The Dysfunctional Superpower

Can a Divided America Deter China and Russia?

By Robert M. Gates

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The United States now confronts graver threats to its security than it has in decades, perhaps ever. Never before has it faced four allied antagonists at the same time—Russia, China, North Korea, and Iran—whose collective nuclear arsenal could within a few years be nearly double the size of its own. Not since the Korean War has the United States had to contend with powerful military rivals in both Europe and Asia. And no one alive can remember a time when an adversary had as much economic, scientific, technological, and military power as China does today.

The problem, however, is that at the very moment that events demand a strong and coherent response from the United States, the country cannot provide one. Its fractured political leadership—Republican and Democratic, in the White House and in Congress—has failed to convince enough Americans that developments in China and Russia matter. Political leaders have failed to explain how the threats posed by these countries are interconnected. They have failed to articulate a long-term strategy to ensure that the United States, and democratic values more broadly, will prevail.

Chinese President Xi Jinping and Russian President Vladimir Putin have much in common, but two shared convictions stand out. First, each is convinced that his personal destiny is to restore the glory days of his country's imperial past. For Xi, this means reclaiming imperial China's once dominant role in Asia while harboring even greater ambitions for global influence. For Putin, it means pursuing an awkward mixture of reviving the Russian Empire and recapturing the deference that was accorded the Soviet Union. Second, both leaders are convinced that the developed democracies—above all, the United States—are past their prime and have entered an irreversible decline. This decline, they believe, is evident in these democracies' growing isolationism, political polarization, and domestic disarray.

Taken together, Xi's and Putin's convictions portend a dangerous period ahead for the United States. The problem is not merely China's and Russia's military strength and aggressiveness. It is also that both leaders have already made major miscalculations at home and abroad and seem likely to make even bigger ones in the future. Their decisions could well lead to catastrophic consequences for themselves—and for the United States. Washington must therefore change Xi's

and Putin's calculus and reduce the chances of disaster, an effort that will require strategic vision and bold action. The United States prevailed in the Cold War thanks to a consistent strategy pursued by both political parties through nine successive presidencies. It needs a similar bipartisan approach today. Therein lies the rub.

The United States finds itself in a uniquely treacherous position: facing aggressive adversaries with a propensity to miscalculate yet incapable of mustering the unity and strength necessary to dissuade them. Successfully deterring leaders such as Xi and Putin depends on the certainty of commitments and constancy of response. Yet instead, dysfunction has made American power erratic and unreliable, practically inviting risk-prone autocrats to place dangerous bets—with potentially catastrophic effects.

XI'S AMBITIONS

Xi's call for "the great rejuvenation of the Chinese nation" is shorthand for China becoming the dominant world power by 2049, the centenary of the Communists' victory in the Chinese Civil War. That objective includes bringing Taiwan back under the control of Beijing. In his words, "The complete unification of the motherland must be realized, and it will be realized." To that end, Xi has directed the Chinese military to be ready by 2027 to successfully invade Taiwan, and he has pledged to modernize the Chinese military by 2035 and turn it into a "world-class" force. Xi seems to believe that only by taking Taiwan can he secure for himself status comparable to Mao Zedong's in the pantheon of Chinese Communist Party legends.

Xi's aspirations and sense of personal destiny entail significant risk of war. Just as Putin has disastrously miscalculated in Ukraine, there is a considerable danger Xi will do so in Taiwan. He has already dramatically miscalculated at least three times. First, by departing from the Chinese leader Deng Xiaoping's maxim of "hide your strength, bide your time," Xi has provoked exactly the response Deng feared: the United States has mobilized its economic power to slow China's growth, begun strengthening and modernizing its military, and bolstered its alliances and military partnerships in Asia. A second major miscalculation was Xi's leftward swing in economic policies, an ideological shift that began in 2015 and was reinforced at the 2022 National Congress of the

Chinese Communist Party. His policies, from inserting the party into the management of companies to increasingly relying on state-owned enterprises, have profoundly harmed China's economy. Third, Xi's "zero COVID" policy, as the economist Adam Posen has written in these pages, "made visible and tangible the CCP's arbitrary power over everyone's commercial activities, including those of the smallest players." The resulting uncertainty, accentuated by his sudden reversal of that policy, has reduced Chinese consumer spending and thus further damaged the entire economy.

If preserving the power of the party is Xi's first priority, taking Taiwan is his second. If China relies on measures short of war to pressure Taiwan to preemptively surrender, that effort will likely fail. And so Xi would be left with the option of risking war by imposing a full-scale naval blockade or even launching an all-out invasion to conquer the island. He may think he would be fulfilling his destiny by trying, but win or lose, the economic and military costs of provoking a war over Taiwan would be catastrophic for China, not to mention for everyone else involved. Xi would be making a monumental mistake.

Despite Xi's miscalculations and his country's many internal difficulties, China will continue to pose a formidable challenge to the United States. Its military is stronger than ever. China now boasts more warships than the United States (although they are of poorer quality). It has modernized and restructured both its conventional forces and its nuclear forces—and is nearly doubling its deployed strategic nuclear forces—and upgraded its command-and-control system. It is in the process of strengthening its capabilities in space and cyberspace, as well.

Xi's sense of personal destiny entails significant risk of war.

Beyond its military moves, China has pursued a comprehensive strategy aimed at increasing its power and influence globally. China is now the top trading partner of more than 120 countries, including nearly all of those in South America. More than 140 countries have signed up as participants in the Belt and Road Initiative, China's sprawling infrastructure development program, and China now owns, manages, or has invested in more than 100 ports in some 60 countries.

Complementing these widening economic relationships is a pervasive propaganda and media network. No country on earth is beyond the reach of at least one Chinese radio station, television channel, or online news site. Through these and other outlets, Beijing attacks American actions and motives, erodes faith in the international institutions the United States created after World War II, and trumpets the supposed superiority of its development and governance model—all while advancing the theme of Western decline.

There are at least two concepts invoked by those who think the United States and China are destined for conflict. One is "the Thucydides trap." According to this theory, war is inevitable when a rising power confronts an established power, as when Athens confronted Sparta in antiquity or when Germany confronted the United Kingdom before World War I. Another is "peak China," the idea that the country's economic and military power is or will soon be at its strongest, while ambitious initiatives to strengthen the U.S. military will take years to bear fruit. Thus, China might well invade Taiwan before the military disparity in Asia changes China's disadvantage.

But neither theory is convincing. There was nothing inevitable about World War I; it happened because of the stupidity and arrogance of Europe's leaders. And the Chinese military itself is far from ready for a major conflict. Thus, a direct Chinese attack on or invasion of Taiwan, if it happens at all, is some years in the future. Unless, of course, Xi grievously miscalculates—again.

