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The International Wanderings of a Liberal Idea, or Why Liberals Can Learn to Stop Worrying and Love the Balance of Power

Deborah Boucoyannis

Scholars in international relations have failed to note a paradox about the balance of power: the concept of checks and balances and equilibria underlie classical Liberal constitutional and economic theory. Interest balancing interest lies at the core of the Liberal solution to the problem of anarchy, power, and human nature, whether in politics, economics, or the international sphere. Liberal scholars have adopted instead a rationalist utilitarian or a normative democratic approach. At the same time, Realists in international relations predict a balance, which realist scholars in domestic politics, like Schattschneider, have effectively questioned. This intellectual confusion denies Liberal theory a robust view of international politics, not least because the balancing principle is erroneously rejected as conservative. The confusion also undermines the coherence of Realist theory, which has hitherto tried to accommodate opposing predictions (balance of power and power concentrations) under one paradigm. I offer an explanation of how this conflation of theories arose. Conflating Liberalism with idealism leaves Realism as the only prudent alternative in international politics. The relation between the two theories is not zero-sum: both capture important aspects of international dynamics, and each can ignore the other only at serious cost.

The balance of power is the core principle of the Realist approach to international relations (IR). It is the thread tying classical Realism to the neorealist approach that has dominated the study of international politics in the last two decades; it is seen either as a necessary practice or as an inevitable feature of the international system. Though definitions are multiple, “there is a core meaning to the concept,” namely “the interaction among states that assures the survival of the system by preventing the empire or hegemony of any state or coalition of states.”¹ The main alternative to Realism is Liberal

IR theory, whether of the institutionalist or the domestic variant.² Much of Liberal theory has focused on possibilities of mitigating the claimed malign effects of the balance of power or of constructing alternatives to it.³

Instead, I argue that the balance of power is a Liberal prediction—arguably a defining Liberal principle, underlying Liberal constitutionalism as much as Liberal economics. Yet today, Liberalism in IR is identified with idealism, moralism, or utilitarianism. Similarly, in domestic politics, Liberalism has shifted to a rationalist, democratic, and utilitarian model—especially in the Anglo-American context.⁴ Balance of power has become instead a conservative, Realist theory. Due to this intellectual slippage, we have lost sight of the original, realist foundation of Liberalism.⁵ Some political theorists have highlighted this conflation, showing that the newer version of Liberalism owes more to democratic radicalism than to classical eighteenth-century Liberalism.⁶ Yet the conflation is pervasive in the field of international relations.⁷ As a result, Liberal theory in IR has been weakened, especially by failing to theorize power. This is not merely academic; Liberals are widely perceived as weak in foreign policy and as lacking a consistent perspective on international conflict. At the same time, and with no less importance, Realism has been criticized as incoherent, a symptom, I argue, of trying to accommodate two concepts that are not genuinely congruent, the balance of power and the tendency towards concentrations.⁸

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Yet, a balance of forces allowing selfish interests to aggregate to socially optimal outcomes has been the key mechanism of classical Liberal theory. From Madison's shrewd analysis of factional politics to Adam Smith's conception of the market, this has been the promise of Liberal theory, as I argue in the first part of this article.⁹ I then explain how balance of power in IR shifted to the "opposite camp": Realism. I show that balance of power became associated with *Realpolitik* and *raison d'état* in nineteenth-century German Idealist theory of the state. The German-dominated scholarship of the second half of the twentieth century consolidated the association; more recently, Waltz's neorealism refashioned these links into the dominant paradigm of the discipline.¹⁰ Yet nothing *inherent* in the principle of balance of power makes it a part of Realism. The incongruity is obscured since very few scholars have distinguished realists from the "equilibrists."¹¹ Realism, instead, is better defined as the theory predicting that balances will *not* occur; that concentrations of power will form, thus destabilizing the system and threatening the security of individual units.¹² Just as Liberals assume[d] a system would naturally tend towards equilibrium, Realists counter that the natural tendency is towards concentration.¹³

That Realism in IR is predicated on the balance of power is an interesting paradox: in American politics, a realist view is associated with a sharp critique of the equilibrium prediction. Schattschneider, in his classic *The Semi-Sovereign People: A Realist's View of Democracy in America*, warned that Liberal pluralist politics was undermined by concentrations of power: when political issues are removed from the public sphere to fora where private groups wield overwhelming power, outcomes become biased in favor of the few.¹⁴ Underlying this paradox are some of the core problems of political science: self-interest, aggregations of preferences, and the effects of power. By separating arguments clearly, we showcase what is really at stake in these debates: predictions about ultimate outcomes. Doing so allows Liberalism to reclaim the robust model that underwrote its domestic success, and which also gives it an equally robust viewpoint at the international level.

Distinguishing Realism and Liberalism based on outcomes is preferable, since the two theories do not differ on preferences.¹⁵ Contrary to prevalent views in IR, both theories assume that human nature is self-interested, driven by passions, and striving for power.¹⁶ The conceptual hallmark of Liberal thought was to cede the realist insight about human nature, but claim that *given the appropriate institutional structure* these interests could be made to balance each other out, aggregating to the social welfare.¹⁷ Conflict was *managed*, not assumed out of existence. This held in constitutional design as much as in the rule-governed market. By contrast, in realist thought balances fail and institutions serve the interests of the strong. The distinction between balance and concentration has been a central pivot of American politics, pluralism, and consti-

tutional and political theory.¹⁸ Scholars in IR have departed from this framework—because of specific dynamics in the field—but have misconceived, in the process, a powerful and pervasive mechanism.

A major obstacle to such revision is that balance of power is viewed as a conservative principle in domestic politics and in economics since at least the mid-twentieth century, longer in IR. However, the politics of balancing may be reconsidered. Balancing to avoid hegemony and domination captures a core Liberal insight, as the "imperial," unipolar foreign policy witnessed of late has highlighted. So, although conservatives and Realists have appropriated the idea of a balance in domestic politics and IR, this can be challenged. This is a distinct theoretical claim of this article, making it part of a general effort to reconsider the classical Liberal tradition.¹⁹ Any Liberal theory true to its intentions needs to integrate both its classical origins and its democratic, normative modern orientation. At the same time, this revision also helps to revitalize the powerful Realist counter-argument, that *concentrations* of power are a recurrent feature of the international realm.

Balance of power is also conceived as conservative due to its assumed tension with a key Liberal idea, natural or human rights. However, rights are only in conflict with *Realpolitik*—and *Realpolitik* and balance of power are only contingently associated, as I later show, though we fail to appreciate this. *In theory*, balance of power only requires efficient alliance formation to preserve the autonomy of each unit. In practice, of course, it has often involved pragmatic, even unethical, politics. But then, *in practice*, establishment of political or human rights has often involved not just pragmatic politics, but injustice and violence as well.²⁰

I first offer evidence that the balance of power is a core principle of Liberal theory by looking at the work of Adam Smith, Kant, and Madison (other principles are, of course, not excluded).²¹ I then show how modern Liberalism in IR abandoned balance of power as a conservative idea, drawing instead on utilitarian and idealist ideas. I counter with a defense of the progressive character of classical Liberalism and the balancing idea. In the second section, I deal with "Realism" and show why some of the main "Realist" predictions in current IR would be categorized as Liberal in neighboring fields of political science. I then explain how the balance of power was transformed historically into a Realist principle. In the third section, I propose a more consistent definition of Realism based on the prediction of power concentrations. In the last section, I explain why such a revision might be helpful.

Liberalism: Politics as a Non-Cooperative Game

Liberalism is a political philosophy that upholds personal freedom as the paramount value of individuals and society

and the overriding goal of the state.²² It has an institutional aspect, which is the focus in this article, and *normative* foundations, which unfold in different dimensions.²³ As such, Liberalism entails prescriptions about the machinery of the state necessary to secure limited government and the rule of law: constitutionalism.²⁴ In its practical application, therefore, Liberalism is integrally bound both to law and to institutions.

Understanding the real foundations of Liberalism requires jettisoning some deeply entrenched beliefs about the theory of Liberalism, especially that it assumes a “rational” and “malleable” human nature and that it leads to a “natural harmony of interests,” to progress and perfectibility, often through economic determinism. These are instead radical principles of the French Enlightenment, as well as of idealism, socialism, and, not least, Marxism.²⁵ They do not even fully describe the utilitarian transformation of Liberalism, which I address later. By contrast, Liberal conceptions of human nature are predicated on fear; all Liberals, including early utilitarians, believed “man was a creature of strong passions.”²⁶ Self-interest was itself the product of passions, such as the “desire” to better one’s condition, which was motivated by vanity and the need for societal approval but achieved through prudence.²⁷

As a result, early theorists did not expect that a Liberal polity would result from any “natural” propensity of citizens to abide by laws, nor from the benevolence and self-restraint of rulers, the normative weight of institutions, or a natural harmony. Nor did classical Liberalism entail a commitment to progress, as commonly assumed. It simply upheld the right of individuals to live as they saw fit, even if that meant adherence to traditional values.²⁸ The Liberal approach to politics emerged with the realization that some value conflicts are so profound and uncompromising that political order can only be built through the rejection of such values as principles of political organization. Religion, for instance, declined as a relevant *political* category following the collapse of order during the Wars of Religion and the Thirty Years’ War. Toleration emerged through recognition of difference and a rejection of the assumption that a singular truth existed that we could attain through rational means²⁹ (though the “quest for certainty” remained a strong alternative intellectual tradition).³⁰

So, as a historical movement, Liberalism emerged in the seventeenth century in the context of political developments that highlighted the *limits* of reason. It inherited the dark, amoral view of human nature painted by Machiavelli—shorn of classical and Christian assumptions of perfectibility and inherent virtue, as well as of the moralistic pessimism of Augustinianism—as did most modern natural law as a whole.³¹ It aimed to supersede the old polarity between power and morality; Liberalism conceded that power defeated morality more often than not and sought to counter power through other means: self-interest. Instead of denying the realities of power and the

baseness of human motives, it built on a core intuition: *human nature being what it is, the task was to erect an institutional structure that would allow power to balance power, passion to check passion, and finally interest to counteract interest, allowing a socially optimum outcome to emerge.*³² It transformed the Mandevillian idea that private vices led to public benefits.³³ Balances provided the mechanics of Liberalism.

Core principles of Liberalism should best inform the definition of the theory in IR, if the term is not to lose coherence. The balancing, countervailing mechanism that secures liberty offers such a necessary organizing principle. However, IR Realists will doubt that the domestic version of Liberalism I outline is relevant to the international level. What of anarchy, which they assume makes international institutions powerless and irrelevant?³⁴ No “institutional structure” has been erected at the international level to allow *balancing* to occur. Similarly, free-market activities are often thought to imply no institutions or “management.” However, even if Realists want to deny the analogy to the “constructed” domestic order, that neo-realist equilibrium stems from economic Liberalism still has to be conceded—and this is my main claim. I will later show that classical economic Liberalism is closer to modern, progressive Liberalism and is not in essence conservative—further undermining the association with Realism.

