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Chapter 3

Liberalism (Transnationalism, Pluralism)

The idea of promoting global order through expanded political and economic ties leads us to our next theory, liberalism. Liberals point out that realism fails to offer an adequate explanation for the order that we see within our presumably anarchic system. Advocates of liberalism argue that states cooperate as much as, if not more than, they compete. And this cooperation, they assert, is more consistent than the realists' fleeting convergence of national interest among limited numbers of states. Rather, states cooperate because it is in their common interest to do so, and prosperity and stability in the international system are the direct result of that cooperation.

In addition, liberals believe that states are not motivated solely by national interest defined in terms of power. Unlike realism, liberalism contends that international politics can no longer be divided into "high" and "low" politics. While the high politics of national security and military power remain important, liberals maintain that economic, social, and environmental issues—or low politics—have become priorities on the international agenda.

The establishment and success of international order, according to liberalism, depends largely on four major factors: the role of international institutions; international rules and norms for behavior of states; the increasing economic interdependence between nations; and technological advancement and the growth of global communication. Liberals acknowledge that international institutions, rules and norms, economic interdependence, and advances in global telecommunications can neither create nor enforce the type of stable international order that might be provided by a strong world government. These elements do, however, play an indispensable role in constraining, or regulating, the behavior of nation-states within the system as well as in shaping the international environment as a whole. The transnational linkages that these four factors represent build incentives for cooperation, enhance trust between nations, and promote negotiation rather than military confrontation as a means to resolve disputes between states.

Institutional Liberalism

At this point, we must distinguish between two branches of liberal theory. The first branch, which we shall call **liberal institutionalism** (also referred to as *idealism),* focuses on institutionalizing global cooperation. Liberal institutionalists call for the creation of a new global power structure, supported by a variety of international organizations. Advocates of this theory believe that global cooperation is founded upon three primary factors: enhancing the role and influence of international organizations, instituting collective security, and enforcing international law. All three of these factors might be viewed as prescriptions for how states should behave, with an ultimate goal of reforming the anarchy of the international system and forging a harmonious community of nations.

An early proponent of what we now call liberal institutionalism was the classical legal scholar Hugo Grotius. In his book *On the Law of War and Peace* (1625), Grotius contended that a fundamental "natural law" exists and that this natural law transcends the domestic law of states. **Natural law** is based on the belief that humans have basic, inalienable rights. These inalienable rights (essentially, rights to life and liberty) bind states together, forming an international "society of states" linked through certain rules and norms of conduct.

Grotius thought these universal rules of international behavior would determine relations between states within the system—even to the point of regulating the conduct of war. This concept would later form the basis for international law in the European state system. **International law** is

the codification of rules that regulate the behavior of states and set limits upon what is permissible and what is not permissible. These rules are binding on states, as well as on other international actors.

Contemporary liberal institutionalism was also influenced by idealist scholars and political leaders who dominated the formulation and practice of international relations after World War I. The idealists believed that the relations between states in the international system needed to be fundamentally reformed to ensure that future wars might be avoided.

One notable idealist at that time was U.S. President Woodrow Wilson. He believed that the balance-of-power premise, so critical in realist theory, was unlikely to produce a stable international order. Instead, Wilson, like Grotius, wanted to build an international community of nations. This new community would follow international law as well as specific rules and norms of behavior and would be regulated by international institutions. The transnational linkages established by these international institutions, such as the League of Nations and, later, the United Nations, would presumably moderate—or, ideally, even eliminate—the need for power politics.

Acknowledging the need to temper such idealistic goals with the harsh realities of international politics, Wilson suggested that order within the community could be preserved through collective security. **Collective security** is a system in which states band together to safeguard the territorial independence and security of one another against aggression. That is, the use of force by a state or group of states would be curtailed by the strength of all states working through an international institution designed for that purpose. Collective security differs from balance-of-power politics in that it is directed not against a specific nation but against any state that threatens the status quo. Enforcing international law would then be a collective responsibility for the good of all states within the community.

Wilson, then, believed that order within the international system could be established through reform and the creation of effective international organizations capable of enforcing order and facilitating cooperation between states.

Another liberal institutionalist, Hedley Bull, interpreted the nature and course of international relations in a somewhat more practical manner. Bull focused on the tools and methods by which order already exists within the system. He suggested that while anarchy could not be abolished, the behavior of states in the international system could be constrained. According to Bull, diplomacy, balance-of-power politics, and alliances, as well as international law and institutions, all contribute to preserving order, enhancing cooperation, and promoting international ethical standards.