PUTIN'S GAMBLE

"Without Ukraine, Russia ceases to be an empire," Zbigniew Brzezinski, the political scientist and former U.S. national security adviser, once observed. Putin certainly shares that view. In pursuit of Russia's lost empire, he invaded Ukraine in 2014 and again in 2022—with the latter adventure turning out to be a catastrophic miscalculation with devastating long-term consequences for his country. Rather than dividing and weakening NATO, Russia's actions have given the alliance new purpose (and, in Finland and, soon, Sweden, powerful new members). Strategically, Russia is far worse off now than it was before the invasion.

Economically, oil sales to China, India, and other states have offset much of the financial impact of sanctions, and consumer goods and technology from China, Turkey, and other countries in Central Asia and the Middle East have partly replaced those once imported from the West. Still, Russia has been subjected to extraordinary sanctions by virtually all developed democracies. Countless Western firms have pulled their investments and abandoned the country, including the oil and gas companies whose technology is essential to sustain Russia's primary source of income. Thousands of young tech experts and entrepreneurs have fled. In invading Ukraine, Putin has mortgaged his country's future.

A broadcast of Chinese military drills, Beijing, August 2023

Tingshu Wang / Reuters

As for Russia's military, even though the war has significantly degraded its conventional forces, Moscow retains the largest nuclear arsenal in the world. Thanks to arms control agreements, that arsenal includes only a few more deployed strategic nuclear weapons than what the United States has. But Russia has ten times as many tactical nuclear weapons—about 1,900.

This large nuclear arsenal notwithstanding, the prospects for Putin seem grim. With his hopes for a quick conquest of Ukraine dashed, he appears to be counting on a rough military stalemate to exhaust the Ukrainians, betting that by next spring or summer, the public in Europe and the United States will tire of sustaining them. As a temporary alternative to a conquered Ukraine, he may be willing to consider a crippled Ukraine—a rump state that lies in ruins, its exports slashed and its foreign aid dramatically reduced. Putin wanted Ukraine as part of a reconstituted Russian

Empire; he also feared a democratic, modern, and prosperous Ukraine as an alternative model for Russians next door. He will not get the former, but he may believe he can prevent the latter.

As long as Putin is in power, Russia will remain an adversary of the United States and NATO. Through arms sales, security assistance, and discounted oil and gas, he is cultivating new relationships in Africa, the Middle East, and Asia. He will continue to use all means at his disposal to sow division in the United States and Europe and undermine U.S. influence in the global South. Emboldened by his partnership with Xi and confident that his modernized nuclear arsenal will deter military action against Russia, he will continue to aggressively challenge the United States. Putin has already made one historic miscalculation; no one can be sure he will not make another.

AMERICA IMPAIRED

For now, the United States would seem to be in a strong position vis-à-vis both China and Russia. Above all, the U.S. economy is doing well. Business investment in new manufacturing facilities, some of it subsidized by new government infrastructure and technology programs, is booming. New investments by both government and business in artificial intelligence, quantum computing, robotics, and bioengineering promise to widen the technological and economic gap between the United States and every other country for years to come.

Diplomatically, the war in Ukraine has handed the United States new opportunities. The early warning that Washington gave its friends and allies about Russia's intention to invade Ukraine restored their faith in U.S. intelligence capabilities. Renewed fears of Russia have allowed the United States to strengthen and expand NATO, and the military aid it has given Ukraine has provided clear evidence that it can be trusted to fulfill its commitments. Meanwhile, China's economic and diplomatic bullying in Asia and Europe has backfired, enabling the United States to strengthen its relationships in both regions.

The U.S. military has been healthily funded in recent years, and modernization programs are underway in all three legs of the nuclear triad—intercontinental ballistic missiles, bombers, and submarines. The Pentagon is buying new combat aircraft (F-35s, modernized F-15s, and a new,

sixth-generation fighter), along with a new fleet of tanker aircraft for in-flight refueling. The army is procuring some two dozen new platforms and weapons, and the navy is building additional ships and submarines. The military continues to develop new kinds of weapons, such as hypersonic munitions, and strengthen its offensive and defensive cyber-capabilities. All told, the United States spends more on defense than the next ten countries combined, including Russia and China.

Sadly, however, America's political dysfunction and policy failures are undermining its success. The U.S. economy is threatened by runaway federal government spending. Politicians from both parties have failed to address the spiraling cost of entitlements such as Social Security, Medicare, and Medicaid. Perennial opposition to raising the debt ceiling has undermined confidence in the economy, causing investors to worry about what would happen if Washington actually defaulted. (In August 2023, the ratings agency Fitch downgraded the United States' credit rating, raising borrowing costs for the government.) The appropriations process in Congress has been broken for years. Legislators have repeatedly failed to enact individual appropriations bills, passed gigantic "omnibus" laws that no one has read, and forced government shutdowns.

As long as Putin is in power, Russia will remain a U.S. adversary.

Diplomatically, former President Donald Trump's disdain for U.S. allies, his fondness for authoritarian leaders, his willingness to sow doubt about the United States' commitment to its NATO allies, and his generally erratic behavior undermined U.S. credibility and respect across the globe. But just seven months into the administration of President Joe Biden, the United States' abrupt, disastrous withdrawal from Afghanistan further damaged the rest of the world's confidence in Washington.

For years, U.S. diplomacy has neglected much of the global South, the central front for nonmilitary competition with China and Russia. The United States' ambassadorships are disproportionately left vacant in this part of the world. Beginning in 2022, after years of neglect, the United States scrambled to revive its relationships with Pacific island nations—but only after China had taken advantage of Washington's absence to sign security and economic agreements with these

countries. The competition with China and even Russia for markets and influence is global. The United States cannot afford to be absent anywhere.

The military also pays a price for American political dysfunction—particularly in Congress. Every year since 2010, Congress has failed to approve appropriations bills for the military before the start of the next fiscal year. Instead, legislators have passed a "continuing resolution," which allows the Pentagon to spend no more money than it did the previous year and prohibits it from starting anything new or increasing spending on existing programs. These continuing resolutions govern defense spending until a new appropriations bill can be passed, and they have lasted from a few weeks to an entire fiscal year. The result is that each year, imaginative new programs and initiatives go nowhere for an unpredictable period.

The Budget Control Act of 2011 put in place automatic spending cuts, known as "sequestration," and reduced the federal budget by $1.2 trillion over ten years. The military, which then accounted for only about 15 percent of federal expenditures, was forced to absorb half that cut—$600 billion. With personnel costs exempted, the bulk of the reductions had to come from maintenance, operations, training, and investment accounts. The consequences were severe and long-lasting. And yet as of September 2023, Congress is headed toward making the same mistake again. A further example of Congress letting politics do real harm to the military is allowing one senator to block confirmation of hundreds of senior officers for months on end, not only seriously degrading readiness and leadership but also—by highlighting American governmental dysfunction in such a critical area—making the United States a laughingstock among its adversaries. The bottom line is that the United States needs more military power to meet the threats it faces, but both Congress and the Executive Branch are rife with obstacles to achieving that objective.

