

# Which World Are We Living In?

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# What’s Inside: Here are six choices of grand narrative for an increasingly turbulent era, so take your pick.

**By** [**Gideon Rose**](https://www.foreignaffairs.com/authors/gideon-rose)

Bismarck once said that the statesman’s task was to hear God’s footsteps marching through history and try to catch his coattails as he went past. It’s a great concept, but how do you spot him? With the time clearly out of joint, we dispatched six scouts to look for tracks, and this issue’s lead package presents their findings. Realist world. Liberal world. Tribal world. Marxist world. Tech world. Warming world. Six choices of grand narrative for an increasingly turbulent era.

[Stephen Kotkin argues](https://www.foreignaffairs.com/articles/world/realist-world) that great power rivalry is the motor of history, now as always. The story of the age is the rise of China and its geopolitical consequences, and the future will depend on how Beijing and Washington manage their relationship.

[Not so fast, say Daniel Deudney and G. John Ikenberry](https://www.foreignaffairs.com/articles/world/liberal-world). Despite what critics allege, the main story today is the resilience of liberal democracies and the international order they created. Today’s challenges will be surmounted just as earlier ones were, because in the end, liberalism works, [Amy Chua sees tribalism as the dominant fact of human life](https://www.foreignaffairs.com/articles/world/tribal-world), and its turbocharged expression—from nationalism to identity politics—as the theme of the current day. A calmer future depends on building inclusive communities.

[Robin Varghese makes the case](https://www.foreignaffairs.com/articles/world/marxist-world) for class struggle as the key to understanding what is happening. It turns out that Marx was less wrong than early: the rich are getting richer, the masses are getting screwed, and the system is finally going into crisis. What did you expect from capitalism?

Science and technology are actually what matter most, [claims Kevin Drum](https://www.foreignaffairs.com/articles/world/tech-world). Just as the Industrial Revolution transformed everything a couple of centuries ago, so the digital revolution is doing it again now. Strap yourself in; it’s going to be a bumpy ride.

How silly all these debates will seem to future generations trying to keep their heads above water, [notes Joshua Busby](https://www.foreignaffairs.com/articles/warming-world). Grappling with climate change is the defining challenge of the era. Life today seems like a tale told by an idiot, full of sound and fury, signifying something. Take your pick as to what.

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**The Realist World**

**The Players Change but the Game Remains**

By [Stephen Kotkin](https://www.foreignaffairs.com/authors/stephen-kotkin)

Geopolitics didn’t return; it never went away. The arc of history bends toward delusion. Every hegemon thinks it is the last; all ages believe they will endure forever. In reality, of course, states rise, fall, and compete with one another along the way. And how they do so determines the world’s fate.

Now as ever, [great-power politics](https://www.foreignaffairs.com/articles/northeast-asia/2001-09-01/interview-author) will drive events, and international rivalries will be decided by the relative capacities of the competitors—their material and human capital and their ability to govern themselves and their foreign affairs effectively. That means the course of the coming century will largely be determined by how China and the United States manage their power resources and their relationship.

Just as the free-trading United Kingdom allowed its rival, imperial Germany, to grow strong, so the free-trading United States has done the same with China. It was not dangerous for the liberal hegemon to let authoritarian competitors gain ground, the logic ran, because challengers would necessarily face a stark choice: remain authoritarian and stagnate or liberalize to continue to grow. Either way, the hegemon would be fine. It didn’t end well the first time and it’s looking questionable this time, too.

China will soon have [an economy](https://www.foreignaffairs.com/articles/china/2017-09-14/what-west-gets-wrong-about-chinas-economy) substantially larger than that of the United States. It has not democratized yet, nor will it anytime soon, because communism’s institutional setup does not allow for successful democratization. But [authoritarianism has not meant stagnation](https://www.foreignaffairs.com/articles/asia/2018-04-16/autocracy-chinese-characteristics), because Chinese institutions have managed to mix meritocracy and corruption, competence and incompetence, and they have somehow kept the country moving onward and upward. It might slow down soon, and even implode from its myriad contradictions. But analysts have been predicting exactly that for decades, and they’ve been consistently wrong so far.

Meanwhile, as China has been powering forward largely against expectations, the United States and other advanced democracies have fallen into domestic dysfunction, calling their future power into question. Their elites steered generations of globalization successfully enough to enable vast social mobility and human progress around the world, and they did quite well along the way. But as they gorged themselves at the trough, they overlooked the negative economic and social effects of all of this on citizens in their internal peripheries. That created an opening for demagogues to exploit, which they have done with a vengeance.

The Great Depression ended an earlier age of globalization, one that began in the late nineteenth century. Some thought the global financial crisis of 2008 might do the same for the current wave. The system survived, but the emergency measures implemented to save it—including bailouts for banks, but not for ordinary people—revealed and heightened its internal contradictions. And in the decade following, antiestablishment movements have grown like wildfire.

Today’s competition between China and the United States is a new twist on an old story. Until the onset of the nineteenth century, China was by far the world’s largest economy and most powerful country, with an estimated 40 percent share of global GDP. Then it entered a long decline, ravaged from without and within—around the same time the United States was born and began its long ascent to global dominance. The United States’ rise could not have occurred without China’s weakness, given how important U.S. dominance of Asia has been to American primacy. But nor could China’s revival have occurred without the United States’ provision of security and open markets.

So both countries have dominated the world, each has its own strengths and weaknesses, and for the first time, each confronts the other as a peer. It is too soon to tell how the innings ahead will play out. But we can be confident that the game will continue.

**Beware of What You Wish For**

To understand the world of tomorrow, look back to yesterday. In the 1970s, the United States and its allies were rich but disordered and stagnant; the Soviet Union had achieved military parity and was continuing to arm; China was convulsed by internal turmoil and poverty; India was poorer than China; Brazil, ruled by a military junta, had an economy barely larger than India’s; and South Africa was divided into homelands under a regime of institutionalized racism.

Four decades later, the Soviet Union has dissolved, and its successor states have embraced capitalism and private property. China, still politically communist, chose markets over planning and has grown to have the world’s second-largest economy. Once-destitute [India](https://www.foreignaffairs.com/articles/india/2017-10-16/will-india-start-acting-global-power) now has the sixth-largest economy. Brazil became a democracy, experienced an economic takeoff, and now has the eighth-largest economy. South Africa overturned apartheid and became a multiracial democracy.

The direction of these changes was no accident. After World War II, the United States and its allies worked hard to create an open world with ever-freer trade and ever-greater global integration. Policymakers bet that if they built it, people would come. And they were right. Taken together, the results have been extraordinary. But those same policymakers and their descendants weren’t prepared for success when it happened.

Globalization creates wealth by enticing dynamic urban centers in richer countries to invest abroad rather than in hinterlands at home. This increases economic efficiency and absolute returns, more or less as conventional economic theory suggests. And it has reduced inequality at the global level, by enabling hundreds of millions of people to rise out of grinding poverty.

But at the same time, such redirected economic activity increases domestic inequality of opportunity and feelings of political betrayal inside rich countries. And for some of the losers, the injury is compounded by what feels like cultural insult, as their societies become less familiar. Western elites concentrated on harvesting globalization’s benefits rather than minimizing its costs, and as a result, they turbocharged the process and exacerbated its divisive consequences.

Too many convinced themselves that global integration was fundamentally about economics and sameness and would roll forward inexorably. Only a few Cassandras, such as the political scientist [Samuel Huntington](https://www.foreignaffairs.com/articles/united-states/1993-06-01/clash-civilizations), pointed out that culture was more powerful and that integration would accentuate differences rather than dissolve them, both at home and abroad. In 2004, he noted that in today’s America, a major gap exists between the nation’s elites and the general public over the salience of national identity compared to other identities and over the appropriate role for America in the world. Substantial elite elements are increasingly divorced from their country, and the American public, in turn, is increasingly disillusioned with its government.

Having embraced an ideology of globalism, Western elites left themselves vulnerable to a mass political challenge based on the majoritarian nationalism they had abandoned. The tribunes of the popular insurgencies may traffic in fakery, but the sentiments of their voters are real and reflect major problems that the supposed experts ignored or dismissed.

**That Was Then**

For all the profound changes that have occurred over the past century, the geopolitical picture today resembles that of the 1970s, and even the 1920s, albeit with one crucial exception. Diminished but enduring Russian power in Eurasia? Check. Germany at the core of a strong but feckless Europe? Check. A distracted U.S. giant, powerful enough to lead but wavering about doing so? Check. Brazil and South Africa dominating their regions? Check. Apart from the stirrings of older Indian, Ottoman, and Persian power centers, the most important difference today is the displacement of Japan by China as the central player in the Asian balance of power.

China’s industriousness has been phenomenal, and the country has certainly earned its new position. But it could never have achieved what it has over the last two generations without the economic openness and global security provided by the United States as a liberal hegemon. From the late nineteenth and into the twentieth century, the United States—unlike the Europeans and the Japanese—spent relatively little effort trying to establish direct colonial rule over foreign territory. It chose instead to advance its interests more through voluntary alliances, multilateral institutions, and free trade. That choice was driven largely by enlightened self-interest rather than altruism, and it was backed up by global military domination. And so the various multinational bodies and processes of the postwar system are actually best understood not as some fundamentally new chimera called “the liberal international order” but as mechanisms for organizing and extending the United States’ vast new sphere of influence.

Strong countries with distinctive ideologies generally try to proselytize and converts generally flock to a winner. So it should hardly be surprising that democracy, the rule of law, and other American values became globally popular during the postwar years, given the power of the U.S. example (even in spite of the fact that U.S. ideals were often more honored in the breach than the observance). But now, as U.S. relative power has diminished and the U.S. brand has run into trouble, the fragility of a system dependent on the might, competency, and image of the United States has been exposed.

Will the two new superpowers find a way to manage their contest without stumbling into war? If not, it may well be because of Taiwan. The thriving Asian tiger is yet another tribute to the wonders of globalization, having become rich, strong, and democratic since its unprepossessing start seven decades ago. But Beijing has been resolute in insisting on reclaiming all territories it regards as its historical possessions, and Chinese President Xi Jinping has personally reaffirmed that Taiwan is Chinese territory and a “core interest.” And the People’s Liberation Army, for its part, has gradually amassed the capability to seize the island by force.

Such a radical move might seem crazy, given how much chaos it could provoke and how deeply China’s continued internal success depends on external stability. But opinion polls of the island’s inhabitants have recorded a decisive trend toward a separate Taiwanese identity, the opposite of what Beijing had expected from economic integration. (Western elites aren’t the only ones who harbor delusions.) Will an increasingly powerful Beijing stand by and watch its long-sought prize slip away?

**This Is Now**

Over the last decade, Russia has confounded expectations by managing to weather cratering oil prices and Western sanctions. Vladimir Putin’s regime may be a gangster kleptocracy, but it is not only that. Even corrupt authoritarian regimes can exhibit sustained good governance in some key areas, and smart macroeconomic policy has kept Russia afloat.

China, too, has a thuggish and corrupt authoritarian regime, and it, too, has proved far more adaptable than most observers imagined possible. Its elites have managed the development of a continent-sized country at an unprecedented speed and scale, to the point where many are wondering if China will dominate the world. In 1800, one would have expected China to dominate a century later—and instead, Chinese power collapsed and American power skyrocketed. So straight-line projections are perilous. But what if that early-nineteenth-century forecast was not wrong but early?

[Authoritarianism](https://www.foreignaffairs.com/articles/china/2017-09-15/era-authoritarian-influence) is all-powerful yet brittle, while democracy is pathetic but resilient. China is coming off a long run of stable success, but things could change quickly. After all, Mao Zedong led the exact same regime and was one of the most barbaric and self-destructive leaders in history. Just as many people once assumed that China could never rise so far, so fast, now some assume that its rise must inevitably continue—with as little justification.

Wealth and consistency have combined to yield an increasingly impressive soft-power portfolio along with the hard-power one, enabling China to make inroads into its opponent’s turf. Xi’s [decision to centralize power](https://www.foreignaffairs.com/articles/china/2018-04-17/chinas-new-revolution) has multiple sources, but one of them is surely an appreciation of just how formidable the problems China faces are. The natural response of authoritarian regimes to crises is to tighten their grip at the top. This allows greater manipulation of events in the short term, and sometimes impressive short-term results. But it has never yet been a recipe for genuine long-term success.

Still, for now, China, backed by its massive economy, is projecting power in all directions, from the East China and South China Seas, to the Indian Ocean, to Central Asia, and even to Africa and Latin America. Wealth and consistency have combined to yield an increasingly impressive soft-power portfolio along with the hard-power one, enabling China to make inroads into its opponent’s turf.

