In 2016, the Brexit referendum in the United Kingdom and the election of President Donald Trump in the United States came as a rude shock for supporters of the liberal international order. In March 2017, Robert Keohane and I wrote an article called “The Liberal Order is Rigged,” articulating how international factors had contributed to the populist upsurge. While the liberal order has been an extraordinary success in certain ways, it has also become self-defeating, partly by contributing to deepening economic inequality and the politics that follow from it, and partly because of missteps by self-satisfied elites.

Since then, three broad visions have emerged in Washington about what to do with the liberal order. The first is to hold on, to maintain yesterday’s version. The second is to rip it down—that is the approach of the populist revolt we see in many countries, including the United States. The third is a progressive counter-revolt, led by individuals like Senators Elizabeth Warren and Bernie Sanders. Parallels to these three foreign policy visions are found in London, Paris, and elsewhere.

An international order is only going to be sustainable, politically, if it meets three criteria. First, it has to share the wealth within liberal societies, and do so visibly. Second, it has to harness international cooperation; myopic nationalism hurts everyone. Third, it has to respect national communities. That has consequences for immigration, dealing with information warfare, and much else.

Each of the three competing visions that have emerged recently fails on at least one of these criteria. That suggests that those of us who care about international order still have some work to do. We should aim for a non-monolithic form of
international order, with different parts: a thin network of global cooperation on certain key issues, a thicker “club model” of economic integration among liberal democracies, and a set of national policies to support international openness.

Clinging to Yesterday’s Order

Consider the three alternative visions presently on offer, starting with maintaining the post-1945 liberal order. The order is a set of governing arrangements manifested by institutions like the United Nations (UN), the International Monetary Fund (IMF), the North Atlantic Treaty Organization (NATO), the European Union (EU), and the World Trade Organization (WTO).

Admittedly, each word of “the liberal international order” is something of a misnomer. It is and was often illiberal, especially in its treatment of the Global South. It was international only in a North Atlantic sense, and did not even try to be global until about 1990. Historically it has often been quite disorderly, and certainly was not built at a single moment. Even “the” order is misleading, since it is more of a collection of orders than a unified entity. Yet despite all that, the term usefully indicates a shift from what came before it. After World War II, a U.S.-led set of institutions has tried to buttress liberal democracies and prevent international discord.

It has had multiple successes. First and foremost, it helped preserve peace among the great powers. It is easy to lose sight of the magnitude of that accomplishment: the last 70 years or so is a uniquely peaceful period among major powers, at least since the end of the Roman Empire. The stability provided by the liberal order discouraged countries such as Germany, Japan, Saudi Arabia, and South Korea from acquiring nuclear weapons. The order also allowed Europe to rebuild after World War II and then the developing world to advance, unevenly, but with billions of people rising out of poverty and new middle classes burgeoning all over the world.

But for all its successes, the order’s institutions became disconnected from domestic society in the very countries that created them. A neoliberal economic agenda, especially after about 1980, eroded the social contract that provides the crucial political support needed for the liberal order’s long-term survival. Many middle-class and working-class voters in the United Kingdom, the United States, and elsewhere, came to believe—with a good deal of justification—that the system is rigged.
Those of us who have not only analyzed globalization and the liberal order but also have celebrated them share some responsibility for the rise of populism. We did not pay enough attention as capitalism hijacked globalization. International institutions were constructed by and for economic elites who created firmer links between themselves and governments. Ordinary people were left out. The facts are clear. Between 1974 and 2015, real median household incomes for Americans with no college education fell by roughly 20 percent. Those with college degrees saw their incomes rise by 17 percent, even more so for those with graduate degrees.

The bill for that broken social contract came due in 2016 on both sides of the Atlantic. Since then, continued signs of populist dissatisfaction have emerged. The gilets jaunes movement in France and Belgium is an obvious case: what began as protests against petrol taxes by people wearing yellow safety jackets, or gilets jaunes, has spiraled into an incoherent but broadly anti-elite political movement. Italian, Austrian, and Danish politics are more complicated, but also animated by populist anger.