Still, for such critics, *even if* the international system works similarly to the economy, the connection I posit with the domestic level breaks down: the domestic is a constructed order, and the international and economic ones are, apparently, not. However, the domestic order *only appears* to differ in needing a constructed structure; in fact, all levels depend on institutions to function. Economic markets work efficiently due to a robust institutional structure that guarantees, at the very least, efficient legislation for the enforcement of contracts and the protection of property—in short, government.³⁵ The absence of institutions in the economy is thus merely an appearance—they were simply *assumed* external to the market, and were undetectable in economic *theory*.³⁶ And as I argue later, that classical Liberalism denies the importance of politics for the economy is a misconception.

Conversely, states cannot balance efficiently without a robust political and economic infrastructure at the domestic level that allows them to act as sovereign units in the first place.³⁷ Rather than see levels as separate, we can envisage the economic as nested in the political domain and the international as predicated on a fully institutionalized form of the political and economic ones.³⁸ Moving from the domestic to the economic and then to the international level, institutions that are necessary for each level simply recede from view.

As a result, the international level *appears* to provide the best instantiation of the “institution-less” equilibrium

prediction we can observe. After all, despite the many critiques that can be waged against balance of power theory, world hegemony has always been thwarted by apparently “bottom-up,” “spontaneous” individual (state) action—just as a simplistic *laissez-faire* model would predict.³⁹ By contrast, when monopolies were averted in the economy, state intervention was necessary. So the international realm appears to give us the closest approximation to the presumed Liberal ideal than any other level, even though it is, in fact, predicated on institutions.

Below, I will show first that balances underlie Liberal prescriptions of institutional design in both politics and economics, by examining the *Federalist Papers* and the writings of Adam Smith. Then I trace the same logic in some of Kant’s writings on international politics. In the last part of this section of the paper, I will explain how this older Liberalism relates to contemporary definitions.

American Constitutionalism

The balancing mechanism took its most mature political form in the writings of the Federalists and the structure of American government.⁴⁰ Much as virtue and duty informed the Federalists’ normative positions, a realist perspective on human nature permeated many of their key institutional prescriptions. Fear of vice and conflict lay under the mechanisms of government: factions deeply concerned Madison, who saw them as an inevitable result of even “the most frivolous and fanciful distinctions,” especially of “the unequal distribution of property.” The division of society into divergent interests “grows up of necessity,” out of the diverse “faculties of men.” “This propensity of mankind to fall into mutual animosities” is so strong that it is not possible to remove the causes of faction: attempting to give every citizen the same passions, opinions and interests is “impracticable” (*Federalist* No. 10, 319–20).⁴¹

The Federalists dealt with the problem of faction mainly in two structural-institutional ways. First, they instituted a large republic with a representative system that would allow multiple interests to balance each other (*Federalist* No. 10).⁴² Second, the Federalists adopted the principle of the separation of powers.⁴³ They designed a system whereby each branch of government saw its interest in balancing abuses by the other. Further, different forces were to be mixed within each branch, so that none was controlled by any one interest (*Federalist* No. 62). The danger was especially pertinent to the legislative branch, which could degenerate into a tyranny of the majority (*Federalist* No. 48). The solution was that

ambition must be made to counteract ambition. The interest of the man must be connected with the constitutional rights of the place. . . . *This policy of supplying, by opposite and rival interests, the defect of better motives*, might be traced through the whole system of human affairs, private as well as public.⁴⁴

In the twentieth century the balancing principle, though transformed in important ways, remained central in the new public philosophy of “interest-group Liberalism,” the dominant paradigm in American politics that adjusted pluralism and capitalism to the dynamics of industrial society.⁴⁵ Special interests, now organized in groups, were assumed to balance each other, producing a vector of forces that would prevent the domination of any group.⁴⁶ The theory was explicitly realist and dismissive of ideas.⁴⁷ After the 1950s and 60s, the pluralist paradigm suffered an onslaught from every direction: public choice theory, elite and organization theory, social movement theory, to name the most important. However, the ways in which the pluralist template has been modified by modern socioeconomic developments continue to be explored.⁴⁸ Many seek to analyze the dynamics of interest groups counteracting each other, some explicitly addressing the realist caveats of Schattschneider,⁴⁹ others from the normative perspective of “the public good.”⁵⁰ Overall, Americanists have dissected the pluralist and balancing claims almost to extinction, for the same reason that IR scholars and economists have: practice never lives up to theory. However, when “checks and balances” fail in politics, no one rejects the *principle*. Instead, they seek to counterbalance concentrations and abuses of power. They do so not in order to preserve the system, but to defend their own, just as Liberal theory would predict. In fact, much of American politics examines the institutional preconditions and failures of partial political equilibria.⁵¹

Economic Liberalism

The assumption of self-interest aggregating to the social welfare underlies the economic Liberalism of the eighteenth century.⁵² Adam Smith did not support free trade because of a benign view of merchants or manufacturers.⁵³ To the contrary: “People of the same trade seldom meet together, even for merriment and diversion, but the conversation ends in a conspiracy against the public, or in some contrivance to raise prices.” Smith attacked merchants with an intensity never matched in his critiques of bad government. Mercantilism was created to serve the interests of the manufacturers, who would not hesitate to exploit their workers in order to raise prices.⁵⁴ The “wealth of nations” did not depend on a desire to serve the public good—instead, Smith claimed, he had “never known much good done by those who affected to trade” for such a purpose. Rather, collective wealth was the result of the selfish pursuit of gain, and the individual “is in this, *as in many other cases*, led by an invisible hand to promote an end which was no part of his intention.”⁵⁵

A major misconception is that Smith predicted a “spontaneous balance” *in the economy as a whole*, whereas in fact he saw it only in well-circumscribed domains. For instance, in price formation, an equilibrating mechanism ensured

that the natural price adjusted to allow supply to meet effectual demand. Similarly, in the labor market, the advantages and disadvantages of the different employments of labor and stock would “in the same neighbourhood, be either perfectly equal or continually tending to equality.” Yet, the process was thwarted by the restrictions on labor imposed by guilds and corporations with the aim of limiting competition and keeping wages high—what Smith called the “Policy of Europe.”⁵⁶

Further, as I expand in the section “Liberalism, Old and New,” Smith understood that equilibrium solutions were undermined by the incentive structure of mercantile groups. Nevertheless, his ideas were transmitted in the nineteenth century in a simplified way, and “spontaneous equilibrium” degenerated into the extreme forms of *laissez-faire*. This free-market orthodoxy was radically challenged by the crisis of the 1930s; penetrating critiques of the system pushed *laissez-faire* to the conservative side of the spectrum.⁵⁷ The invisible hand was thus transformed into a conservative rather than Liberal idea, a combination of Smith and Burke, deemed incompatible with the kinds of state intervention the recent crisis had shown to be necessary.⁵⁸

However, the balancing mechanism still underlies qualified defenses of the Liberal capitalist system: in Galbraith’s theory, the concentration of power in the hands of capitalists would be offset by the “countervailing power” of trade unions, supplier and consumer organizations, and government regulation. Economists continued to seek mathematical proof of the existence of the perfectly competitive equilibrium, only achieved by Arrow and Debreu in the 1950s. Recent developments in the new information economics seek to redress market failures in order to approximate equilibrium conditions. And even within the most radical challenge to the unrealistic assumptions of orthodox economics—complexity theory and agent-based simulation—we find an attempt towards a better-grounded, dynamic account of general equilibrium.⁵⁹

International Liberalism

In international politics, following Doyle’s seminal article, most analyses of Kant’s Liberal theory of international politics have focused on the three Definitive Articles for Perpetual Peace: a republican constitution, a federation of free states, and a cosmopolitan right to hospitality.⁶⁰ The key to Kant’s argument is the *dialectical* nature of his predictions, which can only be tested against trends over time rather than discrete events, as Cederman has argued.⁶¹ The definitive articles are thus the *constitutive* elements of the thesis, but the *causal* account Kant provides is evolutionary. The latter has received little attention, thus much attenuating the force of the thesis, though it was highlighted by Doyle.⁶² Eventual pacification required a distinct political process for Kant, one which he analyzed in the “First Supplement on the Guarantee of Perpetual

Peace.” The process is composed of three elements, though scholars usually invoke only the third, the “spirit of trade.” However, it is the “mechanical process” of “that great artist nature” that permits “harmony to emerge among men through their discord, even against their wills” in the account.⁶³ This is the same mechanism seen at the core of political and economic formulations of Liberalism.

After admitting that war “appears to be ingrained in human nature,” Kant outlines this mechanical process, which operates on three levels: the formation of republics, their interaction as separate nations, and the effects of trade. On the first two levels, the process is clearly predicated on the balancing principle. For the formation of republics, Kant rejects two common beliefs, that “a republic must be a nation of *angels*,” and that “men’s self-seeking inclinations make them incapable of adhering to so sublime a form of government.” Rather, the cunning of nature marshals these “inclinations” and thus assists reason, which is “impotent in practice.” Full rationality may not be in man’s power but “organizing the nation well” is. These “self-seeking inclinations” are so arranged in opposition within the state “that they are able to direct their power against one another, and one inclination is able to check or cancel the destructive tendencies of the others.” Each inclination is thus neutralized by its counterpart, and “man, even though he is not morally good, is forced to be a good citizen.” So “even for a people comprised of devils,” government can be created “if only [these devils] possess understanding.” The problem of government for Kant is a Stag Hunt: rational beings “require universal laws for their preservation”; but “each is secretly inclined to exempt himself from such laws.” Therefore, government must be organized in such a way that, while men’s “private attitudes conflict,” self-interests “so cancel one another that these beings behave publicly just as if they had no such evil attitudes” at all.⁶⁴ Kant’s mechanism has been noted by philosophers; for Habermas it is the principle that undergirded the “sociological conditions for a public sphere,” comprised of “freely competing commodity owners.”⁶⁵

The same balancing mechanism will lead towards eventual peace at the international level. It is predicated on the existence of “many *separate*, independent” nations. It thus ensures that a “soulless despotism” of a “universal monarchy” does not emerge. It is, moreover, naturally ordained: even though every nation would desire an enduring peace under its domination, i.e. hegemony, “nature *wills* otherwise. She uses two means to prevent peoples from intermingling and to separate them, differences in *language* and *religion*, which do indeed dispose men to mutual hatred and to pretexts for war . . . Unlike that peace that despotism (in the graveyard of freedom) brings about by vitiating all powers, this one is produced and secured by an equilibrium of the liveliest competing powers.”⁶⁶

The practical mechanisms in Kant’s scheme have been neglected, especially so in IR. Kant’s idealism partly

accounts for this, but it is also because Kant described, rather famously, the balance of power in international politics as a “mere figment of the imagination, like *Swift’s house*, whose architect built it so perfectly in accord with all the laws of equilibrium that as soon as a sparrow lit on it, it fell in.”⁶⁷ However, the “balance of power” was, by the time of Kant, conflated with the practices of *Realpolitik*, such as the partition of Poland—and I will argue that such practices were clearly understood to *undermine* the kind of freedom-preserving equilibrium that is the focus of this article (and Kant’s thinking). Kant’s critique therefore addressed the deliberate *means* statesmen adopted at the time, rather than the principle itself. “[A]n equilibrium of the liveliest competing powers” was, instead, how Kant conceived of gradual pacification.

