
Will the Liberal Order Survive?

The History of an Idea

By *Joseph S. Nye Jr.*

Foreign Affairs, January - February 2017

During the [nineteenth century](#), the United States played a minor role in the global balance of power. The country did not maintain a large standing army, and as late as the 1870s, the U.S. Navy was smaller than the navy of Chile. Americans had no problems using force to acquire land or resources (as Mexico and the Native American nations could attest), but for the most part, both the U.S. government and the American public opposed significant involvement in international affairs outside the [Western Hemisphere](#).

A flirtation with imperialism at the end of the century drew U.S. attention outward, as did the growing U.S. role in the world economy, paving the way for President [Woodrow Wilson](#) to take the United States into World War I. But the costs of the war and the failure of Wilson's ambitious attempt to reform international politics afterward turned U.S. attention inward once again during the 1920s and 1930s, leading to the strange situation of an increasingly great power holding itself aloof from an increasingly turbulent world.

Like their counterparts elsewhere, U.S. policymakers sought to advance their country's national interests, usually in straightforward, narrowly defined ways. They saw international politics and economics as an intense competition among states constantly jockeying for position and advantage. When the Great Depression hit, therefore, U.S. officials, like others, raced to protect their domestic economy as quickly and fully as possible, adopting beggar-thy-neighbor tariffs and deepening the crisis in the process. And a few years later, when aggressive dictatorships emerged and threatened peace, they and their counterparts in Europe and elsewhere did something similar in the security sphere, trying to ignore the growing dangers, pass the buck, or defer conflict through appeasement.

By this point, the United States had become the world's strongest power, but it saw no value in devoting resources or attention to providing global public goods such as an open economy or international security. There was no U.S.-

led liberal order in the 1930s, and the result was a “low dishonest decade,” in the words of W. H. Auden, of depression, tyranny, war, and genocide.

With their countries drawn into the conflagration despite their efforts to avoid it, Western officials spent the first half of the 1940s trying to defeat the Axis powers while working to construct a different and better world for afterward. Rather than continue to see economic and security issues as solely national concerns, they now sought to cooperate with one another, devising a rules-based system that in theory would allow like-minded nations to enjoy peace and prosperity in common.

The liberal international order that emerged after 1945 was a loose array of multilateral institutions in which the United States provided global public goods such as freer trade and freedom of the seas and weaker states were given institutional access to the exercise of U.S. power. The Bretton Woods institutions were set up while the war was still in progress. When other countries proved too poor or weak to fend for themselves afterward, the Truman administration decided to break with U.S. tradition and make open-ended alliances, provide substantial aid to other countries, and deploy U.S. military forces abroad. Washington gave the United Kingdom a major loan in 1946, took responsibility for supporting pro-Western governments in Greece and Turkey in 1947, invested heavily in European recovery with the Marshall Plan in 1948, created NATO in 1949, led a military coalition to protect South Korea from invasion in 1950, and signed a new security treaty with Japan in 1960.

These and other actions both bolstered the order and contained Soviet power. As the American diplomat George Kennan and others noted, there were five crucial areas of industrial productivity and strength in the postwar world: the United States, the Soviet Union, the United Kingdom, continental Europe, and Northeast Asia. To protect itself and prevent a third world war, Washington chose to isolate the Soviet Union and bind itself tightly to the other three, and U.S. troops remain in Europe, Asia, and elsewhere to this day. And within this framework, global economic, social, and ecological interdependence grew. By 1970, economic globalization had recovered to the level it had reached before being disrupted by World War I in 1914.

The mythology that has grown up around the order can be exaggerated. Washington may have displayed a general preference for democracy and

openness, but it frequently supported dictators or made cynical self-interested moves along the way. In its first decades, the postwar system was largely limited to a group of like-minded states centered on the Atlantic littoral; it did not include many large countries such as China, India, and the Soviet bloc states, and it did not always have benign effects on nonmembers. In global military terms, the United States was not hegemonic, because the Soviet Union balanced U.S. power. And even when its power was greatest, Washington could not prevent the “loss” of China, the partition of Germany and Berlin, a draw in Korea, Soviet suppression of insurrections within its own bloc, the creation and survival of a communist regime in Cuba, and failure in Vietnam.

Americans have had bitter debates and partisan differences over military interventions and other foreign policy issues over the years, and they have often grumbled about paying for the defense of other rich countries. Still, the demonstrable success of the order in helping secure and stabilize the world over the past seven decades has led to a strong consensus that defending, deepening, and extending this system has been and continues to be the central task of U.S. foreign policy.

Until now, that is—for recently, the desirability and sustainability of the order have been called into question as never before. Some critics, such as U.S. President-elect Donald Trump, have argued that the costs of maintaining the order outweigh its benefits and that Washington would be better off handling its interactions with other countries on a case-by-case transactional basis, making sure it “wins” rather than “loses” on each deal or commitment. Others claim that the foundations of the order are eroding because of a long-term global power transition involving the dramatic rise of Asian economies such as China and India. And still others see it as threatened by a broader diffusion of power from governments to nonstate actors thanks to ongoing changes in politics, society, and technology. The order, in short, is facing its greatest challenges in generations. Can it survive, and will it?

