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The Future of the Liberal World Order

Internationalism After America

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There is no longer any question: wealth and power are moving from the North and the West to the East and the South, and the old order dominated by the United States and Europe is giving way to one increasingly shared with non-Western rising states. But if the great wheel of power is turning, what kind of global political order will emerge in the aftermath?

Some anxious observers argue that the world will not just look less American -- it will also look less liberal. Not only is the United States' preeminence passing away, they say, but so, too, is the open and rule-based international order that the country has championed since the 1940s. In this view, newly powerful states are beginning to advance their own ideas and agendas for global order, and a weakened United States will find it harder to defend the old system. The hallmarks of liberal internationalism -- openness and rule-based relations enshrined in institutions such as the United Nations and norms such as multilateralism -- could give way to a more contested and fragmented system of blocs, spheres of influence, mercantilist networks, and regional rivalries.

The fact that today's rising states are mostly large non-Western developing countries gives force to this narrative. The old liberal international order was designed and built in the West. Brazil, China, India, and other fast-emerging states have a different set of cultural, political, and economic experiences, and they see the world through their anti-imperial and anticolonial pasts. Still grappling with basic problems of development, they do not share the concerns of the advanced capitalist societies. The recent global economic slowdown has also bolstered this narrative of liberal international decline. Beginning in the United States, the crisis has tarnished the American model

of liberal capitalism and raised new doubts about the ability of the United States to act as the global economic leader.

For all these reasons, many observers have concluded that world politics is experiencing not just a changing of the guard but also a transition in the ideas and principles that underlie the global order. The journalist Gideon Rachman, for example, says that a cluster of liberal internationalist ideas -- such as faith in democratization, confidence in free markets, and the acceptability of U.S. military power -- are all being called into question. According to this worldview, the future of international order will be shaped above all by China, which will use its growing power and wealth to push world politics in an illiberal direction. Pointing out that China and other non-Western states have weathered the recent financial crisis better than their Western counterparts, pessimists argue that an authoritarian capitalist alternative to Western neoliberal ideas has already emerged. According to the scholar Stefan Halper, emerging-market states "are learning to combine market economics with traditional autocratic or semiautocratic politics in a process that signals an intellectual rejection of the Western economic model."

But this panicked narrative misses a deeper reality: although the United States' position in the global system is changing, the liberal international order is alive and well. The struggle over international order today is not about fundamental principles. China and other emerging great powers do not want to contest the basic rules and principles of the liberal international order; they wish to gain more authority and leadership within it. Indeed, today's power transition represents not the defeat of the liberal order but its ultimate ascendance. Brazil, China, and India have all become more prosperous and capable by operating inside the existing international order -- benefiting from its rules, practices, and institutions, including the World Trade Organization (WTO) and the newly organized G-20. Their economic success and growing influence are tied to the liberal internationalist organization of world politics, and they have deep interests in preserving that system.

In the meantime, alternatives to an open and rule-based order have yet to crystallize. Even though the last decade has brought remarkable upheavals in the global system -- the emergence of new powers, bitter disputes among Western allies over the United States' unipolar ambitions, and a global financial crisis and recession -- the liberal international order has no competitors. On the contrary, the rise of non-Western powers and the growth of economic and security interdependence are creating new constituencies for it.

To be sure, as wealth and power become less concentrated in the United States' hands, the country will be less able to shape world politics. But the underlying foundations of the liberal international order will survive and thrive. Indeed, now may be the best time for the United States and its democratic partners to update the liberal order for a new era, ensuring that it continues to provide the benefits of security and prosperity that it has provided since the middle of the twentieth century.

## THE LIBERAL ASCENDANCY

China and the other emerging powers do not face simply an American-led order or a Western system. They face a broader international order that is the product of centuries of struggle and innovation. It is highly developed, expansive, integrated, institutionalized, and deeply rooted in the societies and economies of both advanced capitalist states and developing states. And over the last half century, this order has been unusually capable of assimilating rising powers and reconciling political and cultural diversity.