MEETING THE MOMENT

The epic contest between the United States and its allies on one side and China, Russia, and their fellow travelers on the other is well underway. To ensure that Washington is in the strongest possible position to deter its adversaries from making additional strategic miscalculations, U.S. leaders must first address the breakdown in the decades-long bipartisan agreement with respect to

the United States' role in the world. It is not surprising that after 20 years of war in Afghanistan and Iraq, many Americans wanted to turn inward, especially given the United States' many problems at home. But it is the job of political leaders to counter that sentiment and explain how the country's fate is inextricably bound up in what happens elsewhere. President Franklin Roosevelt once observed that "the greatest duty of a statesman is to educate." But recent presidents, along with most members of Congress, have utterly failed in this essential responsibility.

Americans need to understand why U.S. global leadership, despite its costs, is vital to preserving peace and prosperity. They need to know why a successful Ukrainian resistance to the Russian invasion is crucial for deterring China from invading Taiwan. They need to know why Chinese domination of the Western Pacific endangers U.S. interests. They need to know why Chinese and Russian influence in the global South matters to American pocketbooks. They need to know why the United States' dependability as an ally is so consequential for preserving peace. They need to know why a Chinese-Russian alliance threatens the United States. These are the kinds of connections that American political leaders need to be drawing every day.

It is not just one Oval Office address or speech on the floor of Congress that is needed. Rather, a drumbeat of repetition is required for the message to sink in. Beyond regularly communicating to the American people directly, and not through spokespersons, the president needs to spend time over drinks and dinners and in small meetings with members of Congress and the media making the case for the United States' leadership role. Then, given the fragmented nature of modern-day communications, members of Congress need to carry the message to their constituents across the country.

Putin addressing Russian military units, Moscow, June 2023

Sergei Guneev / Reuters

What is that message? It is that American global leadership has provided 75 years of great-power peace—the longest stretch in centuries. Nothing in a nation's life is costlier than war, nor does anything else represent a greater threat to its security and prosperity. And nothing makes war likelier than putting one's head in the sand and pretending that the United States is not affected by events elsewhere, as the country learned before World War I, World War II, and 9/11. The military power the United States possesses, the alliances it has forged, and the international institutions it has designed are all essential to deterring aggression against it and its partners. As a century of evidence should make clear, failing to deal with aggressors only encourages more aggression. It is naive to believe that Russian success in Ukraine will not lead to further Russian aggression in Europe and possibly even a war between NATO and Russia. And it is equally naive to believe that Russian success in Ukraine will not significantly increase the likelihood of Chinese aggression against Taiwan and thus potentially a war between the United States and China.

A world without reliable U.S. leadership would be a world of authoritarian predators, with all other countries potential prey. If America is to safeguard its people, its security, and its liberty, it must continue to embrace its global leadership role. As British Prime Minister Winston Churchill said of the United States in 1943, "The price of greatness is responsibility."

Rebuilding support at home for that responsibility is essential to rebuilding trust among allies and awareness among adversaries that the United States will fulfill its commitments. Because of domestic divisions, mixed messages, and political leaders' ambivalence about the United States' role in the world, there is significant doubt abroad about American reliability. Both friends and adversaries wonder whether Biden's engagement and alliance-building is a return to normal or whether Trump's "America first" disdain for allies will be the dominant thread in American policy in the future. Even the closest of allies are hedging their bets about America. In a world where Russia and China are on the prowl, that is particularly dangerous.

Restoring public support for U.S. global leadership is the highest priority, but the United States must take other steps to actually exercise that role. First, it needs to go beyond "pivoting" to Asia. Strengthening relationships with Australia, Japan, the Philippines, South Korea, and other countries in the region is necessary but not sufficient. China and Russia are working together against U.S. interests on every continent. Washington needs a strategy for dealing with the entire world—particularly in Africa, Latin America, and the Middle East, where the Russians and the Chinese are fast outpacing the United States in developing security and economic relationships. This strategy ought not to divide the world into democracies and authoritarians. The United States must always advocate for democracy and human rights everywhere, but that commitment must not blind Washington to the reality that U.S. national interests sometimes require it to work with repressive, unrepresentative governments.

China and Russia think the future belongs to them.

Second, the United States' strategy must incorporate all the instruments of its national power. Both Republicans and Democrats have grown hostile to trade agreements, and protectionist sentiment runs strong in Congress. This has left the field open for the Chinese in the global South, which offers huge markets and investment opportunities. Despite the Belt and Road Initiative's flaws, such as the enormous debt it piles on recipient countries, Beijing has successfully used it to insinuate China's influence, companies, and economic tentacles into scores of countries. Enshrined in the Chinese constitution in 2017, it is not going away. The United States and its allies need to figure out how to compete with the initiative in ways that play to their strengths—above all,

their private sectors. U.S. development assistance programs add up to a small fraction of the Chinese effort. They are also fragmented and disconnected from larger U.S. geopolitical objectives. And even where U.S. aid programs are successful, the United States maintains a priestly silence about its accomplishments. It has said little, for example, about Plan Colombia, an aid program designed to combat the Colombian drug trade, or the President's Emergency Plan for AIDS Relief, which saved millions of lives in Africa.

Public diplomacy is essential to promoting U.S. interests, but Washington has let this important instrument of power wither since the end of the Cold War. Meanwhile, China is spending billions of dollars around the world to advance its narrative. Russia also has an aggressive effort to spread its propaganda and disinformation, as well as incite discord in and among democracies. The United States needs a strategy for influencing foreign leaders and publics—especially in the global South. To succeed, this strategy would require the U.S. government not merely to spend more money but also to integrate and synchronize its many disparate communications activities.

Security assistance to foreign governments is another area in need of radical change. Although the U.S. military does a good job training foreign forces, it makes piecemeal decisions about where and how to do so without sufficiently considering regional strategies or how better to partner with allies. Russia has increasingly provided security assistance to governments in Africa, especially those with an authoritarian bent, but the United States has no effective strategy to counter this effort. Washington must also figure out a way to accelerate the delivery of military equipment to recipient states. There is now a roughly $19 billion backlog of weapons sales to Taiwan, with delays ranging from four to ten years. Although the holdup is the result of many factors, an important cause is the limited production capacity of the U.S. defense industry.

U.S. Marines in the Baltic Sea, September 2023

Janis Laizans / Reuters

Third, the United States must rethink its nuclear strategy in the face of a Chinese-Russian alliance. Cooperation between Russia, which is modernizing its strategic nuclear force, and China, which is vastly expanding its once small force, tests the credibility of the U.S. nuclear deterrent—as do North Korea's expanding nuclear capabilities and Iran's weapons potential. To reinforce its deterrent, the United States almost certainly needs to adapt its strategy and probably needs to expand the size of its nuclear forces, as well. The Chinese and Russian navies are increasingly exercising together, and it would be surprising if they were not also more closely coordinating their deployed strategic nuclear forces.

