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The American-led world system is troubled. Some would argue that it is in crisis. But what sort of crisis is it? Is it a crisis of America’s position in the global system or is it a deeper world historical transition in which liberalism and liberal international order are at risk? Is the American-led ‘liberal era’ ending, or is it transforming into a new sort of liberal order? In this article, I argue that the American liberal hegemonic order is in crisis. But it is a crisis of authority within liberal international order and not a crisis of its underlying principles and organisational logic. That is, it is a crisis of the American governance of liberal order and not of liberal order itself. The crisis of liberalism today will ultimately bring forth ‘more liberalism’. The post-Cold War liberal international order is more durable than many think. Russia and China are not inevitable enemies of Western international order. A grand alternative to liberal order does not exist. To put it sharply: the pathway to the future still runs through institutions and relationships created over the last 60 years. American unipolarity will eventually give way to something new. Power and authority will shift in the global system as they have over the centuries. But rival orders will not emerge – even if new leaders will. In the decades ahead, the United States and Europe and rising states – many of which are in Asia – will have more reasons and not fewer reasons to cooperate in open and rule-based ways. The future still belongs to the liberal international order.

Keywords: hegemony, liberal order, modernity

Introduction

The American-led world system is troubled. Some would argue that it is in crisis. But what sort of crisis is it? Is it a crisis of America’s position in the global system or is it a deeper world historical transition in which liberalism and the liberal international order are at risk? Is the American-led ‘liberal era’ ending, or is it transforming into a new sort of liberal order? What would a post-hegemonic liberal order look like? What sort of historical moment is this? Has the ‘liberal ascendency’ of the last two hundred years peaked, or is it simply taking new twists and turns? If liberal internationalism as it has been organised in the post-war era is
Many observers see grand changes. Henry Kissinger has argued that he has never seen the world in such ‘flux’ with so few agreed-upon rules and norms to guide the flow of change. The National Intelligence Council has published its ‘Global Trends 2025’, arguing that a ‘return to multipolarity’ is the master trend of the coming decades. This movement towards multipolarity will manifest itself in a gradual diffusion of power away from the West, the rise of new power centres, a decay in multilateral institutional governance and new forms of conflict among great powers and regions.

Some observers see a new divide between autocratic and liberal democratic states. The liberal international optimism in the West has given way to worries about coming breakdowns and divides among the great powers. Robert Kagan sees a rise in influence of authoritarian states that are hostile to Western visions of order. Russia and China are the leading edge of the autocratic revival; unlike the old authoritarian states of the last century, they are adaptive to global capitalism, and capable of sustained growth and development. They are able to trade and invest in world markets. Yet, at the same time, they are anti-liberal and hostile to Western democracy. They have, in effect, found a pathway to modernity and development that bypasses liberal democratic practices and institutions; it is only a step away from this analysis to argue that ‘multiple modernities’ exist. The great post-Cold War anticipation of a global liberal revolution has been dashed by the ‘return of history’. Some see China as an emerging rival wielding a non-liberal strategic orientation. Martin Jacques gives a dramatic version of this view. China is emerging as the next global hegemon; it will build a non-liberal, even anti-liberal, world order. As a result, the world will have two pathways to modernity. One is the old Western liberal pathway. The other is the authoritarian alternative.
These anticipations of coming struggles with Russia and China see the clash between liberalism and autocracy reinforced by other factors. One is historical grievances. Russia feels disrespected and encroached upon in the decades since the end of the Cold War, and China is an emerging world power that nurses resentments from its century of humiliation. The other is the intensification of competition over energy and resources. This great power competition will reinforce liberal and statist models of economics and security and bring mercantilism back into the centre of world politics.

