overlapping layers, each handling different functions and offering different advantages, rather than as competing systems locked in a zero-sum contest for institutional supremacy. States move between layers strategically and issue-by-issue, but this mobility does not, on the evidence reviewed here, amount to the wholesale displacement of multilateral rules that the fragmentation thesis implies.

5. Directions for Future Research

The reviewed literature would benefit from more systematic empirical work on institutional overlap: which issues are handled at which governance layer, under what conditions states shift between layers, and whether such shifts are stable or reversible. Future scholarship might also usefully disaggregate “fragmentation” into distinct sub-processes — rule proliferation, enforcement erosion, and venue diversification — that the current literature tends to treat as a single undifferentiated phenomenon, but which may in fact follow quite different logics and timelines.

Works Reviewed

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