



# Present at the Re-Creation:

A Global Strategy for Revitalizing,  
Adapting, and Defending a  
Rules-Based International System

**Ash Jain and Matthew Kroenig**

Foreword by Madeleine Albright and Stephen J. Hadley

# Present at the Re-Creation: A Global Strategy for Revitalizing, Adapting, and Defending a Rules-Based International System



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Cover: Scala/Art Resource, NY

Title: Galileo and Viviani  
Artist: Tito Lessi  
Year: 1892  
Location: Museo Galileo, Florence, Italy

In this painting, Galileo is sitting with Vincenzo Viviani, his last pupil, while under house arrest. Galileo was forced to live out his life under house arrest after being condemned in the Inquisition for his support of heliocentrism, or the idea that the Earth revolves around the sun.

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# FOREWORD

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In the immediate aftermath of the Second World War, the United States and other leading democracies built an international system that ushered in an almost 70-year period of remarkable peace and prosperity. Founded on democratic and open-market principles, its institutions and rules have promoted global economic growth and development, lifted hundreds of millions out of poverty, and advanced the cause of freedom. After three decades of largely uncontested primacy, however, this rules-based system is now under unprecedented challenge, both from within and without.

In March 2018, we launched an initiative under the auspices of the Atlantic Council aimed at revitalizing the rules-based international system and reinvigorating support for its core tenets. We were joined by a distinguished group of former officials and strategists in creating a Declaration of Principles for Freedom, Peace, and Prosperity—offering seven statements that we believe are foundational for a revitalized international system and reflect the common aspirations of the human spirit. The principles are intended to provide a clear and compelling statement of values—a “north star”—around which political leaders and the broader public can rally in demonstrating their support for the rules-based system.

But principles alone are not enough. We need a new strategy—one ambitious enough to meet the moment, and one innovative enough to fit the challenges and opportunities of the 21st century.

In this paper, *Present at the Re-Creation*, Ash Jain and Matthew Kroenig propose a visionary but actionable global strategy for revitalizing, adapting, and defending the rules-based international system.

The strategy sets forth three key pillars:

First, the authors call for a renewed effort to rally democratic states—not just those of the transatlantic alliance, but

also democracies across Asia, Africa, and Latin America—to work together to defend and advance the common values that unite them. At the same time, the authors argue that these states must engage the autocratic great powers, including China and Russia, to seek their support for those elements of the rules-based system on which their interests and those of the democratic states align.

Second, the international system must be significantly adapted and redesigned to address existing shortcomings and to reflect new realities. To this end, the authors propose several new institutions designed for the needs and challenges of today’s world.

Finally, this revitalized and adapted system must be defended. The authors argue for a more systematic approach to monitoring and incentivizing compliance with core rules, to defending democracy against autocratic backsliding and interference, and to confronting the dangers posed by revisionist powers, nuclear proliferation, terrorism, disruptive technology, and other global threats.

Implementing such a strategy will not be easy—especially given the erosion of support for democratic principles in the United States and other leading democracies around the world. But the first step in dealing with such challenges is to identify a compelling vision and then to articulate a way to achieve it. This paper does exactly that.



**Madeleine Albright**  
Former US Secretary of State



**Stephen J. Hadley**  
Former US National Security Advisor

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## EXECUTIVE SUMMARY

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**T**he United States and its victorious allies in World War II led the construction of the international system we inhabit to this day.<sup>1</sup> Following two devastating global conflagrations, they devised a system of rules and norms, backed by alliances and international institutions, which provided forums for states to settle political disputes and help societies rebuild from economic depression and war. This rules-based international system proved successful beyond even the expectations of its architects. Over the past seven decades, the world has become much more peaceful, prosperous, and democratic than at any time in history.

Yet, today, this system faces new challenges. The global distribution of power is shifting. Revisionist, autocratic states seek to disrupt or displace the existing system. Authoritarian state capitalism is challenging the Western model of free markets and politics as the best way to order society. In addition, new issues, such as emerging disruptive technologies, have arisen for which the original system was never designed.

Across the West, there is a loss of confidence in its own political model. Growing inequalities are leading many to question open-market economics and provoking a backlash against global engagement. All of this is taking place as the leading champion and defender of this order, the United States, is revealing increasing uncertainty about both its ability and willingness to continue to play its traditional role in advancing the rules-based system.

In the face of these challenges, many analysts have suggested that the rules-based system as we have known it is destined to deteriorate.<sup>2</sup> According to this argument, the United States and its democratic allies and partners no longer have the global influence, nor the domestic political backing, to decisively shape outcomes internationally. They conclude, therefore, that the United States and its allies have no choice but to scale back their global ambitions and find ways to accommodate rival great powers in a new, less liberal, world system.

Others contend that the recent troubles with the rules-based system can be attributed largely to short-lived political disruptions, such as the populist wave sweeping across many democracies around the globe. Once these temporary obstacles pass, this narrative suggests, the United States and its allies can dust off the old playbook and return to the traditional model of doing business.

Both of these viewpoints are misguided. The post-World War II order has proven unmatched in its ability to provide for global peace, prosperity, and freedom. It would be unwise to abandon it—or significantly reduce its scope—because it is coming under new strains. At the same time, it is impossible to return to a world that no longer exists. Global conditions have fundamentally changed, and it makes little sense to cling to a static and dated system in the face of new realities. The United States and its democratic allies must find a new way forward that steers between these alternate dangers of defeatism and nostalgia.

This strategy paper advocates for the revitalization, adaptation, and defense of a rules-based international system.<sup>3</sup> Instead of retrenchment, the United States and its allies and partners around the world must double down and seize the current moment as an opportunity to expand and deepen a rules-based international system, grounded in liberal norms and values. Indeed, despite common misperceptions to the contrary, the United States and its extensive network of allies and partners continue to possess the preponderance of power necessary to advance a liberal, rules-based system. In addition, democratic publics are much more willing to support global engagement than conventional wisdom suggests, provided that leaders lead with a compelling vision for the future. A rules-based approach can continue to function and even flourish, but a new strategy is required. The task ahead for those of us “present at the re-creation” is to translate the enduring principles on which the postwar order was constructed into a significantly redesigned system capable of meeting the challenges and opportunities of the twenty-first century.<sup>4</sup>

First, the United States and its democratic allies must act to revitalize support for the principles of a rules-based system. A sustainable global system will require reaffirming democratic values and deepening cooperation among the world’s democracies, while at the same time building an inclusive framework that ensures that all major global powers, including China, can contribute to and benefit from the system’s success.

In a revitalized system, the United States should continue to lead, but it will ensure a favorable balance of power for the free world by more proactively linking together and driving collaboration among its democratic allies and partners. These core democratic powers, united around the new Declaration of Principles, should take the mantle to collectively advance and steer a revitalized rules-based system. They should be joined by the world’s rising democracies, such as India, Brazil, Mexico, and South Africa, to work more closely together to advance and defend the common values that unite them.

Democratic publics, especially in the United States, must be convinced of the benefits of committing the resources necessary to maintain global leadership.

At the same time, such a system must extend beyond the democratic core to seek the active participation or, at a minimum, the acquiescence of autocratic great powers. Like it or not, Russia and China have the power to disrupt the functioning of an effective system, and they must be made to see the benefits of contributing to a peaceful and stable global system. The free world should work with Russia and China to identify shared norms and principles, and to forge an agreed-upon set of international rules. The free world can, and should, pursue hardheaded engagement without compromising its fundamental values.

This strategy paper, therefore, advocates a two-track approach. The integrated democracies of the free world should provide consistent and principled systemic leadership to advance a rules-based system, while seeking to identify common interests and extend areas of cooperation to a more inclusive group of global powers.

Second, the rules-based system of today needs to be significantly adapted and redesigned to address existing shortcomings and reflect new realities, including the diffusion of global power and emergence of disruptive technologies. The United States and its democratic allies need an ambitious effort to re-create and update, not abandon, the institutions uniting the system's democratic core. This paper calls for adaptations including: reinventing the Group of Seven (G7) as a new elevated "D10" that will serve as a steering committee of democracies; forging a new, global, and formal Alliance of Free Nations (AFN); and negotiating a Free World Trade Agreement (FWTA) that will link the economies of the democratic world.

At the same time, the interests of all states, including autocracies, must be represented in a revamped global system. This is not a strategy focused on institution building in the democratic world to the exclusion of autocracies. On the contrary, it is necessary to build an inclusive order that brings in other major powers. The Group of Twenty (G20) should take on an expanded role as a global decision-making body on a wider range of political, economic, and security matters. New dialogues should be established within the G20 framework for major powers to find common ground on new technology and on reforming the global trading system. Meanwhile, the United Nations—particularly the Security Council—should continue to serve as a universal forum for dialogue and cooperation among all states. With both tracks firmly grounded in a revitalized international system, leading global powers can begin to develop the new rules and norms

necessary to meet the demands of the twenty-first century.

Finally, this revitalized and adapted system must be defended. Leading powers need to put in place a more systematic approach to monitor compliance with core rules, incentivize state compliance with these rules, and develop measures to punish major challengers to the system. In the near term, this will mean that the democracies at the core of the rules-based system must ramp up for a new era of great-power competition. They should also defend democracy against autocratic backsliding and interference. At the same time, a larger group of global powers must seek to cooperate to confront the dangers posed by nuclear proliferation, terrorism, disruptive technology, and other global threats.

The strategy set forth here may strike some as unrealistic. However, as discussed further below, the approach outlined in this paper does reflect current geopolitical realities and is well-suited to address them. The United States and its allies and partners retain the capability and the domestic political support to lead a revitalized international system, and Russia, China, and other major powers will find that their interests will be better served by engaging with, rather than being isolated from, this effort.

At the end of the day, this strategy will succeed if it is able to convince all major states that their interests are best pursued within a rules-based system. Not only can they expect substantial benefits for participation within the new system, but they will know that any significant efforts to challenge or undermine the system will be futile.

The rest of this paper will continue in six parts. First, it will describe the fundamental features of the current rules-based international system and the benefits it provided over the past seventy years. Next, it will analyze the present-day strategic landscape to understand the factors challenging the existing system. Third, the paper will identify possible future scenarios of the state of global order. Fourth, the paper will identify strategic objectives. Fifth, it will articulate the major elements of the proposed three-part strategy for advancing a new rules-based system. Finally, the paper will discuss how this strategy can be realistically implemented and offer a brief conclusion.

# WHAT NEEDS TO CHANGE? TOWARD A REVITALIZED INTERNATIONAL SYSTEM

## Revitalize

CHARACTERISTICS OF THE PRIOR SYSTEM	RECOMMENDATIONS FOR CHANGE
<p>The West sought to accommodate autocratic great powers within the rules-based system, in the hope that they would behave as “responsible stakeholders.”</p>	<p>The United States and its allies implement a two-track approach, deepening cooperation with the world’s democracies to advance the rules-based system, while seeking cooperation with all global powers on areas of mutual interest.</p>
<p>The United States largely developed its own strategies and policies on global challenges and, at times, acted unilaterally.</p>	<p>The United States actively and consistently coordinates with European and Asian allies to develop and implement joint strategies and policies.</p>
<p>The transatlantic community served as the core of the rules-based international system.</p>	<p>Leading democracies worldwide rally around a new set of principles for a revitalized and adapted system.</p>
<p>Rising democracies generally followed a nonaligned foreign policy.</p>	<p>Rising democracies align with the United States and other like-minded partners to advance the rules-based system.</p>
<p>Public support for the rules-based system began to dissipate as large segments of democratic societies were left behind by globalization and failed to appreciate the broader benefits.</p>	<p>Democratic governments worldwide respond to legitimate concerns and effectively advocate for a rules-based system to rebuild public support.</p>

# Adapt

CHARACTERISTICS OF THE PRIOR SYSTEM	RECOMMENDATIONS FOR CHANGE
A range of institutions sought to address global challenges in an uncoordinated fashion.	A new D10 and an empowered G20 serve as the dual-track steering committees of an adapted rules-based system.
The UN Security Council served as the primary decision-making body on matters of international peace and security.	A new Alliance of Free Nations (AFN) provides a complementary platform to the UN for addressing international security and economic challenges.
The liberal trading system was enhanced by multilateral and bilateral free-trade agreements.	A new Free World Trade Agreement (FWTA) links major democracies into a single, comprehensive free-trade zone.
Europe served as the focal point for geopolitical tensions, and regional architecture focused on European and transatlantic institutions.	Asia serves as the focal point for geopolitical tensions, and a new Indo-Pacific Partnership and an Enhanced Seven-Party Framework are established.
International technology rules and norms were developed piecemeal to govern the most important innovations of the twentieth century.	New technology-focused committees linked to the D10 and G20 develop an integrated set of rules and norms for the emerging technologies of the twenty-first century.

# Defend

CHARACTERISTICS OF THE PRIOR SYSTEM	RECOMMENDATIONS FOR CHANGE
Responses to violations of the rules-based system were inconsistent and often subject to political whim.	Penalties for violations of the rules-based system are more consistently and systematically enforced by the leading democracies.
Russia and China acted aggressively toward their neighbors and built strategies and capabilities that erode the US and allied military advantage.	The United States and its democratic allies reinvest in their defenses to shore up a favorable balance of power for the free world.
State-led capitalists preyed on the global trading system to gain unfair advantage.	The democratic core counters unfair trading practices, in order to defend the integrity of the global economic system.
Sovereignty was absolute, and sovereignty norms prohibited interference in the domestic politics of other states.	Sovereignty is recognized as contingent on states' compliance with core principles of the rules-based system.
Foreign interference by adversaries to undermine democratic governance met with insufficient resistance.	The United States and its allies strengthen defenses against foreign interference in domestic politics and effectively counter efforts to undermine democracy.
Democratic transitions were beset by violence, extremism, backsliding, and political instability.	Effective models of democratic transition are developed and implemented in priority countries, resulting in an expansion of democracy around the world.



The rules-based system consists of formal and informal institutional bodies, such as the G20, aimed at advancing multilateral cooperation.

## CHAPTER 1

# THE CURRENT RULES-BASED INTERNATIONAL SYSTEM AND ITS BENEFITS

**W**hat is the rules-based international system? Largely constructed by the United States and its democratic allies at the end of World War II, the system reflects a set of norms and principles pertaining to global security, economics, and governance. The architects of the postwar order sought to advance “more ambitious ideas about economic and political cooperation.”<sup>5</sup> As Secretary of State Cordell Hull explained in September 1943, the goal of the postwar order was to replace “the anarchy of unbridled and discordant nationalism” with international “rules of morality, law, and justice.”<sup>6</sup> At the same time, the advancement of these norms coincided with shared US and European interests in an expanding global economy, and a more stable and secure international environment. The system was not established in a single stroke, but evolved gradually over time to constitute what is today a dense set of partially overlapping organizations and institutions.

This paper prefers the term “rules-based system” because a distinguishing feature of this system is a dense set of rules, norms, and institutions—both formal and informal—that governs relations among states (for a list of the major features of the current rules-based system, see Appendix 1). While not always obeyed, even by its chief architects, the sheer breadth of norms and institutions that govern major aspects of global security, economics, and governance is unique to this current era, as is the universality or near universality of membership in many of the most important bodies. Moreover, while there are many notable exceptions, the degree to which the system leader has created, propagated, and enforced rules—and has even constrained its own behavior by them— is remarkable.

This system has alternately been referred to as a “liberal international order,” the “US-led global order,” “multilateral order,” or “democratic world order.” This paper uses these terms interchangeably, but “rules-based system” may be the best encapsulation of the core idea of what makes the current era unique.

The term “system” is preferred to “order” because it is more precise. “Order” is a broader term that means the pattern by which various things are related to one another. “System” is defined as a set of principles or procedures working together as part of an interconnected network.

