

## CHAPTER 13

THE NEW  
LIBERALISM

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THE universal condition of world politics is *globalization*. States are, and always have been, embedded in a domestic and transnational society that creates incentives for its members to engage in economic, social, and cultural interactions that transcend borders. Demands from individuals and groups in this society, as transmitted through domestic representative institutions, define “state preferences”—that is, fundamental substantive social purposes that give states an underlying stake in the international issues they face. To motivate conflict, cooperation, or any other costly political foreign policy action, states must possess sufficiently intense state preferences. Without such social concerns that transcend borders, states would have no rational incentive to engage in world politics at all, but would simply devote their resources to an autarkic and isolated existence. This domestic and transnational social context in which states are embedded varies greatly over space and time. The resulting globalization-induced variation in social demands and state preferences is a fundamental cause of state behavior in world politics. This is the central insight of liberal international relations theory.

Three specific variants of liberal theory focus are defined by particular types of state preferences, their variation, and their impact on state behavior. *Ideational* liberal theories link state behavior to varied conceptions of desirable forms of cultural, political, socioeconomic order. *Commercial* liberal theories stress

For more detailed analysis and a literature review, see Moravcsik (1997; 2003), on which this chapter draws.

economic interdependence, including many variants of “endogenous policy theory.” *Republican* liberal theories stress the role of domestic representative institutions, elites and leadership dynamics, and executive–legislative relations. Such theories were first conceived by prescient liberals such as Immanuel Kant, Adam Smith, John Stuart Mill, John Hobson, Woodrow Wilson, and John Maynard Keynes—writing well before the independent variables they stressed (democratization, industrialization, nationalism, and welfare provision) were widespread.<sup>1</sup>

The liberal focus on variation in socially determined state preferences distinguishes liberal theory from other theoretical traditions: realism (focusing on coercive power resources), institutionalism (focusing on information), and most nonrational approaches (focusing on patterns of beliefs about appropriate means–ends relationships).<sup>2</sup> In explaining patterns of war, for example, liberals do not stress inter-state imbalances of power, bargaining failure under incomplete information, or particular nonrational beliefs, but conflicting state preferences derived from hostile nationalist or political ideologies, disputes over appropriable economic resources, or exploitation of unrepresented political constituencies. For liberals, a necessary condition for war is that these factors lead one or more “aggressor” states to possess “revisionist” preferences so extreme that other states are unwilling to submit. Similarly, in explaining trade protectionism, liberals look not to shifts of hegemonic power, suboptimal international institutions, or misguided beliefs about economic theory, but to economic incentives, interest groups, and distributional coalitions opposed to market liberalization.

Liberal theory is a paradigmatic alternative theoretically distinct from, empirically at least coequal with, and in certain respects analytically more fundamental than, existing paradigms such as realism, institutionalism, or constructivism. This chapter presents three core theoretical assumptions underlying liberal theories, elaborates the three variants of liberal theory, and draws some broader implications. Perhaps the most important advantage of liberal theory lies in its capacity to serve as the theoretical foundation for a shared multicausal model of instrumental state behavior—thereby moving the discipline beyond paradigmatic warfare among uncausal claims (Lake and Powell 1999 outline a similar vision).

<sup>1</sup> In a Lakatosian sense, this should increase our confidence in liberal predictions (Moravcsik 2003).

<sup>2</sup> Some who engage in the pre-scientific practice of classifying theories according to “optimism” and “pessimism,” or political pedigree, classify theories of international organizations as liberal (though in fact, in the nineteenth and early twentieth centuries, international institutions were more often espoused by monied conservatives). For modern international relations theorists, however, what matters are core assumptions, and modern regime theory rests on a distinctively different set of assumptions from the liberal theories discussed here. Regime theory concerns the distribution of information, with state preferences treated as exogenous. The liberal theories discussed here seek to endogenize state preferences. For more discussion, see Moravcsik (1997, 536–8); cf. Keohane (1990).

## 1 CORE ASSUMPTIONS OF LIBERAL THEORY

Liberal international relations theory's fundamental premise—state preferences derived from the domestic and transnational social pressures critically influence state behavior—can be restated in terms of three core assumptions.

*Assumption 1: The Nature of Societal Actors.*

*Globalization generates differentiated demands from societal individuals and groups with regard to international affairs.*

Liberal international relations theory rests on a “bottom-up” or pluralist view of politics. Functionally differentiated individuals and groups define material and ideational goals independently of politics, then seek to advance those ends through political means.<sup>3</sup> Social actors favor some economic, social, cultural, and domestic political arrangements rather than others—that is, particular structures of economic production and exchange, social relations, cultural practice, or domestic political rule. For the purpose of studying world politics, the critical source of social interests is *globalization*—that is, the changing opportunities and incentives to engage in transnational economic, social, and cultural activity—which changes the prospects for realizing domestic objectives. Without globalization, societal actors, like states, would have no rational incentive to attend to world politics. Such incentives vary from individual opportunities for glory or plunder (say, in the epoch of Alexander the Great) to the maintenance of complex networks of transnational production, immigration, and cultural discourse (more often found in our own). The most fundamental theoretical task of liberal international relations theory is to define the impact of the shifting terms of economic, social, and cultural globalization on social actors and the competing demands they will thus place upon states.

