

## Divided by the Atlantic: Classical Liberals and Libertarians on International Order\*

By Dalibor Rohac\*\*

### Abstract

Classical liberals have been more preoccupied by domestic policy and institutions than by international affairs. This paper makes the case for a *classical liberal* foreign policy outlook that could address the collective challenges facing free societies. In the United States, libertarian foreign policy thinking has been outsourced to structural realism. However, in the form in which it is deployed to make the case for restraint, such realism often contradicts basic analytic and normative tenets of classical liberalism. The current international situation is a wake-up call for classical liberals to rethink and update their foreign policy intuition to an era in which the international environment seems less conducive to classical liberal values than much of the post-war period.

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### 1. Introduction

Most Europeans and Americans, including classical liberals, reacted with horror to Vladimir Putin's brazen invasion of Ukraine and the mounting evidence of Russian war crimes there. One group among them, however, has been particularly reluctant to embrace the sanctions and military aid rolled out by the United States and its Western partners and allies to support Ukraine: American libertarians. Instead, the Cato Institute's Doug Bandow argued that "the U.S. should push for negotiations, offering support to Kiev [sic] to make peace, and providing sanctions relief to Moscow if it does the same" (2022). The former Reagan administration official and economist, Paul Craig Roberts (2022), has been cheering openly for a Russian victory, as has much of the US Libertarian Party.<sup>1</sup>

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\*\* American Enterprise Institute for Public Policy Research. 1789 Massachusetts Avenue, NW Washington, DC 20036, USA. The author can be reached at [Dalibor.Rohac@aei.org](mailto:Dalibor.Rohac@aei.org).

<sup>1</sup> "The chance of a wider war would be far less if the Kremlin had committed all of the invasion forces and used whatever conventional weapons necessary regardless of civilian casualties to quickly end the war, while refusing to be delayed and distracted by negotiations and Western bleating" (Roberts 2022).

Such reactions are not altogether surprising given US libertarians' long-standing rejection of America's role as global policeman and their frequent criticism of the hypocrisy and hubris of US foreign policy. What distinguishes the current moment from earlier controversies, however, is the growing acceptance of such views by right-of-center leaders and organizations outside of narrowly libertarian circles, including by those who, in a different age, would be expected to advocate a muscular US foreign policy. In a stark departure from previous candidates, two frontrunners for Republican nomination in 2024, Donald Trump and Ron DeSantis, have expressed reservations about America's continuing support for Ukraine (Swan and Haberman 2023), as does the Heritage Foundation (Carafano 2022). Sizeable Republican contingents, especially in the House of Representatives, voted repeatedly against aid to Ukraine.

Should classical liberals around the world celebrate what appears to be a belated arrival of the much-anticipated "libertarian moment" in the right-of-center US foreign policy? This essay argues otherwise. For one, the commitment to a non-interventionist foreign policy, built on an intellectual foundation of structural realism, may come as second nature to many US libertarians. Yet, such an approach is not an accurate reflection of classical liberal principles. Rather, it is an artefact of the idiosyncratic intellectual history of the US libertarian movement, not shared by classical liberals on the other side of the Atlantic. While the Auburn-based Mises Institute regurgitated Russian propaganda (Matthews 2022), Poland's Mises Institute was publishing thoughtful essays on the implications of the war for international law (Stępień 2022). Calls for a "de-escalation" with Russia have not been looked at with favor by classical liberals in countries that are affected by Russian imperialist behavior, such as Poland, the Baltic states, or the Nordics.

Disagreement among classical liberals over the challenge posed by Russia's war against Ukraine reflects a deeper problem. Relative to the granularity of classical liberal contributions to domestic policy debates – from tax policy, through monetary policy, entrepreneurship, and regulation, to questions of poverty and economic development – classical liberal thinking on international issues remains surprisingly underdeveloped. Hayek notes in his foundational text on international federalism in 1939 that "it was one of the main deficiencies of nineteenth-century liberalism that its advocates did not sufficiently realize that the achievement of the recognized harmony of interests between the inhabitants of the different states was only possible within the framework of international security (Hayek [1939] 1948, 270)." Relatively little has changed since. Key texts of classical liberalism focus on the interaction between individual conduct and institutional "filters" – property rights and other attributes of the legal framework, price signals, etc. – which operate within countries. "An explicit recognition of how individual freedom is bound up with what happens beyond the nation-state is not really apparent," the economist Razeen Sally (1998, 4) notes. As a result, "[t]he classical liberal argument seems to stop at the national border, which appears particularly inadequate at a time, when economic interdependence between nations is increasing and impinging ever more on 'domestic' activities" (*ibid.*).

