

3 International liberalism reconsidered¹

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World politics both creates opportunities for modern governments and imposes constraints on the range of actions that it is feasible for them to pursue. One way to think about these opportunities and constraints is to analyze the operation of the contemporary international political–military system, or the world political economy, and to consider how these systems affect state action. Much of the modern study of international relations is devoted to this task. Yet another perspective on the impact of world politics on states can be gained by asking how perceptive observers of politics have reflected on these issues in the past. This approach, which looks to the history of political thought for insights into contemporary international affairs, will be pursued here.² Although the form and intensity of the constraints and opportunities created by the contemporary world system are different from those in earlier centuries, the impact of international politics and economics on state action has been evident for a long time, and has occasioned a great deal of sophisticated commentary.

At some risk of blurring differences between thinkers of broadly similar inclinations, three major Western schools of thought on this subject can be identified: Marxist, realist and liberal. Each has been influential, although it is probably fair to say that realism has been the creed of Continental European statesmen for centuries, and that since World War II it has been predominant in the United States as well. Marxism has remained the doctrine of a minority in Western Europe and a mere splinter group in the United States, although in the Soviet Union and elsewhere it attained the status of official truth. Liberalism has been heavily criticized as an allegedly naive doctrine with utopian tendencies, which erroneously ascribes to the conflictual and anarchic international realm properties that only pertain to well-ordered domestic societies.³ Although the most sophisticated critics of liberalism have often borrowed important elements of it – Carr perceived a “real foundation for the Cobdenite view of international trade as a guarantee of international peace”⁴ and Morgenthau put much of his faith in diplomacy⁵ – self-styled realists often dismiss the insights of liberalism as naive and misleading.

This essay takes issue with this common denigration of liberalism among

professional students of international relations. My argument is that liberalism – or at any rate, a certain strand of liberalism – is more sophisticated than many of its critics have alleged. Although liberalism is often caricatured, a sophisticated form of liberalism provides thoughtful arguments designed to show how open exchanges of goods and services, on the one hand, and international institutions and rules, on the other, can promote international cooperation as well as economic prosperity. Liberalism makes the positive argument that an open international political economy, with rules and institutions based on state sovereignty, provides incentives for international cooperation and may even affect the internal constitutions of states in ways that promote peace. It also makes the normative assertion that such a reliance on economic exchange and international institutions has better effects than the major politically-tested alternatives. I do not necessarily subscribe to all of these claims, but I take them seriously, and I wish to subject them to examination in this chapter.

The first section of the chapter briefly examines Marxism and realism, the principal alternative traditions to liberalism in international relations theory. I ask what answers writers in these two traditions provide to three questions, two empirical and one normative:

1. What are the “limits to modern politics” in the advanced industrial democracies imposed by the state system and the world political economy?
2. How do the state system and the global system of production and exchange shape the character of societies and states?
3. Are the patterns of exchange and of international rules and norms characteristic of contemporary capitalism morally justifiable?

Second, I consider liberalism in some detail, distinguishing three forms that liberal doctrines of international relations have taken. I argue that a combination of what I call commercial and regulatory liberalism makes a good deal of sense as a framework for interpreting contemporary world politics and for evaluating institutions and policies. Such a sophisticated liberalism emphasizes the construction of institutions that facilitate both economic exchange and broader international cooperation.

The third and final section considers the normative judgments made by liberals about the capitalist international political economy that they have fostered since World War II. I emphasize that even sophisticated liberalism is morally questionable, since the international political economy defended by liberals generates inequalities that cannot be defended according to principles of justice. Nevertheless, on balance I uphold the view of liberals themselves, that liberal prescriptions for peace and prosperity compare favorably with the politically tested alternatives.

Marxism and realism

Marxism

Contemporary Marxists and neo-Marxists hold that the external limits to modern politics result principally from the world capitalist system of production and exchange. One of the major manifestations of the impact of the capitalist system is the power of transnational capital, which is expressed both through the operation of transnational corporations and the impacts of transnational capital flows, especially capital flight. Business has a privileged position over labor not merely because of the internal characteristics of the capitalist state, but because capital is more mobile than workers: it can easily leave jurisdiction in which government policies are markedly less favorable to it than elsewhere. The mobility and power of transnational capital thus constrain the internal policies of governments, particularly their economic and social welfare policies.

Capitalist governments have created international institutions: informal arrangements for policy coordination as well as formal international organizations such as the World Bank and the International Monetary Fund. This means, according to Marxist writers, that the probusiness bias exerted by the mobility of transnational capital is reinforced by the need of governments, whether of Left or Right, for support at critical moments from other governments and from international economic institutions. As Ralph Miliband has argued:

Capitalism is now more than ever an international system, whose constituent economies are closely related and interlinked. As a result, even the most powerful capitalist countries depend, to a greater or lesser extent, upon the good will and cooperation of the rest, and of what has become, notwithstanding enduring and profound national capitalist rivalries, an interdependent international capitalist "community."⁶

Not only does world capitalism impose limits on modern politics, the location of a society in the international division of labor profoundly affects its character as a state. Theda Skocpol declares that "all modern social revolutions must be seen as closely related in their causes and accomplishments to the internationally uneven spread of capitalist economics development and nation-state formation on a world scale."⁷ Domestic class struggles are shaped in considerable part by the position of a country in the world capitalist system – this is as true for imperialist states as for dependent ones. Furthermore, global class struggle may appear as nationalist or ethnic struggle in particular countries: "The fundamental political reality of the world-economy is a class struggle which however takes constantly

changing forms: over class consciousness versus ethno-national consciousness, classes within nations versus classes across nations.”⁸ Marxists argue that the political coalitions that are formed within countries cannot be understood without comprehending both how the capitalist world political economy functions and how particular countries are inserted within it.

On the normative value of capitalism, Marxist arguments are of course familiar: Capitalism is an exploitative system that oppresses poor people, especially those on the periphery of the world system, and that generates war. Its rules are designed to perpetuate exploitation and oppression, not to relieve them. The sooner they are destroyed by revolutionary action, bringing into being a vaguely defined, but assertedly superior new order, the better. Fortunately, since capitalism contains the seeds of its own destruction, its development, however exploitative, contributes to the conditions for socialism.

Realism

For realists, limits on state action result primarily from the power of other states. World politics lacks common government and is therefore an arena in which states must defend themselves or face the possibility of extinction. The necessity of self-help, however, entails competitive efforts by governments to enhance their own security, which create a “security dilemma,” defined as a situation in which “many of the means by which a state tries to increase its security decrease the security of others.”⁹ The power that states wield is derived ultimately not only from population, natural resources and industrial capacity, but also from organizational coherence, the ability to extract resources from society, military preparedness, diplomatic skill, and national will.¹⁰ The external limits on modern politics, for realists, operate largely through political–military competition and the threat thereof.