A simple analysis starts by assuming that, the stronger the aggregate benefit from social interactions across borders, the greater the demand to engage in such interactions. In pursuing such goals, individuals can be assumed to be, on the average, risk averse—that is, they defend existing private opportunities for investment while remaining more cautious about assuming cost and risk in pursuit of new gains. All this can generate strong incentives for peaceful coexistence and *status quo*-oriented policies. This starting point often leads critics, not least realists, to caricature liberals as espousing a utopian belief in an automatic harmony of interest among social actors.

In fact liberal theory—as reflected in liberal philosophers and social scientists alike—rests on the contrary premise. Societal demands are a variable, shifting

<sup>3</sup> The critical distinction here is *not* the “level of analysis”—that is, that liberal theory offers a “domestic” explanation (“level of analysis” is an outmoded and misleading concept; see Fearon 1998; Lake and Powell 1999, ch. 1). Essential is rather that liberals take seriously, rather than arbitrarily suppress, Kenneth Waltz’s notion of “functional differentiation,” grounding it in domestic and transnational society (Ruggie 1983).

with factors such as technology, geography, and culture. A harmonious pattern of interest associated with liberal “utopianism” is no more than one ideal endpoint. In nearly all social situations, shifts in control over material resources, authoritative values, and opportunities for social control have domestic and transnational distributional implications, which almost invariably create winners and losers. Moreover, while the average individual may be risk averse, particular individuals may be willing to risk costly conflict for improbable gain. Any liberal theory must therefore specify more concrete conditions under which the interests of social actors converge toward particular patterns vis-à-vis other societies.

Broadly speaking, conflictual societal demands about the management of globalization tend to be associated with three factors. First, contradictory or irreconcilable differences in core beliefs about national, political, and social identity promote conflict, whereas complementary beliefs promote harmony and cooperation. Secondly, resources that can be easily appropriated or monopolized tend to exacerbate conflict by increasing the willingness of social actors to assume cost or risk to enrich themselves. Thirdly, large inequalities in domestic social or political influence may permit certain groups to evade the costs of costly conflict or rent-seeking behavior, even if the result is inefficient for society as a whole. These general tendencies are developed in more detail in the next section, where we will link them to the three major strands of liberal theory.

*Assumption 2: The Nature of the State.*

*States represent the demands of a subset of domestic individuals and social groups, on the basis of whose interests they define “state preferences” and act instrumentally to manage globalization.*

For the purpose of analyzing international politics, an essential characteristic of the state is its set of underlying *preferences*: the rank ordering among potential substantive outcomes or “states of the world” that might result from international political interaction. States act instrumentally in world politics to achieve particular goals on behalf of individuals, whose private behavior is unable to achieve such ends as efficiently. Internationally, the liberal state is a purposive actor, but domestically it is a representative institution constantly subject to capture and recapture, construction and reconstruction, by coalitions of social interests. It constitutes the critical “transmission belt” by which the preferences and social power of individuals and groups are translated into foreign policy. In the liberal conception of domestic politics, state preferences concerning the management of globalization reflect shifting social demands, which in turn reflect the shifting structure of domestic and transnational society. Deriving state preferences from social preferences is thus a central theoretical task of liberal theory.

State preferences, the ultimate ends of foreign policy behavior, are distinct from “strategies”—the specific policy goals, bargaining demands, institutional arrangements, tactical stances, military or diplomatic doctrines that states adopt, advocate, or accept in everyday international politics. From rational choice theorists to

constructivists, analysts now recognize such a distinction as a necessary precondition for rigorous analysis of world politics. When a government increases military spending and declares an interest in confronting an adversary, for example, it is essential to distinguish a shift resulting from changing preferences over states of the world (as when confrontation is initiated by a new ruling elite intrinsically committed to territorial aggrandizement) from a shift resulting from changing strategies with preferences fixed (as when two states respond to each other's arms build-ups in a "security dilemma"). Even support for apparently "fundamental" political strategies—say, sovereignty, national defense, open markets—vary considerably depending on underlying patterns of state preferences concerning "states of the world." Few modern states are Sparta: Most compromise security or sovereignty in order to achieve other ends, or, indeed, just to save money. Nor do modern states seek ideal free markets, but rather strike complex and varied trade-offs among economic goals. To see how consequential the results can be, one need look no further than the implications for international relations of Germany's evolution from Adolf Hitler's preference for militant nationalism, fascist rule, and ruthless exploitation of German *Lebensraum* to the social compromise underlying the post-war *Bundesrepublik* for national reunification, capitalist democracy, and expanding German exports (Katzenstein 1987).

This last example highlights the importance, in the liberal conception, of the selective nature of domestic representative institutions. Representation is a key determinant (alongside the basic nature of social demands themselves) of what states want, and therefore what they do. No government rests on universal or unbiased political representation. At one ideal extreme, representation might equally empower everyone equally. At the other, it might empower only an ideal-typical Pol Pot or Josef Stalin. Myriad representative practices exist in between, each privileging different sets of demands. Powerful individuals and groups may be entirely "outside" the state, bureaucratic clients and officials "within" it, or some combination thereof (for example, a "military-industrial complex"). Representation may be centralized and coordinated or disaggregated, subject to strong or weak rationality conditions, socialized to various attitudes toward risk and responsibility, and flanked by various substitutes for direct representation (Achen 1995; Grant and Keohane 2005).

It is important to note one qualification to the assumption that states have pre-strategic preferences. Over the longer term there is, of course, feedback, which makes it more difficult to treat preferences as pre-strategic. The fundamental preferences of states may adapt to strategic circumstances. When, to take a simple example, a conqueror exterminates a linguistic group, imposes a new political order, or reshapes a domestic economy, the preferences of the target state will be different in succeeding iterations. Similarly, the outcomes of economic cooperation agreements often alter economic structure for good—often in a self-reinforcing way that encourages further movement in a similar direction. Indeed, it is often precisely to induce such feedback that individuals engage in international politics.

