Neoliberal Institutionalism: Towards Conflict or Cooperation?

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Abstract – *The paper attempts to explain the importance of various international institutions in the point of view of neoliberal theories. Further, it explains how these institutions helped in building peace around the world. To assess the effectiveness of international institutions, the data of inter-state armed conflict is collected, followed by explaining various trends like declining significance of high politics issues, and States cooperating with each other, especially in the economic realm. Moreover, game theory is used to explain why it is beneficial for the States to cooperate and the role played by international institutions in achieving that level of cooperation. Finally, the on-ground reality and effectiveness of these institutions is analysed.*

Key Words: Neoliberalism, international institutions, United Nations, peace, game theory, conflict, cooperation, economy

1. INTRODUCTION

"*The problems of the economy, resources, environment, population*, [the] *uses of space and the seas*" often jeopardise the questions of "*military, security, ideology and territorial rivalry*" that at one time whittled the pillars of the conventional foreign policies. Contrary to the realist perspective of an omnipresent likelihood of war and a continuous, unchanging state of international anarchy, neoliberals believe that anarchy is a void that can be filled by international institutions that assist the self-interested sovereign states in establishing cooperation.

2. COOPERATION, COORDINATION, AND CONSENSUS

2.1 Assessing Effectiveness of International Institutions

As affirmed by neoliberals, international institutions are, *en réalité*, effectual. If anarchy leads to a self-help situation where States ought to act in accordance with the twin concerns of security and national interest, why wars are not common? It's because states tend to cooperate rather than wage war, and international institutions set up conditions for cooperation and tame anarchy.

International institutions enable states to reach mutually preferred outcomes through iteration, confidence-building (NATO, Helsinki Conference on Security and Co-operation, Treaty on Conventional Armed Forces in Europe, etc.), efficient communication, employing a third party to monitor compliance (United Nations Military Observer Group in India and Pakistan), etc.

Between 1980 and 2021, inter-state armed conflicts, both in terms of incidence and intensity, have become rare and are becoming rarer. This phenomenon can be credited to the rising international activism spurred by international institutions, especially the UN. The trend reflected in the graph below undoubtedly upholds the viewpoint of neoliberal institutionalism.
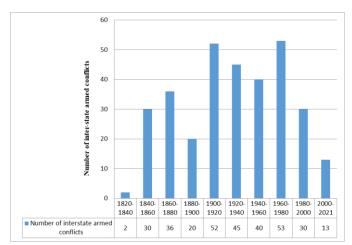

Chart 1: Number of worldwide inter-state armed conflicts from 1820 to 2021.

2.2 Declining Significance of 'High Politics'

The 1970s witnessed an era of the declining importance of military force, complemented by the rising importance of trade and economic issues that were once considered to be 'low politics'.

EU was gaining prominence, and Japan exhibited tremendous economic growth without a proportional development in the domain of 'high politics'. Institutions like the IMF and World Bank started keeping international

financial oversight, whilst WHO dealt with health and WTO with trade.

Others like UNCTAD, UNEP, UNDP, UNICEF, UNFPA, UNHCR, WFP, UNRWA, OCHR, UNU, UNAIDS, FAO, UNESCO, IMO, WMO, ITU, etc. started growing in prominence as a testament to the neoliberal point of view.

NATO, instead of collapsing after the corresponding "departure of the enemy", continued to function with an expanded membership and domain of operation, invalidating the realist assertion that international institutions are insignificant, marginal and epiphenomenal.

2.3. Socioeconomic Collaboration

The neoliberal stance of cooperation through the economic sphere is corroborated by the EU whose origin can be traced back to ECSC, EEC, Euratom, and EC. An economic organisation expanded its scope to become a social, economic, and political organisation.

ASEAN focused on boosting economic growth through 'social progress and economic development', which reached its peak in 2003 with the establishment of an ASEAN Community.

These organisations beautifully substantiate the neoliberal claim that discovering shared values, cultural expression, and exchange, and building trade and economic relations help establish cooperation and states become less supportive of wars. The same stands true with OPEC, APEC, IORA, etc.

2. BEYOND PRISONER'S DILEMMA

The grand success of neo-institutionalism is visible in various international treaties on climate change, especially the Paris Agreement. The matrix below employs Game Theory in analysing the self-interested motives of two hypothetical states A and B, endowed with the option of continuing or reducing greenhouse gas emissions.

Table -1: Employing game theory to analyse the self-interested motives of two hypothetical states A and B.

B		A	
		Emit	**Control**
	Emit	**I** B (2): Towards climate catastrophe, no immediate cost incurred to switch to sustainable energy alternatives A (2): ditto	**II** B (1): Benefits from A's decision without incurring any immediate cost A (4): Economic disadvantage while switching to sustainable energy alternatives, and structural disadvantage w.r.t. B in terms of geopolitical competition
	Control	**III** B (4): Economic disadvantage while switching to sustainable energy alternatives, and structural disadvantage w.r.t. A in terms of geopolitical competition A (1): Benefits from B's decision without incurring any immediate cost	**IV** B (3): Clean environment A (3): ditto

The first priority of country A is box III while that of country B is box II. However, the rational decision that they would take in an anarchic ecosystem is the box I, even though box IV is the mutually preferred outcome.