Today's international order is the product of two order-building projects that began centuries ago. One is the creation and expansion of the modern state system, a project dating back to the Peace of Westphalia in 1648. In the years since then, the project has promulgated rules and principles associated with state sovereignty and norms of great-power conduct. The other project is the construction of the liberal order, which over the last two centuries was led by the United Kingdom and the United States and which in the twentieth century was aided by the rise of liberal democratic states. The two projects have worked together. The Westphalian project has focused on solving the "realist" problems of creating stable and cooperative interstate relations under conditions of anarchy, and the liberal-order-building project has been possible only when relations between the great powers have been stabilized. The "problems of Hobbes," that is, anarchy and power insecurities, have had to be solved in order to take advantage of the "opportunities of Locke," that is, the construction of open and rule-based relations.

At the heart of the Westphalian project is the notion of state sovereignty and great-power relations. The original principles of the Westphalian system -- sovereignty, territorial integrity, and nonintervention -- reflected an emerging consensus that states were the rightful political units for the establishment of legitimate rule. Founded in western Europe, the Westphalian system has expanded outward to encompass the entire globe. New norms and principles -- such as self-determination and mutual recognition among sovereign states -- have evolved within it, further reinforcing the primacy of states and state authority. Under the banners of sovereignty and self-determination, political movements for decolonization and independence

were set in motion in the non-Western developing world, coming to fruition in the decades after World War II. Westphalian norms have been violated and ignored, but they have, nonetheless, been the most salient and agreed-on parts of the international order.

A succession of postwar settlements -- Vienna in 1815, Versailles in 1919, Yalta and Potsdam in 1945, and the U.S., Soviet, and European negotiations that ended the Cold War and reunified Germany in the early 1990s -- allowed the great powers to update the principles and practices of their relations. Through war and settlement, the great powers learned how to operate within a multipolar balance-of-power system. Over time, the order has remained a decentralized system in which major states compete and balance against one another. But it has also evolved. The great powers have developed principles and practices of restraint and accommodation that have served their interests. The Congress of Vienna in 1815, where post-Napoleonic France was returned to the great-power club and a congress system was established to manage conflicts, and the UN Security Council today, which has provided a site for great-power consultations, are emblematic of these efforts to create rules and mechanisms that reinforce restraint and accommodation.

The project of constructing a liberal order built on this evolving system of Westphalian relations. In the nineteenth century, liberal internationalism was manifest in the United Kingdom's championing of free trade and the freedom of the seas, but it was limited and coexisted with imperialism and colonialism. In the twentieth century, the United States advanced the liberal order in several phases. After World War I, President Woodrow Wilson and other liberals pushed for an international order organized around a global collective-security body, the League of Nations, in which states would act together to uphold a system of territorial peace. Open trade, national self-determination, and a belief in progressive global change also undergirded the Wilsonian worldview -- a "one world" vision of nation-states that would trade and interact in a multilateral system of laws. But in the interwar period of closed economic systems and imperial blocs, this experiment in liberal order collapsed.

After World War II, President Franklin Roosevelt's administration tried to construct a liberal order again, embracing a vision of an open trading system and a global organization in which the great powers would cooperate to keep the peace -- the United Nations. Drawing lessons from Wilson's failure and incorporating ideas from the New Deal, American architects of the postwar order also advanced more ambitious ideas about economic and political cooperation, which were embodied in the Bretton Woods institutions. This vision was originally global in spirit and scope, but it evolved into a more American-led and Western-centered system as a

result of the weakness of postwar Europe and rising tensions with the Soviet Union. As the Cold War unfolded, the United States took command of the system, adopting new commitments and functional roles in both security and economics. Its own economic and political system became, in effect, the central component of the larger liberal hegemonic order.

Another development of liberal internationalism was quietly launched after World War II, although it took root more slowly and competed with aspects of the Westphalian system. This was the elaboration of the universal rights of man, enshrined in the UN and its Universal Declaration of Human Rights. A steady stream of conventions and treaties followed that together constitute an extraordinary vision of rights, individuals, sovereignty, and global order. In the decades since the end of the Cold War, notions of "the responsibility to protect" have given the international community legal rights and obligations to intervene in the affairs of sovereign states.