Still, any meaningful analysis of international politics as instrumental behavior requires, at the very least, that we distinguish *within any given iteration* between "pre-strategic" preferences, akin to "tastes" in economics, and strategic calculations. Even in explaining dynamic change over a long period, analysts often neglect at their peril to distinguish change caused by constantly evolving exogenous factors from change that is triggered by policy feedback.<sup>4</sup>

*Assumption 3: The Nature of the International System.*

*The pattern of interdependence among state preferences shapes state behavior.*

The critical theoretical link between state preferences, on the one hand, and state behavior, on the other, is the concept of *policy interdependence*. Policy interdependence refers to the distribution and interaction of preferences—that is, the extent to which the pursuit of state preferences necessarily imposes costs and benefits upon other states, independent of the "transaction costs" imposed by the specific strategic means chosen to obtain them.

Liberals argue that patterns of interdependent preferences belong among the most fundamental structures influencing state behavior. In areas of modern life where policy externalities remain low and unilateral policies remain optimal for most states, there is an incentive for sovereignty to remain the norm and states to coexist with low conflict and politicization. Where policy alignment can generate mutual gains with low distributive consequences, there is an incentive for international policy coordination or convergence. The lower the net gains, and the greater the distributional conflict whereby the realization of interests by a dominant social group in one country *necessarily* imposes costs on dominant social groups in other countries, the greater the potential for inter-state tension and conflict. Where motives are mixed such that coordination of policies generates high benefits but also high benefits from unilateral defection, then strong incentives will exist for precommitment to social cooperation to limit cheating. Games such as coordination, assurance, Prisoner's Dilemma, and suasion have distinctive dynamics, as well as precise costs, benefits, and risks for the parties (Oye 1986). While such strategic incentives can, of course, be influenced by power, information, beliefs, and other nonliberal variables, they are often very fundamentally influenced by the structure of transnational interdependence itself—that is, by the extent to which basic national goals are compatible.

By drawing on the relative intensity or "asymmetrical interdependence" among state preferences, liberalism highlights a distinctive conception of inter-state power (Keohane and Nye 1977). In this view, the willingness of states to expend resources or make concessions in bargaining is a function of preferences, not (as in realism) linkage to an independent set of "political" power resources (Baldwin 1979). Nations are in fact rarely prepared to mortgage their entire economy or military

<sup>4</sup> A major weakness of neofunctionalist integration theory, for example, was its lack of any strong liberal theory of preferences, which led Ernst Haas consistently to attribute policies to "feedbacks" or "spillovers" that were in fact the result of shifts in exogenous factors (Moravcsik 2005).

capabilities in pursuit of any single foreign-policy goal. Few wars are total, few peaces Carthaginian. On the margin, the binding constraint is more often “resolve” or “preference intensity”—a view set forth by Albert Hirschman and others, and more fundamentally consistent with conventional Nash bargaining theory than is realist theory (Hirschman 1945; Raiffa 1982). Even in “least-likely” cases, where military means are used to contest political independence and territorial integrity, “preferences for the issues at stake . . . can compensate for a disadvantage in capabilities.” In the Boer War, Hitler’s remilitarization of the Rhineland, Vietnam, and Afghanistan, for example, the relative intensity of state preferences arguably reshaped the outcome to the advantage of a “weaker” party (Mack 1975; Morrow 1988, 83–4). Such examples suggest that the liberal view of power politics, properly understood, generates plausible explanations not just of international cooperation and coexistence, but of the full range of systemic phenomena central to the study of world politics, including war.

## 2 THEORETICAL VARIANTS OF LIBERALISM

The three core liberal assumptions outlined above, like those of institutionalism, realism, or any other broad paradigm, are relatively “thin” or content free. The focus on variation in preferences, rather than autonomous capabilities, beliefs, or information, does exclude most realist, institutionalist, and nonrational theories. But alone it is insufficient to specify a single sharply defined set of theories or hypotheses. This is as it should be.<sup>5</sup> A paradigm should instead clearly define a theoretical field, and the question is whether a coherent, rich, and focused research program emerges. While the analysis of state preferences over managing globalization might appear in theory to be impossibly unparsimonious, as many have argued, the range of viable liberal theories has proven in practice to be focused and empirically fruitful. Three variants have emerged in recent theorizing, stressing respectively identity, interest, and institutions.

### Ideational Liberalism:

#### 2.1 Identity and Legitimate Social Orders

One source of state preferences is the set of core domestic social identities. In the liberal understanding, social identity stipulates who belongs to the society and what is owed to them. Liberals take no distinct position on the ultimate origins of such

<sup>5</sup> The Lakatosian understanding of a “paradigm” leads us to expect that core assumptions and concepts define a paradigm, but auxiliary propositions are required to specify it (Moravcsik 2003).

identities, which may stem from historical accretion or be constructed through conscious collective or state action, nor on the question of whether they “ultimately” reflect ideational or material factors—just as long as they are not conceived as endogenous to short-term inter-state interaction. (The ultimate origin of preferences “all the way down” is an issue on which international relations theorists, the speculations of constructivists notwithstanding, have little comparative advantage.) But liberals have long argued that identity is essential to state preferences—a tradition reaching back through William Gladstone, Mill, Giuseppe Mazzini, Wilson, and Keynes. More research is required to isolate precise causal mechanisms at work. Liberals focus in particular on legitimate domestic order across three dimensions: national identity, political ideology, and socioeconomic order.<sup>6</sup>

