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# IS THE FOUNDATION OF THE U.S.-LED ORDER CRUMBLING?

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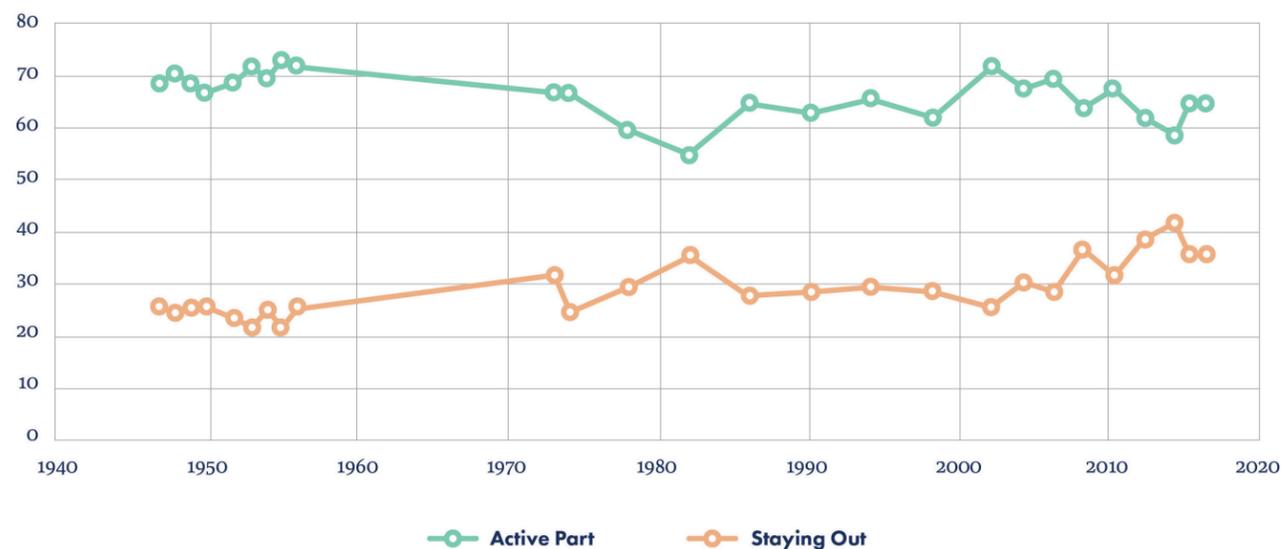


Director of National Intelligence James Clapper spoke for many policy and intelligence professionals when he recently described the current international security environment as “the most complex and diverse array of global threats” he has faced in his 53 years in the intelligence business. American victories seem rare, painfully won, and often fleeting. In contrast, Russia, China, Iran, and North Korea have been mounting multipronged assaults on cyberspace, outer space, and in the gray zones around Central Europe and the South China Sea with seeming impunity. Meanwhile, globalization has unleashed the specter of climate change and pandemics that would be beyond the ability of single governments to control. And just when the world’s leading democracies should be rallying to these new challenges, they are hobbled at home by a new wave of nativism

and populism as domestic institutions continue to disappoint populations struggling with growing inequality and the diminishing returns of the social welfare state.

Are the foundations of the current U.S.-led global order themselves at risk in this more challenging environment? Over the past 70 years, the United States has underwritten international stability and prosperity by leveraging the capacity and willpower of the American people; a global network of bilateral and multilateral alliances; the gradual expansion of human freedom; and a global institutional architecture that has encouraged trade, growth, and the incorporation of rising powers. As John Ikenberry of Princeton has noted, the United States is a “liberal leviathan” that has sustained leadership by sharing leadership—even as the American share of global GDP has slipped from 50 percent after the

## Should the U.S. play an active part or stay out of global affairs?



Second World War to 25 percent after the Vietnam War and 23 percent today.

The most important of these foundations remains the capacity and willpower of the American people to lead. It is for this reason that the free world watched the 2016 U.S. presidential election with such angst. Polling around the world suggests that America's closest allies, including Japan and Australia, increasingly see the United States in decline. Gains made in the "rebalance" to Asia are being offset by the recent hedging and defections by countries like the Philippines, Thailand, and Malaysia. Internal populism and nationalism are playing a role in these countries, but so too are the doubts being sown by America's slow response to coercion in the South China Sea, the sudden opposition to the Trans-Pacific Partnership (TPP) by both presidential candidates, and the outright attacks on allies by one candidate in particular. It remains to be seen whether these attacks by President-elect Trump are merely campaign rhetoric, an attempt to build leverage, or actually reflect disregard for the current alliance system.

