



“The Changing Liberal World Order and Implications for U.S. Policy”

Rae Huffstutler

August 20, 2019

The Changing Liberal World Order and Implications for U.S. Policy

- Post World War II Policy: Rules based international order through multilateral institutions
- Fundamental changes taking place:
 - Successful policies of past have changed world
 - Technology and climate change
 - Changes in public attitudes in U.S. and abroad
- We will discuss security, the world economy and cultural changes

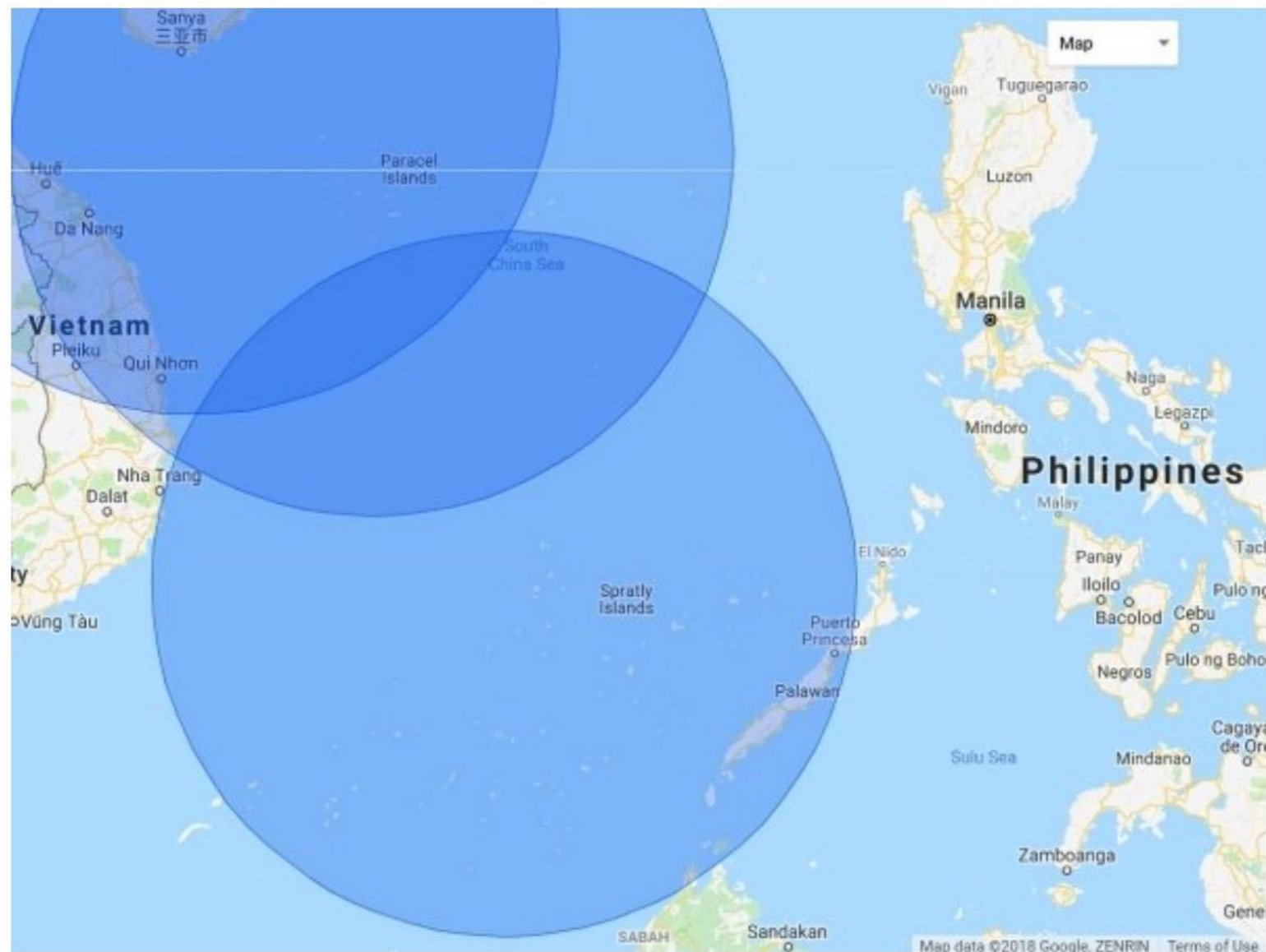
Security Changes