There is hardly a more forceful illustration of one nation's policies impinging on another than Russia's war against Ukraine. The war is also a reminder that outsourcing

classical liberal answers to structural realists and restrainers is inadequate. Perhaps the United States can continue its experiment with limited government and free markets in a world that is reduced to spheres of influence. Yet, the same cannot be said of smaller countries living in the proximity of, say, China or Russia. Likewise, the United States and its continental-sized internal market can deliver impressive amounts of material prosperity even in the absence of open international trade. Most other economies, in contrast, depend on being integrated within the global division of labor, and are directly affected by the fraying of the rules-based trading system in recent years. If the agenda of classical liberalism is to build and sustain institutions that facilitate human freedom and flourishing, then the classical liberal movement cannot shy away from tackling, explicitly, the question of how freedom-enhancing institutions can be kept secure from external threats, and excesses of nationalism and protectionism can be curbed to sustain an open, rules-based international system. Those classical liberals, particularly in the United States, who have placed their bets on structural realism and a policy of disengagement ought to look for answers elsewhere – or risk making themselves useful idiots in revisionist projects launched against free societies by their adversaries.

Before proceeding, it is worth clarifying the definition of basic terms, as used in this paper. By *classical liberalism*, this paper refers to a broad intellectual and political tradition which prioritizes individual autonomy, political and economic freedom, and limited government, and which traces its origins to the Enlightenment figures of Adam Smith, John Locke, and David Hume, and continues through the 19<sup>th</sup> and 20<sup>th</sup> centuries – morphing into post-war free-market movement that cohered around organizations such as the Mont Pelerin Society. *Libertarianism*, in comparison is used in this essay simply in reference to the American, 20<sup>th</sup>-century manifestation of classical liberalism. Unlike Van de Haar (2023), who makes the distinction between the two on ideological and conceptual grounds, this paper treats libertarianism as a special, geographically delimited phenomenon *within* the classical liberal tradition. The distinction between the two terms, both in this paper and in much of the existing literature – not to speak of their use in public discourse – is oftentimes a question of emphasis rather than a sharp conceptual matter.<sup>2</sup> This is no surprise given the intellectual and organizational basis of the post-war classical liberal movement, which has been strongly transatlantic, oftentimes introducing Europeans to classical liberal idea through the works of US authors, and vice versa. However, given that US libertarianism is by necessity the narrower of the two traditions, it carries with itself a greater degree of internal coherence and seems more amenable to being reduced to a small number of first principles, partly due to the emphasis of some US libertarians on a more ideological, rights-based view of individual freedom.

For the most part, the terms *liberal international order*, *liberal internationalism*, and *realism* follow their standard use by scholars of international relations (IR). The “liberalism” of IR, of course, is quite distinct from the classical liberal tradition – reflecting partly the extent to which the meaning of liberalism at large morphed throughout the 20<sup>th</sup> century. Yet, the two are not unconnected – as indeed this essay purports to suggest in the conclusion. Liberal international order is traditionally under-

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<sup>2</sup> See, e.g., the overlap between Brennan *et al.* 2017 and Henderson 2018.

stood as an artefact of the post-war era, characterized by “co-binding security institutions, penetrated American hegemony, semi-sovereign great powers, economic openness, and civic identity” (Deudney and Ikenberry 1999, 179). There is a lot for classical liberals to like about that construct, even if they may have reservations about many policy particulars.

Like classical liberalism, realism usually denotes a *broad* intellectual tradition in international relations theory, starting from the assumption of an anarchic international arena and the presence of states as the main actors, all of them involved in pursuit of well-defined national interests. In the discussion of affinities between libertarianism and realism in the context of US foreign policy that follows, however, the focus is on contemporary *structural realism* exemplified by figures such as John Mearsheimer, Kenneth Waltz, or Barry R. Posen. Its distinguishing traits relative to the larger realist tradition and earlier authors, such as Hans Morgenthau, lies in its parsimony, and arguably its reductionism, which abstracts away from political regimes, or institutional and cultural considerations that may affect foreign policy choices. Contemporary structural realism, furthermore, converges on an extremely skeptic view of the ability of the United States to use its power effectively beyond the pursuit of its most immediate interests and, as a general rule, advises restraint and a scaling back particularly of US hard power (Posen 2014).

In this article, Section 2 traces the sources of the divergence between continental classical liberals and US libertarians on questions of foreign policy and international order. Section 3 argues that the version of foreign policy realism that dominates the US libertarian right is incongruous with some of the central tenets of classical liberalism. Section 4 concludes by suggesting a path towards building a genuinely classical liberal foreign policy agenda.