Kant’s “realism” was noted by Waltz in an early and astute article, where it is treated as an exception among the generally optimistic Liberal philosophy of the eighteenth and nineteenth centuries. “While Kant may be seen as a backsliding Liberal, he may also be considered a theorist of power politics who hid his Machiavellian ideas by hanging round them the fashionable garments of Liberalism.” In the light of my analysis, this element in Kant is not an anomaly, nor an instance of concealed beliefs, but a natural extension of a long-standing tradition based on the balancing mechanism.⁶⁸

I have argued that Liberalism relies on a specific prediction about how narrow interest aggregates at the collective level. This core intuition is found across different authors, varying greatly in orientation, subject, and period. Yet my account will seem troubling to most IR scholars, if not irrelevant to the traditional definitions in the field. It goes against common perceptions of Liberalism as synonymous with rationality, malleability, progress, harmony, cooperation, and optimism—in other words, for some, with gullibility and naivety. Is my account then misguided? I argue that these common perceptions have unduly limited the scope of Liberalism, by neglecting the mechanism that generated the success of Liberal politics in public life. The perceptions reflect instead two separate traditions that were gradually identified with Liberalism: idealism and utilitarianism. Most *contemporary* Liberal IR has strong utilitarian roots and a rationalist core.⁶⁹ Below, I will explain the deep tensions between utilitarianism and classical Liberalism, and show how utilitarianism transformed our conception of Liberalism. Though these tensions are real, I conclude this section by showing the progressive elements of the classical version of Liberalism and by explaining why Liberalism today should reclaim the old balancing idea.

Liberalism, Old and New

When Realists inveigh against the naivety and optimism of Liberalism, it is instead utilitarianism, rationalism, ide-

alism, or moralism that they have in mind.⁷⁰ Today, these theories are considered part of a “new” Liberalism, whilst classical Liberalism is seen as a conservative theory, and thus akin to Realism. I will show that these new theories are “non-liberal” in some key respects and that such a conflation or misnaming of the old and new is problematic. At the same time, however, I will argue that the classical version of Liberalism shares with the more progressive contemporary one a concern with inequalities and distributional failures. On these important dimensions, classical Liberalism lies closer to what today we call Liberalism than to conservative approaches that take steep inequalities as naturally given and inevitable features of social organization—indeed, this can be taken as a litmus test to distinguish the two political sensibilities. In other words, we need to reclaim the progressive aspects of the classical Liberal vision from conservative misinterpretations. Any robust vision of Liberalism for the future needs to reconcile the old and the new.

Take, for instance, the claim that Liberalism predicts peace through commercial interdependence. This notion in fact stems from the radical utilitarian assumption of the beneficial effects of trade at the international level, a view expounded by Bentham, but more emphatically by Cobden and the Manchester School.⁷¹ As Keynes stated, it was only in the nineteenth century that the “conservative individualism of Locke, Hume, Johnson, and Burke [and] the Socialism and democratic egalitarianism of Rousseau, Paley, Bentham, and Godwin” were brought together in the doctrine of *laissez faire*. It was the Manchester School and the Benthamite Utilitarians that made *laissez faire* into a dogma.⁷² But it is important to note that the classical Liberal approach I have outlined is more complex. Smith is commonly assumed to be one of the progenitors of *laissez faire*.⁷³ He did argue that free trade increased the wealth of nations. He showed how the spread of trade in luxuries steered landlords away from war to the acquisition of goods, thus pacifying towns and countryside. This is still the model of narrow self-interest unintendedly aggregating to domestic welfare. He also pointed out that commerce between wealthy nations was advantageous to all parties.⁷⁴

But he clearly stated that the same trends also caused deep conflicts among powerful countries that could not be easily overcome, and that the establishment of full free trade was a utopian expectation even for the Britain of his time: it ran against “the insolent outrage of furious and disappointed monopolists.” At the same time, he described how technological developments made “modern war” an expensive enterprise, in which only a wealthy nation could succeed. And he affirmed it was the duty of the sovereign to provide for such needs by a standing army, as the only means through which “the civilization of any country can be perpetuated, or even preserved for any considerable time.” The “wealth of a neighboring nation” was “certainly

advantageous in trade”, but “dangerous in war and politicks.”⁷⁵ Classical Liberals acknowledged the benefits of free trade, but could remain skeptical about the immediate possibilities of its full implementation.

The old and the new Liberalisms thus have important differences: traits currently seen as Liberal are utilitarian in origin. The two approaches are in considerable tension, in fact. Utilitarianism, as modified in contemporary understandings, is distinguished by two assumptions.⁷⁶ First, all preferences have a common denominator: rationality. Second, a bargaining space always exists, within which solutions can be found to reconcile initially conflicting demands. Utilitarians are the real radicals. Human interests are negotiable, divisible, and exchangeable.⁷⁷ The concept of an indifference curve—whereby one good can be substituted for another—represents the measurable expression of this idea (with the important substitution of measurable preferences for utility). These principles lead to the expectation, if not of a harmony of interests, at least of a possible bargain.⁷⁸ By contrast, classical Liberalism is predicated on the idea that not only may values or preferences be irreconcilable, but that the task of politics is to tolerate a plurality of divergent views and secure their autonomy—to the degree that they do not threaten the liberal order itself.

Utilitarianism and Liberalism stem from opposing philosophical foundations. The concept of utility itself was advanced by Bentham as a direct attack against two core Liberal beliefs: natural rights and the social contract. The former were “nonsense on stilts,” the social contract equally deprived of independent value.⁷⁹ In later utilitarian thought, key ideas were gradually modified, especially by J. S. Mill, but they encapsulate differences that are still salient. Utilitarianism has been criticized as illiberal, especially in its egalitarian inclinations. However, the concept of a Pareto equilibrium is not inherently egalitarian, as the concept of equilibrium itself makes no necessary assumptions about the relative merits of the distributional arrangement for society as a whole, only its relative value for each actor in the game.⁸⁰

The two theories also prescribe different mechanisms to generate collective outcomes. The key Liberal mechanisms are separation of powers and checks and balances between different arms of government—in short, institutional differentiation. By contrast, institutions for utilitarians are “congealed prejudices,” whose permanent character turns them into mobilizations of bias, rather than expressions of preferences.⁸¹ Accordingly, utilitarians rejected representative institutions in favor of voting and direct participation that would produce the “happiness of the greatest number”—hence the Radicals’ support for universal suffrage, initially rejected by the Liberal Whigs. And hence the continuing distrust of democratic theorists towards Liberal interest group politics.⁸²

The sharp differences between the two approaches raises the question of how they become conflated, especially in

the Anglo-American context. A full answer would exceed the boundaries of this article, but some major points can be easily discerned. First, classical Liberalism from its origins incorporated both “conservative” and “radical” elements, especially in the work of Locke, which was fundamental for the American political tradition.⁸³ Then, in the nineteenth century, John Stuart Mill formulated a *utilitarian* interpretation of classical Liberalism—and Mill’s role in modern conceptions of Liberalism was definitive. The principles of free trade were popularized by Benthamite utilitarianism and the Manchester School in the late nineteenth century. However, free trade morphed into a *conservative* theory, with an influential exponent in Herbert Spencer. Spencer advocated a potent mix: extreme conceptions of *laissez faire* tied to Darwinian evolutionism and strong anti-statism (which is closer to how classical Liberalism is sometimes conceived today). Spencerian evolutionism, finally, triggered the *progressive*, modern interpretation of Liberalism in response. Most notably, strong state interventionism in regulation and redistribution and an organic conception of the Liberal state were shown to be necessary to secure Liberal goals, especially in the work of Hobhouse.⁸⁴ Liberal conceptions of the market thus degenerated into simplistic defenses of *laissez faire* by the early twentieth century, at the same time as progressive and reformist ideologies became increasingly tied to a statist and interventionist approach. Since the former were by now deemed conservative, state interventionism acquired the label of Liberalism instead. The economic crisis of the 1930s, which undermined the notion of the economy as a self-regulating mechanism and elicited the New Deal, consolidated this intellectual slippage.⁸⁵

Shifting back to IR, the common perception of balance of power theories, with their *laissez-faire* implications, as conservative or Realist and as antithetical to Liberal principles is easily seen as part of a broader intellectual movement. In the next section I will trace the parallel transformation of the concept *within* IR.

This leads to an obvious objection: if Liberalism as here defined is no longer recognized by modern Liberals, why resurrect this definition within IR? Addressing this objection is crucial, as it provides the core justification for my argument. I argue that Liberal theory, in both its domestic and its international variants, should cede neither self-interest nor power nor the balancing mechanism to its conservative opponents.⁸⁶ These factors are too important to be relinquished and, in any case, they have historically provided the institutional foundations of a Liberal order.

The work of Adam Smith offers powerful evidence in support of this argument. Smith shows that the classical Liberal tradition does not assume spontaneous, automatic equilibria and that it has a robust understanding of the need for government. His views are thus closer to contemporary understandings of Liberalism than to conservative economic positions. His notion of the invisible hand has

been the main source of misunderstanding. Yet by no means does it imply the spontaneous emergence of equilibria in the economy as a whole. *Only* the self interest of laborers and land owners coincided with the general interest of society. By contrast, Smith showed how the interest of merchants and manufacturers, who live by profit, was often “opposite” to that of the public. Moreover, he highlighted a crucial information asymmetry: mercantile classes always knew what their interest was, and would deliberately deceive the public to implement it through state policy—while the laborers and landlords were misguided or often ignorant. Policy thus had to be carefully selected; the “science of the statesman and the legislator” was crucial in creating the “wealth of nations.” For instance, regulation in favor of the workers was “always just and equitable.” Low wages were detrimental not only to the economy, but to society as a whole: Smith advocated for the needs of the poor on a utilitarian and a humanitarian basis at many points. Far from a “*laissez-faire*” thinker, he thought that taxation should be used to create incentives for optimally productive use of capital, even to discourage “spendthrift” tendencies of the landowning classes. And the sovereign was crucial in fostering such practices.⁸⁷

Even the *bêtes noires* of economics, the neoclassical marginalists of the nineteenth century and later, were deeply concerned with social justice and welfare, again contrary to common perceptions. Walras developed general equilibrium theory, yet he advocated the reclamation of all lands by the state so that land rent could replace taxation as a source of government revenue. Edgeworth proposed (and Hotelling proved) that taxation could decrease the price of a good, articulating a utilitarian theory of progressive taxation. Pigou developed welfare economics; he first distinguished private and social marginal products, and identified their divergence as a frequent occurrence requiring government intervention (a position critiqued by Coase). He advocated redistribution to increase economic welfare. With important differences, so had Marshall, taxation being the instrument of choice. And after Robbins rejected interpersonal comparisons of utility, the modern theory of optimum welfare under pure competition was retained by Abba Lerner and Oscar Lange—as socialists, they could continue to accept “the postulate that men are equal in their ability to enjoy life.”⁸⁸ Economics was consolidated as a *conservative* discipline in the 1950s and 60s, especially with the Second Chicago School, under George Stigler and Milton Friedman, and with the new classical macroeconomics of Robert Lucas in the 1970s. It is these approaches that hold that “abuses of private power will usually be checked, and incitements to efficiency and progress usually provided, by the forces of competition.”⁸⁹ Classical Liberals were not as sanguine.

