

# Neo realism v neo liberalism



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After the devastation of World War I and II the major concern of the day was to try and understand how such a conflict could be avoided in the future Carr, 1964; Morgenthau, 1973; Keohane and Nye, 1977. This led to the study of states and whether states could co-operate and if so how. This led to two concepts, Neo-realism and Neo-liberalism which have caused one of the great scholarly debates for international relations

Neo-liberalism sees co-operation as a necessary element to promoting peace and stability as it caused complex interdependence which causes war to be avoided. This stability also results in less military expenditure and as has been seen with the alliance of Japan and the USA this can help aid in economic development (Knight, 2007). However as has been illustrated by Grieco (1988) with the model of prisoner's dilemma, co-operation is not always possible.

Neo-realism has been the dominant theory where states are anarchic and thus only interested in gaining and maintain power (Carr, 1964). This key

factor forces states to be primarily be concerned with maintaining their position in the system (Waltz, p. 126)

“ Two bald men fighting over a comb” is a quote that was used to describe the Falkland’s war by Jorge Luis Borge (Liukkonen, 2008) in 1982. From this quote by Luis we can possibly ascertain that he was implying that both men are fighting over an item which for both of them is useless. This has recently been attributed to the two theories of neo-liberalism and neo-realism.

However we need to understand that both strains of theory epistemologically are positivist theories which aim to understand material forces by analysing them as would be done in natural sciences.

Consequently they may seem similar there is still some divergence on the basis of which the scholars of each school of thought argue.

In my paper I will aim to address the neo-realism v neo-liberalism debate, how are they similar and how are they different? Then understand the relationship between the two theories and positivism, which will then help address the question of whether it is just “ two bald men fighting over a comb”.

## **Neo-realism v Neo- liberalism**

Neo-realism is the understanding that conflicts between states are inevitable in an anarchic international system due to scarcity (Carr) of resources or human nature (Morgenthau). An example of this can be seen when the British Empire enslaved several lands including Africa and South East Asian which granted them access to natural resources and cheap labour (Smith, 2009).

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There are several core assumptions that neo-realism make which Grieco (1988 p. 488) has described. The first assumption is that states are anarchic by nature as there is a lack of an “ overarching” authority on international level thus states are primarily self-interested and are focused on utility maximisation and sovereignty. The second assumption is that the international system penalizes states if they fail to protect their vital interests hence states are ‘ sensitive to cost’ which then results in states becoming unitary-rational agents and thus their benefits supersedes that of other states. In addition states may not co-operate due to them believing that that their allies may surpass them which would affect their power and the future may hold that “ today’s friend maybe tomorrows enemy” (Grieco, 1988 p. 487). Thus restricting the growth of other states is in a state’s best interest. This fact has been illustrated by the Prisoners dilemma simulation (Grieco, 1988 p. 493) whereby both parties would be better off by co-operating however as it is not possible to ascertain how the other will act it results in cheating. Cheating in this sense refers to not fulfilling obligations thus leading to a situation which is not Pareto efficient. From this example we can understand that information can be quite vital and thus good knowledge of the other parties action could have resulted in Nash equilibrium.

This system of self-interest directly ties into the third and fourth assumption of an anarchic system that is concerned with the maximisation of power to ensure the states survival and the fact that states achieve this by economic and military capabilities. This illustrates the ideology of hard power, which Joseph Nye defines as the use of the “ carrot” and the” stick” so that other

states will follow your will. In terms of the “ carrot” states would use lower tariff barriers or the offer of military protection and in terms of the “ stick” one would use threat of war or economic sanctions (Nye, 2004 p. 5). This ability ties into the next assumption that balance of power is important as a hegemonic state would be able to maintain a system which would prevent states from going to war.

Mearsheimer (2001, p. 3) further expanded on realism indicating that states have ‘ this unrelenting pursuit of power means that great powers are inclined to look for opportunities to alter the distribution of world power in their favour. They will seize these opportunities if they have the necessary capability’. This offensive behaviour results in states working to actively maintain the status quo and sustain their power. In recent years we have witnessed the economic growth that China has shown with many scholars now suggesting that USA as the leading superpower should focus on preventing China’s growth as war may ensue. They reason the past signifies this as Hitler did the so which led to World War II.