Such competition also forces states to rely on themselves to develop capacities for self-defense.¹¹ By creating threats, the state system helps to create states organized for violence: the Spartas and Prussias of this world are in part results of political–military competition. Realists follow Otto Hintze, who declared around the turn of the century, “It is one-sided, exaggerated and therefore false to consider class conflict the only driving force in history. Conflict between nations has been far more important; and throughout the ages, pressure from without has been a determining influence on internal structure.”¹²

Marxists would reply that in the modern era conflict among nations has resulted principally from the contradictions of the world political economy, in particular from inequality and uneven development. But for the realists, it is not inequality among states that creates conflict; indeed, a world of equal states could be expected to be particularly warlike, even if there were no

capitalist exploitation. Hobbes argued that, in the state of nature, the natural equality of men leads to conflict by creating "equality of hope in the attaining of our ends," which leads to conflict when both desire the same goods. "In the condition of mere nature," he argues, "the inequality of power is not discerned but by the event of battle."¹³ Hobbes implies that a virtue of establishing independent states is that this equality disappears, leading to more security as a result of the fact that unequal combat has more predictable results than combat among equals. A contemporary realist, Robert W. Tucker, has argued that trends toward greater equality are likely to lead to a "decline of power" and a more disorderly international system.¹⁴

From realism's standpoint, liberalism's flaw is less moral than explanatory: not its countenance of exploitation but its reliance on incentives provided by economic exchange and on rules to moderate state behavior in a condition of anarchy. A judgment on the validity of this criticism must await our exploration of liberalism's analysis of the limits imposed by the international system on state action.

The insufficiency of realism and Marxism

The insights that states are constrained by capitalism and by the state system are clearly true and profound. They are necessary elements of our understanding of the economic and military limits to modern politics. Yet the constraints pointed to by Marxist and realists, taken separately or in combination, are hardly sufficient to determine state action. If they were, realists or Marxists would have been more successful in devising accurate predictive theories of world politics. We would not observe variations in cooperation from one time period to another, or issue by issue, that were unexplained by the dynamics of capitalism or by changes in international structure.¹⁵ Yet we do observe such variations in cooperation. And we also encounter international institutions whose actions are not well explained simply by the social forces or states on which Marxism and realism focus their attention.¹⁶

This suggests that any claims to theoretical closure made by Marxists or realists in moments of theoretical enthusiasm should not be taken very seriously. Neither Marxism nor realism constitutes a successful deterministic theory, and the most thoughtful Marxists and realists have always recognized this. Marx taught that "men make their own history, but they do not make it just as they please."¹⁷ Hans J. Morgenthau devoted much of his life to instructing Americans on how they should act in world politics to attain peace as well as power; he especially stressed the role of diplomacy. Toward the end of *War and Change in World Politics*¹⁸ Robert Gilpin argues that "states can learn to be more enlightened in their definitions of their interests and more cooperative in their behavior" (p. 227), and he calls on "statesmen in the final decades of the twentieth century to build on the positive forces of our age in the creation of a new and more stable international order" (p. 244).

Kenneth Waltz acknowledges explicitly that state behavior depends not just on international structure but on the internal characteristics of states and that the decisions of leaders also make a difference.¹⁹

The absence of a successful deterministic theory of international relations is fortunate for us as agents in history, since determinism is an unsatisfactory doctrine for human beings. In an era when the fates not only of our species but of the biosphere seem to depend on human decisions, it would be morally as well as intellectually irresponsible to embrace deterministic accounts of world politics. The avoidance of nuclear war is not guaranteed by the existence of capitalism or the state system, any more than its occurrence is rendered inevitable by these structures. Nor do international political and economic structures either guarantee or entirely preclude economic growth or the more equitable distribution of income in Third World countries, although, as will be seen below, they may render the latter difficult to obtain. In combating both war and poverty, there is considerable scope for the effects of conscious human action: neither Pangloss nor Cassandra provides an accurate guide to issues of war and poverty in the contemporary world.

Avoiding nuclear war and promoting equitable Third World development both require international institutions. So do such tasks as retarding nuclear proliferation and protecting the global environment. Managing economic interdependence requires an unprecedented degree of international policy coordination, which the forces of power and world capitalism hardly bring about automatically. Neither class struggle nor hegemonic rule alone offers us much hope of coping successfully with these issues.

In contrast to Marxism and realism, liberalism is not committed to an ambitious and parsimonious structural theory. Its attempts at theory often seem therefore to be vaguely stated and to yield uncomfortably indeterminate results. Yet liberalism's theoretical weakness can be a source of strength as a guide to choice. Liberalism puts more emphasis on the cumulative effects of human action, particularly institution building, than does either Marxism and realism; for liberals, people really do make their own history. Liberalism may therefore offer some clues about how we can change the economic and political limits to modern international politics.

Liberalism as a theory of international relations

As Michael Doyle points out, "there is no canonical description of Liberalism."²⁰ Some commentators equate liberalism with a belief in the superiority of economic arrangements relying on markets rather than on state control. This conception of liberalism identifies it with the view of Adam Smith, David Ricardo and generations of classical and neoclassical economists. Another version of liberalism associates it more generally with the principle of "the importance of the freedom of the individual."²¹ From this classic political perspective, liberalism "begins with the recognition that men, do

what we will, are free; that a man's acts are his own, spring from his own personality, and cannot be coerced. But this freedom is not possessed at birth; it is acquired by degrees as a man enters into the self-conscious possession of his personality through a life of discipline and moral progress."²²

Neither the view of liberalism as a doctrine of unfettered economic exchange nor its identification with liberty for the individual puts forward an analysis of the constraints and opportunities that face states as a result of the international system in which they are embedded. Instead, the emphasis of liberalism on liberty and rights only suggests a general orientation toward the moral evaluation of world politics.

For purposes of this chapter, therefore, it is more useful to consider liberalism as an approach to the analysis of social reality rather than as a doctrine of liberty.²³

I will therefore regard liberalism as an approach to the analysis of social reality that (1) begins with individuals as the relevant actors, (2) seeks to understand how aggregations of individuals make collective decisions and how organizations composed of individuals interact, and (3) embeds this analysis in a world view that emphasizes individual rights and that adopts an ameliorative view of progress in human affairs. In economics, liberalism's emphasis on the collective results of individual actions leads to the analysis of markets, market failure, and institutions to correct such failure; in traditional international relations theory it implies attempts to reconcile state sovereignty with the reality of strategic interdependence.

Liberalism shares with realism the stress on explaining the behavior of separate and typically self-interested units of action, but from the standpoint of international relations, there are three critical differences between these two schools of thought. First, liberalism focuses not merely on states but on privately organized social groups and firms. The transnational as well as domestic activities of these groups and firms are important for liberal analysts, not in isolation from the actions of states but in conjunction with them. Second, in contrast to realism, liberalism does not emphasize the significance of military force, but rather seeks to discover ways in which separate actors, with distinct interests, can organize themselves to promote economic efficiency and avoid destructive physical conflict, without renouncing either the economic or political freedoms that liberals hold dear.²⁴ Finally, liberalism believes in at least the possibility of cumulative progress, whereas realism assumes that history is not progressive.

