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Tracing the Dawn
&
Twilight of the Liberal
International Order

Ashu Maan



Tracing the Dawn and Twilight of the Liberal International Order

Ashu Maan

Abstract

This paper examines the historical evolution, institutional foundations, and contemporary challenges facing the Liberal International Order (LIO)—from its conceptual origins to its current state of crisis. Through an analysis of the Power Transition Theory and historical precedents, the study traces the LIO's development from the Atlantic Charter of 1941 through its post-Cold War universalization to its present-day fragmentation. The research identifies three core components of the LIO—security order, economic order, and human rights—and examines how these evolved through distinct phases: the bounded post-World War II order and the expansive post-Cold War liberal hegemony. The paper argues that the LIO's twilight stems from contradictory and uneven application of its principles, rising nationalism and protectionism within Western democracies, and the counterproductive effects of liberal interventionism. The analysis reveals that, while the United States established and championed this order, its own selective engagement with liberal institutions has undermined the order's legitimacy and effectiveness. The study concludes that the LIO faces an existential crisis characterized not merely by external challenges from rising powers, but by internal contradictions and the hegemon's own retreat from multilateral commitments. This research contributes to understanding how international orders rise, institutionalise and decline, offering insights relevant to contemporary debates about global governance and the future of multilateralism.

Keywords: Liberal International Order, Global Order, Great Power Competition, US-China Rivalry

Introduction

The Power Transition Theory says that 'a great power becomes a challenger to the dominant power when it becomes dissatisfied with the prevailing International order led by the dominant power'. The United States has been a great power since the end of First World War and has been a dominant power since the end of Cold War in 1991. The United States envisioned a liberal democratic and capitalist world order at the end of the first world war. However, that didn't come to fruition due to United States' internal politics and lack of support from Europe. But the United States did establish an international order after the Second World

War in the form of Bretton Woods institutions and other multilateral institutions like the United Nations and its bodies. While these systems were international, they were still not universal. This was because the United States' rival during the Cold War i.e. the Soviet Union had its own order that was followed by the eastern bloc. These systems were called as 'bounded orders' by John Mearsheimer (Mearsheimer J. J., 2019). However, the end of Cold War made the United States led order universal with US its sole arbiter. This order has often been called the Liberal International Order.

Before going into the nitty-gritties of the Liberal International Order, we first need to define what is an international order? Just like everything in Political Science, there is no consensus on what an absolute international order is supposed to be. David Lake, Lisa Martin, and Thomas Risse defines order as "patterned or structural relationship among units" (Lake, 2021). John Mearsheimer defines international order as "means for facilitating efficient and timely interactions between member states (Mearshiemer, 2019). John Ikenberry defined order as "the governing arrangements among states, including its fundamental rules, principles, and institutions" (Ikenberry, 2018).

The common variable among all these definitions is that order provides for some sort of an arrangement through which the members of that order can interact and act on their ideology and principles.

Defining Liberal International Order through a Historical Perspective

Liberalism, in the classical sense, stresses on the importance of freedom of the individual. Basically, three rights form the foundation of liberalism—it calls for freedom from 'arbitrary authority', 'equality before law', and 'right to property' (Doyle, 2016). With passing of time, liberalism also came to constitute the right to conduct free trade, right to move and freedom of navigation.

There is no consensus on the genesis of LIO as scholars have differing views on the same. Ikenberry asserts that the historical roots of the LIO are found in two places, the peace of Westphalia of 1648, which essentially marked the beginning of the modern state system, and the periods of Pax Britannica in the 19th century and Pax Americana in the 20th century, which witnessed the rise and expansion of liberal democracy. While Ikenberry is right in his assertion that Pax Britannica and Pax Americana are one of the components of the rise of liberal democracy, it should also be noted that democracy is only one component of liberalism and the

British empire was mercantilist in nature which is the antithesis of one of the basic tenets of liberalism i.e. free trade. Pax Britannica was so embedded in mercantilism and protectionist trade that it became a point of contention between President Roosevelt of United States and Prime Minister Churchill of Britain during the Atlantic Charter meeting.

