

The crisis of Liberal World Order and the Futures of the International System

Adriano Cozzolino

University of Campania "L.
Vanvitelli"

Italian Institute for the
Future/Center for European
Futures

Table

1. Foundations of the International World Order
2. Principles of the IWO
3. Crises
4. Key dimension of IWO crises
5. Possible future directions of the International System

Foundations of the Liberal International World Order as established after WWII

Economic openness and growth; Multilateral institutions; Security cooperation; Liberal democracy; US dollar as global currency

Institutional Architecture: United Nations; IMF; World Bank; NATO (West)

US hegemony; Western Europe and Japan as key allies

Five dimensions of the IWO

(Ikenberry 2018)

1. Trade and exchange (win-win approach)
2. Rules and institutions (Embedded liberalism and Bretton Woods system – Ruggie)
3. Security cooperation
4. International society as 'corrigible'
5. Liberal democracy as 'faith' of the world (Kantian view of history)

The broken promises of the IWO



Steps of the crisis of the IWO

Unipolar world and the 'end of history'

1. 9/11 and the discovery of US vulnerability
2. Afghanistan (2001) and Iraq (2003):
overstretching of US Military power
3. The crisis of global financial system
(2007-08): the crisis of globalization and
financialisation
4. European sovereign debt crisis (2010-11):
the crisis of, and distrust towards, European
integration
5. Covid19: de-globalization and production
reshoring?
6. War in Ukrain: the redefinition of the
International System?

Dimensions of crises

The economic and financial dimension: secular stagnation and low productivity

The political dimension: 2010s – Trumpism and Brexit (trade protectionism); rise of populist and xenophobic forces; crisis of European integration and 'sovereignism'

The social dimension: rise of global inequalities; increase of poverty levels; wage stagnation and working poor; inflation wave

The democratic crisis: elite-people polarization, the emptying of political representation, and the crisis of authority

Reversing the IWO?

- (a) Rules and institutions – disembedding of markets from (national) institutions
- (b) International society – after the war in Ukrain the problem of *war&peace* has strongly resurfaced
- (c) Democracy – de-democratization processes in the West, rise of old and new auhtocracies, decline in the faith of democracies to deliver prosperity and security

Covid-19 and the War in Ukraine: transitions in the international system?

Covid-19: global production interdependencies have increased the effects of the production shocks triggered by Covid-19 (over-dependence on global value chains)

- IMF: calls for a 'return of the State' (in the West) in terms of fiscal expansion to crowd-in (lacking) private investments
- The EU calls for re-shoring of production, especially technology components

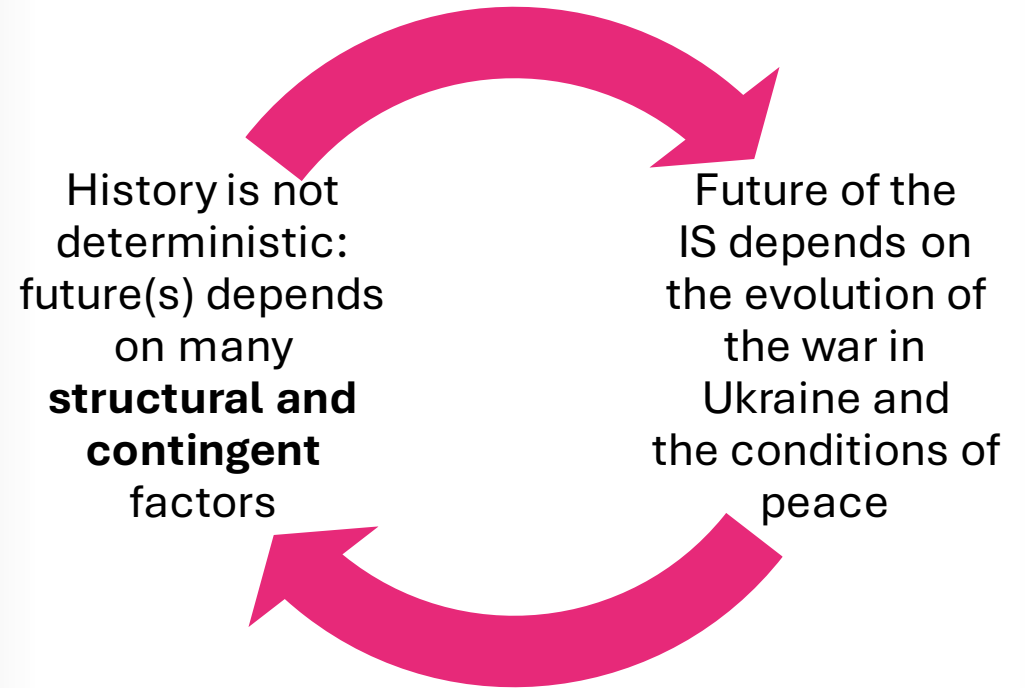
War in Ukraine: 'point' of a broader patterns of redefinition of the IS