The first type of social identity concerns beliefs about the proper scope of the political “nation” and the allocation of citizenship rights within it. Where inconsistencies arise between underlying patterns of political identity and existing borders, liberals argue, the potential for inter-state conflict increases. Where they coincide, peaceful coexistence is more likely. Where identities are more fluid, more complex arrangements may be possible. Empirical evidence supports such claims. From mid-nineteenth-century nationalist uprisings to late-twentieth century national liberation struggles, claims and counterclaims involving national autonomy constitute the most common issue over which wars and interventions have been waged: antinationalist intervention under the Concert of Europe and the Holy Alliance, Balkan conflicts preceding the First World War and following the cold war, and ethnic conflicts today (Van Evera 1990; Holsti 1991).<sup>7</sup> Not by chance is scenario planning for China/United States conflict focused almost exclusively on Taiwan—the one jurisdiction where borders and national identity (as well as political ideology) are subject to competing claims (Christensen 2001). Recent literature on civil wars increasingly focuses on contention over the social identity, political institutions, and the political economy of the state (Walter 1997; Fortna 2004; Kaufman 2006). Ironically, the current era of fixed borders may lead civil wars to proliferate then spill over, rather than being resolved by succession or adjustment (Atzili 2006–7).

A second relevant social identity concerns fundamental political ideology. Where claims of political legitimacy or ideology conflict directly, and the realization of

<sup>6</sup> Here is a point of intersection between traditional liberal arguments and more recent constructivist works, which tend to stress the social rather than inter-state origins of socialization to particular preferences (Risse-Kappen 1996). Yet the concept of preferences across public goods is deliberately more focused than Ruggie’s “legitimate social purpose” (1982) or Katzenstein’s “collective identity” (1996).

<sup>7</sup> Even those who stress the absence of domestic credible commitment mechanisms or the interaction between ideational and socioeconomic variables in explaining patterns of nationalist conflicts concede the importance of underlying identities (Fearon and Laitin 2000). Dissidents include realist John Mearsheimer (1990, 21), who bravely asserts that nationalism is a “second-order force in world politics,” with a “largely . . . international” cause—namely, multipolarity. Greater problems since 1989 in Eastern Europe and the former Soviet Union, where there are more overlapping national claims than in democratic, capitalist Western Europe, belie Mearsheimer’s prediction.

legitimate domestic political order in one jurisdiction is perceived as threatening its realization in others, conflict becomes more likely. Whether during the wars of the French Revolution, the nineteenth-century Concert of Europe, the Second World War, the cold war—or now the post-cold war era—the degree of ideological distance among the domestic systems of the great powers appears to have been a critical determinant of international conflict (Gaddis 1997; Haas 2005; 2007). Some argue a similar dynamic of mutual ideological recognition underlies the “democratic peace” (Doyle 1986; Owen 1994).

More recently, some within modern societies have adopted a more cosmopolitan attitude toward political rights, extending political identity beyond the nation state. To be sure, the most intense concerns remain focused on co-religionists and co-nationals abroad, but altruistic campaigns are increasingly organized to defend human rights on behalf of others. Where such goals clash with the goals of foreign governments, they can spark international conflict (Keck and Sikkink 1998). Recent literature on the sources of such concern, the conditions under which states take them up, and the ways in which issue networks can increase their salience, reflect core liberal theoretical concerns.<sup>8</sup>

A third important type of social identity concerns the nature of legitimate domestic socioeconomic regulation and redistribution. In a Polanyian and Keynesian vein, John Ruggie reminds us that legitimate social compromises concerning the provision of regulatory public goods impose limits on markets. Such social compromises, domestic and transnational, underlie variation in state preferences and behavior regarding immigration, social welfare, taxation, religious freedom, families, health and safety, environmental and consumer protection, cultural promotion, and many other issues (Ruggie 1982). Recent research on environmental policy and many other areas reveals the emergence of “Baptist-bootlegger” coalitions around regulatory issues, combining economically self-interested producer groups with those interested in regulatory outputs (Ruggie 1995; Vogel 1995).

## 2.2 Commercial Liberalism: Economic Assets and Cross-border Transactions

A second source of social demands relevant to foreign policy is the pattern of transnational market incentives—a liberal tradition dating back to Smith, Richard Cobden, and John Bright. This argument is broadly functionalist: Changes in the structure of the domestic and global economy alter the costs and benefits of

<sup>8</sup> This has spawned an enormous literature on social movements designed to promote the interests of such individuals and groups. Some of this literature involves the construction of international institutions and use of coercive sanctions. But the material on the mobilization of social movements to pressure governments to act is a quintessentially liberal argument—e.g. Carpenter (2007).

transnational economic activity, creating pressure on domestic governments to facilitate or block it.<sup>9</sup>

Commercial liberal theory does not predict that economic incentives automatically generate universal free trade and peace, but focuses instead on the interplay between aggregate incentives and distributional consequences. Contemporary trade liberalization generates domestic distributional shifts totaling many times aggregate welfare benefits (Rodrik 1992). Losers generally tend to be better identified and organized than beneficiaries. A major source of protection, liberals predict, lies in uncompetitive, undiversified, and monopolistic sectors or factors of production. Their pressure induces a systematic divergence from laissez-faire policies—a tendency recognized by Smith, who famously complained of mercantilism that “the contrivers of this whole mercantile system [are] the producers, whose interest has been so carefully attended to”.<sup>10</sup>