In the American political context, there is ambiguity in the term “liberal,” as it can refer both to the classical liberal philosophy of free markets and politics and the word’s modern connotation, meaning left-leaning or social-democratic politics. Throughout its history, however, both “liberal” and conservative politicians and political parties in the West have embraced the rules-based system. The term “US-led system” risks overlooking the centrality of US allies and partners, which have been essential to maintaining the international system. At certain times, and on certain issues, they have been more forceful advocates for the system than the United States itself.

The primary attributes of the rules-based system include the following.

**A set of rules** encouraging peaceful, predictable, and cooperative behavior among states that is consistent with liberal democratic values and principles, *inter alia*, respect for sovereignty, limits on the use of force, free flows of global capital and trade, respect for individual rights and freedoms, the rule of law, and democracy.

**Formal institutional bodies** that serve to legitimize and enforce these rules. This includes organizations, such as the United Nations (UN), NATO, and the World Bank, and more flexible arrangements, like the G7. These institutions are designed to defend the system, advance compliance with international rules and norms, and provide a forum to discuss and settle disputes.

**The role of powerful democratic states** to help preserve and defend the system. The United States and its democratic allies and partners in Europe and Asia have played a central role in promoting and defending the rules-based system by: serving as the core of regional and bilateral security alliances; leading the establishment of global economic institutions and promoting

free trade and financial flows; providing international public goods; sustaining open and accessible domestic economies that became the engine for global economic growth; modeling and promoting good governance and democracy; and offering benefits and threatening to impose costs to incentivize other actors to comply with established rules.

In the security realm, the system is characterized by rules that protect state sovereignty and territorial integrity, and place limits on the use of military force. The Law of Armed Conflict provides prescriptions and proscriptions about the causes, conduct, and cessation of legitimate uses of military force. The system also includes treaties and agreements designed to stop terrorism and the proliferation of weapons of mass destruction, the centerpiece of which is the Treaty on the Nonproliferation of Nuclear Weapons (NPT). This security order is underpinned by the US-led formal alliance structures in Europe and Asia that have provided geopolitical stability in both regions. It includes the UN Charter and the UN Security Council (UNSC), which serves as a forum for major powers to deliberate and make decisions about threats to international security. The system is also supported by a wide variety of other arrangements, including various bilateral, regional, and global treaties and agreements on issues of war and peace.

In the economic domain, the rules-based system has served to promote an interconnected global economy based on free markets and open trade and finance. The core principle, as enshrined in the Bretton Woods system and its key institutions, is that an open economic system, including the free movement of goods and capital, increases global standards of living and reduces the incentives for international conflict. These institutions include: the World Trade Organization (WTO), the World Bank, the International Monetary Fund (IMF), and a wide variety of other bilateral and regional trade and financial agreements. These institutions were designed to help states rebuild from world war, to promote freer trade and financial policies to avoid repeating the harmful protectionism of the interwar years, and to spur economic growth in developing countries so that they could better participate in the international economy.

Finally, in the realm of governance, the rules-based system has sought to advance the universal applicability of democratic values and human rights. As enshrined in the Universal Declaration of Human Rights, these principles hold that human beings are entitled to freedoms— including freedoms of speech, religion, the press, peaceful protest, and assembly, as well as the right to choose their own leaders—and that governments should refrain from actions that violate these rights. The leaders of the international system incentivized other states to adhere to these principles through a variety of mechanisms. For example, economic assistance or membership in regional institutions often included terms of conditionality tied to economic and governance reforms.

The system includes many other global, regional, and functional institutions. Some, such as the European Union, cut across all three domains, while others focus on specific issues or challenges, such as those related to environmental protection, development assistance, narcotics trafficking, refugees and migration, and global health.

Realist international-relations scholars are skeptical of the causal force of international institutions, and this skepticism is often warranted.<sup>7</sup> What made this international system different, however, was the degree to which it was backed by US power and the support of the United States' democratic allies. The system worked because it was underwritten by a global power that had a strong interest in ensuring geopolitical stability, an open international economic system, and good governance and democracy.

## The Benefits of the Rules-Based System

**T**his international system, while not perfect, has proven to be more successful than any in human history at providing security, economic prosperity, and freedom. The evidence of this is apparent in the numbers. Before 1945, major powers frequently engaged in direct warfare on a massive scale, as in the Napoleonic Wars, World War I, and World War II. Since 1945, however, there have been zero great-power wars. As shown in Figure 1, the percentage of people killed in armed conflict has drastically declined in the post-World War II era. Armed conflict killed an average of 1-2 percent of the human population from 1600 to 1945. During the Cold War, an average of 0.4 percent of the world's population perished due to war. Since the year 2000, less than one one-hundredth of 1 percent of people have died this way.<sup>8</sup> Under a rules-based system, the world has continued to make progress in reducing deaths from all kinds of war, including often-intractable civil conflicts.<sup>9</sup>

Turning to economic prosperity, the global gross domestic product (GDP) per capita in 1945 was \$4,079.<sup>10</sup> Today it is \$11,570.<sup>11</sup> This drastic increase in global living standards is evident in Figure 2. The share of the global population living in poverty has dramatically decreased. In 1929, the number of people living in extreme poverty (defined as earning less than 1.90 international dollars per day) was 1.35 billion, almost two-thirds of the world population at the time. In 2015, that figure was 733.48 million, or slightly less than 10 percent of the world population.<sup>12</sup> China itself has been one of the biggest beneficiaries of this system, as geopolitical stability in Asia and integration into the global economy helped to lift four hundred million Chinese out of poverty.

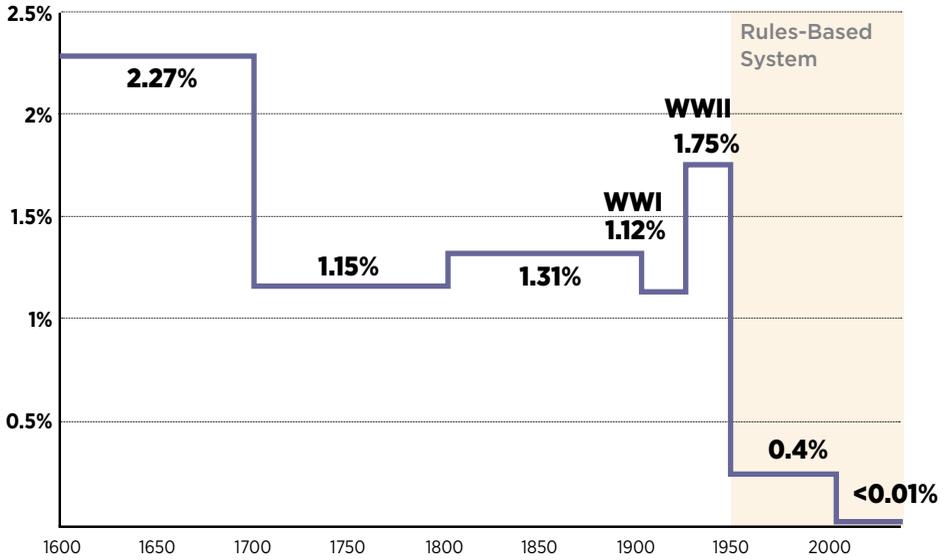
In the realm of good governance, the number of democracies has substantially increased. With the end of World War II and decolonization, the number of democracies increased from seventeen to forty-eight between 1945 and 1989.<sup>13</sup> That number further skyrocketed at the end of the Cold War, as countries formerly behind the Iron Curtain rushed to join the West. In the year 1900, there were twelve democracies in the world. Today there are ninety-six.<sup>14</sup> The percentage of the world's population living under democratic governments has also increased from about 12 percent in 1900 to more than 55 percent today.<sup>15</sup> This trend is visible in Figure 3.

To be sure, these outcomes are the result of an enormous and interconnected range of factors. International-relations scholars, for example, believe that nuclear deterrence and the absence of a multipolar distribution of power also contributed to great-power peace.<sup>16</sup> In addition, globalization and

FIGURE 1

### Wartime Casualties throughout History

% of total population

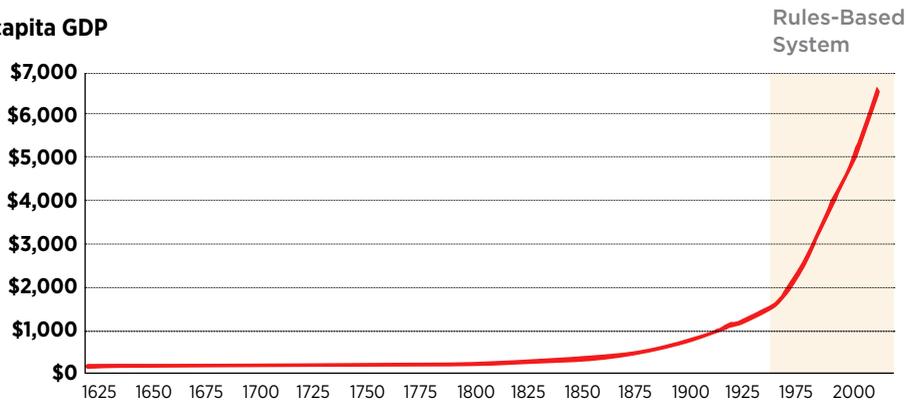


SOURCE: Office of the Secretary of Defense

FIGURE 2

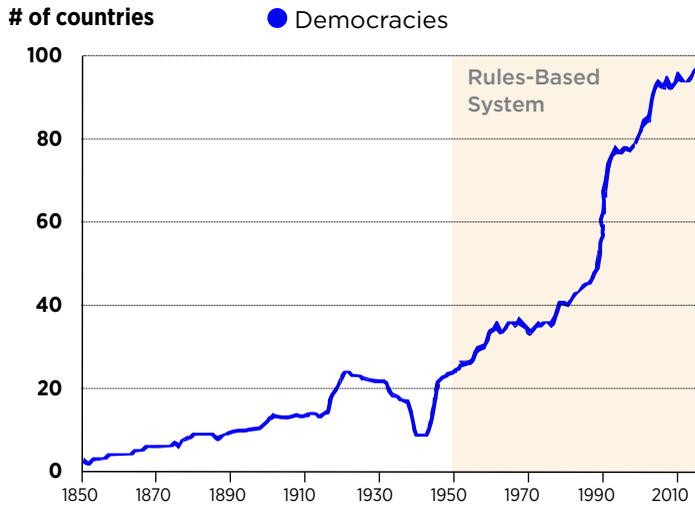
### Economic Development from 1600-2000

per capita GDP



SOURCE: J. Bradford DeLong, "Estimating World GDP, One Million B.C.-Present"

FIGURE 3

**Trends in Democratic Governance, 1800–2017**

SOURCE: Center for Systemic Peace

economic development have been fueled by new technological developments. Further, global norms on democratic governance and human rights have come a long way since the early twentieth century.<sup>17</sup>

Still, it is doubtful whether this dramatic improvement in the human condition could have been achieved in the absence of the rules-based international system. Moreover, many of these other driving forces are themselves constitutive of, if not partially the result of, that system. Global bipolarity, and then unipolarity with the United States at its center, was critical for the post-war development of a rules-based system, which may not have been possible in a more multipolar distribution of international power, or with a non-democratic hegemon at the system's apex. The splitting of the atom could have resulted in widespread nuclear-weapons proliferation and nuclear use had it not been for the NPT and extended US nuclear deterrence in Europe and Asia.<sup>18</sup> The most important technological advances for globalization, including the Internet, occurred and flourished in the free world, defended by the United States and its democratic allies and partners.<sup>19</sup> Finally, the United States and its democratic partners, along with nongovernmental organizations and individuals operating in these states, were the most important norm entrepreneurs propagating global norms around issues of good governance, democracy, and human rights.

In sum, the rules-based international system that has been the defining feature of global order for the past seventy years has coincided with—and was almost certainly essential in bringing about—the most secure, prosperous, and well-governed world humanity has ever known.



Revisionist great powers are seeking to disrupt or displace the rules-based system.

KENZABURO FUKUHARA/POOL VIA REUTERS

## CHAPTER 2

# THE STRATEGIC CONTEXT

**D**espite this record of unprecedented and enduring success, the rules-based international system is currently besieged by a number of challenges unleashed by rapid and dramatic global change. Understanding the current strategic context, including global trends and threats both external and internal to the system's democratic core, is a necessary first step toward devising a strategy to revitalize, adapt, and defend a rules-based international system.

## Global Trends

**T**he system is currently buffeted by several worldwide trends, including global shifts in the balance of power, the emergence of disruptive technology, the threat of nuclear proliferation, the rise of nonstate actors, and the consequences of climate change.

**Global Diffusion of Power.** The international distribution of power, as defined by relative economic weight, is shifting away from the founders of the post-World War II system to other emerging economies. As recently as the 1990s, nearly 70 percent of global economic activity occurred in Europe and the Americas. By the 2040s, that number is expected to drop to roughly 40 percent. At the same time, the Asian share of global GDP will increase from 32 percent at present to 53 percent in 2050, meaning that, by that time, the majority of all economic activity on Earth will occur in Asia.<sup>20</sup>

While the United States remains the world's most powerful state militarily and economically, it is declining relative to other rising powers, particularly China. When corrected for purchasing-power parity (PPP), China's GDP has already surpassed the United States. The better metric for international power and influence, however, is real GDP; here, too, the US advantage is narrowing, but more slowly.<sup>21</sup> At the conclusion of World War II, the United States possessed roughly 50 percent of global GDP.<sup>22</sup> From the 1970s through today, that number has held steady at roughly 25 percent.<sup>23</sup> Despite a common misperception, the United States' share of global power is not declining in absolute terms.

Rather, other powers—especially China—are rising. China's share of global GDP rose from 4.6 percent in the 1990s to 15 percent today.<sup>24</sup> Many economists predict that China could surpass the United States as the world's largest economy by 2030. It is noteworthy, however, that in 2009, economists predicted that this transition would happen by 2020. That date has been pushed back a decade as Chinese growth has slowed. Future projections depend entirely on assumptions about growth rates in the United States and China that cannot be known with certainty. Still, most economists expect that China will, at some point, surpass the United States as the world's largest economy.

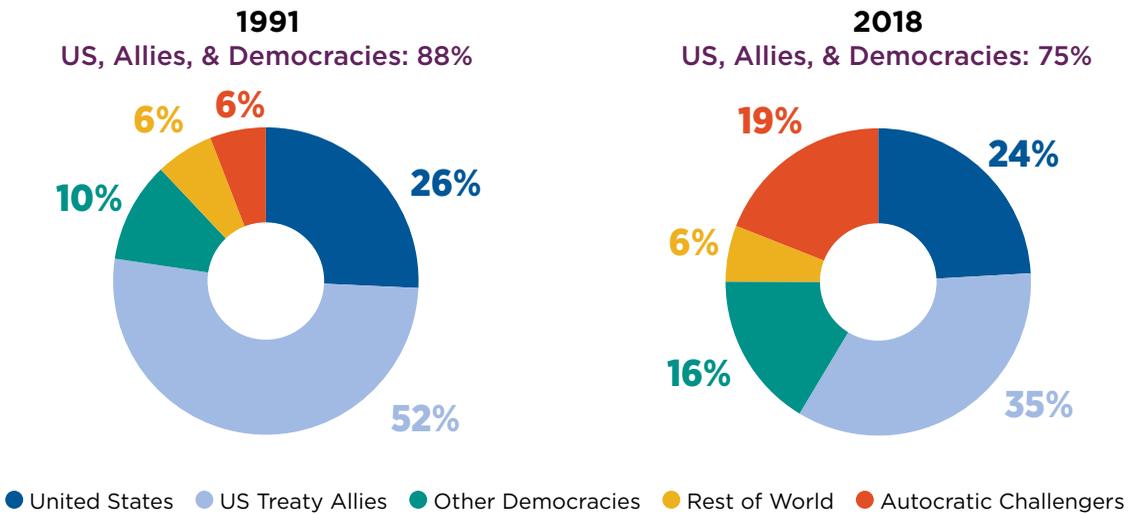
China is joined by other emerging economies with rapid growth rates, including India, Indonesia, and others. US allies, including Japan, Germany, and the United Kingdom, remain among the wealthiest nations on Earth, but their share of global power is also declining relative to the rise of the rest.