Economic Liberalism

The second branch of liberals emphasizes economic ties between nations as a basis for establishing and preserving order within the international system. Similar to institutional liberalism, **economic liberalism** (also referred to as the *interdependence model)* highlights the transnational ties or linkages between states. Economic liberals, however, identify the increasingly integrated nature of the global economy as a major force in promoting those linkages.

With this merging of international and domestic economic interests, states, according to economic liberals, have become increasingly interconnected or interdependent. Interdependence is a pivotal part of economic liberalism. **Interdependence** can be defined as the "mutual dependence" of nations within the international system and liberals argue that it is a defining characteristic of our contemporary world. Joseph Nye provides a good summary of the principal components of interdependence. Nye believes that the expansion of global trade and investment has blurred the distinction between domestic economies of individual states and of the international economy as a whole. The more states interact within the global marketplace, the more their prosperity depends on the political and economic cooperation of other states.

As in any interdependent relationship, however, we must acknowledge that some states are more vulnerable than others to the ups and downs of the global economy. That is, smaller, less developed nations can be more vulnerable in such a relationship than larger, more economically

diverse countries. Although interdependence generally carries substantial economic benefits, the various levels of sensitivity between nations to downturns in the international economy can create both political and economic tension.

As a practical matter, we might suggest that interdependence is based on three general assumptions: First, states are not the only key actors in international relations. International institutions; nongovernmental organizations (NGOs), such as large multinational corporations (MNCs); economic cartels, such as OPEC; Green-peace; or even large religious groups, such as the Catholic Church—all these actors take positions on the global stage. Second, the agenda of international relations is more complex and diverse than it was in the past. Issues such as trade, technology, and the environment can be as important as traditional national security concerns. Finally, military force plays less of a role in contemporary international politics. Economic interdependence, along with expanded political ties, have increased the value of cooperation and decreased the utility of force.

According to economic liberals, interdependence has transformed the nature of power in the international system. No international actor can meet its needs— whether those needs involve national security or economic prosperity—without the cooperation or participation of other states and nonstate actors. Power is no longer measured solely in terms of military strength. Influence is often the result of economic flexibility or technological innovation, and leadership involves negotiating expertise and economic coordination. Interdependence has dramatically increased the incentives for cooperation, not only among states but among all international actors.

Robert Keohane, in his book *After Hegemony,* argues that international cooperation is not restricted to formal international organizations like the United Nations. Instead, cooperation often results from the creation of international regimes. A **regime** is a set of accepted rules, norms, and procedures that regulates the behavior of states and other actors in a given issue area. A regime also encompasses the international institutions, NGOs, and treaties that enhance cooperation in that area. Issues such as trade, the environment, monetary relations, and so forth represent a host of different international concerns that might be targeted. Cooperation, then, according to Keohane, is based on a variety of regimes designed to meet the needs of specific issue areas.

Economic liberals tend to focus on international economic integration and the role of nongovernmental organizations as a means to enhance this cooperation. They argue that, with greater cooperation and integration, a state's economy is merely one piece of an increasingly integrated, world-economic whole. In this **complex interdependence,** we see "more actors, more issues, greater interactions, and less hierarchy in international politics."[1] Hence, though it is important to encourage economic growth of individual nations so that they, too, might have a stake in preserving and increasing interdependence, the capacity of a single state to have decisive control over the global economy is limited.

Within this interdependent economic system, the realist assumption that states are the primary actor in international relations is no longer the case in a strict sense. As we noted, economic liberals suggest that nonstate actors—nongovernmental organizations and multinational corporations—play a vital role in building and maintaining global interdependence. These organizations help to break down national boundaries and blend domestic and international political interests.

Multinational corporations are companies that have production facilities or branches in several countries. The influence of multinational corporations is twofold. First, MNCs expand and reinforce global economic and political linkages among people and groups across national borders. These organizations can have greater economic resources and international influence than many smaller or less developed nations. Companies conducting business across state boundaries also make states more interdependent and create a new context in which countries make decisions about one another.

One thing to keep in mind, however, is that these MNCs have their own agendas; their interests do not necessarily coincide with the interests of those states in which they conduct business. MNCs operate in the interests of their stockholders, and their goal is to maximize profits for those stockholders. For example, when General Motors decides to close a plant in Michigan and open a

new plant in Mexico, the impact of this decision is felt by both nations. The United States must contend with increased unemployment, while Mexico gains job opportunities and tax revenue.

