

HARMONISING LIBERALISM AND REALISM IN THE THEORY OF INTERNATIONAL RELATIONS

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K harmonizácii liberalizmu a realizmu v teórii medzinárodných vzt'ahov

Abstract: *This paper aims to analyse the debates on neoliberalism and neorealism in international relation (IR) theories. It also contains a recommendation for harmonising neoliberal and neorealist thoughts in the theory of international relations, because it could offer relevant answers to global challenges of the 21st century. Leaving pessimistic and utopian attitudes behind is one of the keys for the understanding of current issues and relations between nation states. The twentieth century created a gap from the differences between the two theories that have always been clearly visible, which was caused by the disparity of imaging human nature. This difference between neoliberalism and neorealism hinders in the co-operation between the two groups of scholars however the harmonisation of IR theories would help to understand the world today, and it would assist in searching for the solution to global problems in practice.*

Keywords: *liberalism, realism, neoliberalism, neorealism, IR theories, debate, harmonisation*

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Introduction

The world is divided today. People face divisions in every dimension of life: in politics, between different actors of international relations, economy and society. This global controversy has been strengthened in the last decade because the positive narratives of globalisation are often questioned but the negative narratives are popular because of the global and local crisis. There are negative effects and fears but an integrated and unmitigated picture is needed. This paper makes an attempt to give a new offer to be discussed in the academic dialogs: this is the harmonisation of two theories – liberalism

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and realism – they have always been competing against each other but today are indispensable to avoid the elimination of each other.

The first part of the paper analyses the fundamental debates between realism and liberalism an international relations (IR) theories, and from the bigger picture it goes further and presents the debate and possible harmonising opportunities between the two groups of scholars.

International theories analyse authority, war and peace but today, the international relations theories are more than these terms. International relations theories are not just analysing military power dimension but they have a widespread of theoretical focuses: complex interdependency, human rights, the role of transnational companies, NGOs, economic development, environmental protection, global economic and social gap, and terrorism.

There is a qualitative difference between internal and external affairs. As Kenneth Waltz wrote: “*Nationally and internationally, contact generates conflict and at times issues in violence.*” [28, p. 103]. A national system is not a self-help system. The government has monopoly to use force at the national level against public force to save citizens from others that are violating them or their rights but it is better if the state prevents public force (Waltz, [30]). Capabilities across states should be also included. Power tells us enough about the placement of states in the system; however, structures are not able to show what is important. A good theory of international relations must be systemic as the states influence each other.

International relations mean relation between units (without structure). Nation states are in a competitive and – according to both neoliberals and neorealists – anarchic international system. As not all states aim universal domination it produces a hierarchic order between great powers that lead a group of countries and their allies that are weaker and smaller countries and that are looking for security. ‘*The United States and the Soviet Union behave differently from such countries as Germany and Japan because the latter are no longer great power*’ (Waltz, [29]).

The balance of power – where a major power is willing to be a balancer – has been always important for both groups of scholars also for neorealists and neoliberals.

As Robert O. Keohane [10, p. 1] wrote: ‘*world politics today is a matter of life and death – not just for soldiers or citizens caught in the path of war, but for the whole human race*’. [10, p. 1] However, this study of Keohane was written before the collapse of the Soviet Union and the topic of my essay is the harmonisation of neoliberalism and neorealism in the 21st century; here I stop for a second because the author made this statement thirty years ago, but perhaps it is more relevant today than it was in 1986.

The biggest debate between neoliberalism and neorealism today is about globalisation and about its effect on the globe and on the whole humanity with social and economic gaps, global challenges that highly depend on organisations, international and regional co-operations and aims of nation state co-operations like the UN, the NATO, the EU or even the OECD.

In the eighties nuclear holocaust seemed to be a continual threat. However, today there is not a common agreement on the realities but now the global society faces the problems of global warming and poverty gap. Hundreds of millions are starving in the Third World. Following Keohane's thoughts in the eighties, the choice of practitioners is not between being influenced by theory it is rather being aware of theoretical basis for one interpretation or being unaware of it.

Now theorists and practitioners have much more dimensions of responsibility for humanity. This is not just about war and peace. This is about being human, having equal rights, producing enough food for the world's population and taking responsibility for those that were born with much fewer opportunities than citizens of the centre countries did. This is what are neoliberals and neorealists arguing about for the time being. This debate has a high level of importance just like the balance of power before the First World War or balancing on the blade during the Cold War.