This commercial liberal approach to analyzing conflict over foreign economic policy is distinct from those of realism (emphasizing security externalities and relative power), institutionalism (informational and institutional constraints on optimal inter-state collective action), and constructivism (beliefs about “free trade”). Extensive research supports the view that free trade is most likely where strong competitiveness, extensive intra-industry trade or trade in intermediate goods, large foreign investments, and low asset specificity internalize the net benefits of free trade to powerful actors, reducing the influence of net losers from liberalization (Milner 1988; Alt and Gilligan 1994; Keohane and Milner 1996). Similar arguments can be used to analyze issues such as sovereign debt (Stasavage 2007), exchange-rate policy (Frieden 1991), agricultural trade policy (Gawande and Hoekman 2006), European integration (Moravcsik 1998), foreign direct investment (Elkins, Guzman, and Simmons 2006), tax policy (Swank 2006), and migration policy.

The effect of economic interdependence on security affairs varies with market incentives. A simple starting point is that the collateral damage of war disrupts economic activity: the more vulnerable and extensive such activity, the greater the cost. A more sophisticated cost-benefit calculation would take into account the potential economic costs and benefits of war. Where monopolies, sanctions, slavery, plunder of natural resources, and other forms of coercive extraction backed by state power are cost-effective means of elite wealth accumulation—as was true for most of human history—we should expect to see a positive relationship, between transnational economic activity and war. Where, conversely, private trade and investment within complex and well-established transnational markets provide a less costly means of accumulating wealth and one that cannot be cost-effectively appropriated—as is most strikingly the case within modern multinational

<sup>9</sup> Keohane and Milner (1996) provide a review and discussion of the relationship between commercial and republican liberal theories, properly conceptualizing interdependence as a structure of incentives, or potential costs and benefits, not as a pattern of behavior.

<sup>10</sup> *An Inquiry into the Nature and Causes of the Wealth of Nations* (Oxford Edition, 1993), p. 378.

investment and production networks—the expansion of economic opportunities will have a pacific effect. Along with the spread of democracy and relative absence of nationalist conflict, this distinguishes the current era from the period before the First World War, when high levels of interdependence famously failed to deter war (Van Evera 1990; Brooks 2007; Kirshner 2007). We see in current Western relations with China a very deliberate strategy to encourage the slow evolution of social preferences in a pacific direction by encouraging trade. Eric Gartzke (2000) has recently argued that the “democratic peace” phenomenon can largely be explained in terms of a lack of economic and other motives for war. Even among developed economies, however, circumstances may arise where governments employ coercive means to protect international markets. This may take varied forms, as occurred under nineteenth-century empires or with pressure from business for the United States to enter the First World War to defend trade with the allies (Fordham 2007).

### 2.3 Republican Liberalism: Representation and Rent-seeking

A final source of fundamental social preferences relevant to international politics is the institutional structure of domestic political representation. While ideational and commercial theories stress, respectively, particular patterns of underlying societal identities and interests related to globalization, republican liberal theory emphasizes the ways in which domestic institutions and practices aggregate such pressures, transforming them into state policy. The key variable in republican liberalism, which dates back to the theories of Kant, Wilson, and others, is the nature of domestic political representation, which helps determine *whose* social preferences dominate state policy (Russett 1993).

A simple consequence is that policy tends to be biased in favor of the governing coalitions or powerful domestic groups favored by representative institutions—whether those groups are administrators (rulers, armies, or bureaucracies) or societal groups that “capture” the state. Costs and risks are passed on to others. When particular groups with outlier preferences are able to formulate policy without providing gains for society as a whole, the result is likely to be inefficient and sub-optimal policy. Given that (as we assumed earlier) most individuals and groups in society tend generally to be risk averse, the broader the range of represented groups, the less likely it is that they will support indiscriminate use of policy instruments, like war or autarky, that impose large net costs or risks on society as a whole. Republican liberal theory thereby helps to explain phenomena as diverse as the “democratic peace,” modern imperialism, and international trade and monetary cooperation. Given the plausibility of the assumption that major war imposes net costs on society as a whole, it is hardly surprising that the most prominent republican liberal argument concerns the “democratic peace,” which one scholar has termed “as close as anything we have to an empirical law in international

relations”—one that applies to tribal societies as well as modern states (Levy 1988, 668). From a liberal perspective, the theoretical interest in the “democratic peace” lies not in the greater transparency of democracies (a claim about information), the greater political power of democracies (a realist claim), or norms of appropriate behavior (a constructivist claim), but the distinctive preferences of democracies across states of the world.

This is not, of course, to imply that broad domestic representation *necessarily* generates international cooperation. In specific cases, elite preferences in multiple states may be more convergent than popular ones. Moreover, the extent of bias in representation, not democracy per se, is the theoretically critical point. There exist conditions under which specific governing elites may have an incentive to represent long-term social preferences in a way that is less biased—for example, when they dampen nationalist sentiment, as may be the case in some democratizing regimes, or exclude powerful outlier special interests, as is commonly the case in trade policy.