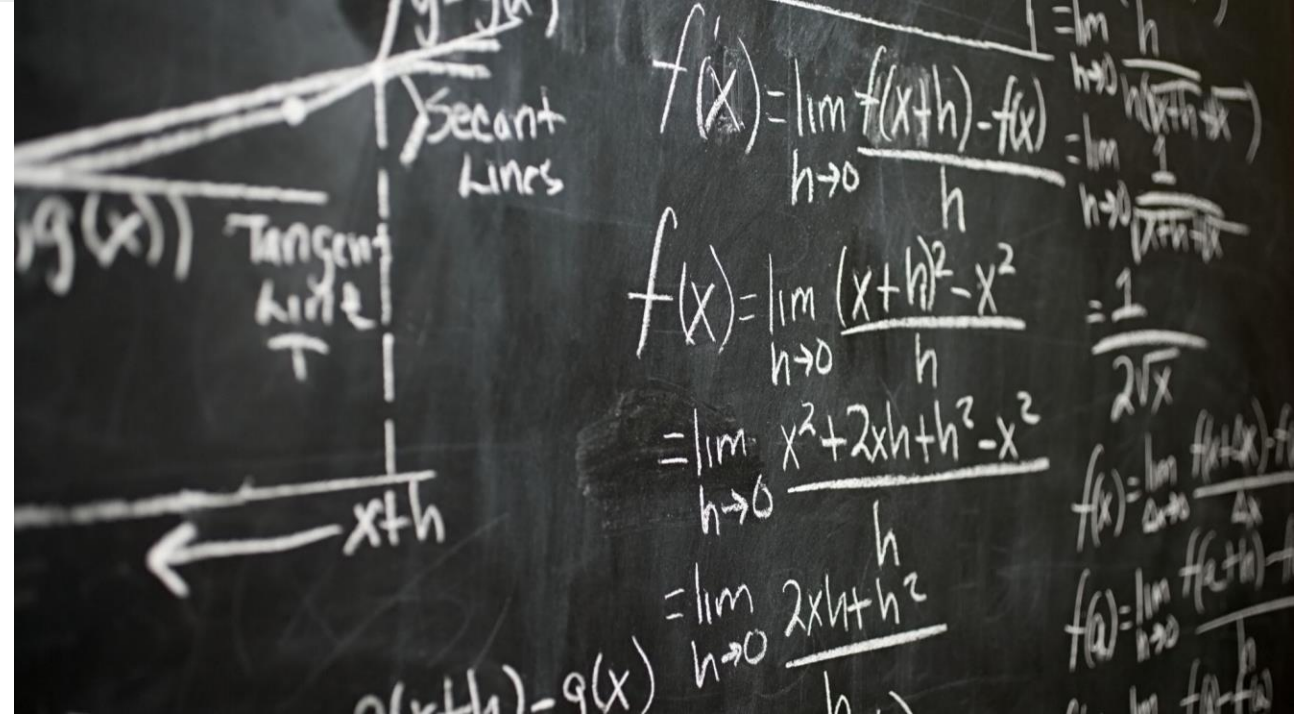
Scenarios



*Forecasting the
management of,
and relations
within, the IS*



Scenario 1: probable but not desirable



Multipolar system based on latent or overt conflict

- Large regional blocs (intra-regional trade plus regional or national protectionism)
- Decline of International institutions, the rule of law, and of diplomacy
- Military power relations as *the* way of conflict resolution

Scenario 2: desirable but how probable?



Multipolar inclusive system

- Restoring the rule of law and diplomacy -> 'democratizing' the IS
- Regulated globalization and strengthening the *social* dimension of democracy (tackling intra-State inequalities)

Scenario 3

Fragmentation and regionalisation



Multiplex World (Acharya)

- Increased fragmentation through regional lines (trade and finance)
- Insulation of regional blocs from each other (with parallel currencies)
- Limited diplomatic relations and limited scope for international institutions