In the great narratives of this moment, the world is transitioning away from the American-led liberal order. It is a story of the return to multipolarity, the rise of new great powers and multiple pathways to modernity. The 2008 financial crisis and subsequent world economic downturn – the most severe since the Great Depression – has also been a blow to the American-led system. Unlike past post-war economic crises, this one had its origins in the United States. The repercussions of this economic crisis are complex and still playing out. But it has served to tarnish the American model of liberal capitalism and raised new doubts about the capacities of the United States to act as the global leader in the provision of economic stability and advancement.4

I want to be sceptical of these views. Yes, the American liberal hegemonic order is in crisis. But it is a crisis of authority within the liberal international order and not a crisis of its underlying principles and organisational logic. That is, it is a crisis of the American governance of liberal order and not of liberal order itself. The crisis of liberalism today will ultimately bring forth ‘more liberalism’. This is true if by liberal order we mean an open, rule-based relations system organised around expanding forms of institutionalised cooperation. In this sense, liberal international order can be contrasted with alternative logics of order – blocs, exclusive spheres and closed geopolitical systems. The future still belongs to the liberal international order.

I argue that the post-Cold War liberal international order is more durable than many think. Russia and China are not its inevitable enemies. A grand alternative does not exist. To put it sharply: the pathway to the future still runs through institutions and relationships created over the last 60 years. American unipolarity will no doubt eventually give way to something new. Power and authority will shift in the global system as they have over the centuries. But rival orders will not emerge – even if

new leaders will. In the decades ahead, the United States and Europe and rising states – many of which are in Asia – will have more reasons and not fewer reasons to cooperate in open and rule-based ways.

The rest of the article is divided into three parts. Firstly, I will examine the ‘old order’ and highlight its logic and durability. Secondly, I will assess the sources of crisis. And finally, I will discuss the dilemmas and pathways forward for liberal international order.

### American-led Liberal International Order

Remarkably, we still live in the international order built by the United States and its allies over a half-century ago. It is a distinctive type of order, organised around open markets, multilateral institutions, cooperative security, alliance partnership, democratic solidarity and United States hegemonic leadership. It is an order anchored in large-scale institutions, which include the United Nations, NATO, the Bretton Woods institutions, the World Trade Organization, alliance partnerships between the United States and Asian partners, and informal governance groupings such as the G-7/8. In the background, the United States played a hegemonic role, providing public goods by supporting open markets and the provisioning of security.5

This American-led international order was a very specific type of liberal order. It was a liberal hegemonic order. The United States did not just encourage an open and rule-based order. It gradually became its hegemonic organiser and manager. The American political system – and its alliances, technology, currency and markets – became fused to the wider liberal order. In the shadow of the Cold War, the United States became the ‘owner and operator’ of the liberal capitalist political system. The United States supported the rules and institutions of liberal internationalism but it was also given special rights and privileges. It organised and led an extended political system built around multilateral institutions, alliances, strategic partners and client states. It was an order infused with strategic understandings and hegemonic bargains. The United States provided ‘services’ to other states through the provision of security and its commitment to stability and open markets. In these ways, the United States was more than just a powerful country that dominated the global system. It created a political order, a hierarchical order with liberal characteristics.

The liberal imagination is vast – and the liberal vision of international order has many facets. From the early 19th century through the

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current era, liberals have articulated a cluster of ideas and aspirations: free trade, multilateralism, collective security, democratic community, progressive change, shared sovereignty and the rule of law. The post-war American vision was a specific version of liberal international order. It was hegemonic. As noted, it was an arrangement in which the United States actively managed the wider system. The United States and the wider liberal order were organised into a single extended global order. This type of liberal order can be contrasted with earlier liberal political formations. In the 19th century, liberal order was manifest in open trade and the gold standard, flourishing in the shadow of British economic and naval mastery. After World War I, Woodrow Wilson sought to construct a more far-reaching liberal progressive order, organised around the League of Nations. It was a system that did not rely on American hegemony but rather hinged on the cooperation of liberal democracies adhering to open trade and collective security. After World War II, Franklin Roosevelt again sought to construct a liberal order organised around great power concert and the United Nations. The rise of the Cold War, the weakness of Europe and the complexities associated with opening up and managing post-war order brought the United States more directly into the operation and management of the system. In fits and starts, liberal order turned into American liberal hegemonic order.6