POWER CHALLENGED AND DIFFUSED

Public goods are benefits that apply to everyone and are denied to no one. At the national level, governments provide many of these to their citizens: safety for people and property, economic infrastructure, a clean environment. In the absence of international government, global public goods—a clean climate or

financial stability or freedom of the seas—have sometimes been provided by coalitions led by the largest power, which benefits the most from these goods and can afford to pay for them. When the strongest powers fail to appreciate this dynamic, global public goods are underproduced and everybody suffers.

Some observers see the main threat to the current liberal order coming from the rapid rise of a China that does not always appear to appreciate that great power carries with it great responsibilities. They worry that China is about to pass the United States in power and that when it does, it will not uphold the current order because it views it as an external imposition reflecting others' interests more than its own. This concern is misguided, however, for two reasons: because China is unlikely to surpass the United States in power anytime soon and because it understands and appreciates the order more than is commonly realized.

Contrary to the current conventional wisdom, China is not about to replace the United States as the world's dominant country. Power involves the ability to get what you want from others, and it can involve payment, coercion, or attraction. China's economy has grown dramatically in recent decades, but it is still only 61 percent of the size of the U.S. economy, and its rate of growth is slowing. And even if China does surpass the United States in total economic size some decades from now, economic might is just part of the geopolitical equation. According to the International Institute for Strategic Studies, the United States spends four times as much on its military as does China, and although Chinese capabilities have been increasing in recent years, serious observers think that China will not be able to exclude the United States from the western Pacific, much less exercise global military hegemony. And as for soft power, the ability to attract others, a recent index published by Portland, a London consultancy, ranks the United States first and China 28th. And as China tries to catch up, the United States will not be standing still. It has favorable demographics, increasingly cheap energy, and the world's leading universities and technology companies.

Moreover, China benefits from and appreciates the existing international order more than it sometimes acknowledges. It is one of only five countries with a veto in the UN Security Council and has gained from liberal economic institutions, such as the World Trade Organization (where it accepts dispute-settlement judgments that go against it) and the International Monetary Fund (where its voting rights have increased and it fills an important deputy

director position). China is now the second-largest funder of UN peacekeeping forces and has participated in UN programs related to Ebola and climate change. In 2015, Beijing joined with Washington in developing new norms for dealing with climate change and conflicts in cyberspace. On balance, China has tried not to overthrow the current order but rather to increase its influence within it.

The order will inevitably look somewhat different as the twenty-first century progresses. China, India, and other economies will continue to grow, and the U.S. share of the world economy will drop. But no other country, including China, is poised to displace the United States from its dominant position. Even so, the order may still be threatened by a general diffusion of power away from governments toward nonstate actors. The information revolution is putting a number of transnational issues, such as financial stability, climate change, terrorism, pandemics, and cybersecurity, on the global agenda at the same time as it is weakening the ability of all governments to respond.

Complexity is growing, and world politics will soon not be the sole province of governments. Individuals and private organizations—from corporations and nongovernmental organizations to terrorists and social movements—are being empowered, and informal networks will undercut the monopoly on power of traditional bureaucracies. Governments will continue to possess power and resources, but the stage on which they play will become ever more crowded, and they will have less ability to direct the action.

Even if the United States remains the largest power, accordingly, it will not be able to achieve many of its international goals acting alone. For example, international financial stability is vital to the prosperity of Americans, but the United States needs the cooperation of others to ensure it. Global climate change and rising sea levels will affect the quality of life, but Americans cannot manage these problems by themselves. And in a world where borders are becoming more porous, letting in everything from drugs to infectious diseases to terrorism, nations must use soft power to develop networks and build institutions to address shared threats and challenges.

Washington can provide some important global public goods largely by itself. The U.S. Navy is crucial when it comes to policing the law of the seas and defending freedom of navigation, and the U.S. Federal Reserve undergirds international financial stability by serving as a lender of last resort. On the

new transnational issues, however, success will require the cooperation of others—and thus empowering others can help the United States accomplish its own goals. In this sense, power becomes a positive-sum game: one needs to think of not just the United States’ power over others but also the power to solve problems that the United States can acquire by working with others. In such a world, the ability to connect with others becomes a major source of power, and here, too, the United States leads the pack. The United States comes first in the Lowy Institute’s ranking of nations by number of embassies, consulates, and missions. It has some 60 treaty allies, and *The Economist* estimates that nearly 100 of the 150 largest countries lean toward it, while only 21 lean against it.

Increasingly, however, the openness that enables the United States to build networks, maintain institutions, and sustain alliances is itself under siege. This is why the most important challenge to the provision of world order in the twenty-first century comes not from without but from within.