There is broad agreement in Washington that the U.S. Navy needs many more warships and submarines. Again, the contrast between politicians' rhetoric and action is stark. For a number of years, the shipbuilding budget was basically flat, but in recent years, even as the budget has increased substantially, continuing resolutions and execution problems have prevented the navy's expansion. The main obstacles to a bigger navy are budgetary: the lack of sustained higher funding to the navy itself and, more broadly, underinvestment in shipyards and in industries that support shipbuilding and ship maintenance. Even so, it is difficult to discern any sense of urgency among politicians for remedying these problems anytime soon. That is unacceptable.

Finally, Congress must change the way it appropriates money for the Defense Department, and the Defense Department must change the way it spends that money. Congress needs to act more quickly and efficiently when it comes to approving the defense budget. That means, above all, passing military appropriations bills before the start of the fiscal year, a change that would give the Defense Department badly needed predictability. The Pentagon, for its part, must fix its sclerotic, parochial, and bureaucratic acquisition processes, which are especially anachronistic in an era when agility, flexibility, and speed matter more than ever. Leaders in the Defense Department have said the right things about these defects and announced many initiatives to correct them. Effective and urgent execution is the challenge.

LESS TALK, MORE ACTION

China and Russia think the future belongs to them. For all the tough rhetoric coming from the U.S. Congress and the Executive Branch about pushing back against these adversaries, there is surprisingly little action. Too often, new initiatives are announced, only for funding and actual implementation to move slowly or fail to materialize altogether. Talk is cheap, and no one in Washington seems ready to make the urgent changes needed. That is especially puzzling, since at a time of bitter partisanship and polarization in Washington, Xi and Putin have managed to forge impressive, if fragile, bipartisan support among policymakers for a strong U.S. response to their aggression. The Executive Branch and Congress have a rare opportunity to work together to back up their rhetoric about countering China and Russia with far-reaching actions that make the United States a significantly more formidable adversary and might help deter war.

Xi and Putin, cocooned by yes men, have already made serious errors that have cost their countries dearly. In the long run, they have damaged their countries. For the foreseeable future, however, they remain a danger that the United States must deal with. Even in the best of worlds—one in which the U.S. government had a supportive public, energized leaders, and a coherent strategy—these adversaries would pose a formidable challenge. But the domestic scene today is far from orderly: the American public has turned inward; Congress has descended into bickering, incivility, and brinkmanship; and successive presidents have either disavowed or done a poor job explaining

America's global role. To contend with such powerful, risk-prone adversaries, the United States needs to up its game in every dimension. Only then can it hope to deter Xi and Putin from making more bad bets. The peril is real.

The Self-Doubting Superpower

America Shouldn't Give Up on the World It Made

By Fareed Zakaria

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Matt Chase

Most Americans think their country is in decline. In 2018, when the Pew Research Center asked Americans how they felt their country would perform in 2050, 54 percent of respondents agreed that the U.S. economy would be weaker. An even larger number, 60 percent, agreed that the United States would be less important in the world. This should not be surprising; the political atmosphere has been pervaded for some time by a sense that the country is headed in the wrong direction. According to a long-running Gallup poll, the share of Americans who are "satisfied" with the way things are going has not crossed 50 percent in 20 years. It currently stands at 20 percent.

Over the decades, one way of thinking about who would win the presidency was to ask: Who is the more optimistic candidate? From John F. Kennedy to Ronald Reagan to Barack Obama, the sunnier outlook seemed to be the winning ticket. But in 2016, the United States elected a politician whose campaign was premised on doom and gloom. Donald Trump emphasized that the U.S. economy was in a "dismal state," that the United States had been "disrespected, mocked, and ripped off" abroad, and that the world was "a total mess." In his inaugural address, he spoke of "American carnage." His current campaign has reprised these core themes. Three months before declaring his candidacy, he released a video titled "A Nation in Decline."

Joe Biden's 2020 presidential campaign was far more traditional. He frequently extolled the United States' virtues and often recited that familiar line, "Our best days still lie ahead." And yet, much of his governing strategy has been predicated on the notion that the country has been following the wrong course, even under Democratic presidents, even during the Obama-Biden

administration. In an April 2023 speech, Biden's national security adviser, Jake Sullivan, criticized "much of the international economic policy of the last few decades," blaming globalization and liberalization for hollowing out the country's industrial base, exporting American jobs, and weakening some core industries. Writing later in these pages, he worried that "although the United States remained the world's preeminent power, some of its most vital muscles atrophied." This is a familiar critique of the neoliberal era, one in which a few prospered but many were left behind.

It goes beyond mere critique. Many of the Biden administration's policies seek to rectify the apparent hollowing out of the United States, promoting the logic that its industries and people need to be protected and assisted by tariffs, subsidies, and other kinds of support. In part, this approach may be a political response to the reality that some Americans have in fact been left behind and happen to live in crucial swing states, making it important to court them and their votes. But the remedies are much more than political red meat; they are far-reaching and consequential. The United States currently has the highest tariffs on imports since the Smoot-Hawley Act of 1930. Washington's economic policies are increasingly defensive, designed to protect a country that has supposedly lost out in the last few decades.

A U.S. grand strategy that is premised on mistaken assumptions will lead the country and the world astray. On measure after measure, the United States remains in a commanding position compared with its major competitors and rivals. Yet it does confront a very different international landscape. Many powers across the globe have risen in strength and confidence. They will not meekly assent to American directives. Some of them actively seek to challenge the United States' dominant position and the order that has been built around it. In these new circumstances, Washington needs a new strategy, one that understands that it remains a formidable power but operates in a far less quiescent world. The challenge for Washington is to run fast but not run scared. Today, however, it remains gripped by panic and self-doubt.

STILL NUMBER ONE

Despite all the talk of American dysfunction and decay, the reality is quite different, especially when compared with other rich countries. In 1990, the United States' per capita income (measured

in terms of purchasing power) was 17 percent higher than Japan's and 24 percent higher than Western Europe's. Today, it is 54 percent and 32 percent higher, respectively. In 2008, at current prices, the American and eurozone economies were roughly the same size. The U.S. economy is now nearly twice as large as the eurozone. Those who blame decades of American stagnation on Washington's policies might be asked a question: With which advanced economy would the United States want to have swapped places over the last 30 years?

In terms of hard power, the country is also in an extraordinary position. The economic historian Angus Maddison argued that the world's greatest power is often the one that has the strongest lead in the most important technologies of the time—the Netherlands in the seventeenth century, the United Kingdom in the nineteenth century, and the United States in the twentieth century. America in the twenty-first century might be even stronger than it was in the twentieth. Compare its position in, say, the 1970s and 1980s with its position today. Back then, the leading technology companies of the time—manufacturers of consumer electronics, cars, computers—could be found in the United States but also in Germany, Japan, the Netherlands, and South Korea. In fact, of the ten most valuable companies in the world in 1989, only four were American, and the other six were Japanese. Today, nine of the top ten are American.