This shift is significant because international orders function best when their formal attributes at least roughly reflect the underlying balance

FIGURE 4

**Share of Global Power** (Percent of World GDP)

Democracies retain a preponderance of global power



SOURCE: World Bank and Center for Systemic Peace

of power. While only one measure of global influence, economic power is central given the leverage it provides over trade and investment, and the resources it offers to sustain military and security advantages.

It is also important to point out, however, that the United States and its formal treaty allies continue to possess a preponderance of power in the international system. As Figure 4 shows, the United States and its formal allies currently produce 59 percent of global GDP. When including other countries considered to be “democracies” by the widely used Polity scores, that number rises to 75 percent of global GDP. Democracies continue to retain global influence because more countries have transitioned to democracy since the end of the Cold War, and overall economic growth in democratic countries has outpaced that in autocratic states since 1991.

The major shift since the dawn of the post-Cold War world, therefore, is not that the power of the United States and its democratic allies and partners has declined substantially. The major difference is that the share possessed by autocratic challengers, especially China, has grown. As Figure 4 shows, the world is approaching a more bipolar distribution of power, with more wealth concentrated in the democracies and in a grouping of autocratic challengers led by China.

This means that, if they are able to work together more cohesively, the United States and its democratic allies and partners still have the power and influence necessary to significantly shape international outcomes. Moreover, if they are able to expand their ranks to court other nonaligned democracies like India, Indonesia, and Mexico, their influence on the international system can be even more decisive.



The disruptive technologies of the Fourth Industrial Revolution will have profound implications for security, the economy, and society.

**Disruptive Technologies.** New technologies—including artificial intelligence (AI), robotics, quantum computing, and biotech, among others—are being developed at an exponential pace, and have the promise to transform society. They will determine how people live and function in the twenty-first century, significantly shaping the global economy, international security, and the course of geopolitics.

Throughout history, progress has been built on technological innovation, ranging from Thomas Edison’s light bulb to Henry Ford’s assembly line to the silicon chip, the personal computer, and the Internet. While new technology promises improved productivity and quality of life, it will bring serious downside risks, including economic dislocation and weapons proliferation. AI, for example, is already being widely adopted in the private sector to achieve great efficiencies and cost savings.<sup>25</sup> At the same time, automation threatens to put millions out of work as jobs once performed by humans are replaced by machines. Moreover, AI is also being introduced into national militaries. A logical next step is fully autonomous weapons that can select and engage targets without a human in the decision-making loop. Some warn that these “killer robots” introduce many ethical and security risks, including the fear that they may turn on their creators and threaten humans’ very existence or, indeed, what it means to be human.<sup>26</sup> Henry Kissinger warns, “We are in danger of losing the capacity that has been the essence of human cognition.”<sup>27</sup>

The existing international system was designed to deal with the most important dual-use technologies of the twentieth century, such as nuclear power, but it must be updated to deal with the technologies of the twenty-first century. As with nuclear energy, the international community needs

an entirely new set of international norms, standards, and agreements for responsible uses of new technologies that mitigate their downside risks, while maximizing their upside potential.

Since the time of Edison, the United States has been the world's most innovative country, but it is at risk of losing that title to China and other countries that aim for the first-mover advantage in the next round of technological breakthroughs. Throughout history, technological progress and international leadership have gone hand in hand. Think of roads and aqueducts in ancient Rome, the steam engine in nineteenth-century Great Britain, and the Internet in the United States. If China or another country takes the lead in the new tech arms race, Beijing may be in a better position to rewrite the international system's rules.

**Nuclear Proliferation.** Even as the world grapples with the technological challenges of the twenty-first century, century-old technological challenges remain. The NPT may be the most successful treaty in history, but its future is uncertain. North Korea has become the only country in history to sign the treaty, withdraw, and build nuclear weapons. If North Korea is allowed to become an accepted nuclear-weapons state, it would pose a severe threat to international peace and security. Other members of the treaty may also reconsider their nuclear options. In particular, South Korea and Japan may be at risk of pursuing nuclear-weapons programs if the program in Pyongyang continues to advance and the United States is unwilling or unable to provide Seoul and Tokyo with adequate security assurances.

Iran's nuclear program was allowed to operate within strict limits according to the terms of the Joint Comprehensive Plan of Action (JCPOA), but the US withdrawal from that agreement may lead Tehran to accelerate its nuclear program or dash to achieve a nuclear weapon. A bomb in Iran could also instigate further regional nuclear proliferation.<sup>28</sup> Officials in Saudi Arabia, for example, have declared that if Iran acquires nuclear weapons, Riyadh will follow suit.

A proliferation cascade in East Asia or the Middle East would undermine the global nonproliferation regime and fuel regional insecurity. Moreover, new technologies such as additive manufacturing may make it easier for future proliferators to build nuclear-weapons programs, and harder for the international community to catch and stop them.<sup>29</sup>

The additional spread of a weapon that remains the ultimate instrument of military force could threaten the global security and stability necessary for the smooth functioning of the rules-based international system.

**Ecological Disaster.** As with nuclear war, an ecological disaster could constitute a direct threat to humanity's very existence. While states have made efforts to address climate change caused by carbon emissions, including in the Paris Climate Agreement, these steps will not be sufficient to keep emissions below the target levels set by leading scientific panels. Higher average global temperatures are leading to rising sea levels, drought, an increased frequency of violent storms, and forced migrations, all of which are threatening vulnerable societies, undermining already-weak national governments, and contributing to conflicts over natural resources.

**Nonstate Actors.** The rules-based system must also contend with important nonstate actors, including multinational corporations, nongovernmental organizations, and regional and local governments. These supra- and sub-national actors are not incorporated effectively into a system designed by and for the nation state. For example, major firms, and even individuals, are developing new technologies and, in so doing, creating new realities and setting ethical standards on their own, with little input from governmental bodies. In order to deal with many global challenges, including setting standards for new technologies, these nonstate groups must be effectively brought into a revised international system.

## Challenges from External Actors

**F**or the first time in more than two decades, the United States and its democratic allies face a challenge from revisionist great powers aiming to disrupt or displace the rules-based system.<sup>30</sup> Since the ancient world, competition among the major powers has been a recurring feature of international politics. For a half century during the Cold War, the free world faced a security and ideological threat from the Soviet Union. After 1989, however, the United States enjoyed a respite from major-power rivalry that lasted twenty-five years. That period has ended. Great-power competition has returned, but, at the same time, this does not mean that the transnational challenges that were the major focus of the post-Cold War era have gone away. Rogue states pursuing weapons of mass destruction and violent extremist organizations continue to pose a threat to the successful functioning of a rules-based system.

**Russia.** In 2008 and 2014, Russia invaded Georgia and Ukraine, respectively, redrawing the map of Europe at gunpoint for the first time since World War II. In 2015, it intervened militarily in Syria, establishing itself as a Middle Eastern power broker for the first time since the 1970s. Moscow has made thinly veiled military threats against the rest of Europe, and has been conducting influence operations to divide the NATO alliance politically. Russia's meddling in foreign elections, and its attempts to coerce its neighbors through military intimidation, economic boycotts, energy disruptions, and arms sales, are inconsistent with norms relating to self-determination and foreign interference.<sup>31</sup> In addition, Moscow's support for autocratic governments, from Syria to Zimbabwe to Venezuela, has undermined Western attempts to advance human rights and democracy. Many fear that Russia is seeking to disrupt the rules-based international system on its way toward reestablishing a Russian sphere of influence in Eastern Europe and beyond, including in the Western hemisphere.

**China.** If Russia seeks to disrupt the order, some fear that China may ultimately seek to replace it. In his November 2017 speech to the 19th National Congress of the Communist Party of China, President Xi Jinping declared that, by 2049, China will be a "global leader in terms of composite national

strength and international influence.”<sup>32</sup> It may be on a path to achieve that goal. China’s economy has slowed, but it continues to grow, and may soon become the largest on Earth. It is transferring its economic capacity into military might, shifting the balance of power in Asia and calling into question the ability of the United States to defend traditional allies in the region. In recent years, China has used military coercion to seize contested territory in the South China Sea. Through its Belt and Road Initiative (BRI), its secretive United Front Work Department, and other efforts, China has increased its political influence in every major region of the world. Its global ambitions are also evident in its growing number of overseas military bases.

As it has risen, China has frequently violated fundamental principles and norms of the rules-based system. Beijing’s assertion of its “nine-dash line” in the South China Sea, its self-proclaimed air-defense identification zones, and its claims of “indisputable sovereignty” over disputed territories with the Philippines, Malaysia, and Vietnam—despite the recent international arbitration tribunal ruling against it—underscore its ambitions to carve out a regional sphere of influence.<sup>33</sup> On the economic front, China’s trade and economic policies—including subsidies, theft of intellectual property, constraints on market access for foreign firms, and reliance on state-run enterprises—run contrary to liberal economic norms and have provided Chinese companies with unfair commercial advantages. Moreover, China remains fundamentally opposed to the expansion of democratic norms and principles. It is detaining more than one million Muslims in “re-education” camps in Xinjiang, as part of an egregious ethnic-cleansing campaign. Beijing has also sought to frustrate Western efforts to censure regimes such as North Korea, Iran, and Myanmar over human-rights violations. China remains deeply dependent on the stability of the international system to fuel its economic rise, but it is not committed to the fundamental norms that underpin the system.

The presence of autocratic states intent on undermining the rules-based system poses a major challenge. After the end of the Cold War, many had hoped that Russia and China might become “responsible stakeholders” in a liberal, rules-based system.<sup>34</sup> That may still make sense as a long-term goal, but seems impossible in the near term. A central question for preserving and adapting the system will be how to deal with these near-peer competitors.

**Rise of Authoritarian State Capitalism.** The China challenge goes beyond aggregate shifts in the balance of power to questions about how to best organize societies and markets. At the end of the Cold War, analysts proclaimed an “end of history” as democracy and capitalism proved themselves better than any other system at delivering prosperity and liberty.<sup>35</sup> In recent years, however, the global financial crisis, perceptions of political dysfunction in the West, and fears of US withdrawal from its predominant global role have led many to question the core tenets of democratic capitalism. To many around the world, the alternative, Chinese model of



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Rogue states, such as Iran and North Korea, are violating fundamental norms of a rules-based system.

authoritarian state-led capitalism now seems more appealing. It offers the promise of political stability (but not political participation) along with high and steady rates of economic growth. To many dictators and would-be autocrats, this is becoming a legitimate model of development that, unlike the “Washington Consensus,” has the additional benefit of not threatening their personal hold on power. While experts debate whether China and Russia are consciously exporting their domestic political-economic models, there is no doubt that their example and their willingness to engage with countries without regard to their domestic political situations, have helped to make the world increasingly safe for autocracy.<sup>36</sup> While slowing growth in China may take some of the luster off the China model, the fact remains that there is a viable alternative to liberal market democracy for the first time since the collapse of communism.

**Iran.** Unlike the autocratic great powers of Russia and China, rogue states and terrorist organizations do not pose a direct threat to the foundations of the rules-based system. Still, they are significant challenges that must be addressed as part of a global strategy to revitalize and adapt the system. Following the US withdrawal from the JCPOA, Iran expanded its nuclear program beyond previously agreed-upon limits, and it retains the capacity to dash to a nuclear-weapons capability in about one year. Tehran possesses the most advanced missile program in the Middle East, which continues to expand in the face of multiple UNSC resolutions demanding its cessation.

Iranian support for terrorist organizations—including Hezbollah in Lebanon and the Taliban in Afghanistan, militant groups in Iraq and Yemen, and Shia political groups—is aimed at establishing an anti-Western sphere of influence and promoting instability across the Arab world and beyond. Tehran has intervened directly in Syria to defend the regime of Bashar al-Assad, and has been complicit in Assad’s brutal and violent assault against civilians. Iran’s support for terrorism against the United States, Israel, and other allies—including the alleged 2011 plot to assassinate the Saudi ambassador in Washington—violate fundamental norms. The US State Department has consistently labeled Iran the world’s most significant state sponsor of terror.

Iran’s defenders will point out that there are other problematic countries in the Middle East. While it is true that other states in the region also have atrocious human-rights records, Iran stands alone in the threat it presents to the rules-based system. Unlike other states in the region, Tehran espouses explicit geopolitical goals of resistance to the United States and of exporting revolution; possesses a latent nuclear-weapons capability; maintains the largest missile stockpile in the Middle East, in defiance of international law; directly provides material and financial support, as a matter of government policy, to terror and proxy groups; and has an expansionist foreign policy, with forces actively fighting on the ground in at least four other regional countries.

**North Korea.** North Korea has become the first state in history to sign the NPT, cheat on the agreement, and succeed in building nuclear weapons. It is now believed to possess dozens of nuclear warheads and missiles capable of reaching most of Asia, and is on the verge of developing intercontinental ballistic missiles (ICBMs). North Korea has repeatedly attacked and threatened its neighbors, including the shelling of a South Korean island and the sinking of a South Korean warship in 2010. North Korea defies international law by engaging in black-market activities, including smuggling and counterfeiting, to prop up its dysfunctional economy. Finally, Pyongyang continues to propagate a brutally repressive, totalitarian system of government that flagrantly violates the human rights of its citizens.

As regional powers that threaten international security and blatantly defy core principles of the rules-based system, Iran and North Korea must be addressed in a revised global strategy.

**Violent Extremists.** Terrorists and violent extremists continue to pose a threat to global order. Although al-Qaeda and the Islamic State of Iraq and al-Sham (ISIS) have sustained great territorial losses in recent years, the conditions that led to their rise—including a deficit of effective governance in the Middle East and South Asia, and radical interpretations of Islam—show no sign of abating. Other terrorist groups, including Hamas and Hezbollah in the Middle East and Jemaah Islamiyah in Southeast Asia, continue to pose threats to free societies and to broader regional stability.

Moreover, new technology may be placing greater destructive power in the hands of individuals and small groups, making terrorism an attractive tool for other types of fringe organizations with radical political objectives,

such as incels or environmental terrorists.<sup>37</sup> While terrorism does not currently threaten to fundamentally undermine the rules-based system, it is a challenge that must be addressed in a revised strategy.

## Internal Challenges

**T**he rules-based system is also crumbling from within. The United States is revealing ambivalence about continuing its global leadership role, while it and other states within the system's democratic core are questioning their open political and economic model.

**Uncertain US Leadership.** For the past seven decades, a broad, bipartisan consensus among the American people supported US leadership in building and maintaining this rules-based system. In recent years, however, there has been increasing skepticism about the value of US engagement in world affairs. After inconclusive wars in Iraq and Afghanistan, many question the wisdom of US military intervention overseas. The global financial crisis and the ensuing uneven economic recovery have contributed to doubts about the benefits of globalization for the average American. Polarization in Washington and the apparent success of autocratic countries, such as China, have led larger numbers of Americans to question the superiority of the United States' economic and political model.

US politicians have exploited these doubts for electoral gain, railing against the failures of US global leadership and further reinforcing the view that the United States would be better off if it just came home and focused on domestic affairs. In addition, as US politics become increasingly polarized, it is now easier to deepen, rather than narrow, popular divides over the United States' role.

Donald J. Trump's unconventional presidency also has raised fundamental questions about the United States' traditional and indispensable leadership in the world. The Trump administration's rhetoric and policy actions—including withdrawal from prominent international agreements, more vocal criticism of treaty allies, and praise of autocratic rulers—have led many around the world to doubt the US commitment to the rules-based system under this and future administrations.