POPULISM VS. GLOBALIZATION

Even if the United States continues to possess more military, economic, and soft-power resources than any other country, it may choose not to use those resources to provide public goods for the international system at large. It did so during the interwar years, after all, and in the wake of the conflicts in Afghanistan and Iraq, a 2013 poll found that 52 percent of Americans believed that “the U.S. should mind its own business internationally and let other countries get along the best they can on their own.”

The 2016 presidential election was marked by populist reactions to globalization and trade agreements in both major parties, and the liberal international order is a project of just the sort of cosmopolitan elites whom populists see as the enemy. The roots of populist reactions are both economic and cultural. Areas that have lost jobs to foreign competition appear to have tended to support Trump, but so did older white males who have lost status with the rise in power of other demographic groups. The U.S. Census Bureau projects that in less than three decades, whites will no longer be a racial majority in the United States, precipitating the anxiety and fear that contributed to Trump’s appeal, and such trends suggest that populist passions will outlast Trump’s campaign.

It has become almost conventional wisdom to argue that the populist surge in the United States, Europe, and elsewhere marks the beginning of the end of the contemporary era of globalization and that turbulence may follow in its wake, as happened after the end of an earlier period of globalization a century ago. But circumstances are so different today that the analogy doesn't hold up. There are so many buffers against turbulence now, at both the domestic and the international level, that a descent into economic and geopolitical chaos, as in the 1930s, is not in the cards. Discontent and frustration are likely to continue, and the election of Trump and the British vote to leave the EU demonstrate that populist reactions are common to many Western democracies. Policy elites who want to support globalization and an open economy will clearly need to pay more attention to economic inequality, help those disrupted by change, and stimulate broad-based economic growth.

It would be a mistake to read too much about long-term trends in U.S. public opinion from the heated rhetoric of the recent election. The prospects for elaborate trade agreements such as the Trans-Pacific Partnership and the Transatlantic Trade and Investment Partnership have suffered, but there is not likely to be a reversion to protectionism on the scale of the 1930s. A June 2016 poll by the Chicago Council on Global Affairs, for example, found that 65 percent of Americans thought that globalization was mostly good for the United States, despite concerns about a loss of jobs. And campaign rhetoric notwithstanding, in a 2015 Pew survey, 51 percent of respondents said that immigrants strengthened the country.

Nor will the United States lose the ability to afford to sustain the order. Washington currently spends less than four percent of its GDP on defense and foreign affairs. That is less than half the share that it spent at the height of the Cold War. Alliances are not significant economic burdens, and in some cases, such as that of Japan, it is cheaper to station troops overseas than at home. The problem is not guns versus butter but guns versus butter versus taxes. Because of a desire to avoid raising taxes or further increasing the national debt, the U.S. national security budget is currently locked in a zero-sum tradeoff with domestic expenditures on education, infrastructure, and research and development. Politics, not absolute economic constraints, will determine how much is spent on what.

The disappointing track record of recent U.S. military interventions has also undermined domestic support for an engaged global role. In an age of

transnational terrorism and refugee crises, keeping aloof from all intervention in the domestic affairs of other countries is neither possible nor desirable. But regions such as the Middle East are likely to experience turmoil for decades, and Washington will need to be more careful about the tasks it takes on. Invasion and occupation breed resentment and opposition, which in turn raise the costs of intervention while lowering the odds of success, further undermining public support for an engaged foreign policy.

Political fragmentation and demagoguery, finally, pose yet another challenge to the United States' ability to provide responsible international leadership, and the 2016 election revealed just how fragmented the American electorate is. The U.S. Senate, for example, has failed to ratify the UN Convention on the Law of the Sea, despite the fact that the country is relying on it to help protect freedom of navigation in the South China Sea against Chinese provocations. Congress failed for five years to fulfill an important U.S. commitment to support the reallocation of International Monetary Fund quotas from Europe to China, even though it would have cost almost nothing to do so. Congress has passed laws violating the international legal principle of sovereign immunity, a principle that protects not just foreign governments but also American diplomatic and military personnel abroad. And domestic resistance to putting a price on carbon emissions makes it hard for the United States to lead the fight against climate change.

The United States will remain the world's leading military power for decades to come, and military force will remain an important component of U.S. power. A rising China and a declining Russia frighten their neighbors, and U.S. security guarantees in Asia and Europe provide critical reassurance for the stability that underlies the prosperity of the liberal order. Markets depend on a framework of security, and maintaining alliances is an important source of influence for the United States.

At the same time, military force is a blunt instrument unsuited to dealing with many situations. Trying to control the domestic politics of nationalist foreign populations is a recipe for failure, and force has little to offer in addressing issues such as climate change, financial stability, or Internet governance. Maintaining networks, working with other countries and international institutions, and helping establish norms to deal with new transnational issues are crucial. It is a mistake to equate globalization with trade agreements. Even if economic globalization were to slow, technology is creating

ecological, political, and social globalization that will all require cooperative responses.

Leadership is not the same as domination, and Washington's role in helping stabilize the world and underwrite its continued progress may be even more important now than ever. Americans and others may not notice the security and prosperity that the liberal order provides until they are gone—but by then, it may be too late.