Though MNCs might operate to further their own agenda, their well-being is linked to that of the international community in a fundamental way, which leads to our second point. MNCs need a stable international environment—an environment that facilitates trade, commerce, and international investment. Economic liberals suggest that in a self-reinforcing pattern, force plays a smaller role in international politics because states have formed closer economic, as well as political, linkages. These linkages—and the NGOs and MNCs that help to promote them—flourish only in a stable international environment. Consequently, all members of the community have a stake in preserving order to further their own interests.

Perhaps the best way to describe this process is as a harmony of interests among states. **Harmony of interests** is the belief that the interest of all states coincides with the interest of each state. This concept is generally accepted by both institutional and economic liberals and focuses on the mutual advantages of cooperation between nations. For institutional liberals, harmony of interests emphasizes that the security of all nations is enhanced by international cooperation. For economic liberals, that harmony of interests revolves around the growing economic interdependence of nations. For both branches of liberal theory, the utility of power and military force as instruments of foreign policy has been marginalized by greater linkages and expanded cooperation—political or economic—among all nations of the international system.

A Critique of Liberalism

Critics of liberalism—both institutional and economic—contend that the theory places too much emphasis on this harmony of interests. Cooperation between states, 'whether political, economic, or even military, is subject to a number of internal and external pressures, making success much more problematic than liberals might imply.

The critique of liberalism tends to focus on three broad issues: basic tendencies of human nature, national security interests, and economic cooperation. With respect to human nature, realist critics suggest that liberalism underestimates the conflictual aspects of state interests and that the benefits of cooperation can often be outweighed by fear and mistrust.

Though these feelings might be engendered by past experiences, liberalism also fails to take into account the powerful role of nationalism in world politics. Human history—both ancient and contemporary—is, quite literally, littered with examples in which religion or ethnicity formed the basis for conflict between nations. From the Crusades to more recent events in Iraq and Rwanda, human nature offers more complex questions than liberals are prepared to answer in this regard.

Compromise and settlements are often clouded by the unavoidable intrusion of human passions—complicating already volatile situations. In an unusual sense, the end of the Cold War actually signals the beginning of new, more complex conflicts, no longer frozen or confined by the two great ideological camps. Nuclear weapons may have deterred superpower confrontation, but conventional conflict between smaller states still occurs. Moreover, critics point to recent tensions between India and Pakistan as evidence that there is still a danger of conventional conflict escalating into a potential nuclear confrontation. Since the demise of the Cold War, states and even nonstate actors such as terrorist organizations now pursue their own narrow interests—often guided by ethnic or nationalist ideals. Liberalism fails to take these more unpredictable factors into account in its approach to international relations theory.

Critics of liberal institutionalism also argue that states cannot be expected to pursue collective gains on a consistent basis. Maintaining long-term or comprehensive cooperation between nations is more problematic than liberalism implies. States—like individuals—can be attracted by relative gains, settling for less gain but more control and self-reliance than the broader cooperation of liberalism necessitates. Also, the goals and priorities of states can change, making such an arrangement too confining or inappropriate under new or altered circumstances.

Realists tend to criticize liberals particularly with respect to our second issue— national security. The theme of national interest defined as self-interest (as opposed to liberalism's collective interest) is evident in many past and contemporary conflicts throughout the world.

Certainly the most glaring lapses in a collective security arrangement—and, indeed, in liberal theory generally—occurred prior to World War II when the League of Nations failed to either prevent or offset the rise of Hitler and Mussolini. Despite idealistic goals and cooperative intent of the League of Nations, fascism gained not only a toehold but a firm grip on Western Europe that only a prolonged and costly world war could break.

In addition, the direct intervention by the United States to relieve widespread starvation in Somalia is the exception, rather than the rule, in international politics. The prolonged bloodshed in Rwanda and the Congo and the failure of the Western powers to mobilize either sufficient political or military force to alleviate the situations illustrate the reluctance of states to extend themselves when vital interests are not at risk. This point is clear when we recall how quickly and effectively the international community responded in 1991 when Iraq threatened the vast oil reserves of Kuwait during the first Persian Gulf War. It seems, then, that collective security is problematic at best. Small countries with limited economic or geopolitical value to the major powers rely on collective security only at their own considerable peril.

Similarly, realists are also skeptical of the liberals' notion that "low politics" have become as important as these national security issues. Certainly, the world community has become more attuned to social, environmental, and economic issues. According to realists, however, national security and the well-being of the state remain top priorities for leaders in formulating and implementing foreign and domestic policy.

Realists point to a tendency among liberal theorists to cross the line between describing the interaction of states in the international system and attributing certain patterns of behavior to certain global conditions into a more prescriptive posture. That is, liberals actually become advocates of their own program for global interdependence, rather than maintaining theory positions as neutral observers and analysts of international relations.