What is more, the top ten most valuable U.S. technology companies have a total market capitalization greater than the combined value of the stock markets of Canada, France, Germany, and the United Kingdom. And if the United States utterly dominates the technologies of the present—centered on digitization and the Internet—it also seems poised to succeed in the industries of the future, such as artificial intelligence and bioengineering. In 2023, as of this writing, the United States has attracted $26 billion in venture capital for artificial intelligence startups, about six times as much as China, the next highest recipient. In biotech, North America captures 38 percent of global revenues while all of Asia accounts for 24 percent.

Of the ten most valuable companies in the world, nine are American.

In addition, the United States leads in what has historically been a key attribute of a nation's strength: energy. Today, it is the world's largest producer of oil and gas—larger even than Russia or

Saudi Arabia. The United States is also massively expanding production of green energy, thanks in part to the incentives in the Inflation Reduction Act of 2022. As for finance, look at the list of banks designated "globally systemically important" by the Financial Stability Board, a Switzerland-based oversight body; the United States has twice as many such banks as the next country, China. The dollar remains the currency used in almost 90 percent of international transactions. Even though central banks' dollar reserves have dropped in the last 20 years, no other competitor currency even comes close.

Finally, if demography is destiny, the United States has a bright future. Alone among the world's advanced economies, its demographic profile is reasonably healthy, even if it has worsened in recent years. The U.S. fertility rate now stands around 1.7 children per woman, below the replacement level of 2.1. But that compares favorably with 1.5 for Germany, 1.1 for China, and 0.8 for South Korea. Crucially, the United States makes up for its low fertility through immigration and successful assimilation. The country takes in around one million legal immigrants every year, a number that fell during the Trump and COVID-19 years but has since rebounded. One in five of all people on earth who live outside their country of birth live in the United States, and its immigrant population is nearly four times that of Germany, the next-largest immigration hub. For that reason, whereas China, Japan, and Europe are projected to experience population declines in the coming decades, the United States should keep growing.

Of course, the United States has many problems. What country doesn't? But it has the resources to solve these problems far more easily than most other countries. China's plunging fertility rate, for example, the legacy of the one-child policy, is proving impossible to reverse despite government inducements of all kinds. And since the government wants to maintain a monolithic culture, the country is not going to take in immigrants to compensate. The United States' vulnerabilities, by contrast, often have ready solutions. The country has a high debt load and rising deficits. But its total tax burden is low compared with those of other rich countries. The U.S. government could raise enough revenues to stabilize its finances and maintain relatively low tax rates. One easy step would be to adopt a value-added tax. A version of the VAT exists in every other major economy across the globe, often with rates around 20 percent. The Congressional Budget Office has

estimated that a five percent VAT would raise $3 trillion over a decade, and a higher rate would obviously raise even more. This is not a picture of irremediable structural dysfunction that will lead inexorably to collapse.

BETWEEN WORLDS

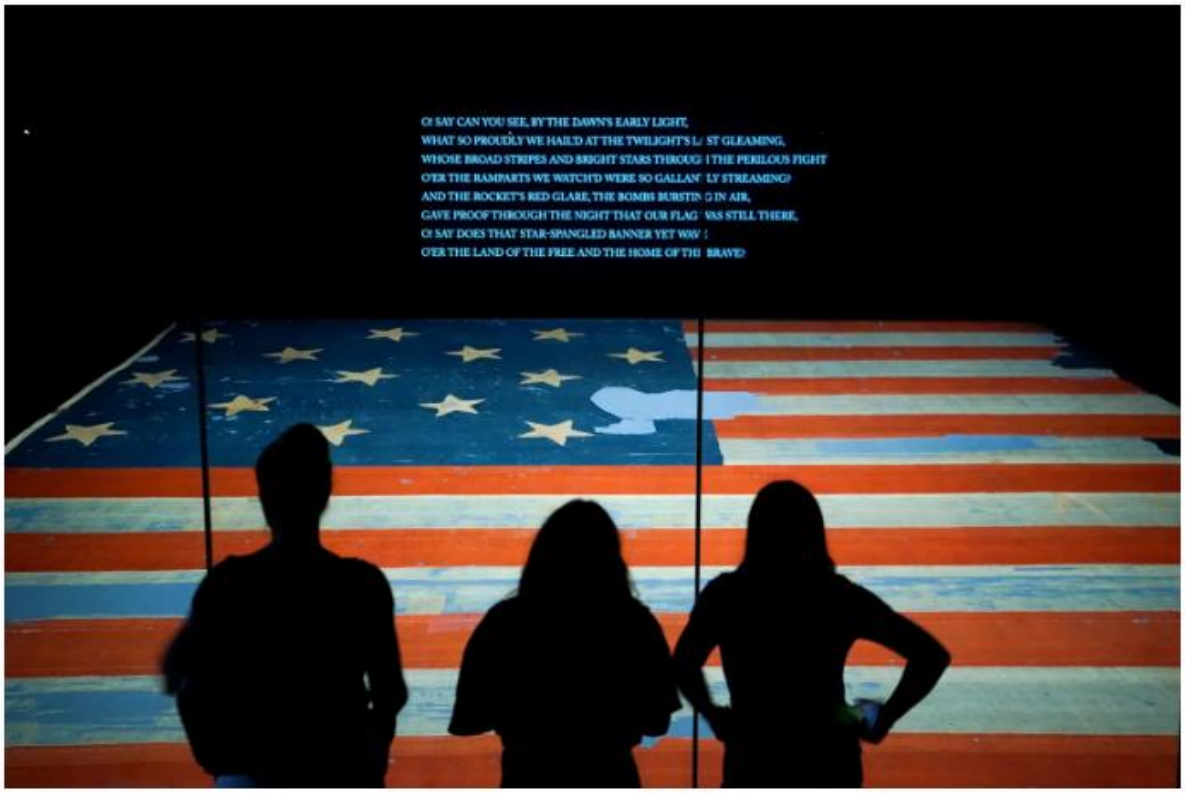
Despite its strength, the United States does not preside over a unipolar world. The 1990s was a world without geopolitical competitors. The Soviet Union was collapsing (and soon its successor, Russia, would be reeling), and China was still an infant on the international stage, generating less than two percent of global GDP. Consider what Washington was able to do in that era. To liberate Kuwait, it fought a war against Iraq with widespread international backing, including diplomatic approval from Moscow. It ended the Yugoslav wars. It got the Palestine Liberation Organization to renounce terrorism and recognize Israel, and it convinced Israeli Prime Minister Yitzhak Rabin to make peace and shake hands on the White House lawn with the PLO's leader, Yasser Arafat. In 1994, even North Korea seemed willing to sign on to an American framework and end its nuclear weapons program (a momentary lapse into amicable cooperation from which it quickly recovered). When financial crises hit Mexico in 1994 and East Asian countries in 1997, the United States saved the day by organizing massive bailouts. All roads led to Washington.