## 2. From International Federalism to Restraint

The present time is not the first era in modern history when classical liberals have been confronted with the excesses of nationalism, militarism, and the rise of totalitarian ideologies. The precursor of the Mont Pelerin Society, the Walter Lippmann Colloquium convened in 1938, focused overwhelmingly on issues of international order, including questions of “co-existence of liberal and totalitarian economies,” “economic and psychologic policy of liberal states toward totalitarian ones,” “economics of war,” “economic policy of liberal states between themselves,” and other pressing questions of international political economy (Hartwell 1995, 21; Reinhoudt and Audier 2018).

The Colloquium’s participants, in spite of notable differences in their backgrounds, largely converged on an answer to the challenge posed by the runaway nationalism and revisionism of the 1930s: international federalism. The aggression and protectionism of nation-states should be kept in check by a rules-based system transcending national boundaries – effectively an outgrowth of the rules-based system meant to govern an ordered domestic economy. For Hayek, who was active as an expert in the British Federal Union, a cross-party and cross ideological initiative set up in 1938, international federalism meant setting up an international authority with the power to

constrain the behavior of national governments, without necessarily having the power to act in their stead.<sup>3</sup> “The abrogation of national sovereignties and the creation of an effective international order of law is a necessary complement and the logical consummation of the liberal program,” he wrote ([1939] 1948, 269).

Another influential attendee of the Lippmann Colloquium, the Austrian economist Ludwig von Mises, went on to work for the leading voice of the Pan-European Movement, Count Coudenhove-Kalergi. After fleeing Nazi-occupied Europe, he lent support to the idea of an overarching federal structure binding free societies of the world in the first book he published after arriving in the United States. In 1944, Mises wrote that “[i]f the Western democracies do not succeed in establishing a permanent union, the fruits of victory will be lost again” (265). For small nations of Europe in particular, “[t]he alternative to incorporation into a new democratic supernational system is not unrestricted sovereignty but ultimate subjugation by the totalitarian powers” (*ibid.*, 266).” As Van de Haar (2022, 108) notes, Mises’ vision was far more centralist than Hayek’s, anticipating the creation of a homogenous polity that would essentially replace nation-states.

Wilhelm Röpke, a German attendee of the Colloquium, fled the Nazis to Istanbul and Geneva, before becoming one of the intellectual fathers of Germany’s post-WWII economic reforms and a central figure of *Ordo-liberalism*. Röpke saw Swiss-style federalism as a blueprint for the governance of Europe after the war. “[T]he political structure of Switzerland in its democratic, multi-national and federal character has attracted the attention of those who are looking for a model to be used in the political reconstruction of Europe after this war,” he wrote. “Why should we not similarly regard the economic and social constitution of this country as a model at least as useful for the economic and social reconstruction of the West” (Röpke 1942, 266)?

To be sure, the Cold-War compact between US-aligned democracies and the institutions to which it gave birth – such as NATO, the European project, the Bretton Woods system, or the multilateral trade liberalization through GATT – were not unadulterated products of classical liberalism. On the net, however, such institutions have proven conducive to the survival and flourishing of free societies. The post-war era saw an unprecedented liberalization of trade, both through multilateral tariff cuts under GATT, and through regional integration initiatives such as the European Union. Arguably, the existence of an open global trading system opened opportunities for economic take-off of developing countries (Bhagwati and Srinivasan 2002). Furthermore, the resulting liberal international order has coincided with an extraordinary decline in the number of conflicts, including interstate warfare – which is why Russia’s invasion of Ukraine, the first major land war on the continent since 1945, appears as an aberration.

What is more, classical liberals themselves did have some influence on the architecture of the post-war liberal international order. Their impact is particularly visible in the case of the European project, notwithstanding the fact that European integration has always involved difficult compromises between different interests and between

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<sup>3</sup> The Union involved figures from across the political spectrum, from Hayek himself, through Lionel Robbins and William Beveridge, Arnold Toynbee (van de Haar 2022, 112–14).

competing visions of Europe. Röpke, for one, shared much of his intellectual pedigree with the ordoliberal chancellor of Germany, Ludwig Erhard. Similarly to German ordoliberals, the second president of Italy, Luigi Einaudi, maintained a classical liberal view of European integration as “the opposite of subjugating the various states and the various regions to a single centre” (1945). Instead, it simply meant “assigning to the federal authority certain economic tasks strictly defined in the constitutional document of the federation [...] it is necessary to reduce to a minimum absolutely necessary the number of tasks assigned to the federation from the beginning” (*ibid.*). An ordoliberal view of Europe, as a thin rules-based order enabling a social market economy to thrive, was reflected in the emergence of the European Commission as a guardian of a level playing field. Jacques Rueff’s work in the early 1960s, in turn, anticipated the creation of the single European market, eliminating not just tariff barriers, but also providing for a reduction of regulatory, non-tariff barriers (Rueff and Armand 1960). Czech emigré Jan Tumlíř, whose thought borrowed heavily from Röpke and other ordoliberals, as well as from public choice economics, directed the research division at GATT in Geneva where he explored the prospects for a rules-based, constitutional system restraining the protectionist proclivities of national governments (Sally 1998, 153–74). In the United States, Ludwig von Mises’ protégé, the Austrian economist Stefan Possony, ended up associating himself not with the libertarian right but rather with foreign policy thinkers who advocated for a more muscular approach towards the Soviet threat and a reinvigoration of US-led alliances, and is widely credited with the Reagan administration’s Strategic Defense Initiative (Roháč 2023).