Yet, some centrists still do not get it. The Economist ran a lead editorial in 2019 that gushed, “The golden age of globalization, 1990-2010, was something to behold.” Prominent individuals in the foreign policy establishment in the United States, Britain, and elsewhere continue to underestimate the downsides of yesterday’s globalization. Of course, economic factors were not the only thing that drove populism. Social values, identity politics, and partisan polarization have played a vital role. Social scientists have had a good time in the last two years arguing about whether it is economic factors or noneconomic factors that do most of the work in explaining the rise of populism. Both matter.

Admittedly, when voters are surveyed about their concerns, what they express tends to revolve around social values and issues of trust in society—not the details of economic policy. Underneath, though, economics matter. It virtually always does, whether in Weimar Germany where the Nazis flourished, or in Venezuela of the 1990s that produced Hugo Chavez. Stagnating, unequal economies breed populist discontent.

Two international forces have exacerbated polarization and the upsurge of populism in today’s Europe and North America. The first was a loss of national solidarity brought on by the end of the Cold War. During that period, the perceived Soviet threat generated a strong U.S. attachment not only to its alliances but also to other multilateral institutions. Social psychologists have demonstrated the crucial importance of “othering” in identity formation, for individuals and nations alike: a clear sense of who is not on your team makes you feel closer to those who are. The fall of the Soviet Union removed the main “other” from the American political imagination and thereby reduced social cohesion. This was especially problematic for the Republican Party, which had long been a
bastion of anticommunism. With the Soviets gone, the Republicans’ bête-noire gradually shifted from “communists” to “Washington elites.” Trumpism is the logical extension of that development.

In Europe, the end of the Cold War was consequential for a somewhat different reason. During the Cold War, leaders in Western Europe constantly sought to stave off the domestic appeal of communism and socialism. After 1989, no longer facing that constraint, national governments and EU officials in Brussels became more technocratic and less responsive to domestic popular concerns. They then expanded the Union’s authority and scope, even in the face of a series of national referenda that expressed opposition to that trend and should have served as warning signs of growing working-class discontent.

That points to the second exacerbating force—multilateral overreach. Institutions like the UN and the EU can facilitate cooperation and solve mutual problems, but doing so requires that countries curb their own autonomy somewhat. The natural tendency of such institutions, like all institutions, is to expand their authority. On each occasion, there is some seemingly valid rationale. The cumulative effect of such expansions of international authority, however, is to excessively limit sovereignty and give people the sense that foreign forces are controlling their lives. The Brexit vote demonstrated the consequences of a lack of responsiveness in Brussels to national concerns. The utter mess that British politicians have made of Brexit might actually reinforce the arrogance and complacency in Brussels, by perpetuating the idea that states have no viable alternative to participating in technocratic European institutions. Multilateral institutions must never assume that voters have no alternative and must do whatever they insist.16 Voters always have an alternative.

Collectively, these failures of the liberal order helped generate a populist revolt in many countries, including the one in Washington led by President Trump. That revolt manifests the second of the three visions identified earlier, namely to rip down the old liberal order. This approach is deeply problematic, but let’s give credit where it is due. Trumpism gets at least four big things right: China is a real problem for globalization; burden sharing in alliances like NATO is not always well balanced; the gains of economic integration are not being well distributed in the United States or much of Europe; and immigration does bring challenges, even if President Trump and other populists exaggerate them, and then mix in racism and xenophobia.

Populist-Nationalism

Trumpism gets at least four big things right.
Politically, this approach benefits from a narrative about globalization that contains a kernel of truth. Branko Milanovic’s “Elephant Chart,” reproduced as Figure 1, shows the problem: there is a yawning gap between the economic progress made in some parts of the world, mainly China and poor countries (people at point B), and the economic stagnation for workers in Europe and North America (workers at point C) whose real incomes shrank or barely grew. The very rich in those countries, of course, and elsewhere around the world, did just fine (point D).

So, the populist vision is a nationalist one, where each country looks out for itself. Workers in rich nations keep pace; multilateral cooperation is thin and rare; and international politics is transactional rather than based on relationships.