The institutions, according to neoliberals, help to mitigate this anarchy and would aid states to pursue a mutually

preferred outcome (in this case, box IV), than a rational outcome (box I) that would lead to irrational and sometimes cataclysmic outcomes.

For instance, the Paris Accord, a legally enforceable international climate change agreement, is a result of decades of international environmental activism. UNFCCC acted as a forum for 193 nations to come together and pursue the ambitious goal of climate neutrality, which would have been unilaterally impossible, substantiating the significance of institutions, through the lens of neoliberalism.

3. INTERNATIONAL INSTITUTIONS: SPEARHEADING WORLD PEACE

3.1 The indispensability of International Institutions

"...*as Churchill put it, jaw-jaw is better than war-war. Isn't it better to have one place where all... countries in the world can get together, bore each other, sometimes with their words, rather than bore holes into each other on the battlefield*"? The industrial war (WW1) presented the world with twenty million deaths, followed by the democratised war (WW2), gifting seventy-five million corpses. How many deaths will the atomic war (WW3) entail?

A third world war can never be 'won'. No country is an island *per se* in this globalising world, and isn't it always better for the nations to prevent another calamity cooperatively? And what's better than international institutions, especially the UN, in presenting a global forum where states can negotiate their differences and cooperate?

Emerging issues like climate change, maintaining global resources, COVID-19 pandemic, and even an anticipated alien invasion, cannot be tackled unilaterally by a single state. Consensus and cooperation, spearheaded by international institutions, are the only keys to security in this globalised world.

3.2 United Nations and Peace

International institutions, especially the UN, play a remarkable role in sustaining world peace. The international community witnessed a 56.6% decrease in interstate armed conflicts between 1980-2000 and 2000-2021ș. The 2005 Human Security Report recorded a sharp decline in war, genocide, and human rights abuse after 1990.

The United Nations is dedicated to preserving international peace and security, and it works to prevent conflict through diplomacy, special envoys, political missions, mediation, helping the conflicting parties to make peace, deploying peacekeepers, etc.

Chapter VII of the UN Charter deals with enforcement measures to maintain global peace that includes economic sanctions (Art.41), military action (Art.42), peacekeeping, and special political missions.

There are 12 peacekeeping operations in force among 71 deployed since 1948. The UN and/or its subsidiaries have been awarded the coveted Nobel Peace Prize twelve times so far.

In 2019, the Secretary-General presided over the Action for Peacekeeping (A4P) project to review peacekeeping operations and to urge for mutual political commitment in operations. To prevent crimes against humanity, genocide, state terrorism, religious persecution, and war crimes, the responsibility to protect (R2P) doctrine was also introduced.

4. BEYOND BARRIERS: A COMPREHENSIVE CONCEPTION OF PEACE

4.1 Spatio-temporal Analysis of 'Peace'

The conventional notion of peace as the absence of war or aggression is quite different from the contemporary definition of peace. The definition of peace changes from space to space and time to time. For countries like the US, peace would mean the end of terrorism, and in countries like Liberia, Burundi, and Niger, peace would mean development- freedom from hunger and poverty.

4.1 International Institutions- Festooned with Olive Branch

In light of this comprehensive understanding of peace, international institutions have been and are working to their fullest in maintaining world peace.

Vaccines are administered annually to 45 percent of the world's children under age five in more than 100 countries by UNICEF. Also, UNHCR catered to the needs of 29.6 million refugees in 2020 alone. On the other hand,

WFP provided food to 115.5 million people from over 80 countries in 2020. In recognition of its efforts in making food as a tool to secure international peace, WFP was awarded the Nobel Peace Prize in 2020.

UNEP and UNFCCC work with 193 states and other stakeholders to address environmental challenges, aiming to bring about international environmental peace. WHO is striving to its fullest in moderating the adversities of the pandemic, and so as other organisations help maintain world peace through its own distinct, unique yet effective measures.

5. CONCLUSIONS

Though Nixon hammered UN to be "obsolete and inadequate"[26] and being lambasted from various directions for its ineffectiveness in dealing with crises in Syria, Bangladesh, Darfur, Sri Lanka, and for scandals like the oil-for-food program, peacekeeping child sexual abuse, corruption, and cholera outbreak in Haiti, in this interdependent world, where "nations, even ones as large and powerful as the US",[27] are not spared by world events, security can be realised only in engagement and cooperation through international institutions.

The alphabetical soup of institutions characterises the very reality of the contemporary international ecosystem. They are not just pawns of the game but are the rooks, bishops, ministers, or even the king itself. The world is a global village and if there's a serious conflict, supposedly like that of Hobbes's State of Nature, we cannot simply slip away, because it's the only village we know and the only one we have.

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