For European classical liberals, much like for the continent’s post-war elites at large, the shadow of economic disintegration of the interwar period, the threat of totalitarianism, and the catastrophe that was the Second World War have continued to loom large during the post-war period. Relatedly, questions of international order, economic integration, openness, and the perils of protectionism in a continent-sized economy like the United States were bound to carry less weight than in comparatively small European economies. More importantly still, post-war Western Europe has been largely demilitarized. The problem of resurgence of aggressive nationalism in, say, Germany, was solved by the extension of the US security umbrella to the European continent with the aim of keeping Soviet expansionism at bay.

As a result, US discussions over foreign policy and international order raised questions of military intervention, use of force, and hard power with much greater degree of urgency than on a continent that had outsourced such tasks to the United States. In post-war Western Europe, the primary challenge was the prevention of the repetition of previous geopolitical catastrophes fueled by nationalism and revanchism by setting up a rules-based *modus vivendi* between European nations – *all under American protection*. In contrast, the central question for the United States – including for its libertarians – was how to use its newly acquired global hegemony in ways that would be conducive to the survival and flourishing of a free society in the United States. For many of them, US hegemony and the resulting unprecedented degree of responsibility for global affairs was a net liability to America. Threats to freedom, from their perspective, were primarily domestic, and they were only exacerbated by America’s attempts to mount a military deterrent to Soviet expansionism in Europe and Asia – not to speak of the early 21<sup>st</sup> century blunders in Iraq and Afghanistan.

The roots of this attitude have to do with the earlier intertwining of America's political right and isolationism. Libertarian thinkers of the early 20<sup>th</sup> century rejected both the Wilsonian project at home and his administration's efforts to establish an international system that could prevent the recurrence of Europe's Great War in the future – both of which were framed in similarly progressive, if not utopian, terms. The Wilsonian project of “making the world safe for democracy” was a part of that ideological package.<sup>4</sup> The same can be said for the determination that matured through the Second World War and its aftermath, to guarantee peace and democracy in Western Europe.<sup>5</sup>

Many on the political right opposed US entry into the Second World War (Stromberg 1999). It did not help the cause of internationalism on the right that the nation was being led by a popular left-of-center president, Franklin Delano Roosevelt, who had previously embarked on a sweeping program of welfare and economic reforms at home, which were seen by the “old right” as antithetical to the principles of America's founding. Although relegated to the political fringes following Japan's attack on Pearl Harbor, the likes of Frank Chodorov continued to warn against America's military, political, and economic assistance to Europe in the post-war years, claiming that they would lead to the emergence of a “Byzantine Empire of the West” (1947).

Further complicating the picture was the lack of moderation among principled advocates of anarcho-capitalism, a radical version of libertarianism, who saw both liberal democracies and totalitarian regimes as fundamentally illegitimate. Under such an assumption, it was hard to sustain the argument that one of the two systems deserved to win over another, especially if any acts of war which may inflict damage to innocent parties are impermissible (Rothbard 2002, 189–97). In its most extreme version, such libertarianism disqualified itself from membership in the “fusionist” conservative coalition championed by the likes of William F. Buckley, which involved the US fight against communism as one of its central tenets.

The fracture on the right grew stronger with every subsequent Cold-War conflagration. Around the time of the war in Korea, Chodorov sarcastically dismissed “the world-conquering potential of the Moscow gang, or of its ability to invade my country” (1980). Rothbard, meanwhile, called the Vietnam War “a microcosm of what has been tragically wrong with American foreign policy” (1970, 329–30), bringing both writers closer to the foreign policy thinking prevailing on the political left. The same sentiments were shared beyond the reactionary fringes of the libertarian movement or the political left. Commenting on Vietnam, the leading realist scholar Kenneth Waltz saw “no reason under the sun for us to expend large amounts of treasure and blood fighting in that hopeless cause where there was no interest, no important interest, at stake” (1998). Over the coming decades, realism championed Waltz and his followers, and has provided the intellectual backbone to libertarian foreign policy thinking, critical of US foreign interventions, international institutions, and of America's role in the world more broadly. That is true particularly of the more serious institutions and fig-

<sup>4</sup> See his famous “Joint Address to Congress Leading to a Declaration of War Against Germany,” cf. Wilson 1917.