That approach is profoundly flawed because it would have countries withdraw from the world just when we need more international cooperation, not less. Two big risks from this approach jump out immediately. The first is climate change. As former U.S. Vice President Al Gore says, our planet has a fever. Like a human fever, a few degrees change can make a massive difference in the health of the patient. Currently, our political leaders talk about limiting the increase to only

**Figure 1: The “Elephant Chart” of Worldwide Income Growth Distribution**

![Graph showing income distribution](source: Christoph Lakner and Branko Milanovic, “Global Income Distribution: From the Fall of the Berlin Wall to the Great Recession,” *The World Bank Economic Review* 30, no. 2 (August 2015): 203-232.)

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1.5 or 2 degrees Celsius, but that is highly unlikely. Sir Robert Watson, a former director of the UN Intergovernmental Panel on Climate Change, believes a 3 degrees Celsius increase is the realistic minimum. The damage we are doing to our world will far outweigh the costs of taking sensible steps right now to mitigate our greenhouse gas emissions. Yet, we are failing to do so. Part of the reason is that each state hopes that the rest of the world will move first, so that it will not have to bear so much of the cost. Populists and nationalists have no answer for that problem, and by extension, no answer to the central global threat of our times.

As if that was not enough, the second big risk is the rising chance of major power war. Populists want tough-minded realism, but tough-minded realism is, in some sense, self-fulfilling. It weakens the economic and noneconomic bonds between states and creates an atmosphere of distrust. It runs directly against the lessons of two world wars, after which the victors decided that they needed open trade networks and multilateral institutions like the UN to help keep the peace between major powers (supported, too, by the deterrent of nuclear weapons). Populist nationalism weakens both multilateral institutions and trade networks. Of course, positive diplomacy does not mean that pretty words or commercial ties can make whatever world we want; but ideas matter, and people always have choices. The wrong words can push the wrong ideas. In the long run, the wrong ideas could put major powers on the road to war.

These two big risks are flanked by a host of other ones. Liberal democracies need a coherent Western response to various abuses by Russia, China, Saudi Arabia, and others. Trump’s flawed militarism, without even much effort at legitimacy or multilateralism, threatens to turn into what political scientist Barry Posen calls “illiberal hegemony.” The presidential insults to allies, bullying, and disregard for moral values contrast with previous administrations’ efforts toward “liberal hegemony,” combining U.S. leadership with at least a veneer of legitimacy, respect for human rights, and decency to allies. We also need to manage the increasing complexity of interdependence among democracies, and the economic risks associated with a ham-fisted, badly managed U.S.-China trade war. On all these issues, the populist approach to foreign policy is an intellectual dead end.

**Progressive Alternative**

Populist foreign policy has inspired, however, a third vision of foreign policy initiated by those on the progressive left. Senators Elizabeth Warren and Bernie
Sanders, two candidates for the 2020 Democratic Party presidential nomination, each gave major foreign policy addresses describing their outlooks. Scholars and analysts have added to this collection.

Progressives want a long list of changes to U.S. foreign policy, including: recommitting to allies and multilateral deals like the Paris climate agreement and the Iran nuclear deal; withdrawing U.S. troops from Afghanistan and Iraq; giving labor leaders a seat at the table for international trade deals; increasing transparency of cross-national asset flows and curbing corporate tax havens; protecting the electoral process from foreign interference; reversing huge tax cuts for the rich that exacerbate the deficit and crowd out other government priorities; and recommitting to nuclear nonproliferation and arms control. Progressives get a lot of things right in this list. Above all, they understand that the dividing line between foreign and domestic policies has disappeared in the 21st century. Elizabeth Warren writes that “actions that undermine working families in this country ultimately erode American strength in the world.”

Yet, progressives also tend to dodge some of the big issues. The clearest case of that tendency is on the crucial issue of immigration, which progressive leaders barely mention at all. It is an issue they would rather not talk about, because different parts of the progressive coalition want different things on immigration. That approach will not cut it. While their leaders waffle or remain mute, some progressives have led a social media campaign #AbolishICE, referring to U.S. Immigration and Customs Enforcement (ICE). Congresswoman Alexandria Ocasio-Cortez endorses it. ICE badly needs reform, but the campaign creates the impression that progressives want open borders and no limits on immigration at all. Other progressives want immigration with sensible limits, but that message gets drowned out.