In addition, liberalism's proposed economic interdependence is subject to criticism on several points. Realists argue that the economic integration of states ascribed by liberalism does not necessarily lead to greater cooperation. As we discussed earlier, realists are more skeptical about the long-term success of converging state interests. Changing priorities or global conditions make the outlook for prolonged economic interdependence somewhat problematic.

Finally, proponents of class system theory, which will be discussed in greater detail in the next section, also question the assumption that interdependence facilitates greater cooperation among nations. In addition to being "Western-centric," they view interdependence as exploitative of rather than beneficial to less-developed countries. Indeed, interdependence affects countries differently. Developing nations, such as Haiti and Botswana, are more vulnerable to the economic shifts and cultural intrusion or imperialism associated with interdependence than richer, industrialized states like the United States.

Liberals might respond to their critics by stating that their theory presents a systemic explanation that takes into account the changing nature of twenty-first-century international relations. The realist emphasis on military power and conflict and the class system focus on the exploitation of the poor by the rich are too simplistic and do not provide accurate explanations of international relations.

To the realist's critique, liberals would respond by saying that they do not reject many of the major tenets of realism; they simply use them as a foundation upon which to build new explanations for contemporary global politics. For example, liberals accept the realist notion of anarchy, but argue that the growth of international economic interdependence and the expanding roles of nonstate actors and international institutions have transformed world politics, making it less anarchic and more cooperative.

To the class system theorists, liberals would point out that they do take into account that less-developed countries (LDCs) are more vulnerable than advanced industrialized states. However, they reject the argument that the global economy is structured to oppress the LDCs. Liberals view

international relations as much more complex and subtle. They contend that the ability of individual corporations or states to control the course of international relations is more limited than the class system theorists believe.

Overall, liberalism offers a fairly flexible and nuanced explanation for contemporary international relations. Like all theories of global politics, liberalism has gaps and weaknesses, but it does offer unique insights into the changing nature of our twenty-first-century world.

Key Concepts

Collective security is a liberal institutionalist concept of a system of world order in which aggression against an individual state is considered aggression against all states and will be met by a collective response from all states within the system. Collective security differs from balance-of-power politics in that it is not directed against a specific nation but against any state that threatens the status quo.

Complex interdependence is an economic liberalist concept that assumes states are not the only important actors, social welfare issues share center stage with security issues on the global agenda, and cooperation is as dominant a characteristic of international politics as conflict.

Economic liberalism is a theory of international relations that highlights the economic transnational ties or linkages between states. Economic liberals identify the increasingly integrated nature of the global economy as a major force in international relations. According to economic liberals, with the merging of international and domestic economic interests, states have become increasingly interconnected or interdependent and less dependent on, or less willing to use, force or the threat of force to further their national interests.

Harmony of interests is a liberal concept stating that the interest of all states coincides with the interest of each state. This concept is generally accepted by both institutional and economic liberals and focuses on the mutual advantages of cooperation between nations. Harmony of interests implies that the incentive to cooperate with one another is stronger than the incentive for conflict.

Interdependence is an economic liberalist concept that focuses on the "mutual dependence" of nations in which two or more states are mutually sensitive and vulnerable to each other's actions. Economic liberals argue that this is a defining characteristic of our contemporary world.

International law is the codification of rules that regulate the behavior of states and set limits upon what is permissible and what is not permissible. In theory, these rules are binding on states, as well as other international actors.

Liberal institutionalism is a theory of international relations that contends global cooperation is founded upon three primary factors: enhancing the role and influence of international organizations, instituting collective security, and enforcing international law. All three of these factors might be viewed as prescriptions for how states should behave, with an ultimate goal of reforming the anarchy of the international system and forging a harmonious community of nations.

Multinational corporations (MNCs) are companies that have production facilities or branches in several countries.

Natural law is a view that there is a system of rules and principles for the conduct of human affairs, founded on the belief that all people have basic, inalienable rights. In theory, these inalienable rights (essentially to life and liberty) supersede any mortal authority and cannot be legitimately denied by any government or society. Natural law is widely accepted as one of the philosophical foundations of international law.

Regime is a set of accepted rules, norms, and procedures that regulate the behavior of states and other actors in a given issue area. A regime also encompasses the international institutions, NGOs, and treaties that enhance cooperation in that area. Issues such as trade, the environment, monetary relations, and so forth represent a host of different international concerns that might be targeted. International cooperation is based on a variety of regimes designed to meet the needs of specific issue areas.

[1] Joseph S. Nye,.Jr.,"Understanding U.S. Strength," *Foreign Policy 72* (Fall 1988), p. 108.