Australia, for example, is a rich and robust liberal democracy with a high degree of social solidarity and a crucial pillar of the American order—and it happens to be smack in the path of China’s expansion. Beijing’s influence and interference there have been growing steadily over the last generation, both as a natural consequence of economic interdependence and thanks to a deliberate long-term campaign on the part of China to lure Australia into a twenty-first-century version of Finlandization. Similar processes are playing out across Asia and Europe, as China embarks on building a Grand Eurasia centered on Beijing, perhaps even turning Europe away from the Atlantic.

Right now, the United States’ debasement is giving China a boost. But as Adam Smith noted, there is indeed “a great deal of ruin in a nation,” and the United States remains the strongest power in the world by far. Furthermore, this will not be a purely bilateral game. Yes, the United Kingdom allowed Germany to rise and lead a hegemonic challenge against it—twice. But it also allowed the United States to rise, and so when those challenges came, it was possible, as Winston Churchill understood, for the New World, with all its power and might, to come to the aid of the Old.

In the same way, the United States has allowed China to rise but has also facilitated the growth of Europe, Japan, India, Brazil, and many others. And however much those actors might continue to chafe at aspects of American leadership or chase Chinese investment, they would prefer the continuation of the current arrangements to being forced to kowtow to the Middle Kingdom.

The issue of the day might seem to be whether a Chinese sphere of influence can spread without overturning the existing U.S.-created and U.S.-dominated international order. But that ship has sailed: China’s sphere has expanded prodigiously and will continue to do so. At the same time, China’s revival has earned it the right to be a rule-maker. The real questions, therefore, are whether China will run roughshod over other countries, because it can—and whether the United States will share global leadership, because it must.

Are a hegemon’s commitments co-dependent, so that giving up some undermines the rest? Can alliances and guarantees in one place unwind while those in another remain strong? In short, is retrenchment possible, or does even a hint of retreat have to turn into a rout? A well-executed U.S. transition from hegemonic hyperactivity to more selective global engagement on core interests might be welcome both at home and abroad, however much politicians and pundits would squeal. But cases of successful peaceful retrenchment are rare, and none has started from such an apex.

History tells us nothing about the future except that it will surprise us. Three-D printing, artificial intelligence, and the onrushing digital and genetics revolutions may upend global trade and destabilize the world radically. But in geopolitics, good outcomes are possible, too—realism is not a counsel of despair. For today’s gladiators to buck the odds and avoid falling at each other’s throats like most of their predecessors did, however, four things will be necessary. Western policymakers have to find ways to make large majorities of their populations benefit from and embrace an open, integrated world. Chinese policymakers have to continue their country’s rise peacefully, through compromise, rather than turning to coercion abroad, as well. The United States needs to hew to an exactly right balance of strong deterrence and strong reassurance vis-à-vis China and get its house in order domestically. And finally, some sort of miracle will have to take care of Taiwan.

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**The Liberal World**

**The Resilient Order**

**By** [**Daniel Deudney**](https://www.foreignaffairs.com/authors/daniel-deudney) **and** [**G. John Ikenberry**](https://www.foreignaffairs.com/authors/g-john-ikenberry)

Decades after they were supposedly banished from the West, the dark forces of world politics—[illiberalism](https://www.foreignaffairs.com/articles/hungary/2018-04-16/eastern-europes-illiberal-revolution), autocracy, nationalism, protectionism, spheres of influence, territorial revisionism—have reasserted themselves. China and Russia have dashed all hopes that they would quickly transition to democracy and support the liberal world order. To the contrary, they have strengthened their authoritarian systems at home and flouted norms abroad. Even more stunning, with the United Kingdom having voted for [Brexit](https://www.foreignaffairs.com/tags/brexit) and the United States having elected Donald Trump as president, the leading patrons of the liberal world order have chosen to undermine their own system. Across the world, a new nationalist mindset has emerged, one that views international institutions and globalization as threats to national sovereignty and identity rather than opportunities.

The recent rise of illiberal forces and leaders is certainly worrisome. Yet it is too soon to write the obituary of liberalism as a theory of international relations, liberal democracy as a system of government, or the liberal order as the overarching framework for global politics. The liberal vision of nation-states cooperating to achieve security and prosperity remains as vital today as at any time in the modern age. In the long course of history, liberal democracy has hit been hard times before, only to rebound and gain ground. It has done so thanks to the appeal of its basic values and its unique capacities to effectively grapple with the problems of modernity and globalization.

[The order will endure](https://www.foreignaffairs.com/articles/2018-03-05/world-after-trump), too. Even though the United States’ relative power is waning, the international system that the country has sustained for seven decades is remarkably durable. As long as interdependence—economic, security-related, and environmental—continues to grow, peoples and governments everywhere will be compelled to work together to solve problems or suffer grievous harm. By necessity, these efforts will build on and strengthen the institutions of the liberal order.

**The Liberal Vision**

Modern liberalism holds that world politics requires new levels of political integration in response to relentlessly rising interdependence. But political orders do not arise spontaneously, and liberals argue that a world with more liberal democratic capitalist states will be more peaceful, prosperous, and respectful of human rights. It is not inevitable that history will end with the triumph of liberalism, but it is inevitable that a decent world order will be liberal.

The recent rise of illiberal forces and the apparent recession of the liberal international order may seem to call this school of thought into question. But despite some notable exceptions, states still mostly interact through well-worn institutions and in the spirit of self-interested, pragmatic accommodation.

Moreover, part of the reason liberalism may look unsuited to the times is that many of its critics assail a strawman version of the theory. Liberals are often portrayed as having overly optimistic—even utopian—assumptions about the path of human history. In reality, they have a much more conditional and tempered optimism that recognizes tragic tradeoffs, and they are keenly attentive to the possibilities for large-scale catastrophes. Like realists, they recognize that it is often human nature to seek power, which is why they advocate constitutional and legal restraints. But unlike realists, who see history as cyclical, liberals are heirs to the Enlightenment project of technological innovation, which opens new possibilities both for human progress and for disaster.

Liberalism is essentially pragmatic. Modern liberals embrace democratic governments, market-based economic systems, and international institutions not out of idealism but because they believe these arrangements are better suited to realizing human interests in the modern world than any alternatives. Indeed, in thinking about world order, the variable that matters most for liberal thinkers is [interdependence](https://www.foreignaffairs.com/articles/1998-09-01/power-and-interdependence-information-age).

For the first time in history, global institutions are now necessary to realize basic human interests; intense forms of interdependence that were once present only on a smaller scale are now present on a global scale. For example, whereas environmental problems used to be contained largely within countries or regions, the cumulative effect of human activities on the planet’s biospheric life-support system has now been so great as to require a new geologic name for the current time period—the Anthropocene. Unlike its backward-looking nationalist and realist rivals, liberalism has a pragmatic adaptability and a penchant for institutional innovations that are vital for responding to such emerging challenges as artificial intelligence, cyberwarfare, and genetic engineering.

Overall, liberalism remains perennially and universally appealing because it rests on a commitment to the dignity and freedom of individuals. It enshrines the idea of tolerance, which will be needed in spades as the world becomes increasingly interactive and diverse. Although the ideology emerged in the West, its values have become universal, and its champions have extended to encompass Mahatma Gandhi, Mikhail Gorbachev, and Nelson Mandela. And even though imperialism, slavery, and racism have marred Western history, liberalism has always been at the forefront of efforts—both peaceful and militant—to reform and end these practices. To the extent that the long arc of history does bend toward justice, it does so thanks to the activism and moral commitment of liberals and their allies.

**Democratic Decline in Perspective**

In many respects, today’s liberal democratic malaise is a byproduct of the liberal world order’s success. After the Cold War, that order became a global system, expanding beyond its birthplace in the West. But as free markets spread, problems began to crop up: [economic inequality grew](https://www.foreignaffairs.com/reviews/review-essay/2017-10-16/how-should-governments-address-inequality), old political bargains between capital and labor broke down, and social supports eroded. The benefits of globalization and economic expansion were distributed disproportionately to elites. Oligarchic power bloomed. A modulated form of capitalism morphed into winner-take-all casino capitalism. Many new democracies turned out to lack the traditions and habits necessary to sustain democratic institutions. And large flows of immigrants triggered a xenophobic backlash. Together, these developments have called into question the legitimacy of liberal democratic life and created openings for opportunistic demagogues.

Just as the causes of this malaise are clear, so is its solution: a return to the fundamentals of liberal democracy. Rather than deeply challenging the first principles of liberal democracy, the current problems call for reforms to better realize them. To reduce inequality, political leaders will need to return to the social democratic policies embodied in the New Deal, pass more progressive taxation, and invest in education and infrastructure. To foster a sense of liberal democratic identity, they will need to emphasize education as a catalyst for assimilation and promote national and public service. In other words, the remedy for the problems of liberal democracy is more liberal democracy; liberalism contains the seeds of its own salvation.

Indeed, liberal democracies have repeatedly recovered from crises resulting from their own excesses. In the 1930s, overproduction and the integration of financial markets brought about an economic depression, which triggered the rise of fascism. But it also triggered the New Deal and social democracy, leading to a more stable form of capitalism. In the 1950s, the success of the Manhattan Project, combined with the emerging U.S.-Soviet rivalry, created the novel threat of a worldwide nuclear holocaust. That threat gave rise to arms control pacts and agreements concerning the governance of global spaces, deals forged by the United States in collaboration with the Soviet Union. In the 1970s, rising middle-class consumption led to oil shortages, economic stagnation, and environmental decay. In response, the advanced industrial democracies established oil coordination agreements, invested in clean energy, and struck numerous international environmental accords aimed at reducing pollutants. The problems that liberal democracies face today, while great, are certainly not more challenging than those that they have faced and overcome in these historically recent decades. Of course, there is no guarantee that liberal democracies will successfully rise to the occasion, but to count them out would fly in the face of repeated historical experiences.

Today’s dire predictions ignore these past successes. They suffer from a blinding presentism. Taking what is new and threatening as the master pattern is an understandable reflex in the face of change, but it is almost never a very good guide to the future. Large-scale human arrangements such as liberal democracy rarely change as rapidly or as radically as they seem to in the moment. If history is any guide, today’s illiberal populists and authoritarians will evoke resistance and countermovements.

**The Resilient Order**

After World War II, liberal democracies joined together to [create an international order](https://www.foreignaffairs.com/anthologies/2017-02-23/what-was-liberal-order) that reflected their shared interests. And as is the case with liberal democracy itself, the order that emerged to accompany it cannot be easily undone. For one thing, it is deeply embedded. Hundreds of millions, if not billions, of people have geared their activities and expectations to the order’s institutions and incentives, from farmers to microchip makers. However unappealing aspects of it may be, replacing the liberal order with something significantly different would be extremely difficult. Despite the high expectations they generate, revolutionary moments often fail to make enduring changes. It is unrealistic today to think that a few years of nationalist demagoguery will dramatically undo liberalism.

Growing interdependence makes the order especially difficult to overturn. Ever since its inception in the eighteenth century, liberalism has been deeply committed to the progressive improvement of the human condition through scientific discovery and technological advancements. This Enlightenment project began to bear practical fruits on a large scale in the nineteenth century, transforming virtually every aspect of human life. New techniques for production, communication, transportation, and destruction poured forth. The liberal system has been at the forefront not just of stoking those fires of innovation but also of addressing the negative consequences. Adam Smith’s case for free trade, for example, was strengthened when it became easier to establish supply chains across global distances. And the age-old case for peace was vastly strengthened when weapons evolved from being simple and limited in their destruction to the city-busting missiles of the nuclear era. Liberal democratic capitalist societies have thrived and expanded because they have been particularly adept at stimulating and exploiting innovation and at coping with their spillover effects and negative externalities. In short, liberal modernity excels at both harvesting the fruits of modern advance and guarding against its dangers.

This dynamic of constant change and ever-increasing interdependence is only accelerating. Human progress has caused grave harm to the planet and its atmosphere, yet climate change will also require unprecedented levels of international cooperation. With the rise of bioweapons and cyberwarfare, the capabilities to wreak mass destruction are getting cheaper and ever more accessible, making the international regulation of these technologies a vital national security imperative for all countries. At the same time, global capitalism has drawn more people and countries into cross-border webs of exchange, thus making virtually everyone dependent on the competent management of international finance and trade. In the age of global interdependence, even a realist must be an internationalist.