- Rise of the Soviet Union: containment and alliances
 - Over 100 proxy wars
 - Collapse of the Soviet Union
 - Decline of NATO
- American voters become “risk averse”
- Rise of China





Chinese YJ-12 Anti Ship Cruise Missiles





Security Changes

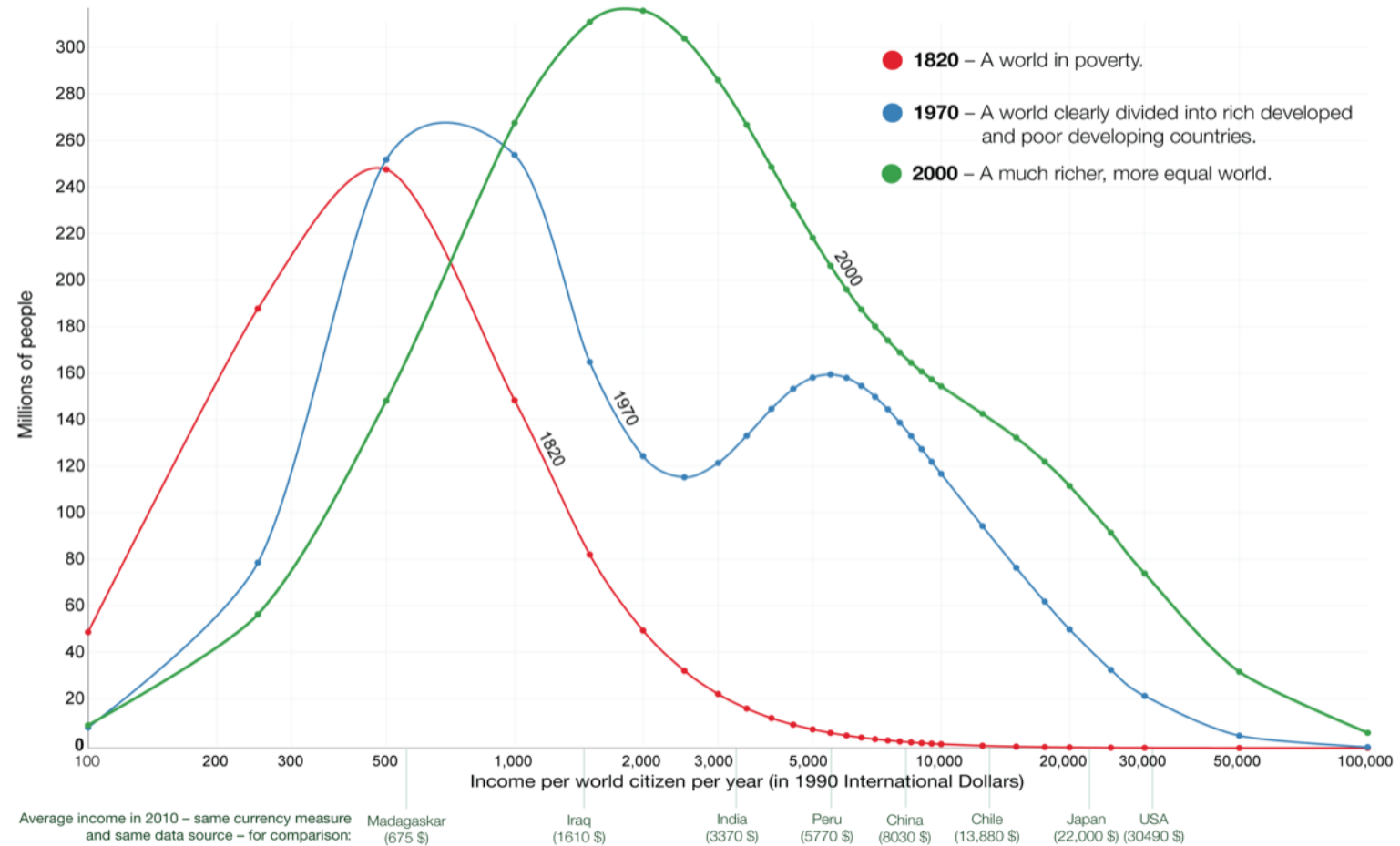
- Loss of naval options reduces capabilities
- North Korean nuclear capability undermines confidence in U.S. umbrella
- U.S. no longer “world’s policeman”
 - Voters don’t support it
 - New weapons make it too risky
 - Shrinking foreign base assess makes it more tenuous