The theoretical obverse of “democratic peace” theory is a republican liberal theory of war, which stresses risk-acceptant leaders and rent-seeking coalitions (Van Evera 1999; Goemans 2000). There is substantial historical evidence that the aggressors who have provoked modern great-power wars tend either to be extremely risk-acceptant individuals, or individuals well able to insulate themselves from the costs of war, or both. Jack Snyder, for example, has refurbished Hobson’s classic left-liberal analysis of imperialism—in which the military, uncompetitive foreign investors and traders, jingoistic political elites, and others who benefit from imperialism are particularly well placed to influence policy—by linking unrepresentative and extreme outcomes to log-rolling coalitions (Snyder 1991).<sup>11</sup> Consistent with this analysis, the highly unrepresentative consequences of partial democratization, combined with the disruption of rapid industrialization and incomplete political socialization, suggest that democratizing states, if subject to these influences, may be particularly war prone (Mansfield and Snyder 1995; Snyder 2000). This offers one answer to the paradox posed by James Fearon—namely, why rational states would ever enter into war rather than negotiate their way out. For war or other costly conflict to break out among rational actors, not only must opposed preferences be intense enough to motivate the acceptance of extremely high cost, but the actors must be risk acceptant in pursuit of those goals.

Parallels to the “democratic peace” exist in political economy. We have seen that illiberal commercial policies—trade protection, monetary instability, and sectoral subsidization that may manifestly undermine the general welfare of the population—reflect pressure from powerful domestic groups. In part this power results from biases within representative institutions, such as the power of money in electoral systems, the absence or presence of insulated institutions (for example,

<sup>11</sup> It is indicative of the muddled metatheoretical mislabeling that besets the field that arguments by Stephen Van Evera, Stephen Walt, Randall Schweller, and Snyder have been termed “neoclassical realism”—despite their clear liberal intellectual pedigree and theoretical structure. See Legro and Moravcsik (1999).

“fast-track” provisions in the United States), and the nature of electoral institutions (for example, proportional representation or majoritarianism) (Haggard 1988; Ehrlich 2007).

### 3 BROADER IMPLICATIONS OF LIBERAL INTERNATIONAL RELATIONS THEORY

Having considered the core assumptions underlying liberal theory, and three concrete variants of it, we turn now to three broader implications: its unique empirical predictions, its status as systemic theory, and its openness to multitheoretical synthesis.

#### 3.1 Distinctive Predictions of Liberal Theory

Liberal international relations theory, we have seen, generates predictions concerning war and peace, trade liberalization and protection, and other important phenomena in world politics—predictions that challenge conventional accounts. It also generates some predictions about broad political phenomena for which other international relations paradigms generate few, if any, plausible explanations.

One such phenomenon is *variation in the substantive content of foreign policy across issues, regions, or hegemonic orders*. Why do we observe such different preferences, levels, and styles of cooperation and conflict across different sorts of issues, such as trade and finance, human rights, and environmental policy? Or within issue areas? Or across different countries and regions? Why, for example, do regions vary from highly war prone to de-facto “security communities?” Why do hegemons and great powers seem to have such different schemes for global order?

From a liberal perspective, with its focus on the issue-specific and country-specific social preferences, there are straightforward explanations for such substantive differences. One can easily see why regimes with ideologies, economies, and governmental systems as different as the United States, UK, Nazi Germany, and Soviet Union should generate such disparate plans for the post-Second World War world. One can see why the United States should care so much more about modest, perhaps nonexistent, North Korean or Iraqi nuclear arsenals, but remain unconcerned about far greater British, Israeli, and French forces. One can explain why the compromise of “embedded liberalism” underlying Bretton Woods was struck on entirely different terms from arrangements under the Gold Standard, or why the European Union and the Council for Mutual Economic Assistance differed, though their hegemonic structure was similar, or why the protectionist agricultural trade policy and the open industrial trade policy of OECD countries today differ so

strikingly. Such differences continue to have a decisive effect on world politics today. Theories that treat preferences as exogenous, like realism and institutionalism, like constructivist-inspired theories of ideas and beliefs, have difficulty explaining the extreme substantive and geographical variation we observe in the goals and purposes over which states conflict and cooperate. Abstract political forces—relative power, issue density, transaction costs, or strategic culture—provide similarly little insight.

Another related phenomenon is *long-term historical change in the nature of world politics*. Classic realists like Kenneth Waltz, Robert Gilpin, John Mearsheimer, and Paul Kennedy predict unchanging cycles of rise and decline among the great powers, with little impact on the substantive content or form of international order. Liberal theory, by contrast, forges a direct causal link between long-term economic, political, and social transformations, such as economic and political modernization, and state behavior (Ikenberry 2000). Global economic development over the past 500 years has been closely related to greater per capita wealth, democratization, education systems that reinforce new collective identities, and greater incentives for transborder economic transactions (Huntington 1991). Over the modern period the principles of international order have decoupled from dynastic legitimacy and are increasingly tied to national self-determination and social citizenship, economic prosperity, and democratic legitimacy—factors uniquely highlighted by liberal theory.

One result has been that, among advanced industrial democracies, inter-state politics is increasingly grounded in reliable expectations of peaceful change, domestic rule of law, stable international institutions, and intensive societal interaction. Liberal theory argues that the emergence of a large and expanding bloc of pacific, interdependent, normatively satisfied states has been a precondition for such politics. This is the condition Karl Deutsch terms a “pluralistic security community,” Robert Keohane and Joseph Nye call “complex interdependence,” and John Ikenberry labels “self-binding” (Keohane and Nye 1977; Ikenberry 2000). Consider, for example, the current state of Europe, in particular the absence of serious conflict among Western powers over a case like Yugoslavia—in contrast to the events that led up to the First World War a century before. For liberals, the spread of democracy, commerce, and national self-determination explain why the geopolitical stakes among democratic governments are low and competitive alliance formation absent from modern Europe—an outcome that baffles realists (Van Evera 1990). Overall, these trends have contributed to historically low levels of warfare across the globe in recent decades.