By contrast, the populist right has a clear message on immigration: populists blame immigrants for crime, strain on public services, demographic change, and loss of social solidarity. Like it or not, that message is appealing for a significant part of the electorate in most Western countries. Fear and xenophobia are powerful political weapons, and plenty of demagogues on the right know how to wield them.

Populist discontent is also not all racism and hatred. Populists have tapped into a genuine desire for sustaining national culture. That desire is understandable, and it is keenly felt in almost every nation on earth. It is undeniably true that immigration can change a national culture over time—even though, as progressives would point out, immigration is part of what enriches a national culture, too. The real question is about how to balance social tradition with social renewal.

Besides immigration, progressives can also be a bit incoherent on trade. Collectively, they talk tough on China or Mexico for stealing U.S. jobs and breaking trade rules, but they oppose the Trump administration’s plans to reform either NAFTA or the WTO, and generally support international engagement and
openness. Progressive politicians leave voters confused: do they want trade or not? They are not clear enough that the desirability of trade depends crucially on one’s trading partners, especially trade among complex economies. Good trade rests on trust relationships between countries, and a certain degree of compatibility between domestic systems.

So, if we return to the criteria for a sustainable order described at the outset, we see that each of the three alternative visions fails on at least one of the criteria. Clinging to yesterday’s liberal order does not spread wealth nearly evenly enough, which rots domestic support for it. Populist nationalism does not harness international cooperation to meet the crucial challenges of global interdependence, most notably climate change. And the progressive alternative does not do enough to respect national communities, at least on the issue of immigration—though it does better that most in terms of emphasizing the need to protect elections from interference.  

**Toward a Better Way**

So how to move forward in a better direction? The criteria for a politically sustainable international order can be turned into design principles. Start with the principle of harnessing the power of multilateral cooperation. Not every issue needs to be solved at the global level, but there are some things that we must do together as a world community, despite our very real differences. Climate change, arms control, dispute resolution and peacekeeping, ocean protection, and disease pandemics are all candidates for this type of cooperation. On these issues, the liberal democracies of Europe and North America must find common ground with autocratic countries.

Of these global challenges, climate change is the most pressing. Yet, solving it will not be easy. The *gilets jaunes* in France, who got started by protesting a hike in fuel prices that the government justified as an environmental measure, are only one of several indicators that the costs of preventing climate change cannot be placed disproportionately on the working class. Just the opposite, in fact. Elites must face the fact that if they want to pass on a good world to their children, they must be willing to bear the bulk of the costs of at least the first steps of reducing greenhouse gas emissions. The discussions in the U.S. Congress of a Green New Deal, which marries environmental and inequality concerns, are promising.

The second step is to design trade deals and other forms of economic integration—which includes the movement of people and money as well as goods—in ways that share the wealth among the working classes of liberal societies. In practice, I suspect that means linking the Most Favored Nation (MFN) principle to the compatibility of domestic economic and legal systems. While liberal democracies can and should cooperate with autocracies in some areas, they should reserve their strongest forms of cooperation for other liberal democracies.
This recommendation reflects the trajectory of Russia and China over the last 30 years. There was a time, especially in the late 1990s and early 2000s, when Americans and Europeans hoped that by integrating Russia and China into the world economy and giving them membership in the WTO, their economies would be shaped in a more capitalist direction bound by the rule of law. It might even lead to democracy. Today, the hard facts are clear: Russia and China are as autocratic as ever, and they are not going to change due to external forces. In fact, their governments are likely to take advantage of openness by liberal democracies to suit their own ends. It is with regret, but also a dose of real urgency, that liberal democracies should tighten market access against non-liberal societies. The main reason for doing so is to help ensure that the gains from such integration are shared internally, and that trade deals do not undermine the working classes or national security. Yet, the club model of economic integration comes with an important side benefit, namely that it generates an incentive for semi-autocratic countries or fragile democracies to liberalize and maintain the rule of law.

The third principle is to respect national communities. That can be translated into policy in a variety of domains, both foreign and domestic. Proposals like those from political scientists Ken Scheve and Mathew Slaughter are especially powerful. They call for a reversal of the regressive tax cuts in the United States and plowing that money back into lifelong learning initiatives to raise human capital among the working classes in the United States. Scheve and Slaughter’s focus on career-long, incremental retraining is something that deserves far more attention, especially in North America but also even in Europe.