Yet there are compelling reasons why American leadership is in fact much more resilient than the

growing narratives at home and abroad suggest. The first is economic. In 2001 Goldman Sachs issued its first "BRICS" report arguing that Brazil, Russia, India, China, and South Africa would dominate global growth and investment in the coming decades. In the aftermath of the 2008 global financial crisis that prediction seemed likely to accelerate, but in 2015 Goldman Sachs shut down its "BRICS" investment fund as the United States remained in the commanding position of top host for foreign direct investment globally thanks to unmatched innovation and energy self-sufficiency, while the BRICS countries struggled with corruption, lower energy prices, and stifling obstacles to innovation.

Of course, the confidence of international investors in the U.S. economy is not matched by the American public, which feels growing disparities in income distribution and thinks the country is going in the wrong direction by a two-to-one margin. Still, the internationalism of the American people has been far more resilient than the current political cycle suggests. Recent polls show that a majority of Americans still support free trade and it is likely that the intensity of key interest groups with respect to trade has amplified the opposition to TPP in this presidential elec-

tion year, without necessarily reflecting a broader or irreversible turn against international economic engagement in the country. President-elect Trump's criticism of U.S. allies, meanwhile, could be derivative of broader dissatisfaction with the political establishment, but it is hardly the expression of some popular new groundswell against standing side-by-side with historic democratic allies on the front lines. More Americans than ever believe that the United States should defend Japan or Korea if they are attacked in Asia. Only about half of Americans have positive views of the North Atlantic Treaty Organization (NATO), but that has been a fairly consistent number since the end of the Cold War.

Meanwhile, though American alliances have been badly shaken by more nativist and populist politics at home and some uncertainty about American willpower in the South China Sea, the Persian Gulf, and Central Europe, the trend lines are still largely positive. Public support for alliances is generally higher among America's leading treaty partners around the world (even the Philippines) and most of the major security relations are becoming more joint and interoperable. Japan has revised its interpretation of Article Nine of the Constitution to strengthen "seamless" operations with U.S. forces; Korea has put off reclaiming wartime operational control from the United States and is instead focusing on more effective joint planning for responses to escalations by the North. Though slow off the dime, NATO is now bolstering forces in the Baltics and Eastern Poland to counter a more assertive Russia. The United States is also enjoying deeper defense cooperation with India, and in East Asia the system of bilateral alliances established in the 1950s is increasingly networked as Japan, Korea, Australia, India, and others deepen their respective bilateral and trilateral security cooperation.

These increasingly networked, interoperable, and integrated alliances are a response to our allies' growing concerns regarding regional rivals like Russia or China that are using coercion to change the status quo. The question is whether the enhancement of security alliances and partnerships is sufficient. Jointness is arguably as important to deterrence as aggregate spending on military capability, but that said, only 5 of NATO's 28 coun-

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tries have met the alliance's agreed 2 percent of GDP spending on defense. And while Japan has increased defense spending in recent years, it still spends less than 1 percent of GDP on defense. Since 2011, China and Russia have increased defense spending by about 30 percent, while the United States has cut defense spending by about a fifth. The United States and its allies still enjoy a significant qualitative edge over any potential regional adversary, but have lost leverage as these regional competitors have demonstrated greater aptitude at asymmetrical targeting of forward bases, space and cyber networks, and a higher tolerance for risk in gray zone tests of will than the United States or our allies have been able to muster. Then there is the additional challenge posed as North Korean nuclear developments threaten the credibility of American extended deterrence and readiness for risk in response to military provocations short of war.

Yet it is important to reiterate that none of these more emboldened regional players has any aspiration or capability to assume the mantle of global leadership—or in most cases even regional leadership. Russia is a declining power that is using the fissures in the Western alliance and its own asymmetrical cyber and paramilitary capabilities to sow limited chaos in Western political systems and to block former Soviet states from consolidating their security and economic relationships with NATO. China, like rising powers throughout history, is free-riding on American leadership globally while engaging in limited revisionism regionally. Beijing

will do what it can to assert its control over the East and South China Seas, but unlike Russia has a great stake in the current international economic order and limited appetite for direct confrontation with the United States. Iran remains a revolutionary regime with historic irredentist aspirations and the potential to destabilize friendly Gulf states that have dissatisfied Shi'a populations within, but the growing threat Iran is posing despite the recent nuclear agreement is also breaking down barriers between erstwhile adversaries in the region, including the Gulf states and Israel. Indeed, all of these potential regional revisionists—particularly China—face the risk of increased counterbalancing and even new collective security arrangements if their irredentist behavior increases. Finally, North Korea, though it poses a significantly higher material threat with nuclear weapons, is entirely focused on regime surviv-

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al and has little ability to dictate the terms of Northeast Asia's future.

