Liberals have generally failed to construct liberalism in a social-scientifically rigorous manner. But Moravcsik seeks to rectify this by devising three core theoretical assumptions and deriving therefrom the foundations for three schools of liberal thought.

The basic proposition of liberal IR is "that the relationship between states and the surrounding domestic and transnational society in which they are embedded critically shapes state behaviour by influencing the social purposes underlying state preferences;" it can be formally stated in three assumptions. (516)

Assumption 1: the fundamental actors are private entities who seek to maximize their own welfare in a mostly rational, risk-averse way.

Assumption 2: domestic political institutions act on behalf of some subset of the domestic citizenry.

Assumption 3: "the configuration of interdependent state preferences determines state behaviour." (520)

These assumptions together build a paradigm wherein “variation in ends, not means, matters most.” (522) Liberalism is still a systemic theory because states must consider their interdependence when formulating preferences upon which they can act. As formulated by these assumptions, liberal theory has three mainstream types:

Ideational liberalism considers the domestic arrangement of identities – whether national, political, or socioeconomic – to be the primary factor in determining state preferences.

Commercial liberalism holds that state preferences are largely controlled by market incentives.

Republican liberalism views domestic political institutions – the mechanisms by which individual preferences are aggregated – as the source of state preferences.

Melding these various strands into one paradigm parsimoniously explains a variety of international phenomena: for example, it models both foreign policy and the international system as a gestalt, and it explains both statics and dynamics. This reformulation also provides additional coherence (by excluding theories such as functional regime theory) and salience (by making dismissal of a liberal paradigm more difficult) to liberalism, and facilitates the combination of liberalism with alternative theories into multicausal analyses.

This construction of the liberal paradigm explains the assumptions of realism and institutionalism, but the converse is not true; hence liberalism "enjoys causal priority.” (543) This has been overlooked in the past because liberalism was often construed as being an ideology instead of a theory. (Thus the reformulation is more useful for the purpose for which it was designed, i.e. social science rather than intellectual history.)