The main adversary to the Chicago school has been the new information economics developed by Joseph Stiglitz and others. It has shown that imperfect and costly, or

asymmetric, information, as well as incomplete markets, necessarily lead to market failure and that income distribution matters for economic efficiency: egalitarian concerns are thus not exogenous to economic analysis. The role of government intervention and institutions, in this approach, is clearly aimed to ensure that equilibrium economics fulfill their promise, not to jettison the idea.⁹⁰

With the information revolution placed in the context of equilibrium theory in economics, we can see the role of information in IR institutionalism under new light. It is clear that the symbiotic relationship the latter has always had with balance of power theory (in the form of neorealism) is perfectly consistent with parallel developments in economic theory. The purpose of institutions in economic theory (as in IR) is to purvey information, reduce transaction costs, and thus to allow more efficient “contracting.” Theorists introduced contracting and strategic bargaining as a sharp critique of the unrealistic assumptions on automatic, costless market clearing of traditional equilibrium theory. They sought to model the dynamics of price-mediated exchange with greater (theoretical, not empirical) realism; and, though this will come as a surprise to some, game theory was introduced to perform this task.⁹¹ Game theory in IR has similarly been used to articulate the role of bargaining in selecting from multiple self-enforcing agreements. It has shown how information is necessary to articulate the logic of the “balance of power and interests.”⁹² The parallel economic trajectory shows how IR institutionalism and game theory have always had an organic conception to balance of power theory, and that this was not the result of a “weak” liberalism on the part of its proponents.⁹³

However, the economic logic made IR scholars subject to the same pathology as in orthodox economics: a neglect of power.⁹⁴ Domestic politics, by contrast, predicated as it is on power differentials between groups, offers a better analogy to international dynamics. International equilibria are, after all, much closer to political balancing than to market clearing; in the market, *excessive* supply will be balanced by *decreased* demand, whereas in the international system, *hegemonic* bids need to be met by *equal* counterforces. Other important differences remain, amplifying the point that these are analogies, not direct applications of one logic to different domains.

In the previous sections, I have argued that the balance of power is a key Liberal notion. I now use this insight to clarify some concepts in IR theory. First, I show that theories conventionally classified as Realist, like Waltz’s, draw their explanatory power from the core Liberal mechanism. Then, I explain this slippage by arguing that balance of power came to be seen as ‘Realist’ through the conflation with *Realpolitik* and reason of state. These three concepts, balance of power, *Realpolitik*, and reason of state, are usually taken as a unit, but the latter two are analytically distinct; I argue that their conflation is contingent, emerging in nineteenth

century German idealist thought. Realism should also not be identified with the 'state-as-unitary-actor' hypothesis, and I show why Liberal critiques on this point are misguided. Having cleared the definitional ground, I then define Realism in a way that adequately differentiates it from Liberalism and brings it in sync with the use of the concept in American politics and political theory.

What Realism Is Not, at Least Necessarily

This being inherently a world of opposing interests and of conflict among them, moral principles can never be fully realized, but must at best be approximated through the ever temporary balancing of interests and the ever-precarious settlement of conflicts. *This school* then, sees in a system of checks and balances a universal principle for all pluralist societies. It appeals to historic precedent rather than to abstract principles, and aims at the realization of the lesser evil rather than of the absolute good.⁹⁵

One would assume from Hans Morgenthau's remarks that the school referred to is the Liberal one. Yet he continues: "This theoretical concern with human nature as it actually is, and with the historic processes as they actually take place, has earned for the theory presented here the name of realism."⁹⁶ Morgenthau ultimately presents a theory that is, at many points, consistent with the definition of Realism defended in this article, since he ultimately predicts imbalances.⁹⁷ However, his remarks illustrate the problem of defining theories in terms of political process, namely conflict and behavior: a theory clearly consistent with the classical Liberal model is defined in terms of assumptions it shares with its alternative, Realism. Such confusion suggests distinguishing theories in terms of their prediction about outcomes instead.

Balance of Power is realist, but not Realist: Adam Smith Goes Security⁹⁸

Waltz's *Theory of International Politics* is arguably the most important statement of the past half-century in IR theory. As such, it has been systematically attacked, primarily for its realism. Its focus on the state as the unit of analysis has also been a target, since important changes in the international system are thought to make the state obsolete. Such criticism is misplaced: the focus on the state is a theoretical assumption for Waltz, a necessary element neither of balance of power theory, nor of neorealism for that matter. Moreover, as unipolar tendencies emerge in the international system, rather than see a decline in the importance of neorealism, we can expect its relevance (and Liberal character) to become even more apparent.

Waltz's theory has been classified as Realist, as it is predicated on the balance of power. However, in light of my analysis, Waltz's theory falls squarely within the classical Liberal tradition. Further, the "neo" aspect of neorealist theory originates in microeconomic theory. The analogy of microeconomics is not simply a heuristic device, but

captures a fundamental conception of how unit behaviors aggregate. More specifically it embodies the Liberal assumption of a self-calibrating system. Scholars have noted the analogy of course,⁹⁹ but not its Liberal implications. The major critiques have focused more on the individualist, utilitarian foundations of the theory and the limitations of a structuralist approach, as well as the tensions between the two.¹⁰⁰ The conflict between a microeconomic analogy and a "Realist" orientation has drawn less attention, though Keohane noted the conflict between balancing and power maximization. Schweller was the first to systematically point out the tensions in Waltz's argument.¹⁰¹

In neorealism, the mechanism that generates outcomes originates in the Smithian logic. Critics have found this mechanism unsatisfying, given Waltz's stipulation that a balance does not require balancing *behavior* on the part of the actors.¹⁰² But this is the core of the Liberal insight: what Waltz means is that it is not necessary for any state to act *with the explicit intention of producing a balance*; it simply has to want to survive, or otherwise act in a self-interested manner.¹⁰³ Balances will emerge if a sufficient number of states act in a self-preserving way, even though such a systemic outcome was not their intention. "Obviously," he adds, "the system won't work if all states lose interest in preserving themselves." His target is theories that ascribe balances to "a shared vision of Europe" among leaders, as exemplified in the Concert of Europe, or to the presence of a functionally differentiated state, that of the "balancer."¹⁰⁴ For Waltz, these are neither necessary nor sufficient conditions for a balanced outcome, though they do indeed often occur. Instead, a balance (as public good) is at a minimum the unintended consequence of the actions of states willing to survive (private utility).

In any case, the market analogy is clear. No one has to *intend* the public good for it to materialize, only his or her private gain. This is, arguably, the genius of the Liberal solution to the pervasive problem of self-interested human action (and, needless to say, it fails about as often as it succeeds, but we are arguably all better off when it does succeed). It is also not a claim predicated on individual rationality. Waltz's system requires simply the evolutionary rationality that is expressed at the structural, not the individual level; Alchian resolved the problem of market rationality in a similar manner, by attributing rationality to the industry as a whole, rather than to the individual firm—as Kant had done in a different context.¹⁰⁵ Reclassifying Waltz in this manner allows us to explain the paradox of his influence among Liberal scholars and the strong criticism he has received from classical realists.¹⁰⁶

Balance of Power is not Realpolitik nor Reason of State, Not Necessarily

So how was balance of power identified with Realism? This occurred when balance of power became associated

with three separate concepts, each of which has also been thought central to Realism: *Realpolitik*, reason of state, and state-centrism. However, a closer look shows that these concepts are only contingently related. In this section, I analyze the first two separately. *Realpolitik* is thought to denote a host of practices, such as secret alliances, partitions, and interventions, which excite vehement opposition by Liberals. However, just as checks and balances in domestic politics were not meant to imply the *Realpolitik* of bribery and corruption (which is often in practice the case), so the balance of power does not in theory require anything beyond efficient alliance formation or self help. The connection of *Realpolitik* and balance of power is a practical, not a theoretical, definitional one. The same is true for the principles of *raison d'état*. In what follows, I offer one explanation of how these two separate strands came together to redefine balance of power as inherently statist and Realist. In the next section, I show why state-centrism is equally not integral to either Realism or balance of power.¹⁰⁷

Realpolitik refers to “practical politics; policy determined by practical, rather than moral or ideological, considerations.”¹⁰⁸ It is, therefore, a behavioral concept, not a structural one. One of its most influential expositions is by Machiavelli, in *The Discourses* and *The Prince*.¹⁰⁹ *Realpolitik*, however, did not necessarily imply a commitment to balance of power. Machiavelli advocated it to achieve primacy. Nowhere did he make a defense of balance of power as a guide to statesmanship or a desirable outcome for Italian politics (the practice of *divide et impera* was a means to primacy, not balance). Machiavelli’s “remarkable” omission has often puzzled scholars.¹¹⁰ However, it is not surprising. Instead, Machiavelli sought unification, under a strong ruler. His republican writings were equally imperialist in orientation. Balance of power was important, by contrast, in the historical and political works of the humanist Guicciardini: according to him, Italian states needed to preserve the balance between them, mainly to stem Venetian growth, as achieved by Lorenzo the Magnificent.¹¹¹

Realpolitik has long been thought necessary to produce a balance of power through practices such as covert diplomacy, partitions, and breach of agreements, all of which violated Liberal principles. However, in theory at least, the only necessary corollary for preserving a balance is the unobstructed capacity to form alliances.¹¹² In fact, forceful partitions to artificially maintain a balance were recognized by proponents of balance of power as its undoing. For instance, Gentz was a Prussian participant at the Congress of Vienna on the Austrian side, and author of a sustained defense of the principle. In his second chapter, however, he described “the Shock given to the Balance of Power by the Introduction of the Partition System.” He claimed the decline of the old European system began with the partition of Poland; the “system of partition” was

an “abuse” and “perversion” of the old form, in the service of “bad purposes.”¹¹³ Partitions and *Realpolitik* are by no means integral to the balance of power.

The conflation with *Realpolitik* is one reason Liberals reject balance of power; the other is the latter’s presumed commitment to “reason of state” principles. However, our contemporary notion of reason of state stems from the German statist tradition of the nineteenth century, which had only a historically contingent relation with balance of power. The connection between reason of state and balance of power required two steps to emerge. The emergence of a new Idealist notion of reason of state was the first step. Rather than reject morality, German notions of Reason of State turned the realization of the state into the highest moral value for the community. The state alone allowed the nation to fully actualize its potential and nature. Reason of State became the “vital principle, the entelechy of the state;” it was the “fundamental principle of national conduct, the State’s First Law of Motion. It tells the statesman what to do to preserve the health and strength of the State.”¹¹⁴ Pragmatic politics allowed the State to survive in the struggle of world politics. However, this organic, Idealist conception of the State introduced a moralism that was a crucial departure from Realist principles, though we fail to realize this (I come back to this in the next section).