Seen in this light, the modern international order is not really American or Western -- even if, for historical reasons, it initially appeared that way. It is something much wider. In the decades after World War II, the United States stepped forward as the hegemonic leader, taking on the privileges and responsibilities of organizing and running the system. It presided over a far-flung international order organized around multilateral institutions, alliances, special relationships, and client states -- a hierarchical order with liberal characteristics.

But now, as this hegemonic organization of the liberal international order starts to change, the hierarchical aspects are fading while the liberal aspects persist. So even as China and other rising states try to contest U.S. leadership -- and there is indeed a struggle over the rights, privileges, and responsibilities of the leading states within the system -- the deeper international order remains intact. Rising powers are finding incentives and opportunities to engage and integrate into this order, doing so to advance their own interests. For these states, the road to modernity runs through -- not away from -- the existing international order.

## JOINING THE CLUB

The liberal international order is not just a collection of liberal democratic states but an international mutual-aid society -- a sort of global political club that provides members with tools for economic and political advancement. Participants in the order gain trading opportunities, dispute-resolution mechanisms, frameworks for collective action, regulatory agreements, allied security guarantees, and resources in times of crisis. And just as there are a variety of reasons why rising states will embrace the liberal international

order, there are powerful obstacles to opponents who would seek to overturn it.

To begin with, rising states have deep interests in an open and rule-based system. Openness gives them access to other societies -- for trade, investment, and knowledge sharing. Without the unrestricted investment from the United States and Europe of the past several decades, for instance, China and the other rising states would be on a much slower developmental path. As these countries grow, they will encounter protectionist and discriminatory reactions from slower-growing countries threatened with the loss of jobs and markets. As a result, the rising states will find the rules and institutions that uphold nondiscrimination and equal access to be critical. The World Trade Organization -- the most formal and developed institution of the liberal international order -- enshrines these rules and norms, and rising states have been eager to join the WTO and gain the rights and protections it affords. China is already deeply enmeshed in the global trading system, with a remarkable 40 percent of its GNP composed of exports -- 25 percent of which go to the United States.

China could be drawn further into the liberal order through its desire to have the yuan become an international currency rivaling the U.S. dollar. Aside from conferring prestige, this feat could also stabilize China's exchange rate and grant Chinese leaders autonomy in setting macroeconomic policy. But if China wants to make the yuan a global currency, it will need to loosen its currency controls and strengthen its domestic financial rules and institutions. As Barry Eichengreen and other economic historians have noted, the U.S. dollar assumed its international role after World War II not only because the U.S. economy was large but also because the United States had highly developed financial markets and domestic institutions -- economic and political -- that were stable, open, and grounded in the rule of law. China will feel pressures to establish these same institutional preconditions if it wants the benefits of a global currency.

Internationalist-oriented elites in Brazil, China, India, and elsewhere are growing in influence within their societies, creating an expanding global constituency for an open and rule-based international order. These elites were not party to the grand bargains that lay behind the founding of the liberal order in the early postwar decades, and they are seeking to renegotiate their countries' positions within the system. But they are nonetheless embracing the rules and institutions of the old order. They want the protections and rights that come from the international order's Westphalian defense of sovereignty. They care about great-power authority. They want the protections and rights relating to trade and investment. And they want to use the rules and institutions of liberal internationalism as platforms to project their influence and acquire

legitimacy at home and abroad. The UN Security Council, the G-20, the governing bodies of the Bretton Woods institutions -- these are all stages on which rising non-Western states can acquire great-power authority and exercise global leadership.

## NO OTHER ORDER

Meanwhile, there is no competing global organizing logic to liberal internationalism. An alternative, illiberal order -- a "Beijing model" -- would presumably be organized around exclusive blocs, spheres of influence, and mercantilist networks. It would be less open and rule-based, and it would be dominated by an array of state-to-state ties. But on a global scale, such a system would not advance the interests of any of the major states, including China. The Beijing model only works when one or a few states opportunistically exploit an open system of markets. But if everyone does, it is no longer an open system but a fragmented, mercantilist, and protectionist complex -- and everyone suffers.