Much contemporary Marxist and neo-Marxist analysis minimizes the significance of individuals and state organizations, focusing instead on class relations or claiming that the identities of individuals and organizations are constituted by the nature of the world capitalist system, and that the system is therefore ontologically prior to the individual. Thus, liberalism is separated from much Marxist thought by a rather wide philosophical gulf. Yet liberalism draws substantially on those aspects of Marxism that analyze relations between discrete groups, such as investigations of multinational corporations

or of the political consequences of capital flows. Both schools of thought share the inclination to look behind the state to social groups. Furthermore, both liberals and Marxists believe in the possibility of progress, although the liberals' rights-oriented vision is to emerge incrementally whereas Marxists have often asserted that their more collective new world order would be brought about through revolution.

Liberalism does not purport to provide a complete account of international relations. On the contrary, most contemporary liberals seem to accept large portions of both the Marxist and realist explanations. Much of what liberals wish to explain about world politics can be accounted for by the character and dynamics of world capitalism, on the one hand, and the nature of political-military competition, on the other. The realist and Marxist explanations focus on the underlying structure of world politics, which helps to define the limits of what is feasible and therefore ensures that the intentions of actors are often not matched by the outcomes they achieve. Yet as noted above, these explanations are incomplete. They fail to pay sufficient attention to the institutions and patterns of interaction created by human beings that help to shape perceptions and expectations, and therefore alter the patterns of behavior that take place within a given structure. Liberalism's strength is that it takes political processes seriously.

Although liberalism does not have a single theory of international relations, three more specific perspectives on international relations have nevertheless been put forward by writers who share liberalism's analytic emphasis on individual action and normative concern for liberty. I label these arguments republican, commercial, and regulatory liberalism. They are not inconsistent with one another. All three variants of international liberalism can be found in Immanuel Kant's essay "Eternal Peace," and both commercial and regulatory liberalism presuppose the existence of limited constitutional states, or republics in Kant's sense. Nevertheless, these liberal doctrines are logically distinct from one another. They rest on somewhat different premises, and liberals' interpretations of world politics vary in the degree to which they rely upon each set of causal arguments.

Republican liberalism

Republican liberalism argues that republics are more peacefully inclined than are despotisms. For Kant, a principal spokesman for all three versions of liberalism, republics are constitutional governments based on the principles of freedom of individuals, the rule of law, and the equality of citizens. In republics, legislatures can limit the actions of the executive; furthermore, "the consent of the citizens is required in order to decide whether there should be war or not," and "nothing is more natural than that those who would have to decide to undergo all the deprivations of war will very much hesitate to start such an evil game."²⁵ Yet as Michael Doyle has pointed out, for Kant republicanism only produces caution; it does not guarantee peace.

To prevent war, action at the international as well as the national level is necessary.²⁶

The association of republics with peace has often been criticized or even ridiculed. Citizens in democracies have sometimes greeted war enthusiastically, as indicated by the Crimean and Spanish–American wars and with respect to several belligerent countries, by the onset of World War I. Furthermore, many of the people affected by war have not been enfranchised in the actual republics of the last two centuries.²⁷ In the twentieth century, it has been difficult for legislatures to control actions of the executive that may be tantamount to war. And republics have certainly fought many and bloody wars.

Yet the historical record provides substantial support for Kant’s view, if it is taken to refer to the waging of war between states founded on liberal principles rather than between these states and their illiberal adversaries. Indeed, Michael Doyle has shown on the basis of historical evidence for the years since 1800 that “constitutionally secure liberal states have yet to engage in war with one another.”²⁸

This is an interesting issue that could bear further discussion. But my essay concerns the impact of *international relations* on state behavior. Republican liberalism explains state behavior in the international arena on the basis of *domestic* politics and is thus not directly germane to my argument here. Furthermore, as noted above, sophisticated advocates of republican liberalism, such as Kant, acknowledge that even well-constituted republics can be warlike unless international relations are properly organized. Attention to liberalism’s arguments about international relations is therefore required.²⁹

Commercial liberalism

Commercial liberalism affirms the impact of international relations on the actions of states. Advocates of commercial liberalism have extended the classical economists’ benign view of trade into the political realm. From the Enlightenment onward, liberals have argued, in Montesquieu’s words, that “the natural effect of commerce is to lead to peace. Two nations that trade together become mutually dependent if one has an interest in buying, the other has one in selling; and all unions are based on mutual needs.”³⁰ Kant clearly agreed: “It is the *spirit of commerce* that cannot coexist with war, and which sooner or later takes hold of every nation.”³¹

This liberal insistence that commerce leads to peace has led some critical observers to define liberalism in terms of belief in “a natural harmony that leads, not to a war of all against all, but to a stable, orderly and progressive society with little need for a governmental intervention.”³² The utopianism that could be fostered by such a belief is illustrated by a statement of the American industrialist and philanthropist, Andrew Carnegie. In 1910 Carnegie established the Carnegie Endowment for International Peace,

stating, as the Endowment's historian says, "that war could be abolished and that peace was in reach, and that after it was secured his trustees 'should consider what is the next most degrading remaining evil or evils whose banishment' would advance the human cause and turn their energies toward eradicating it."³³

In its straightforward, naive form, commercial liberalism is untenable, relying as it does both on an unsubstantiated theory of progress and on a crudely reductionist argument in which politics is determined by economics. The experience of the First World War, in which major trading partners such as Britain and Germany fought each other with unprecedented intensity, discredited simplistic formulations of commercial liberalism. Yet in my judgment too much has been discredited: commentators have identified commercial liberalism with its most extreme formulations and have thus discarded it rather cavalierly. Defensible forms of commercial liberalism have been put forward in this century, most notably in the 1930s.

At the end of that decade, Eugene Staley proposed a particularly lucid statement of commercial liberalism. Staley begins, in effect, with Adam Smith's dictum that "the division of labor depends on the extent of the market." Increased productivity depends on an international division of labor, for countries not exceptionally well-endowed with a variety of resources. Economic nationalism blocks the division of labor, thus leading to a dilemma for populous but resource-poor states such as Japan: expand or accept decreased living standards.

The widespread practice of economic nationalism is likely to produce the feeling in a country of rapidly growing population that it is faced with a terrible dilemma: either accept the miserable prospect of decreased living standards (at least, abandon hope of greatly improved living standards), or seek by conquest to seize control of more territory, more resources, larger market and supply areas.³⁴

This leads to a general conclusion:

To the extent, then, that large, important countries controlling substantial portions of the world's resources refuse to carry on economic relations with the rest of the world, they sow the seeds of unrest and war. In particular, they create a powerful dynamic of imperialism. *When economic walls are erected along political boundaries, possession of territory is made to coincide with economic opportunity* [italics added]. Imperialistic ambitions are given both a partial justification and a splendid basis for propaganda.³⁵

Staley's argument does not depend on his assumption about increasing population, since increasing demands for higher living standards could lead to the same pressure for economic growth. The important point here for our

purposes is that in Staley's version of commercial liberalism, incentives for peaceful behavior are provided by an open international environment characterized by regularized patterns of exchange and orderly rules. Commerce by itself does not ensure peace, but commerce on a nondiscriminatory basis within an orderly political framework promotes cooperation on the basis of enlightened national conceptions of self-interest that emphasize production over war.