However, both theories have relevant answers for challenges, if they do not overstep their boundaries, they will be always just able to draw near the problems in reality, but they will not meet them. As Waever [27] stated: the two groups of scholars test their hypothesis and theories on different case studies – on their own field – (“*they saw different realities*”) and that is why they conclude different things., (...) *political scientists have so far been unable to show that either of these understandings of the world better explains how states actually behave*” (Mowle, [18, p. 651]).

Fundamental debates between liberalism and realism in International Theories in general

There are fundamental debates in the international relations theory. The first one is between realism and liberalism; the second one is between orthodox theories and behaviourism. The development of IR theories is also due to external impacts too; there were two period of great debates between IR theories. The first one was in the 1940s between realism and idealism; the second one was between behaviourism and traditionalism in the 1950s and 1960s (Waever, [27, p. 150]).

Liberal scholars say that the theory of balance of power (as a matter of fact, the collapse of it) caused the World War I; however, the Saint Alliance

System had a no humiliation rule – that was kept by all parties – and the states were self-restrained; after Bismarck's death something changed in Europe. As the Bismarck Prussia proved it, a country can become a continental power that influences the whole international community. Bismarck's brilliance was able to hinder the collapse of this system. The German Chancellor needed just smaller wars to create stability in Prussia, and he was able to create a stable and strong country in the middle of Europe. Bismarck acted as a "fair broker" and did not let the balance of power to collapse. After his death Austria, Prussia and Italy created an alliance, the counter-powers were the British, French and Russians that were obliged to help each other in a military conflict.

Idealism

"The secret of liberal success in the nineteenth-century in Europe/ North America and in the twentieth-century world was this liberal strategy of consensus politics based on a coherent dosage of reforms. This liberal political strategy became one pillar of the geoculture of the world-system." (Smith et al, [21, p. 95])

Woodrow Wilson as the president of the United States joined the World War in 1917 because of his belief in a systemic change and democratisation process that can plant the seeds for world peace. The *utopian liberalism* was based on the Wilsonian idea and had the statement of the New World Order that will be based on word trade and peace. Wilson conceived his 14 points, which can be summarised as follows:

1. no secret democracy – the agreement between states should be transparent
2. sovereignty for all states
3. creation of League of Nations (1919, Paris)
4. helping to create democracies all over the world.

Woodrow Wilson's idealism created from the 'jungle' of real politics the 'zoo' of international relations. Wilson was inspired by the liberal theorist Immanuel Kant, in particular by his book '*Perceptual Peace*'.

| Achievements of Liberalism in IR | Failures of Liberalism in IR |
|--|--|
| <ul style="list-style-type: none"> • League of Nations (1919) • Kellog-Briand Pact (1928) • (between the United States and France, using arms just in case of self-defence) | <ul style="list-style-type: none"> • The League of Nations could be never as strong as it should have been. • Germany and Russia left the Briand-Kellog Pact really early. • Even the USA has not ratified the Pact • After Paris: ‘victory without peace’ instead of ‘peace without victory’ (Wilson). • The Obligation to Reparation was too high and it shifted Europe to Fascism and Communism. • In 1929 the crisis planted the seeds for rational, realist competition on the international field. |

Realism

According to realism, states are the primary actors of the international system. All other international, supranational, sub-state and non-governmental organisations exist alongside states. (Pearson, [19]) The theory of international relations turned in the thirties back to Thucydides, Machiavelli and to Hobbes after the failure of liberal idealism. This was the time when theorists recognised that liberalism lost against realism. The focus became power. According to Carr’s ‘Twenty Years Crisis’ theory (1939) the liberal idea that interpersonal and international relationships are based on harmony is wrong. There are ‘haves’ and ‘have-nots’, which create conflicts between the actors both in interpersonal and in international relationships. International relations theory is better about conflicts than consensus-seeking. International relations are nothing else than fighting for power. (Carr, [3])

Hans J. Morgenthau stated that international relations theory is about the struggle for Power and Peace. Others, like Reinard, Niebuhr, and Arnold Wolfers were analysing the international system but Morgenthau summarised the period. He says that human nature is self-interested and power-seeking. At that time, dictators Hitler and Mussolini, who were highly popular in their societies, proved Morgenthau’s statement – Germany and Italy were Western-European “case studies” for the theorist. (Morgenthau, [17])

The summary of realist opinions in the thirties and forties: the balance of power and the creation of counter powers were the most important elements of the international relations in practice. The tradition of power politics became stronger again after the World War II. (This was the war that changed

the system from one of multi-polarity to that of bipolarity.) Realists started to use the term: ‘national interest’ (that became an important communication element of Ronald Reagan, too – that was the time when the practice of neorealist foreign policy started).

