Out of Illusion, Weakness: Liberalism and Its Blind Spots

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KEVORK OSKANIAN, DEC 11 2018

Can small-l liberalism survive in an ever-more illiberal world? This question is becoming progressively more acute, as the liberal 'core' is challenged by illiberal powers – like Russia and China – whose relative power has been growing since the turn of the century. For one, the Kremlin now actively undermines the liberal post-Cold War order in Europe, and beyond; it subverts democracy, at home, and abroad – including in the West; and it sees 'free markets' primarily as a power-political tool – as clearly apparent in its treatment of natural resources, particularly hydrocarbons, as much as a strategic asset as a commodity. Meanwhile, under Xi Jinping, China's policies have become ever-more assertive externally, and authoritarian internally. Beijing is effectively challenging what was once the de-facto Western system-shaping prerogative through ostensibly economic but intensely geopolitical initiatives like 'One Belt, One Road'; and against the earlier Western hopes that prosperity would engender political liberalisation, the People's Republic is inexorably moving in a 21st-century Orwellian direction.

The West, meanwhile, has been thrown into disarray, in what is its greatest existential crisis since World War Two. Some – including the present US administration – have retreated into an incoherent combination of aggressive foreign-policy posturing, nativist ideology, and protectionism. Others have doubled down on the notion that only the three elements of what Russett and Oneal have referred to as the 'tripod of the liberal peace' – international law, democracy, and free trade – can provide peace and prosperity in this century. Responses to illiberal powers have been, at best, fragmented, inconsistent and, therefore, highly ineffective. While NATO's capacities have been strengthened, economic sanctions have not led to a change in Russian behaviour regarding electoral and political interference, or a reduction in energy dependency on Moscow. In China's case, pushback has been more disjointed and haphazard: in fact, a large but shrinking contingent of analysts still expect Beijing to operate within the mostly liberal rules-based order largely shaped by Western hegemony in previous decades, a leap of faith that is becoming increasingly imprudent in an increasingly disorderly world.

In such a world, it is perhaps time to critically examine how such a powerful narrative, one laying claim to moral superiority for much of the 20th century, came to be weakened to such an extent as to now be firmly on the back foot. This calls for a move beyond the purely *reactive*, an examination of possible or actual responses to the gradual subversion of the status-quo by illiberal powers, towards an exploration of the weak and blind spots which have, over time, built up to allow for such subversion. It is perhaps in the perceived *strength* of the liberal narrative – of peace through the rule of law, democracy, and free trade – that the problem lies: this strength may very well have turned into arrogance as it blinded Western policymakers to their guiding ideological framework's inherent deficiencies – deficiencies that any *illiberal* power would be poised to exploit.

Assessing Liberalism's Vulnerabilities

These vulnerabilities emerge from a tendency of liberals – identified by the father of modern realism, E. H. Carr during the earlier liberal crisis of the 1930s – to ignore the role of hard power in shaping the norms and rules of international order, mistake the happenstance confluence of historical factors as providence, and dismiss the tendency of free markets to create inequality and dependency at both a global and domestic levels. Their normative universalism, linear sense of history and inability to acknowledge the role of *power* in shaping rules-based orders

were also questioned by the likes of Martin Wight – who was sceptical of the utopianism of liberal 'revolutionists' – and Reinhold Niebuhr, who attacked the claims to moral superiority of an uncompromisingly 'American' – read 'liberal' – attitude to international affairs. Translated into the context of the post-Cold War order, these perspectives suggest that the West's belief in the promise of liberalism hinged on an optical illusion – or rather, a series of optical illusions, each pertaining to one of the legs of the 'liberal tripod' of international law and institutions, democracy, and the free market.