This order has also been remarkably successful; it has accomplished a great deal over the last six decades. It provided a framework for the reopening of the world economy after World War II, ushering in a ‘golden age’ of growth. It integrated post-war Japan and Germany, who went on to become the second and third largest economies in the world, respectively. The Western alliance and the European ‘project’ provided institutional mechanisms to solve Europe’s bloodiest geopolitical problem: Franco-German antagonism and the position of Germany within Europe. This was the quiet revolution in post-war world politics. A chronic source of war and political instability was eliminated. The larger Western-based liberal international order also provided an expansive system in which rising and transitioning countries could integrate and join. Over the last thirty years, over 500 million people in countries connected to this liberal order have been lifted out of poverty.7 The Cold War was also ended peacefully, with countries in Eastern Europe and the former Soviet Union integrated into the Western order. Overall, this American-led arrangement is arguably the most successful international order the world has yet seen. At least this is true if success is defined in terms of wealth creation, physical security and hope for

justice. This order has not solved all the world’s problems and it exists in a world with widespread human suffering and rising economic inequality. But in the context of the savage history of world politics over the last centuries, including the world wars of the recent past, it has been an unusually stable and functional system.

The Durability of Liberal International Order

There are also reasons to think that this liberal order will persist, even if it continues to evolve. Firstly, the violent forces that have overthrown international orders in the past do not seem to operate today. We live in the longest period of ‘great power peace’ in modern history. The great powers have not found themselves at war with each other since the guns fell silent in 1945. This non-war outcome is certainly influenced by two realities: nuclear deterrence, which raises the costs of war, and the dominance of democracies, who have found their own pathway to peace. In the past, the great moments of order-building came in the aftermath of war when the old order was destroyed. War itself was a ratification of the view that the old order was no longer sustainable. War broke the old order apart, propelled shifts in world power and opened up the international landscape for new negotiations over the rules and principles of world politics. In the absence of great power war it is harder to clear the ground for new ‘constitutional’ arrangements.

Secondly, this order is also distinctive in its integrative and expansive character. In essence, it is ‘easy to join and hard to overturn’. This follows most fundamentally from the fact that it is a liberal international order – in effect, it is an order that is relatively open and loosely rule-based. The order generates participants and stakeholders. Beyond this, there are three reasons why the architectural features of this post-war liberal order reinforce downward and outward integration. One is that the multilateral character of the rules and institutions create opportunities for access and participation. Countries that want to join in can do so; Japan found itself integrating through participation in the trade system and alliance partnership. More recently, China has taken steps to join, at least through the world trading system. Joining is not costless. Membership in institutional bodies such as the WTO must be voted upon by existing members and states must meet specific requirements. But these bodies are not exclusive or imperial. Secondly, the liberal order is organised around shared leadership and not just the United States. The G-7/8 is an example of a governance organisation that is based on a collective leadership, and the new G-20 grouping has emerged to provide expanded leadership. Finally, the order also provides opportunities for a wide array of states to gain access to the ‘spoils of modernity’. Again, this is not an imperial system in which the riches accrue disproportionately to the centre. States across the system have found ways to integrate
into this order and experience economic gains and rapid growth along the way.

Thirdly, rising states do not constitute a bloc that seeks to overturn or reorganise the existing international order. China, India, Russia, Brazil, South Africa and others all are seeking new roles and more influence within the global system. But they do not constitute a new coalition of states seeking global transformation. All of these states are capitalist and as such are deeply embedded in the world economy. Most of them are democratic and embrace the political principles of the older Western liberal democracies. At the same time, they all have different geopolitical interests. They are as diverse in their orientations as the rest of the world in regard to energy, religion and ideologies of development. They are not united by a common principled belief in a post-liberal world order. They are all very much inside the existing order and integrated in various ways into existing governance institutions.

Fourthly, the major states in the system – the old great powers and rising states – all have complex alignments of interests. They all are secure in the sense that they are not threatened by other major states. All worry about radicalism and failed states. Even in the case of the most fraught relationships – such as the emerging one between the United States and China – there are shared or common interests in global issues related to energy and the environment. These interests are complex. There are lots of ways in which these countries will compete with each other and seek to push ‘adjustment’ to problems onto the other states. But it is precisely the complexity of these shared interests that creates opportunities and incentives to negotiate and cooperate – and, ultimately, to support the open and rule-based frameworks that allow for bargains and agreements to be reached.