Today, the United States faces a world with real competitors and many more countries vigorously asserting their interests, often in defiance of Washington. To understand the new dynamic, consider not Russia or China but Turkey. Thirty years ago, Turkey was an obedient U.S. ally, dependent on Washington for its security and prosperity. Whenever Turkey went through one of its periodic economic crises, the United States helped bail it out. Today, Turkey is a much richer and more politically mature country, led by a strong, popular, and populist leader, Recep Tayyip Erdogan. It routinely defies the United States, even when requests are made at the highest levels.

Washington was unprepared for this shift. In 2003, the United States planned a two-front invasion of Iraq—from Kuwait in the south and from Turkey in the north—but failed to secure Turkey's support preemptively, assuming it would be able to get that country's assent as it always had. In fact, when the Pentagon asked, the Turkish parliament declined, and the invasion had to proceed

in a hasty and ill-planned manner that might have had something to do with how things later unraveled. In 2017, Turkey inked a deal to buy a missile system from Russia—a brazen move for a NATO member. Two years later, Turkey again thumbed its nose at the United States by attacking Kurdish forces in Syria, American allies who had just helped defeat the Islamic State there.

Scholars are debating whether the world is currently unipolar, bipolar, or multipolar, and there are metrics one can use to make each case. The United States remains the single strongest country when adding up all hard-power metrics. For example, it has 11 aircraft carriers in operation, compared with China's two. Watching countries such as India, Saudi Arabia, and Turkey flex their muscles, one can easily imagine that the world is multipolar. Yet China is clearly the second-biggest power, and the gap between the top two and the rest of the world is significant: China's economy and its military spending exceed those of the next three countries combined. The gap between the top two and all others was the principle that led the scholar Hans Morgenthau to popularize the term "bipolarity" after World War II. With the collapse of British economic and military power, he argued, the United States and the Soviet Union were leagues ahead of every other country. Extending that logic to today, one might conclude that the world is again bipolar.



Visitors standing before the Star-Spangled Banner in Washington, D.C., June 2023

Kevin Lamarque / Reuters

But China's power also has limits, derived from factors that go beyond demographics. It has just one treaty ally, North Korea, and a handful of informal allies, such as Russia and Pakistan. The United States has dozens of allies. In the Middle East, China is not particularly active despite one recent success in presiding over the restoration of relations between Iran and Saudi Arabia. In Asia, it is economically ubiquitous but also draws constant pushback from countries such as Australia, India, Japan, and South Korea. And in recent years, Western countries have become wary of China's growing strength in technology and economics and have moved to limit its access.

China's example helps clarify that there is a difference between power and influence. Power is made up of hard resources—economic, technological, and military. Influence is less tangible. It is the ability to make another country do something that it otherwise would not have done. To put it crudely, it means bending another country's policies in the direction you prefer. That is ultimately the point of power: to be able to translate it into influence. And by that yardstick, both the United States and China face a world of constraints.

Other countries have risen in terms of resources, fueling their confidence, pride, and nationalism. In turn, they are likely to assert themselves more forcefully on the world stage. That is true of the smaller countries surrounding China but also of the many countries that have long been subservient to the United States. And there is a new class of medium powers, such as Brazil, India, and Indonesia, that are searching for their own distinctive strategies. Under Prime Minister Narendra Modi, India has pursued a policy of "multi-alignment," choosing when and where to make common cause with Russia or the United States. In the BRICS grouping, it has even aligned itself with China, a country with which it has engaged in deadly border skirmishes as recently as 2020.

In a 1999 article in these pages, "The Lonely Superpower," the political scientist Samuel Huntington tried to look beyond unipolarity and describe the emerging world order. The term he came up with was "uni-multipolar," an extremely awkward turn of phrase yet one that captured something real. In 2008, when I was trying to describe the emerging reality, I called it a "post-

American world" because it struck me that the most salient characteristic was that everyone was trying to navigate the world as U.S. unipolarity began to wane. It still seems to be the best way to describe the international system.

THE NEW DISORDER

Consider the two great international crises of the moment, the invasion of Ukraine and the Israel-Hamas war. In Russian President Vladimir Putin's mind, his country was humiliated during the age of unipolarity. Since then, mainly as a result of rising energy prices, Russia has been able to return to the world stage as a great power. Putin has rebuilt the power of the Russian state, which can extract revenues from its many natural resources. And now he wants to undo the concessions Moscow made during the unipolar era, when it was weak. It has been seeking to reclaim those parts of the Russian Empire that are central to Putin's vision of a great Russia—Ukraine above all else, but also Georgia, which it invaded in 2008. Moldova, where Russia already has a foothold in the breakaway Transnistria republic, could be next.

Putin's aggression in Ukraine was premised on the notion that the United States was losing interest in its European allies and that they were weak, divided, and dependent on Russian energy. He gobbled up Crimea and the borderlands of eastern Ukraine in 2014, and then, just after the completion of the Nord Stream 2 pipeline bringing Russian gas to Germany, decided to frontally attack Ukraine. He hoped to conquer the country, thus reversing the greatest setback Russia had endured in the unipolar age. Putin miscalculated, but it was not a crazy move. After all, his previous incursions had been met with little resistance.

In the Middle East, the geopolitical climate has been shaped by Washington's steady desire to withdraw from the region militarily over the last 15 years. That policy began under President George W. Bush, who was chastened by the fiasco of the war he had started in Iraq. It continued under President Barack Obama, who articulated the need to reduce the United States' profile in the region so that Washington could take on the more pressing issue of China's rise. This strategy was advertised as a pivot to Asia but also a pivot away from the Middle East, where the administration

felt the United States was overinvested militarily. That shift was underscored by Washington's sudden and complete withdrawal from Afghanistan in the summer of 2021.

The result has not been the happy formation of a new balance of power but rather a vacuum that regional players have aggressively sought to fill. Iran has expanded its influence, thanks to the Iraq war, which upset the balance of power between the region's Sunnis and Shiites. With Saddam Hussein's Sunni-dominated regime toppled, Iraq was governed by its Shiite majority, many of whose leaders had close ties to Iran. This expansion of Iranian influence continued into Syria, where Tehran backed the government of Bashar al-Assad, allowing it to survive a brutal insurgency. Iran supported the Houthis in Yemen, Hezbollah in Lebanon, and Hamas in Israel's occupied territories.

There is a difference between power and influence.

Rattled by all this, the Arab states of the Persian Gulf and some other moderate Sunni states began a process of tacit cooperation with Iran's other great enemy, Israel. That burgeoning alliance, with the 2020 Abraham Accords as an important milestone, seemed destined to culminate in the normalization of relations between Israel and Saudi Arabia. The obstacle to such an alliance had always been the Palestinian issue, but the retreat of Washington and the advances of Tehran made the Arabs willing to ignore that once central issue. Watching closely, Hamas, an ally of Iran, chose to burn down the house, returning the group and its cause to the spotlight.