Debate about history and about human nature

The biggest debate – in other words, the source of the major conflicts – between realists and liberals: the image of human nature. Realists stated that through the historical experiences the balance of power could be proved. The aims of people and aims of states are not changing so we need a system that covers balance and security for all actors in the international system. “*According to Hobbes, men’s lives are full of cruelty, brutish egotism and unconstrained passion that is directed by insecurity and fear in the state of nature*”. (Toledo, [25, p. 53]) After this group of scholars, the co-operation between nation states is inhibited even if they share common interest (Grieco, [7, p. 486]). Clear realism is that states that two different cultures are unable to live together in peace, but liberals believe that there is a development in the society and a self-correction mechanism both in interpersonal and in international relations. (Tóth, [26, p. 208])

Following Kenneth Waltz who described in his paper *Theory of international politics* liberalism as a “systemic” theory that does not ignore the international system. As Waltz says, *liberalism is not “domestic politics”*. (Waltz, [28]) According to him, international system influences the behaviour of states like advertisements influence the behaviour of people. Neoliberal theorists thought that international institutions are able to help the nation states to co-operate. (...) “*compared to realism, these earlier versions of liberal institutionalism offered a more hopeful prognosis for international cooperation and a more optimistic assessment of the capacity of institutions to help states achieve it*” (Grieco, [7, p. 486]).

Between 1920 and 1950 realists seemed to be winning. After the Second World War, the United Nations was founded. This was a historical turning point as the organisation The basic functions of the UN are detailed in the first Chapter of the UN Charter: “*The Purposes of the United Nations are: To maintain international peace and security, (...); To develop friendly relations among nations based on respect for the principle of equal rights and self-determination of peoples, and to take other appropriate measures to strengthen universal peace; (...) to achieve international co-operation in solving international problems of an economic, social, cultural, or humanitarian character; (...) to be a centre for harmonizing the actions of nations in the attainment of these common ends*” [36]. These basic functions are based on liberal ideas.

Idealists believe that spreading education and democracy, people will enforce governments to act fairly – in other words –; organising and strengthening public opinion can change the courses and processes. Harmonising interests between individuals and more importantly, between nation states and governments can create a peaceful world. The statement of this group of thinkers is that all human deserve respect, regardless of nationality, cultural behaviour, colour of skin, religion, sex or social group. (Wilson, [31])

The next chapter turns to neoliberalism and neorealism and analyses the debate between the two groups of scholars in the last decades.

Neoliberalism

The two groups of theorist agree on several things. They have a common debate against structuralism: this is institutions versus interdependence and the effect on the international relations of them.

Neoliberals left the utopian way of thinking behind during the Cold War but their belief in the development of human nature was stable. In the 1950s neoliberals focused on regional integration and according to their theory these were strengthening the international relations. They claimed that economic integrations influenced the society and created common values and due to the common values; they created communities that are crossing their borders. The common values and the common society groups are increasing the alternative costs of wars. (Deutsch et al, [4])

The complex interdependency of Keohane and Nye opened a new chapter of neoliberal way of thinking in the theory of international relations. They state that there are no high politics (foreign policy and defence policy) and no low politics (commercial, trade policy, environmental protection...) but all politics are important. There is no hierarchy between them. Keohane and Young implied the term of institutional liberalism: complex interdependency creates regimes through treaties and agreements among states (GATT, WTO, NATO, OECD... etc.).

The fourth period of liberalism in IR theory is republican liberalism. It is based on Immanuel Kant's 'Perceptual peace' conception (as for instance, the Wilsonian way of thinking). It borrowed its name from the synthesis from republican and liberal principles (Ferejohn–Rosenbluth, 2006). The republican liberals think that democracies do not fight against each other as they have the same values, the same institutions and nearly the same aims so negotiation can prevent wars in the case of democratic states. In the seventies, neoliberals seemed to be winning after a long period of time when realist and

neorealist statements reflected the real life conditions better, but the neoliberal theory was not true in the Eastern and Western confrontation.