Regulatory liberalism

Advocates of regulatory liberalism emphasize the importance for peace of the rules governing patterns of exchange among countries. Albert O. Hirschman points out that as people began to think about interests in the eighteenth century, they began to realize "that something was to be gained for both parties (in international politics) by the adherence to certain rules of the game and by the elimination of 'passionate' behavior, which the rational pursuit of interest implied."³⁶ Kant regards regulation as a central principle of perpetual peace. He proposes a "federalism" of free states, although this federation is to fall short of a world republic, since a constitutionally organized world state based on the national principle is not feasible.³⁷

Kant does not go into details on how such a federation would be institutionalized, but his vision clearly presages the international organizations of the twentieth century, with their established rules, norms, and practices. A major change in the concept of regulatory liberalism, however, has taken place, since relatively few contemporary international organizations limit membership to republics. Indeed, most members of the United Nations would qualify as despotisms by Kant's criteria. Contemporary practice has created different types of international organizations. Some, such as the European Community and the Organization for Economic Cooperation and Development (OECD), are at least for the most part limited to republics, but the United Nations, a variety of global economic organizations, and regional organizations outside Europe are not. Contemporary advocates of regulatory liberalism may continue to believe that republics in Kant's sense are the best partners for international cooperation; but for a number of global problems, it would be self-defeating to refuse to seek to collaborate with autocratic states. Even autocracies may have an interest in following international rules and facilitate mutually beneficial agreements on issues such as arms control, nuclear reactor safety, and the regulation of international trade.

Kant's argument for a federation is in my view profoundly different from the conception (also found in "Eternal Peace") of the gradual emergence of peace through commerce as a natural process, implying a theory of progress. In contrast not only to Marxism and realism but also to this notion of peace deriving automatically from commerce, regulatory liberalism emphasizes discretionary human action. International rules and institutions play a crucial role in promoting cooperation; yet there is great variation in their results,

depending on the human ingenuity and commitment used to create and maintain them. This emphasis of regulatory liberalism on human choices conforms with experience: the life-histories of international organizations differ dramatically. In some cases, their institutional arrangements, and the actions of their leaders, have encouraged sustained, focused work that accomplishes common purposes and maintains support for the organization: NATO, the European Community, the Association of Southeast Asian Nations (ASEAN) and the World Health Organization (WHO) are examples. Other organizations, such as UNESCO, have failed to maintain the same level of institutional coherence and political support.³⁸

If we keep the insights of regulatory liberalism in mind, along with the experiences of international organizations in the twentieth century, we will be cautious about seeking to predict international behavior on the basis of "the effects of commerce." Such an inference is no more valid than purporting to construct comprehensive analyses of world politics solely on the basis of "the constraints of capitalism" or the necessary effects of anarchy. "Commerce," "capitalism," and "anarchy" can give us clues about the incentives – constraints and opportunities – facing actors, but without knowing the institutional context, they do not enable us to understand how people or governments will react. Regulatory liberalism argues that we have to specify the institutional features of world politics before inferring expected patterns of behavior. I believe that this awareness of institutional complexity is a great advantage, that it constitutes an improvement in subtlety. It improves our capacity to account for change, since change is not explained adequately by shifts in patterns of economic transactions (commercial liberalism), fundamental power distributions (realism), or capitalism (Marxism).

Nothing in regulatory liberalism holds that harmony of interest emerges automatically. On the contrary, cooperation has to be constructed by human beings on the basis of a recognition that independent governments both hold predominant power resources and command more legitimacy from human populations than do any conceivable international organizations. Neither peace nor coordinated economic and social policies can be sought on the basis of a hierarchical organizing principle that supersedes governments. Governments must be persuaded; they cannot be bypassed. This means that international institutions need to be constructed both to facilitate the purposes that governments espouse in common and gradually to alter governmental conceptions of self-interest in order to widen the scope for cooperation. International institutions provide information, facilitate communication, and furnish certain services that cannot be as easily offered by national governments: they do not enforce rules. Liberals recognize that although it is possible to cooperate on the basis of common interest, such cooperation does not derive from an immanent world community that only has to be appreciated, nor does it occur without sweat and risk.

The accomplishments of regulatory liberalism in our age are substantial. They should not be dismissed because severe dangers and dilemmas continue

to face governments or because much that we would like to accomplish is frustrated by state sovereignty and conflicts of interest. The global environment would be in even greater danger in the absence of the United Nations Environmental Program (UNEP) and agreements reached under its auspices; protectionist trade wars might be rampant were it not for the General Agreement on Tariffs and Trade (GATT); starvation would have been much worse in Africa in the early 1980s without the World Food Program and other international cooperative arrangements; smallpox would not have been eradicated without the efforts of the World Health Organization. Regulatory liberalism asserts that better arrangements that constructively channel the pursuit of self-interest – or that enrich definitions of self-interest – can realistically be constructed, not that they will appear without effort. History supports both parts of its claim.

Sophisticated liberalism

Commercial liberalism stresses the benign effects of trade; in Staley's version, trade may, under the right conditions, facilitate cooperation but does not automatically produce it. Regulatory liberalism emphasizes the impact of rules and institutions on human behavior. Both versions are consistent with the premise that states make choices that are, roughly speaking, rational and self-interested; that is, they choose means that appear appropriate to achieve their own ends. Yet this premise misses an important element of liberalism, which does not accept a static view of self-interest, determined by the structure of a situation, but rather holds open the possibility that people will change their attitudes and their loyalties. As students of European political integration have shown, a combination of strengthened commercial ties and new institutions can exert a substantial impact on people's conceptions of their self-interest.³⁹ People cannot be expected, in general, to cease to act in self-interested ways, but their conceptions of their self-interest can change.

What I call sophisticated liberalism incorporates this sociological perspective on interests into a synthesis of commercial and regulatory liberalism. It does not posit that expanding commerce leads directly to peace but rather agrees with Staley that conditions of economic openness can provide incentives for peaceful rather than aggressive expansion. This is only likely to occur, however, within the framework of rules and institutions that promote and guarantee openness. Not just any set of commercial relationships will lead to peace: The effects of commerce depend on the institutional context – the rules and habits – within which it takes place. Furthermore, the development of commerce cannot be regarded as inevitable, since it depends on a political structure resting on interests and power.

What liberalism prescribes was to a remarkable extent implemented by the United States and its Western European allies after World War II. The United States, in conjunction with Western European governments, set about constructing a framework of rules that would promote commerce and economic

growth. Consistently with the expectations of both realism and Marxism, American power was used to ensure that the rules and institutions that emerged satisfied the basic preferences of American elites. What the Europeans established differed considerably from American plans, and the construction of European institutions preceded the implementation of the global economic arrangements that had been outlined at the Bretton Woods Conference and at the negotiations leading to the General Agreement on Tariffs and Trade (GATT).⁴⁰ Yet without American prodding, it is unclear whether these European institutions would have been created; and the United States had relatively little difficulty accepting the new European institutions, which promoted basic American goals of security and prosperity within the institutional frameworks of representative government and capitalism.

