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The Myth of Post–Cold War Chaos

G. John Ikenberry

THE 1945 ORDER LIVES ON

A GREAT deal of ink has been shed in recent years describing various versions of the post–Cold War order. These attempts have all failed, because there is no such creature. The world order created in the 1940s is still with us, and in many ways stronger than ever. The challenge for American foreign policy is not to imagine and build a new world order but to reclaim and renew an old one—an innovative and durable order that has been hugely successful and largely unheralded.

The end of the Cold War, the common wisdom holds, was a historical watershed. The collapse of communism brought the collapse of the order that took shape after World War II. While foreign policy theorists and officials scramble to design new grand strategies, the United States is rudderless on uncharted seas.

The common wisdom is wrong. What ended with the Cold War was bipolarity, the nuclear stalemate, and decades of containment of the Soviet Union—seemingly the most dramatic and consequential features of the postwar era. But the world order created in the middle to late 1940s endures, more extensive and in some respects more robust than during its Cold War years. Its basic principles, which deal with organization and relations among the Western liberal democracies, are alive and well.

These less celebrated, less heroic, but more fundamental principles and policies—the real international order—include the commitment to

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an open world economy and its multilateral management, and the stabilization of socioeconomic welfare. And the political vision behind the order was as important as the anticipated economic gains. The major industrial democracies took it upon themselves to "domesticate" their dealings through a dense web of multilateral institutions, intergovernmental relations, and joint management of the Western and world political economies. Security and stability in the West were seen as intrinsically tied to an array of institutions—the United Nations and its agencies and the General Agreement on Tariffs and Trade (GATT) only some among many—that bound the democracies together, constrained conflict, and facilitated political community. Embracing common liberal democratic norms and operating within interlocking multilateral institutions, the United States, Western Europe, and, later, Japan built an enduring postwar order.

The task is not to discover a new order but to reclaim the old.

The end of the Cold War has been so disorienting because it ended the containment order—40 years of policies and bureaucratic missions and an entire intellectual orientation. But the watershed of postwar order predated hostilities with the Soviet Union. The turning point was not a Cold War milestone such as the announcement of the Truman Doctrine in 1947 or the creation of the Atlantic alliance in 1948-49. It might have come as early as 1941, when Roosevelt and Churchill issued the Atlantic Charter declaring the liberal principles that were to guide the postwar settlement. The process became irreversible in 1944, when representatives at the Bretton Woods conference laid down the core principles and mechanisms of the postwar Western economic order and those at Dumbarton Oaks gave the political aspect of the vision concrete form in their proposals for a United Nations. The Cold War may have reinforced the liberal democratic order, by hastening the reintegration of Germany and Japan and bringing the United States much more directly into the management of the system. But it did not call it forth.

In world historical terms, the end of the Cold War is an overrated event. Former Secretary of State James A. Baker III observes in his 1995 memoir, *The Politics of Diplomacy,* "In three and a half years [from the late 1980s to the early 1990s] . . . the very nature of the international system as we know it was transformed." To be sure, large parts of the

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non-Western world are undergoing a tremendous and difficult transformation. A great human drama is playing itself out in the former communist states, and the future there hangs in the balance. But the system the United States led the way in creating after World War II has not collapsed; on the contrary, it remains the core of world order. The task today is not to discover or define some mythic new order but to reclaim the policies, commitments, and strategies of the old.

A TALE OF TWO DOCTRINES

World War II produced two postwar settlements. One, a reaction to deteriorating relations with the Soviet Union, led to the containment order, which was based on the balance of power, nuclear deterrence, and political and ideological competition. The other, a reaction to the economic rivalry and political turmoil of the 1930s and the resulting world war, can be called the liberal democratic order. It culminated in a wide range of new institutions and relations among the Western industrial democracies, built around economic openness, political reciprocity, and multilateral management of an American-led liberal political system.