Today neoliberalism approximates reality better than during the Cold War. “*We define globalism as a state of the world involving networks of interdependence at multi-continental distances, linked through flows and influences of capital and goods, information and ideas, people and force, as well environmentally and biologically relevant substances (such as acid rain or pathogens).*” (Keohane-Nye, [11, p. 225]) Homogenisation does not follow necessarily globalisation; however, the capital markets are liberalised, and theoretically there is free movement of goods, services and labour, there are just a few, “lucky” regions that are really able to cover this to their citizens – the third world falls out from many processes that are evidences, e.g. in the Euro-Atlantic area. This is conceded by neoliberal theorists for the time being. (Keohane-Nye, [11])

Neorealism

After the Peace of Westphalia, the legitimation of the state system realism became generally accepted in the continental Europe. There is a transformation in structures – according to neoliberals – structures compete with each other but also live a common life. Kenneth Waltz published his book in 1979 with the title of ‘*Theory of International Politics*’ that became a fundamental document of neorealism. The neorealist theory is a structural theory of international relations. Waltz left behind the focus of realists in the past that were the dilemmas of decision makers.

Western foreign policy after the Second World War was making concessions, realist theory led American politics. (“*The greatest advantage of democracies in comparison to dictatorships is that in a democracy there is always a counter-motivation that is also trying to gain power – so it does not trust in a developing human nature, it trusts in stability of institutions.*” (Tóth, [26, p. 314]).) They were creating alliances to counter balance the Soviet Union. (e.g. with China) The nuclear war and military competition was one of the greatest dimensions of the Cold War (Yost, [32]).

Specialisation has strengthened the interdependency but interdependency among nations leaves the states loosely connected. Even in cooperation there is a fear that one of the partners will develop faster and be tempted to conquer the other or just cause damage to the economy. In any self-help system, units worry about their survival and this is a factor in their behaviour. There is always a fear that ‘I give more to my partner than the partner gives me’ and it is not worth it any more for the roll-players of my national economic system. “*In a self-help system, considerations of security subordinate economic gain to political interest.*” (Waltz, [30, p. 107])

Neorealists focus on *relative capabilities* and *relative power* in the analysis of states. They say that these make differences between states. They also think that there is an anarchic order in the system of international relations but hierarchic order of domestic politics. As Waltz stated; '*a few and important things*' can be analysed by this theory. The great powers have been always trying to keep balance of powers. After the collapse of the Soviet Union, the USA became the only great power in the world; we can call this *hegemony* too.

According to neorealists, the smaller and weaker states will always want to be allies of great powers. In the neorealist theory the co-operation is nothing other than utility maximising. Anarchy anyway affects the likelihood of cooperation between nation states.

Two groups of theorists after the end of the Cold War

Neoliberals and neorealists – though there still have huge disagreements – were getting closer each other.

Common statements of the two theories:

1. states are the first actors of international relations
2. international organisations are the secondary actors of the international system
3. states are self-interested
4. in methodological questions the two theories agree with each other

Neoliberals stood by complex interdependency; they think that international organisations have a high importance in organising the international structure. Thirdly, the democratic structures have a moral supremacy. Keohane was trying to get a synthesis from neoliberalism and neorealism. Barry Busan tried this again a few years later but the debate is still alive: Mearsheimer and his followers stand for neorealism.

After the end of the Cold War, American theorists lost their importance in roll-playing of setting up international relation theories. The British School rejects making differences between neoliberals and neorealists. One of their focus points is getting historical background. The British scholars focus on states and the structure of states; they accept power and the role of power in international relations, according to these two statements they are realists.

On the other side, they refuse the Hobbesian line that moral factors do not play any role in decision making, their image of state is a mixture of '*power-state*' and '*constitutional state*'. Both power-seeking and rule-keeping are important for them. In their theory, institutional system is hierarchic. Though

the effects on the society of international decision-making are also important for the British School, the state is a primary actor, the NGOs are secondary.