More broadly, the Western Hemisphere faces no serious hegemonic aspirant other than possibly Brazil (a stretch) and though the region still suffers from poor democratic governance in some countries, it is generally a net exporter of security and prosperity in contrast to its past. On the whole, Fareed Zakaria's hypothesis that the United States will benefit from the "rise of the rest" remains viable.

Nevertheless, the growing defense spending, asymmetrical capabilities, and tolerance for risk by potential regional challengers in Asia, Europe, and the Gulf

have raised the level of uncertainty about American leadership globally. In none of these regions are allies stepping up sufficiently in response to coercive moves, nor do key allies see the United States as sufficiently focused on deterrence in their own near abroad. Yet the revisionist powers in each region are cooperating with each other only superficially because they all see potential existential threats from each other: Iranian support for Islamic revolutions could destabilize both China and Russia's Islamic minorities; China's growth could overwhelm Russia's Far East; Russia's ideological war with the United States could entrap China in conflicts it does not need; and only Iran sees benefit in North Korea's nuclear breakout. No such mutual threat perception exists among or between the world's leading democratic nations. The problem is that there is no coherent geopolitical concept of "the West" any longer in Washington, London, or

Berlin. The power of the democratic nations to deal with regional revisionism is still less than the sum of the parts. For example, Europe often undermines U.S. allies in the Pacific by eschewing any significant role in responding to Chinese coercion in East Asia, while Japan's ambitious pitch to woo Russia from China in the Far East has the potential to undermine strategies of the trans-Atlantic alliance.

One dimension of this problem is the increasingly contested expansion of democratic norms and rule of law in all regions. In the years just before and after the end of the Cold War, democratic governments emerged across East Asia and Eastern Europe—from Korea and Indonesia to Poland and Ukraine. Polls taken in Asia today indicate that people are far more likely to identify with democratic norms and rule of law than the so-called "Beijing consensus" of authoritarian development. Yet authoritarianism is returning in Russia, China, Turkey, Hungary, Cambodia, Thailand, the Philippines, and scores of other countries. Fearful of "colored revolutions," Russia and China began comparing notes at the Shanghai Cooperation Organization 10 years ago on how to close civil society space and intimidate or silence political opponents and the press. Their basic blueprint has been used with success ever since. Freedom

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House reports the lowest level of press freedom in 12 years. Meanwhile, spending by the United States and Europe on assistance for governance and democracy abroad has dropped since 2009 while public opinion surveys show that Americans have deemphasized support for democracy as a foreign policy priority over the same period. In a 2014 survey of elite opinion, CSIS found that American experts were second only to Chinese experts in their skepticism about democracy and human rights promotion in Asia, even though support for those objectives went up in the rest of the region. These trends may reflect American frustration with the democratic process at home and the impact of the wars in the Middle East, but they also echo the decreasing emphasis of democratic norms by leaders in the United States and Europe.

In the postwar period the Bretton Woods system and later the EU, the G-5 and the G-7 reinforced support for open societies and economies. This institutional architecture had to expand and "democratize" itself with the rise of the BRICS and the 2008 financial crisis, most notably with the establishment of the G-20. The G-20 played a critical role in rebuilding an international consensus against protectionism in the midst of the financial crisis, but the grouping has proven too large and ideologically diverse to set a proactive global economic agenda the way the G-7 had. In Europe the EU seemed poised to establish a Europe whole and free, but BREXIT demonstrated the weak popular foundations of the European experiment, including in continental Europe where polls suggest a British-style plebiscite might also result in an "exit" result. Asia's explosion of postwar institutions, though less ambi-

tious, has also hit diminishing returns because of political diversity and the return of earlier geopolitical rivalries. CSIS elite surveys in Asia 2009 found little confidence that the alphabet soup of multilateral meetings in the region (ARF, APEC, EAS, etc.) would prove useful in an actual crisis and a follow-up survey in 2014 showed growing pessimism about the growth of multilateralism in the region. The EU and the Association of Southeast Asian Nations (ASEAN) simultaneously revealed their Achilles' heels in July 2016 when China was able to buy off Cambodia, Greece, Hungary, and Slovenia and thus block consensus in both Europe and Asia in support of the UN Convention on the Law of the Sea (UNCLOS) arbitration panel's favorable ruling for the Philippines. It was disturbing to see that the weakest link could cripple both regional organizations' ability to stand up to revisionist behavior. Meanwhile, new institutions are emerging that appear to challenge the established multilateral organizations. China's Asia Infrastructure Investment Bank (AIIB) appeared one such example when it was announced in 2014.