Distinct political visions and intellectual rationales animated the two settlements, and at key moments the American president gave voice to each. On March 12, 1947, President Truman delivered his celebrated speech before Congress announcing aid to Greece and Turkey, wrapping it in an American commitment to support the cause of freedom worldwide. The declaration of the Truman Doctrine was a founding moment of the containment order, rallying Americans to a new great struggle, this one against what was thought to be Soviet communism's quest for world domination. A "fateful hour" had struck, Truman said, and the people of the world "must choose between two alternate ways of life." If the United States failed to exercise leadership, he warned, "we may endanger the peace of the world."

It is often forgotten that six days before, Truman had delivered an equally sweeping speech at Baylor University. On this occasion he spoke of the lessons the world must learn from the disasters of the 1930s. "As each battle of the economic war of the Thirties was fought, the inevitable tragic result became more and more apparent," said Truman. "From the tariff policy of Hawley and Smoot, the world went on to

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Ottawa and the system of imperial preferences, from Ottawa to the kind of elaborate and detailed restrictions adopted by Nazi Germany." Truman reaffirmed America's commitment to "economic peace," which would involve tariff reductions and rules and institutions of trade and investment. When economic differences arose, he said, "the interests of all will be considered, and a fair and just solution will be found." Conflicts would be captured and tamed in a cage of multilateral rules, standards, safeguards, and procedures for dispute resolution. According to Truman, "This is the way of a civilized community."

But it was the containment order that impressed itself on the popular imagination. In celebrated American accounts of the early years after World War II, intrepid officials struggled to make sense of Soviet military power and geopolitical intentions. A few "wise men" fashioned a reasoned and coherent response to the global challenge of Soviet communism, and their containment strategy gave clarity and purpose to several decades of American foreign policy. Over those decades, sprawling bureaucratic and military organizations were built around containment. The bipolar division of the world, nuclear weapons of growing size and sophistication, the ongoing clash of two expansive ideologies—all these gave life to and reinforced the centrality of the containment order.

By comparison, the thinking behind the liberal democratic order was more diffuse. The liberal democratic agenda was less obviously a grand strategy designed to advance American security interests, and it was inevitably viewed during the Cold War as secondary, a preoccupation of economists and businessmen. The policies and institutions that supported free trade among the advanced industrial societies seemed the stuff of low politics. But the liberal democratic agenda was actually built on a robust yet sophisticated set of ideas about American security interests, the causes of war and depression, and a desirable postwar political order. Although containment overshadowed it, the postwar liberal democratic order was more deeply rooted in the American experience and an understanding of history, economics, and the sources of political stability.

The proper foundations of political order have preoccupied American thinkers from the nation's founding onward, and innovative institutions and practices were developed in response to independence,

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continental expansion, civil war, economic depression, and world war. The liberal ideal was held high: open and decentralized political institutions could limit and diffuse conflict while integrating diverse peoples and interests. Moreover, a stable and legitimate political order was assured by its grounding in the Constitution, which specified rights, guarantees, and an institutionalized political process. When American officials began to contemplate postwar order, they were drawing on a wellspring of ideas, experiments, and historical lessons and sifting these with an abiding liberal belief in the possibility of peaceful and mutually beneficial international relations.

The most basic conviction underlying the postwar liberal agenda was that the closed autarkic regions that had contributed to the worldwide depression and split the globe into competing blocs before the war must be broken up and replaced by an open, nondiscriminatory economic system. Peace and security, proponents had decided, were impossible in the face of exclusive economic regions. The challengers of liberal multilateralism, however, occupied almost every corner of the advanced industrial world. Germany and Japan were the most overtly hostile; both had pursued a dangerous path that combined authoritarian capitalism with military dictatorship and coercive regional autarky. But the British Commonwealth and its imperial preference system also challenged liberal multilateral order.

The hastily drafted Atlantic Charter was an American effort to ensure that Britain signed on to its liberal democratic war aims.[1] The joint statement of principles affirmed free trade, equal access to natural resources for all interested buyers, and international economic collaboration to advance labor standards, employment security, and social welfare. Roosevelt and Churchill declared before the world that they had learned the lessons of the interwar years—and those lessons were fundamentally about the proper organization of the Western political economy. America's enemies, its friends, and even America itself had to be reformed and integrated into the postwar economic system.