The international order is also likely to persist because its survival does not depend on all of its members being liberal democracies. The return of isolationism, the rise of illiberal regimes such as China and Russia, and the general recession of liberal democracy in many parts of the world appear to bode ill for the liberal international order. But contrary to the conventional wisdom, many of its institutions are not uniquely liberal in character. Rather, they are Westphalian, in that they are designed merely to solve problems of sovereign states, whether they be democratic or authoritarian. And many of the key participants in these institutions are anything but liberal or democratic.

Consider the Soviet Union’s cooperative efforts during the Cold War. Back then, the liberal world order was primarily an arrangement among liberal democracies in Europe, North America, and East Asia. Even so, the Soviet Union often worked with the democracies to help build international institutions. Moscow’s committed antiliberal stance did not stop it from partnering with Washington to create a raft of arms control agreements. Nor did it stop it from cooperating with Washington through the World Health Organization to spearhead a global campaign to eradicate smallpox, which succeeded in completely eliminating the disease by 1979.

More recently, countries of all stripes have crafted global rules to guard against environmental destruction. The signatories to the [Paris climate agreement](https://www.foreignaffairs.com/ask-the-experts/2017-08-14/trumps-paris-withdrawal-major-climate-setback), for example, include such autocracies as China, Iran, and Russia. Westphalian approaches have also thrived when it comes to governing the commons, such as the ocean, the atmosphere, outer space, and Antarctica. To name just one example, the 1987 Montreal Protocol, which has thwarted the destruction of the ozone layer, has been actively supported by democracies and dictatorships alike. Such agreements are not challenges to the sovereignty of the states that create them but collective measures to solve problems they cannot address on their own.

Most institutions in the liberal order do not demand that their backers be liberal democracies; they only require that they be status quo powers and capable of fulfilling their commitments. They do not challenge the Westphalian system; they codify it. The UN, for example, enshrines the principle of state sovereignty and, through the permanent members of the Security Council, the notion of great-power decision-making. All of this makes the order more durable. Because much of international cooperation has nothing at all to do with liberalism or democracy, when politicians who are hostile to all things liberal are in power, they can still retain their international agendas and keep the order alive. The persistence of Westphalian institutions provides a lasting foundation on which distinctively liberal and democratic institutions can be erected in the future.

Another reason to believe that the liberal order will endure involves the return of ideological rivalry. The last two and a half decades have been profoundly anomalous in that liberalism has had no credible competitor. During the rest of its existence, it faced competition that made it stronger. Throughout the nineteenth century, liberal democracies sought to outperform monarchical, hereditary, and aristocratic regimes. During the first half of the twentieth century, autocratic and fascist competitors created strong incentives for the liberal democracies to get their own houses in order and band together. And after World War II, they built the liberal order in part to contain the threat of the Soviet Union and international communism.

The Chinese Communist Party appears increasingly likely to seek to offer an alternative to the components of the existing order that have to do with economic liberalism and human rights. If it ends up competing with the liberal democracies, they will again face pressure to champion their values. As during the Cold War, they will have incentives to undertake domestic reforms and strengthen their international alliances. The collapse of the Soviet Union, although a great milestone in the annals of the advance of liberal democracy, had the ironic effect of eliminating one of its main drivers of solidarity. The bad news of renewed ideological rivalry could be good news for the liberal international order.

**Core Meltdown**

In challenging the U.S. commitment to NATO and the trading rules of the North American Free Trade Agreement (NAFTA) and the World Trade Organization, [Trump has called into question](https://www.foreignaffairs.com/ask-the-experts/liberal-order-peril) the United States’ traditional role as the leader of the liberal order. And with the vote to leave the EU, the United Kingdom has launched itself into the uncharted seas of a full withdrawal from Europe’s most prized postwar institution. In an unprecedented move, the Anglo-American core of the liberal order appears to have fully reversed course.

Despite what the backers of Trump and Brexit promise, actually effecting a real withdrawal from these long-standing commitments will be difficult to accomplish. That’s because the institutions of the liberal international order, although often treated as ephemeral and fragile, are actually quite resilient. They did not emerge by accident; they were the product of deeply held interests. Over the decades, the activities and interests of countless actors—corporations, civic groups, and government bureaucracies—have become intricately entangled in these institutions. Severing those institutional ties sounds simple, but in practice, it is devilishly complicated.

The difficulties have already become abundantly clear with Brexit. It is not so easy, it turns out, to undo in one fell swoop a set of institutional arrangements that were developed over five decades and that touch on virtually every aspect of British life and government. Divorcing the EU means scrapping solutions to real problems, problems that haven’t gone away. In Northern Ireland, for example, negotiators in the 1990s found an elegant solution to the long-running conflict there by allowing the region to remain part of the United Kingdom but insisting that there be no border controls between it and the Republic of Ireland—a bargain that leaving the EU’s single market and customs union would undo. If officials do manage to fully implement Brexit, it seems an inescapable conclusion that the United Kingdom’s economic output and influence in the world will fall.

Likewise, the initial efforts by the Trump administration to unilaterally alter the terms of trade with China and renegotiate NAFTA with Canada and Mexico have revealed how intertwined these countries’ economies are with the U.S. economy. New international linkages of production and trade have clearly produced losers, but they have also produced many winners who have a vested interest in maintaining the status quo. Farmers and manufacturers, for instance, have reaped massive gains from NAFTA and have lobbied hard for Trump to keep the agreement intact, making it politically difficult for him to pull off an outright withdrawal.

The incentives for Washington to stay in international security institutions are even greater. Abandoning NATO, as candidate Trump suggested the United States should do, would massively disrupt a security order that has provided seven decades of peace on a historically war-torn continent—and doing so at a time when [Russia is resurgent](https://www.foreignaffairs.com/articles/russian-federation/2018-01-18/containing-russia-again) would be all the more dangerous. The interests of the United States are so obviously well served by the existing security order that any American administration would be compelled to sustain them. Indeed, in lieu of withdrawing from NATO, Trump, as president, has shifted his focus to the time-honored American tradition of trying to get the Europeans to increase their defense spending to bear more of the burden. Similarly, major pieces of the nuclear arms control architecture from the end of the Cold War are unraveling and expiring. Unless American diplomatic leadership is forthcoming, the world may find itself thrown back into a largely unregulated nuclear arms race.

The Trump administration’s initiatives on trade and alliance politics have generated a great deal of anxiety and uncertainty, but their actual effect is less threatening—more a revisiting of bargains than a pulling down of the order itself. Setting aside Trump’s threats of complete withdrawal and his chaotic and impulsive style, his renegotiations of trade deals and security alliances can be seen as part an ongoing and necessary, if sometimes ugly, equilibration of the arrangements underlying the institutions of the liberal world order.

On the issues that matter most, Trump’s foreign policy, despite its “America first” rhetoric and chaotic implementation, continues to move along the tracks of the American-built order.

Moreover, despite Trump’s relentless demeaning of the international order, he has sometimes acted in ways that fulfill, rather than challenge, the traditional American role in it. His most remarkable use of force so far has been to bomb Syria for its egregious violations of international norms against the use of chemical weapons on civilians. His policy toward Russia, while convoluted and compromised, has essentially been a continuation of that pursued by the George W. Bush and Obama administrations: sanctioning Russia for its revisionism in eastern Europe and cyberspace. Perhaps most important, Trump’s focus on China as a great-power rival will compel him or some future administration to refurbish and expand U.S. alliances rather than withdraw from them. On the issues that matter most, Trump’s foreign policy, despite its “America first” rhetoric and chaotic implementation, continues to move along the tracks of the American-built order.

In other areas, of course, Trump really is undermining the liberal order. But as the United States has stepped back, others have stepped forward to sustain the project. In a speech before the U.S. Congress in April, [French President Emmanuel Macron](https://www.foreignaffairs.com/articles/europe/2017-12-12/macrons-world) spoke for many U.S. allies when he called on the international community to “step up our game and build the twenty-first-century world order, based on the perennial principles we established together after World War II.” Many allies are already doing just that. Even though Trump withdrew the United States from the Trans-Pacific Partnership, the trade deal lives on, with the 11 other member states implementing their own version of the pact. Similarly, Trump’s withdrawal from the Paris agreement has not stopped dozens of other countries from working to implement its ambitious goals. Nor is it preventing many U.S. states, cities, companies, and individuals from undertaking their own efforts. The liberal order may be losing its chief patron, but it rests on much more than leadership from the Oval Office.

**The Long View**

It is easy to view developments over the last few years as a rebuke to the theory of liberalism and as a sign of the eclipse of liberal democracies and their international order. But that would be a mistake. Although the recent challenges should not be underestimated, it is important to recognize that they are closer to the rule than the exception. Against the baseline of the 1990s, when the end of the Cold War seemed to signal the permanent triumph of liberal democracy and the “end of history,” the recent setbacks and uncertainties look insurmountable. In the larger sweep of history, however, Brexit, Trump, and the new nationalism do not seem so unprecedented or perilous. The liberal democracies have survived and flourished in the face of far greater challenges—the Great Depression, the Axis powers, and the international communist movement. There is every reason to believe they can outlive this one.

Above all, the case for optimism about liberalism rests on a simple truth: the solutions to today’s problems are more liberal democracy and more liberal order. Liberalism is unique among the major theories of international relations in its protean vision of interdependence and cooperation—features of the modern world that will only become more important as the century unfolds. Throughout the course of history, evolution, crises, and tumultuous change have been the norm, and the reason liberalism has done so well is that its ways of life are so adept at riding the tumultuous storms of historical change. Indeed, the cumulative effect of Trump’s nativistic rhetoric and dangerous policies has been not to overthrow the system but to stimulate adjustments within it.

Fisher Ames, a representative from Massachusetts in the first U.S. Congress, once compared autocracy to a merchant ship, “which sails well, but will sometimes strike on a rock, and go to the bottom.” A republic, he said, “is a raft, which would never sink, but then your feet are always in water.” The liberal order and its democracies will prevail because the stately ships of illiberalism readily run aground in turbulent times, while the resilient raft of liberalism lumbers along.

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**The Tribal World**

**Group Identity Is All**

**By** [**Amy Chua**](https://www.foreignaffairs.com/authors/amy-chua)

Humans, like other primates, are tribal animals. We need to belong to groups, which is why we love clubs and teams. Once people connect with a group, their identities can become powerfully bound to it. They will seek to benefit members of their group even when they gain nothing personally. They will penalize outsiders, seemingly gratuitously. They will sacrifice, and even kill and die, for their group.

This may seem like common sense. And yet the power of [tribalism](https://www.foreignaffairs.com/articles/1973-07-01/tribalism-through-corrective-lenses) rarely factors into high-level discussions of politics and international affairs, especially in the United States. In seeking to explain global politics, U.S. analysts and policymakers usually focus on the role of ideology and economics and tend to see nation-states as the most important units of organization. In doing so, they underestimate the role that group identification plays in shaping human behavior. They also overlook the fact that, in many places, the identities that matter most—the ones people will lay down their lives for—are not national but ethnic, regional, religious, sectarian, or clan-based. A recurring failure to grasp this truth has contributed to some of the worst debacles of U.S. foreign policy in the past 50 years: most obviously in Afghanistan and Iraq, but also in Vietnam.

This blindness to the power of tribalism affects not only how Americans see the rest of the world but also how they understand their own society. It’s easy for people in developed countries, especially cosmopolitan elites, to imagine that they live in a post-tribal world. The very term “tribe” seems to denote something primitive and backward, far removed from the sophistication of the West, where people have supposedly shed atavistic impulses in favor of capitalistic individualism and democratic citizenship. But tribalism remains a powerful force everywhere; indeed, in recent years, it has begun to tear at the fabric of liberal democracies in the developed world, and even at the postwar liberal international order. To truly understand today’s world and where it is heading, one must acknowledge the power of tribalism. Failing to do so will only make it stronger.

**Basic Instinct**

The human instinct to identify with a group is almost certainly hard-wired, and experimental evidence has repeatedly confirmed how early in life it presents itself. In one recent study, a team of psychology researchers randomly assigned a group of children between the ages of four and six to either a red group or a blue one and asked them to put on T-shirts of the corresponding color. They were then shown edited computer images of other children, half of whom appeared to be wearing red T-shirts and half of whom appeared to wearing blue and asked for their reactions. Even though they knew absolutely nothing about the children in the photos, the subjects consistently reported that they liked the children who appeared to be members of their own group better, chose to hypothetically allocate more resources to them, and displayed strong subconscious preferences for them. In addition, when told stories about the children in the photos, these boys and girls exhibited systematic memory distortion, tending to remember the positive actions of in-group members and the negative actions of out-group members. Without “any supporting social information whatsoever,” the researchers concluded, the children’s perception of other kids was “pervasively distorted by mere membership in a social group.”