After Reason of State became an Idealist concept, it fused with balance of power through historical contingency: the balance became the mechanism safeguarding the State in the context of nineteenth-century German political history. Ranke’s work exemplifies this process.¹¹⁵ He thought states could achieve and preserve their individual nature only within a well-functioning balance of power system. Ranke’s understanding of history was enmeshed in the transformation of Germany following the Napoleonic Wars. He defended the co-existence of multiple German states, a status quo that could only be preserved through a balance of power. Ranke thus opposed Prussian expansionism, a cause championed by the Liberals and the newer generation of historians, Droysen most notably. He was perceived as conservative vis-à-vis the Prussian school, which was Liberal and nationalist at the same time, and which placed history at the service of national unification. German Liberals attacked the balance of power as a reactionary principle, and they identified it with non-democratic practices such as covert diplomacy. They advocated the use of public opinion to guide and restrain international behavior instead.¹¹⁶ In this way, paradoxically, the definition of balance of power politics as a conservative, non-Liberal approach to politics was consolidated in the German context.

However, this conflation was a contingent rather than a necessary one. It is true that the balance of power was also supposed to uphold the monarchical, conservative order that culminated in the Concert of Europe: balance seemed

opposed to motion, change, and social progress.¹¹⁷ However, the core intuition behind a balance is to preserve the independence of each balancing unit. There is nothing *inherently* conservative in such a vision. Two main reasons support this view. First, a balance can be invoked to preserve Liberal states just as much. In fact, the *logic* driving the German defense of a balance of power is an inherently Liberal one, if by the term we mean a political system aimed to preserve the *individual*, however the latter be conceived. The argument simply requires the mental jump of substituting the state for the individual. Balance of power emerged as a response to bids for “universal monarchy” by the Spanish and French royal houses in the sixteenth and seventeenth century.¹¹⁸ Ranke’s writings illustrate the conceptual affinity. For him, each state had an inherent value, and its independence from others was a supreme value that ought to be preserved. Neither hegemony, nor a union of all would ensure harmony (in this, echoing Kant). “Decided, positive prevalence of one [state or nation] would bring ruin to the others. A mixture of them all would destroy the essence of each one. Out of separation and independent development will emerge the true harmony.” Transposed to the level of the individual agent, this argument could have been made by a nineteenth-century or contemporary Liberal. Indeed, as Tuck and others have argued, the liberal understanding of the individual *was* derived from the notion of the sovereign state.¹¹⁹

There is a second reason we want to question the conservative character of the balancing principle. We tend to see balance of power and Liberalism as opposed because a balance is understood to imply a commitment to the state, and the state is also seen as a constraint on Liberalism and individual rights. I criticize this view in the following section.

Balance of Power and Realism Do Not Imply State-Centrism, Not Necessarily

So far, I have suggested that balance of power is best distinguished from *Realpolitik* as much as from Reason of State. State-centrism is another concept commonly associated with Realism and the balance of power; “the state as unitary actor” is seen as the foundational principle of Realism—in fact, as the only assumption now shared by the multifarious versions of the theory.¹²⁰ Yet, the concept is hardly salient in such “paradigmatic” realists as Carr and Morgenthau, but the discrepancy is rarely taken as significant.¹²¹ This is a serious misapprehension, resulting in concepts that are analytically flawed and the source of pervasive confusion. Realists, more than anyone, need to reject the statist assumption, even if claims of the decline of the state as an international actor are premature—this is an unnecessary challenge to their approach. Neorealists called for this early on: “The logic of anarchy obtains whether the system is composed of tribes, nations, oligopolistic firms, or street gangs.”¹²²

The association of Realism with the black-box notion of the state is pervasive, but intellectual history shows it is misguided. The idea of the state as a unitary actor originates in Idealism, a tradition deeply antithetical to Realism, as Palan and Blair have persuasively shown.¹²³ In their analysis, statism is traced to Hegelian Idealism and to artificial notions of organic unity in a much more elaborate manner than I have indicated above. This suggests that the common assumption of an alternative, Hobbesian origin to the connection between Realism and the state neglects the actual intellectual history from which it sprung.¹²⁴ The Hobbesian connection, though valid in some ways, has been invoked *ex post*, and, further, it cannot account for the pervasive connections with balance of power.¹²⁵

The identification of state-centrism and Realism can be rejected for two reasons. First, such slippage departs from the meaning of the term “realism” in ordinary language use. Realism denotes a “tendency to regard things as they really are; any view . . . contrasted with idealism,” or, “the view that actual political power is the subject-matter of politics, as opp. to doctrine, law, rights, or justice.”¹²⁶ It is not connected to the idea of states as the core unit of analysis either lexically, logically, or philosophically; there is thus no warrant, except for misguided practice, for the term “Realism” to imply a statist approach in IR.

Second, the equation of Realism with state-centrism is often motivated by a Liberal hostility towards the state; both Realism and balance of power are assumed to privilege the state at the expense of individual rights. However, a strong state is necessary for Liberal politics at the domestic level, as some Liberals often forget. It underlies an effective welfare state that can protect all citizens from market failures.¹²⁷ Instead of the state, Liberals should target the concentration of power in elites that claim to defend “the national interest” when the latter is not the product of Liberal pluralist politics.¹²⁸ The longstanding Liberal critique of the state commits the fallacy of attacking a *particular* form of political organization, the state, when the real problem is with a recurrent property of *any* form of political or social organization, concentrations of power.

Realism

It may seem quixotic to wish to define Realism (or Liberalism for that matter) given the complexities involved. Realism is so pervasively identified with systemic explanations in IR that any alternative may be hard to accept. However, three factors support the definition adopted in this article. First, it accords with the understanding of the concept in the study of domestic politics and political theory; second, it clearly separates Realism from alternatives, and therefore forestalls claims that the paradigm is obsolete, and third, it focuses on a central problem that is

often sidelined: the tendencies towards concentrations and inequalities.¹²⁹

A definition of Realism as the theory that predicts concentrations of power bears strong affinities to what has often been recognized as a core feature of Realist theories: the law of uneven growth.¹³⁰ “The great wars of history . . . are the outcome, direct or indirect, of the unequal growth of nations, . . . [which] in large measure . . . is the result of the uneven distribution of fertility and strategical opportunity upon the face of the globe . . . In other words, there is in nature no such thing as equality of opportunity for the nations.”¹³¹ No natural propensity towards equilibrium, or efficient balancing, exists in the system, nor are there domestic characteristics that can mitigate these dynamics. This assumption is most evident in theories that stress the dynamic aspect of IR. For Gilpin, “the law of uneven growth” is the basis of the Realist theory of international political change. The law holds the key to the dynamics of change and war. Copeland has developed a “dynamic differentials” theory, which, though not explicitly premised on the law of uneven growth, assumes its effects through a refinement of the dynamics of power transitions. The law is not identical to the prediction of concentrations; it asserts that some states are likely to grow more than others, which is a unit-level prediction, not a systemic one.¹³²

Mearsheimer’s “offensive Realism” is usually considered the purest theory of Realism, consistently premised on systemic and geostrategic pressures, on the effects of power. It predicts that states will act aggressively and will seek opportunities to expand more frequently than other Realist theories assume. Though defensive Realists postulate efficient balancing, the historical record shows this is not the case, and this provides opportunities to aggressors.¹³³

Mearsheimer does not consider the law of uneven growth nor does he assert any tendency towards concentration. In fact, he is critical of power transition theories on which the law is based, and endorses the balance-of-power assumption of the stability of a bipolar order, which assumes that equality may be sustained over time. However, his logic is crucially underlied by an assumption of a tendency towards concentration. He differs from defensive Realists in claiming that conquest pays. There are thus returns to concentrating power and the international system both permits and rewards such behavior. Balancing is weak. This premise is crucial for his argument, and it underlies the substantive predictions of the theory in a much more central way than, for instance, the bipolarity assumptions; the latter are theoretically less pure, due to the effects of nuclear weapons that also predict stability.

The main reason why concentrations do not appear in this theory is significant, and characteristic of the structure of the debates on the issue: Mearsheimer, like most Realists, focuses on *behavioral* patterns, not international outcomes as far as the distribution of power is concerned.

The outcomes of interest are peace and war, which are events, not structural patterns, and these are deemed to be caused by aggressive behavior and constraints thereon. Mearsheimer’s goal is to show that great powers (and presumably states with capabilities in general) *behave* in a more destabilizing manner than defensive Realists predict, and that the natural tendency is towards expansion, rather than the preservation of the status quo (as astutely observed by Schweller).¹³⁴ The conclusion is that war is not the result of a domestic pathology, but the natural outcome of predictable, system-induced behavior.

Ultimately, however, the difference between defensive and offensive Realists is not whether states behave over-aggressively or not (both admit they do), or whether such aggression is the result of domestic failures rather than built into the international system itself (a question about the *causes* of foreign policy). The real difference is the position of the two theories on a systemic, aggregate-level question: is balancing efficient (defensive Realists say “mostly yes”) or does it fail more often than not (as the offensive Realist asserts).¹³⁵ This is the same question of balances versus concentrations—the same question that I argue underlies the difference between Liberalism and Realism.

Focusing on behavioral patterns will only confirm those who want to elide differences between alternative theories so as to claim victory for their side; in a sense they are right, since, as argued, Liberalism is based as much on conflictual preferences as its counterpart.¹³⁶ By contrast, switching from a behavioral to a systemic differentiation of the two theories provides a consistent way to avoid their conflation, and thereby the loss of two distinct, and important, analytical constructs from which to examine reality.

Value Added

The purpose of this article is not to pour old wine in old bottles. Realism and Liberalism will remain central categorizing devices in the field, as Jervis has persuasively argued.¹³⁷ Different versions have been central to debates for the last three centuries or so, and it is unlikely that they will disappear, despite the emergence of challenging new questions. Retaining analytical distinctness is thus crucial. There are three main reasons why the revision proposed might be helpful. First, it is good for Liberals. Second, it is good for Realists. And third, it resonates with broader methodological concerns in political science.

More specifically, reclaiming balance of power theory allows Liberalism to recapture its “realist” core, jettison the labels of naivety and irrelevance, and recover one of the core organizing principles of the social sciences, that of equilibrium, in a suitably qualified way. A definition of Liberalism cannot omit the concept of power without departing from the theory’s historical and theoretical core.

The most sophisticated and articulate definition of Liberalism in IR, advanced by Moravcsik, focuses on preferences as *distinct* from capabilities and power.¹³⁸ But this adopts the normative goal of Liberalism as an analytical foundation: subsuming and deflecting power is the *aim* of Liberal politics, yet preferences only matter when groups have the power to impose costs on those who disregard them. Majorities deeply concerned Federalists not simply because they might have the *preference* to oppress a minority, but also the power to do so. Similarly, Liberalism cannot relegate concerns about security to Realism (opting for prosperity instead): security was the “*idée maitresse* of Liberalism,” fundamental to theorists as diverse as Mill, Montesquieu, Spinoza, and Bentham.¹³⁹ Finally, Liberalism cannot cede self-interest to Realism either, as already argued above: self-interest is the foundation of both theories, and their main difference lies in their prescriptions on how or whether interest can be managed.