#### 3.2 Liberalism as Systemic Theory

Another fundamental implication of liberal theory concerns its status as a “systemic” theory. To some, the central liberal claim—in essence, “what states

want determines what they do”—may seem commonsensical, even tautological. Yet for the past half-century, mainstream international relations theories, notably realism and institutionalism but also nonrational theories, have defined themselves in opposition to precisely this claim. In his classic postwar redefinition of realism, Hans Morgenthau (1960, 5–7) explicitly points to its assertion of “the autonomy of the political,” which he says gives realism its “distinctive intellectual and moral attitude” and which he contrasts with “two popular fallacies: the concern with motives and the concern with ideological preferences.” Waltz follows Morgenthau almost *verbatim*: “Neo-realism establishes the autonomy of international politics and thus makes a theory about it possible” (Waltz 1979, 29, also 65–6, 79, 90, 108–12, 196–8, 271).

One basic reason why theorists are often skeptical of variation in state preferences as a fundamental cause is because such a claim appears utopian. It seems to imply states do as they please, unconstrained by others. Realists pride themselves, by contrast, on being hard-headed, which they associate with demonstrations that states are forced to pursue objectives strikingly at variance with their underlying desires. Foreign policy, they insist, has *ironic* consequences: The best is the enemy of the good (Waltz 1979, 60–7, 93–9). Waltz, echoing not just Morgenthau but Max Weber, concludes from this that the preferences of states must be unimportant: “Results achieved seldom correspond to the intentions of actors,” he argues, therefore “no valid generalizations can logically be drawn” from an examination of intentions—thus runs Waltz’s oft-cited argument for structural and systemic theory (Waltz 1979, 29). Hegemonic stability theory and institutionalist regime theory—a combination that Keohane, a scholar otherwise clearly more open to preference-based theory, initially termed “modified structural realism”—rests on a similar distinction: “even where common interests exist, cooperation often fails . . . cooperation is evidently not a simple function of interests” (Keohane 1984, 6, 12). As Robert Powell (1994, 318) observes, such approaches “lack a theory of preferences over outcomes.”

These realist criticisms simply misunderstand liberal preference-based theory, which is in fact nonutopian precisely because it is “systemic” in the Waltzian sense. Liberal theory implies neither that states get what they want, nor that they ignore the actions of others. The distribution of state *preferences*, just like the distribution of capabilities, information, or beliefs, is itself an attribute of the state system (that is, in Waltzian terms, of the *distribution* of state characteristics) outside the control of any single state. Every state would *prefer* to act as it pleases, yet each is compelled to realize its ends under a constraint imposed by the *preferences* of others. Liberal theory thereby conforms to Waltz’s own understanding of systemic theory, explaining state behavior with reference to how states stand in relation to one another.

Liberal theory is systemic and nonutopian in a second, less Waltzian sense as well. National preferences emerge not from a solely domestic context but from a society that is transnational—at once domestic and international. Foreign policy, liberals

argue, is about the management of globalization—that is, it is about managing the results of interaction between societies. This interactive or systemic quality goes all the way down. Commercial liberal analyses, for example, explain the interests of domestic groups by situating their domestic economic assets in the context of international markets. Ideational liberal analyses explain the concerns of domestic groups by situating their values in the context of a transnational cultural field. Liberalism does not draw a strict line between domestic and transnational levels of analysis. Critiques that equate theories of state preferences with “domestic” or “second-image” theorizing are not simply misguided in their criticism, but are conceptually confused in their understanding of international relations theory. Liberals side with those who view the “level of analysis” as a misleading concept best set aside.<sup>12</sup>

### 3.3 Liberalism and Multicausal Synthesis

We have seen that liberal assumptions generate powerful uncausal explanations based on variation in state preferences alone. Yet complex inter-state behavior is rarely shaped by a single factor. Coercive capabilities, information, beliefs about appropriate means, and other facts often play a role as well. To analyze such situations, theoretical synthesis between different types of theory is required. Perhaps the most attractive characteristic of liberal theory is that it suggests a simple and conceptually coherent way of combining theories—in contrast to biased and incoherent means of theory synthesis often proposed.

The explanation of state preferences must receive analytical priority in any such synthesis. That is, variation in state preferences must be explained using liberal theory *before* attempting to apply and assess the role of strategic factors like coercive power resources, information, or strategic culture. This is not a distinctively “liberal” claim; it is the only procedure consistent with the assumption of instrumental (soft rational) behavior shared by realism, institutionalism, liberalism, and even many variants of constructivism.<sup>13</sup> This is because preferences shape the nature and intensity of the game that states are playing; thus they help determine which systemic theory is appropriate and how it should be specified.

The necessary analytical priority of preferences over strategic action is hardly surprising to political scientists. It is the fundamental lesson of Robert Dahl’s classic work on political influence: We cannot ascertain whether “A influenced B to do something” (that is, power) unless we first know “what B would otherwise do”

<sup>12</sup> In rejecting “levels of analysis,” I side with Fearon (1998) and Lake and Powell (1999), as well as Gourevitch (1978); Putnam (1988).

<sup>13</sup> Many recent constructivist analyses argue that states act instrumentally on the basis of particular cultural beliefs about ends or appropriate means–ends relationships. These can be synthesized with rationalist accounts, as many constructivists have productively pointed out.