At the same time, public-opinion polling shows that the US public is ambivalent about the United States' role in the world. While some suggest that the public would prefer the United States to play a less active role on the global stage, others continue to show strong public support for US global leadership. Recent surveys show that large majorities believe that the United States should be engaged in international affairs, and support for US allies—and NATO in particular—has reached all-time highs.<sup>38</sup>

**Backlash against Globalization.** While the open economic international system embedded in the rules-based system has contributed to rising levels of wealth around the world and lifted billions out of poverty, it has also provoked a backlash. Globalization has both highlighted and fueled rising



MARK KAUZLARICH/REUTERS

Across the democratic world, populist movements are pushing back against global engagement.

levels of inequality between and within societies. Those left out or harmed by globalization have mobilized politically to resist moves toward greater international economic openness.

Others perceive a cultural and economic threat from the freer movement of peoples. Workers in wealthier countries see immigrants as possible competitors for low-skilled jobs. Nationalists see newcomers from other societies as threats to traditional values, languages, and cultures. The Syrian Civil War, in particular, has led to a flood of refugees into Europe that caught European governments by surprise, shifting European public opinion in a more anti-immigration direction.

The core constituencies of both right-wing populist political movements and left-wing labor parties in the West include low-skilled laborers who have been hurt by the offshoring of manufacturing work to lower-cost markets. Nationalists perceive a cultural and economic threat from immigration. These political movements have organized against free trade and immigration; they contributed to Brexit in the United Kingdom and to the United States withdrawing from the proposed Trans-Pacific Partnership (TPP) free-trade agreement in Asia. These grievances, if left unaddressed, stand as an obstacle to the future liberalization of global trade.

**Loss of Confidence in Open-Market Democracy.** It is not just illiberal nations that are experimenting with new forms of domestic political and economic arrangements. The West itself, in which open-market democracy has traditionally thrived, has lost confidence in its own model. In recent years, a series of developments has called into question the value and durability of open-market democracies.

The 2008 economic crisis generated skepticism about the ability of open markets to provide stability and prosperity.<sup>39</sup> An uneven recovery has led to increasing levels of inequality in many countries, fueling dissatisfaction with open markets.<sup>40</sup> Furthermore, China has used deception and unfair trading practices to deprive the West of the full benefits of free and fair trade, while also establishing state-led capitalism as an ideological competitor to open-market democracy.

Democracy is also under siege. According to Freedom House, the number of democracies in the world has declined in each of the past thirteen years.<sup>41</sup> In recent years, the political support of populist politicians has soared in most major Western democracies. Foreign adversaries are meddling in Western democracies, and their growing influence is providing a model that others are emulating.

Developments just over the horizon could exacerbate these trends. The disruption of labor markets worldwide—fueled by the emergence of robotics, AI, and automation—will further boost economic uncertainty, which, in turn, will lower trust in democratic governance if governments prove to have no near-term solutions for job displacement and growing inequality. Equally, the waves of immigration that have been instrumental in boosting populism and extremism are unlikely to abate for a variety of reasons, including because demographic trends in Africa will put pressure on the international migration system.

In sum, the West has lost its way. The model of open-market democracy that has proven so effective and inspiring throughout history has been tarnished in the eyes of many.



Free trade and open markets are key drivers of national and global prosperity.

BERNARD SPRAGG/FLICKR

## CHAPTER 3

# POSSIBLE FUTURE PATHS

**G**iven these and other challenges, it does not appear likely that the legacy rules-based system can continue unaltered into the future. At the same time, it is not at all clear what the future holds. In his Atlantic Council Strategy Paper, *Global Risks 2035 Update: Decline or New Renaissance*, Dr. Mathew Burrows forecasts three possible scenarios for the future of global geopolitics: A New Bipolarity, Descent into Chaos, and a World Restored.<sup>42</sup>

In the New Bipolarity scenario, a rising China and a relatively declining United States face off in a bipolar competition for global dominance. Much like during the first Cold War between the United States and the Soviet Union, Beijing and Washington divide the world into rival camps and spheres of influence. The disentanglement of the world's two leading economies leads to a slowing of global economic growth, although robust international economic exchange continues within the competing blocs. At the

same time, hardening geopolitical fault lines increase geopolitical tensions, spark military crises, and carry an increasing risk of World War III.

The Descent into Chaos scenario projects that the post-World War II order continues to unravel, but nothing new emerges to take its place. More than anything else, this world is characterized by a lack of an institutionalized international system. Economic meltdown in China causes worldwide economic turmoil, which is particularly pronounced in the developing world. Lacking a basic level of global geopolitical stability, global commerce declines to levels not seen in decades, and states increasingly turn to protectionist measures. The resulting growth slumps in several major economies are welcomed as preferable to the recessions and depressions experienced in others. Economic decline causes political instability, leading to outright warfare between Iran and Saudi Arabia, with the United States withdrawing from the region altogether.

A final scenario envisions a World Restored. In this future, the United States and China inch toward a cold war before pulling back in the face of slowing growth, fears of confrontation, and domestic political dissatisfaction with national governments. New leadership in China and the West agrees to new rules for the global economy, contributing to a renewed round of trade and economic growth. The major powers agree to curb their security competition, with a global cap on defense spending and new arms-control agreements banning next-generation weapons. A delicate peace and a cooperative, but less liberal, world order results.

From the current vantage point, all of these futures are possible, but none inevitable. A good strategy will help steer the United States and its allies and partners toward more desirable scenarios, and away from less attractive outcomes. The future is not fixed. The actions and decisions that the United States, its allies, and other major global actors take now will help to determine their future path. A robust strategy, therefore, will set out a future global vision and catalyze global action around achieving that outcome. Indeed, the authors of this strategy paper believe a fourth scenario is possible, one that is more consistent with the principles of a rules-based system and, thus, more advantageous for the United States and its democratic allies. This vision of the future is reflected in the goals for a new global strategy described in the next section.



Advancing freedom and human rights are principal goals of a revitalized rules-based system.

SUMAYA HISHAW/REUTERS

## CHAPTER 4

# GOALS OF THE STRATEGY

**T**he first step in developing any strategy is to begin with the end in mind. Former US National Security Advisor Brent Scowcroft has said that a strategy is simply a statement of one's goals and a story about how to achieve them. Any good strategy, therefore, must start with clearly stated objectives.

Over the long run, the aim is the re-emergence of an international system that is both "liberal" and "international," in which all states in the international system are committed to compliance with the core principles of a rules-based system. Such an order would be characterized by

- a stable and peaceful global security environment in which governments worldwide commit to respecting national sovereignty and international norms relating to terrorism, weapons of mass destruction, and the use of force;

- an open global economy in which free markets and an open global trading regime provide the foundation for increasing levels of national and global prosperity; and
- democratic governance embraced across the globe, such that all citizens can have the opportunity to choose their leaders in free and fair elections, and in which fundamental rights are protected under the rule of law.

Setting out such aspirational goals may strike some as naïve or utopian. At the end of World War II, such a vision may have felt similarly unrealistic. Yet, for the past seven decades, large parts of the world have made this vision a reality. These goals of the rules-based system are reflected in the manner in which democratic nations, particularly in North America, Europe, and East Asia, conduct their internal and external affairs. Following the end of the Cold War, this vision also became a reality for increasing numbers of people across Eastern Europe, Latin America, and beyond. For a while, it seemed likely, some thought even inevitable, that the world writ large was converging around such a future.<sup>43</sup>

Yet “the end of history” did not materialize and, as Robert Kagan rightly points out, “the jungle” is growing back.<sup>44</sup> The system is unraveling. Great and middle powers are once again behaving in an aggressive and unpredictable manner. Nevertheless, the strategic goals mentioned above ought to remain constant—even in the face of today’s setbacks. Leading powers should aim to create a world that reflects these fundamental principles. The strategy outlined below aims to move the world closer to this aspiration over time.

It will take time to achieve these goals. As leading states move toward this longer-term outcome, their medium-term objective should be to shape a world in which

- autocratic powers and other actors are deterred from challenging central components of the rules-based system, and recognize that they have a stake in preserving at least some of its elements, even as they compete for influence within it;
- the global economy remains relatively free and open, new free and fair trade agreements are enacted, open-market economies achieve equitable, inclusive, and steady growth, and alternative models of state-driven capitalism are limited in their reach and appeal; and
- democracy remains the most common model of governance, is revitalized in existing democratic states, and emerges successfully in new states across different regions of the world.

The strategy set forth below aims to achieve these medium-term objectives, while driving toward the longer-term goals described above.



An expanded G7 and an elevated G20 can serve as dual-track steering committees for the rules-based system.

## CHAPTER 5

# ELEMENTS OF THE STRATEGY

**T**he current rules-based international system has proven unmatched in its ability to deliver on the goals set forth in the previous section. The world has changed, however, and the old structures will not succeed in current conditions. The United States and like-minded states must be prepared to renovate the system to confront the challenges and seize the opportunities of the twenty-first century.

This strategy seeks to advance continued global peace, prosperity, and freedom through an effort led by the United States and its democratic allies to revitalize, adapt, and defend a re-created rules-based international system. It is built on three pillars. First, the United States and its democratic allies must revitalize support for the key principles of a rules-based system. Second, they need to adapt the institutions of the system to address key shortcomings, reflect new realities, and forge new opportunities. Finally, the system must be defended to ensure its success.

## Revitalize Support for the Key Principles of a Rules-Based International System

A sustainable global order will require key stakeholders to affirm their support for the core principles of the international system. To accomplish this, the United States and its democratic allies need to

- rally the support and active participation of the world's leading democracies;
- re-energize domestic political support; and
- ensure a stake in the system for other global powers.

### Rally the support and active participation of the leading democracies

The success of the order rests on the proactive support of leading democratic allies to deepen strategic cooperation to advance a rules-based system. US leadership will be necessary, but a revitalized system will be most effective if it is able to draw on the support, contributions, and influence of the world's leading democracies. US allies and partners provide legitimacy, global reach, and collective resources; their support and alignment are key to reinforcing the rules, norms, and institutions of the system. For the United States, this means more fully incorporating the views of its allies and partners in decision-making, and ensuring that the utility of being part of the free world exceeds the payoff to hedging one's bets.

The post-World War II order was constructed principally by the United States and its core democratic allies across the Atlantic. Their domestic political systems and values predisposed them to build an international system that externalized those institutions and norms, leading them to prioritize institutional constraints and liberal values internationally. Indeed, it is difficult to imagine an autocratic grouping of states designing a similar system. This democratic core was instrumental to resisting the spread of communism during the Cold War. Following the end of the Cold War, this club greatly expanded to include many of the former communist countries of Eastern Europe.

Today, the democratic states at the heart of the rules-based international system include the United States, its formal treaty allies in Europe and Asia, and many other informal partners in other regions. While power is shifting, these states continue to possess enormous power and influence. They inhabit some of the most important and geopolitically contested areas of the globe. Together, democratic states across the world make up roughly three-quarters of world GDP and military expenditures.<sup>45</sup> They also remain the world's best-governed countries, and should provide an example for others to follow. These states, therefore, will be central to efforts to remake the global order for a new era.

To unite the democracies behind this vision of an adapted rules-based system, the United States must lead. With the world's largest economy and



An Atlantic Council task force of former high-level officials from leading democracies issued a Declaration of Principles in February 2019.

ATLANTIC COUNCIL

military, an unmatched global network of allies and partners, and a long-standing commitment to liberal values, the United States is uniquely positioned to serve as a catalyst for a renewed international system. However, its ability to remain “the leader of the free world” depends on the domestic political will of its leaders, backed by public support. Without a bipartisan consensus in support of global engagement, US leadership of a rules-based system will be unsustainable.

Europe remains central to advancing a rules-based system. The European Union is a regulatory superpower at the heart of the system, with states committed to advancing global institutions. France, Germany, the United Kingdom, regardless of its formal relationship with the EU, and other European partners—large and small—will need to play leading roles in this effort to revitalize the rules-based system.

In the Indo-Pacific, Japan, Australia, and South Korea are the linchpins of democratic support for a rules-based system. With formal security commitments with the United States and strong relationships with Europe, these influential states will be essential to defending the system, particularly when it comes to addressing the rise of China and other emerging challenges in Asia.

At the same time, the future of the rules-based system should expand to include the support of democracies beyond the transatlantic, and even transpacific, core. Critical to this effort will be incorporating the leading democracies that have traditionally followed a nonaligned stance in their foreign policies, including India, Indonesia, South Africa, Brazil, Mexico, and others. Many of these nations have signaled a new willingness to cooperate with the West and advance shared norms and interests. India, in particular, is the world’s most populous democracy, may soon become the world’s

third-largest economy, and will be pivotal in efforts to revitalize a rules-based system. Strategically situated in Asia, India is seeking to strengthen security cooperation with the United States, and recently joined an elevated dialogue with Australia, Japan, and the United States to address challenges in the Indo-Pacific.

As one can see in Figure 4, the orientation of these states can help ensure that the democratic core of the international system can reinforce an overwhelming preponderance of global power. As their relative economic weight increases, these rising democracies will be increasingly influential in determining the future rules-based system. The founding members of the previous rules-based international system should seek to integrate these important emerging democracies as partners in supporting and advancing a rules-based system.

Once assembled, the world's leading democracies should come together and reaffirm core principles on which a revitalized system should be built. Recently, a high-powered task force of distinguished former officials from the United States and nearly twenty leading democracies across the globe came together to issue a "A Declaration of Principles for Freedom, Prosperity, and Peace," with seven core principles that should underpin a revitalized rules-based international system.<sup>46</sup>

## Declaration of Principles for Freedom, Prosperity, and Peace

- 1 Freedom and Justice:** The right of all people to live in free and just societies, where fundamental rights are protected under the rule of law.
- 2 Democracy and Self-Determination:** The right of all people to make decisions about their own affairs through elected governments that reflect their consent, free from foreign interference.
- 3 Peace and Security:** The right of all people to live in peace, free from threats of aggression, terrorism, oppression, crimes against humanity, and the proliferation of weapons of mass destruction.
- 4 Free Markets and Equal Opportunity:** The right of all people to engage in economic activity based on free market principles, with equal opportunity to contribute to and the ability to share in the benefits of national prosperity.
- 5 An Open and Healthy Planet:** The right of all people to enjoy free and open access to the global commons and a safe and healthy planet.
- 6 The Right of Assistance:** The right of national sovereignty, while recognizing that sovereignty obligates governments to uphold these principles.
- 7 Collective Action:** The right of all people to cooperate in support of these principles and to work together to advance them.

The declaration is intended to provide a clear and compelling statement of values, a “north star” around which political leaders in democracies worldwide can coalesce to reaffirm their support for a rules-based system and generate concrete action to advance and defend these values. Many of these principles were explicitly part of the previous rules-based system. Others were more implicit, and several are new. Moreover, even when principles are familiar, they will sometimes need to be adapted for a new era. Such is the case with the notion of sovereignty. In the past, states respected national sovereignty by refraining from physical intervention into the territory of neighboring states. In the twenty-first century, this must be expanded to include virtual and cyber intervention, such as Russian interference in the 2016 US presidential election. Moreover, as the sixth principle in the declaration suggests, sovereignty can no longer be considered absolute. Rather, it is contingent upon upholding the principles of a rules-based system. States that violate these principles in a systematic or flagrant manner will not be accorded the same protections that would otherwise apply. This “right to assistance” makes clear that citizens worldwide have the right to call on external assistance when their national governments fail to provide them with basic needs.

The world’s leading democracies must work together to call on individuals, institutions, corporations, and governments in their own nations and around the world to advance these principles and create a more effective and responsive set of global rules to advance them. They must advance these principles within their own nations, and reach out as broadly as possible to build public support for them. Most importantly, they must commit to ensuring these principles remain firmly grounded in the international system, and work together to advance and defend them.