Changes in the World Economy

- Post WWII economic policy based on multilateralism and free trade
 - World Bank (1944)
 - General Agreement on Tariffs and Trade or GATT (1947)
 - World Trade Organization (1995)
- Era of economic globalism had many successes
- Economic globalism caused problems over time
 - Manufacturing migration undermined U.S. textiles, metals, cars and appliances
 - Many markets not really open
 - Some countries manipulated the system

The World Income Distribution in 1820, 1970 and 2000 – by Max Roser

The yearly income of all world citizens is measured in International Dollars. This is a currency that would buy a comparable amount of goods and services a U.S. dollar would buy in the United States in 1990. Therefore incomes are comparable across countries and across time.



Data source: www.Clio-Infra.eu via van Zanden et al. (2014) – *How Was Life?*, OECD.

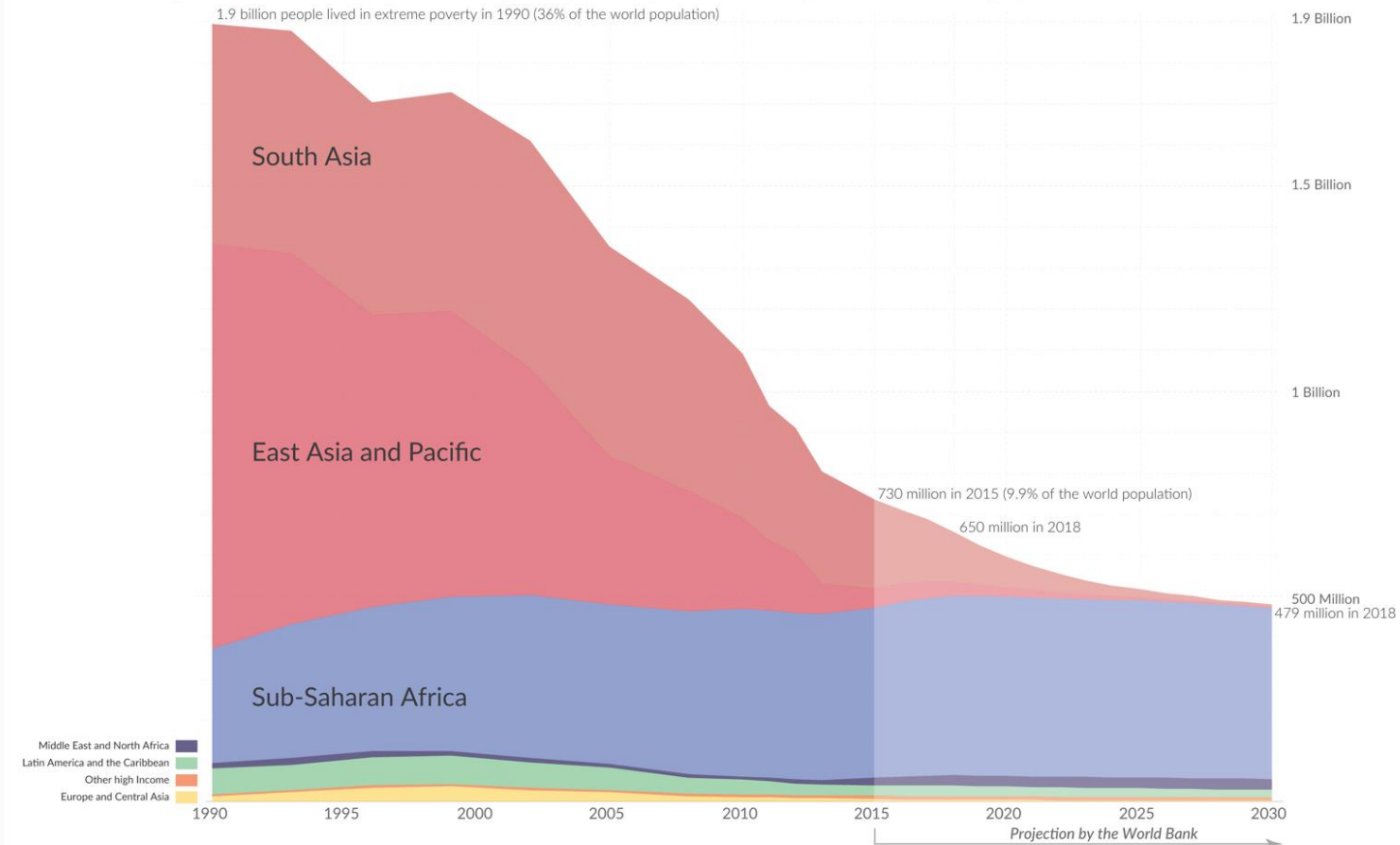
The interactive data visualisation is available at OurWorldinData.org. There you find the raw data and more visualisations on this topic.