Neoliberalism and neorealism today

For realists, states are still the main actors, military capabilities are still in focus and inter-state power still has a high importance (Pearson, [19]). They continue to concentrate on power control and balance of power. Their focus is still conflicts – also military ones. They focus on conflicts based on social and economic inequality too. There are two groups of neorealists: one of them is the ‘offensive’ the other one is the ‘defensive’ realism. (Snyder, [22]) They do not agree with each other on the nature of the international competition of states but the other group of theorists think that the 21th century will be also the century of realism. According to Mearsheimer [15] non-state actors exist alongside traditional states “*that stipulate the ways in which states should cooperate and compete with each other.*”

The fact that realism is still relevant does not mean that it can deny the role of non-realist factors and elements of state behaviour. “*Liberal factors such as domestic state structures and constructivist factors such as strategic culture and nationalism also affect state behaviour.*” (Pearson, [19, p. 8]).

Neoliberals focus on the democratic system and on the rule of law in the democratic centre area, and it is also an important focus point to liberals in the 21st century to help the democratisation process on the periphery, helping them to create stable states and helping them in peace keeping. International organisations and institutions play a huge role in the expectations of liberals. The international organisations are also helpful in the centre–periphery challenges and in the democratic centre states’ co-operations and integrations. (Egedy, [33])

The debate between theories of international relations concentrates on three questions today

1. Will globalisation wind up the national borders and nation states?
2. Who are the winners and who are the losers of globalisation?
3. What is the relation between politics and economy?

We can see examples where the boundaries of the two theories are run into another. The United Nations has a realist and a rational element. The first one is the Security Council; the second one is the General Assembly. The UN – beside the two rational elements – also has an ideological one: the cosmopolitan and solidarity element. Decisionmakers have three levels of responsibility: national, international and humanitarian. This is that we can see as a triangle in the United Nation’s system and in its aims. [35]

Today there are many more tasks for international relation theorists to create ideas about than military powers, society or sovereignty. However, these are also ones of the most important factors that influence the society and the international relations for the time being, but international relations are now better ‘multitasking’ than decision making on power-seeking or on war and peace.

The British School had an idea – or perhaps even a solution – for explaining international relations with a more complex picture. They see the international system as realists, the international society as rationalists and the world society as revolutionists. (Buzan, [2]).

International theory now is about complex interdependency, about NGOs and international organisation, globalisation and its effects on the whole humanity, as for instance environmental protection, climate change, terrorism, humanitarian tasks, disasters, and social gap. An important dimension of the debate between neoliberalism and neorealism is about the current social situation of the global society. As there is no global governance they agree that there is an anarchic order of international relations but there is no agreement between the two groups what could help to gather the gap between the centre and the periphery.

The world is facing a huge social and economic gap. This opened a new dimension of debates. Neoliberals think that wealth can be reached through capitalism for everyone – even for societies on the periphery. Liberals think it is a tool or opportunity for reaching wealth, even in the poorest regions of the world; all these countries are need – neoliberals said – is liberalisation of all markets and this will cause the automatic growth of welfare. (Szent-Iványi, [23])

Structuralists see there are good examples from getting out poverty (e.g. Singapore), but this is not a systemic process, just an exception that does strengthen the rule: capitalism is a system that produced hierarchic structures where the rich countries are able to be richer and poorer countries stay poor; moreover this structure creates growing economic differences between regions (Briggs-Sharp, [1]).

Realists or neorealists say that trade can be mutually beneficial for countries but just for those of the same development level. Developed and developing countries can benefit more from the bilateral or even from multilateral trading. According to Kahn (1966); ‘*large changes are accumulation of small decisions*’ (Waltz, [29, p. 108]). On the globalised world market failures, social and economic gaps are because of the small decisions made by rational actors – that were following their own interests – accumulated and created a systemic challenge. (Kahn’s example to explain the negative

effects of individual decisions on international relations and international system is pretty similar to people's decision making when using grocery shops or supermarkets or using trains instead of cars. If everyone is looking for flexibility and lower prices, no one will use the train to go to the grocery shop; they would rather pay a small amount more for the vegetables and drive there at their leisure, so the train-service and small groceries would disappear. This is actually something that no one wants.) As Waltz said; "*international interests must be served*" [29, p. 109]. The problems are found at the global level but solution depends on national policies.