It is possible that China could nonetheless move in this direction. This is a future in which China is not a full-blown illiberal hegemon that reorganizes the global rules and institutions. It is simply a spoiler. It attempts to operate both inside and outside the liberal international order. In this case, China would be successful enough with its authoritarian model of development to resist the pressures to liberalize and democratize. But if the rest of the world does not gravitate toward this model, China will find itself subjected to pressure to play by the rules. This dynamic was on display in February 2011, when Brazilian President Dilma Rousseff joined U.S. Treasury Secretary Timothy Geithner in expressing concern over China's currency policy. China can free-ride on the liberal international order, but it will pay the costs of doing so -- and it will still not be able to impose its illiberal vision on the world.

In the background, meanwhile, democracy and the rule of law are still the hallmarks of modernity and the global standard for legitimate governance. Although it is true that the spread of democracy has stalled in recent years and that authoritarian China has performed well in the recent economic crisis, there is little evidence that authoritarian states can become truly advanced societies without moving in a liberal democratic direction. The legitimacy of one-party rule within China rests more on the state's ability to deliver economic growth and full employment than on authoritarian -- let alone communist -- political principles. Kishore Mahbubani, a Singaporean intellectual who has championed China's rise, admits that "China cannot succeed in its goal of becoming a modern developed society until it can take the leap and allow the Chinese people to choose their own rulers." No one knows how far or fast democratic reforms will unfold in China, but a

growing middle class, business elites, and human rights groups will exert pressure for them. The Chinese government certainly appears to worry about the long-term preservation of one-party rule, and in the wake of the ongoing revolts against Arab authoritarian regimes, it has tried harder to prevent student gatherings and control foreign journalists.

Outside China, democracy has become a near-universal ideal. As the economist Amartya Sen has noted, "While democracy is not yet universally practiced, nor indeed universally accepted, in the general climate of world opinion democratic governance has achieved the status of being taken to be generally right." All the leading institutions of the global system enshrine democracy as the proper and just form of governance -- and no competing political ideals even lurk on the sidelines.

The recent global economic downturn was the first great postwar economic upheaval that emerged from the United States, raising doubts about an American-led world economy and Washington's particular brand of economics. The doctrines of neoliberalism and market fundamentalism have been discredited, particularly among the emerging economies. But liberal internationalism is not the same as neoliberalism or market fundamentalism. The liberal internationalism that the United States articulated in the 1940s entailed a more holistic set of ideas about markets, openness, and social stability. It was an attempt to construct an open world economy and reconcile it with social welfare and employment stability. Sustained domestic support for openness, postwar leaders knew, would be possible only if countries also established social protections and regulations that safeguarded economic stability.

Indeed, the notions of national security and economic security emerged together in the 1940s, reflecting New Deal and World War II thinking about how liberal democracies would be rendered safe and stable. The Atlantic Charter, announced by Roosevelt and Winston Churchill in 1941, and the Bretton Woods agreements of 1944 were early efforts to articulate a vision of economic openness and social stability. The United States would do well to try to reach back and rearticulate this view. The world is not rejecting openness and markets; it is asking for a more expansive notion of stability and economic security.

## REASON FOR REASSURANCE

Rising powers will discover another reason to embrace the existing global rules and institutions: doing so will reassure their neighbors as they grow more powerful. A stronger China will make neighboring states potentially less secure, especially if it acts aggressively and exhibits revisionist ambitions. Since this will trigger a balancing backlash, Beijing has



incentives to signal restraint. It will find ways to do so by participating in various regional and global institutions. If China hopes to convince its neighbors that it has embarked on a "peaceful rise," it will need to become more integrated into the international order.

China has already experienced a taste of such a backlash. Last year, its military made a series of provocative moves -- including naval exercises -- in the South China Sea, actions taken to support the government's claims to sovereign rights over contested islands and waters. Many of the countries disputing China's claims joined with the United States at the Regional Forum of the Association of Southeast Asian Nations (ASEAN) in July to reject Chinese bullying and reaffirm open access to Asia's waters and respect for international law. In September, a Chinese fishing trawler operating near islands administered by Japan in the East China Sea rammed into two Japanese coast guard ships. After Japanese authorities detained the trawler's crew, China responded with what one Japanese journalist described as a "diplomatic 'shock and awe' campaign," suspending ministerial-level contacts, demanding an apology, detaining several Japanese workers in China, and instituting a de facto ban on exports of rare-earth minerals to Japan. These actions -- seen as manifestations of a more bellicose and aggressive foreign policy -- pushed ASEAN, Japan, and South Korea perceptibly closer to the United States.

