

America and Europe: Conflict and Power

formation of a technocracy and set of institutions. Once created these forums would develop with their own power and logic.¹⁰⁹

The end result of these two processes would be a shift in the loyalty and locus of power from the national to the supranational.¹¹⁰ Though its thesis that loyalty to the nation will be transferred to a supranational structure is at best suspect, especially given the nation-state centricity of most regional organisations, neo-functionalism does make some important observations. If we view the EU institutional process or the wide-ranging and technical provisions of NAFTA, we can imagine the kinds of political and social processes that may come into play.¹¹¹ The usage of technical elites, the central process of institutional build-up and then sectoral spill over, and the complex negotiating processes between various players all lead the way to some sort of functional mobilization.¹¹²

The second strand of thought on regionalism within liberalism is neo-liberal institutionalism. In this model increasing levels of interdependence generate increased demand for international cooperation. Such institutions are used by states to achieve state purposes. These goals are attained through "limited, collective action."¹¹³ In this vision the state is viewed as the gatekeeper between the domestic and the international. There is no pretence here of international organisations overriding state interest.¹¹⁴ This strand of thought includes the neo-realist assumption about state power, but modifies it to conclude that cooperation involving egoistic actors can and should occur to collectively solve problems. The aim here is to isolate the aspects of power, and interests that explain the sources and constraints of behaviour in a regional setting. States will listen to these institutions because they transmit information, they provide transparency and monitoring functions, they can reduce transaction costs and they allow expectations to converge.¹¹⁵

Conceptually liberals forward that the globalization process not only undermines, but also can call into question the issue of territoriality both at the state and even the regional level. Power and influence in a globalizing world are shared between many actors of which the nation state is an important one, but only one actor.¹¹⁶ The same can be said of the regional unit as well. With increased

interconnectedness states and regions are finding it difficult to control activities within and beyond their borders. Macroeconomic policy tools are shrinking and to solve some problems states are forced into transnational problem solving.¹¹⁷ This will encompass both regional and supra-regional organisations.¹¹⁸

STRENGTHS OF LIBERALISM

Most present day liberal economists believe in progress defined most frequently as an increase in wealth per capita. To attain progress liberal economics provides a set of tools and rationale that states should pursue. By using these tools and prescriptions liberal economists maintain that the growth of economic progress can be linear and continuous if only gradual.¹¹⁹ It is heavily predicated upon economic factors and the usage of resources and productivity to achieve stable economic growth. Wars and other political evils can affect such desires, and liberals essentially view politics as retrogressive and economics as progressive.¹²⁰ Liberal theory can therefore help us with the development of economic power independent of political issues. On this basis the laws and conditions of a market economy, in a managed form, now exists not only in the West but also in a large portion of the world.

A main strength of liberal market economics is its inherent dynamism and change. The market economy in existence today is vastly different than that in the time of Marx. Liberals would offer that the state-market tension has been to some degree dealt with by the metamorphosis of liberalism into something termed 'Welfare Capitalism'.¹²¹ Within this concept embedded liberalism contains the Western welfare system, which mitigates many of the problems of unfettered liberal capitalism such as: poverty, unsanitary cities, bad working conditions, low wages, poor education, legal uncertainties and so on.¹²² At the macroeconomic level then, the modern state has the Keynesian model of economic intervention to redress market failures or inefficiencies. Monetary and fiscal policies offset demand shortfalls, or cool-off excessive economic growth.¹²³

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Within this changing and dynamic system liberals believe that trade and economic intercourse are a source of peaceful relations between nations since expanding international trade and interdependence will foster cooperative relations. Whereas politics tends to divide nations, economics can unite. In liberal theory everyone will or can be better off in absolute terms, though the relative gains may differ. The rise of globalization and the production and consumption of goods and services in a worldwide marketplace will benefit the consumer and society as a whole. For countries to opt out of this system would be extremely costly.¹²⁴ Given this interdependence liberals assert that the realist claim that domestic and international affairs are divided is at best suspect.

Realists claim that domestically there is 'authority, administration and law' while internationally there is 'power, struggle, and . . . accommodation'¹²⁵ regardless of the economic ties that lightly bind. Liberals argue that the realist premise of anarchy is rather more complex and nuanced. Liberals do not claim that there is a single overarching world government or world economy replacing anarchy in the international system. Instead they argue that the distinction between domestic and international politics is not as clear as realists would maintain. There are supranational institutions such as the UN, the EU, NAFTA and many trade pacts and economic issues that impinge directly upon domestic policy issues.¹²⁶ To neatly divide domestic from international affairs is not valid.

Given the inextricable link between international and domestic affairs liberals maintain that the realist view of war is too simplistic. Given the interdependence between nations and the influence of trans-national and inter-national organisations, a more nuanced view of war is necessary. War has grown more and more destructive and this increases the incentive for states to cooperate.¹²⁷ Given this fact, and given that nuclear war involves total destruction, the anarchy and insecurity that realists describe is not in total valid. In the OECD nations there is a form of liberal peace, with 'liberal' very loosely premised upon its orthodox meaning, predicated upon some sort of quasi-representative democratic structure, a high level of economic