Another important debate between neoliberals and neorealists is about one of the most important military co-operation organisations. Neorealists anticipated NATO's demise. Neoliberal institutionalists expected it to remain the basis for transatlantic cooperation. This happened because neorealists (Mearsheimer, Walz and Reinhart Wolf) expected that NATO's demise because the collapse of the bipolar world but liberal institutionalists expected that the highly developed institution would be able to evolve at the same pace as the world.

The two groups of scholars could find a common fermata if they would agree on the fact that international trade has important evolutionary side effects. The idea has two basements: international trade takes ideas from one society to another, and trade is a competition that can be a stimulation effect for the economies that take part in the partnership. "*Thus, active international commerce tends to be an important force driving cultural evolution, particularly the basic technical aspects of culture.*" (Richerson, [20, p. 308]) Cross-cultural trade can cover crutches for the poorer countries to improve their economies and societies. It helped a lot to the Eastern-European area to get out from the disadvantageous trade-situation after the collapse of the Soviet Union.

Neoliberals and neorealists about the European Union

The *Treaty of Rome* [43] in 1957 was signed as the base of the European Economic Community. The aim of the member states was twofold. First of all, it was aimed to keep peace and avoid any military conflict; secondly, the founders of the Community were aiming to create effective and well-working international markets to grow the economy all over in the region and to cover higher standard of living for the citizens of countries in the West-European area. This step was highly related to the funding of the United Nation in 1949. The Charter [36] of the United Nations aims to cover equal rights and equal chances to everyone, and it makes the historical ascertainment that human rights are universal and inalienable.

These two treaties gave the basic values for the Western world and they have created institutions that have been developing for more than six decades and now the Euro-Atlantic area still relies on these chapters and articles that were signed after the Second World War. And however, there is a clear and more or less unmitigated value-package in the region, creating stable democracies, rule of law and strong market economies is a real political aim. This is that is analysed differently by the two groups of scholars.

Neorealists handled the European Union as a product of the Cold War. They expected the collapse of the European Union as the member states could arise the realist logic about relative assets. Neorealists expected that the collapse of the SU will grow the amount of expected profit that will cause conflicts between European Member States.

Mearsheimer [15] stated that the institutions did not play great role in the decision of nation states and we could not expect too much from the EU, as it would not be able to drive the decision making processes of the European nation states. The consequence will be the falling apart of the community or at least the functioning of the EU hindered after the collapse of the bipolar world as a result of different interests that crash against each other. Moreover, the realist idea about institution is that the most powerful members are able to set the rules and all others can have a secondary role in the community.

Neoliberals are arguing against the neorealist theory about the expected assets and they disagree with neorealists in the other hypothesis about the European Union. According to neoliberals, the expected assets are important for the states just in case if there is a role of forcing and if there is a chance that the partner uses the asset against a 'quasi-ally' but this is not true for the Western-European economic and political co-operation. In case there is a co-operative community then it could happen.

Neoliberals say that the EU tore down the walls that hindered the deepening of integration and created a system that is able to function. As opposed to neorealists, neoliberals think that in case of creating a great system and *linkage* plus *issue-areas* it also helps the deepening integration process. (Keohane, [10])

After the last two decades some neorealists (e.g. Joseph Grieco) acknowledges that the European Union's development or evolution has shown that the pessimism of neorealism is not good bringing forward in every case.

The European Union has recognised that the weaker economies need help for their economic and social development. The reason why the EU net payers spend a huge amount of money for the net receivers to improve their countries because a homogenous economic area is easy to handle, and there is a bigger likelihood to evolve the whole Union if the member states are roughly at the

same development level. This thought appears in aid for trade – however, the host countries are from the Third World and they have no chance to catch up the Euro-Atlantic area or even to gather the gap spectacularly in the near future but this system is also good for the donor countries.

An economic example: TTIP – recruitment of the West?

“*A global era requires global engagement.*” (Kofi Annan, 1997. in Keohane-Nye, [11, p. 224]) It is important to understand that globalism and interdependence are not parallel: there is a military and economic interdependence between the United States and Japan, but there is no globalism between them. Globalism is not just a regional co-operation but a multi-continental network that is multidimensional. [11] These multi-dimensional networks are led by free market rules but also by regulations, international treaties, agreements and standards.