Neurological studies confirm that group identity can even produce physical sensations of satisfaction. Seeing group members prosper seems to activate our brains’ “reward centers” even if we receive no benefit ourselves. Under certain circumstances, our reward centers can also be activated when we see members of an out-group failing or suffering. [Mina Cikara](https://psychology.fas.harvard.edu/people/mina-cikara), a psychologist who runs Harvard’s Intergroup Neuroscience Lab, has noted that this is especially true when one group fears or envies another—when, for example, “there’s a long history of rivalry and not liking each other.”

This is the dark side of the tribal instinct. Group bonding, the neuroscientist Ian Robertson has written, increases oxytocin levels, which spurs “a greater tendency to demonize and de-humanize the out-group” and which physiologically “anesthetizes” the empathy one might otherwise feel for a suffering person. Such effects appear early in life. Consider two recent studies about the in-group and out-group attitudes of Arab and Jewish children in Israel. In the first, Jewish children were asked to draw both a “typical Jewish” man and a “typical Arab” man. The researchers found that even among Jewish preschoolers, Arabs were portrayed more negatively and as “significantly more aggressive” than Jews. In the second study, Arab high school students in Israel were asked for their reactions to fictitious incidents involving the accidental death (unrelated to war or intercommunal violence) of either an Arab or a Jewish child—for example, a death caused by electrocution or a biking accident. More than 60 percent of the subjects expressed sadness about the death of the Arab child, whereas only five percent expressed sadness about the death of the Jewish child. Indeed, almost 70 percent said they felt “happy” or “very happy” about the Jewish child’s death.

**Identity Over Ideology**

Insight into the potency of group identity has rarely shaped elite American opinion on international affairs. U.S. policymakers tend to view the world in terms of territorial nation-states engaged in political or ideological struggle: capitalism versus communism, democracy versus authoritarianism, “the free world” versus “the axis of evil.” Such thinking often blinds them to the power of more primal group identities—a blindness that has repeatedly led Washington into blunders overseas.

[The Vietnam War](https://www.foreignaffairs.com/articles/vietnam/1985-03-01/vietnam-retrospect-what-are-lessons-vietnam) was arguably the most humiliating military defeat in U.S. history. To many observers at the time, it seemed unthinkable that a superpower could lose to what U.S. President Lyndon Johnson called “a piddling, pissant little country”—or, more accurately, to half of that country. It’s now well known that U.S. policymakers, viewing Vietnam through a strictly Cold War lens, underestimated the extent to which Vietnamese people in both the North and the South were motivated by a quest for national independence, as opposed to an ideological commitment to Marxism. But even today, most Americans don’t understand the ethnic dimension of Vietnamese nationalism.

U.S. policymakers saw North Vietnam’s communist regime as China’s pawn—merely “a stalking horse for Beijing in Southeast Asia,” as the military expert Jeffrey Record put it. This was a mistake of staggering proportions. Hanoi accepted military and economic support from Beijing, but it was mostly an alliance of convenience. After all, for over a thousand years, most Vietnamese people had feared and hated China. Every Vietnamese child learned of the heroic exploits of his or her ancestors who had fought and died to free their country from China, which conquered Vietnam in 111 BC and then colonized it for a millennium. In 1997, Robert McNamara, who had served as U.S. secretary of defense during the Vietnam War, met Nguyen Co Thach, the former foreign minister of Vietnam. “Mr. McNamara,” he later recalled Thach saying:

You must never have read a history book. If you’d had, you’d know we weren’t pawns of the Chinese. Don’t you understand that we have been fighting the Chinese for 1,000 years? We were fighting for our independence. And we would fight to the last man. And no amount of bombing, no amount of U.S. pressure would ever have stopped us. Indeed, just a few years after U.S. forces withdrew from Vietnam, the country was at war with China.

Washington also missed another ethnic dimension of the conflict. Vietnam had a “market-dominant minority,” a term [I coined in 2003](https://www.penguinrandomhouse.com/books/27643/world-on-fire-by-amy-chua/9780385721868/) to describe outsider ethnic minorities that hold vastly disproportionate amounts of a nation’s wealth. In Vietnam, a deeply resented Chinese minority known as the Hoa made up just one percent of the population but historically controlled as much as 80 percent of the country’s commerce and industry. In other words, most of Vietnam’s capitalists were not ethnic Vietnamese. Rather, they were members of the despised Hoa—a fact that Vietnam’s communist leaders deliberately played up and exaggerated, claiming that “ethnic Chinese control 100 percent of South Vietnam’s domestic wholesale trade” and calling Cholon, an area with a predominantly ethnic Chinese population, “the capitalist heart beating within socialist Vietnam’s body.”

Because U.S. policymakers completely missed the ethnic side of the conflict, they failed to see that virtually every pro-capitalist step they took in Vietnam helped turn the local population against the United States. Washington’s wartime policies intensified the wealth and power of the ethnic Chinese minority, who, as middlemen, handled most of the U.S. military’s supplies, provisions, and logistics (as well as Vietnam’s brothels and black markets). In effect, the regimes that Washington installed in Saigon were asking the South Vietnamese to fight and die—and kill their northern brethren—in order to keep the ethnic Chinese rich. If the United States had actively wanted to undermine its own objectives, it could hardly have come up with a better formula.

**Pashtun Power**

Blunders of the sort that Washington made in Vietnam are part of a pattern in U.S. foreign policy. After the 9/11 attacks, the United States sent troops to Afghanistan to root out al Qaeda and overthrow the Taliban. Washington viewed its mission entirely through the lens of “the war on terror,” fixating on the role of Islamic fundamentalism—and yet again missing the central importance of ethnic identity.

[Afghanistan](https://www.foreignaffairs.com/articles/asia/2017-10-16/staying-course-afghanistan) is home to a complex web of ethnic and tribal groups with a long history of rivalry and mutual animosity. For more than 200 years, the largest ethnic group, the Pashtuns, dominated the country. But the fall of the country’s Pashtun monarchy in 1973, the 1979 Soviet invasion, and the subsequent years of civil war upended Pashtun dominance. In 1992, a coalition controlled by ethnic Tajiks and Uzbeks seized control.

A few years later, the Taliban emerged against this background. The Taliban is not only an Islamist movement but also an ethnic movement. Pashtuns founded the group, lead it, and make up the vast majority of its members. Threats to Pashtun dominance spurred the Taliban’s ascent and have given the group its staying power.

U.S. policymakers and strategists paid almost no attention to these ethnic realities. In October 2001, when the United States invaded and toppled the Taliban government in just 75 days, it joined forces with the Northern Alliance, led by Tajik and Uzbek warlords and widely viewed as anti-Pashtun. The Americans then set up a government that many Pashtuns believed marginalized them. Although Hamid Karzai, whom Washington handpicked to lead Afghanistan, was a Pashtun, Tajiks headed most of the key ministries in his government. In the new, U.S.-supported Afghan National Army, Tajiks made up 70 percent of the army’s battalion commanders, even though only 27 percent of Afghans are Tajik. As Tajiks appeared to grow wealthy while U.S. air strikes pounded predominantly Pashtun regions, a bitter saying spread among Afghan Pashtuns: “They get the dollars, and we get the bullets.” Although many Pashtuns loathed the Taliban, few were willing to support a government they viewed as subordinating their interests to those of their deeply resented ethnic rivals.

Seventeen years after the United States invaded Afghanistan, the Taliban still controls large parts of the country, and the longest war in American history [drags on](https://www.foreignaffairs.com/articles/afghanistan/2018-03-21/why-peace-talks-are-washingtons-best-bet-afghanistan). Today, many American academics and policy elites are aware of the ethnic complexities of Afghanistan. Unfortunately, this recognition of the centrality of group identity came far too late, and it still fails to meaningfully inform U.S. policy.

**Things Happen**

Underestimating the political power of group identity also helped doom the U.S. war in Iraq. The architects and supporters of the 2003 U.S. invasion failed to see (or actively minimized) the depth of the divisions among Iraq’s Shiites, Sunnis, and Kurds, as well as the central importance of tribal and clan loyalties in Iraqi society. They also missed something much more specific: the existence of a market-dominant minority.

Sunnis had dominated Iraq for centuries, first under Ottoman rule, then under the British, who governed indirectly through Sunni elites, and then, most egregiously, under Saddam Hussein, who was himself a Sunni. Saddam favored Sunnis, especially those who belonged to his own clan, and ruthlessly persecuted the country’s Shiites and Kurds. On the eve of the U.S. invasion, the roughly 15 percent of Iraqis who were Sunni Arabs dominated the country economically, politically, and militarily. By contrast, Shiites composed the vast majority of the country’s urban and rural poor.

At the time, a small number of critics (including me) warned that under these conditions, rapid democratization in Iraq could be profoundly destabilizing. In 2003, I cautioned that elections could well produce not a unified Iraq but a vengeful Shiite-dominated government that would exclude and retaliate against Sunnis, an outcome that would further fuel the rise of intensely anti-American fundamentalist movements. Unfortunately, that precise scenario unfolded: instead of bringing peace and prosperity to Iraq, democracy led to sectarian warfare, eventually giving rise to the so-called Islamic State (also known as ISIS), an extremist Sunni movement as devoted to killing Shiite “apostates” as it is to killing Western “infidels.”

The result of [the surge](https://www.foreignaffairs.com/videos/2015-06-05/emma-sky-iraq-after-surge) of U.S. forces into Iraq in 2007 provides evidence that had Washington been more attentive to the importance of group identities in Iraq, the initial invasion and occupation could have turned out very differently. The influx of 20,000 additional troops was important, but the surge helped stabilize Iraq only because it was accompanied by a 180-degree shift in the U.S. approach to the local population. For the first time during the Iraq war, the U.S. military educated itself about the country’s complex sectarian and ethnic dynamics—recognizing, in the words of U.S. Brigadier General John Allen, that “tribal society makes up the tectonic plates in Iraq on which everything rests.” By forging alliances between Shiite and Sunni sheiks and by pitting moderates against extremists, the U.S. military achieved dramatic successes, including a precipitous decline in sectarian violence and in casualties among Iraqis and U.S. troops alike.

**The Trump Tribe**

Vietnam, Afghanistan, and Iraq may seem worlds away from the United States, but Americans are not immune to the forces of tribal politics that have ravaged those countries. Americans tend to think of democracy as a unifying force. But as Iraq has illustrated, and as Americans are now learning firsthand, democracy under certain conditions can actually catalyze group conflict. In recent years, the United States has begun to display destructive political dynamics much more typical of developing and non-Western countries: the rise of ethnonationalist movements, eroding trust in institutions and electoral outcomes, hate-mongering demagoguery, a popular backlash against both “the establishment” and outsider minorities, and, above all, the transformation of democracy into an engine of zero-sum political tribalism.

These developments are due in part to a massive demographic transformation. For the first time in U.S. history, whites are on the verge of losing their status as the country’s majority. To varying degrees, minorities in the United States have long felt vulnerable and under threat; today, whites also feel that way. A 2011 study showed that more than half of white Americans believe that “whites have replaced blacks as the ‘primary victims of discrimination.’” When groups feel threatened, they retreat into tribalism. They close ranks and become more insular, more defensive, more focused on us versus them. In the case of the shrinking white majority, these reactions have combined into a backlash, raising tensions in an already polarized social climate in which every group—whites, blacks, Latinos, and Asians; Christians, Jews, and Muslims; straight people and gay people; liberals and conservatives; men and women—feels attacked, bullied, persecuted, and discriminated against.

But there’s another reason these new tribalistic pathologies are emerging today. Historically, the United States has never had a market-dominant minority. On the contrary, for most of its history, the country has been dominated economically, politically, and culturally by a relatively unified [white majority](https://www.foreignaffairs.com/articles/united-states/2017-12-12/americas-original-sin)—a stable, if invidious, state of affairs.

But in recent years, something has changed. Owing in part to record levels of economic inequality and to stark declines in geographic and social mobility, white Americans are now more intensely split along class lines than they have been in generations. As a result, the United States may be seeing the emergence of its own version of a market-dominant minority: the much-discussed group often referred to as “coastal elites.” To be sure, “coastal elites” is a misleading term—a caricature, in some ways. The group’s members are neither all coastal nor all elite, at least in the sense of being wealthy. Still, with some important caveats, American coastal elites bear a strong resemblance to the market-dominant minorities of the developing world. Wealth in the United States is concentrated in the hands of a relatively small number of people, most of whom live on the coasts. This minority dominates key sectors of the economy, including Wall Street, the media, and Silicon Valley. Although coastal elites do not belong to any one ethnicity, they are culturally distinct, often sharing cosmopolitan values such as secularism, multiculturalism, toleration of sexual minorities, and pro-immigrant and progressive politics. Like other market-dominant minorities, U.S. coastal elites are extremely insular, interacting and intermarrying primarily among themselves, living in the same communities, and attending the same schools. Moreover, they are viewed by many middle Americans as indifferent or even hostile to the country’s interests.