Economists like Dani Rodrik and Gabriel Zucman also have some good ideas. Europeans especially would be wise to confront Rodrik’s trilemma, which stipulates that there are three things of which a country can have at most two—namely national sovereignty, electoral politics, and deep economic integration. There is tension among those three. For instance, in principle we could get rid of nation states and have electoral politics and economic integration, but that is highly unlikely on a global scale. Alternatively, a state can choose to make itself highly responsive to the needs of the international economy, but that inevitably comes at the expense of other priorities that voters desire. As Rodrik points out, most politicians in Europe gloss over the tradeoffs and are vague about what balance they favor. Regrettably, only the xenophobic nationalists are clear about where they stand with respect to Rodrik’s trilemma—they prioritize national autonomy and electoral politics at the price of international integration.
On immigration, centrists and progressives must have a clear answer that favors controlled immigration. The idea of completely open borders is unwise and politically unsustainable. Moderate immigration, however, enriches a nation materially and socially. Immigrants should be able to earn their way to full citizenship over time, but that does not mean that they need to have full access to all parts of the welfare state from the first day they arrive.

More broadly, those who favor international cooperation must have a simple message to match the likes of Donald Trump, Nigel Farage, and Marine Le Pen. Populism has a clear, marketable ideology, defined by toughness, nationalism, and nativism. Like it or not, “America first” is a powerful slogan. To respond, proponents must offer a similarly clear, coherent alternative, and it must offer an appealing vision for our children’s future.

Respect for national communities also has implications for military interventions. Past U.S. military interventions in Vietnam, Afghanistan, Iraq, and Libya ought to serve as a giant lesson that other countries have national communities, too, and that “fixing” them is not easy. Nation building can sometimes be successful—as Germany and Japan after 1945 attest—but it requires unusual circumstances and massive resources of the kind that the United States is not usually willing to sustain. Given that reality, more self-discipline and less intervention seem wise. Self-discipline does not require, however, wholesale abandonment of formal and informal alliances.

Put these three elements together—a thin network of cooperation on global challenges, a thicker club model of economic integration among liberal democracies, and national policies to support international openness—and you get a differentiated form of international order. Europeans call this kind of international order “multi-speed,” meaning that not every country is involved in every part of it. The pros and cons of multi-speed integration are more familiar in Europe than in North America, but they should be taken seriously everywhere. The post-Cold War unipolar moment is over, and the United States cannot afford to have a monolithic vision for world order. As China, Russia, and others weigh in, no country will be able to dictate the order alone. Successful cooperation will be differentiated cooperation.

**Putting Visions into Practice**

Pursuing this vision will require smart political strategy. To that end, it is worth returning to the closing days of World War II when the liberal order was originally conceived. Before the Cold War even began, the foundations of the liberal order
were built to avoid the dangers of what had come before—excessive nationalism. Today, nationalist ideas ride again. It is an ideology that will probably never be wholly defeated. There will always be some who want to twist the identity of a nation to serve their own purposes.

It is time that progressives, centrists, and liberals of all stripes went on the attack in the battle for national identity politics. The challenges are from within and from without, whether it is ethno-nationalism in the White House or authoritarianism in Beijing and Moscow. A rejuvenated approach can answer those challenges. A society that combines market competition with social solidarity provides freedom, democracy, pluralism, and a space for enterprise. That is a model that is appealing, and it is one that works. Stack that up against the alternatives, anytime, anywhere in the world.

Notes

2. This section reproduces some text from Colgan and Keohane 2017.

Sarah Bauerle Danzman’s calculations, based on data from U.S. Bureau of Labor Statistics, suggest that while some jobs have been lost, others have been created.

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35. By contrast, see the GOP position: A.B. Stoddard, “Trump, GOP Won’t Act on Election Interference Warnings,” and Philip Bump, “Most Republicans Don’t Accept a Basic Mueller Finding: That Russia Tried to Interfere in the 2016 Campaign.”


45. Goldgeier, 2018