Even if the European institutions were not entirely devoted to the principles of commercial liberalism – and the European Payments Union, the European Coal and Steel Community, and the European Economic Community had many restrictionist elements – they were not sharply inconsistent with the institutions of Bretton Woods and GATT, which emphasized the value of open markets and nondiscriminatory trade. The resulting arrangements, taken as a whole, epitomized a liberalism that was “embedded” in the postwar interventionist welfare state. That is, liberalism no longer required rejection of state interventionism, but rather efforts to ensure that interventionist practices were limited by joint agreements and rules, in order to maintain their broadly liberal character and to facilitate international exchange.⁴¹ Economic growth, promoted by international trade and investment, was expected to facilitate the growth of democratic institutions within societies, and thus to reshape states in pacific directions as well as to provide incentives for peaceful economic expansion rather than military conquest. The political complications entailed by growing economic interdependence were to be managed by an increasingly complex network of formal and informal institutions, within Europe and among the advanced industrial countries.⁴²

This strategy was remarkably successful. Indeed, the benign results foreseen by such writers as Staley ensued, although it might be difficult to prove decisively that they resulted principally from institutionalized patterns of interdependence more than from the looming presence of the Soviet Union. At any rate, war and threats of war were eliminated as means of economic aggrandizement for the advanced parliamentary democracies. Furthermore, as American hegemony began to wane after the mid-1960s, the value of liberalism’s emphasis on rules became more evident to those who sought to avoid a return to economic warfare and generalized conflict. International regimes such as those revolving around the GATT or the International Monetary Fund have displayed remarkable staying power, even after the power constellations that brought them into being had eroded.

Liberals have used their positive theory stressing the role of institutions to bolster their normative argument that liberal orders are to be preferred to

available alternatives. It is important to note here that the liberal stress on institution building is not based on naivete about harmony among people, but rather on an agreement with realists about what a world without rules or institutions would look like: a jungle in which governments seek to weaken one another economically and militarily, leading to continual strife and frequent warfare. Liberals do not believe in the soothing effects of “international community.” It is precisely because they have seen the world in terms similar to those of the realists – not because they have worn rose-colored glasses – that sophisticated liberals from Kant to Staley to Stanley Hoffmann have sought alternatives. Their pessimism about world politics and human conflict makes sophisticated liberals willing to settle for less than that demanded by utopians of whatever stripe.

Evaluating liberalism: doctrine and practice

Regulatory liberalism argues for the construction of institutions to promote exchanges regarded by governments as beneficial. This is to be done without directly challenging either the sovereignty of states or the inequalities of power among them. Liberals who appreciate Marxist and realist insights are careful not to present these exchanges as unconstrained or necessarily equally beneficial to all parties concerned, much less to categories of people (such as the rural poor in less developed countries) that are unrepresented at the bargaining table. As a reformist creed, liberalism does not promise justice or equity in a setting, such as that of international relations, in which inequalities of power are so glaring and means of controlling the exercise of power so weak. It is therefore open to charges of immorality from utopians and of naivete from cynics; and depending on the context, liberals may be guilty of either charge, or of both. Liberals seek to build on what exists in order to improve it, and run the risk that their policies will either worsen the situation or help to block alternative actions that would radically improve it. Nevertheless, liberals can fairly ask their opponents to propose alternative strategies that are not merely attractive in principle, but seem likely to produce better results in practice.

Yet even if we accept the liberal argument this far, we may be reluctant to embrace liberalism as a normative theory of international affairs. Before we could do so, we would need to consider the negative as well as the positive aspects of the open international order, with its rules and institutions to guide the actions of states, that liberals favor. In particular we would need to consider the impact of such an order on two major values: peace and economic welfare. What are the effects of an open, interdependent international order on the constraints facing states, and on the ways in which states are reshaped in world politics? What is the liberal view of these constraints? How do these constraints compare with those imposed by alternative arrangements for the management of international affairs?

Liberalism and peace

As we have seen, liberalism assures states of access, on market or near-market terms, to resources located elsewhere. "In a liberal economic system," admits a critic of liberalism, "the costs of using force in pursuit of economic interests are likely to outweigh any gains, because markets and resources are already available on competitive terms."⁴³

This access to markets and resources is assured by complex international political arrangements that would be disrupted by war. If the division of labor is limited by the extent of the market, as Adam Smith taught, the extent of the market is limited by the scope of international order. The more tightly intertwined and interdependent the valued interactions among states, the greater the incentives for long-term cooperation in order to avoid disrupting these ties. In international relations as in other social relations, incentives for cooperation depend on whether actors are "involved in a thick enough network of mutual interactions" and on the degree to which they benefit from these ties.⁴⁴ This does not mean that commerce necessarily leads to peace, or that entwining the Soviet Union in networks of interdependence will get the Soviets to stop fostering revolution in the Third World; but it is reasonable to assert that a calculation of costs and benefits will enter into state decision making, and that this calculation will be affected by the costs of disrupting beneficial ties. Thus we can find analytical support for the view, espoused by liberals such as Staley, that an open, rule-oriented international system provides incentives for peaceful behavior.⁴⁵

The existence of an orderly and open international system may affect the balance of interests and power for societies poised between commercial and belligerent definitions of self-interest. Japan before and after World War II provides the outstanding example. Admittedly, the contrast between its behaviour before World War II and since is partly accounted for by the restructuring of Japanese government and society during the American Occupation and by the dependence of Japan on the United States for defense against the Soviet Union. Nevertheless, the dominance of peacefully inclined commercial rather than bellicose military elites in postwar Japanese policymaking has surely been encouraged by the opportunities provided for Japanese business by relatively open markets abroad, particularly in the United States.⁴⁶

Yet the picture for liberalism is not so rosy as the previous paragraphs might seem to suggest. Liberalism may indeed inhibit the use of force, but it may also have the opposite effect. Whether American liberalism was in any way responsible for the massive use of violence by the United States in Southeast Asia is still unclear: Liberal moralism may have justified the use of force, although it seems from *The Pentagon Papers* that a skewed conception of geopolitics provided a more powerful motivation for action.⁴⁷ Furthermore, liberal values were crucial in providing the moral basis for the popular protests against United States military involvement in Vietnam, which eventually brought the war to an end.

Yet even if liberalism tends to be peacefully oriented, and was not responsible for the war in Vietnam, the effects of liberalism on peace may not necessarily be benign. The extension of economic interests worldwide under liberalism in search of wider markets requires the extension of political order: insofar as that order is threatened, protection of one's own economic interests may entail the use of force. Thus a global political economy may make it difficult for leaders of a peacefully oriented liberal state not to use force, precisely by making it vulnerable to the use of force against it by nonliberal states or movements. Three examples illustrate this point:

Direct foreign investment The United States in recent decades has intervened directly or indirectly in a number of countries in which it had substantial direct foreign investments, including Guatemala (1954), Cuba (1961), and Chile (1973). Fear of the extension of Soviet influence to the Western Hemisphere seems to have been a principal motivation for American action, but in all three cases, intergovernmental conflicts were generated by the presence of US-owned companies in societies undergoing revolutionary change. In the absence of the extension of American economic interests to these countries, such interventions would, it seems, have been less likely to occur.