Overall, these considerations suggest that the leading states of the world system are travelling along a common pathway to modernity. They are not divided by great ideological clashes or emboldened by the potential gains from great power war. These logics of earlier orders are not salient today. Fascism, communism and theocratic dictatorships cannot propel you along the modernising pathway. In effect, if you want to be a modern great power you need to join the WTO. The capitalist world economy and the liberal rules and institutions that it supports – and that support it – are foundational to modernisation and progress. The United States and other Western states may rise or fall within the existing global system but the liberal character of that system still provides attractions and benefits to most states within it and on its edges.

Liberal Order and the Great Transformations

Obviously, great shifts are underway, many of them long in the making. The end of the Cold War triggered a slow-motion transformation in the
global system. The American-led liberal order has existed within a larger bipolar Cold War distribution of power. With the collapse of the Soviet Union and the end of Cold War hostilities, this ‘inside system’ became the ‘outside system’. The liberal order was thrown open and exposed to the entire world. This has triggered a variety of complex reactions. New questions were asked about the role of alliances and debates about threats. If the Cold War alliances were part of the architecture of American-led liberal order, that part of the hegemonic framework was rendered less stable. In addition, new questions about political identity were triggered. Are we ‘one people’? Is there a ‘free world’? Does democratic solidarity still matter in the absence of a common enemy?8

The end of the Cold War also ushered in problems with Russia. At first, the Western powers and the Russian Federation had found a peaceful settlement of their bipolar rivalry. But the United States and Europe also found themselves encroaching on Russian geopolitical interests. NATO expansion was in part driven by liberal aspirations to expand the club of democracies eastward, to include newly liberalising post-communist states. But this exercise in liberal expansionism tended to come at the expense of Russia’s sensibilities. Other developments also eroded Moscow’s relationship with the West. The American withdrawal from the ABM treaty and the failure to go forward with the START II arms control talks signalled a retreat from the vision that American and Soviet leaders articulated at the end of the Cold War. Tensions between the West and Russia have mounted in more recent years over oil and pipeline issues, rights of Russian minorities, borders inherited from the former Soviet Union and the democratisation of former Soviet republics.9

The rise of unipolarity has made American power more controversial and raised the level of uncertainty around the world about the bargains and institutions of liberal order. With the end of the Cold War, America’s primacy in the global distribution of capabilities became one of the most salient features of the international system. No other major state has enjoyed such advantages in material capabilities – military, economic, technological, geographical. This unipolar distribution of power is historically unique, and it has ushered in a new set of dynamics that are still working their way through the organisation of world politics. But the rise of unipolarity brings with it a shift in the underlying logic of order and rule in world politics. In a bipolar or multipolar system, powerful states ‘rule’ in the process of leading a coalition of states in balancing against other states. When the system shifts to unipolarity, this logic of


Ikenberry: The Liberal International Order and its Discontents

rule disappears. Power is no longer based on balancing or equilibrium, but on the predominance of one state. This is new and different – and potentially threatening to weaker and secondary states.10

A more gradual shift in the global system is the unfolding human rights and the ‘responsibility to protect’ revolution, resulting in an erosion of the central Westphalian norm of sovereignty over the post-war decades. The international community is seen as having a legitimate interest in what goes on within countries; its growing interest in the domestic governance practices of states driven by considerations of both human rights and security. In consequence, norms of sovereignty are seen as more contingent. Their gradual erosion has created a new ‘licence’ for powerful states to intervene in the domestic affairs of weak and troubled states. Over the past few centuries, Westphalian sovereignty has been the single most universal and agreed-upon norm of international politics. It underlies international law, the United Nations and the great historical movements of anti-colonialism and national self-determination. So when the norm weakens, the consequences are not in the least surprising. But the erosion of state sovereignty norms has not been matched by the rise of new norms and agreements about how the international community should make good on human rights and the responsibility to protect. Unresolved disagreements mount regarding the standards of legality and legitimacy that regulate the actions of powerful states acting on behalf of the international community.