### Re-energize domestic political support

**P**opulist rhetoric against leading states’ traditional role in the world results, in part, from the failures of the current system to address legitimate economic concerns. The system is not delivering for significant numbers of people in democratic countries. Actions must be taken, both at home and abroad, to address specific grievances that have led many people to reject elements of the system. This means enacting policies that address growing concerns over wealth inequality, including the downside impacts of global trade on certain jobs, industries, and regions, and dealing with legitimate concerns over national identity and migration. More effective programs must be developed to help unskilled and low-skilled laborers adjust to the realities of a globalized economy. In addition, major infrastructure investment is badly needed in the United States and other advanced economies, and these programs could provide jobs to unskilled laborers in the interim. Governments should also begin to prepare for increased job losses that will soon result from the emerging technology of the future. Stagnant wages, income inequality, and other long-standing economic concerns will need to be addressed as part of a broader effort to restore faith in the rules-based system. These will require difficult political decisions, and success may be limited in partisan political

atmospheres. If these fundamental concerns remain ignored, however, it will be difficult to rebuild the consensus that supported global engagement for the past seven decades.

At the same time, democratic publics must be convinced that they benefit from a rules-based system, and from US leadership behind it. Public disaffection with global engagement is due, in part, to the failure of policymakers to highlight the importance of a rules-based system in advancing the security and prosperity of their own citizens. In this vacuum, politicians who do not understand the critical role of a rules-based system—or worse, who cynically grandstand against it to win public support—have offered an alternate that is resonating with many voters. They blame the ills of the world on too much, rather than insufficient, global engagement. The bipartisan consensus among global elites has broken down.

Success in this effort requires a creative, sophisticated, and impactful public-engagement campaign that drives a compelling narrative in favor of a rules-based system and US global leadership. Political-science research on public opinion reveals that most voters are uninformed about foreign policy and follow cues from elites.<sup>47</sup> Where elites agree, public consensus tends to follow. When elites disagree, however, cleavages emerge among voters. With many Western politicians now advocating for withdrawal from foreign entanglements and barriers to global engagement, public opinion is following. Historically, democratic publics have been willing to engage overseas “only when their political leaders have been able to explain to them why such international involvement is in their interest and how it helps ensure their security and prosperity at home.”<sup>48</sup>

Politicians and opinion leaders supportive of international engagement can no longer rely on public apathy; they must advance their arguments in the public square. They need to make the case in plain language about the benefits society derives from global engagement. They should explain in concrete terms how and why the average citizen is richer, safer, and freer under a rules-based system. They should also commit to adapt their foreign policies and the elements of the international system that are no longer working for the era ahead. Without fearmongering, they can contrast the past seventy years with the history of international politics before the end of World War II, replete with world wars, global economic depressions, and totalitarianism. In addition, they must spell out the consequences of abandoning that order in clear terms, outlining possible scenarios (including the scenarios outlined above) for a vision of a post-rules-based-system world, which might include a return to great-power war, economic hardship, and creeping authoritarianism at home and abroad.

This important task, however, cannot be left to governments and political leaders alone. Civil society has an important role to play in winning over a skeptical public. Advocacy groups and organizations should seek ways to pool their efforts to advocate, in a nonpartisan way, in favor of global engagement to sustain the political and financial commitments necessary. A new nongovernmental entity—with sufficient funding provided by governments, foundations, and concerned individuals—should be established to conduct messaging campaigns and in-person engagement at a scale

that can meaningfully influence public opinion. Governments do not have the credibility required to undertake such an effort, and an independent nongovernmental entity committed to these goals would be better suited for this mission.<sup>49</sup>

Recent polling suggests that key pillars of a rules-based system—alliances, free trade, and international cooperation—retain significant reservoirs of support among the American people. Tapping into those reservoirs of support will require a clearly communicated vision that acknowledges and addresses the flaws of the present system, while convincingly reaffirming the need for US leadership in advancing the principles that underpin it.

The goal is to counter isolationist narratives and demonstrate to policymakers in democratic capitals that there is a real constituency that supports global engagement behind the core values of a rules-based global system. The campaign should seek to shape the thinking of political leaders on both sides of the aisle, including presidential and congressional candidates, members of Congress, and national and local leaders, on the benefits that accrue from US leadership, and the need to preserve a rules-based system.

#### **Ensure a stake in the system for other global powers**

**T**he international system cannot achieve its potential, and risks serious rupture, if other global powers are marginalized or have incentives to disrupt or overturn the order. While the strategy advocated here will need to be driven by leading democracies, these states also must seek to ensure that all major powers have a stake in a stable and mutually beneficial global order. This will require continued cooperation with nondemocratic countries around the world. Three categories of autocratic states will be addressed: revisionist great powers, revisionist smaller powers, and cooperative autocracies.

The most difficult challenge will be how to maintain a stake for the two autocratic great powers that have sought to challenge key aspects of the rules-based system: China and Russia. China and Russia are nuclear-armed powers. China possesses the world's second-largest economy and military. Its economy is intertwined with that of the United States, meaning both stand to suffer from an economic decoupling.

During the Cold War, the United States and its democratic allies were able to build a liberal order in the West, but Moscow was powerful enough to unilaterally establish an illiberal sphere of influence in Eastern Europe and elsewhere. In the post-Cold War world, the rules-based system expanded and flourished because Russia and China cooperated in some areas, and largely acquiesced in others. One of the greatest challenges to the order at present is the decision by these nations, in recent years, to actively push back against key aspects of the liberal system. It will be difficult for a global system to function effectively if major powers are actively undermining it.

There appears to be a growing consensus in Washington and other capitals that Russia and China should be confronted and contained. Indeed, there are areas in which the United States and its democratic allies and

partners must push back much more forcefully, as discussed below.

Going too far in this direction, however, could be counterproductive. There are key areas central to the rules-based system where there remains an overlap of interest among the major powers. At present, this most obviously includes nonproliferation and counterterrorism. Neither Washington nor Beijing would like to see any other country in Asia develop nuclear weapons for example. In addition, neither Brussels nor Moscow has an interest in a radical Islamic caliphate in the Middle East exporting terrorism into their societies.

Moscow and Beijing should, therefore, be engaged as part of revitalizing the rules-based system. Efforts to constrain and deter their actions must also be matched by efforts to engage and incentivize compliance with the rules and norms of the global system. Even as leading democracies defend the system against Russian and Chinese attempts to undermine it, they must maintain a channel for dialogue to encourage cooperation, at least on those elements where their interests align. Over time, they should seek to expand areas of convergence of interest and policy coordination. A number of issues are candidates for deeper cooperation, including arms control, migration, the Arctic, climate change, norms for new technologies, infrastructure, and global finance and trade.

This approach should not be based on the naïve notion that engagement with Russia and China is a goal in and of itself. Rather, this paper advocates for a hardheaded engagement, which starts firmly with US and allied interests and global principles. Where those interests and principles come into conflict with those advanced by Russia and China, leading democracies must be prepared to defend them, as will be discussed in the third pillar of the strategy. Where there is a mutuality of interest, however, they can seek to lock in cooperation. This would be a move to a more transactional relationship, at least in the short term, but this is also a relationship that Moscow and Beijing will understand and respect. Leading democracies should not seek an accommodation with Russia or China that involves compromising fundamental principles of the rules-based system in exchange for greater cooperation. While securing lasting cooperation will not be easy, even in discrete issue areas, leading democracies should not commit the opposite mistake of inviting direct conflict because they never attempted the alternative.

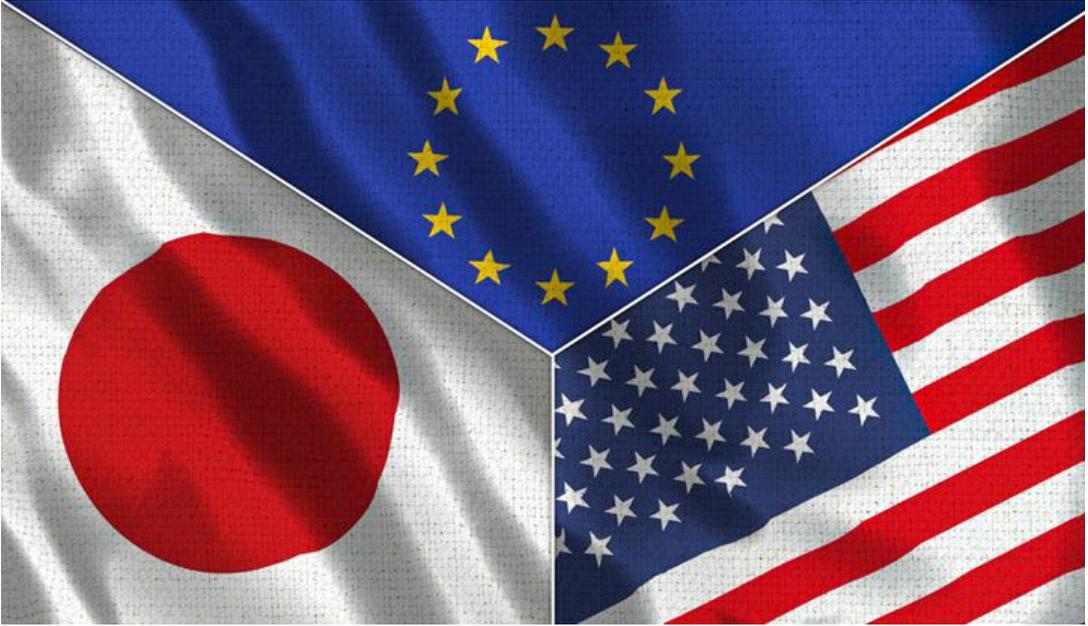
Some might argue that this two-track approach, with heavy democratic coordination and hardheaded engagement with the autocracies, will risk antagonizing Russia and China, and that they will refuse to play in a remade international order. The authors respectfully disagree. On many issues, from nonproliferation to the global economy, there remain significant overlapping interests, and Moscow and Beijing have an incentive to cooperate. They will not undermine their own interests simply to spite the free world. Moreover, greater democratic coordination will make Russia and China more, not less, likely to cooperate. If Moscow and Beijing believe that they can divide and conquer, picking off the various democratic powers one by one, then they will be more likely to pursue an *ad hoc* approach inconsistent with a rules-based system. If, however, the leading

democratic powers approach them with the same concerns and a coordinated mechanism for how to address them, Moscow and Beijing will respect that show of strength and be more likely to engage.

Smaller autocratic and revisionist powers, such as Iran and North Korea, also threaten the rules-based system—but unlike Russia and China, their cooperation is not essential to revitalizing it. Instead, leading powers must work together to defend against the threats posed by these rogue states. This paper will return to this subject in the below section on defending the rules-based system.

Finally, there is a large category of countries that do not share a commitment to democratic government and values, but, nevertheless, support other elements of the rules-based system in the security and economic realms. States like Egypt, Jordan, Singapore, and the United Arab Emirates, for example, are not pursuing nuclear weapons, WMD, or long-range missiles programs, and do not pose a security threat to the rules-based system. In many cases, they actively cooperate with the United States or other states to advance regional or global security interests. They participate in intelligence sharing, counterterrorism or counterinsurgency operations, or counterbalancing coalitions against revisionist states. They host US military bases. Many have market-based economies at home, or are undertaking meaningful economic reforms.

While these states' lack of compliance with democratic norms is a serious cause for concern, the democratic core should be cautious about jeopardizing existing security and economic relationships that are otherwise valuable in helping to underpin the rules-based system. The democratic core, therefore, should continue to engage in security and economic cooperation with these states, while using its influence and relationships to encourage better human-rights practices and more democratic forms of government. Such strategies have been successful in moving countries into the democratic core in the past, including, for example, the US relationship with South Korea during the Cold War. To be sure, in situations where such states are flagrantly violating core norms of the rules-based system, the United States and its allies must reconsider the scope of their cooperation. Otherwise, as these states gradually liberalize at home, they will enjoy more durable and far-reaching cooperation with the United States and other democracies and, in turn, they will play a more significant role in the rules-based system.



The US-EU-Japan Trilateral Trade talks could form the basis for a new Free World Trade Agreement.

## ELEMENT TWO

# **Adapt the Institutions of the System for the Twenty-First Century**

With the core principles defined above serving as a constant guidepost, the United States and other leading powers must work to adapt the rules-based system for a new era. The postwar international system has produced enormous benefits, but, in many ways, it is ill suited to address the challenges humanity faces today. While many of its institutions function well, others reflect the priorities and power distributions of their founding periods, even as global realities change rapidly. Revamping these institutions will require an ambitious effort to preserve their best qualities, update their anachronisms, and apply their underlying principles in a new environment.

The inclusive international institutions that served as the foundation of the order at the end of World War II remain central to the system. The United Nations, particularly the UN Security Council (UNSC), is and will continue to be a central pillar of the rules-based system. Its associated entities—the International Atomic Energy Agency (IAEA), the World Health Organization (WHO), and more—still perform critical roles in their functional areas. In addition, the Bretton Woods system of institutions that has governed international trade, finance, and development—including the WTO, the IMF, and the World Bank—should continue to undergird the international economy.

Even as leading powers retain inherited institutions, there is a need for constructive adaptation and reform. The UNSC was created in 1945, and

FIGURE 5

### G20 and D10 Members (ranking by GDP)

Entity		Rank	Percent of world GDP
■ ■	United States	1	24%
■ ■	China	2	16%
■ ■	Japan	3	5.8%
■ ■	Germany	4	4.7%
■ ■	United Kingdom	5	3.3%
■ ■	France	6	3.2%
■ ■	India	7	3.2%
■ ■	Italy	8	2.4%
■ ■	Brazil	9	2.2%
■ ■	Canada	10	2.0%
■ ■	Russia	11	1.9%
■ ■	Republic of Korea	12	1.9%
■ ■	Australia	13	1.7%
■ ■	Mexico	14	1.4%
■ ■	Indonesia	15	1.2%
■ ■	Saudi Arabia	17	0.9%
■ ■	Turkey	18	0.9%
■ ■	Argentina	23	0.6%
■ ■	South Africa	33	0.4%
■ ■	European Union	---	22%
<b>G20 Total</b>			<b>86%</b>
<b>D10 Total</b>			<b>57%</b>

SOURCE: World Bank (2018—current US\$).

is no longer well matched with underlying power realities. Its permanent membership is limited to the victors of World War II and excludes many of today's leading powers, including Japan and India. The permanent membership of the UNSC also excludes representatives from several continents altogether. Further, since 1945, the global balance of economic power has shifted, and countries' influence in the Bretton Woods economic institutions no longer reflects their relative economic power.

What is needed is an ambitious effort to adapt and improve existing institutions, while creating new institutions better suited to meet the challenges and opportunities of the twenty-first century. To succeed, the current system must be adapted significantly to address key shortcomings of the inherited order, to reflect new realities and seize new opportunities. This process of adaptation—a re-founding in many ways—is a prerequisite for restoring the rules-based system's effectiveness, relevance, and legitimacy. This paper proposes the following innovations for an adapted global system.

#### Establish a Two-Track Steering Committee to Manage the System

The rules-based system will not run itself. Leadership and coordination are key to an effectively managed order. Formal institutions, such as the UN, already provide useful entities for leading democratic and autocratic powers to come together and decide on global issues. What is missing is a mechanism for better coordination among democracies. This will require a two-track effort: a reinvigorated G7, reorganized as the Democracies 10 or D10, as a steering group of the world's leading democracies, and an elevated G20 as a steering group of the world's leading powers. As shown in Figure 5, the G20 includes the world's most largest economies while the D10 would bring together the world's most powerful democracies.