Defensive realists have instead focused on the idea that states wish to maximize their security and will focus on maintain a balance of power (Waltz, 1979). Thus the idea of shared values arise whereby maintain a system of order is ideal for most states particular where a hegemony is present such as the maintaining of the dollar as the international currency even after the demise of the Bretton woods system. However Rendall (2006) argued that defensive realism contradicts one of the underlying assumptions of realism that states are prepared to take big risks in the pursuit of regional dominance. However I disagree with Rendall in that although states are

prepared to take big risks they are also rational thus they will only take step to promote their dominance when they assess that the risk is sufficiently less for their action to be successful. I feel that the quote “ Do not wound what you can’t kill” is particularly relevant in this situation.

## **Neo-liberalism**

Although realism was the dominant theory liberalism re-emerged as a challenge towards realism. This neo-liberalism claimed that it accepts a number of core realist propositions including the assumption that “ anarchy impedes the achievement of international co-operation (Grieco 1988 p. 486). On the other hand liberalist still believe that realist over emphasize conflict and underestimate the capacities of international institutions still remains an important part of the theory. In addition another major assumption is that there is a natural harmony of interests and that constitutional government sand the rule of law are universal principles. These universal principles of law allow countries to co-operate with each other as transactions cost can be reduced which results in a strong sense of interdependence.

Liberalists argue that as globalisation has become fundamental in the way that society works, between states there is now complex relations as a result of complex interdependence. Keohane and Nye (1977 p. 8) discussed this phenomenon and indicated that interdependence can be understood as mutual dependence characterized by reciprocal effects among countries or among actors in different countries.

As these transnational relations have expanded the requirement for military security has decreased considerably. Liberalists suggest that this is a result

of “ elites and members of the public placing greater value on economic values as compared to security, status, and self-assertion” (Jervis, 1999 p. 57). In addition international committees such the European Union and the United Nations that can resolve issues without the need for military force to be deployed. Liberalist also add that giving power to autonomous actors could result in institutions having a “ life of their own” whereby the people then become the instruments of the institution rather than the other way around (Jervis 1999: 59).

Keohane and Nye further argued that international regimes that “ networks of rules, norms, and procedures that regularize behaviour and control its effects” could be helpful in achieving lower transaction cost as these sets of standard rule will help eventually reduce the cost as both parties involved will follow those rules (Keohane, 2004).

Robert Putnam (1988) expanded on this theory by adding that there is a two level game that is played; one on an international level with other states and one on a domestic level with interest groups. As long as at the domestic level there is an agreement then at an international level agreements can be facilitated. Keohane (1984) suggested that the facilitation of these agreements help states due to three reasons, they lower the transaction costs of making agreements in comparison with ad hoc agreements, they reduce uncertainty and improve information available and to a lesser extent they establish a framework for legal liability. Thus as states are rational-unitary, utility maximising decision makers these benefits will maintain co-operation between states even if the underlying power structure changes.

In addition Doyle (1995) has argued that democracies co-operate with each other thus the spread of democracy with market economy will ensure a peaceful order. Doyle extracts this idea Joseph Schumpeter, Niccolo Machiavelli and Emmanuel Kant. They differed in their perspective of liberalism with Schumpeter championing Liberal Pacifism, Machiavelli Liberal Imperialism and Kant, Liberal Internationalism, Kant's idea is the one that Doyle feels is the most relevant to current times. Kant has argued that there are two legacies the pacification of liberal states (Doyle, 1995 p. 1155) and international ' imprudence'. This signifies that liberals are likely to form coalition with each other and that their peaceful restraint only seems to be for other liberal states.

### **Neo-liberalism and Neo-realism**

Although neo-liberalist and neo-realist agree that an absence of a sovereign authority that can make and enforce binding agreement allows the opportunity for states to advance their own interests they still differ on several key points.