The sources of insecurity in world politics have also evolved since the early decades that shaped American liberal hegemony. As noted earlier, the threat to peace is no longer primarily from great powers engaged in security competition. The result has been a shift in the ways in which violence is manifest. In the past, only powerful states were able to gain access to the destructive capabilities that could threaten other societies. Today, it is possible to see technology and the globalisation of the world system as creating opportunities for non-state actors – or transnational gangs – to acquire weapons of mass destruction. As a result, it is now the weakness of states and their inability to enforce law and order within their own societies that provide the most worrisome dangers to the international system.

In contrast to earlier eras, there is no single enemy – or source of violence and insecurity – that frames and reinforces the American-led liberal order. The United States and other states face a diffuse array of threats and challenges. Global warming, health pandemics, nuclear proliferation,

jihadist terrorism, energy scarcity – these and other dangers loom on the horizon. Any of these threats could endanger Western lives and liberal ways of life either directly or indirectly by destabilising the global system upon which security and prosperity depend. Pandemics and global warming are not threats wielded by human hands, but their consequences could be equally devastating. Highly infectious disease has the potential to kill millions of people. Global warming threatens to trigger waves of environmental migration and food shortages, further destabilising weak and poor states around the world. The world is also on the cusp of a new round of nuclear proliferation, putting mankind’s deadliest weapons in the hands of unstable and hostile states. Terrorist networks offer a new spectre of non-state transnational violence. The point is that none of these threats are, in themselves, so singularly pre-eminent that they deserve to be the centrepiece of American national security as were anti-fascism and anti-communism in an earlier era.

The master trend behind these diffuse threats is the rise and intensification of ‘security interdependence’. This notion is really a measure of how much a state’s national security depends on the policies of other actors. If a country is security ‘independent’ it means that it is capable of achieving an acceptable level of security through its own actions. Others can threaten it, but the means for coping with these threats are within its own national hands. This means that the military intentions and capacities of other states are irrelevant to a state’s security. This is true either because the potential military threats are too remote and far removed to matter, or because if a foreign power is capable of launching war against the state, it has the capabilities to resist the aggression.11

Security interdependence is the opposite circumstance. The state’s security depends on the policy and choices of other actors. Security is established by convincing other actors not to attack. During the Cold War, the United States and the Soviet Union were in a situation of supreme security interdependence. Each had nuclear weapons that could destroy the other. It was the logic of deterrence that established the restraints on policy. Each state knew that to launch a nuclear strike on the other would be followed by massive and assured retaliation. States cannot protect themselves or achieve national security without the help of other states. There is no ‘solution’ to the security problem without active cooperation.

Today, more people in more places matter for the security of the states within the old liberal international order. With the growth of transnational and diffuse threats, we are witnessing an explosion in the complexity of security interdependence. What people do and how they live matter in ways that were irrelevant in earlier eras. How people

burn energy, provide public health, treat minorities and enforce rules and treaties count more today than ever before. The result is a rising demand for security cooperation. The demand for universal, cooperative, institutionalised and rule-based order will grow – and not decline – in the decades ahead.

**Trends Shaping Future Liberal International Order**

In seeking to detect the evolving contours of international order, there are three trends that bear special attention. Firstly, is the so-called ‘return of multipolarity’. This is the alleged movement away from American unipolarity towards a more decentralised global power structure inhabited by rival great powers. How quickly is this happening and what are its consequences? In tracking this development, it is important to distinguish between three steps towards multipolarity. The first is the simple diffusion of power: a gradual transition in the systemic distribution of power whereby the United States will experience an erosion of its relative advantages in material capabilities. Its share of world GNP in market size and in military capabilities will shrink. A second step towards multipolarity involves not just a redistribution of power but also the rise of new ‘poles’. This entails the emergence of great powers that take on characteristics of a ‘hub’. They have their own security alliances, commercial partners, political networks and so forth. A ‘pole’ is manifest not just as a concentration of power but in the way it builds networks and takes on the role of an organising hub for other states within the larger system. The third step towards multipolarity would involve not just a diffusion of power and the rise of new ‘poles’, but also the triggering of balancing and security competition. This would be a world in which the restraints and accommodations that the major states have made within the post-war American-led order would give way to more traditional power balancing. My point is that it is possible to witness a diffusion of power and not see the emergence of new ‘poles’, and it is possible to see the rise of new ‘poles’ without the commencement of great power balance of power politics.\[12\]