As the intercultural trade-system theory shows that all partners – even the less developed ones – can benefit from an international relationship. Trade unions and the effort for creating homogenous market areas helped the less developed countries to learn from their Western partners. The Transatlantic Trade – and Investment Partnership (TTIP) would grow efficiency and it would grow wealth. “*The CEPR study predicts that an ambitious TTIP deal would increase the size of the EU economy around €120 billion (or 0.5% of GDP) and the US by €95 billion (or 0.4% of GDP). This would be a permanent increase in the amount of wealth that the European and American economies can produce every year.*”[37, 39] The document also says that the rest of the World would also profit from the TTIP.

However, we know the United States as one single state but it is a successful trade and monetary union (Truman-Meyer, [44]) that was able to create hegemony in a diplomatic, trading, military and cultural sense. (Hurrel, [8]) The European Union is partly a monetary union; it is a customs union but it not a federation; moreover, there are member states too that are not a part of the single currency area. These factors make differences between the United States and the European Union. [44] As the world is becoming single, bigger economic areas will be created. They will be not just single markets but also political and cultural communities. The globalisation and regionalisation are growing synchronic in the 21st century, and they will determine the society, not the nation states: due to this process, the regional identity will be the most important. (Lengyel-Szántó, [14]).

The United States and the European Union created a common crisis management agreement in 2011: the United States participated in the EU crisis management. [38] This means that the two economic areas need each other but it means that the European Union needs help from the USA.

In case we talk about commerce, in the Euro-Atlantic area we define a trading system that includes a democratic decision-making institution too, “(...) *we have now concluded and put into effect the trade agreement with Canada means that Europe is able to form the globalisation. (...) Creating free trade areas that are based on values – like respecting human rights, workers’ rights, animal welfare, origins of products.*” [39] It is more than trade. It is an opportunity for all partners to add something to the international community. If a democratisation is a part of the market it helps the weaker countries in the international advocacy. “*Liberal trade policy has lifted millions out of poverty. (...) The fact is, that transparent, value based trade has much to offer to our societies.*” (Malmström)

There was a time when liberalism and realism met and created practice. It appears in the European Union’s Cohesion Fund [40, 42] and Regional Fund [41]. This system was created because the EU recognised what realists say: the international trade can be beneficial for both partners if they are broadly at the same development level. They were created because of the statement of liberals: stronger countries can help the weaker ones on the way of development, and this is their obligation too as the lucky centre is responsible for the unlucky periphery.

As János Kis wrote: “*the robust argument beside the minimum-state falls*” if liberals define their obligation to cover equal opportunities for all (Kis, [13]). If this works with actors of the economy or citizens of a democracy, following the formal logic, the global responsibility-taking – that appears in liberals’ conception – leads them to the creation of methods or communities that are functioning like a national economy and a state-household that redistributes and through transfers helps the poorest citizens to get the opportunities that the middle-class have from their birth.

There was a prosperous period of history when the synthesis of neoliberalism and neorealism was as successful that it is not even easy to separate them from each other. This was the period of Ronald Reagan and Margaret Thatcher. The Reagan administration had to correct two mistakes in the American foreign policy. Firstly, he had to correct the mistakes of conservatives (or realists) – the mistakes of Richard Nixon –, secondly the mistakes of liberals – especially the mistakes of Jimmy Carter. The success was created by the synthesis of liberal and realists ideas. And this was the step that planted the seeds for the United States to win the Cold War. (Kissinger, [12])

If the US would help the EU to create the TTIP stepwise, it would help the currently weaker partner to strengthen itself. The equality in these partnerships is indispensable to maximise the benefit and wealth. The European Union is now not ready but there could be a method for the provision. There could be product-packages that are handled differently and that are exceptions of the

common customs union (that are not tariff-free and that can be restricted to export).

Beside these abovementioned facts, the standards that are created or will be created by the Euro-Atlantic area (the EU, the United States, the NATO, and the TTIP) will also respect human dignity, equal rights and equal chances. The globalised world is divided, there are strong economies that do not respect human rights, and if they become stronger than the Western part of the world, they will be able to determinate the international relations, international economic partnerships and market rules.

