The Future of the LIO

PS 142A.19
“Maybe I missed it, but I haven’t heard any of the Democrats running on the argument that he or she is the best person to answer the White House crisis line at 3 in the morning. They all seem inclined to let that call go to voice mail. I hope that doesn’t last because the phone will be ringing. This will be an extraordinarily volatile and confusing time for U.S. foreign policy.”

Extraordinary Moves in a Period of Possible Transition

- Immigration and fight over border wall
  - Who is or can be an “American”?
- Relations with allies
  - Questioning commitment to NATO
- Withdrawal of troops (or not) from Syria, Afghanistan, Africa
- North Korean summits/nuclear program
- Withdrawal from Paris Accord
- Withdrawal from Iran nuclear agreement
- Trade war with China
The Liberal International Order

- Order produced greatest period of peace and prosperity in human history
  - Collective security within order
  - Free trade and globalization
  - Democracy promotion

- Order also excluded
  - Creation of sphere of influence excluded Soviet Union and others

- Certainly not universal
  - Latin America
  - Middle East
Why the LIO?

- Common threat from the Soviet Union
- Common interests in economic liberalization
  - “Plastic” domestic structures in Europe and Japan re-molded to reflect U.S. interests
- Given common interests, U.S. indirect rule compatible with democracy
- U.S. power restrained by multilateralism
U.S. Is Not Inherently Liberal

- Caribbean Basin and Middle East
  - U.S. role has not been economically or politically progressive
- Elite-based, indirect rule has promoted conservative, status quo oriented dictators
- In these regions, U.S. seeks not free trade but economic dominance
- Democracy is a goal but a low priority
U.S. and Caribbean Basin

- Since the end of the Cold War, have taken more hands off position
- Even removed some sanctions from Cuba, but later reimposed under Pres. Trump
- Remarkable restraint on Venezuela (especially for Trump)
- Key issue is political and social instability and refugee flows
  - State failure in Central America
- Ought to be deepening economic integration and specialization according to comparative advantage
Transformation of the Dominican Republic

Composition of Exports (in percent) and Regime Type, Dominican Republic, 1960-2000

- Agriculture and Raw Materials
- Sugar
- Manufactures
- Apparel
- Polity2
Waning Anti-Americanism in the Dominican Republic

- The influence that the United States has on our country is...
  - Very positive or positive = 81%
- In your opinion, is the United States...
  - Very trustworthy or somewhat trustworthy = 80%
- It took nearly a century, but U.S. rule in the DR has finally become (relatively/somewhat) legitimate.
U.S. and Europe

- U.S. and Europe are drifting apart
  - Europe turned inward towards EU enlargement and NATO expansion
  - No common threat; concern with terrorism, but Europe more concerned with “internal” threats than ungoverned spaces

- Populism driving all in more nationalist directions
  - Brexit and fears of future Brexits have stymied progress

**Recommendation:** Reinvest in success
- Reform not replace NATO and other institutions
- Recommit to multilateralism and give voice to allies
Middle East

- New World Order was stillborn
- Conditions that facilitated the LIO are absent in Middle East
  - Common interests lacking with publics
  - Alliances with elites against reform/rebellion
- U.S. attempts at indirect rule have been destabilizing
  - Iraq is the most notable example
  - But U.S. backing for, say, Saudi Arabia has encouraged opportunism by the regime
U.S. Options in the Middle East

- Promote democracy
  - But public (in near term) will not support U.S.
  - U.S. unlikely to pursue
    - Either limited interests as in Somalia
    - Or will oppose Islamists as in Egypt

- Strengthen indirect rule through elite-based regimes
  - Prepare for continuing backlash
  - Aim to reshape economies over the long term

- Go home — this seems most likely
  - Recommendation: But this should be the result of a strategic plan rather than ad hoc actions
China

- Economic and strategic competition increasingly likely
  - Moving toward economic spheres-of-influence

- **Recommendation**: Should reverse course to the extent possible
  - But real issues exist on Western access to Chinese markets
  - Damage may already have been done: fear and suspicion already pulling countries apart
U.S. Response to China

The New Containment (assume the worst)
- Prepare for economic competition
- Seek out markets and allies in China’s potential sphere of influence
- Prepare for new cold war

Recommendation: Strike a new Grand Bargain on international trade and investment
- China must have room to grow
- Expand rules to ensure free and open markets with a state-capitalist competitor
- U.S. should join forces with other LIO countries to bargain with China
U.S. Response to China

- **Recommendation**: Strengthen coalitions wherever possible
  - Combined pressure may lead to reforms
  - If not, have strongest alliance possible
Populism: Internal Reform

- Sustain globalization
- Reinvigorate the “embedded” side of economic liberalism
  - Stimulate formation of human capital
    - Expand access to higher education
  - Rebalance social welfare spending between elderly and workers displaced by trade and technology
  - Facilitate worker adjustment
    - Expand trade adjustment assistance
  - Reduce income inequality
“Some will cheer the decline of America, but I think we’ll miss it when it is gone.”

Chris Uhlmann, Australian Broadcasting Corporation
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