<sup>5</sup> For a history of this point, see Carpenter 1980.



ures on the US libertarian right, which have occupied an intellectually credible contrarian position relative to the bipartisan mainstream of US foreign policy discussion.

Judged by historical standards, foreign policy thinking on America's political right is currently experiencing an unprecedented "libertarian moment." Unlike the limited impact of isolationism pioneered by the likes of Rothbard and Chodorov, the presidency of Donald Trump helped turn restraint and disengagement into perfectly respectable, if not dominant, right-wing positions.

The bipartisan supplemental bill to provide \$40 billion in aid to Ukraine, passed in May 2022, was opposed by a substantial number of legislators on the Republican right. Moreover, Senator Josh Hawley's rejection of the policy, alongside others', was framed in explicitly realist terms. Helping Ukraine did not serve "American interests," and extending the \$40 billion in assistance "[neglected] priorities at home (the border) [and allowed] Europe to freeload" (cited in Lonas 2022). The bill was criticized on the same grounds not only by traditional restrainers in the think tank community, but also by The Heritage Foundation, previously a bastion of a Reaganesque approach to foreign policy.

In a testimony to the growing acceptance of restraint and structural realism in the US policy community, a part of the Cato Institute's foreign policy team has moved to the firmly establishmentarian Atlantic Council (Lippman 2021). In 2019, the Koch brothers and George Soros joined forces to set up the Quincy Institute for Responsible Statecraft, an organization dedicated to advocating restraint in US foreign policy, illustrating not only the affinity that exist between the anti-interventionist wing of the right and the political left, but also the growing constituency for a radically diminished foreign policy role for the United States (Drezner 2019).

The central question that those developments raise is whether a diminished role of the United States in the world and its pursuit of a strictly transactional, realist foreign policy will improve the prospects for freedom, limited constitutional governments, free enterprise, and other values that classical liberals care about – both in the United States and overseas. If their net effect is negative, might it not be time for the classical liberal movement, including US libertarians, to reject those ideas in favor of articulating a contemporary foreign policy agenda that is more explicitly attuned to classical liberal principles?

### 3. Strange Bedfellows

Given America's history, the appeal of restraint and structural realism to libertarians may be understandable. Likewise, "capitalism in one country" may seem plausible and tolerable to free-market advocates if the country in question is as large as the United States. Furthermore, there is a legitimate discussion to be had about the effectiveness of particular foreign interventions, challenges of post-war reconstruction, burden sharing in alliances, or the strain that an outsized role of the executive in foreign policy decisions might place on America's constitutional architecture. Yet, a vision of a world where the United States simply renounces its hegemonic role should not be an appealing one to classical liberals. Regimes that are the most likely to step in



and fill the emerging power vacuum are overwhelmingly illiberal and predatory. As a result, the burden should be on those who are seeking to fundamentally overhaul the status quo to demonstrate that the proposed changes would help advance classical liberal principles, instead of leading to their retreat.

There are several reasons why structural realism, which informs libertarians' views of foreign policy, is in tension with classical liberalism. In their analysis of domestic policies and institutions, classical liberals and libertarians insist that a very particular institutional mix – individual autonomy, stable property rights, and limited constitutional government – fosters human flourishing and other desirable social and economic outcomes. The invisible hand argument is ultimately about particular institutions directing self-seeking individual behavior towards socially beneficial outcomes. In contrast, structural realism in its basic form can be boiled down to a rejection of any structure, other than raw power, in shaping outcomes of interactions between states. Outcomes in the international domain are determined by relative power, and institutions play solely the role of a veil, or perhaps of a vehicle for soft power, rather than an autonomous causal factor in its own right. “[I]nstitutions,” writes John Mearsheimer, “have minimal influence on state behavior, and thus hold little promise for promoting stability in the post-Cold War world” (1994, 7).

At the very least, libertarians must acknowledge the incongruity between stressing the overwhelming primacy of institutions at home and their supposed irrelevance in the international realm. More than that, they ought to address the conflict. Now, Mearsheimer's argument for the irrelevance of institutions in the international realm is straightforward: “Sovereignty [which] inheres in states, because there is no higher ruling body in the international system. There is no ‘government over governments’” (*ibid.*, 10). Yet, from a classical liberal or libertarian perspective, that argument simply begs the question. Social order and emergence of institutions which effectively constrain human behavior are *not* predicated on the existence of a sovereign. In fact, a rich body of scholarship, intimately familiar to classical liberals, illustrates how socially beneficial institutions emerge from the bottom-up and are sustained in the absence of centralized enforcement.<sup>6</sup>

Similarly, realists' parsimony in rejecting distinctions between political regimes as irrelevant for states' behavior in the international arena, focusing instead of questions of relative power and a fixed notion of national interest, clashes with classical liberal ideas. If the bulk of the classical liberal agenda is driven by an understanding that institutions are fundamental drivers of policies as well as of social and economic outcomes, how could foreign policy be exempt from the general rule and be driven instead by a concept as nebulous and collectivist as the national interest?