[1]Churchill insisted that the charter not mandate the dismantling of the British Empire and its system of trade preferences, and only last-minute sidestepping of this controversial issue made agreement possible.

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THE LIBERAL MANIFESTO

THE POSTWAR liberal democratic order was designed to solve the internal problems of Western industrial capitalism. It was not intended to fight Soviet communism, nor was it simply a plan to get American business back on its feet after the war by opening up the world to trade and investment. It was a strategy to build Western solidarity through economic openness and joint political governance. Four principles pursued in the 1940s gave shape to this order.

The most obvious principle was economic openness, which would ideally take the form of a system of nondiscriminatory trade and investment. As American strategic thinkers of the 1930s watched the world economy collapse and the German and Japanese blocs emerge, they pondered whether the United States could remain a great industrial power within the confines of the western hemisphere. What were the minimum geographical requirements for the country's economic and military viability? For all practical purposes they had their answer by the time the United States entered the war. An American hemispheric bloc would not be sufficient; the United States needed secure markets and supplies of raw materials in Asia and Europe. Experts in a Council on Foreign Relations study group reached a similar conclusion when considering the necessary size of the area on which the United States depended for economic vitality.

American thinking was that economic openness was an essential element of a stable and peaceful world political order. "Prosperous neighbors are the best neighbors," remarked Roosevelt administration Treasury official Harry Dexter White. But officials were convinced that American economic and security interests demanded it as well. Great liberal visionaries and hard-nosed geopolitical strategists could agree on the notion of open markets; it united American postwar planners and was the seminal idea informing the work of the Bretton Woods conference on postwar economic cooperation. In his farewell remarks to the conference, Secretary of the Treasury Henry Morgenthau asserted that the agreements creating the International Monetary Fund and the World Bank marked the end of economic nationalism, by which he meant not that countries would

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give up pursuit of their national interest but that trade blocs and economic spheres of influence would no longer be their vehicles.

The second principle was joint management of the Western political-economic order. The leading industrial democratic states must not only lower barriers to trade and the movement of capital but must govern the system. This also was a lesson from the 1930s: institutions, rules, and active mutual management by governments were necessary to avoid unproductively competitive and conflictual economic practices. Americans believed such cooperation necessary in a world where national economies were increasingly at the mercy of developments abroad. The unwise or untoward policies of one country threatened contagion, undermining the stability of all. As Roosevelt said at the

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opening of Bretton Woods, "The economic health of every country is a proper matter of concern to all its neighbors, near and far."

The belief in cooperative economic management also drew inspiration from the government activism of Roosevelt's New Deal. The postwar Western system was organized at a high tide of optimism about the capability of experts, economic and technical knowledge, and government intervention. The rise of Keynesian economics in Europe in the 1930s had begun to encourage an activist role for the state in the economy and society. International economic governance was a natural and inevitable extension of the policies being tried in individual Western industrial societies.

Economic openness plus joint governance equals Western solidarity.

A third principle of liberal democratic order held that the rules and institutions of the Western world economy must be organized to support domestic economic stability and social security. This new commitment was foreshadowed in the Atlantic Charter's call for postwar international collaboration to ensure employment stability and social welfare. It was a sign of the times that Churchill, a conservative Tory, could promise a historic expansion of the government's responsibility for the people's well-being. In their schemes for postwar economic order, both Britain and the United States sought a system that would aid and protect their nascent social and economic commitments. They wanted an open world economy, but one congenial to the emerging welfare state as well as business.

The discovery of a middle way between old political alternatives was a major innovation of the postwar Western economic order. British and American planners began their discussion in 1942 deadlocked, Britain's desire for full employment and economic stabilization after the war running up against the American desire for free trade. The breakthrough came in 1944 with the Bretton Woods agreements on monetary order, which secured a more or less open system of trade and payments while providing safeguards for domestic economic stability through the International Monetary Fund. The settlement was a synthesis that could attract a new coalition of conservative free traders and the liberal prophets of economic planning.

