

## **Neo- Liberalism**

Neo-liberalism differed from classical liberalism in several important ways. To begin with Liberal thought had not addressed the question of anarchy in the international system. Neo-liberals accepted the neorealist proposition that the international system is anarchic, but rejected the realist assertion that this condition would lead to conflict. Instead, Neo-liberals emphasised the centrality of cooperation in international politics. An important question that they pose to the Realists is “If the anarchic international system necessarily creates a self-help environment—a war of all against all as Hobbes suggested—then why is war not more common?” Neo-liberals also differ from classical liberals on the causes of conflict. As we saw, liberalism had emphasized on the centrality of human nature and argued that conflict and war was the result of bad actors or failure of cooperation. Neoliberalism, on the other hand, stress on the importance of international institutions in structuring international environment in ways that mitigates against anarchy. In other words, causes for conflict cannot be traced to human nature, but to the presence or absence of international institutions. Neo-liberals assert that Liberalism & Neo-Liberalism international institutions perform the following tasks: 1) Encourage communication and dialogue between states creating a forum to negotiate their differences. 2) Promote transparency in interaction between states and in the agreements that they negotiate. 3) Help to shape expectations and to develop collective international norms that offer stability and predictability in global politics 4) Establish a framework to promote reciprocity and bargaining between states facilitating the peaceful resolution of disputes. They permit the coordination of policy to address tensions in collective action problems and thus help to avoid the security and prisoners’ dilemmas. It is because of the importance placed on global institutions that the Neo-liberal theory of international relations is also referred to as Neo-liberal Institutionalism. Secondly, Neo-Liberalism differs with Liberalism on the question of important actors in global politics. Liberalism tends to emphasise the importance of individual agents as actors in global politics. Individual choice and psychology tend to play an important role in the Liberal explanations and analysis. In sharp contrast, Neo-liberals accept the Realist assertion that the state is the most important actor though they add international institutions as essentially as collections of states as well. Other actors would include non state actors like MNCs and NGOs. They accept the Neorealist claim that the state is a rational actor and that it engages in cost benefit analysis in pursuit of defined goals. Liberals would not be necessarily comfortable with this claim. Finally, Neo-liberalism differs with Liberalism in its analysis of conflicts. Liberalism is generally historical and philosophical in their orientation, explaining conflict in

specific historical context. It draws extensively on fields like political theory and philosophy. Neo-liberal explanations of conflicts, on the other hand, tend to be more focused on ahistorical structural explanations. Neo-liberals draw extensively from game theory and behavioural economics rather than history and philosophy in their analysis. Neo-liberals often use concepts from game theory to show how the structure of the international system can force particular outcomes or can lead to situations where rational decision making which may appear to be rational but which lead to suboptimal outcomes.