Justification by realists for treating states as unitary, homogenous, and power-seeking actors mirrors the justification given to the assumption of profit maximization in microeconomic accounts of well-ordered markets. According to Mearsheimer, states will “maximize their relative power positions over other states. The reason is simple: the greater the military advantage one state has over other states, the more secure it is. Every state would like to be the most formidable military power in the system because

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<sup>6</sup> See Leeson 2006; 2008 as well as Greif 1999, among others.

this is the best way to guarantee survival in a world that can be very dangerous” (1994, 11–2; Waltz 1979, 91–5). Taken at face value, this idea does not take into account the different constraints that such optimization exercise entails, which are necessarily endogenous to regime types and domestic institutions guiding political decision-making, nor does it seriously consider that policies involve trade-offs and that, beyond a certain point, additional increments in security can come at unacceptable costs in other domains.

In a competitive marketplace, firms which do not maximize profits are eliminated as investors turn elsewhere to maximize their returns. In the same vein, realists argue, states that deviate from power-seeking fall prey to other, more ruthless states – but do they really? Given the ubiquity of failed states and dysfunctional governance around the world, it is questionable whether the parallel between the two evolutionary forces – that is, market competition and interstate competition – is a compelling one.

Moreover, the profit-maximizing assumption in microeconomics does not map in a straightforward fashion into a unique set of economic behaviors and outcomes. In some settings, it leads to static competition characterized by zero profits; in others it leads to monopoly; in different situations still it may usher in various forms of co-operation between firms (or cartels). In the same fashion, it is imaginable that in various settings power-seeking will translate into different forms of state behavior and interactions between states, from adversarial to cooperative ones, including heavily institutionalized forms of cooperation. To understand what form particular instances of cooperation between states take, it is necessary to examine not only structural characteristics of the international system – i. e. the distribution of power between states – but also issues of repeated vs. one-off interactions, credible commitment, trust, and others, of which many will be endogenous to political regimes.

Describing an equilibrium driven by a balance of power between states as a particular manifestation of Hayekian spontaneous order (Van de Haar 2023, 80) is unsatisfactory, too. A spontaneous order not only requires stability and orderly adaptation in the face of changing circumstances and shocks – something that balance of power often lacks as it tends to break into conflict (*ibid.*, 81) – but it also needs to be more than just a sum of its parts. Competitive markets are a form of spontaneous order because they enable a society to use decentralized and tacit knowledge in ways that no individual market participant could on their own (and that no social planner could either). Balance of power lacks any such positive-sum component. To the extent to which countries can collectively form spontaneous, polycentric order, they have to set formal and informal institutions embedding such cooperative behavior – and doing so, of course, requires one to go beyond the realm of pure structural realism.

What is more, in its prescriptive form, realism clashes with the cosmopolitan and universalist outlook of both present and past classical liberals. When discussing policy issues ranging from immigration and agricultural subsidies to tariffs, most insist that the welfare of individuals and individual rights matter regardless of the color of their skin, gender, or their country of citizenship. This cosmopolitanism has very old roots – early classical liberals insisted that humans should be analyzed as fundamentally equal, and their analytical egalitarianism gave birth to, among other things, the anti-slavery movement of the 18<sup>th</sup> and 19<sup>th</sup> centuries (Peart and Levy 2008). In contrast,

realism commands that foreign policy decisions be seen uniquely through the prism of immediate national interest, thereby categorically excluding all non-nationals as irrelevant. As a result, even the most horrifying human rights abuses or genocide do not warrant response from, say, the United States, as long as such practices do not pose a direct threat to America's national interest.

Because of their commitment to methodological individualism, classical liberals should be the first ones to recognize that the tension between their view of the world and the one advanced by libertarian realists and restrainers stems in part from the chimeric nature of national interest. State survival or meeting a basic level of security, which supposedly fuels the power-seeking behavior of states, is too rudimentary to serve as a reliable guide to state action. Yet, classical liberals ought to understand that there is in fact no national interest existing independently of citizens' individual interests of a given country. Moreover, as social choice theory shows, there is no bullet-proof, uncontroversial way to aggregate individual preferences into a collective social ordering (Arrow 1950). That means that national interest, as manifested by policy decisions undertaken by different governments, will always be contingent on existing institutions and other factors. Furthermore, there is no objective way, external to politics, of determining whether a particular decision taken – say, to start a war or to liberalize trade with another country – is “in the national interest.” At best, one ought to hope that policy decisions are taken in good faith by actors who enjoy popular legitimacy and that reflects, in a rough manner, the will of popular majorities as expressed in free and fair elections.