Licensed under [CC-BY-SA](https://creativecommons.org/licenses/by-sa/4.0/) by the author Max Roser.

The number of people in extreme poverty – including projections to 2030

Extreme poverty is defined by the 'international poverty line' as living on less than \$1.90/day. This is measured by adjusting for price changes over time and for price differences between countries (PPP adjustment). From 2015 to 2030 the World Bank's projections are shown.

Our World
in Data



Data source: World Bank data from 1990 to 2015. The projections from 2015 to 2030 are published in the World Bank report *Poverty and Shared Prosperity 2018*.

This is a visualization from OurWorldinData.org, where you find data and research on how the world is changing.

Licensed under CC-BY by the author Max Roser.

Changes in the World Economy

- U.S. backs away from international institutions, takes unilateral actions
- U.S. is powerful player
 - Economy is the world's largest
 - World's largest importer
 - Second largest manufacturer: 8.5% of workforce
 - Second largest exporter
 - Strong dollar: two thirds of world's reserves in dollars
- Two Primary trade war weapons: tariffs and sanctions
- Expect drift toward new trading alliances
 - China
 - Euro Bloc
 - U.S./NAFTA
- Higher prices, smaller markets
- Income redistribution
- Business concentration

Cultural Issues, Immigration

- Immigration push and pull
 - Flee violence, seek stability
 - Economic opportunities
 - Crop failures
 - Demand for supplementary labor and special skills
- Seventy million people currently displaced by conflict
- Major droughts in Central America, Brazil, Argentina, West Africa and India
- Declining native population in industrialized countries
- Primary victims of change will be the poor and their human rights

Likely Washington Policy Battles

- Military budgets vs. entitlements
- Nuclear Proliferation
- Income inequality and the tax structure
- Education and training
- Shrinking workforce and immigration

Federal Spending in FY 2018 (Dollars in Billions)

Net interest
7.6%

Nondefense Discretionary
15.9%

Defense Discretionary
15.0%

Mandatory
61.5%