**Reinvent the G7 as the D10 Steering Committee of Democracies.**

The G7 should be elevated to serve as the steering committee of the rules-based system's democratic core. To function most effectively, it should be expanded to include Australia and South Korea. India would also be a welcome addition if it is willing to play a proactive and supportive role. Working alongside Canada, France, Germany, Italy, Japan, the United Kingdom, the United States, and the European Union, this highly influential, like-minded grouping of committed democracies would be reestablished as a new D10.<sup>50</sup> The D10 would serve as the primary platform for democratic states to come together, discuss, and develop common strategies and policies to address global challenges. The D10's mission would be to promote strategic cooperation on global political and security issues, and to uphold and revitalize a rules-based system.<sup>51</sup>

The D10 will link together a group of like-minded and highly influential democratic partners in Europe, the Indo-Pacific, and North America. These states possess a shared worldview, a strong commitment to liberal norms, and the capability to take meaningful global action. Over time, other influential democracies could be brought into the D10, provided they have demonstrated a commitment to advancing the principles of a rules-based system and are prepared to join in common action.

The D10 would offer a standing framework for consultation at the strategic level, allowing influential democracies to collaborate on global challenges and defining strategies for countering terrorism, preventing nuclear proliferation, promoting democracy and human rights, protecting civilians against state violence, and defending the global commons. The D10 could focus on setting forth a consensus on strategic priorities and longer-term objectives, and outlining ways to better align resources, allocate responsibilities, and address gaps in capabilities in order to achieve these objectives.

The D10 could also serve as a core group for broader *ad hoc* coalitions of like-minded states and a platform to quietly align positions and shape agendas in other multilateral venues, such as the UN, the Six-Party Talks on North Korea, and the P5+1 talks on Iran. On Iran, for example, the D10 could not only coordinate efforts with regard to economic sanctions, but also serve to integrate elements related to broader policy objectives, such as countering Iran's support for terrorism and human-rights abuses. Finally, the D10 could provide a venue to formulate collective responses to future political or security crises.

Presidency of the D10 could rotate among member states, as it does in the G7, and it may also benefit from a permanent secretariat and staff to support its work. The D10 should hold high-level summits, but its greater value may lie in facilitating behind-the-scenes strategic and policy coordination across diplomatic channels, with foreign ministers providing overall guidance and direction.

**Elevate and Expand the G20.** As the primary global forum for bringing together the world’s most powerful nations—whether democratic or autocratic—the G20 should be elevated and expanded to serve as a premier body for addressing global political and economic challenges.

The G20 is a group of nineteen nations and the European Union that was established in 2008 as a leaders’ summit to address issues of global financial stability. As the premier forum for international economic cooperation, the G20 has held annual summit meetings, which have been attended by heads of government. Over time, its responsibilities have expanded to include other issues, including energy, development, climate change, and, occasionally, political and security issues.

The scope and mission of the G20 should be expanded beyond the international economy to formally include global political and security issues as part of its regular agenda. A permanent secretariat should be created, and the G20 should take on the mission of adapting the rules-based system to better meet twenty-first-century challenges. Such a revamped G20 would provide a seat at the table for all of the world’s major powers, regardless of regime type. Operating alongside the UNSC, an enhanced G20 can expand the outlets for major powers to come together and address important international issues.

This dual-track steering system—with the D10 and G20 at the helm—would provide an adapted set of international institutions for tackling issues that require a coordinated global response. The D10 holds promise as an action-oriented body on major issues where there is significant strategic alignment among like-minded states. The G20 will provide a more inclusive venue for seeking great-power cooperation, as well as coordination among a larger body of global states. While it may not always be possible to achieve consensus through these frameworks, it is important for democracies to demonstrate their willingness to engage autocratic powers like China and Russia, especially on issues where their interests align.

Parallel bodies that incorporate the views of the private sector and civil society, such as the Business Twenty (B20), should continue to supplement the work of the D10 and G20. In addition to the traditional security and economic concerns that the rules-based system was designed to address, these new institutions will need to focus on evolving and increasingly difficult challenges, including the following.

**Trade.** The global trading system is under unprecedented stress. While certain countries violate the system’s rules and exploit its openness for their own gain, an anti-globalization backlash is fueling populist political movements and eroding support for a rules-based system. Faced with these new challenges, the global trading system must be revised for a new era.<sup>52</sup> Its core strengths should be maintained, including the consistent focus on the ratcheting down of tariff barriers and the WTO dispute-resolution process. At the same time, a revamped system must include greater provisions for countering unfair trading practices and addressing the legitimate grievances of globalization’s discontents. The world’s four largest economies—the United States, China, EU, and Japan—should begin this process by forming a new working group within the G20 to hold a dialogue on how to reform the global trading system.

**Migration.** Increased transnational migration has raised legitimate questions about its effect on the cultural cohesion of the nation-states that are the foundation of the international system. While a revitalized rules-based system must allow for the legal movements of people across borders, it must also acknowledge that sovereign states have the right to control their borders. The D10 and G20 can serve as parallel platforms for states to engage in a dialogue about immigration policies that seeks to reconcile tolerant openness with the protection of national identity.

**State Fragility.** Fragile states are not new to the international system, but the present challenges they pose are novel. While the world has made remarkable progress over the past several decades in economic development, that progress is threatened by fragile, failing, and failed states. Lacking functioning political and economic institutions, these countries become breeding grounds for transnational threats. Under the auspices of these new institutions, external actors can work with local elites to provide a minimum level of security, contribute to better service provision, and facilitate economic growth. Progress will be slow, but greater international cooperation under a revitalized rules-based system will only increase the chances of success.

There are many other new challenges and opportunities for which the international system must adapt, including the Arctic, cyberspace, space, climate change, and more. In approaching these and other issues, the D10 provides a mechanism for the democratic core to come together and advance shared interests and values. The G20 provides a framework for a larger group of global powers to build broader support for an adapted international system.

### Formalize an Alliance of Free Nations

**A**dvancing a rules-based system will require new structures and processes for consultation and coordination with a broader set of democratic partners. Increasingly, the world's leading democracies face similar challenges. Accordingly, they are working together more than in the past. Further, the world's leading democratic states, when they pool their collective resources and influence, can have a decisive influence on global outcomes. Too often in the past, however, intra-democratic coordination has occurred on an *ad hoc* basis. There are costs to greater coordination, but formalized processes and institutions can reduce these transaction costs and maximize the benefits of intra-democratic collaboration. Furthermore, achieving coordination among the United States' Asian allies is often easier in a broader context involving a global coalition of allies and partners.

The world's leading democracies should establish a new formal entity: an Alliance of Free Nations (AFN). The AFN would serve as a platform for strategic cooperation on the world's most pressing challenges. The AFN would align the collective resources of its members, and facilitate burden sharing and allocation of responsibilities. Truly global in scope, the AFN would bring together democracies worldwide, linking together in a single institution the members of NATO with democratic allies in Asia, including Japan,

South Korea, and Australia. Whereas the D10 is limited to a small core group of like-minded states, AFN membership would be open to all other recognized democracies around the world—large and small—committed to the shared principles of the rules-based system. AFN founding members will need to define clear criteria for membership in this club of democracies. In doing so, they should draw on widely-accepted guidelines for ranking democracies, such as those prepared by Freedom House.<sup>53</sup> The AFN would serve as a body for consultation among democracies for addressing major strategic challenges to the rules-based system, including those posed by revisionist autocracies. The threats faced by these states are increasingly interlinked and driven primarily by revisionist, autocratic powers. The free world is threatened by Iranian and North Korean nuclear and missile programs. It is worried that Russia and China are employing military coercion and using “sharp power” methods to undermine democratic norms and practices worldwide.<sup>54</sup> These common threat perceptions can form the basis for an effective alliance.

The preferred strategies these states have selected to address these challenges are also similar. For example, the United States has led these states in designing and imposing multilateral sanctions, and in strengthening military capabilities to shore up military deterrence. Japan and South Korea contributed to the success of sanctions against Iran by reducing their purchases of Iranian oil and gas. Furthermore, Britain, France, and Germany volunteered to help the United States and its Asian allies increase sanctions pressure on North Korea.

The AFN would build on these past successful examples, and bring together free nations from around the world to work together to align strategies to address common challenges under a single umbrella framework.<sup>55</sup>

The AFN would serve as a political alliance, seeking to coordinate across the full range of challenges to the democratic world, including security, economic, and governance issues. In this way, it would serve as a parallel and complementary institution to the UN, providing international legitimacy and a framework for collective action, particularly when the UNSC is prevented from acting based on a lack of consensus among its member states. The AFN can engage in greater defense and security coordination and strategies for military burden sharing. Over time, if the political will exists, it could eventually evolve into a collective security organization, perhaps leading toward an expanded “global NATO.”

A NATO-plus framework has been assembled on an *ad hoc* basis for past challenges, such as the war in Afghanistan, but it would be preferable to have a standing organization in place for future global threats, rather than rebuilding such entities from the ground up for each new circumstance.

The D10 would serve as a steering committee of like-minded partners to align strategies and the AFN would provide a larger forum for consultation and serve as an action-oriented body that can carry out decisions for maximum impact.<sup>56</sup>

### Negotiate a New Free-World Trade Agreement

**T**he United States and its democratic allies should begin the negotiation of a Free-World Trade Agreement (FWTA). FWTA could ultimately link the leading democracies of Europe, Asia, and the Americas into a free-trade zone including more than half of global GDP, which would ratchet down trade barriers and fuel global growth.

FWTA could build on similar efforts already under way. The Transatlantic Trade and Investment Partnership (TTIP) is a proposed trade agreement between the twenty-eight members of the EU and the United States. The TTIP was pursued by the Barack Obama administration and has stalled under the Trump administration, although related talks have resumed. TTIP would be the largest bilateral trade agreement ever negotiated, and would liberalize roughly one-third of global trade. A similar process is ongoing in Asia. The United States withdrew from negotiations over a Trans-Pacific Partnership (TPP) that would have linked a dozen Pacific powers in a free-trade zone. Still, other states have continued and concluded a Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). The CPTPP includes Australia, Brunei, Chile, Japan, Malaysia, New Zealand, Peru, Singapore, and Vietnam.

These are worthy projects, but they unnecessarily divide the world into separate geographic regions that ignore the realities of today's globalized world, where economies across regions are interlinked. Instead, the world's leading democracies in Europe and Asia should be linked with the United States in a single agreement. Perhaps the starting point would be agreement on a US-Japan-EU trade agreement—a pact that would represent the three largest economies in the democratic world. Such an effort could build upon the US-Japan-EU Trilateral Trade Ministers framework formed recently to coordinate on trade and economic concerns.<sup>57</sup>

To be sure, there are significant hurdles that will need to be overcome to bring the FWTA to life. Negotiating such an agreement across major economies will be painstaking, and will require difficult political tradeoffs. But, if successful, the FWTA could become the framework for reinvigorating the trade agenda. Over time, the agreement could expand to include other nations that are willing to abide by the principles of free and fair trade that the agreement would represent.

Global trade rounds have been negotiated in the past, but the most recent Doha Development Round has stalled due to differences between developed and developing nations, including China, among other issues. The FWTA could overcome this hurdle by uniting the most developed democratic nations globally in a single pact. By resolving remaining differences among the advanced democracies, FWTA could even facilitate future breakthroughs in the Doha Round, allowing nations to focus on the points of contention between developed and developing nations.

“Free trade” has lost support in some circles, and not without reason. There are losers to globalization, and unskilled workers in advanced economies have been disadvantaged by the outsourcing of jobs and automation. They have also benefited from trade, however, including through cheaper imports. Still, to be politically and substantively viable, the FWTA must be a fair-trade agreement that includes protections for workers' rights and, as discussed below, safeguards against mercantilist practices.

### Establish New Regional Architecture in Asia

**B**uilding an inclusive order that sufficiently incorporates autocracies will require adapting security architectures to provide a forum for raising, discussing, and resolving international conflicts of interest. Asia, in particular, will be central to the future of the rules-based system. The Indo-Pacific region has three of the world's largest economies and seven of its eight fastest-growing markets, and is expected to produce more than half of the world's economic output in the coming years. Yet, the rules-based economic system in Asia is under increasing strain. Several countries have expressed concerns about China's increasing influence across the region, its BRI, and its potential to undermine key principles of a rules-based system.

With Asia likely to be the focus of geopolitical tensions in the years ahead, this paper proposes two new regional structures to better position the United States and its allies to address these tensions.

**Indo-Pacific Partnership.** The United States and its democratic allies should develop a new Indo-Pacific Partnership that brings together a consortium of nations to strengthen cooperation to advance a rules-based system in the region. The aim is to develop a strategic approach to strengthen cooperation and economic connectivity among Asia's leading democracies, and lay the foundation for a potentially high-impact strategic complement to China's BRI. In addition to D10 states, the partnership would include Indonesia, Singapore, and others across the Indo-Pacific. The broader effort is aimed at improving collaboration among like-minded democracies across Asia and the Indo-Pacific, and advancing shared values and interests.

The foundation for such collaboration has been laid. Senior officials of diplomatic authorities in Japan, Australia, India, and the United States (the "Quad") have been discussing measures to ensure a free and open international order based on the rule of law in the Indo-Pacific.<sup>58</sup> Following a recent meeting, Indian Prime Minister Narendra Modi expressed his interest



As the world's largest democracy, India will be a pivotal global actor.

in working with Japanese Prime Minister Shinzo Abe to improve connectivity and advance strategic collaboration among democracies across the Indian and Pacific Oceans. India and Japan recently launched a joint “Freedom Corridor” initiative to link regional democracies and highlight the nexus between democratic values, free-market capitalism, and the rule of law.<sup>59</sup>

The next step is to develop a substantive strategic agenda to advance these objectives. The partnership would seek to forge a consensus on how best to address BRI, the Asia Infrastructure Investment Bank, and other Chinese-led efforts. China has, at least rhetorically, welcomed global participation in these initiatives. Leading democracies should welcome institutional initiatives, wherever they originate, which address important global challenges and are consistent with the core principles of a rules-based order outlined above. They should work to ensure these new institutions meet high standards. Alternatively, they can blunt any Chinese efforts to use these institutions as tools of Chinese geopolitical influence or means of splintering the existing rules-based system, and to ensure that these new initiatives are less corrupt and more transparent, and meet the development needs of their recipients. On the other hand, by choosing to collaborate outside of the BRI framework, the partnership could be in a better position to provide support to nations worried about Chinese predation. Working together, leading democracies can decide whether to participate directly in new institutions to influence their activities, or whether to develop a more coherent approach to countering and limiting their influence from the outside.<sup>60</sup> In either case, the allied approach will have far greater impact if coordinated under the umbrella of a new Indo-Pacific strategic partnership.

**Enhanced Asian Seven-Party Framework.** The prevailing security architectures in Europe, Asia, and the Middle East consist primarily of US alliances, to the exclusion of nonallies and potential rivals. Chinese officials often complain, with some justification, that Asia’s security institutions are aimed against China. To provide a diplomatic venue for addressing security issues in Asia, it would be helpful to have a broader body that includes the United States, its allies, China, and potentially other states. Moreover, regional states could benefit from a standing regional forum to regularly discuss persistent regional security issues, including those related to the South China Sea, Taiwan, North Korea, the Diayou/Senkaku Island dispute, and other issues.

While global security institutions, including the UNSC and an adapted G20, can address this set of issues, not every discussion needs to rise to a global level.

The major nations of Asia can establish a Seven-Party Framework to discuss regional security issues. This framework would be an outgrowth of the Six-Party talks constructed around the North Korean nuclear issues, but expanded to consider all regional security issues and institutionalized as a permanent and regularly convening body. Membership should be extended to major Asian powers, including the United States, Russia, China, and India, and the United States’ most important regional security allies, Japan, South Korea, and Australia. If it proves effective, the Asian Seven-Party Framework could grow to include other states in the region.

### Develop New Rules for Disruptive Technologies

**T**he system must also be adapted to deal with new issues that were not envisioned when the existing order was designed. Foremost among these issues is emerging and disruptive technology, including AI, additive manufacturing (or 3D printing), quantum computing, genetic engineering, robotics, directed energy, the Internet of things (IOT), 5G, space, cyber, and many others.

Like other disruptive technologies before them, these innovations promise great benefits, but also carry serious downside risks. For example, AI is already resulting in massive efficiencies and cost savings in the private sector. Routine tasks and other more complicated jobs, such as radiology, are already being automated. In the future, autonomous weapons systems may go to war against each other as human soldiers remain out of harm's way.