(that is, preferences) (Dahl 1969; Baldwin 1989, 4; Coleman 1990, 132–5). It would be inappropriate, for example, to employ realist theory to explain state behavior unless state preferences are arrayed so that substantial inter-state conflict of interest exists and the deployment of capabilities to achieve a marginal gain is cost effective. Similarly, institutionalist explanations of suboptimal cooperation are inappropriate unless states have sufficient interest in resolving particular inter-state collective action problems. Without controlling for preference-based explanations, it is easy to mistake one for the other. As Kenneth Oye (1986, 6) notes: “When you observe conflict, think Deadlock—the absence of mutual interest—before puzzling over why a mutual interest was not realized.”

State behavior should thus be modeled multicausally—that is, as a *multi-stage process* of constrained social choice in which variation in state preferences comes first. In modeling the process, however, states nonetheless first define preferences, as liberal theories of state–society relations explain, and *only then* debate, bargain, or fight to particular agreements, and thereafter commit in subsequent stages to institutional solutions, explained by realist and institutionalist (as well as liberal) theories of strategic interaction. *This is not to say, of course, that liberal theory is more powerful or that it explains more.* That is an empirical judgment that will vary across cases (indeed, adopting a standardized procedure for synthesis would help us reach and aggregate such empirical results; for more, see Moravcsik 1997). Hence we increasingly see realists and institutionalists retreating to what Keohane terms a “fall-back position,” whereby exogenous variation in the configuration of state interests defines the range of possible outcomes within which capabilities and institutions are used to explain specific state behavior—so-called “neoclassical realism” being a prime example (Keohane 1986, 183).<sup>14</sup> Methodologically, however, we must generally theorize and explain preferences, not just assume them, as a basis for strategic analysis.<sup>15</sup> Practice speaks louder than theory: We need less doctrinaire and more pragmatic theory syntheses, with analytical priority going to theories that endogenize varying state preferences.

This claim about the priority of preference-based theories of state behavior in a multistage explanation reverses the near-universal presumption among contemporary international relations theorists that “liberalism makes sense as an explanatory theory within the constraints” imposed by other theories (see Waltz 1979; Keohane 1990, 192; Matthew and Zacher 1995).<sup>16</sup> The methodological procedure that follows from this conventional misconception, whereby the analyst tests a realist theory first, then turns to theories of preferences (often wrongly termed

<sup>14</sup> There is an implicit subdisciplinary consensus on this view—e.g. Legro (1996); Schweller (1996); Moravcsik (1997); Lake and Powell (1999).

<sup>15</sup> For a very persuasive argument along these lines, as a basis for a programmatic statement of rational choice theorizing, see Frieden (1999) and more generally Lake and Powell (1999).

<sup>16</sup> There is “something particularly satisfying about systemic explanations and about the structural forms of . . . explanations” (Keohane 1986, 193). This claim may or may not be true, but is often wrongly conflated with setting preferences aside—since, as we have seen, liberalism is a systemic theory.

“domestic” or “second-image”) to explain anomalies, is both conceptually incoherent (because it is inconsistent with rationality) and empirically biased (because it arbitrarily ignores results that might confirm liberal theories; for a more detailed argument, see Moravcsik 1997). Yet this intellectual residue of misguided realist criticism of liberalism remains visible in the subdiscipline to this day.

Much of the most vibrant mid-range theorizing in international relations, we have seen, is distinctively liberal. Yet the paradigmatic language of international relations does not reflect it. Much of the work in this chapter is termed “realist” (even though it violates the core premises of any reasonable definition of that paradigm), “domestic” (even though that term describes no theory at all and little empirical work), or “constructivist” (even though that label describes an ontology not a theory).<sup>17</sup> Indeed, the broad categories of “grand” international relations debates remain almost entirely unchanged since the 1950s, when realists squared off against legalists (today: neoliberal institutionalists) and idealists (today: constructivists) (Legro and Moravcsik 1999). No wonder so many scholars today eschew such labels altogether. Yet this is no solution either. Without a recognized paradigm of its own, theories that stress variation in the preferences of socially embedded states are still too often dismissed in theoretical discussions, ignored in comparative theory testing, and, most importantly, disregarded in multicausal syntheses.

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<sup>17</sup> For a lucid and exceptionally fair-minded effort to distinguish constructivism from ideational liberalism, see Johnston (2005, ch. 1).

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 CHAPTER 14
 

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 THE ETHICS  
 OF THE NEW  
 LIBERALISM
 

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GERRY SIMPSON

 1 NEW LIBERALS AND  
 INTERNATIONAL RELATIONS
 

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A great deal of international relations theory defines itself in relation to the three traditions (Wight 1991). In the past two decades, this act of self-definition has taken two broad forms. In one case, scholars have sought to transcend these traditions and their various affiliates. For them, Thomas Hobbes, Immanuel Kant, and John Locke establish modernity. Writing that configures these individuals as central, therefore, is itself keyed into a particular moment in time and a particular way of thinking through the world. The work of poststructuralists or critical theorists, then, is an expression of distance from, and dissatisfaction with, these categories of enlightenment thought reproduced in much international relations theorizing (Der Derian 1992; Walker 1993). This is work that positions itself as *after* the three great projects of modernity (Der Derian and Shapiro 1989).

A less iconoclastic (perhaps less baleful) form of critique works within these traditions and has sought to deepen and extend the insights found in the classical categories. The neo-neo debates are an obvious example of this refinement project. More recently, though, the two most appealing intellectual refurbishments have