The TTIP would be probably able to overcome its global economic partners and to set rules that also serve equal rights, equal chances and human dignity of the citizens that enter the markets. [37] Here is probably the strongest argument for harmonising neoliberal and neorealist theory and practice because the value community that was created in the Western world in the last sixty decades can first of all overcome the other economic regions of the World; secondly, they can spread their values through the standards and regulations that can cover better conditions and standard of living for the citizens of third countries too.

Conclusion

The *historical debate* between realists and liberals has been disputed and raised many questions over the last ninety decades. There were periods of history when it seemed to be so that one of the theories or group of scholars ‘won’ the competition. *The basis of the debate* is about the image of *human nature* and its consequences. Realists think that human nature has not changed over the last 2000 years, the actors are self-interested, power-seeking, and the only reason why they create alliances is to keep the balance of power or avoiding the others power-increase.

This behaviour or human nature appears in the decisions of decision-makers that highly influence the international relations and this is the reason why realists say that there is no chance to evolve an organisation or an institution. Realist theory is characterised by pessimism according to individual, social and institutional development.

Liberals have another image of human nature. They say that people are able to improve themselves, are able to co-operate, and there is a clearly visible aim for peace-keeping that can be served by international organisations and regional integrations, as well as by institutions. There is an ambition for rule-keeping and for creating a more peaceful international (or world) system that is based on the theory that democratic systems do not attack each other. Liberals also think that capitalism is a system that is able to create wealth all

over – realists refuse this statement and they argue that the capitalist system is deepening the poverty gap and it is not able to serve the solution of the global problems.

The two theories are still not agreed on international institutions and organisations not even on the role that can be played by them in the 21st century's international relations. However, there were realist theorists that recognised that neorealists were wrong with their prognosis in the case of the European Union – and their forecast was not functioning with NATO either – it is still not decided that the new century will not be the next century of realism.

Finishing the attitude of exclusion and harmonising the two theories would open a new door for making recommendations for the global challenges. The art of competition where there is no space for the ideas or thoughts of another conception but now there is a historical turning point that can change the solution seeking at the global level if the two group of scholars start to lend ideas from each other.

The challenges are too great to solve with just one path to follow that is not able to embed other thoughts just because they arrive from another group of scholars. If liberals were able to acknowledge that less developed countries need help from the more developed ones to improve their economies (and also the society), they would make huge progress towards solutions to problems that exist for the time being. The European Union is a good case study for proving this. We find net paying-in countries in the centre and net beneficiaries on the periphery.

The realist idea behind this structure is not just “*helping those that are unlucky*” but to create a homogenous economic area that helps the whole community to achieve higher economic growth, standard of living and welfare among the EU. Self-evidently, this system is for a well-definable and well-structured country group and the whole world could not imply this system but the theoretical background behind it is clearly visible and shows well how the differences between liberal and realist theories have disappeared when Europeans put them into practice.

Harmonisation or synthesis of these two theories would be able to help the two groups of scholars to fulfil the gaps in their theories.

After nearly a hundred years in the theory of international relations, the time has come to recognise: there is no way further without each other. Liberals should stop being utopians and attaching to liberal economic conception that trade is an automatic method of creating welfare for every economic actor. Liberals chose the task for the 21st century to serve the “*equal opportunity for*

all” principle. This principle overturned the idea of the minimum-state and the night-watch-man percept.

Following this concept, the inequality, the poverty gap the global problems created the challenge for liberalism at the international level too. The solution was found at national level that could be implied to the international relationships too. Realism would help liberalism in this way. The solution can be found in the realist statements: “*trade is more profitable for the more-developed trading partners*”. This statement has been proved in reality.

Some realists have already acknowledged that they should rethink their pessimism and overstep it. With the harmonisation of neoliberalism and neorealism in the 21st century liberals would help realists to change their pessimistic attitude; liberals would find the way to build in realistic elements in their theory.

Neoliberalism and neorealism could bring force to a new stream together. If we think about the TTIP, it is also easy to see what could cover a better path for the 21st century in the international relations than in the previous one. Recognising that there is a gap and trade is not able to equilibrate all countries is a realist idea. Helping the weaker one to improve itself and start the catching up process is a liberal responsibility taking. The two groups of scholars would be functioning in this case like parents and their gene-map: they would mutually correct each other’s mistakes and give birth to something greater than they would have been able to do separately. The synthesis of the two theories would serve to find better solutions for the current challenges.

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