Neoliberals argue that states are atomistic actors thus they are only concerned with absolute gains irrelevant of whether other states gain or not. They base this on the fact that they state that was is due to misunderstandings rather than human nature. On the other hand neo-realists argue that states are positional actors and for them they are interested in both the absolute gains and the relative gains that they achieve in comparison to other states as this arises from the idea of gaining and maintain power as our predecessor have done in the past (liberalism and world politics). This attention to relative gains results in states avoiding co-

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operation and if they do so they will exit if they feel the partners gain is more than theirs. This example can be noticed from the way the multi-national cooperation's in developed countries work by building in developing countries without sharing their technology with those countries as this could result in the cheap labour either disappearing or the cost of recruitment to increase.

Grieco has further elaborated on the views that neo-liberals have in terms of core assumptions of neo-realism. Firstly they reject the notion of centrality of states as there are many other institutions such as labour unions, trade associations and multinational corporations. Second they argue that states are no longer unitary or rational agents as the level of complex interdependence is such that central decision makers grip on policy has decreased (Grieco, 1988 p. 489). Third they argue that nuclear weapons and mobilized national populations was rendering war prohibitively costly. This can be seen by countries such as China and Singapore actually maintaining people armies whereby the citizens are trained for a certain period of time and then they become civilians again until a time of war. Finally neo-liberals argue that states do not see each other as enemies but rather as partners to “secure greater comfort and well-being for their home publics”. (Mitrany, 1966 cited by Grieco, 1988 p. 490).

## **Positivism and Post-Positivism**

Positivism is the epistemological approach taken by rationalist theorists which maintains that the international system is the same as the systems in the natural world. This approach of positivism views both the social and political world as having patterns and systems which essentially is similar to <https://assignbuster.com/neo-realism-v-neo-liberalism/>

the system of the natural world. Thus positivists indicate that observation and experience is crucial to formulating and reviewing scientific theory.

Thus as both neo-realism and neo-liberalism are both positivism strains of thought they share a similar materialist ontological approach to theoretical analysis. For rationalists, reality is comprised of tangible and palpable objects; therefore the theory of knowledge is interlinked with materialism. This materialist approach reduces everything to matter and what is observable. Social processes (culture, values and norms) between state actors are an indirect function of the material dimension.

According to Waever (1996, p. 149) the debate between neorealism and neoliberal institutionalism is no longer relevant in current times as these two theoretical approaches essentially share similar views of the social world. This was probably as a direct result of the fourth great debate between positivism and post-positivism emerged in the 1980s. This emerging debate focused epistemological and ontological basis of IR as on theoretical claims and methodologies (Doherty, 2000, p. 235).

The ‘inter-paradigm’ debate had been weakened as the two approaches share a ‘rationalist’ method of research, a conception of science and now after the re-emergence of neo-liberalism a similar approach to anarchy and the willingness to assess the evolution of co-operation and whether institutions matter (Waever, 1996, p. 163).

## **Conclusion**

Thus in reference to the statement of neo-liberalism and neo-realism being equated to “two bald men fighting over a comb” as can be seen there such

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great similarities between the two that it is possible for both theorist to actually be the same as described by the “ two bald men”. This is particularly close to what Keohane and Martin have mentioned in the past that “ for better or for worse, institutional theory is a half-sibling of neorealism” (Keohane and Martin, p. 3). In addition it seems that for each assumption that the neo realists provide the neo-liberalist devise a counter argument and vice versa. Jervis (1999) proposed an idea as to why both theories are actually correct. He indicated that both theorist have different priorities in their studies so for neo-liberals their concentration is on “ issues of international political economy” and the environment where as realists are “ more prone to study international security and the causes, conduct and consequences of war” (Jervis, 1999 p. 45). In addition he indicates neo-liberals are more concerned with efficiency and realism focuses on issues of distribution.

Thus from this understanding we can assume that in actual fact the debate between the two theories is misplaced and that they are indeed fighting over an issue in which they both have no need too. A further study could be to investigate how these two theories could be formed into one theory that encompasses the main points of both.