By pretending to know reliably what the national interest looks like, structural realists are guilty of the same hubris that Hayek identified among those who sought to direct society which by necessity would be an entity characterized by pluralism of objectives and values, as well as by complexity invariably imposed from the top. It is telling that even among realists there is no unanimity about how broad the national interest might be, beyond the stated preference for state survival.

Beyond actual survival, just what does the pursuit of power or national interest mean? Has the US withdrawal from Afghanistan made the United States more secure or less? Would a narrowly transactional approach to US alliances, as advocated by many realists, expand US power or reduce it by eroding the goodwill that the United States enjoys in many parts of the world? One can easily imagine a conception of national interest that is sufficiently broad as to acknowledge that participating in the production of certain international public goods is desirable, even though a given country might be better served in the short run by free-riding. Even if interstate relations are fundamentally anarchical, as realists argue, that does not obviate the existence of public goods, coordination problems, or externalities that transcend national borders. If such phenomena are indeed real, then prudent national policymakers will likely seek ways of addressing such challenges through various forms of international cooperation – international organizations, treaties, alliances, informal summits and platforms for bargaining, and so forth. Much like in the context of collective action problems occurring at the individual level, national interest (conceived in sufficiently broad terms) could be enhanced by measures and policies that tie the hands of national

governments to limit the risk of renegeing on specific commitments – even though doing so would be anathema to the cruder, narrower formulations of national interest.

What is more, if national interest is, in some imperfect way, an aggregated reflection of individual preferences, then the usual distinction between “values” and “interests” made by proponents of foreign policy realism collapses. Individual values – including the sense of justice, propriety, compassion, and so forth – as filtered through the political process are as much a part of the effective national interest as narrower material considerations.

What such considerations imply is that national interest does not amount to an objective, free-standing benchmark that can provide clear guidance in real-world situations involving choices over foreign and security policy. This is especially true when such choices involve relatively subtle adjustments at the margin in light of changing circumstances or in anticipation of looming challenges, taking into account conflicting domestic interests and values. In its crudest, most materialistic form, the idea of national interest hardly accounts for real-world decisions taken by governments, nor does it provide much guidance for such decisions. The more encompassing the notion of national interest gets, including by internalizing the consequences of repeating interaction or values, the less parsimonious and more hollow realism becomes, both as an analytical tool and as a prescriptive doctrine.

#### **4. A Foreign Policy Agenda for Classical Liberals**

Both at positive and normative levels, structural realism is unlikely to generate compelling answers to the question of how free societies can organize themselves to solve collective action problems transcending national borders and resisting external threats. Around the globe, freedom-sustaining institutions at the heart of the liberal project are under attack, not only from ill-advised domestic policies advanced by mainstream politicians and populist insurgents on the far left and the far right, but also from aggressive, revanchist regimes around the world.

In Ukraine, for instance, the decision of the country’s overwhelming majority to part ways with post-Soviet practices and to seek closer ties with the EU prompted aggression from Vladimir Putin’s regime in Russia, determined not simply to thwart Ukraine’s plans, but also to destroy its statehood. In an eerie echo of the Brezhnev Doctrine, contemporary Russia does not recognize countries of the former communist bloc as fully sovereign and entitled to their own foreign policy choices. It is only NATO’s security umbrella that is protecting the free nations on the Baltic coast from attacks that have been made against Ukraine, Moldova, or Georgia by the Kremlin. Hong Kong, once a vibrant global city epitomizing classical liberal policies of free trade and unfettered market economy has been suffocated by an escalating cycle of repression from Beijing. The vibrant liberal society of Taiwan may well be next on Beijing’s list of victims. In the emerging security environment of the Indo-Pacific, neither Japan nor South Korea nor even Australia have reasons to feel overly secure, either.

The outcomes of these conflicts – some of them already underway, others looming on the horizon – matter. Whether they result in the expansion of classical liberal ideas

or in their retreat from certain regions of the planet, classical liberals must care, in part because of their analytical egalitarianism. Even more pressingly, the fates of liberal, self-governing societies are likely intertwined. In a world dominated by autocracies guided by the principle of “might is right,” the prosperity and even the survival of remaining free societies up to and including the United States cannot be taken for granted.

The challenge facing classical liberals as a global movement is how freedom-preserving institutions can be kept alive in a world in which they are increasingly under attack both domestically as well as by malevolent international actors, most of all by the revanchist regimes of Russia and China. As in the 1930s, it is past time that classical liberals at large, and US libertarians in particular, sharpen their focus on international affairs. They would be well advised to pay closer attention to key considerations.