Others like John Mearsheimer contend that the Liberal International Order really took shape after the end of the Cold War (Mearsheimer, 2019), when the ‘communist alternative posed by the Soviet Union disappeared, and Liberal democracy remained effectively the only legitimate and viable political system’.

Interestingly, one of the primary points of contention between the two approaches centres on how the LIO must be understood as an international order. That is, how many countries need to be part of an order before it can be said to be international or global? The Atlantic Charter was a statement issued by just two countries. The United Nations was founded by just 51 countries (United Nations, 1945), and the principles articulated in the UN charter were primarily Westphalian (Peters, 2015) rather than liberal in orientation. That is to say, the UN charter concerns itself far more with the protection of the sovereignty of its member states than it does with the broader liberal concerns over democracy, free trade and the protection of human rights; the creation of the World Bank and the International Monetary Fund did broaden membership in the Liberal International Order but these institutions, even after having broader membership maintain power structures through voting systems and quotas that disproportionately reflect the interests and the worldviews of the dominant powers (Woods, 2003). In theory, the LIO reached its zenith in the early 1990s with the creation of the International Criminal Court, the adoption of the Responsibility to protect doctrine by the United Nations and the dramatic expansion and focus on democratisation and humanitarian intervention.

While there were whiskers of a Liberal International Order in the ‘Peace of Westphalia,’ ‘Pax Britannica,’ and ‘Pax Americana,’ the real genesis of a codified Liberal International order can be found in the Joint statement of the Atlantic Charter. President Roosevelt of United States and Prime Minister Churchill of Britain met in Newfoundland on 14 August 1941 (State Department 1, 2019), during which the British Prime Minister and the American President envisioned the post war world and laid out eight principles for the free world (NATO, 2018):

- The United States and Britain would not seek any power gain.
- The countries will not seek any forceful territorial gain.

- The third principle called for sovereign rights and self-government for people throughout the world.
- There would be equal access to trade and raw materials for every country without any barrier.
- There will be full collaboration of all countries in trade with better labour standards, economic advancement, and social security.
- Establishment of peace throughout the world after the defeat of Nazi Germany.
- People should have the right to freedom of navigation in high seas and oceans without any barriers.
- All countries should abandon use of force in pursuance of their goals.

Going by the terms of the declaration, President Roosevelt envisioned a de-colonised post war world with free trade, rule of law, freedom of navigation, social security, and sovereignty.

What is the Liberal International Order?

The Liberal International Order (LIO) is often defined as an 'open and rules-based system that is enshrined in various international institutions like the United Nations, the Bretton Woods Institutions, the World Trade Organization, International Criminal Court, and the United Nations Convention on the Law of the Sea (UNCLOS)'. As seen from the composition of the institution above, the bedrock of LIO is multilateralism. This order was created in the wake of the Second World War with a shared belief among the allied powers that, only a strong set of global institutional arrangement, shaping relations between states could prevent the world from another devastating war (Mearsheimer, 1994). The LIO can be described in two phases viz. the post-World War phase and post-Cold War phase.

Components of the Liberal World Order

The Liberal World Order can basically be divided into three intersectional components:

- ***Security Order***: in its simplest terms the security order is comprised of the institutional arrangements, norms, and expectations that condition or constrain state behaviour in the international system. Contrary to the assertion that states do whatever is in their interest in the pursuit of power, adherence to the LIO asserts that the behaviour of states is limited or constrained in particular ways. For example, the UN convention on law of

the seas defines international law governing maritime disputes and outlines certain norms of state behaviour in this area and states generally operate according to those rules, as the international system increases the cost of behaving in ways that run counter to it.

We can trace the evolution of the security order through three broad phases:

- During the early Cold War period, the international system was structured on an agreement reached by the powers at the Yalta Conference (State Department 2, 2019). The Agreement was largely rooted in Westphalian understandings of sovereignty. However, the same did not last for long as Soviet Union consolidated its power in much of Central and Eastern Europe.
- By the mid 1970s, broad international agreement, at least within the context of Europe, was being reached that the territorial borders of the state were supposed to be inviolable. The understanding was most clearly codified in the Organization for Security and Co-operation in Europe(OSCE), which became a central forum to facilitate negotiations and reduce tensions between the Soviet and American blocs during the Cold War (Bailes, 1999).
- And finally, after the end of Cold War in the early 1990s, the security order was expanded to embrace democratisation. Perhaps the clearest example of this was the Paris Charter for a new Europe, an agreement concluded at the November 1990 Paris Heads of State Meeting of the OSCE. Under the Paris Charter, the OSCE member states including Russia, established democracy as “the only system of government for our nations” (CSCE, 1990).
- ***Economic Order:*** In addition to the security order, we can also identify an economic order central to the liberal international system. This economic order was rooted in classical and neoclassical economics— the principle of comparative advantage and the idea that trade and specialisation benefit all Parties; the idea that breaking down barriers to the free flow of goods services, capital and knowledge and ultimately, perhaps even people would lead to greater efficiency and productivity, thereby promoting economic growth and development.

Like the security order, the economic order evolved over time. The first real operationalisation of the idea in the post-war era was the creation of the General Agreement on Tariff and Trade (GATT) in 1947. The GATT committed its members to converting non-tariff barriers to tariffs, and then to reducing tariffs to promote international trade, until the early 1970s, the GATT system promoted liberalisation of trade at the international level

but rested on an uneasy compromise promoting free trade between countries while maintaining extensive social protections domestically, a compromise often referred to as embedded liberalism (Ruggie, 2009).

Embedded Liberalism began dismantling in the 1970s and its complete annihilation was brought on by the creation of World Trade Organization in 1995 and its extension to China in 2001 and Russia in 2012. This movement has been called by Dani Rodrik as Hyper globalisation (Rodrik, 2022).

- **Human Rights:** Human Rights is one component of the Liberal World Order that is enshrined clearly in the UN Charter that states “reaffirmed faith in fundamental human rights and dignity and worth of the human person and committed all UN Member States to promoting universal respect for and observance of human rights and fundamental freedoms for all without distinction to race, sex, language, or religion” (United Nations 2, 1950).

Adopted by the United Nations in 1948, the Universal Declaration of Human Rights went even further. The Declaration includes 30 articles detailing the basic rights and fundamental freedoms of all persons, including civil and political rights like the right to life, liberty, free speech, and privacy, as well as economic, social, and cultural rights like the right to social security, health, and education.

During the Cold War, debate between the United States and the Soviet Union often paralysed progress in guaranteeing a broad set of human rights. After the Cold War, the human rights order was expanded and strengthened, most notably through three broad developments:

- **International Criminal Court:** The creation of International Criminal Court for the first time established an institutional framework for protecting Human Rights beyond the nation state. Specifically, the ICC was created to prosecute individuals for crimes of genocide, crime against humanity, and war crimes in cases where the state was unwilling or unable to do so (International Criminal Court, 2021).
- **Responsibility to Protect Doctrine:** The doctrine established the principle that the international community bore a collective responsibility to respond and to prevent acts of genocide, war crimes, ethnic cleansing, and crimes against humanity. The Responsibility to Protect doctrine represents a dramatic abrogation of the traditional view of sovereignty and the principle of domestic

non-intervention, committing the United Nations and its Member States, at least in principle, to acting to prevent mass atrocity crimes and human rights violations.

- ***Liberal Interventionism:*** Liberal Interventionism by the United States and allies saw a great rise in the face of the end of Cold war and weakened Soviet Union (Russia then). The United States and its allies increasingly intervened to affect political change abroad, not just out of immediate self-interest, but under broader belief that democratisation in and of itself should be a goal of US Foreign policy. Liberal Interventionism has also been the reason for deterioration of the order as explained further.

And as previously said, these three elements of the Liberal International Order were institutionalised through institutions like the United Nations and NATO in security order, the World Bank, IMF, and WTO in the economic order, and OSCE and the International Criminal Court in the human rights order.

Phases of the Liberal International Order

Most scholars divide the LIO into two phases — the post war LIO and the post-cold war LIO. Different scholars have different perceptions of the order. Mearsheimer explains the post war order as a ‘bounded order’. He further says that “the order was neither international nor liberal” because it was mainly to the west and was realist in all its dimension (Mearsheimer, 1994). As we discussed above, the core of the Liberal World Order comprises of multilateral institutions like GAAT, IMF, World Bank. In his argument, Mearsheimer states that since the ‘bounded order’ consisted mainly of western countries, hence it does not hold true. For example, of the 23 founding members of GATT, majority of the members were from non-western states like Brazil, Burma, Ceylon, Cuba, India, Lebanon etc. Apart from that, there was also a lot of democracies outside of the western world like India (a partner of Soviet Union, Japan, South Korea etc.