What happened in the 2016 U.S. presidential election is exactly what I would have predicted would happen in a developing country holding elections in the presence of a deeply resented market-dominant minority: the rise of a populist movement in which demagogic voices called on “real” Americans to, in Donald Trump’s words, “take our country back.” Of course, unlike most backlashes against market-dominant minorities in the developing world, Trump’s populism is not anti-rich. On the contrary, Trump himself is a self-proclaimed billionaire, leading many to wonder how he could have “conned” his antiestablishment base into supporting a member of the superrich whose policies will make the superrich even richer.

In terms of taste, sensibilities, and values, Trump is actually similar to some members of the white working class. The answer lies in tribalism. For some, Trump’s appeal is racial: as a candidate and as president, Trump has made many statements that either explicitly or in a coded fashion appeal to some white voters’ racial biases. But that’s not the whole picture. In terms of taste, sensibilities, and values, Trump is actually similar to some members of the white working class. The tribal instinct is all about identification, and many voters in Trump’s base identify with him at a gut level. They identify with the way he talks and the way he dresses. They identify with the way he shoots from the hip—even (perhaps especially) when he gets caught making mistakes, exaggerating, or lying. And they identify with the way he comes under attack by liberal commentators—coastal elites, for the most part—for not being politically correct, for not being feminist enough, for not reading enough books, and for gorging on fast food.

In the United States, being antiestablishment is not the same as being anti-rich. The country’s have-nots don’t hate wealth: many of them want it or want their children to have a shot at it, even if they think the system is rigged against them. Poor, working-class, and middle-class Americans of all ethnicities hunger for the old-fashioned American dream. [When the American dream eludes them](https://www.foreignaffairs.com/articles/united-states/2014-08-26/american-dream-illusion)—even when it mocks them—they would sooner turn on the establishment, or on the law, or on immigrants and other outsiders, or even on reason, than turn on the dream itself.

**Stemming the Tribal Tide**

Political tribalism is fracturing the United States, transforming the country into a place where people from one tribe see others not just as the opposition but also as immoral, evil, and un-American. If a way out exists, it will have to address both economics and culture.

For tens of millions of working-class Americans, the traditional paths to wealth and success have been cut off. [The economist Raj Chetty has shown](https://www.npr.org/sections/thetwo-way/2016/12/09/504989751/u-s-kids-far-less-likely-to-out-earn-their-parents-as-inequality-grows) that during the past 50 years, an American child’s chances of out earning his or her parents have fallen from roughly 90 percent to 50 percent. A recent study published by the Pew Charitable Trusts found that “43 percent of Americans raised at the bottom of the income ladder remain stuck there as adults, and 70 percent never make it to the middle.” Moreover, to an extent that American elites may not realize, their own status has become hereditary. More than ever before, achieving wealth in the United States requires an elite education and social capital, and most lower-income families can’t compete in those areas.

Political tribalism thrives under conditions of economic insecurity and lack of opportunity. For hundreds of years, economic opportunity and upward mobility helped the United States integrate vastly different peoples more successfully than any other nation. The collapse of upward mobility in the United States should be viewed as a national emergency.

But U.S. citizens will also need to collectively fashion a national identity capable of resonating with and holding together Americans of all sorts—old and young, immigrant and native born, urban and rural, rich and poor, descendants of slaves as well as descendants of slave owners. A first step would be to start bridging the chasm of mutual ignorance and disdain separating the coasts and the heartland. One idea would be a public service program that would encourage or require young Americans to spend a year after high school in another community, far from their own, not “helping” members of another group but interacting with people with whom they would normally never cross paths, ideally working together toward a common end.

Increasing tribalism is not only an American problem, however. Variants of intolerant tribal populism are erupting all across Europe, eroding support for supranational entities such as the European Union and even threatening the liberal international order. Brexit, for example, was a populist backlash against elites in London and Brussels perceived by many as controlling the United Kingdom from afar and being out of touch with “real” Britons—the “true owners” of the land, many of whom see immigrants as a threat. Internationally, as in the United States, unity will come not by default but only through hard work, courageous leadership, and collective will. Cosmopolitan elites can do their part by acknowledging that they themselves are part of a highly exclusionary and judgmental tribe, often more tolerant of difference in principle than in practice, inadvertently contributing to rancor and division.

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# The Marxist World

## What Did You Expect From Capitalism?

**By** [**Robin Varghese**](https://www.foreignaffairs.com/authors/robin-varghese)

After nearly every economic downturn, voices appear suggesting that Marx was right to predict that the system would eventually destroy itself. Today, however, the problem is not a sudden crisis of capitalism but its normal workings, which in recent decades have revived pathologies that the developed world seemed to have left behind.

Since 1967, median household income in the United States, adjusted for inflation, has stagnated for the bottom 60 percent of the population, even as wealth and [income for the richest Americans](https://www.foreignaffairs.com/reviews/review-essay/2017-10-16/how-should-governments-address-inequality) have soared. Changes in Europe, although less stark, point in the same direction. Corporate profits are at their highest levels since the 1960s, yet corporations are increasingly choosing to save those profits rather than invest them, further hurting productivity and wages. And recently, these changes have been accompanied by a hollowing out of democracy and its replacement with technocratic rule by globalized elites.

Mainstream theorists tend to see these developments as a puzzling departure from the promises of capitalism, but they would not have surprised Marx. He predicted that capitalism’s internal logic would over time lead to rising inequality, chronic unemployment and underemployment, stagnant wages, the dominance of large, powerful firms, and the creation of an entrenched elite whose power would act as a barrier to social progress. Eventually, the combined weight of these problems would spark a general crisis, ending in revolution.

Marx believed the revolution would come in the most advanced capitalist economies. Instead, it came in less developed ones, such as Russia and China, where communism ushered in authoritarian government and economic stagnation. During the middle of the twentieth century, meanwhile, the rich countries of Western Europe and the United States learned to manage, for a time, the instability and inequality that had characterized capitalism in Marx’s day. Together, these trends discredited Marx’s ideas in the eyes of many.

Yet despite the disasters of the Soviet Union and the countries that followed its model, Marx’s theory remains one of the most perceptive critiques of capitalism ever offered. Better than most, Marx understood the mechanisms that produce capitalism’s downsides and the problems that develop when governments do not actively combat them, as they have not for the past 40 years. As a result, Marxism, far from being outdated, is crucial for making sense of the world today.

### A Material World

The corpus of Marx’s work and the breadth of his concerns are vast, and many of his ideas on topics such as human development, ideology, and the state have been of perennial interest since he wrote them down. What makes Marx acutely relevant today is his economic theory, which he intended, as he wrote in Capital, “to lay bare the economic law of motion of modern society.” And although Marx, like the economist David Ricardo, relied on the flawed labor theory of value for some of his economic thinking, his remarkable insights remain.

Marx believed that [under capitalism](https://www.foreignaffairs.com/articles/2013-02-11/capitalism-and-inequality), the pressure on entrepreneurs to accumulate capital under conditions of market competition would lead to outcomes that are palpably familiar today. First, he argued that improvements in labor productivity created by technological innovation would largely be captured by the owners of capital. “Even when the real wages are rising,” he wrote, they “never rise proportionally to the productive power of labor.” Put simply, workers would always receive less than what they added to output, leading to inequality and relative immiseration.

Second, Marx predicted that competition among capitalists to reduce wages would compel them to introduce labor-saving technology. Over time, this technology would eliminate jobs, creating a permanently unemployed and underemployed portion of the population. Third, Marx thought that competition would lead to greater concentration in and among industries, as larger, more profitable firms drove smaller ones out of business. Since these larger firms would, by definition, be more competitive and technologically advanced, they would enjoy ever-increasing surpluses. Yet these surpluses would also be unequally distributed, compounding the first two dynamics.

Marx made plenty of mistakes, especially when it came to politics. Because he believed that the state was a tool of the capitalist class, he underestimated the power of collective efforts to reform capitalism. In the advanced economies of the West, from 1945 to around 1975, voters showed how politics could tame markets, putting officials in power who pursued a range of social democratic policies without damaging the economy. This period, which the French call *les Trente Glorieuses* (the Glorious Thirty), saw a historically unique combination of high growth, increasing productivity, rising real wages, technological innovation, and expanding systems of social insurance in Western Europe, North America, and Japan. For a while, it seemed that Marx was wrong about the ability of capitalist economies to satisfy human needs, at least material ones.

### Boom and Bust

The postwar boom, it appears, [was not built to last](https://www.foreignaffairs.com/reviews/review-essay/2016-06-13/capitalism-crisis). It ultimately came to an end with the stagflationary crisis of the 1970s, when the preferred economic policy of Western social democracies—Keynesian state management of demand—seemed incapable of restoring full employment and profitability without provoking high levels of inflation. In response, leaders across the West, starting with French Prime Minister Raymond Barre, British Prime Minister Margaret Thatcher, and U.S. President Ronald Reagan, enacted policies to restore profitability by curbing inflation, weakening organized labor, and accommodating unemployment.

That crisis, and the recessions that followed, was the beginning of the end for the mixed economies of the West. Believing that government interference had begun to impede economic efficiency, elites in country after country sought to unleash the forces of the market by deregulating industries and paring back the welfare state. Combined with conservative monetary policies, independent central banks, and the effects of the information revolution, these measures were able to deliver low volatility and, beginning in the 1990s, higher profits. In the United States, corporate profits after tax (adjusted for inventory valuation and capital consumption) went from an average of 4.5 percent in the 25 years before President Bill Clinton took office, in 1993, to 5.6 percent from 1993 to 2017.

This sharp divergence in fortunes has been driven by, among other things, the fact that increases in productivity no longer lead to increases in wages in most advanced economies. Yet in advanced democracies, the long recovery since the 1970s has proved incapable of replicating the broad-based prosperity of the mid-twentieth century. It has been marked instead by unevenness, sluggishness, and inequality. This sharp divergence in fortunes has been driven by, among other things, the fact that increases in productivity no longer lead to increases in wages in most advanced economies. Indeed, a major response to the profitability crisis of the 1970s was to nullify the postwar bargain between business and organized labor, whereby management agreed to raise wages in line with productivity increases. Between 1948 and 1973, wages rose in tandem with productivity across the developed world. Since then, they have become decoupled in much of the West. This decoupling has been particularly acute in the United States, where, in the four decades since 1973, productivity increased by nearly 75 percent, while real wages rose by less than ten percent. For the bottom 60 percent of households, wages have barely moved at all.

If the postwar boom made Marx seem obsolete, recent decades have confirmed his prescience. Marx argued that the long-run tendency of capitalism was to form a system in which real wages did not keep up with increases in productivity. This insight mirrors the economist Thomas Piketty’s observation that the rate of return on capital is higher than the rate of economic growth, ensuring that the gap between those whose incomes derive from capital assets and those whose incomes derive from labor will grow over time.

Marx’s basis for the condemnation of capitalism was not that it made workers materially worse off per se. Rather, his critique was that capitalism put arbitrary limits on the productive capacity it unleashed. Capitalism was, no doubt, an upgrade over what came before. But the new software came with a bug. Although capitalism had led to previously unimaginable levels of wealth and technological progress, it was incapable of using them to meet the needs of all. This, Marx contended, was due not to material limitations but to social and political ones: namely, the fact that production is organized in the interests of the capitalist class rather than those of society as a whole. Even if individual capitalists and workers are rational, the system as a whole is irrational.

To be sure, the question of whether any democratically planned alternative to capitalism can do better remains open. Undemocratic alternatives, such as the state socialism practiced by the Soviet Union and Maoist China, clearly did not. One need not buy Marx’s thesis that communism is inevitable to accept the utility of his analysis.

Marx predicted that competition among capitalists to reduce wages would compel them to introduce labor-saving technology. Over time, this technology would eliminate jobs, creating a permanently unemployed and underemployed portion of the population.

### Laws of Motion

Marx did not just predict that capitalism would lead to rising inequality and relative immiseration. Perhaps more important, he identified the structural mechanisms that would produce them. For Marx, competition between businesses would force them to pay workers less and less in relative terms as productivity rose in order to cut the costs of labor. As Western countries have embraced the market in recent decades, this tendency has begun to reassert itself.