Control over resources The Carter Doctrine, which raised the possibility of American intervention in the Persian Gulf, was clearly motivated by United States government concern for access to oil resources in that area. So was the movement of a large US naval task force into the gulf in the spring and summer of 1987. Such military action in defense of far-flung economic interests – of America's allies even more than of itself – created the obvious possibility of war between the United States and Iran. Soviet–American confrontation was also conceivable: indeed, the scenarios of superpower conflict arising in the Middle East seemed in many ways more plausible than the scenarios for Soviet–American military confrontation in Europe.⁴⁸ The general point is that the global economic interests of liberal states make them vulnerable to threats to their access to raw materials and to markets. Liberal states may use violence to defend access to distant resources that more autarkic states would not have sought in the first place.

Air transport Liberal societies not only extend their economic interests worldwide, they also believe in individual freedom to travel. This means that at any given time, thousands of citizens of such societies are in airplanes around the world – potential hostages or victims of terrorists. Since socialist or mercantilist governments not only have limited foreign economic interests but often restrict travel by their people, they are not so vulnerable. Reacting to their vulnerability, powerful republics may escalate the use of force, as the United States did, in April 1986, against Libya. The global extension of international activity fostered by liberalism's stress on economic openness and political rights not only creates opportunities for terrorists but also

provides incentives for powerful republics to use force – even if its use is justified as defensive and protective rather than aggressive.

How do incentives for the use of force balance out against incentives against such use? The peaceful behaviour of liberal governments toward one another, and their reluctance to resort to force against nonliberal states in the oil crisis of the 1970s, suggest that the current interdependent international political economy may have inhibited – or at least, has not encouraged – widespread resort to force. Barry Buzan argues that, despite this success, liberalism will lead in the long run to the use of force because it is unstable and will deteriorate.⁴⁹ The recent upsurge of terrorism reminds us that this caution is well founded. A degenerating liberal system, in which commitments and vulnerabilities exceed the capacities of liberal states to deal with them, could be exceedingly dangerous – perhaps even more so than a decaying system of self-reliant mercantilist states. But this observation could just as well be taken as a justification for committing ourselves more strongly to underpinning a liberal economic system with multilateral institutions supported by power, than as an argument against a liberal international system. To regard the dangers of a decay of liberalism as an argument against an open international order is reminiscent of Woody Allen's character in *Hannah and Her Sisters* who attempts to commit suicide out of fear of death!

Liberalism and economic welfare

Conservative economists find the international order favored by liberalism congenial. The international market serves as a “reality test” for governments' economic strategies. Inefficient policies such as those overemphasizing provision of welfare and state bureaucracy will do badly.⁵⁰ Eventually, the failure of these policies will become evident in slow and distorted growth and balance-of-payments problems. From this standpoint, the constraints imposed by the world economy are not properly seen as malign constraints on autonomy, but rather as beneficial limits on governments' abilities to damage their own economies and people through foolish policies. International liberalism fosters a world economy that gives timely early warning of economic disaster, rather than enabling states to conceal crises by using controls that in the long run only make matters worse. As Locke said about law, “That ill deserves the Name of Confinement which hedges us in only from Bogs and Precipices.”⁵¹

The international political economy of modern capitalism is viewed more critically, however, both by liberals who empathize strongly with ordinary people in the Third World and by First World supporters of social democracy. It is evident to many liberals as well as Marxists that the modern capitalist world economy exerts a bias against poor, immobile people as well as against generous welfare states. Conservative economists point this out with some glee: the McCracken Report argues that “countries pursuing

equality strenuously with an inadequate growth rate” may suffer “capital flight and brain drain.”⁵² The existence of international capitalism improves the bargaining power of investors vis-à-vis left-wing governments. The ease with which funds can flow across national boundaries makes it difficult for any country with a market-oriented economy to institute measures that change the distribution of income against capital.

Capital flight can have catastrophic effects on the debt-ridden nations of the Third World. As Marxists emphasize, it also constrains attempts to promote equity or nibble away at the privileges of business in the advanced industrialized countries of Europe, North America, and the Pacific. When Thatcher or Reagan sought to help business and improve profits, capital flowed into their countries – at least temporarily. When Mitterand sought to expand the welfare state, stimulate demand, and nationalize selected industries, by contrast, capital flowed out, the franc declined and his social democratic policy was eventually exchanged for austerity. An open capitalist world financial system therefore tends to reinforce itself, although, even in the face of such constraints, such countries as Sweden and Austria have been able to devise effective strategies to maintain high levels of employment and social equality. Ironically, states with strong but flexible public institutions, able to manipulate the world economy when possible and to correct for its effects when necessary, seem to thrive best in an open world political economy. For countries not blessed with such institutions, the international economic order of modern capitalism manifests a pronounced bias against policies promoting equality.⁵³

International liberalism: an evaluation

The international order proposed by liberalism has a number of appealing features, particularly when a substantial number of powerful states are republics. Orderly exchange, within a framework of rules and institutions, provides incentives for peaceful expansion and productive specialization. International institutions facilitate cooperation and foster habits of working together. Therefore, a realistic liberalism, premised not on automatic harmony but on prudential calculation, has a great deal to commend it as a philosophy of international relations.

Yet liberalism has several major limitations, both as a framework for analysis and as a guide for policy. It is incomplete as an explanation, it can become normatively myopic, and it can backfire as a policy prescription.

Liberalism only makes sense as an explanatory theory within the constraints pointed out by Marxism and realism. Viewed as an explanation of state action, sophisticated liberalism emphasizes the difference that international rules and institutions can make, even when neither the anarchic state system nor world capitalism can be transformed or eliminated. If major powers come into violent conflict with one another or capitalism disintegrates, the institutions on which liberalism relies will also collapse.

International liberalism is therefore only a partial theory of international relations: it does not stand on its own.

Normatively, liberalism is, as John Dunn has put it, “distressingly plastic.”⁵⁴ It accommodates easily to dominant interests, seeking to use its institutional skills to improve situations rather than fundamentally to restructure them. Liberalism is also relatively insensitive to exploitation resulting from gross asymmetries of wealth and power. Liberals may be inclined to downplay values such as equality when emphasis on such values would bring them into fundamental conflict with powerful elites on whose acquiescence their institutional reformism depends. Liberalism is sometimes myopic as a normative theory, since it focuses principally on moderating “economic constraints on modern politics” in a way that facilitates governments’ purposes, rather than directly on the condition of disadvantaged groups. To satisfied modern elites and middle classes, liberalism seems eminently reasonable, but it is not likely to be as appealing to the oppressed or disgruntled.