Firstly, the global 'norms and rules based' order was not a simple product of Western moral superiority, nor the object of automatic universal acceptance: it was *also* the result of the West's, and, in particular, the United States' unassailable economic and military dominance after the fall of its only political, economic, military and ideological rival. Secondly, rather than being the product of an exclusively *moral* and inevitable historical march forward, democratisation was also the product and shaper of the relationships of power at the end of the 20th century; as an idea, it has also been weakened by a sense of inequity, increased elite capture, and the rampant commercialisation that hollowed out the freedom that open societies were supposed to deliver their citizens, providing fertile ground for their subversion. Finally, the inequalities engendered by the free market increased the vulnerabilities of liberal democracies because of their geopolitical effects – corrupt financial flows, energy dependence on illiberal states, and the creation of domestic constituencies invested in economic ties to the same.

The First Vulnerability: Ignoring *Power*

First, the most obvious link – between *power* and the global security order: the post-Cold War world could aspire to becoming a liberal rules-based order not merely because liberalism provided a morally or practically superior blueprint for politics, but also because liberal states had both the ideological credibility *and hard power* required to shape that order in their image, *in the wake of a unique alignment in the geopolitical firmament*. It is difficult to understate the extent to which the questions asked during the 1990s, and the answers provided, assumed that the West would lead, and Russia or China would, however unwillingly, follow. The logics of NATO and EU expansion emerged precisely during the latter half of what can be now termed the high point of liberalism; so did the idealism underlying humanitarian intervention, and the (very liberal) idea of the 'Responsibility to Protect'. This might not in itself have constituted a mistake: indeed, it can be argued that the stars were correctly aligned for NATO and EU eastward expansion during the first decade-and-a-half following the end of the Cold War. There was also a logical link between the taken-for-granted dominance of the liberal West, and the massive expansion of international humanitarian law in the 1990s and 2000s.

The mistake liberals subsequently made was based on their perennial mismatching of the universally*moral* with the *practical*: continuing to use an apparently effective technique at pacifying the continent in the former Soviet space, and intervening around the world, when the power-political circumstances enabling these policies had fundamentally changed. Used to expanding into the geopolitical vacuum that Central and Eastern Europe had become after the collapse of the USSR, the West's incredulous reaction to sudden pushback when circumstances had changed – as evidenced following Putin's 2007 Munich speech – was telling. Globally, interventions by 'coalitions of the willing' led by a liberal core – justified, or not, by humanitarian principles – punctuated the expansion of the interventionist legal framework in the face of opposition from illiberal states. But such interventions – humanitarian or otherwise – are the prerogatives of confidently dominant hegemons and their allies; the massive failures of the past two decades have revealed these noble ambitions as the source of overstretch.

An order that does not conform with power, however morally upstanding, cannot hold for long. Without commensurate power, the liberal missionary zeal – however nobly inspired – has revealed itself as both expensive, highly unpopular over the longer run, and, importantly, subject to curtailment and disruption by illiberal states. Under circumstances where the last major successful intervention – Kosovo – has to be traced back almost twenty years, the 'intervention fatigue' seen in the West's more interventionist powers becomes quite understandable.

The Second Vulnerability: the Decline of Democracy

This first liberal oversight of the inescapable role of *power* in the shaping of the international legal order was

aggravated by a second: the failure of liberals to acknowledge the subtle – and quite power-political implications of *democracy*. Democracy's soft power was, in fact, based not only on a morally compelling narrative about a political system promoting individual liberty; it was also attractive because of its status as a signifier of 'elite' status, a source of 'social capital' for Western states, to which upwardly mobile neighbours would want to partake. Over the past two decades, both elements of this narrative have been weakened, both by international power shifts, and contradictions within the liberal democracies themselves.

In the early 1990s, the assumption that there was one road towards full-fledged modernity, and that road led through economic growth towards *both* a mature market economy *and* liberal democracy modelled on the West was part of a policymaking common sense that now lies discredited. Internationally, the emergence of an illiberal counter-elite including Russia and China weakened the monopoly on social (and financial) capital of that select group of liberal democracies that had dominated global politics since the early 1990s: suddenly, to be 'elite', one no longer had to be 'democratic'. Democratic conditionality – while almost always more aspiration than actual policy – also lost its power, its logic disrupted by the presence of the illiberals, and their no-questions-asked approach to foreign aid.