The most important question in this regard is China. Is it emerging as a geopolitical ‘pole’? This, in turn, raises specific questions. Is it becoming a source of attraction? Is it becoming a security provider for states in its region? What sort of alliance partnerships is it developing, if any? What sorts of ‘soft power’ characteristics does China project as it rises? Answers to these questions are not obvious but the way and extent to

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\[12\] For a discussion of the logic and implications of a ‘return to multipolarity’, see Barry Posen, ‘Emerging Multipolarity: Why Should We Care?’ *Current History*, 108 (November 2009).

519
which China becomes a ‘pole’ will help shape the character of the next cycle of international order.

The second major trend to watch is the softening or deterioration of political order in key states. This question concerns the stability of political institutions in late-developing states that have emerged in recent decades and integrated into the liberal international order. Examples are Brazil, Mexico, Turkey and Indonesia. What are the changing political capacities of these modernising states? Do they face common challenges as middle-tier states? What will be the consequences for the global system if these states fall back and experience a decline in their ability to function as stable democracies?

The third trend to watch is the way and extent to which rising states get integrated into the existing liberal international order. As I have argued, the post-war liberal order has been an American-centred and Western-oriented hegemonic order. The great drama of the next few decades will involve the choices and strategies of rising states, such as India, China, Brazil, as they confront this old order.

The analogy might be a big corporation. For over half a century, the liberal international order has been owned and operated by the United States. It can be called American Inc. This American-dominated system emerged out of Cold War circumstances, and the family-owned corporation grew and prospered. But today, the struggle is to ‘go public’ with the company. Rising countries are seeking a greater role and voice in the global system. The United States is finding itself under pressure to turn American Inc. into a publicly traded company. It has to invite new shareholders and add members to the board of directors. The United States (and Europe) will remain leading members of the board. But their voice and vote will not be what it once was. The challenge of the liberal international order today is to manage this transition in its ownership and governance.

Conclusions

I want to end where I began by discussing the nature of the ‘crisis’ that besets the American-led liberal international order. My conclusion is that if the ‘liberal order’ is in crisis, it is a crisis of success and not a crisis of failure. It is not a crisis in the way that some observers have depicted it in the past – by presenting the ‘liberal project’ as an idealist enterprise that cannot take hold in a world of anarchy and power politics. The crisis today is precisely the opposite of this classic charge. That is, the liberal project has succeeded only too well. The global system has boomed under conditions of hegemonic rule. It is expanding and integrating on a global scale and creating economic and security interdependencies well beyond the imagination of its original architects. The crisis today is that the old
hegemonic foundations of the liberal order are no longer adequate, rather than reflect a failure of the order itself.

In effect, my argument is that this is not an E.H. Carr crisis. Rather it is a Karl Polanyi crisis. An E.H. Carr crisis is a moment when realists can step forward and say liberals had it wrong and that the crisis of their project reveals the enduring truths of self-regarding states and the balance of power. Instead, it is a Karl Polanyi crisis, where liberal governance is troubled because dilemmas and long-term shifts in the order can only be solved by rethinking, rebuilding and extending that liberal order.

Liberal order generates the seeds of its own unmaking, which can only be averted by more liberal order – reformed, updated and outfitted with a new foundation. This is not a story about the rise and spread of Western liberalism. It is a story of modernity and the global search for universal principles of politics and economics. No region or people own this story. It is a story that is written on a world scale – and it is one of breakthroughs, crises, triumphs and transformations. The liberal international order is in crisis. But after liberalism there will be more, well, liberalism.