Since the 1970s, businesses across the developed world have been cutting their wage bills not only through labor-saving technological innovations but also by pushing for regulatory changes and developing new forms of employment. These include just-in-time contracts, which shift risk to workers; noncompete clauses, which reduce bargaining power; and freelance arrangements, which exempt businesses from providing employees with benefits such as health insurance. The result has been that since the beginning of the twenty-first century, labor’s share of GDP has fallen steadily in many developed economies.

Competition also drives down labor’s share of compensation by creating segments of the labor force with an increasingly weak relationship to the productive parts of the economy—segments that Marx called “the reserve army of labor,” referring to the unemployed and underemployed. Marx thought of this reserve army as a byproduct of innovations that displaced labor. When production expanded, demand for labor would increase, drawing elements of the reserve army into new factories. This would cause wages to rise, incentivizing firms to substitute capital for labor by investing in new technologies, thus displacing workers, driving down wages, and swelling the ranks of the reserve army. As a result, wages would tend toward a “subsistence” standard of living, meaning that wage growth over the long run would be low to nonexistent. As Marx put it, competition drives businesses to cut labor costs, given the market’s “peculiarity that the battles in it are won less by recruiting than by discharging the army of workers.”

The United States has been living this reality for nearly 20 years. For five decades, the [labor-force participation rate for men has been stagnant or falling](https://www.foreignaffairs.com/articles/united-states/2017-03-14/trouble-male-unemployment), and since 2000, it has been declining for women, as well. And for more unskilled groups, such as those with less than a high school diploma, the rate of participation stands at below 50 percent and has for quite some time. Again, as Marx anticipated, technology amplifies these effects, and today, economists are once again discussing the prospect of the [large-scale displacement of labor through automation](https://www.foreignaffairs.com/articles/2016-06-13/human-work-robotic-future). On the low end, the Organization for Economic Cooperation and Development estimates that 14 percent of jobs in member countries, approximately 60 million in total, are “highly automatable.” On the high end, the consulting company McKinsey estimates that 30 percent of the hours worked globally could be automated. These losses are expected to be concentrated among unskilled segments of the labor force.

Whether these workers can or will be reabsorbed remains an open question, and fear of automation’s potential to dislocate workers should avoid the so-called lump of labor fallacy, which assumes that there is only a fixed amount of work to be done and that once it is automated, there will be none left for humans. But the steady decline in the labor-force participation rate of working-age men over the last 50 years suggests that many dislocated workers will not be reabsorbed into the labor force [if their fate is left to the market](https://www.foreignaffairs.com/articles/united-states/2017-08-30/dont-blame-robots).

The same process that dislocates workers—technological change driven by competition—also produces market concentration, with larger and larger firms coming to dominate production. Marx predicted a world not of monopolies but of oligopolistic competition, in which incumbents enjoy monopolistic profits, smaller firms struggle to scrape by, and new entrants try to innovate in order to gain market share. This, too, resembles the present. Today, so-called superstar firms, which include companies such as Amazon, Apple, and FedEx, have come to dominate entire sectors, leaving new entrants attempting to break in through innovation. Large firms outcompete their opponents through innovation and network effects, but also by either buying them up or discharging their own reserve armies—that is, laying off workers.

Research by the economist David Autor and his colleagues suggests that the rise of superstar firms may indeed help explain labor’s declining share of national income across advanced economies. Because superstar firms are far more productive and efficient than their competitors, labor is a significantly lower share of their costs. Since 1982, concentration has been increasing in the six economic sectors that account for 80 percent of employment in the United States: finance, manufacturing, retail trade, services, wholesale trade, and utilities and transportation. And the more this concentration has increased, the more labor’s share of income has declined. In U.S. manufacturing, for example, labor compensation has declined from almost one-half of the value added in 1982 to about one-third in 2012. As these superstar firms have become more important to Western economies, workers have suffered across the board.

### Winners and Losers

In 1957, at the height of Western Europe’s postwar boom, the economist Ludwig Erhard (who later became chancellor of West Germany) declared that “prosperity for all and prosperity through competition are inseparably connected; the first postulate identifies the goal, the second the path that leads to it.” Marx, however, seems to have been closer to the mark with his prediction that instead of prosperity for all, competition would create winners and losers, with the winners being those who could innovate and become efficient.

[Innovation](https://www.foreignaffairs.com/articles/world/2018-06-07/innovation-getting-more-expensive) can lead to the development of new economic sectors, as well as new lines of goods and services in older ones. These can in principle absorb labor, reducing the ranks of the reserve army and increasing wages. Indeed, capitalism’s ability to expand and meet people’s wants and needs amazed Marx, even as he condemned the system’s wastefulness and the deformities it engendered in individuals.

Defenders of the current order, especially in the United States, often argue that a focus on static inequality (the distribution of resources at a given time) obscures the dynamic equality of social mobility. Marx, by contrast, assumed that classes reproduce themselves, that wealth is transferred effectively between generations, and that the children of capitalists will exploit the children of workers when their time comes. For a period, it seemed that the children of the middle class had a fair shot at swapping places with the children of the top quintile. But as inequality rises, social mobility declines. Recent research by the economists Branko Milanovic and Roy van der Weide, for instance, has found that inequality hurts the income growth of the poor but not the rich. [Piketty](https://www.foreignaffairs.com/reviews/capsule-review/2017-12-15/after-piketty), meanwhile, has speculated that if current trends continue, capitalism could develop into a new “patrimonial” model of accumulation, in which family wealth trumps any amount of merit.

### The Keynesian Challenge

Marx’s overall worldview left little room for politics to mitigate the downsides of capitalism. As he and his collaborator Friedrich Engels famously stated in The Communist Manifesto, “The executive of the modern state is but a committee for managing the common affairs of the whole bourgeoisie.”

Until recently, governments in the West seemed to be defying this claim. The greatest challenge to Marx’s view came from the creation and expansion of welfare states in the West during the mid-twentieth century, often (but not only) by social democratic parties representing the working class. The intellectual architect of these developments was the economist John Maynard Keynes, who argued that economic activity was driven not by the investment decisions of capitalists but by the consumption decisions of ordinary people. If governments could use policy levers to increase overall demand, then the capitalist class would invest in production. Under the banner of Keynesianism, parties of both the center-left and the center-right achieved something that Marx thought was impossible: efficiency, equality, and full employment, all at the same time. Politics and policy had a degree of independence from economic structures, which in turn gave them an ability to reform those structures.

Marx believed in the independence of politics but thought that it lay only in the ability to choose between capitalism and another system altogether. He largely believed that it was folly to try to tame capitalist markets permanently through democratic politics. Under capitalism, Marx predicted, the demands imposed by capital accumulation and profitability would always severely limit the choices available to governments and undermine the long-term viability of any reforms. The history of the developed world since the 1970s seems to have borne out that prediction. Despite the achievements of the postwar era, governments ultimately found themselves unable to overcome the limits imposed by capitalism, as full employment, and the labor power that came with it, reduced profitability. Faced with the competing demands of capitalists, who sought to undo the postwar settlement between capital and labor, and the people, who sought to keep it, states gave in to the former. In the long run, it was the economic interests of capital that won out over the political organization of the people.

### Marxism Today

Today, the question of whether politics can tame markets remains open. One reading of the changes in advanced economies since the 1970s is that they are the result capitalism’s natural tendency to overwhelm politics, democratic or otherwise. In this narrative, les Trente Glorieuses were a fluke. Under normal conditions, efficiency, full employment, and an egalitarian distribution of income cannot simultaneously obtain. Any arrangement in which they do is fleeting and, over the long run, a threat to market efficiency.

Yet this is not the only narrative. An alternative one would start with the recognition that the politics of capitalism’s golden age, which combined strong unions, Keynesian demand management, loose monetary policy, and capital controls, could not deliver an egalitarian form of capitalism forever. But it would not conclude that no other form of politics can ever do so.

The challenge today is to identify the contours of a mixed economy that can successfully deliver what the golden age did, this time with greater gender and racial equality to boot. This requires adopting Marx’s spirit, if not every aspect of his theories—that is, recognizing that capitalist markets, indeed capitalism itself, may be the most dynamic social arrangement ever produced by human beings. The normal state of capitalism is one in which, as Marx and Engels wrote in *The Communist Manifesto*, “all that is solid melts into air.” This dynamism means that achieving egalitarian goals will require new institutional configurations backed by new forms of politics.

As the crisis of the golden age was ramping up in the 1970s, the economist James Meade wondered what sorts of policies could save egalitarian, social democratic capitalism, recognizing that any realistic answer would have to involve moving beyond the limits of Keynesianism. His solution was to buttress the welfare state’s redistribution of income with a redistribution of capital assets, so that capital worked for everyone. Meade’s vision was not state ownership but a broad property-owning democracy in which wealth was more equally distributed because the distribution of productive capacity was more equal.

The point is not that broader capital ownership is a solution to the ills of capitalism in the present day, although it could be part of one. Rather, it is to suggest that if today’s egalitarian politicians, including Bernie Sanders in the United States and Jeremy Corbyn in the United Kingdom, are to succeed in their projects of taming markets and revitalizing social democracy for the twenty-first century, it will not be with the politics of the past. As Marx recognized, under capitalism there is no going back.

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# The Tech World Welcome to the Digital Revolution

**By** [**Kevin Drum**](https://www.foreignaffairs.com/authors/kevin-drum)

Predicting the future is hard, so let’s start by explaining the past. What’s the best lens for evaluating the arc of world history during the nineteenth century? For starters, it’s the dawn of liberal democracy. The French have already guillotined their king, and a handful of John Locke enthusiasts across the Atlantic have established a nascent republic. In the United Kingdom, the philosopher John Stuart Mill is ably defending liberal democracy and human dignity. It’s starting to look like monarchy has had its day. Then there’s the laissez-faire capitalist revolution, starring such economists as Thomas Malthus and David Ricardo. [Karl Marx](https://www.foreignaffairs.com/articles/world/marxist-world) is bringing economics to the proletariat.

The nineteenth century is also the height of Western empire and colonization. It’s the start of the era of total war. It’s the beginning of the decline of religion as a political force and its replacement with the rise of nationalism. It’s also, if one squints hard enough, the start of the era of human equality. Women demand equal rights in Seneca Falls, New York, and New Zealand becomes the first country to give them the vote. The United Kingdom outlaws the slave trade, the United States emancipates its slaves, and Russia frees its serfs.

So: democracy, capitalism, colonization, modern war, nationalism, and human equality. All of them vast in their implications, and all of them the catalyst for thousands of books. And none of them mattered. When looking back today, the most important geopolitical feature of the nineteenth century is obvious: it was the era of the Industrial Revolution. Without it, there’s no rising middle class and no real pressure for democracy. There’s no capitalist revolution because agrarian states don’t need one. There’s no colonization at scale because there’s a hard limit to a nonindustrial economy’s appetite for raw materials. There’s no total war without cheap steel and precision manufacturing. And with the world still stuck largely in a culture and an economy based on traditional subsistence agriculture, there’s quite possibly no end to slavery and no beginning of feminism.

The key drivers of this era were the steam engine, germ theory, electricity, and railroads. Without the immense economic growth they made possible in the twentieth century, everything else would matter about as much as if it had happened in the Middle Ages. Nobody knew it in 1800, but the geopolitical future of the nineteenth century had already been set in motion nine decades earlier, when Thomas Newcomen invented the first practical steam engine. Historians and foreign policy experts may not like to hear it, but all the things they teach and write about the geopolitics of the nineteenth century are mere footnotes to the Industrial Revolution. And exactly the same thing is likely to be true when we—or our [robot descendants](https://www.foreignaffairs.com/articles/2015-06-16/coming-robot-dystopia)—[write the history of the digital revolution](https://www.foreignaffairs.com/articles/united-states/2014-06-04/new-world-order) of the twenty-first.

### Getting Smart

It’s not possible to itemize the great currents of twenty-first-century geopolitics with the same confidence as those of the nineteenth, but there are a few obvious ones. There’s the rise of China. There’s increased political tribalism and a possible breakdown of liberal democracy on the horizon. In the nearer term, there’s jihadist terrorism. And in the era of U.S. President Donald Trump, it’s hard not to wonder if the world is headed toward a future of declining cooperation and a return to naked, zero-sum great-power competition. But with the usual caveat that accompanies every prediction about the twenty-first century—namely, that it depends on humans still being around—none of these forces really matters, either. Right now, the world is at the dawn of [a second Industrial Revolution](https://www.foreignaffairs.com/articles/2015-12-12/fourth-industrial-revolution), this time [a digital revolution](https://www.foreignaffairs.com/anthologies/2016-01-01/fourth-industrial-revolution). Its impact will be, if anything, even greater than that of the first.