In truth, the postwar order was liberal where it could and realist where it had to be. The post war order responsible for liberal economic institutions like the World Bank, International Monetary Fund and GAAT. The US led western world indulged in liberal tradeoffs like democracy promotion and free trade whenever they could and had alliances with closed, unstable, or autocratic countries like China, Pakistan, Saudi Arabia, etc.

The Post-Cold War Order and the Twilight of the Liberal International Order

Here the paper makes two sets of arguments. The first argument finds out whether or not in the Post-Cold War, the victor West (especially the United States) indulged in 'Liberal activism'. The second argument is that whether or not the West's 'Liberal Activism' posed threat to the Liberal International Order and brought it to a brink of extension where, in words of Mearsheimer, it'll become a 'bounded order'. The paper argues both these cases side by side.

Contradictory and Uneven Application

In recent years, the LIO has come under increasing criticism and threat, both from within and outside. The Post-Cold war order itself contains some contradictory elements being perceived in different ways by different actors in the international system. For example, about the willingness of the United States and others to use force to promote democratisation and human rights, it seems clear that this principle has been applied unevenly at best. The responsibility to protect, for example, has been applied in some cases like Libya while it's not been implied in others like Syria.

Similarly, the willingness of NATO to use force in Serbia in 1999, without securing a legal mandate from the UNSC (United Nations 3, 1999) for such action, was widely condemned by countries outside of the west. Similarly, when the United States declared war in effort to remove Saddam Hussein from power in Iraq in 2003, without UNSC authorisation (BBC, 2004), the USA was also criticised by several countries around the world, as this action was viewed as violation of the Liberal International Order and of International Law.

In the eyes of its critics, the uneven application of the central pillars of the Liberal International Order reinforced the hypocrisy of the order itself. From their perspective, such actions demonstrated that western powers were willing to operate in violation of central principles of the order when they believed there was a clear or compelling reason to do so.

Nationalism and Protection

The rise of populist movements and increasing economic protectionism in several countries (especially the United States) also represents a significant challenge to the Liberal International Order. One element key to the LIO was that disputes over the rules of the order, could be resolved peacefully through institutional frameworks, thereby preventing military conflict. Organisations like the UNSC, the dispute settlement mechanism in the WTO, and the ICJ or the ICC were all developed to provide a way to peacefully resolve disputes between states. But states are increasingly withdrawing (Narlikar, 2020) from these arrangements.

The WTO dispute settlement mechanism was effectively sidelined by the US refusal to permit new judges to be appointed to the organisation. As a result, by 2020, the WTO dispute settlement mechanism could no longer hear cases (Howse, 2021). BREXIT i.e. the UK's exit from the EU similarly signaled a weakening of the Liberal International Order. As did the US withdraw from Trans-Pacific Partnership and the increasing trade disputes between the United States and several other countries, including not just China but also Canada (over timber), the EU (over aircraft, GMO, and a host of other items) and other countries, all point to a rise in protectionism and a weakening of the LIO.

Liberal Interventionism

The United States was the only great power standing in the aftermath of the Cold War. The Cold War brought forth the liberal clamour about feasibility of the order and how it was the only order worth following and nothing can replace it. Francis Fukuyama's 'End of History'; is one such example.

Thus, the end of Cold War brought forth a period of Liberal Interventionism in the name of democracy and human rights. Since 1990s, the United States has intervened in places such as Yugoslavia, Kuwait, Somalia, Iraq, Afghanistan, Libya, Syria etc. While the interventions in Kuwait and Afghanistan were justified, the United States has received widespread condemnation for majority of interventions like the Iraq war in 2003.

The United States' itself has been moving away from the Liberal Institution made to uphold the International Liberal Order. While President Roosevelt was a proponent of 'Freedom of Navigation' the United States has not ratified UNCLOS. The United States is one of the biggest supporters of International Human Rights with President Carter putting 'Human Rights' at the helm of US Foreign Policy (State Department 3, 1981). Despite that the United States is not a party to the International Criminal Court—the very court founded to safeguard human rights.