Yet the revisionist challenge to existing international and regional institutions should not be overstated. China or Russia may be able to blunt geopolitical action by the EU or ASEAN by picking off individual states, but geopolitical action has always depended more on NATO or the U.S. alliance system in Asia in the first place. Moreover, the EU and to a lesser extent ASEAN continue to define the terms of entry into European and Asian regionalism in ways that potential revisionist powers cannot. In addition, there is no organizational alternative to the EU in Europe while in Asia the closest thing to a non-U.S. regional grouping is the Regional Comprehensive Economic Partnership (RCEP), but RCEP includes U.S. allies like Japan, Korea, and Australia and is still far behind the trans-Pacific TPP process in terms of rule-making and liberalization. Indeed, both RCEP and TPP are understood by the United States and China as falling under a broader inclusive integration effort agreed to at APEC in 2007. Similarly, China's AIIB may look and operate differently from the World Bank or Asian Development Bank, but it is now closely cooperating with both institutions.

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far from crumbling. That then leads to the new sources of entropy in the international system that were never conceived when the postwar order was being constructed: namely, the global threats that emanate from globalization and nonstate actors. Interestingly, the Bush and Obama administrations both argued in their first National Security Strategy documents that global challenges could unite geopolitical rivals and stabilize international order. For Bush, of course, it was the common front against terrorism, and for Obama it was cooperation on the threat of climate change. Both administrations were correct in part. Great power relations did stabilize somewhat because of the global war on terror, while one of the few positive areas of cooperation in U.S.-China relations today is in the area of climate change. The Bush administration also built greater international cooperation and trust around the international cooperation to meet the avian influenza threat and the Obama administration rallied international support to deal with the Zika virus. At the same time, it is clearly not the case that cooperation on global challenges fundamentally changed geopolitics as the current tensions in U.S.-China relations demonstrate. To date these global challenges have neither weakened nor strengthened the foundations of the U.S. international order in any significant way. On the other hand, there could be catastrophic impact on global order should climate change cause fights for scarce water resources or destabilize whole states—or should animal-to-human transmission of a deadly virus force the closure of international flights and trade in the event of an unprecedented international pandemic. Technology also accelerates the impacts of globalization as nuclear and especially biological weapons become more accessible, while the internet of things and thus the global economy itself becomes more vulnerable to cyberattack.

What is one to think of global order given these new scenarios? It would not be accurate to say that the foundations of the U.S.-led global order are crumbling as a result of globalization and technology. These are still largely hypothetical scenarios after all, despite the reality of the technology that could drive them. Indeed, information technology could accelerate change in other directions as well. 3-D printing could re-concentrate economic competitiveness around the United States, for example, and social media penetra-

tion could ultimately tip the scales in favor of freedom even if authoritarian governments have skillfully used the internet to create an impasse for now.

Yet the conclusion for policymakers and strategists should be the same either way. The foundations of the neoliberal order are not crumbling, but they have been shaken from within and without and they could be destroyed in the most cataclysmic scenarios resulting from globalization and diffusion of advanced technologies. The answer is to begin reinforcing resilience and strengthening from within. If the core is American capacity and willpower, there is still much to work with, but it will require rebuilding the case for international leadership in the wake of this very damaging election. The next concentric circle is the U.S. network of bilateral and regional alliances, bound by common interests and values. This second ring must be reinforced with greater jointness, interoperability, and common purpose within and among U.S. alliances, including renewed efforts at defense modernization, trade liberalization, and collective global support for democratic rules and norms. The ability to dissuade revisionism by nondemocratic powers will in turn depend on solidarity within what was once known as the “West”—but now includes many more democratic partners in the Far East. Ultimately, the U.S.-led regional order will depend on sharing power with a rising China and India—just as it depended on sharing power with a rising Japan and Germany in the twentieth century. But strengthening the core of the international system must come before compromises are made to the rules and norms that make that system function.

Ultimately, it will depend on leadership. When we needed Truman, Adenauer, and Yoshida, we had them. When we needed Reagan, Thatcher, Kohl, and Nakasone, we had them once again. We now need leaders who can harness their citizens to defend and expand freedom and prosperity, yet liberal democracies are serving up a disappointing mix of transactional, populist, and ineffective heads of state. History suggests that there is nothing permanent about the nature of leadership, though. New leadership may emerge precisely because the liberal democracies have something fundamental their citizens will want them to defend. Making that point is the first task of the next generation of leaders we need. □