At the same time, Realism can regain theoretical coherence by being confined to predictions about concentrations rather than balances of power, and can forestall legitimate objections of having become a “degenerative research paradigm.”¹⁴⁰ The conflation of Realism with balance of power has narrowed the field of IR to a limited distinction between two effectively cognate theories, Liberalism and balance of power theory, whilst marginalizing the true Realist prediction, the tendency to concentrations.¹⁴¹ Identifying Realism with balance of power also subsumes ultimately irreconcilable predictions (concentrations and balances) under one paradigm, leading to widespread dissatisfaction and indifference towards paradigms as a whole. The best effort at reconciliation, by Schweller and Wohlforth, tries to minimize the differences with power transition theory by defining balance of power theory in terms of “balancing behavior” rather than projected outcomes: since power transition elicits balancing behavior, the two are not incompatible.¹⁴² That is certainly true, but not being incompatible does not make them part of the same theory or paradigm: as I argue, the theories are complementary, and both capture an important aspect of real world dynamics. If power rises did not occur, balancing would not be necessary. But a single theory cannot predict both an outcome *and* its opposite. If we retain Waltz’s stated focus on outcomes, the theories are contradictory; if we don’t, we lose sight of the distinct mechanism the theory entails, efficient alliance formation that should lead to deadlock.

Further, the authors point to the assumptions of the two theories as their unifying elements: the conflict group as key actor, power as the fundamental feature of politics, and the essentially conflictual nature of politics in IR. But these are staples of Liberal theory too, and, even more so, of many Marxist approaches.¹⁴³ So it is hard to distinguish Realism from its alternatives on this basis. Most importantly, in this way we ignore the most crucial differ-

ence between the two theories: in balance of power theory, war is the result of failure and of imperfect information, whereas power transition theory and offensive Realism have war built into their logic.¹⁴⁴

On methodological grounds, the argument suggests a focus on dependent rather than independent variables. This is not only consistent with important calls in the field, it could help shift attention away from the sterile debate between “domestic” *vs.* “systemic” factors.¹⁴⁵ Arguing whether one or the other has analytical priority is about as helpful as debating whether events happen in time or in space. The question cannot be answered, as social theory has long shown—except perhaps on an instance-by-instance basis.¹⁴⁶ This is particularly relevant for Realism, which has traditionally been identified with systemic power factors and determinism. Recent versions that incorporate domestic concerns, for instance Neoclassical Realism, have thus been open to legitimate criticisms of ad-hocness. But no *a priori* reason prevents Realists from considering power concentrations at the domestic level and their effects—in this sense, Jack Snyder’s account of the pathologies of log-rolling and their suboptimal outcomes is perfectly consistent with a Realist approach.¹⁴⁷ At the same time, international systemic arguments are hardly exclusive to Realism: a long tradition in international political economy examines policy convergence due to systemic constraints.¹⁴⁸

The “systemic” approach has been prevalent due to two assumptions: first, that it is “deterministic,” i.e. that it does not “naively” assume freedom of choice, and second, that it privileges “material capabilities.” But the notion that “structure” imposes definite behavioral prescriptions cannot be sustained, except for highly specific moments in time, so Realists are betting on a losing horse if they retain this premise—Neoclassical Realists have established this point well.¹⁴⁹ Moreover, a domestic-level approach can involve limited choice too; “preference-based” approaches may be as constrained as their “systemic” counterparts.¹⁵⁰ Game theorists have been working long, of course, in this direction: not optimizing given constraints and payoffs is off-the-equilibrium behavior. A mechanism-based approach avoids such pitfalls.¹⁵¹ Second, material capabilities, also thought to imply a systemic approach, lead both Realism and Liberalism to predictive failure if considered as either primary or endogenous respectively. Realists need to take heed of the point made a long time ago by Hume, that all power is based on opinion;¹⁵² Liberals, on the other hand, would be wrong to abandon the preoccupation with power that made their predecessors constitutional agenda-setters, as discussed above. Liberals also do not *reject* the use of force, which would make force a prerogative of Realism; as the existence of military and police forces in any Liberal state attests, Liberals have only qualified the conditions of its use, under the flexible cover of legitimacy. The only part of the traditional definitions

of Realism that remains relevant concerns the “autonomy of the political,” the irreducibility of power and politics to social or economic factors.¹⁵³ From Arrow’s dictator, to Schmitt’s power of the exception, to the liberal displacement of politics by social categories critiqued by Wolin, the autonomy of the political can be seen as inimical to Liberal theory. But this critique is congenial to the “Realist” logic of concentrations outlined here; at the same time, it is not exclusive to it, so cannot be definitive of it.¹⁵⁴

Conclusion

The analysis has covered a lot of ground to support the claim that balance of power is a Liberal principle and that it can be seen as compatible with the more progressive, modern understanding of Liberalism—indeed, that it forms the first line of defense for progressive politics in the face of various dynamics that tend to undermine liberty, relative equality, and justice. Conversely, I have argued that Realism is best identified with a tendency towards concentrations. The suggested focus on outcomes is not meant to imply that this is the only legitimate distinction. Only that if the two labels are to be used, this approach avoids unnecessary confusions that leave both paradigms worse off.

My analysis opens up a large number of questions and problems that cannot be dealt with in the context of a single article. Important IR concepts such as anarchy, relative and absolute gains, cooperation, regimes, and many others require separate treatment, as would a technically more adequate definition of a balance of power, of power itself, and of concentration. Foremost in need of further elucidation is the concept of equilibrium itself, which has been exhaustively critiqued in economics as much as it has in IR, and for very similar reasons.¹⁵⁵ Complexity theory, agent-based modeling, and computer simulation have also strongly challenged the notion of equilibrium, opting for spontaneous order instead. Important applications have already been made in IR.¹⁵⁶ But this field is still in its early stages, and even orthodox economic critiques have been unable to dislodge equilibrium theory as a central organizing idea. So the traditional concepts of equilibrium and balance will continue to provide the basis for much scholarly work.

The article has simply aimed to redress an imbalance. Baldwin, quoting Claude, lamented that the balance of power is “a test of intellectual virility, of he-manliness in the field of international relations”—a test that Liberalism always seemed to fail. I wish to argue that this failure was the result of a lapse in historical memory, that balance of power is a foundation of the Liberal tradition. Moreover, I sought to show that classical Liberal balances and the more progressive concerns with justice, equality, and cooperation interact with—and are often undermined by—Realist concentrations of power, as one important counterforce among others.¹⁵⁷

Notes

- 1 Doyle 1997, 161, 162; Butterfield 1966; Waltz 1979.
- 2 Keohane 1984; Moravcsik 1997a.
- 3 Haas 1953; Doyle 1986.
- 4 In European politics, the equivalent position is known as social democracy.
- 5 I use the adjective “realist” to refer to the common language usage of the term, i.e. a concern with reality as it most commonly is, not as it normatively should be. I use the noun “Realism” to refer to the theory in international relations.
- 6 Wolin calls the prevailing view a “vulgar caricature of Liberalism”; Wolin 2004, 263.
- 7 Keohane has consistently emphasized this point (Keohane 1990, 166), but Realists typically see this as a sign of theoretical subordination; Mearsheimer 1994–5, 24. See also the “realist Liberalism” of Herz 1951, 129.
- 8 Vasquez and Elman 2003.
- 9 As discussed below, the Liberal prediction has been qualified in both politics and economics.
- 10 Morgenthau 1948; Waltz 1979.
- 11 Rosecrance 1963.
- 12 Thucydides 1991, Machiavelli 1988, Mackinder 1919, Spykman 1942, Organski and Kugler 1980, Gilpin 1981, Schweller 1994, Mearsheimer 2001.
- 13 There is a further overlapping distinction, between liberals and conservatives. Conservatives are often realists who accept this “natural” tendency as just the way things are, but claim we may be better off that way (in this general spirit, see Posner 2003). Liberal realists also accept that such a tendency is pervasive, but that is why they believe that the more modern arsenal of Liberal-democratic mechanisms (deliberation, state intervention, international organizations, etc.) is necessary to buttress the institutional dynamics.
- 14 Schattschneider’s ultimate aim was to defend the pursuit of the public interest instead; Schattschneider 1960. It should be noted that there is no self-described “realist” school in American politics.
- 15 Which is not to say that preferences do not matter—they are key to any explanation, just not, I argue, the basis on which to distinguish the two theories in question.
- 16 Structural realist approaches, which reject human nature explanations, invoke the preference for survival as a foundational assumption; Waltz 1979, Mearsheimer 2001. But self-preservation emerged as a core principle of behavior in early modern thought; it was shared both by “realists”, such as Hobbes, “Liberals” such as Locke, and natural law thinkers, such as Grotius. Even at the structural

- level, therefore, realists cannot be distinguished from their opponents based on this assumption. Rational choice and institutional theories have also emphasized the self-interested basis of human action, and this is also seen as a concession to Realism. Instead, it is the common heritage of all these approaches from the early modern insight that self-interest is the most consistent, though surely not the only, motive of human action.
- 17 Keohane's recent statements are very close to the classical Liberal position outlined here; Keohane 2001. My argument offers a political theory-based justification for the integration among fields articulated in Martin and Simmons 1998 and Milner 1998.
 - 18 The literature here is too voluminous to list. I will make indicative references in the relevant sections.
 - 19 The literature is growing, but see Fleischacker 2004, Ullmann-Margalit 1997.
 - 20 This is the point in Katznelson 2005 and Moore 1967.
 - 21 A strong caveat is necessary here: an author is not a theory. Authors may address different aspects of reality within the same work, requiring separate theoretical perspectives, or they may revise their thought over time. A theory, by contrast, is defined through a logical core which may not be co-extensive with any given work. It is this core that I seek to extract by comparing writings on economy, philosophy, and politics. It is no objection, therefore, to point to "republican" or "illiberal" aspects of Kant's thought, as can legitimately be done, since this article is not a defense of Kant as a Liberal, but an extraction of Liberal principles that coexisted with others in his work, not always and necessarily compatible.
 - 22 "Liberalism has only one overriding aim: to secure the political conditions that are necessary for the exercise of personal freedom"; Shklar 1989, 21. See also Hoffmann 1987, 395.
 - 23 Waldron 1987a. This distinction overlaps with the dual normative and institutional character of Liberalism itself: "From its birth, Liberalism as a political theory was an unstable compound of radical and conservative elements"; Ashcraft 1993, 249.
 - 24 Schochet 1979, Elster and Slagstad 1988.
 - 25 Condorcet 1795. But see Osiander 1998 for a persuasive revisionist view on idealism.
 - 26 Shklar 1989; Wolin 2004, 298. See, interestingly, Coase 1976.
 - 27 See Smith 1976b, II.iii.28; 1976a, I.iii.2.1. Available online at <http://oll.libertyfund.org>.
 - 28 This is emphasized in Ryan 1993, 294. See also Holmes 1995. Liberalism is pessimistic about power; it anticipates conflict and abuse of power at any level of political organization and whatever the form of social relations (unlike Marxism). But this in no way precludes progress in social relations themselves.
 - 29 Berlin 2002, 42. For modern statements of Liberalism along those lines, see Galston 1995, Rawls 1996, Shapiro 1999.
 - 30 Toulmin 1990.
 - 31 Locke assumed the natural sociability of man; this feature of his thought, however, referred to the normative foundations of natural law, not the institutional framework designed to secure it. Locke provided one of the foremost defenses of the separation of powers, which would not be necessary if power was not also assumed to corrupt; Locke 1988, II, 128, 143.
 - 32 Montesquieu 1989. Hirschman 1977, in his classic account, showed how self-interest—today conceived as a negative incentive that needs to be overcome or restrained—was at the time a positive, liberating force. It replaced irrational passion, which brooked no compromise and led to zero-sum conflict.
 - 33 Mandeville 1924b; though Liberals, like Smith, did not see self-interest, rightly understood, as a vice.
 - 34 I do not underestimate the importance of international institutions; for the sake of this argument, I take Realist claims at face value, that institutions are insignificant in security issues (as opposed to international economics). For a rebuttal, see Keohane and Martin 1995. I show the integral relation of international institutions to equilibrium theory in the section "Liberalism, Old and New".
 - 35 Economic equilibrium is thus not "spontaneously generated" (as in Waltz 1979, 90—but c.f. his own critique of this notion in Waltz 1962, 339). As Polanyi has masterfully shown, only collusion, demands for protectionism, and other market-restricting activities are spontaneously generated. The "free" market only emerged when concerted political action was applied; Polanyi 1962. I pursue this insight in my own work on the emergence of parliaments, constitutionalism and the market economy; Boucoyannis 2005.
 - 36 Ignored for long, institutions are now widely acknowledged by economists as crucial; Coase 1937, 1992; Acemoglu and Robinson 2005.
 - 37 IR scholars beholden to a "black-box" view of the state take institutions for granted, but this is a theoretical assumption, not a claim about the world. Waltz, though frequently identified with this view, wrote an early and acclaimed, but now relatively overlooked, book on the implications of variation in domestic institutional design for the conduct of foreign policy; Waltz 1967.
 - 38 The constructed domestic order is thus not simplistically transposed to the international one. The