That said, this revolution hasn’t started yet. The marvels of modern technology are everywhere, but so far, all that has been invented are better toys. A true technological revolution would increase the overall productivity of the global economy, just as it did during the Industrial Revolution, when machines allowed companies to produce vastly more goods with the same number of people. That is not occurring now. After a big decline in the 1970s, labor productivity growth inched steadily upward through 2007—mostly thanks to the widespread adoption of computerized logistics and global supply chains in the business community—and then sank. Despite today’s technological marvels, productivity growth has been stubbornly sluggish for the past decade, which suggests that the latest generation of machines is not truly accomplishing much.

But all of this is on the verge of changing. Artificial intelligence, or AI, has been an obsession of technologists practically since computers were invented, but the initial naive optimism of the 1950s quickly gave way to the “AI winter” of the 1970s, as it became clear that the computers of the time lacked the raw processing power needed to match the human brain. But just as Moore’s law predicted, computer power kept doubling every year or two, and so did advances in AI. Neural networks gave way to expert systems, which in turn gave way to machine learning. That resulted in computers that could read printed words and do a better job of searching the Internet, but the holy grail of AI—a computer that could [pass for a human being](https://www.foreignaffairs.com/articles/2015-08-12/moral-code) in normal conversation—remained elusive.

Even today, AI is still in its prenatal phase—answering Jeopardy! questions, winning at chess, finding the nearest coffee shop—but the real thing is not far off. To get there, what’s needed is hardware that’s as powerful as the human brain and software that can think as capably.

After decades of frustration, the hardware side is nearly ready: the most powerful computers in the world are already as powerful as the human brain. Computer power is normally measured in floating point operations per second, or “flops,” and the best estimates today suggest that the human brain has an effective computing power of about ten to 100 petaflops (quadrillions of operations per second). As it happens, the most powerful computers in the world right now are also rated at about ten to 100 petaflops. Unfortunately, they’re the size of living rooms, cost more than $200 million, and generate annual electricity bills in the neighborhood of $5 million.

What’s needed now is to make these supercomputers much smaller and much cheaper. A combination of faster microprocessors, improved custom microchips, a greater ability to conduct multiple calculations in parallel, and more efficient algorithms will close the gap in another couple of decades. The software side is inherently fuzzier, but progress over the past decade has been phenomenal. It’s hard to put solid numbers on software progress, but the people who know the most about AI—the researchers themselves—are remarkably optimistic. In a survey of AI experts published in 2017, two-thirds of respondents agreed that progress had accelerated in the second half of their careers. And they predicted about a 50 percent chance that AI would be able to perform all human tasks by 2060, with the Asian respondents figuring that it could do so closer to 2045.

These researchers don’t think that machines will be able to perform only routine work; they will be [as capable as any person](https://www.foreignaffairs.com/articles/2016-06-13/human-work-robotic-future) at everything from flipping burgers to writing novels to performing heart surgery. Plus, they will be far faster, never get tired, have instant access to all of the world’s knowledge, and boast more analytic power than any human. With luck, this will eventually produce a global utopia, but getting there is going to be anything but. Starting in a couple of decades, [robots will put millions of people out of work](https://www.foreignaffairs.com/articles/2015-06-16/will-humans-go-way-horses), and yet the world’s economic and political systems are still based on the assumption that laziness is the only reason not to have a job. That’s an incendiary combination.

### Welcoming Our New Robot Overlords

Make no mistake: the digital revolution is going to be the biggest geopolitical revolution in human history. The Industrial Revolution changed the world, and all it did was replace human muscle. Human brains were still needed to build, operate, and maintain the machines, and that produced plenty of well-paying jobs for everyone. But the digital revolution will replace the human brain. By definition, anything a human can do, human-level AI will also be able to do—but better. Smart robots will have both the muscle to do the work and the brainpower to run themselves. Putting aside airy philosophical arguments about whether a machine can truly think, they will, for all practical purposes, make Homo sapiens obsolete.

Every other twenty-first-century geopolitical trend will look piddling by comparison. Take the rise of China. Millions of words have been spilled on this development, covering Chinese history, culture, demographics, and politics. All of that will matter over the course of the next 20 years or so, but beyond that, only one thing will matter: Will the Chinese have the world’s best AI? If they do, then they will take over the world if they feel like it. If they do not, then they won’t.

Jihadist terrorism? Even if it holds on for another decade or so—which is doubtful, given its steadily diminishing success since 9/11—it will soon become a victim of AI. Dumb drones, paired up with machine analysis of massive databases of signals intelligence, have already set terrorist groups back on their heels. As the drones become more capable and the guidance software becomes smarter, no low-tech organization will stand a chance of survival.

More generally, [warfare](https://www.foreignaffairs.com/articles/2016-09-05/automated-war) itself will become entirely machine-driven. Paradoxically, this might make war obsolete. What’s the point of fighting when there’s no human bravery or human skill required? Besides, countries without AI will know they have no chance of winning, whereas those countries with top-level AI will have better ways of getting what they want. Aircraft carriers and cruise missiles will give way to subtle propaganda campaigns and all-but-undetectable cyberwarfare.

Then there’s liberal democracy. [It is already under stress](https://www.foreignaffairs.com/articles/2018-04-16/age-insecurity)—on the surface, due to anti-immigrant sentiment, and on a deeper level, due to general anxiety about jobs. That is partly what propelled Trump to the presidency. But what has happened so far is just the mild tremor that precedes the tsunami to come. Within a decade, there is a good chance that nearly all long-haul truckers will be out of work thanks to driverless technology. In the United States, that’s two million jobs, and once AI is good enough to drive a truck, it will probably be good enough to do any other job a truck driver might switch to.

How many jobs will eventually be lost, and how quickly will they disappear? Different experts offer different estimates of job losses, but all agree that the numbers are frighteningly large and the time frames are frighteningly short. A 2017 analysis by the auditing firm PwC predicted that 38 percent of all jobs in the United States are “at high risk of automation by the early 2030s,” most of them routine occupations, such as forklift operator, assembly-line worker, and checkout clerk. By the 2040s, AI researchers project, computers will be able to conduct original math research, perform surgery, write best-selling novels, and do any other job with similar cognitive demands.

In a world where ten percent unemployment counts as a major recession and 20 percent would be a global emergency, robots may well perform a quarter or more of all work. This is the stuff of violent revolutions. And unlike the Industrial Revolution, which took more than 100 years to truly unfold, job losses during the digital revolution will accelerate in mere decades. This time, the revolution will take place not in a nation of shopkeepers but in a world of highly sophisticated multinational corporations that chase profits mercilessly. And AI will be the most profitable technology the world has ever seen.

### Raging Against the Machine

What does all of this mean for politics? In an era of mass unemployment, one could argue that the form of government will be the most important thing in the world, since modern government is mostly about managing and controlling the economy for the greater good. But one could just as easily make the case that it will not matter at all: If robots can produce an unending supply of material goods, what exactly is there to manage and control?

The only sure bet is that the form of government that will come out on top is the one that proves most capable of marshaling the power of AI for the most people. Marxists already have plenty of ideas about how to handle this—let robots control the means of production and then distribute the spoils to everyone according to his or her needs—but they don’t have a monopoly on solutions. Liberal democracy still stands a chance, but only if its leaders take seriously the deluge that’s about to hit them and figure out how to adapt capitalism to a world in which the production of goods is completely divorced from work. That means reining in the power of the wealthy, rethinking the whole notion of what a corporation is, and truly accepting—not just grudgingly—a certain level of equality in the allocation of goods and services.

This is a sobering vision. But there’s also some good news here, even in the medium term. The two most important developments of the twenty-first century will be AI-driven mass unemployment and fossil-fuel-driven climate change—and AI might well solve the problem of climate change if it evolves soon enough. After all, the world already has most of the technology needed to produce clean energy: that is, wind and solar power. The problem is that they need to be built out on an enormous scale at huge expense. That’s where cheap, smart robots could come in, constructing a massive infrastructure for almost nothing. And don’t laugh, but once human-level AI is a reality, there’s no reason to think progress will stop. Before long, above-human levels of AI might help scientists finally develop the holy grail of clean energy: nuclear fusion.

None of this is going to happen immediately. Today’s technology is to true AI as the Wright Flyer is to the space shuttle. For the next couple of decades, the most important global movements will be all the usual suspects. But after that, AI is going to start making them seem trivial. Great-power competition will basically be a competition between different countries’ AI technology. Tribalism won’t matter: Who cares about identity if all the work is done by robots? Liberal democracy might still matter, but only if it figures out how to deal with mass unemployment better than other systems of government. Religion is going to have some tough times, too, as people’s interactions with the world become increasingly mediated through constructs that seem every bit as thoughtful and creative as humans but rather plainly weren’t constructed by God and don’t seem to have any need for a higher power.

It’s long past time to start taking this stuff seriously. Even technophobes can see which way the wind is blowing—and historically, mass economic deprivation has produced fewer thoughtful progressive reforms than violent revolutions and wars. Needless to say, that doesn’t have to be the case this time around. It may be impossible to halt technology in its tracks, but it is possible to understand what’s coming and prepare for an enlightened response.

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**The Warming World**

**Why Climate Change Matters More Than Anything Else**

By [Joshua Busby](https://www.foreignaffairs.com/authors/joshua-busby)

The world seems to be in a state of permanent crisis. The liberal international order is besieged from within and without. Democracy is in decline. A lackluster economic recovery has failed to significantly raise incomes for most people in the West. A rising China is threatening U.S. dominance, and resurgent international tensions are increasing the risk of a catastrophic war.

Yet there is one threat that is as likely as any of these to define this century: climate change. The disruption to the earth’s climate will ultimately command more attention and resources and have a greater influence on the global economy and international relations than other forces visible in the world today. Climate change will cease to be a faraway threat and become one whose effects require immediate action.

The atmospheric concentration of carbon dioxide, the main greenhouse gas, now exceeds 410 parts per million, the highest level in 800,000 years. Global average surface temperatures are 1.2 degrees Celsius higher than they were before the Industrial Revolution. The consensus scientific estimate is that the maximum temperature increase that will avoid dangerous climate change is two degrees Celsius. Humanity still has around 20 years before stopping short of that threshold will become essentially impossible, but most plausible projections show that the world will exceed it.

[Two degrees](https://www.foreignaffairs.com/articles/world/2018-02-08/two-degree-delusion) of warming is still [something of an arbitrary level](https://www.foreignaffairs.com/articles/world/2018-02-08/two-degree-delusion); there is no guarantee of the precise effects of any temperature change. But there is a huge difference between two degrees of warming and two and a half, three, or four degrees. Failing to rein in global emissions will lead to unpleasant surprises. As temperatures rise, the distribution of climate phenomena will shift. Floods that used to happen once in 100 years will occur every 50 or every 20. The tail risks will become more extreme, making events such as the 50 inches of rain that fell in 24 hours in Hawaii earlier this year more common.

Making climate change all the more frightening are its effects on geopolitics. New weather patterns will trigger social and economic upheaval. Rising seas, dying farmlands, and ever more powerful storms and floods will render some countries uninhabitable. These changes will test the international system in new and unpredictable ways.

[World-historical threats](https://www.foreignaffairs.com/articles/2017-04-21/climate-catastrophe-choice) call for world-historical levels of cooperation. If humanity successfully confronts this problem, it will be because leaders infused the global order with a sense of common purpose and recognized profound changes in the distribution of power. China and the United States will have to work closely together, and other actors, such as subnational governments, private companies, and nongovernmental organizations, will all have to play their part.

**A Matter of Degree**

Of the 17 warmest years on record, 16 have occurred since 2001. The effects of climate change are starting to make themselves apparent. Of the 17 warmest years on record, 16 have occurred since 2001. This past winter, temperatures in parts of the Arctic jumped to 25 degrees Celsius above normal. And climate change means far more than a warming planet. The world is entering a period that the climate scientist Katharine Hayhoe has called “global weirding.” Strange weather patterns are cropping up everywhere. Scientists have linked some of them to climate change; for others, whether there is a connection is not yet clear.

The seasons are changing. Dry spells are occurring when meteorologists would normally expect rain. Lack of rain increases the risk of forest fires, such as those that occurred in California last year. When it does rain, too often it is all at once, as happened in Houston during Hurricane Harvey. As sea levels rise and storm surges get stronger, what were once normal high-tide events will flood coastal infrastructure, as has already happened in Miami in recent years, necessitating the installation of storm water pumping systems at the cost of hundreds of millions of dollars.

