

CHALLENGES TO THE LIBERAL PEACE

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Liberal peace theories posit that peace among nations is not a result of a balance of power, but on the pacific nature of commonly held values, economic interdependence and mutual membership of international organisations. Ideal theories of the liberal peace can be traced back to the work of Immanuel Kant, who in his essay on the Perpetual Peace^[1] argued that although war is the natural state of man, peace can be established through deliberate design. This requires the adoption of a republican constitution simultaneously by all nations, which *inter alia* would check the war-like tendencies of monarchs and the citizenry; the resultant *cosmopolitanism* that would emerge among the comity of nations would preclude war. The European Union is the most obvious, albeit imperfect, example.

Mirroring Kant's thoughts, is the contemporary philosopher, John Rawl's^[2] notion of peace between liberal societies, which he refers to as *peoples* and not states. He speaks of well-ordered peoples. These are mainly constitutional liberal democracies, which arrive at such a polity based on an idea of *public reason*. In a well ordered society based on public reason human rights are respected, and the distribution of primary goods (a decent living standard, dignity, respect and the ability to participate) for each citizen's functioning are acceptably arranged.

Another version of the liberal peace theory based on economic interdependence is the 'capitalist' peace notion.^[3] The intensity of international trade in an economy is the least important feature in the peace engendered by capitalism. The nature of advanced capitalism makes territorial disputes, which are mainly contests over resources, less likely as the market mechanism allows easier access to resources. The nature of production makes the output of more sophisticated goods and services increasingly reliant on 'ideas' that are research and development intensive, and the various stages of

production occur across national boundaries. Moreover, the disruption to integrated financial markets makes war less likely between countries caught up in that web of inter-dependence. It is also argued that common foreign policy goals reflected in the membership of international treaty organisations (NATO, the European Union etc.) also produces peace.

The chances of the well-ordered tolerant societies envisaged by Rawls living in peace within themselves and with one another have greatly diminished with the recent rise in inequality, the growing wealth and income share of the richest 1-10% of the population, and the rise in varieties of populism politics. Also, the quality of Kant's *foedus pacificum* have been dealt a severe blow by nations such as the UK choosing to leave the European Union, adversely affecting the utilisation of soft power via common membership of international organisations.

We also may have come to a stage where economic interactions such as the exchange of goods, provision of services and the movement of finance has become so internationalized that further increases in globalization cannot deliver greater prospects of peace.^[4] But the logic of the capitalist peace still holds water; the intricate nature of the economic interdependence between advanced market economies, almost entirely rules out war, but other hostile attitudes can still persist, and even grow, given recent developments, including the rise in populist politics.

The growth in inequality, but more especially the creeping rise in the social mobility inhibiting *inequality of opportunity*, has spawned the illiberal backlash manifesting itself in the rise in mainly right wing populist politics. A large segment of immiserized voters vote for populists knowing that once elected the populist politician is unlikely to increase their economic welfare, as long as they create discomfiture for certain establishment circles, vis-à-vis whom these voters see themselves as relatively deprived. Immigrants, and immigration is scapegoated and made responsible for all economic disadvantage and social evils following the simplistic and simple minded message of right-wing demagogues. It has to be said, that left-wing populism, too, has emerged in many societies, mainly among educated millennials whose economic prospects are often bleaker than those of their

parents, and in regions (Latin America) with a strong Peronist tradition.

By contrast, during the golden age, which lasted for a little over a quarter of a century after the Second World War, no particular group in society was disadvantaged by economic growth and the advance of capitalism. The elites appeared to internalize the interests of the median and below median income groups in society. Social mobility was palpably present, and social protection cushioned households against systemic and idiosyncratic economic shocks. The growth in inequality linked to globalization and labour saving technological progress since the early 1980s has disadvantaged vast swathes of the population: it first pauperized the former manufacturing production worker through either job offshore relocation or stagnating real wages, and latterly it is emasculating even median service sector occupations. At the same time the income and wealth share of the top 1-10% of the population grows at an accelerating pace, faster than the rise in national income.[\[5\]](#) This serves to exacerbate inequality even further as the ratio of wealth to national income rises, and virtually all wealth is concentrated in the hands of the top .-10% richest households.

Faced with these challenges, we need to abandon our 'Panglossian' faith in the ability of markets to always do good. The rules of globalization and capitalism only serve elites who are owners of internationally mobile skills and wealth. There may be a hyper-globalization trilemma[\[6\]](#), whereby the simultaneous achievement of national sovereignty, democracy and hyper-globalization is impossible. It is worth re-iterating that hyper-globalization refers to a situation where for the collective the pains from increased globalization in terms of adverse distributional consequences outweigh the gains in terms of enhanced income.

Earlier advances of globalization was made relatively more acceptable in Europe compared to the United States, given the greater prevalence of social protection in the continent. Gradually, after 1980, and especially since the dawn of the new millennium more and more groups have been disadvantaged by globalization, and the politics of austerity has diminished social protection, fraying pre-existing domestic social contracts. Thus, many advocate a more limited globalization, akin to the halcyon days of the golden age, also

known as the Bretton Woods era (1945-73), whose hallmark was that the demands of globalization never exercised veto powers on the domestic social contract.

A retreat from hyper-globalization is desirable, but not through channels that diminish international cooperation and partnership, like Brexit and President Trump's protectionist sabre rattling that undermine agreements like NAFTA. What is needed is internationally coordinated checks on hyper-globalization, and agreements on certain wealth taxes on the richest individuals, which is required to address the alarming rise in wealth inequality given the fact that social protection can only have a palliative, and not curative, impact on these stupendous inequalities.

In the UK developments such as Brexit will serve to strengthen the hand of autocratic tendencies that promote the hyper-globalization logic of minimal social and employment protection, with an even greater fraying of the post-war social contract. Politics and policy making risk becoming even more plutocratic without the restraining effect of the European Union. The foundations of the third pillar of the liberal peace, common membership of international organisations, will be seriously undermined, as will the use of soft power for Britain. Nor will there be greater gains in so-called trade negotiations with other economies of the world—the UK economy is too small to have anything approaching the bargaining power of the European Union.

[1] Kant, Immanuel (1795) *Perpetual Peace and Other Essays on Politics, History and Morals*, reprinted 1983. Indianapolis: Hackett Publishing.

[2] Rawls, John (1999) *The Law of Peoples*, Cambridge, MA: Harvard University Press.

[3] Gartzke, Erik (2007) 'The Capitalist Peace', *American Journal of Political Science* 51(1): 166-191.

[4] Rodrik, Dani (2017) *Straight Talk on Trade: Ideas for a Sane World Economy*, Princeton: University Press.

[5] Piketty, Thomas (2014) *Capital in the Twenty-first Century*, Cambridge, Massachusetts: Harvard University Press.

[\[6\]](#) Argued by Dani Rodrik; see, for example, Rodrik (2017), op. cit.

NB: This blog post was written in Professor Murshed's personal capacity.