- argument is that an institutional structure needs to be given; there are no assumptions about which level institutions are to be found at.
- 39 In reality, to repeat, action is never fully spontaneous in either the economy, or the international system. In the latter, international institutions have played increasingly crucial roles, especially in information-processing, though not as much in a balancing function; Keohane 1984.
- 40 This is a highly simplified picture of a very complicated system, which does not address some of the core qualifications necessary, mainly concerning the values necessarily underlying the design and policing of the Liberal order. Deliberation is also crucial for any “equilibrium” to emerge, in a way that mirrors the role of bargaining in economic equilibria. The literature is huge, but does not amount to a rejection of the constitutional arrangement, only to its refinement and greater realism. See Shklar 1984, Tarcov 1984, Galston 1988, Kloppenberg 1987, Mansbridge 1990, Sunstein 1990, Huntington 1981.
- 41 Madison [1788] 1987. Different standards were expected of representatives, as well as of the drafters of the Constitution, of course: politicians had to conform to a higher standard of impartiality, “coolness” and integrity (Federalist Nos. 41, 63). Hence the importance of filtering in securing able politicians. An important distinction thus needs to be drawn between the imperatives on those designing the institutions and those operating within them; Bailyn 1992, 369. The same in fact applies to the economic sphere, and, contrary to common perceptions, this was understood even by early economic thinkers; Mandeville 1924a, 320–1, 369; Rosenberg 1963. However, if the end of government was justice, it was a justice serving not civic virtue or morality, but the new order of personal rights, especially property rights (Federalist 51, 54)—the order articulated in Locke’s Second Treatise; Locke 1988. Madison, like Locke, thought the government served as umpire in the disputes that arise in the modern, commercial society described by Hamilton (Federalist Nos. 43 and 12; see Kramnick 1987, 55–6).
- 42 Balance of power and the republican notion of the mixed constitution differ in important respects. “Balance implies the mutual but equal antagonism of various interests, whereas mixture implies their joint action,” as noted by Tuck in the context of Guicciardini, when the distinction first emerged; Tuck 1993, 95.
- 43 The separation of powers had a long history (Vile 1967); it was also part of the republican arsenal, which in the early stages of the American Revolution competed with ideas later called Liberal in the constitution of the new state. The critical difference is that in the Liberal model the balancing does not occur within a homogeneous body of virtuous citizens, but between a heterogeneous mass of individuals pursuing their interests; the foundation of the system has changed, as had the social order itself; Wood 1969, ch. 6.
- 44 Federalist No. 51, 319–20; emphasis added.
- 45 Lowi 1979.
- 46 Truman 1951, Galbraith 1956, Lindblom 1977.
- 47 Bentley 1908, 169.
- 48 Dahl 1982.
- 49 Hansen 1991, Austen-Smith and Wright 1994.
- 50 Schlozman 1984.
- 51 McFarland 2004.
- 52 The term “Liberalism” was coined in the nineteenth century. Its use here does not imply any anachronistic projection of the extremes of laissez faire to Smith’s period, but is justified by Smith’s concern to secure “perfect liberty”; Smith 1976b, I.x.a.1. It is also distinct from “republicanism,” which some scholars have introduced in an effort to recover Smith’s “politics”; Winch 1978. But Winch claimed to show no more than a theoretical context for Smith’s positions (Winch 1978, 48). On the core issues that separate Liberalism from republicanism, interest vs. virtue, standing armies vs. citizen militias, division of labor/constitutional machinery vs. active citizenry, Smith was, as a forerunner, on the side of Liberalism; Wood 1969, 69; Rothschild 2001, 233; Fleischacker 2004, 96; Winch 1978, 177. The “politics” of Smith provide the necessary conditions for his system to work, but they are to be found in “natural jurisprudence” and its emphasis on the “science of the legislator”; Hont and Ignatieff 1983; Haakonssen 1981.
- 53 Capitalism, of course, cannot and does not rely only on self-interest; Mueller 2001. Smith’s *Theory of Moral Sentiments* (Smith 1976a) is often, but mistakenly, thought to articulate a different conception of human nature. In *The Theory*, it is the “inner man’s” capacity for sympathy and independent judgment that produces the “impartial spectator,” and which allows men to transcend their selfish passions and form moral judgments. But this is an answer to a question altogether different than the one posed in *The Wealth of Nations*. It concerns justice, which is at the core of Smith’s thinking as a whole (Fleischacker 1999), and crucially underlies the effective operation of the state. However, this is not explicitly theorized in *The Wealth*. The claim that there is an “Adam Smith problem” assumes that society and the economy should be governed by the same logic; but this is a modern, conservative

- assumption, a view alien to Smith. The question here is not about the foundations of Smith's moral economy (Kalyvas and Katznelson 2001), but about which understanding he thought sufficient for explaining how nations grew rich.
- 54 On conspiracies, see Smith 1976b, I.x.c.27; for the mercantilist and exploitative actions of merchants and manufacturers, see IV.ii.16, IV.viii.4
- 55 Smith 1976b, IV.ii.9, emphasis added. In their effort to distance Smith from Hayek and the libertarians, some scholars have denied that Smith relied on the invisible hand mechanism, since "the term occurs only once" in *The Wealth of Nations*; Blaug 2001, 153. Smith certainly does not invoke the mechanism with respect to the emergence of markets as a whole. But he invoked it "in many other cases." For instance, this is how feudal society was transformed into a commercial one; Smith 1976b, III.iv.10–18, I.ii.2, III.iv.17, IV.ii.4 and 1976a, IV.i.10. Smith is removed from most libertarian thought in his historical depth, but not that distant from either Ferguson or Mandeville. His critique of the latter, for instance, targeted Mandeville's wholesale dismissal of all virtues as selfish vices, not his "system of natural philosophy," which, "in some respects bordered upon the truth"; Smith 1976a, 313, 308–14.
- 56 See Smith 1976b, I.vii.8–16, I.x.b–c, I.x.a.1. Smith's labor theory of value was replaced by the neoclassical subjective scarcity theory of value. Moreover, he is not describing perfect competition between price-taking firms (only developed by Cournot in 1838).
- 57 Ruggie 1982.
- 58 Lowi 1979; Stigler 1987; Winch 1996, 12–13.
- 59 Galbraith 1956, Arrow and Debreu 1954, Stiglitz 2000. See Gintis 2006 for an agent-based analysis of general equilibrium.
- 60 Doyle 1986. Nineteenth-century Liberals did not consider Kant a Liberal, given his rejection of natural rights and conception of reason, but the association is common in post-Rawlsian political theory, and is pervasive in IR theory—his "illiberal" elements, in any case, do not affect the ideas analyzed here.
- 61 Cederman offers the most faithful quantitative exposition of Kant's argument, one which effectively rebuts naïve critiques of the democratic peace argument. The logic he articulates, however, focuses on different elements in Kant's thought; Cederman 2001.
- 62 Doyle 1997, 278 ff.
- 63 Kant 1983b, 120.
- 64 Kant 1983c, 124.
- 65 Habermas 1989, 109; Cavallar 1999, 39. The concept has not been without its critics, of course; Bohman and Lutz-Bachmann 1997.
- 66 Kant 1983c, 124–5. The sentence I omit is conceptually separate from the balancing argument. It draws upon the idealist strand of Kant's thought that postulated evolutionary rationality and progress. The Liberal mechanism, instead, draws on a static equilibrium model, and as in Madison, does not depend on a transformation of preferences. Kant combines both (as should modern Liberals). He interjects, "But the growth of culture and men's gradual progress toward greater agreement regarding their principles lead to mutual understanding and peace." For an informed account of this strand in Kant's thought, which focuses on the similarities of Waltz and Kant without drawing the same conclusions, see Harrison 2002.
- 67 Kant 1983a, 89, emphasis original.
- 68 Waltz 1962, 331. In fact, Waltz's remark may apply to himself, in reverse. As I suggest below, Waltz's balancing theory is inherently Liberal. However, he hung round it the unfashionable garments of Realism, to divest it from any tinges of idealism. In fact, the popularity of Waltz's work may suggest that the garment was not that unfashionable after the 1980s, as seen by its appeal to differing audiences.
- 69 I cannot deal with the idealist heritage within the limits of this article; the topic is rich, and of increasing importance. I have chosen to focus on utilitarianism instead as it contains many of the core elements of the debates in the last few decades.
- 70 Morgenthau 1946; Mearsheimer 2001, 15–7, 22–7.
- 71 Grampp 1960; for a modern variant, see Rosecrance 1986. But the concept had a long history; Hirschman 1977, Montesquieu 1989, Pincus 1998.
- 72 Keynes 1926, 10, 22.
- 73 Carr 1946, 43–6.
- 74 Smith 1976b, IV.iii.c.11.
- 75 For conflict between countries and opposition by monopolists, see Smith 1976b, IV.iii.c.13, IV.ii.43. For "modern war", see V.i.a.39–40, IV.iii.c.11.
- 76 I am using the term "utilitarian" in the loose sense it is conceived of in IR and the social sciences, where it is taken to denote a rationalist, instrumental, materialist theory of behavior; see Ruggie 1998. The Benthamite concept of utility, psychological and not essentially rationalist, was rejected in neoclassical economics; Stigler 1950. Subsequent versions of the concept were cardinal, ordinal, and subjective expected utility (the latter under conditions of uncertainty).
- 77 Halévy 1928, 180. Some of Fearon's work is paradigmatic in this respect; see the bracketing of issue indivisibilities as a form of explanation for war in Fearon 1995. However, he also challenged the neglect of distributional bargaining problems in current cooperation theory, showing these are analytical