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A final element of the liberal democratic system might be termed "constitutionalism"—meaning simply that the Western nations would make systematic efforts to anchor their joint commitments in principled and binding institutional mechanisms. In fact, this may be the order's most basic aspect, encompassing the other principles and policies and giving the whole its distinctive domestic character. Governments might ordinarily seek to keep their options open, cooperating with other states but retaining the possibility of disengagement. The United States and the other Western nations after the war did exactly the opposite. They built long-term economic, political, and security commitments that were difficult to retract, and locked in the relationships, to the extent that sovereign states can. Insofar as the participating governments attempted to construct a political order based on commonly embraced norms and principles along with institutional mechanisms for resolving conflicts and reaching specific agreements, they practiced constitutionalism.

Democracies are particularly capable of making constitutional commitments to each other. For self-regarding states to agree to pursue their interests within binding institutions, they must perceive in their partners a credible sense of commitment—an assurance that they will not exit at the least sign of disagreement. Because policymaking in democracies tends to be decentralized and open, the character of commitments can be more clearly determined and there are opportunities to lobby policymakers in the other democracies. Democracies do not just sign agreements; they create political processes that reduce uncertainty and build confidence in mutual commitments.

A CONSTITUTION FOR THE WEST

THE CONSTITUTIONAL political order was constructed in the West around economic, political, and security institutions. In the economic realm, the Bretton Woods accords were the first permanent international arrangements for cooperation between states. Rules and institutions were proposed to ensure a stable and expansionary world economy and an orderly exchange rate system. Many of the original agreements for a rule-based monetary order gave way to ad hoc arrangements based more on the American dollar, but the vision of jointly

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managed, multilateral order remained. The organization of postwar trade relations also had an uncertain start, but ultimately an elaborate system of rules and obligations was developed, with quasi-judicial procedures for adjudicating disputes. In effect, the Western governments created an array of transnational political arenas organized by function. The postwar years were filled with economic disputes, but they were largely contained within these arenas.

The constitutional vision informed the creation of the United Nations, which combined political, economic, and security aspirations. To be sure, the U.N. system preserved the sovereign rights of member states. Intent on avoiding the failures of the League of Nations, the architects of the new international body drafted a charter under which the great powers would retain their freedom of action. But despite its weak rules and obligations, the United Nations reflected American and European desires to insure against a relapse of American isolation, to establish principles and mechanisms of conflict resolution, and to mute conflicts between states within a semi-institutionalized political process.

Cold War security structures provided additional constitutional architecture. Lord Ismay's observation that NATO was created to keep the Russians out, the Germans down, and the Americans in encapsulates the alliance's importance in locking in long-term commitments and expectations. The American-Japanese security pact had a similar dual-containment character. These institutions not only served as alliances in the ordinary sense of organized efforts to balance external threats, but offered mechanisms and venues for building relations, conducting business, and regulating conflict. The recent French decision to rejoin NATO can be understood only in this light. If NATO were simply a balancing alliance, the organization would be in an advanced stage of decay. It is NATO's broader political function—binding the democracies together and reinforcing political community—that explains its remarkable durability.

The democratic character of the United States and its partners facilitated construction of these dense interstate connections. The decentralized and open character of domestic institutions encouraged political give-and-take across the advanced industrial world. Thus the Western liberal democratic order was not only defined by a set

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of institutions and agreements but made for a particular kind of politics—transnational, pluralistic, reciprocal, legitimate.

The constitutional features of the Western order have been especially important for Germany and Japan. Both countries were reintegrated into the advanced industrial world as semisovereign powers that had accepted unprecedented constitutional limits on their military capacity and independence. As such, they became unusually reliant on Western regional and multilateral economic and security institutions. The Western order in which they were embedded was integral to their stability and their very functioning. The Christian Democratic politician Walther Leisler Kiep argued in 1972 that "the German-American alliance ... is not merely one aspect of modern German history, but a decisive element as a result of its preeminent place in our politics. In effect, it provides a second constitution for our country." Western economic and security institutions were and are for Germany and Japan a political bulwark that provides stability and transcends those institutions' more immediate purposes.