The most portentous challenge to the current international order comes in Asia, with the rise of Chinese power. This could produce another crisis—far bigger than the other two—if China were to test the resolve of the United States and its allies by trying to forcibly reunify Taiwan with the mainland. So far, the Chinese leader Xi Jinping's hesitation about using military force serves as a reminder that his country, unlike Russia, Iran, and Hamas, gains much from being tightly integrated into the world and its economy. But whether this restraint will hold is an open question. And the increased odds of an invasion of Taiwan today compared with, say, 20 years ago are one more signal of the weakening of unipolarity and the rise of a post-American world.

Yet another indication of the United States' reduced leverage in this emerging order is that informal security guarantees might give way to more formal ones. For decades, Saudi Arabia has lived under an American security umbrella, but it was a sort of gentleman's agreement. Washington made no commitments or guarantees to Riyadh. Were the Saudi monarchy to be threatened, it had to hope that the U.S. president at the time would come to its rescue. In fact, in 1990, when Iraq menaced Saudi Arabia after invading Kuwait, President George H. W. Bush did come to the rescue with military force—but he was not required to do so by any treaty or agreement. Today, Saudi Arabia is feeling much stronger and is being courted actively by the other world power, China, which is its largest customer by far. Under its assertive crown prince, Mohammed bin Salman, the kingdom has become more demanding, asking Washington for a formal security guarantee like the one extended to NATO allies and the technology to build a nuclear industry. It remains unclear whether the United States will grant those requests—the question is tied in with a normalization of relations between Saudi Arabia and Israel—but the very fact that the Saudi demands are being taken seriously is a sign of a changing power dynamic.

STAYING POWER

The international order that the United States built and sustained is being challenged on many fronts. But it remains the most powerful player in that order. Its share of global GDP remains roughly what it was in 1980 or 1990. Perhaps more significant, it has racked up even more allies. By the end of the 1950s, the "free world" coalition that fought and would win the Cold War was made up of the members of NATO—the United States, Canada, 11 Western European countries, Greece, and Turkey—plus Australia, New Zealand, Japan, and South Korea. Today, the coalition supporting Ukraine's military or enforcing sanctions against Russia has expanded to include almost every country in Europe, as well as a smattering of other states. Overall, the "West Plus" encompasses about 60 percent of the world's GDP and 65 percent of global military spending.

The challenge of combating Russian expansionism is real and formidable. Before the war, the Russian economy was about ten times the size of Ukraine's. Its population is almost four times larger. Its military-industrial complex is vast. But its aggression cannot be allowed to succeed. One

of the core features of the liberal international order put in place after World War II has been that borders changed by brute military force are not recognized by the international community. Since 1945, there have been very few successful acts of aggression of this sort, in marked contrast to before then, when borders around the world changed hands routinely because of war and conquest. Russia's success in its naked conquest would shatter a hard-won precedent.

The China challenge is a different one. No matter its exact economic trajectory in the years ahead, China is a superpower. Its economy already accounts for close to 20 percent of global GDP. It is second only to the United States in military spending. Although it does not have nearly as much clout as the United States on the global stage, its ability to influence countries around the world has increased, thanks in no small measure to the vast array of loans, grants, and assistance it has offered. But China is not a spoiler state like Russia. It has grown rich and powerful within the international system and because of it; it is far more uneasy about overturning that system.

Traders working at the New York Stock Exchange in New York City, July 2023

Brendan McDermid / Reuters

More broadly, China is searching for a way to expand its power. If it believes that it can find no way to do so other than to act as a spoiler, then it will. The United States should accommodate legitimate Chinese efforts to enhance its influence in keeping with its rising economic clout while

deterring illegitimate ones. Over the past few years, Beijing has seen how its overly aggressive foreign policy has backfired. It has now pulled back on its assertive “Wolf Warrior diplomacy,” and some of the arrogance of Xi’s earlier pronouncements about a “new era” of Chinese dominance has given way to a recognition of America’s strengths and China’s problems. At least for tactical reasons, Xi seems to be searching for a modus vivendi with America. In September 2023, he told a visiting group of U.S. senators, “We have 1,000 reasons to improve China-U.S. relations, but not one reason to ruin them.”

Regardless of China’s intentions, the United States has significant structural advantages. It enjoys a unique geographic and geopolitical leg up. It is surrounded by two vast oceans and two friendly neighbors. China, on the other hand, is rising in a crowded and hostile continent. Every time it flexes its muscles, it alienates one of its powerful neighbors, from India to Japan to Vietnam. Several countries in the region—Australia, Japan, the Philippines, South Korea—are actual treaty allies with the United States and host U.S. troops. These dynamics hem China in.

Washington’s alliances in Asia and elsewhere act as a bulwark against its adversaries. For that reality to hold, the United States must make shoring up its alliances the centerpiece of its foreign policy. Indeed, that has been at the heart of Biden’s approach to foreign policy. He has repaired the ties that frayed under the Trump administration and strengthened those that didn’t. He has put in place checks on Chinese power and bolstered alliances in Asia yet reached out to build a working relationship with Beijing. He reacted to the Ukraine crisis with a speed and skill that must have surprised Putin, who now faces a West that has weaned itself from Russian energy and instituted the most punishing sanctions against a great power in history. None of these steps obviate the need for Ukraine to win on the battlefield, but they create a context in which the West Plus has substantial leverage and Russia faces a bleak long-term future.

THE DANGER OF DECLINISM

The greatest flaw in Trump’s and Biden’s approaches to foreign policy—and here the two do converge—derives from their similarly pessimistic outlooks. Both assume that the United States has been the great victim of the international economic system that it created. Both assume that

the country cannot compete in a world of open markets and free trade. It is reasonable to put in place some restrictions on China's access to the United States' highest-tech exports, but Washington has gone much further, levying tariffs on its closest allies on commodities and goods from lumber to steel to washing machines. It has imposed requirements that U.S. government funds be used to "buy American." Those provisions are even more restrictive than tariffs. Tariffs raise the cost of imported goods; "buy American" prevents foreign goods from being bought at any price. Even smart policies such as the push toward green energy are undermined by pervasive protectionism that alienates the United States' friends and allies.

Ngozi Okonjo-Iweala, the director-general of the World Trade Organization, has argued that rich countries are now engaging in acts of supreme hypocrisy. Having spent decades urging the developing world to liberalize and participate in the open world economy and castigating countries for protectionism, subsidies, and industrial policies, the Western world has stopped practicing what it has long preached. Having grown to wealth and power under such a system, rich countries have decided to pull up the ladder. In her words, they "now no longer want to compete on a level playing field and would prefer instead to shift to a power-based rather than a rules-based system."

U.S. officials spend much time and energy talking about the need to sustain the rules-based international system. At its heart is the open trading framework put in place by the Bretton Woods Agreement of 1944 and the General Agreement on Tariffs and Trade of 1947. The statesmen who came out of World War II saw where competitive nationalism and protectionism had led and were determined to prevent the world from going back down that path. And they succeeded, creating a world of peace and prosperity that expanded to the four corners of the earth. The system of free trade they designed allowed poor countries to grow rich and powerful, making it less attractive for everyone to wage war and try to conquer territory.