- not ontological assumptions for the author; Fearon 1998a. Jervis has distinguished neoliberals from realists by using Powell's distinction between preferences over strategies and preferences over goals or outcomes: he argues that neoliberals (like all utilitarians) believe much conflict can be resolved by changing preferences over strategies, mainly through information—this outlook, however, has also precluded them from having insights into situations where a conflict over outcomes was at stake, for instance, the Cold War or the crisis of the 1930s; Jervis 2003, 292; Powell 1994. This is similar to the distinction that I am drawing here, suggesting that it can complement existing categorizations in the field.
- 78 Modern social choice theory examines the multiple ways in which aggregation leads to suboptimal outcomes, identifying failure as the result of the inherent logic of interaction rather than external interference, as with the Prisoner's Dilemma. The most important statement in this line was Arrow's Impossibility Theorem, which showed that aggregation of interests in voting could not be optimal if consistent; Arrow 1951. See also Barry and Hardin 1982. Despite the positivist commitments of this work, the underlying task remains to identify conditions which can secure equilibria. The Olsonian critique, by contrast, applies to the Liberal, balancing logic, not the utilitarian aggregative one; Olson 1965.
- 79 Bentham 1988, Halévy 1928, Waldron 1987b.
- 80 On the Mills, see Berlin 2002, 221–2, 226–7. Disputing the claims of illiberalism are Ryan 1974, 131 and Barry 1995, 135. The classic critique of Pareto equilibrium is Sen 1970.
- 81 I am here paraphrasing Riker's famous definition of institutions as “congealed preferences”; Riker 1980. See also Keohane 2001, 5.
- 82 The only institutions Bentham placed at the core of his system were legal and penal ones. The capacity of law to mold human nature, commonly assumed a core Liberal premise, was, instead, a utilitarian inheritance; Halévy 1928, 487–8.
- 83 Ashcraft 1986, Hartz 1955.
- 84 Spencer 1884; Green 1895; Hobhouse 1906, 1911.
- 85 Keynes 1926.
- 86 Some political theorists, of course, have long been making such claims; see Holmes 1995; Shapiro 1999.
- 87 On policy requiring “science,” 1976b, I.xi.p.1–10. On worker regulation, Smith 1976b, I.x.c.61; on low wages and the poor, I.viii.36, I.viii.42, I.ix.13; arguments on the progressive use of taxation are made throughout chapter two of book five, see Smith 1976b, V.ii.c.12, 18. This is not to deny that he made criticisms of inept government or arbitrary and unequal taxation—only that these were empirical policy critiques, and not definitive of his theoretical position. His trust in the efficiency of government elicited stern criticism by the conservative Stigler, as did the interventionist positions of the later neoclassicals; Stigler 1965.
- 88 Scitovsky 1951, 305.
- 89 Walras 1987b; 1987a; Edgeworth 1897; Coase 1960; Pigou 1952. For Marshall, see Blaug 1997, 320–22. I thank Richard Tuck for bringing the point about Edgeworth to my attention. For the Chicago School and quotation, see Stigler 1959, 524; Friedman 1982.
- 90 Greenwald and Stiglitz 1986, Stiglitz 2000. The common belief, therefore, that classical and neoclassical economics, and liberalism more generally, imply the primacy of economic institutions over political ones, is misguided.
- 91 Von Neumann and Morgenstern 1944. This explains why game theory was not embraced by conservative, Chicago-style, economics.
- 92 Wagner 1986, Morrow 1988, Fearon 1994, 1998a. I thank Jim Fearon for clarification on these points.
- 93 Onuf 1998, 229.
- 94 For a similar critique of classical equilibrium theory, see Scitovsky 1990. In IR, the classic statement is Krasner 1976. See also, Moe 2005.
- 95 Morgenthau 1948, 3–4; emphasis added.
- 96 Ibid.
- 97 He also draws the explicit parallel between the American system of checks and balances and the international system; Morgenthau 1948, 178. Yet he fails to identify this as a specifically Liberal notion; instead, he effectively naturalizes the concept of a balance, presenting it as a feature recurring in different spheres of the natural world; Morgenthau 1948, 174.
- 98 See footnote 5 for definitions of realism used in this article.
- 99 Fearon 1998b.
- 100 See Ashley 1983, Dessler 1989, Walker 1987, Wendt 1987.
- 101 See Keohane 1986, 174 and Schweller 1996.
- 102 Levy 2001, 10.
- 103 This is why many of the criticisms that have been levied against Waltz, using evidence about behavior of actors (Schroeder 1994a; Rosecrance 2003), do not do justice to the theory. The Liberal insight is ingenious because it predicts that outcomes emerge without actors intending or acting to bring them about. Democrats mobilizing against Republicans do not do so to “create a balance,” but to protect their interests—thus preventing unilateralism by their opponents. Ironically, Schroeder's magisterial account of European history offers compelling

- evidence of the tendency to concentrations and of the failure of self-interested actions that in my account make him an insightful realist, presumably of the Liberal variant; Schroeder 1994b. For the record, my own empirical perspective on these debates is very close to his statements in Vasquez and Elman 2003, 124.
- 104 Waltz 1979, 118, criticizing authors such as Organski 1968.
 - 105 Alchian 1950. For a critique see, Nelson and Winter 1982.
 - 106 Keohane 1986 and Fearon 1995 are prominent Liberal examples engaging the neorealist framework; Schweller 1996 and Zakaria 1998 made strong Realist critiques of the Waltzian paradigm. An alternative account presenting neorealism as a strategic move to make Realism “more palatable” to mainstream Liberals, see Shimko 1992.
 - 107 This is obviously not the only genealogy of balance of power as a conservative principle. It had already become a target of the English Radicals in the seventeenth century, and, later, that of critics such as Voltaire and the Manchester School. However, the genealogy I outline is the one that brings together the disparate strands of state-centrism, Realism, and the balancing principle, from which current Realism in IR stems. For the most informed historical analysis of these concepts, see Haslam 2002, 17–127.
 - 108 “Realpolitik,” *OED Online*, 2d ed., s.v.
 - 109 Rochau 1859; Berki 1981, 15; Machiavelli 1970, III.41, p. 515 and Machiavelli 1988.
 - 110 Butterfield 1966, 134; Waltz 1979, 117. The imperialist emphasis is noted in Doyle 1986, 1154–55.
 - 111 Guicciardini 1964 was, however, the one who introduced the concept of reason of state into the political vocabulary; Tuck 1993, 39. See also Vagts 1948, 95–97.
 - 112 Or to match the rise on an opponent through self help. Wight 1973; Waltz 1979, 168.
 - 113 Gentz 1806, 73. Like Ranke, he was opposed to the plans of German unification under Prussia, supporting instead a careful balance between the German states.
 - 114 Meinecke 1957, 1, 5.
 - 115 Ranke 1973; especially the essays, “The Great Powers” (1833) and “A Dialogue on Politics” (1836).
 - 116 Iggers and Moltke 1973; Vagts and Vagts 1979, 564 ff.
 - 117 Woodward 1929.
 - 118 Dodd 1739.
 - 119 Ranke 1973, 101; Tuck 1999.
 - 120 Katzenstein, Keohane and Krasner 1998, 658; Vasquez and Elman 2003, 23.
 - 121 Rosenberg 1990, 286; Shimko 1992, 291.
 - 122 Waltz 1990, 37; Legro and Moravcsik 1999, 12–3.
 - 123 Palan and Blair 1993.
 - 124 For an interesting account of this history, see Schmidt 1998, 439–448.
 - 125 In any case, the “Realist” character of Hobbes has been widely challenged, foremost by the English School; Bull 1995. See also, Williams 1996. And, as noted by Keohane, Hobbes believed actors equal in capabilities are more prone to conflict; Keohane 1990, 170.
 - 126 “Realism,” *OED Online*, 2d ed., s. v.
 - 127 Holmes and Sunstein 1999; Holmes 1995.
 - 128 This being the concern of “realism” in American politics; Schattschneider 1960.
 - 129 A “law of concentration” was central in Marxist and Leninist theory as well. The key difference again with Realism is on the level of outcomes: Marxist concentrations are simply a stage in the progression towards communism. Once the social relations of production have changed, concentrations and power itself disappear. In Realism, concentrations are instead a recurrent feature of society, in Liberalism, a recurrent threat.
 - 130 Schweller and Wohlforth 2000, 76–78.
 - 131 Mackinder 1919, 4.
 - 132 Gilpin 1981, 94; Copeland 2000.
 - 133 Mearsheimer 2001.
 - 134 Schweller 1996.
 - 135 Consistently with Realism, the core of Mearsheimer’s analysis aims to show that to the degree that global hegemony has not occurred, the reason lies in geostrategic factors, mainly the “stopping power of water,” rather than the ability of states to balance. Historically, however, conquest has never been thwarted by the span of water, but by the strength of the forces waiting on the shore—a result of the internal organization of the state.
 - 136 This includes Realists who think IR Neoliberalism is an addendum to Realism and Liberals who think that Realists using domestic variables have become Liberals.
 - 137 Jervis 1998; Paul, Wirtz, and Fortmann 2004.
 - 138 Moravcsik 1997b.
 - 139 Holmes 1995, 245; Morgan 2005, 101–5. Legro and Moravcsik make the same point, but with different conclusions; Legro and Moravcsik 1999, 21.
 - 140 Vasquez 1997. For the ensuing debate, see Vasquez and Elman 2003.
 - 141 See the special defense of the principle made by Wohlforth 1999.
 - 142 Schweller and Wohlforth 2000.
 - 143 This explains why a self-professed “amateur Marxist” of the disenchanting Liberal variety, such as

- E.H. Carr, can be so readily identified with Realism. Marxism has offered one of the more “realist” critiques of liberal idealism.
- 144 Chain-gangs and buck-passing are occasions of failure of balance of power, not of its confirmation. It is caused by uncertainty, which leads to miscalculation or overreaction; Waltz 1979, 168.
- 145 Laitin 2002.
- 146 Giddens 1984, Wendt 1987.
- 147 Snyder 1991. Legro and Moravcsik seem to identify domestic coercion, misrepresentation, elite domination etc (Legro and Moravcsik 1999, 33, 35) as confirming Liberalism, whereas most would see these as instances where Liberal politics have failed.
- 148 Frieden and Rogowski 1996. The argument that Realism is in fact better able to accommodate domestic level variables is persuasively made by Sterling-Folker 1997.
- 149 Rose 1998, Zakaria 1998.
- 150 Satz and Ferejohn 1994.
- 151 Elster 1998, Lake and Powell 1999.
- 152 Hume 1994. Walt 1987, Levy 2001, and Keohane 2001, 8, in different ways, make this point effectively.
- 153 Legro and Moravcsik 1999, 18. The authors identify the concept with “material capabilities,” but that does not fully capture its meaning.
- 154 Arrow 1951; Schmitt 1985; Wolin 2004, 257–263.
- 155 Russett 1966, Backhouse and Creedy 1999, Ingrao and Israel 1991, Mirowski 1989.
- 156 Cederman 1997.
- 157 Baldwin 1993, 10.
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