The United States has been steadily moving away from the Atlantic Charter's goals and has been disengaging with Liberal Institutions. This has brought forth the twilight of the Liberal International Order.

Conclusion

The Liberal International Order, which emerged from the ashes of World War II and reached its zenith following the Cold War's end, now confronts an unprecedented crisis that threatens its foundational principles and institutional architecture. This analysis reveals that the LIO's current predicament stems from both internal contradictions and external pressures that have accumulated over decades of uneven application and selective adherence to its core tenets.

The paper demonstrates that while the LIO successfully expanded beyond its initial Western boundaries to encompass much of the global community, this expansion was accompanied by fundamental flaws that ultimately undermined its sustainability. The post-Cold War period of "liberal activism" created a paradox—the very success of liberal principles in defeating competing ideologies led to their overextension and misapplication. The United States, as the primary architect and enforcer of this order, increasingly acted outside its own institutional frameworks when convenient, thereby eroding the legitimacy and credibility of the system it had created.

The three pillars of the LIO—security cooperation, economic liberalisation, and human rights protection—have each faced significant challenges in recent decades. The security order has been compromised by unilateral interventions that bypassed multilateral institutions, while the economic order has been undermined by rising protectionism and the failure of embedded liberalism to address growing inequality. The human rights component has suffered from selective application and the use of humanitarian intervention as a tool of geopolitical influence rather than genuine moral imperative.

Contemporary developments further underscore the LIO's fragility. The rise of China and resurgent Russia as revisionist powers has created alternative models of governance and international cooperation that challenges liberal assumptions about progress and universality. More critically, the internal crisis within liberal democracies themselves—manifested through populist movements, nationalist backlash, and declining faith in multilateral institutions—suggests that the social contract underlying the LIO has fundamentally broken down.

The election of Donald Trump for a second term in 2025 represents a continuation of America's retreat from global leadership and multilateral engagement, further accelerating the order's decline. This trend, combined with the rise of middle powers pursuing strategies of strategic autonomy and selective cooperation, indicates a shift towards a more fragmented and multipolar world order.

However, the crisis of the LIO does not necessarily herald the emergence of a coherent alternative system. As this analysis demonstrates, that neither China nor Russia offers a compelling ideological framework for global order that resonates beyond their immediate spheres of influence. Instead, we appear to be entering an era of competing regional orders and issue-specific coalitions, where the universal aspirations of liberalism gives way to more pragmatic and transactional arrangements.

The implications for global governance are profound. The institutions created during the LIO's heyday, from the United Nations to the World Trade Organization, face questions about their relevance and effectiveness in a multipolar world. The challenge for policymakers and scholars alike is to envision new forms of international cooperation that can address transnational challenges while accommodating diverse political systems and cultural values.

Looking forward, the twilight of the Liberal International Order does not necessarily mean the end of international cooperation or the triumph of chaos. Rather, it suggests the need for more modest, flexible, and inclusive approaches to global governance that acknowledge the limitations of any single model of political and economic organization. The lessons learned from the LIO's rise and decline offers valuable insights for constructing more sustainable and legitimate forms of international order in the twenty-first century.

The dawn of the Liberal International Order (LIO) promised a world of peace, prosperity, and progress through the universal application of liberal principles. Its twilight reminds us that no international order, however successful, is permanent or immune to the forces of change that it itself unleashes. The task ahead is to learn from both the achievements and failures of the LIO to build more resilient and adaptable frameworks for global cooperation in an increasingly complex and multipolar world.

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About the Author

Ashu Maan is an Associate Fellow at the Centre for Land Warfare Studies. He was awarded the VCOAS Commendation card on Army Day 2025. He is currently pursuing his PhD from Amity University, Noida in Defence and Strategic Studies. He has previously worked with Institute of Chinese Studies. He has also contributed a chapter on “Denuclearization of North Korea” in the book titled Drifts and Dynamics: Russia’s Ukraine War and Northeast Asia. His research includes India-China territorial dispute, the Great Power Rivalry between the United States and China, and China’s Foreign Policy.



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