Yet, AI is also transforming economies and societies, and generating new security challenges. Automation will lead to widespread unemployment. The final realization of driverless cars, for example, will put out of work millions of taxi, Uber, and long-haul truck drivers. Populist movements in the West have been driven by those disaffected by globalization and technology, and mass unemployment caused by automation will further grow those ranks and provide new fuel to grievance politics. Moreover, some fear that autonomous weapons systems will become "killer robots" that select and engage targets without human input, and could eventually turn on their creators, resulting in human extinction.

The other technologies on this list similarly balance great potential upside with great downside risk. 3D printing, for example, can be used to "make anything anywhere," reducing costs for a wide range of manufactured goods and encouraging a return of local manufacturing industries.<sup>61</sup> At the same time, advanced 3D printers can also be used by revisionist and rogue states to print component parts for advanced weapons systems or even WMD programs, spurring arms races and weapons proliferation.<sup>62</sup> Genetic engineering can wipe out entire classes of disease through improved medicine, or wipe out entire classes of people through genetically engineered superbugs. Directed-energy missile defenses may defend against incoming missile attacks, while also undermining global strategic stability.

Perhaps the greatest risk to global strategic stability from new technology, however, comes from the risk that revisionist autocracies may win the new tech arms race. Throughout history, states that have dominated the commanding heights of technological progress have also dominated international relations. The United States has been the world's innovation leader from Edison's light bulb to nuclear weapons and the Internet. Accordingly, stability has been maintained in Europe and Asia for decades because the United States and its democratic allies possessed a favorable economic and military balance of power in those key regions. Many believe, however, that China may now have the lead in the new technologies of the twenty-first century, including AI, quantum, 5G, hypersonic missiles, and others. If China succeeds in mastering the technologies of the future before the democratic core, then this could lead to a drastic and rapid shift in the balance of power, upsetting global strategic stability, and the call for a democratic-led, rules-based system outlined in these pages.<sup>63</sup>

The United States and its democratic allies need to work with other major powers to develop a framework for harnessing emerging technology in a way that

maximizes its upside potential, while mitigating against its downside risks, and also contributing to the maintenance of global stability. The existing international order contains a wide range of agreements for harnessing the technologies of the twentieth century, but they need to be updated for the twenty-first century. The world needs an entire new set of arms-control, nonproliferation, export-control, and other agreements to exploit new technology while mitigating downside risk. These agreements should seek to maintain global strategic stability among the major powers, and prevent the proliferation of dangerous weapons systems to hostile and revisionist states.

A new technology committee established under the auspices of a revamped D10 could serve as a forum for the democratic core to converge on common standards for the protection of privacy, individual rights, and liberal values amid rapid technological change. It is also imperative that the United States and its democratic allies maintain their innovation edge. This means cultivating their traditional advantages in this area, including in education, research and development, openness to immigration, and strong capital markets. It could discuss the creation of formal norms and standards to guide the ethical uses of technology, from AI to genetic engineering to “killer robots.” This D10 Technology Norms Committee could also serve as a platform to coordinate on strategies to ensure that the United States and its democratic allies maintain their innovation edge in areas of critically sensitive technology, and forge agreements to address threats posed by adversaries. It also means properly understanding the threat posed by Chinese technology. China’s 5G investments in Europe, for example, are not about business, but about Chinese Communist Party (CCP) control. The democratic core should counter China’s industrial policies that violate international trading standards, and defend against the national security threat posed by the penetration of Chinese technology into their societies.

Ultimately, however, a successful rules-based system will require the world’s two technological giants, the United States and China, to find common ground. They should begin a high-level bilateral dialogue to develop shared norms for AI, space, cyber, additive manufacturing, and other new technologies with the potential to introduce considerable friction into the relationship. In parallel, a similar group within an elevated G20 should seek to develop new rules and norms for a more inclusive group, and provide a venue to engage China and other major powers to seek agreed-upon norms to mitigate against dangerous or unethical uses of these new technologies. The long-term goal of these efforts should be to negotiate agreed-upon global technology standards that are abided by all major powers.

At the same time, leading powers should look to other international entities to address new technologies that fall broadly within the scope of their mission. Nuclear Suppliers Group guidelines, for example, should be updated to account for 3D printing, including controls on metal powders, certain specialized machines, and build files. Arms-control and nonproliferation agreements should also be considered for hypersonic missiles. It may be that the NPT, and not New START, is the applicable model. It may be impossible or undesirable to prevent the major powers from developing these missiles, which are maneuverable and fly at greater than five times the speed of sound, but the major powers must still work together to halt their spread to rouge states, such as Iran and North Korea.

## ELEMENT THREE

## Defend the System to Ensure Its Success

An adapted and revitalized international order will need to be defended. After all, a rules-based system only works if states regularly comply with the rules. While complying with the core principles of the rules-based system themselves, the United States and like-minded states should systematically track noncompliance, and demonstrate to other states that there are clear benefits for complying with the core principles of the system and substantial costs for challenging them. The sections below discuss such a framework in the abstract, before moving on to apply this framework to the realms of international security, the global economy, and democracy and governance.

### Enforce Systematic Compliance with the Rules

**T**he rules-based system requires both rules and a system. In other words, there should be a systematic framework in which states can understand the rules and the consequences of noncompliance. As international-relations scholars write, there is no world government in international politics. The creation, adjudication, and enforcement of global rules is, therefore, up to individual states and, ultimately, highly dependent on the interests of the great powers.

Still, over the past several decades, the rules-based system has moved from an anarchic system toward a greater degree of regularity and predictability. In some areas, such as trade compliance, dispute resolution is handled through a formal process within established international institutions. For others, particularly violations of democratic norms, the consequences are unpredictable, reactive, and highly dependent on political decision-making in key states. Greater standardization would, thus, strengthen the system further.

The United States and its democratic allies should work together toward a more institutionalized approach that establishes a clear and practical set of incentives and disincentives to bolster compliance with the rules-based system, including predictable and transparent penalties for rule violations. The goal should be to depoliticize rules enforcement to the extent possible, so that decisions on enforcement procedures do not rest so heavily on political decisions of the United States or other major powers. To be credible and have the legitimacy needed to enforce compliance by other states, leading democracies—and especially the United States—must themselves be willing to abide by the fundamental principles of a rules-based order.

Through the use of US Treasury Department sanctions and designations, the United States is beginning to follow a more systematic approach, at least with regard to trade sanctions and asset freezes. Noncompliance with rules relating to terrorism, proliferation, counter-narcotics, and democracy and human-rights violations (including under the Global Magnitsky



The United States and its democratic allies and partners should maintain a favorable balance of military power in order to defend the rules-based system.

PETER ANDREWS/REUTERS

Act), triggers a process within the Treasury Department, and ultimately leads to issuance of sanctions. This model has proven effective in many cases, but needs to be expanded to cover not just economic penalties, but a broader range of consequences for noncompliance. In addition, the United States should seek to implement these measures in coordination with its allies, initially through the D10 and the AFN, and, where possible, in the UNSC and G20 to bolster their legitimacy and effectiveness.

Similarly, the “duty to prevent” provides a standard for the more regularized enforcement of WMD proliferation and state sponsorship of terrorism. There has been a standard response to illicit nuclear programs in Iran and North Korea over the past two decades, involving increasingly severe economic sanctions and the possibility of the use of force as a last resort. The international community should enshrine this “duty to prevent” into international law and make clear the penalties that await those that violate international norms on nonproliferation and terrorism.

Beyond these two areas, systematic approaches to rule enforcement should be developed among leading democracies, and then expanded to include other major powers for maximum effectiveness.

### Defend International Security

The foremost threat to international peace and security currently comes from the autocratic great powers, Russia and China. The democratic core, therefore, must be prepared to ramp up for a new era of great-power competition. At the same time, leading powers must continue to defend against the threats posed by rogue states and violent extremists.

**Ramp Up for Great-Power Competition.** Even while leading democracies seek to provide a place in the international system for China and Russia to cooperate, they must be prepared to address the threats they pose.

As a first step, the United States and its democratic allies should, as argued above, lock in existing areas of convergence with revisionist autocrats, such as nuclear nonproliferation. Moreover, they should make a good-faith effort to expand these areas of convergence and work with Beijing and Moscow to adapt the system in an attempt to win their buy-in and support, provided those adaptations are consistent with the fundamental principles articulated above. The ultimate objective should still be to integrate these states as full participants in an adapted rules-based system.

Still, it is unlikely that these steps will be sufficient to achieve this goal in the foreseeable future. The near-term strategy will, therefore, need to lean more heavily on demonstrating the costs to resisting the system. The United States and its democratic allies must be prepared to defend themselves from the threats that these states pose in the near-to-medium term. Leading democracies should not welcome a new cold war, but they also must remain firm in defending their values and interests by resisting Russian and Chinese efforts to undermine key elements of a rules-based system.

Militarily, the United States and its democratic allies must possess the will and the capabilities to deter and, if necessary, defeat any potential adversary. They must prevent a hostile state from dominating important geographic regions, by maintaining a favorable balance of power in Europe and Asia. While the United States continues to enjoy military advantages, its margin of superiority has eroded in recent years. Maintaining a favorable balance of power in both regions will require the United States to strengthen its own military capabilities by increasing defense spending, developing new operational concepts, and incorporating emerging technologies into US and allied defense plans. The United States and its democratic allies have long benefited from an innovation edge, and they should continue to pursue military-technological superiority over their adversaries.

The United States' large and effective international alliance structure may be among its greatest assets. The United States should work to strengthen and expand its alliance relationships, including through the AFN. Alliance burden sharing is important, and Washington is right to demand greater allied contributions. At the same time, these efforts should ideally increase interoperability and strengthen alliance bonds, and not alienate allies or push them toward greater "strategic autonomy." Washington needs a renewed focus on managing its alliances and on giving allies greater opportunity to participate in the joint development of strategy and policy.

In the competition with the autocrats to win over friends and allies around the world, continued aggressive behavior from Russia and China will push neutral states into the US camp. Already, once-proudly nonaligned countries, such as India, are working more closely with the US alliance system in Asia as a counter to China. While the United States and its democratic allies should not pressure states to make a binary choice between the United States and China or Russia, they should incentivize nations to work closely with the leading democracies.

Some might argue that the above strategy risks pushing Russia and China closer together, when the goal of US and allied strategy should be to pry them apart. This paper disputes the premise of such an argument as unrealistic and unnecessary. Russia and China have an uneasy and tense relationship, and they are unlikely to develop a deep and trusting security partnership. At the same time, neither state has an interest in developing an overtly hostile stance toward the other, and it is unrealistic to believe that leading democracies can convince one or the other to side firmly with the United States and the democratic core against the other, at least under their current leadership. Moreover, a wedge approach is unnecessary because, as argued above, the United States and its democratic allies, working in concert, possess the preponderance of power necessary to simultaneously defend the system from both Russia and China.

**Counter Rogue States and Violent Extremists.** Beyond the great powers, the greatest threat to international peace and security comes from the autocratic rogue states, Iran and North Korea. While they do not possess the same level of capacity as Russia or China, they are also determined to resist the rules-based system, and they possess dangerous capabilities.

There is a large degree of international consensus about the challenge posed by North Korea. When it comes to Iran, Europe and the United States must put aside their differences over the JCPOA and work together to address the many threats still posed by the Islamic Republic.<sup>64</sup>

In dealing with these states, leading powers should apply a similar framework of engagement and pressure. If these nations are willing to join the community of responsible nations, they should be warmly welcomed. As long as they seek to thwart it, however, leading powers will impose severe and increasing costs to demonstrate that this ultimately untenable path is not in their best interests.

To begin, the leading powers should make clear the objectives they seek, which include the dismantlement of the rogue state's sensitive nuclear activities and ballistic-missile program, cessation of support for international terrorism, and improvement of its governance and human-rights records. They should also make clear the benefits they are willing to offer should the rogue state meet these demands, including the complete lifting of international sanctions, economic investment, and a normalization of diplomatic relations.

Until these conditions are met, however, leading powers must be equally clear about the penalties these states will face, among them: tough and increasing levels of trade and financial sanctions and diplomatic isolation,

and threats and, if necessary, uses of military force. With its allies, the United States must maintain clear escalation dominance over these states, through strengthened intelligence, surveillance, and reconnaissance (ISR), offensive-strike, and missile-defense capabilities.

The ultimate objective must be to convince these governments that their own cost-benefit calculation favors joining the system, rather than resisting it.

With violent extremist groups, no such accommodation is possible; the only acceptable goal is their annihilation. A strategy for countering terrorism must include three major components. First, leading powers must defend their societies from attacks by violent extremist groups. Since the terror attacks of 9/11, they have made great strides toward hardening targets, tightening security procedures, and improving intelligence collection. These continuing efforts should be enhanced by emerging technologies, such as AI, that may make it easier to collect and analyze data about impending attacks in real time, enhancing authorities' ability to thwart them.

Second, leading powers must stay on offense to disrupt terrorist groups' efforts to plot, establish real or virtual safe havens, train, recruit, and fundraise. They must continue to wage war against al-Qaeda and ISIS. This means conducting kinetic attacks against terrorists in war zones or ungoverned spaces, such as Afghanistan, Syria, western Iraq, Yemen, the tribal areas of Pakistan, and elsewhere. State sponsors of terrorism must also be held responsible for their actions, and the actions of their proxies. Leading powers must strengthen efforts to combat terrorist financing through domestic legislation, sanctions, and other tools, while also disrupting terrorist activity in cyberspace to prevent online efforts to radicalize vulnerable populations, recruit, and organize terrorist operations.

Third, leading powers must counter the conditions that give rise to violent extremist activity in the first place. This is the most difficult, but also the most important, element of a counterterrorism strategy. While the reasons that some individuals and groups turn to violence against innocent civilians are still not fully understood, there are some clear areas for long-term progress. This component must include efforts to counter radical interpretations of religion, and to spread economic opportunity and good governance to provide at-risk youth more attractive options than joining violent groups. This can also be accomplished by working to strengthen national and local governments in at-risk nations, to deny terrorists safe havens and unlock human potential in the Middle East.<sup>65</sup>

### **Defend the Global Economy**

**T**he global trading system was established by a club of democracies that, for the most part, played by the rules. As the global trading system has expanded over time, however, nonmarket economies, most notably China, have systematically preyed on this open system. China has routinely engaged in currency manipulation, intellectual-property theft, unfair government subsidies, and discrimination against foreign

companies. The goal of trade negotiations with China, therefore, must be to eliminate these unfair advantages and ensure market access for foreign companies, the elimination of subsidies and currency manipulation, and respect for intellectual property. Moreover, provisions for addressing such unfair trading practices should be built into future trade agreements, and the WTO dispute-resolution mechanism should be adapted accordingly.

Until these new trade agreements are reached, however, new enforcement tools should also be developed to punish states that violate the rules of an open, global trading system. Washington and its allies can encourage Russia and China to liberalize their economies by making clear the downsides of noncompliance; leading democracies must exact a cost on states that seek to prey against the system. To improve the chances of success, the United States and its democratic allies should approach China as a united bloc. The United States, the EU, and Japan have all separately expressed concerns about China's trading practices, but Washington is unilaterally attempting to renegotiate terms of trade with Beijing. Joining forces with the EU and Japan would give the effort much greater economic and political heft.

The Trump administration's tariffs have succeeded in imposing a cost on Beijing and forcing China's leaders to the negotiating table. The approach could be improved, however, with a more surgical approach that targets specific import products benefiting from Chinese government support. While unfortunate, a continued decoupling of China from the global trading system may ultimately be in the best interest of the democratic core, if China is unable or unwilling to reform its trading practices.