As policy advice, liberalism can backfire under at least two different sets of conditions. First, if only a few governments seek to promote social equity and welfare in an open economy, they may find their policies constrained by the more benighted policies of others. “Embedded liberalism” represents an attempt to render a liberal international order compatible with domestic interventionism and the welfare state. As we have seen, this is a difficult synthesis to maintain. Second, liberalism may have perverse effects if the global extension of interests that it fosters cannot be defended. Decaying liberal systems may be the most dangerous of all. One way to deal with this problem of decay is to use military power to uphold the liberal order. But we may also want to consider how to make ourselves less vulnerable by trimming back some of these interests, insofar as we can do so without threatening the rule-based structure of exchange that is the essence of a liberal order. It would be foolish for liberalism to commit suicide for fear of death. But perhaps we could go on a diet, reducing some of the excess weight that may make us vulnerable to disaster. Greater energy self-reliance – endangered by the mid-1980s fall in oil prices – remains one valuable way to do this.⁵⁵

The appeal of liberalism clearly depends in part on where you sit. Liberalism can become a doctrine of the status quo; indeed, this danger is probably greater for the nonutopian liberalism that I advocate than for the utopian liberalism that E.H. Carr criticized almost half a century ago. But realism has an even greater tendency to be morally complacent, since it lacks the external standards of human rights that liberalism can use to criticize governments in power. Realism lacks the “imaginative flexibility” of liberalism about human possibilities, and is therefore missing an ethical dimension that liberals possess.⁵⁶ Marxism is anything but complacent about the capitalist status quo, although as a moral theory the weakness of orthodox Marxism is its inability to show that the alternatives it proposes *as they are likely actually to operate in practice* are morally superior to feasible reformist alternatives. Soviet

Marxists, of course, have traditionally supported the status quo in socialist states within the Soviet sphere of influence, regardless of how repressive their governments may be.

The strength of liberalism as moral theory lies in its attention to how alternative governing arrangements will operate in practice, and in particular how institutions can protect human rights against the malign inclinations of power holders. Unlike realism, liberalism strives hard for improvement; but unlike Marxism, it subjects proffered "new orders" to skeptical examination. "No liberal ever forgets that governments are coercive."⁵⁷ A liberalism that remains faithful to its emphasis on individual rights and individual welfare as the normative basis for international institutions and exchange, can never become too wedded to the status quo, which never protects those rights adequately.

In the end I return to the emphasis of liberalism on human action and choice. Liberalism incorporates a belief in the possibility of ameliorative change facilitated by multilateral arrangements. It emphasizes the moral value of prudence.⁵⁸ For all its faults and weaknesses, liberalism helps us to see the importance of international cooperation and institution building, even within the fundamental constraints set by world capitalism and the international political system. Liberalism holds out the prospect that we can affect, if not control, our fate, and thus encourages both better theory and improved practice. It constitutes an antidote to fatalism and a source of hope for the human race.

Notes

- 1 The author is grateful for comments on earlier drafts of this paper to Professors Vinod Aggarwal, Michael Doyle, John Dunn, Ernst B. Haas, Stanley Hoffmann, Nannerl O. Keohane, Joseph S. Nye, Susan Moller Okin, and Kenneth N. Waltz. Further valuable suggestions were received when such a draft was presented to the Harvard-MIT study group on international institutions and cooperation during the fall of 1986 and to a discussion group at the Center for Advanced Study in the Behavioral Sciences during the fall of 1987.
- 2 For the classic modern work in this vein, see Kenneth N. Waltz, *Man, the State and War* (New York: Columbia University Press, 1959).
- 3 On British and American thinking, see Arnold Wolfers and Laurence W. Martin, eds, *The Anglo-American Tradition in Foreign Affairs: Readings from Thomas More to Woodrow Wilson* (New Haven: Yale University Press, 1956). For the most influential English-language critiques of liberalism in international relations, see E.H. Carr, *The Twenty Years' Crisis, 1919–1939* (London: Macmillan, 1st edition, 1939; 2nd edition, 1946); Hans J. Morgenthau, *Scientific Man Versus Power Politics* (Chicago: University of Chicago Press, 1946); and Waltz, *Man, the State and War*.
- 4 E.H. Carr, *Nationalism and After* (New York: Macmillan, 1945), p. 11.
- 5 See Hans J. Morgenthau, *Politics Among Nations* (New York: Knopf, 4th edition, 1967).
- 6 Ralph Miliband, *The State in Capitalist Society* (New York: Basic, 1969), p. 153.

- 7 Theda Skocpol, *States and Social Revolutions* (Cambridge University Press, 1979), p. 19.
- 8 Immanuel Wallerstein, *The Capitalist World-Economy* (Cambridge University Press, 1979), p. 230.
- 9 Robert Jervis, "Cooperation Under the Security Dilemma," *World Politics*, vol. 30, no. 2 (January 1978), p. 169.
- 10 For a classic listing, see Morgenthau, *Politics Among Nations*, Chap. 9.
- 11 For a discussion of "self-help" as a defining characteristic of world politics, see Kenneth N. Waltz, *Theory of International Politics* (Reading, Mass: Addison-Wesley, 1979), Chap. 6.
- 12 Felix Gilbert, ed., *The Historical Essays of Otto Hintze* (New York: Oxford University Press, 1975), p. 183.
- 13 Thomas Hobbes, *Leviathan* (1651, Chaps 13, 15; Library of Liberal Arts Edition, Indianapolis: Bobbs-Merrill), pp. 104, 118.
- 14 Robert W. Tucker, *The Inequality of Nations* (New York: Basic, 1977), p. 175.
- 15 International structure for neorealists such as Waltz comprises three elements: the central principle of anarchy, the similarity of the units composing the system, and the distribution of power among them. See Waltz, *Theory of International Politics*, Chap. 5.
- 16 For a sustained discussion of this point, see Robert O. Keohane, *After Hegemony: Cooperation and Discord in the World Political Economy* (Princeton: Princeton University Press, 1984).
- 17 Karl Marx, *The Eighteenth Brumaire of Louis Napoleon*, second paragraph (1852), reprinted in Lewis Feuer, ed., *Marx and Engels: Basic Writings on Politics and Philosophy* (Garden City, N.Y.: Doubleday, 1959), p. 320.
- 18 Cambridge: Cambridge University Press, 1981.
- 19 Waltz, *Theory of International Politics*, p. 122.
- 20 Michael W. Doyle, "Liberalism and World Politics," *American Political Science Review*, vol. 80, no. 4 (December, 1986), p. 1152.
- 21 Michael W. Doyle, "Kant, Liberal Legacies, and Foreign Affairs," Part I, *Philosophy and Public Affairs*, vol. 12, no. 3 (1983), p. 206. A parallel definition, focusing on political freedom, is offered by Stanley Hoffmann, "Liberalism and International Affairs," in Hoffmann, *Janus and Minerva* (Boulder: Westview Press, 1986).
- 22 R.G. Collingwood, "Preface" to Guido de Ruggiero, *The History of European Liberalism*, tr. R.G. Collingwood (Boston: Beacon, 1959), pp. vii–viii, quoted by John Dunn, *Rethinking Modern Political Theory* (Cambridge University Press, 1985), p. 158. The use of the word, "man," rather than "person," in this quotation reflects a limitation of the thinking of classical liberalism, with the notable exception of John Stuart Mill, as well as other schools of political thought before the late twentieth century: women are not regarded as the political equals of men, and labor and nurturing by women, which have traditionally been instrumental in the development of children's personality, are ignored.
- 23 For this suggestion I am indebted to Andrew Moravcsik.
- 24 As a large critical literature emphasizes, of course, liberalism is not power free. As E.H. Carr emphasized, liberal economic institutions have typically been undergirded by structures of power, which may be hidden by the veil of economics and therefore be more or less invisible.
- 25 Immanuel Kant, "Eternal Peace" (1795), in Carl J. Friedrich, ed., *The Philosophy of Kant* (New York: Modern Library, 1949), pp. 437–9.
- 26 Doyle, "Liberalism and World Politics," cited, p. 1160.
- 27 Susan Okin has pointed out to me that Kant excluded from citizenship women and day laborers. Many republics excluded people without property from voting until late in the last century, and women until early in this one.