First, keeping liberal societies safe requires hard power and deterrence, which can currently be provided almost exclusively by a broad Western alliance led by the United States. Ukraine is currently being attacked *not* because it has aspired to become a NATO member, as structural realists posit, but precisely because it is *not* a member country of the alliance. The Baltic states and Poland, while being equally vulnerable to Russian aggression, can feel reasonably safe precisely because NATO’s deterrence under Article 5 remains credible, particularly following the alliance’s posture strengthening on its Eastern flank. That does not mean that the United States should not be discriminatory in extending similar security guarantees to countries around the world. Effective deterrence, after all, is costly, and it involves commitments that policymakers must be ready to meet should a conflict arise. It does mean, however, that there are real costs to leaving friendly countries outside of Western-led systems of collective security. The bulk of responsibility for maintaining such systems, in Europe as in the Indo-Pacific, lies with the United States, because of its might, its size, and its long-standing role as a leader and guarantor of the liberal international system.

Second, liberal societies in the West are facing a substantial economic challenge. Western economies have been on a path of relative – and in some cases absolute – economic decline. Despite its successive enlargements, the relative weight of the European Union in the global economy has fallen from a peak of around 25 percent of the world’s real economic output in the early 1990s to less than 15 percent at the present time (Barslund and Gros 2016). The US share of the global real output has followed a downward path from a peak in the late 1990s. By 2050, some forecasts suggest China will command roughly the same share of the world output as the EU and the US combined (PriceWaterhouseCoopers 2017).

Yet, our ability to succeed in containing authoritarian adversaries, including by projecting hard power and by improving our resilience against autocratic aggression, requires economic resources. America is now a low-growth region, which is even more true for Europe. Between 2000 and 2019, annual economic growth in the European Union averaged a meagre 1.4 percent (World Bank 2022). In Italy, real per capita incomes are lower today than they were in the mid-2000s. Public debt has soared, hovering at just below 100 percent of GDP in both Europe and the United States compared

to 45 percent in China and less than 20 percent in Russia (Eurostat 2022; International Monetary Fund 2021; World Bank 2022)

Responding to the described economic challenges requires supply-side reforms which may differ from one economy to the next but which, in broad contours, should resonate with classical liberals. Removing bottlenecks to higher productivity growth would likely involve liberalization of land use restrictions and expansion of housing supply, cutting of red tape and regulations that do not pass the cost-benefit test, greater investment into research and development – especially in Europe, which falls way short of the ambitious targets once set by the Lisbon Strategy – and immigration policy that allows for an expansion of the workforce to counterbalance unfavorable demographic trends.

More importantly, however, it requires classical liberals to abandon the parochialism of “capitalism in one country” – an idea that many of them have grown all too comfortable in their new political alliances with the populist and nationalist right. The future of free societies is linked together. The deeper the economic partnerships that can be built between countries governed along broadly liberal and democratic principles, the greater the gains from trade that help bring up long-term productivity and growth rates – and also the greater the resilience that free societies will possess in confronting the world’s tyrants.

In practical, policy terms, this approach would call for a reinvigoration of the World Trade Organization, largely abandoned by both Republican and Democratic administrations in the United States, as well as forging an ambitious agenda of trade liberalization among like-minded countries. Regulatory divergence between, say, the United States and the European Union might seem substantial, but that perspective is one marked by a myopia of small differences which conveniently omits the genuinely significant difference between Western economies (including the United States and the EU) on the one hand, and countries such as China or Russia on the other.

Having ambitious templates for trade liberalization also carries a strategic value. Confronted with Russia’s war against Ukraine, numerous countries of the Global South have opted for a neutral stance, preserving their relations with Russia and refusing to enact sanctions introduced by the United States and its allies. From India and Indonesia, the Gulf states, to the largest economies of Latin America, there appears to be little indication of a willingness to join the Western-led coalition. In the same vein, some of these – and other – countries are willing to forge deeper economic and investment links with China, even though doing so places them on a collision course with the West. As a result, one wonders whether the situation would be the same if the United States and the EU had actively pursued efforts that could bring those economies into the West’s fold through free-trade agreements aimed at dismantling non-tariff barriers to trade and economic exchange.

These policy prescriptions may seem recognizable to classical liberals such as Van de Haar (2009; 2023), who are trying to build an international relations theory on the grounds of classical realism. They are, however, *very* different from the advice advanced by most structural realists and those advocating restraint who are dominating the conversation in American libertarian circles. More importantly, they are far better attuned to the value that classical liberals assign to the survival of freedom in the

world. Generations of classical liberal thinkers, culminating with Vincent Ostrom, understood that “[t]he world cannot remain half free and half servitude. Each is a threat to the other” (1991, 242). For their own sake, it is time free societies and classical liberals took the global authoritarian threat seriously and thought about how to respond to it.

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