As China's economic and military power grow, its neighbors will only become more worried about Chinese aggressiveness, and so Beijing will have reason to allay their fears. Of course, it might be that some elites in China are not interested in practicing restraint. But to the extent that China is interested in doing so, it will find itself needing to signal peaceful intentions -- redoubling its participation in existing institutions, such as the ASEAN Regional Forum and the East Asia Summit, or working with the other great powers in the region to build new ones. This is, of course, precisely what the United States did in the decades after World War II. The country operated within layers of regional and global economic, political, and security institutions and constructed new ones -- thereby making itself more predictable and approachable and reducing the incentives for other states to undermine it by building countervailing coalitions.

More generally, given the emerging problems of the twenty-first century, there will be growing incentives among all the great powers to embrace an open, rule-based international system. In a world of rising economic and security interdependence, the costs of not following multilateral rules and not forging cooperative ties go up. As the global economic system becomes more interdependent, all states -- even large, powerful ones -- will find it harder to ensure prosperity on their own.

Growing interdependence in the realm of security is also creating a demand for multilateral rules and institutions. Both the established and the rising great powers are threatened less by mass armies marching across borders than by transnational dangers, such as terrorism, climate change, and pandemic disease. What goes on in one country -- radicalism, carbon emissions, or public health failures -- can increasingly harm another country.

Intensifying economic and security interdependence are giving the United States and other powerful countries reason to seek new and more extensive forms of multilateral cooperation. Even now, as the United States engages China and other rising states, the agenda includes expanded cooperation in areas such as clean energy, environmental protection, nonproliferation, and global economic governance. The old and rising powers may disagree on how exactly this cooperation should proceed, but they all have reasons to avoid a breakdown in the multilateral order itself. So they will increasingly experiment with new and more extensive forms of liberal internationalism.

## TIME FOR RENEWAL

Pronouncements of American decline miss the real transformation under way today. What is occurring is not American decline but a dynamic process in which other states are catching up and growing more connected. In an open and rule-based international order, this is what happens. If the architects of the postwar liberal order were alive to see today's system, they would think that their vision had succeeded beyond their wildest dreams. Markets and democracy have spread. Societies outside the West are trading and growing. The United States has more alliance partners today than it did during the Cold War. Rival hegemonic states with revisionist and illiberal agendas have been pushed off the global stage. It is difficult to read these world-historical developments as a story of American decline and liberal unraveling.

In a way, however, the liberal international order has sown the seeds of its own discontent, since, paradoxically, the challenges facing it now -- the rise of non-Western states and new transnational threats -- are artifacts of its success. But the solutions to these problems -- integrating rising powers and tackling problems cooperatively -- will lead the order's old guardians and new stakeholders to an agenda of renewal. The coming divide in world politics will not be between the United States (and the West) and the non-Western rising states. Rather, the struggle will be between those who want to renew and expand today's system of multilateral governance arrangements and those who want to move to a less cooperative order built on spheres of influence. These fault lines do not map onto geography, nor

do they split the West and the non-West. There are passionate champions of the UN, the WTO, and a rule-based international order in Asia, and there are isolationist, protectionist, and anti-internationalist factions in the West.

The liberal international order has succeeded over the decades because its rules and institutions have not just enshrined open trade and free markets but also provided tools for governments to manage economic and security interdependence. The agenda for the renewal of the liberal international order should be driven by this same imperative: to reinforce the capacities of national governments to govern and achieve their economic and security goals.

As the hegemonic organization of the liberal international order slowly gives way, more states will have authority and status. But this will still be a world that the United States wants to inhabit. A wider array of states will share the burdens of global economic and political governance, and with its worldwide system of alliances, the United States will remain at the center of the global system. Rising states do not just grow more powerful on the global stage; they grow more powerful within their regions, and this creates its own set of worries and insecurities -- which is why states will continue to look to Washington for security and partnership. In this new age of international order, the United States will not be able to rule. But it can still lead.

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