- 28 Doyle, "Liberal Legacies," cited, p. 213. Doyle defines liberal states in a manner consistent with Kant's specifications.
- 29 Another reason for this emphasis is that recent work on liberalism and international affairs, especially that by Michael Doyle, has discussed republican liberalism with great sophistication but has paid less attention to commercial and regulatory liberalism.
- 30 Albert O. Hirschman, *The Passions and the Interests: Political Arguments for Capitalism Before its Triumph* (Princeton: Princeton University Press, 1977), p. 80.
- 31 Kant, "Eternal Peace," cited, p. 455, italics in text.
- 32 Kenneth N. Waltz, *Man, the State and War*, p. 86. Twenty years before Waltz's book, E.H. Carr argued that liberalism was essentially utopian in character, and that the liberal engaged in "clothing his own interest in the guise of a universal interest for the purpose of imposing it on the rest of the world." Carr, *The Twenty Years' Crisis, 1919-1939*; 2nd edition, pp. 27, 75.
- 33 Larry L. Fabian, *Andrew Carnegie's Peace Endowment* (New York: Carnegie Endowment for International Peace, 1985), p. 43.
- 34 Eugene Staley, *The World Economy in Transition* (New York: Council on Foreign Relations, 1939), p. 103.
- 35 Ibid.
- 36 Hirschman, *Passions*, cited, p. 51.
- 37 Kant, "Eternal Peace," pp. 441, 445.
- 38 For a comparative analysis of eight international organizations that substantiates the importance of institutional histories and choices, see Robert W. Cox and Harold K. Jacobson, eds, *The Anatomy of Influence: Decision Making in International Organization* (New Haven: Yale University Press, 1973).
- 39 The pioneering works are, Karl W. Deutsch *et al.*, *Political Community and the North Atlantic Area: International Organization in the Light of Historical Experience* (Princeton: Princeton University Press, 1957); Ernst B. Haas, *The Uniting of Europe: Political, Social and Economic Forces, 1950-1957* (Stanford: Stanford University Press, 1958).
- 40 For an impressive work of scholarship that emphasizes the European ability to obstruct American plans and implement their own, see Alan Milward, *The Reconstruction of Western Europe, 1945-51* (Berkeley and Los Angeles: University of California Press, 1984).
- 41 John Gerard Ruggie, "International Regimes, Transactions and Change: Embedded Liberalism in the Post-War Economic Order," *International Organization*, vol. 36, no. 2 (1982), pp. 379-415.
- 42 For a discussion, see Robert O. Keohane and Joseph S. Nye, Jr., *Power and Interdependence: World Politics in Transition* (Boston: Little, Brown, 1977).
- 43 Barry Buzan, "Economic Structure and International Security: The Limits of the Liberal Case," *International Organization*, vol. 38, no. 4 (1984), p. 603.
- 44 Russell Hardin, *Collective Action* (Baltimore: Johns Hopkins University Press, 1982), p. 228.
- 45 For a recent book that revives this thesis, in a not entirely consistent or persuasive form, see Richard N. Rosecrance, *The Rise of the Trading State* (New York: Basic, 1985). Rosecrance drifts too much, in my view, into seeing the "rise of the trading state" as a more or less inevitable trend, ignoring some of the qualifications that must be made to the thesis, as observed below.
- 46 It is hard to be more specific than this about the effects of the international system without detailed empirical investigation. In general, we must guard against the temptation to overestimate the effects of international arrangements on the propensity of governments to use force. Even sophisticated international liberalism is a systemic theory which does not probe deeply into the nature of domestic

political and social coalitions. The impact of the international system is only one of many factors – even if an important one – affecting the behavior of states.

- 47 For an analysis of policymaking in the Vietnam War, based principally on *The Pentagon Papers*, see Leslie H. Gelb with Richard K. Betts, *The Irony of Vietnam: The System Worked* (Washington: The Brookings Institution, 1979).
- 48 See Graham T. Allison, Albert Carnesale, and Joseph S. Nye, Jr., *Hawks, Doves, and Owls: An Agenda for Avoiding Nuclear War* (New York: Norton, 1985).
- 49 Buzan, “Economic Structure and International Security: the Limits of the Liberal Case,” *International Organization*, vol. 38, no. 4 (Autumn 1984), pp. 597–624.
- 50 See, for instance Paul McCracken *et al.*, *Towards Full Employment and Price Stability* (Paris: OECD, 1977) for an analysis along these lines by a “blue-ribbon panel” of economists.
- 51 John Locke, *Second Treatise of Government* (1690), paragraph 57. Idem, *Two Treatises of Government*, edited by Peter Laslett, 2nd edition (Cambridge University Press, 1967), p. 323.
- 52 McCracken *et al.*, *Towards Full Employment and Price Stability*, pp. 136–7.
- 53 For an elaboration of this argument, see Robert O. Keohane, “The World Political Economy and the Crisis of Embedded Liberalism,” in John H. Goldthorpe, ed., *Order and Conflict in Contemporary Capitalism* (Oxford: Clarendon Press, 1984), pp. 22–6. The best work on strategies of small states such as Austria for coping with constraints from the world economy is by Peter J. Katzenstein. See *Corporatism and Change: Austria, Switzerland and the Politics of Industry* (Ithaca, N.Y.: Cornell University Press, 1984); and idem, *Small States in World Markets* (Ithaca, N.Y.: Cornell University Press, 1985).
- 54 Dunn, *Rethinking Modern Political Theory*, cited, p. 169.
- 55 It could be worthwhile to ask whether there could be analogous self-protective responses to terrorism. The problem, clearly, is that the obvious solution – restricting the right of one’s citizens to travel or denying them protection if they do so – conflicts with liberalism’s conception that the state should protect individual rights.
- 56 The phrase, “imaginative flexibility,” I owe to John Dunn.
- 57 Judith Shklar, *Ordinary Vices* (Cambridge, Mass.: Harvard University Press, 1984), p. 244.
- 58 Dunn, *Rethinking Modern Political Theory*, cited, p. 169.