To maximize the chances of successfully incorporating China into a liberal trading regime, however, the United States and its democratic allies must move beyond tariffs and use more direct means for countering China's unfair trading practices. This should include continuing to actively pursue remedies within the WTO to hold China accountable. The United States and its democratic allies must also strengthen and enforce provisions to prevent foreign investments that pose a national security risk, such as the Committee for Foreign Investment in the United States (CFIUS). They must also forge a common position regarding market access in China, including a common refusal to allow forced technology transfer. Most importantly, however, the democratic core must stick to its proven model. In response to China's state-led capitalist approach, some Western observers are arguing that the United States can best compete with China by emulating it. They maintain that Washington should develop its own industrial policy, choose national champions, and use government intervention to promote their competitiveness on global markets. This would be a mistake. Open-market systems have repeatedly outperformed state-led systems. By following the above policies, and with a little bit of patience, they will once again demonstrate their superiority.

## Defend Democracy

**A**dvancing the strategic goal of expanded global freedom and human rights will require actively defending democracy. Democracies protect the rights of their citizens, and are more likely to cooperate in favor of a stable and secure global order. Democracies rarely engage in direct military conflict, and political incentives tend to drive democratically elected leaders to find ways to resolve disputes with each other, in ways that are consistent with a rules-based system. Democratic governance has been central to the success of the rules-based system, but as discussed above, the world is currently experiencing a decade-long trend of democratic backsliding.

The United States and its democratic allies should work together, therefore, to counter rising authoritarianism and defend democracy, especially in priority countries.

Democracies can begin by leading by example. By addressing their domestic problems, they can demonstrate that open-market democracies are unmatched in their ability to provide for prosperity, freedom, and human flourishing. They should do more to remind the world of the evils and dysfunctions of autocracy, and proudly contrast results of their model with those of competitors. To be sure, contemporary democracies face their own challenges, but there is much social science theory and centuries of evidence to show that, despite its problems, democracy is the superior form of government.<sup>66</sup> While some see China's state-led capitalist model as a success, it is resulting in gross human-rights abuses, including ethnic cleansing against Muslim Uighurs. Moreover, there are real doubts about the ability of China's model to provide continued economic prosperity. While democracies need to get their own houses in order, they should not shy away from an ideological competition in which they possess the advantage.

Democracies must defend the integrity of their political systems from Russian and Chinese interference. This includes consolidated democracies in the core of the system, such as the United States and Australia, and vulnerable frontline states, including Ukraine, Georgia, and Taiwan. Government and nongovernmental organizations must expose Chinese and Russian efforts to meddle in US and allied politics. They should also tighten national laws that guard against undue foreign, and potentially malign, influence in their politics and economies.

Moreover, democracies should threaten to fight fire with fire. As argued above, new global sovereignty norms should prohibit physical, as well as virtual, interference in the domestic political processes of other states. If Russia and China continue to engage in "sharp power" practices against open societies, the democracies should make clear that they are prepared to respond in kind. This should serve as a potent deterrent. Autocratic systems are much more fragile than consolidated democracies. The truth is that authoritarian regimes fear their own people most, as their stirrings for the pursuit of freedom pose existential challenges to such regimes. This asymmetric vulnerability should give Moscow and Beijing pause. If

deterrence fails, democracies must be prepared to execute their deterrent threats. They have a number of tools at their disposal, such as cyberattacks to bring down the Great Firewall of China, which could be devastating to the autocrats' ability to maintain internal control.

The leading democracies face a difficult challenge from wavering allies that are cultivating ties with autocrats or backsliding on democracy. While the goal should be to keep allies, the leading democracies should have candid discussions behind closed doors about their concerns, and about the negative consequences of choosing the wrong side in this effort to remake the global system.

Leading democracies must also provide greater assistance to vulnerable frontline states, including economic, political, and, in some cases, military aid aimed at fostering and protecting democratic consolidation. These approaches should not be enacted unilaterally, by the United States or any other nation. Rather, the leading democracies must collaborate more closely to identify and implement, in a collective manner, proactive policies designed to consolidate democracy in priority countries.

Support for democratic aspirations for people worldwide, civil-society activities, nonviolent civil resistance, and pro-democracy groups in other authoritarian states remains an important tool for democracy promotion, but is often insufficient by itself.<sup>67</sup> Drawing on lessons learned from past democratic transitions, the leading democracies need to implement a new strategic approach to democracy promotion that focuses with greater intensity on a small number of priority countries, and that matches assistance to pro-democracy activists to encourage and support stable and peaceful democratic transitions.



US congressional support for existing alliances remains strong.

FRANMARIE WETZLER

## CHAPTER 6

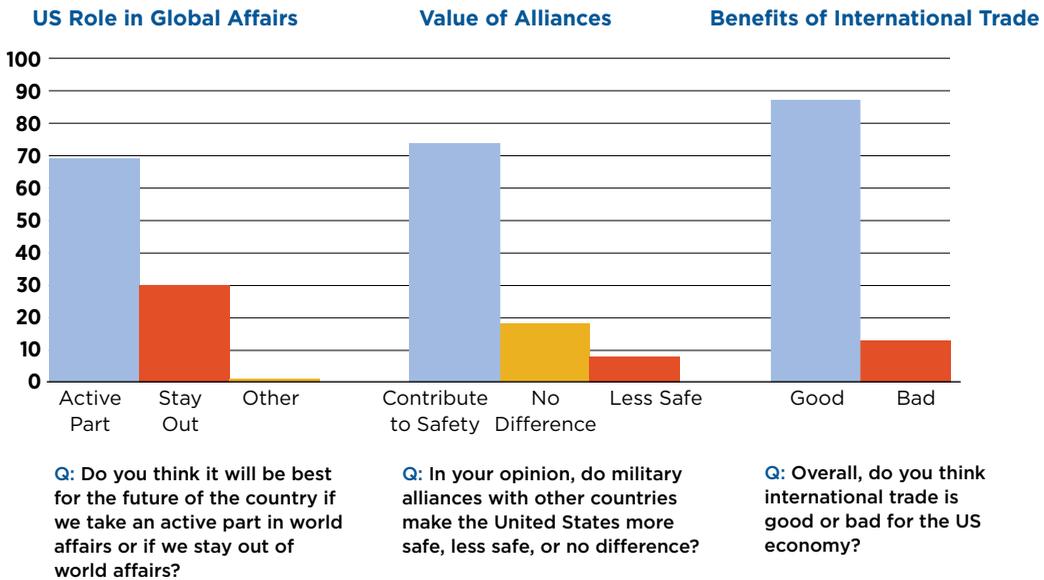
# CHALLENGES AND OPPORTUNITIES FOR IMPLEMENTATION

**C**ritics may object that the above strategy is appealing, but unrealistic, and impossible to achieve anytime in the near future. To be sure, bringing this strategy to life will not be easy. Even in the best of times, this approach would be a heavy lift. Several key challenges will need to be overcome to successfully implement this strategy.

The first relates to the role of the United States, and whether Washington has the will to back such a strategy. Proactive American leadership is central to the strategy set forth in this paper. While the current US administration may not be prepared to embrace it, key elements of this approach are

FIGURE 6

**Public Opinion on US Global Engagement**



Source: Chicago Council on Global Affairs (2019)<sup>68</sup>

likely to find bipartisan support among US elected officials and policymakers. A future administration may well be inclined to put its weight behind this strategy. Moreover, certain aspects of what is proposed here are consistent with and could help guide current administration efforts, including, for example, on great power competition and China. Furthermore, while recent trends have raised questions about the United States’ commitment to leadership of a rules-based system, there are strong indications that the American public is still willing to back US global engagement. As shown in Figure 6, opinion polling suggests strong support for alliances, free and open trade, and an active US role in world affairs.<sup>69</sup> In Congress, this support has been exemplified by bipartisan resolutions in favor of US commitment to NATO, maintaining sanctions against Russia, and opposing the imposition of tariffs. It is also not yet known if the current populist strain in the United States and other democracies is a secular trend or a momentary blip, with some scholarship suggesting the latter.<sup>70</sup> In its own way, the above strategy advances US interests even narrowly defined, because the United States has already been among the greatest beneficiaries of the rules-based system, and stands to benefit greatly from the revised system called for here.

The second challenge relates to whether the United States and its allies and partners retain the position of influence to successfully implement the above strategy. The authors believe they do. There is every reason to retain high confidence in the effectiveness of open-market democracy. Indeed, the United States and its allies and partners continue to possess a significant preponderance of power. When it comes to external challenges, the United States and its allies are much stronger, and their current autocratic

challengers much weaker, than many other analysts seem to believe.<sup>71</sup> The free world has faced challenges in the past, including from the Soviet Union and the Warsaw Pact countries, but those competitors were ultimately defeated, and some were successfully incorporated into the rules-based system. The authors believe the same fate ultimately awaits those who might attempt to defy the logic of an adapted rules-based system, today and in the future.

A third challenge relates to the role of democratic partners. Some might argue that it is unrealistic to expect European nations to step up and play the necessary role for a revitalized international order, but European and other middle-power democracies have the most to lose from the collapse of a rules-based system. Further, where the United States has left a vacuum, allies have already stepped up to play a more active role. For example, Germany, France, Japan, Canada, and others have proposed an “Alliance for Multilateralism” that aims to uphold the rules-based system. Elements of the strategy could potentially be implemented through this network. US allies have also worked together, despite Washington’s absence, to expand free trade in Asia with the CPTPP. Needed areas for future systemic adaptation, including the need to address the consequences of emerging technology, have already gained the attention of the Trump administration and leading US allies.

Another challenge with the above strategy is striking the right balance between, and the sequencing of, coordination among leading democracies and the inclusive discussions with autocratic great powers. If the primary focus were to be on a G2-like collaboration between the United States and China, democratic allies would fear that Washington was cutting deals above their heads, and that their interests were not being adequately reflected in negotiations. Lean too heavily toward intra-democratic coordination first, however, and Russia and China may feel excluded and unwilling to engage with a rules-based system. This paper has attempted to design an inclusive system that balances these concerns, but the United States and its allies are more prepared to run the risks associated with a strategy that prioritizes intra-democratic coordination. Indeed, as explained above, the authors believe that greater intra-democratic coordination will tend to make China and Russia more, rather than less, likely to engage with a rules-based system. As a concrete example, most experts believe the leading democracies will be more likely to get a positive response from China on its unfair trading practices with a coordinated US-EU-Japan approach than from unilateral efforts by the United States alone.

In sum, strategy is about developing long-term and sustainable approaches to addressing long-term challenges. Policymakers should not be unduly distracted by the headlines, while the strategy defined above is more consistent with underlying fundamentals and a clear-eyed recognition of long-term interests. Like any grand strategy, the sequencing and timeframe for implementing specific elements must be tailored to political realities. Still, the authors believe the basic contours of the above strategy are consistent with global geopolitical realities.



Leading powers must work together to revitalize, adapt, and defend a rules-based system.

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## CONCLUSION

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**T**he rules-based international system of the past seventy years has not been perfect, but it has stood out as an exception to the turbulent geopolitics of the previous two thousand-plus years of human history. It provided for orderly relations among nations, and has contributed to unprecedented levels of peace, prosperity, and freedom for more than seventy years. The question is: what comes next?

Will the world return to a kind of pre-1945 international political system, as some have warned? Will the world see a return to great-power warfare, reduced standards of living, and creeping authoritarianism? Will the “jungle grow back?”<sup>72</sup>

Alternatively, can leading powers work together to salvage, update, and even strengthen what they have created over the past three-quarters of a century? This paper provided a global strategy for revitalizing, adapting, and defending a rules-based international system. Implementing this strategy will not be easy, but the authors believe that following its guidance would be better than any possible alternatives. As former national security advisor Stephen Hadley notes, “[r]eviving, adapting, and revitalizing the international system will require renovating existing networks, institutions, and arrangements and, in some cases, creating new ones...All this can be done. It is more than possible. But only if we begin the effort.”<sup>73</sup>

If implemented effectively, the strategy can provide another seventy years in which the major powers avoid direct warfare, standards of living continue to rise beyond the imaginations of previous generations, and democratic governments set the conditions that allow human flourishing.

Now, it is time to work together to make this vision a reality.

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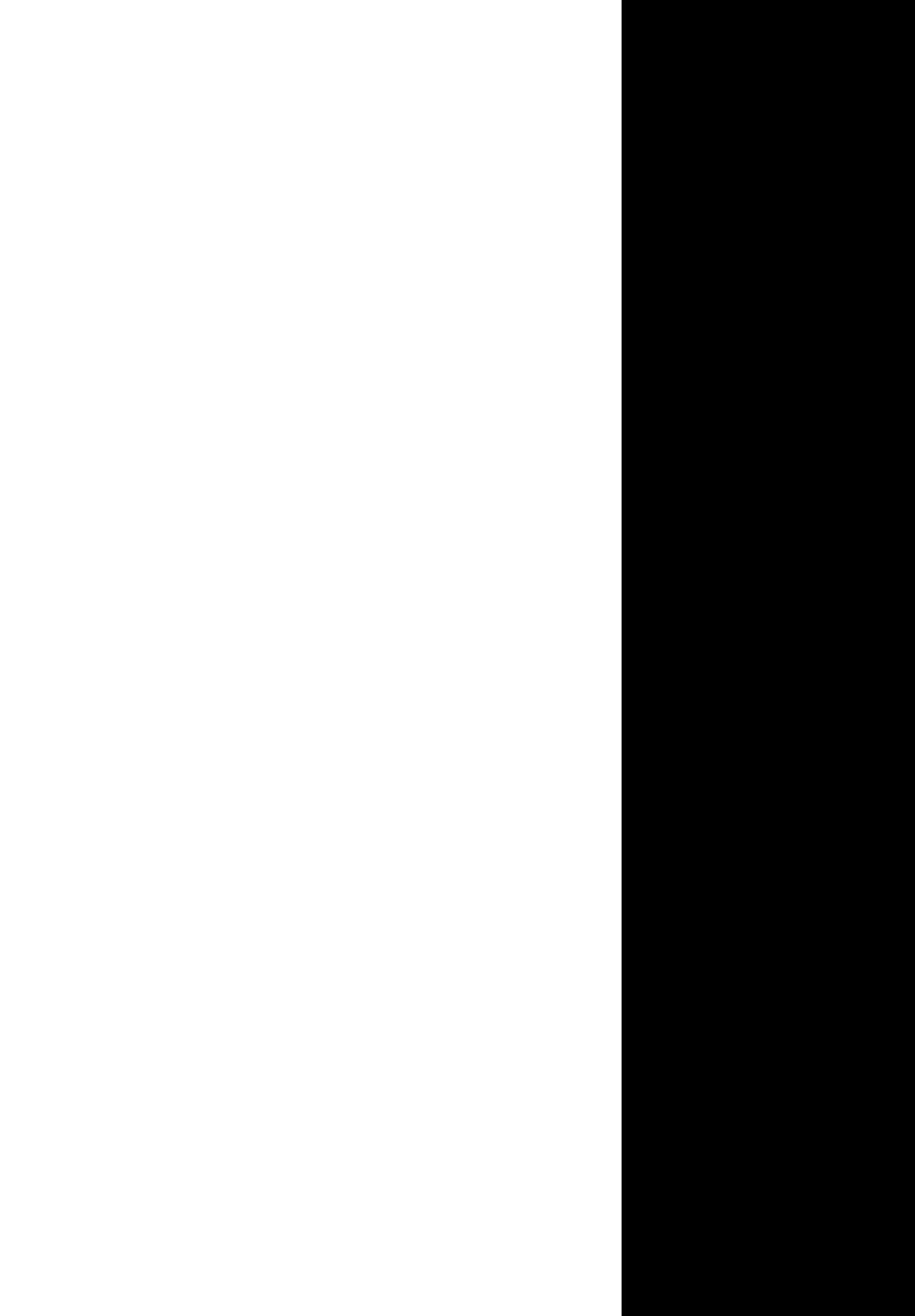
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