The liberal democratic order is now extending its reach worldwide.

WHAT ENDURES

FOR THOSE who thought cooperation among the advanced industrial democracies was driven primarily by Cold War threats, the last few years must appear puzzling. Relations between the major Western countries have not broken down. Germany has not rearmed, nor has Japan. What the Cold War focus misses is an appreciation of the other, less heralded, postwar American project—the building of a liberal order in the West. Archaeologists remove one stratum only to discover an older one beneath; the end of the Cold War allows us to see a deeper and more enduring layer of the postwar political order that was largely obscured by the more dramatic struggles between East and West.

Fifty years after its founding, the Western liberal democratic world is robust, and its principles and policies remain the core of world order. The challenges to liberal multilateralism both from within and from outside the West have mainly disappeared. Although

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regional experiments abound, they are fundamentally different from the autarkic blocs of the 1930s. The forces of business and financial integration are moving the globe inexorably toward a more tightly interconnected system that ignores regional as well as national borders. Recent proposals for an Atlantic free trade agreement and a Transatlantic Treaty, whatever their economic merits, reflect the trend toward increased integration across regions. The successful conclusion of the Uruguay Round of international trade talks in 1994 and the launching of the World Trade Organization on January 1, 1995, testify to the vigor of liberal multilateral principles.

Some aspects of the vision of the 1940s have faded. The optimism about government activism and economic management that animated the New Deal and Keynesianism has been considerably tempered. Likewise, the rule-based, quasi-judicial functions of liberal multilateralism have eroded, particularly in monetary relations. Paradoxically, although the rules of cooperation have become less coherent, cooperation itself has increased. Formal rules governing the Western world economy have gradually been replaced by a convergence of thinking on economic policy. The consensus on the broad outlines of desirable domestic and international economic policies has both reflected and promoted increased economic growth and the incorporation of emerging economies into the system.

The problems the liberal democratic order confronts are mostly problems of success, foremost among them the need to integrate the newly developing and post-communist countries. Here one sees most clearly that the post–Cold War order is really a continuation and extension of the Western order forged during and after World War II. The difference is its increasingly global reach. The world has seen an explosion in the desire of countries and peoples to move toward democracy and capitalism. When the history of the late twentieth century is written, it will be the struggle for more open and democratic polities throughout the world that will mark the era, rather than the failure of communism.

Other challenges to the system are boiling up in its leading states. In its early years, rapid and widely shared economic growth buoyed the system, as working- and middle-class citizens across the advanced industrial world rode the crest of the boom. Today economic globalization is producing much greater inequality between the winners and

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the losers, the wealthy and the poor. How the subsequent dislocations, dashed expectations, and political grievances are dealt with—whether the benefits are shared and the system as a whole is seen as socially just—will affect the stability of the liberal world order more than regional conflict, however tragic, in places like the Balkans.

To be sure, the Cold War reinforced solidarity and a sense of common identity among the liberal democracies, so it would be a mistake to take these binding forces for granted now. Trade disputes, controversies over burden-sharing, and regional conflict will test the durability of the liberal order. Without a Cold War threat to unite their countries, leaders in the advanced democracies will have to work harder to manage the inevitable conflicts and fissures. An agenda of reform and renewal would be an intelligent move to protect 50 years of investment in stable and thriving relations. Policies, institutions, and political symbols can all be directed at reinforcing liberal order, just as they are in individual liberal polities. At the very least, Western leaders could spend much more time acknowledging and celebrating the political space they share.

It is fashionable to say that the United States after the Cold War faces its third try at forging a durable world order, at reinventing the basic rules of world politics, just as after both world wars. But this view is more rhetorically compelling than historically valid. The end of the Cold War was less the end of a world order than the collapse of the communist world into an expanding Western order. If that order is to be defended and strengthened, its historical roots and accomplishments must be reclaimed. The United States built and then managed the containment order for 40 years, but it also built and continues to enjoy the rewards of an older liberal democratic order. America is not adrift in uncharted seas. It is at the center of a world of its own making.

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