The problem was compounded by the self-confidence of liberals in the moral power of their *democratic* narrative: it made them lose sight of the *internal* changes that fundamentally weakened the powers of attraction of their preferred system, and hollowed out its link with individual liberty, a hollowing out pounced upon, among others, by the cynical, conspiracy-theory narratives promoted by Kremlin sources of fake news. Indeed, as time progressed, the promise of freedom which lay at the core of liberalism's legitimising claims became increasingly circumscribed by the ever-expanding market, and the social inequalities and inequities it engendered in many liberal-democratic states. The 2008 crisis and its aftermath was, more than anything, a culmination of this single point: societies*did not have a choice* other than to assume the consequences of the (largely unpunished) private failures of the financial sector at the core of their political economies.

This hollowing out of liberalism's claim to 'freedom' has been pointed out by authors ranging from the radical left – like Chantal Mouffe – to communitarian liberals – like Michael Walzer. To Mouffe, globalisation-as-neoliberalisation has eviscerated the traditional situs of democratic politics – the state: bound in a neoliberal system, states' autonomy has been severely limited by forces beyond anyone's control. From an entirely different, liberal normative-philosophical perspective, Walzer similarly warned against an erosion of individual liberty through the subordination of all human activity to the *market*. Even Francis Fukuyama – post-Cold War liberalism's high priest of sorts – pointed to the dangers of a de-politicised world entirely submitted to the technocratic vagaries of the market on the final pages of the 'End of History'.

Whether through a weakening of the state as the traditional receptacle of democracy, or the breaking down of barriers between distinct areas of human activity by an ever-present market, 'late-capitalist' liberalism is seen by many to have betrayed the very promise on which its legitimacy rests – the liberty of the individual – by narrowing the difference between increasingly constrained and oligarchic liberal democracies and their autocratic counterparts in an increasingly unaccountable socio-economic system.

The Third Vulnerability: Illusion of Interdependence

The same, agency-limiting market forces lie at the basis of the third major blind spot enabling a weakening of the liberal core: liberals' faith in market forces – particularly free trade and the interdependence it engenders – as a foundation for peace and prosperity. From the days of Adam Smith and Richard Cobden, the free exchange of goods has been seen as conducive to the welfare of *all* societies, providing absolute gains for all; the broader corollary has been a belief in the pacifying effects of the free market. *La douce commerce* lies at the very centre of liberalism's beliefs-system, and the trade regime that emerged following its ideological victory in the early 1990s.

Again, however, liberals have found themselves blinded by ideological assumption. Three problems in particular pose themselves: firstly, liberals' blindness to inequality – which make them perennially unseeing of the pernicious effect of free markets on less powerful players in the international political economy; secondly, their aforementioned linear view of history, which tends to associate modernisation with liberalisation; and, thirdly, their mistaken

assumption that, in a rational world, *economics* – as an entirely separate area of human activity – would always trump *politics*.

The first of these deficiencies emerges from liberal states' long-held dominant position in the global political economy, and their resulting tendency – likewise earlier identified by E.H. Carr – to ignore the *dependent* relationships that are often the result of unequal relations between states. Comfortably lodged at the core of the global political economy, the West could, up to recently, ignore the finer distinctions between*interdependence* and *dependence*; but with the West's exclusive position at the pinnacle of the global political economy increasingly tenuous, mistaking one for the other has become a dangerous liability.

This is all the more so in light of the discrediting of a second liberal assumption: the equation of economic modernisation with political liberalisation. In liberalism's 1990s heyday, plenty a liberal thinker and policymaker held that, absent a viable ideological alternative, states like China and Russia would, over time, gravitate towards liberal democracy as their economies grew, egged on by their increasingly impatient and independently wealthy middle classes. Of course, quite the opposite has happened: in both these states, greater prosperity has been accompanied by increasingly oppressive states, ones that, in China's case, have started using technologies developed in a globalised world to Orwellian ends.