By the middle of the century, the oceans may well have risen enough that salt water will destroy farmland and contaminate drinking water in many low-lying island nations, making them uninhabitable long before they are actually submerged. The evidence on the effects of climate change on tropical cyclones and hurricanes is murkier, but it suggests that although there may be fewer such storms, those that do occur are likely to be worse.

These developments will fundamentally transform global politics. Several major countries, including China and the United States, have large populations and valuable infrastructure that are vulnerable to climate change. Their governments will find themselves diverting military resources to carry out rescue operations and rebuild devastated towns and cities. That will take large numbers of soldiers and military hardware away from preparing for conflicts with foreign adversaries.

In 2017, when three huge storms battered the United States in quick succession, civilian disaster authorities had to be backstopped by the military to prevent huge losses of life. Tens of thousands of members of the National Guard were mobilized to rescue people, provide relief supplies, and restore essential services and the rule of law. The third storm, Hurricane Maria, caused some 1,000 deaths and left the entire island of Puerto Rico without power. It took months for the government to restore electricity to the 3.5 million Americans who live there. Even now, some remain without power. In the wake of the storm, over 100,000 Puerto Ricans left for the continental United States. The total cost to the United States of these storms and other weather-related emergencies in 2017 was $300 billion. The total cost to the United States of these storms and other weather-related emergencies in 2017 was $300 billion.

[China has its own set of problems](https://www.foreignaffairs.com/articles/united-states/2016-12-20/trouble-ceding-climate-leadership-china). On its southern coast, several huge cities, such as Guangzhou and Shanghai, are vulnerable to flooding. In the north, in the country’s industrial heartland, whole regions are running out of water, affecting more than 500 million people. Over the past 25 years, some 28,000 Chinese rivers have disappeared. Solving these problems will not be cheap. A single ambitious infrastructure project to transport water from the south to the north has already cost the Chinese government at least $48 billion. The project is not yet complete, but China claims that it has improved Beijing’s water security and benefited 50 million people. To deal with flooding in places such as Shanghai, China has embarked on a “sponge cities” initiative to boost natural drainage. Since 2015, China has invested $12 billion in this effort, and the price tag will ultimately run into the hundreds of billions of dollars.

Both China and the United States are rich enough that they will likely be able to cope with these costs. But the effects of climate change in poorer countries will create global problems. Each year, the monsoon brings floods to the Indus River in Pakistan. But in 2010, the flooding took on epic proportions, displacing as many as 20 million people and killing nearly 2,000. The United States provided $390 million in immediate relief funding, and the U.S. military delivered some 20 million pounds of supplies. In 2013, over 13,000 U.S. troops were deployed for disaster relief after Typhoon Haiyan buffeted the Philippines.

Individual storms do tremendous damage, but communities usually bounce back. Climate change, however, will cause more permanent problems. Rising sea levels, the storm surges they exacerbate, and the intrusion of salt water pose existential threats to some island countries. In 2017, after Hurricane Irma hit Barbuda, the entire population of the Caribbean island—some 1,800 people—had to be evacuated. Kiribati, a collection of Pacific islands, most of which rise only a few meters above sea level, has purchased land in neighboring Fiji as a last resort in the face of rising seas.

Even as some countries are inundated by water, others are suffering from a lack of it. In recent years, droughts in both the Horn of Africa and the continent’s southern countries have put millions at risk of thirst or famine. In 2011, Somalia, already riven by decades of war, experienced a drought and subsequent famine that led to as many as 260,000 deaths. Earlier this year, Cape Town, South Africa, a city of nearly four million people, was able to avoid running out of water only through heroic conservation measures. Climate change, through rising temperatures and shifting rainfall patterns, will subject some regions to inadequate and irregular rains, leading to harvest failures and insufficient water for human needs.

Since 1945, although some states have split or otherwise failed, very few have disappeared. In the coming century, climate change may make state deaths a familiar phenomenon as salt-water intrusion and storm surges render a number of island countries uninhabitable. Although most of the islands threatened by climate change have small populations, the disorder will not be contained. Even in other countries, declining agricultural productivity and other climate risks will compel people to move from the countryside to the cities or even across borders. Tens of thousands of people will have to be relocated. For those that cross borders, will they stay permanently, and will they become citizens of the countries that take them in? Will governments that acquire territory inside other countries gain sovereignty over that land? New Zealand has taken tentative steps toward creating a new visa category for small numbers of climate refugees from Pacific island states, but there are no international rules governing those forced to leave home by climate change. The urgency of these questions will only grow in the coming years.

As well as creating new crises, climate factors will exacerbate existing ones. Some 800,000 of Myanmar’s Rohingya minority group have fled to Bangladesh, driven out by ethnic cleansing. Many of the refugee camps they now occupy are in areas prone to flash floods during the monsoon. To make matters worse, much of the land surrounding the camps has been stripped of its forest cover, leaving tents and huts vulnerable to being washed away. Although the world has gotten much better at preventing loss of life from weather emergencies, climate change will test humanitarian- and disaster-response systems that are already stretched thin by the seemingly endless conflicts in Somalia, South Sudan, Syria, and Yemen.

**Climate Wars**

Climate change will also make international tensions more severe. Analysts have periodically warned of impending water wars, but thus far, countries have been able to work out most disputes peacefully. India and Pakistan, for example, both draw a great deal of water from the Indus River, which crosses disputed territory. But although the two countries have fought several wars with each other, they have never come to blows over water sharing, thanks to the 1960 Indus Waters Treaty, which provides a mechanism for them to manage the river together. Yet higher demand and increasing scarcity have raised tensions over the Indus. India’s efforts to build dams upstream have been challenged by Pakistan, and in 2016, amid political tensions, Indian Prime Minister Narendra Modi temporarily suspended India’s participation in joint meetings to manage the river. Peaceful cooperation will be harder in the future.

Partnerships among other countries that share river basins are even more fragile. Several Southeast Asian countries cooperate over the Mekong River through the Mekong River Commission, but China, the largest of the six countries through which the river flows and where the river originates, is not a member. The Chinese government and other upstream countries have built dams on the Mekong that threaten to deprive fishing and agricultural communities in Vietnam and other downstream countries of their livelihoods. Competition over the river’s flow has only gotten worse as droughts in the region have become more frequent.

Similar dynamics are at play on the Nile. Ethiopia is building a vast dam on the river for irrigation and to generate power, a move that will reduce the river’s flow in Egypt and Sudan. Until now, Egypt has enjoyed disproportionate rights to the Nile (a colonial-era legacy), but that is set to end, requiring delicate negotiations over water sharing and how quickly Ethiopia will fill the reservoir behind the dam.  Violence is far from inevitable, but tensions over water within and between countries will create new flash points in regions where other resources are scarce and institutional guardrails are weak or missing.

The ways countries respond to the effects of climate change may sometimes prove more consequential than the effects themselves. In 2010, for example, after a drought destroyed about one-fifth of Russia’s wheat harvest, the Russian government banned grain exports. That move, along with production declines in Argentina and Australia, which were also affected by drought, caused global grain prices to spike. Those price rises may have helped destabilize some already fragile countries. In Egypt, for example, annual food-price inflation hit 19 percent in early 2011, fueling the protests that toppled President Hosni Mubarak.

State responses to other climate phenomena have also heightened tensions. Melting sea ice in the Arctic has opened up new lanes for shipping and fields for oil and gas exploration, leading Canada, Russia, the United States, and other Arctic nations to bicker over the rights to control these new resources.

Moreover, the push to reduce carbon emissions, although welcome, could also drive competition. As demand for clean energy grows, countries will spar over subsidies and tariffs as each tries to shore up its position in the new green economy. China’s aggressive subsidies for its solar power industry have triggered a backlash from the makers of solar panels in other countries, with the United States imposing tariffs in 2017 and India considering doing something similar.

As climate fears intensify, debates between countries will become sharper and more explicit. Since manufacturing the batteries used in electric cars requires rare minerals, such as cobalt, lithium, and nickel, which are found largely in conflict-ridden places such as the Democratic Republic of the Congo, the rise of battery-powered vehicles could prompt a dangerous new scramble for resources. Although manufacturers will innovate to reduce their dependence on these minerals, such pressures will become more common as the clean energy transition progresses. Companies and countries that depend heavily on fossil fuels, for example, will resist pressure to keep them in the ground.

There are myriad potentially contentious policies governments might enact in response to changing climate conditions. Banning exports of newly scarce resources, acquiring land overseas, mandating the use of biofuels, enacting rules to conserve forests, and a thousand other choices will all create winners and losers and inflame domestic and international tensions. As fears grow of runaway climate change, governments will be increasingly tempted to take drastic unilateral steps, such as geoengineering, which would prove immensely destabilizing.

**The Burning Question**

These scary scenarios are not inevitable, but much depends on whether and how countries come together to curb carbon emissions and stave off the worst effects of climate change.

Last year, when U.S. President Donald Trump announced his intention to withdraw the United States from [the Paris climate agreement](https://www.foreignaffairs.com/ask-the-experts/2017-08-14/trumps-paris-withdrawal-major-climate-setback), many other countries, including China, France, Germany, India, and the United Kingdom, responded by [doubling down](https://www.foreignaffairs.com/articles/2017-05-22/paris-isnt-burning) on their support for the deal. French President Emmanuel Macron hosted an international meeting on climate change last December and even set up a fund to attract leading climate scientists, especially those from the United States, to France.

Climate change will remain a salient issue for politicians in most countries as people around the world expect action from their leaders. Even the United States is formally still in the Paris agreement; its withdrawal only takes effect the day after the next presidential election, in 2020. Should Trump not be reelected, the next president could have the country jump right back in.

Moreover, even as the U.S. federal government has stepped away from international climate leadership and begun to roll back Obama-era domestic climate policies, U.S. governors, mayors, and chief executives have remained committed to climate action. Last year, former New York Mayor Michael Bloomberg formed the We Are Still In coalition, which now includes some 2,700 leaders across the country who have pledged action on climate change that would, if fulfilled, meet 60 percent of the original U.S. emission-reduction target under the Paris agreement.

The coalition includes California Governor Jerry Brown, whose state boasts the world’s fifth-largest economy. In September, to create momentum for action before next winter’s climate negotiations in Poland, Brown is scheduled to host the Global Climate Action Summit in San Francisco. That will be a remarkable spectacle: a sitting governor carrying out his own global diplomacy independent from the federal government. California’s contribution does not end there. Leading technology companies based in California, such as Google, are also part of the coalition. They have set ambitious internal [renewable energy](https://www.foreignaffairs.com/articles/2012-04-20/tough-love-renewable-energy) targets covering their entire operations. Given their vast size and global supply chains, these companies have enormous potential reach.

Even as leaders have invested time and energy in international agreements between countries, they have built parallel, less showy, but no less important processes to encourage action. Because climate change encompasses a constellation of problems in transportation, energy, construction, agriculture, and other sectors, experimentation allows different venues to tackle different problems at the same time—the security implications in the UN Security Council, fossil fuel subsidies in the G-20, short-lived gases such as hydrofluorocarbons through the Montreal Protocol, and deforestation through efforts such as the New York Declaration on Forests, for example. This collection of efforts may be messier than centralizing everything through one global agreement, but avoiding a single point of failure and letting different groups and deals tackle the problems they are best suited to fix may produce more durable results.

Humans have proved highly adaptable, but the collective effects of climate change on cities, food production, and water supplies present an enormous challenge for the planet. China and the United States will be central to the global response. Together, the two countries are responsible for more than 40 percent of global emissions; China alone accounts for 28 percent.

In the lead-up to the Paris negotiations, U.S. President Barack Obama invested enormous political capital to come to a bilateral understanding with China. The Trump administration’s backsliding on climate action elevates the pressure on China to both address its emissions at home and consider the environmental effects of its actions abroad through the Belt and Road Initiative and the Asian Infrastructure Investment Bank.

Relations between China and the United States have soured recently, but the countries need to work together, as the world will be ill served by an all-encompassing rivalry between them. They will have to build a system that allows issues to be compartmentalized, in which they can jockey over regional security in Asia, for instance, but still cooperate on issues on which their fates are linked, such as climate change and pandemics.

The only way of achieving that is through a system that recognizes the diffusion of power. To some extent, that diffusion is already under way, as the United States is ceding hegemonic control in an increasingly multipolar world, in which more is expected of a rising China. But the process will have to go much further. Governments will need to coordinate with subnational units, private corporations, nongovernmental organizations, and very rich individuals. On climate change and many other problems, these actors are much better able than governments to change things at the local level. Creating an order fit for purpose will not be easy. But the nascent combination of international agreements and networks of organizations and people dedicated to solving specific problems offers the best chance to avoid cataclysmic climate change.