As a result, any hopes that the dangers of dependence would resolve themselves over the longer term through the modernisation-cum-democratisation of illiberal powers have shown themselves to be entirely misplaced. The West is now confronted – and intertwined – with increasingly assertive, ascendant economies whose elites did not, and do not maintain the same separation between state and economy that stands at the centre of liberal thought and policy: in both Russia, and China, economics are fundamentally subordinated to state (or party) interest, at whose pleasure economic players thrive or fall.

Thus, Russia's strategic use of energy resources as a fungible form of power makes blindness to energy dependency untenable; the same goes for the flow of corrupt funds into the legal economy of liberal states, or China's increased penetration of Western strategic industries, and the dependence of Western corporations on its gigantic market. Quite apart from the direct threats to security, these create global and domestic constituencies subverting the proper working of the fundamental institutions of liberal states and societies, including the right to privacy, to freedom of speech, and the rule of law.

Towards a Liberal *Realpolitik*

The solutions to these liberal blind spots may lie in fully acknowledging the role of *power* in shaping the international order, improving the workings of democracy, and the addressing of the inequalities, and, especially, dependencies that emerge from a free market where the West no longer rules supreme. In short, these add up to making liberal democracies resilient in an increasingly illiberal world by addressing their vulnerabilities at the root, rather than the opportunistic exploitation of these vulnerabilities by states functioning according to entirely different value-systems. The paradox is that, in order to save liberalism at home, liberal states may have to become more *realist* in their dealings with the illiberal world beyond, accentuating the distinction between the rules that govern relations between themselves, and those that govern relations with the illiberal 'rest'.

Firstly, the West will have to drop its interventionist messianism, and concentrate on pursuing the national interest, or the *collective* interests of a liberal community of states, redefined towards the defensive. This will preclude grand projects like NATO expansion, or military episodes based on the unaffordable idealism or region-shaping and state-building hubris that marked previous decades, and imply a move towards an enlightened form of minimalist *realpolitik* based largely on *practical political expediency*. This will no doubt place the West before difficult choices, in places like Ukraine, or the Middle East, or East Asia. But, if liberalism is to survive to fight another day, it will have to rely more on Kennan's vision of strategic patience and pragmatism than on Wilson's idea of 'making the world safe' for an idea that does not have its own house in order. The alternative may very well be *death by overstretch*.

Secondly, liberalism will need a major re-statement of democracy to survive, by balancing a revalidation of the nation-

state with its universalist values, and pushing back at the outdated diktats of free-market thinking. In a world where illiberal intrusions into one's internal politics have become a clear and present danger, *sovereignty* will have to be reinforced as a core value of international society; re-invigorating notions of shared citizenship in distinct political communities, and integrating these communities into a broader, universalist narrative will also have to be combined with an abandonment of the more dogmatic elements of classical economic liberalism. Both the state and the not-for-profit sectors should serve as alternatives to market failure, opening up new choices and increasing the agency of citizens. In order to combat the fake news and political nihilism of illiberal regimes, such as Russia and China, one will need to combat the apathy and cynicism of one's own citizenry.

Thirdly, the West's immunity vis-à-vis economic manipulations by illiberal powers has broken down: it will have to realise soon the danger of dependence-masquerading-as-interdependence with illiberal states. In an increasingly technological age, free trade should be contingent on one's counterparts' adherence to the fundamental values underlying liberal democracy. Failing that, trade with such illiberal states should be based strictly on the national and collective interest of the liberal community of states. In short, in their external economic relations, liberal states will have to abandon the outdated fiction that politics and economics are somehow neatly separable, with the latter always paramount. This will imply short-term pain in the interest of regained security, as technology transfers are limited, large-scale investments are thoroughly vetted, energy security is redefined, and corrupt capital is driven out. In an increasingly illiberal world, the survival of liberty itself may very well come to depend on it.

About the author:

Dr. Kevork Oskanian is a Lecturer at the University of Birmingham's Department of Political Science and International Studies (POLSIS). He obtained his PhD at the London School of Economics' Department of International Relations, and has previously taught at the LSE and at the University of Westminster.