China is not a spoiler state like Russia.

There is more to the rules-based order than trade. It also involves international treaties, procedures, and norms—a vision of a world that is not characterized by the laws of the jungle but rather by a degree of order and justice. Here as well, the United States has been better at preaching

than practicing. The Iraq war was a gross violation of the United Nations' principles against unprovoked aggression. Washington routinely picks and chooses which international conventions it observes and which it ignores. It criticizes China for violating the UN Convention on the Law of the Sea when Beijing claims sovereignty over waters in East Asia—never mind that Washington itself has never ratified that treaty. When Trump pulled out of a nuclear deal with Iran signed by all the other great powers, despite confirmation that Tehran was adhering to its terms, he wrecked the hope of global cooperation on a key security challenge. He then maintained secondary sanctions to force those other great powers not to trade with Iran, abusing the power of the dollar in a move that accelerated efforts in Beijing, Moscow, and even European capitals to find alternatives to the dollar payment system. American unilateralism was tolerated in a unipolar world. Today, it is creating the search—even among the United States' closest allies—for ways to escape, counter, and challenge it.

Much of the appeal of the United States has been that the country was never an imperial power on the scale of the United Kingdom or France. It was itself a colony. It sits far from the main arenas of global power politics, and it entered the twentieth century's two world wars late and reluctantly. It has rarely sought territory when it has ventured abroad. But perhaps above all, after 1945, it articulated a vision of the world that considered the interests of others. The world order it proposed, created, and underwrote was good for the United States but also good for the rest of the world. It sought to help other nations rise to greater wealth, confidence, and dignity. That remains the United States' greatest strength. People around the world may want the loans and aid they can get from China, but they have a sense that China's worldview is essentially to make China great. Beijing often talks about "win-win cooperation." Washington has a track record of actually doing it.

KEEP THE FAITH

If the United States reneges on this broad, open, generous vision of the world out of fear and pessimism, it will have lost a great deal of its natural advantages. For too long, it has rationalized individual actions that are contrary to its avowed principles as the exceptions it must make to shore up its own situation and thereby bolster the order as a whole. It breaks a norm to get a quick

result. But you cannot destroy the rules-based system in order to save it. The rest of the world watches and learns. Already, countries are in a competitive race, enacting subsidies, preferences, and barriers to protect their own economies. Already, countries violate international rules and point to Washington's hypocrisy as justification. This pattern unfortunately includes the previous president's lack of respect for democratic norms. Poland's ruling party spun Trump-like conspiracy theories after it lost a recent election, and Brazilian President Jair Bolsonaro's claims of election fraud drove his supporters to mount a January 6–style attack on his country's capital.

The most worrying challenge to the rules-based international order does not come from China, Russia, or Iran. It comes from the United States. If America, consumed by exaggerated fears of its own decline, retreats from its leading role in world affairs, it will open up power vacuums across the globe and encourage a variety of powers and players to try to step into the disarray. We have seen what a post-American Middle East looks like. Imagine something similar in Europe and Asia, but this time with great powers, not regional ones, doing the disrupting, and with seismic global consequences. It is disturbing to watch as parts of the Republican Party return to the isolationism that characterized the party in the 1930s, when it resolutely opposed U.S. intervention even as Europe and Asia burned.

Since 1945, America has debated the nature of its engagement with the world, but not whether it should be engaged to begin with. Were the country to truly turn inward, it would mark a retreat for the forces of order and progress. Washington can still set the agenda, build alliances, help solve global problems, and deter aggression while using limited resources—well below the levels that it spent during the Cold War. It would have to pay a far higher price if order collapsed, rogue powers rose, and the open world economy fractured or closed.

The United States has been central to establishing a new kind of international relations since 1945, one that has grown in strength and depth over the decades. That system serves the interests of most countries in the world, as well as those of the United States. It faces new stresses and challenges, but many powerful countries also benefit from peace, prosperity, and a world of rules and norms. Those challenging the current system have no alternative vision that would rally the

world; they merely seek a narrow advantage for themselves. And for all its internal difficulties, the United States above all others remains uniquely capable and positioned to play the central role in sustaining this international system. As long as America does not lose faith in its own project, the current international order can thrive for decades to come.

- FAREED ZAKARIA is the host of Fareed Zakaria GPS, on CNN, and the author of the forthcoming book *Age of Revolutions: Progress and Backlash From 1600 to the Present*.

The Fractured Superpower

Federalism Is Remaking U.S. Democracy and Foreign Policy

By Jenna Bednar and Mariano-Florentino Cuéllar

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Amid the continuing revelations about what led to the January 6, 2021, attack on the U.S. Capitol, one aspect of the crisis has received comparatively little attention: how the effort to negate the presidential election outcome was built on the malign use of the United States' federal system of government. Since the slates of electors that collectively certify the presidential election are chosen at the state level, the January 6 conspirators sought to appoint alternative slates of electors in several states to overturn the results. In the end, Republican state officials in Arizona, Georgia, and other states refused to undermine democracy on behalf of their partisans. But the conspiracy underscored the far-reaching importance of the states in some of the most fundamental decisions of the U.S. government, as well as how much it matters who controls those governments and what interests they serve.

Although it was an extreme case, the January 6 crisis was not the only situation in recent years in which the states have played a crucial role in setting the direction of the country as a whole. In areas as varied as access to firearms, emergency health care, immigration enforcement, cryptocurrency regulation, and the climate crisis, states have been asserting their powers to influence, and in some cases to challenge, U.S. policy. State leaders aggressively litigate to block federal policy and are active in responding to federal developments that contrast with the

preferences of state electoral majorities. And some of the largest states—California, Florida, New York, and Texas collectively account for about 37 percent of U.S. GDP—are becoming more involved in foreign affairs, not only on economic and social issues but also through the soft diplomacy of values and culture. In the summer of 2022, even as the Biden administration was reeling from West Virginia's successful litigation before the U.S. Supreme Court to limit federal regulations on greenhouse gas emissions, the president asked California Governor Gavin Newsom to join a ministerial meeting on climate with Chinese Minister of Ecology and Environment Huang Runqiu.

To many observers, such examples may seem anomalous because—according to the most common understanding of the federal system—the U.S. government is the country's preeminent source of policy direction and bears sole responsibility for foreign affairs. Together with lawmakers in Congress, the president and senior executive branch officials are viewed as the key agenda-setters on U.S. leadership and how it is exercised in a tumultuous world. And since the rise of the United States as a global power is closely associated with the growing centralization and capacity of the federal government during the twentieth century, U.S. authority on the world stage has often been associated with a federal system in which Washington is dominant.

But this conventional understanding is both flawed and out of date. It is true that the federal government imposes a variety of constraints on the states and controls key levers of foreign policy. When it comes to policymaking capacity and on-the-ground implementation, however, states increasingly hold a decisive edge—particularly in an era of partisan gridlock in Washington. And in a world in which economic, technological, and cultural influence is often spread through subnational regions, the largest U.S. states can make policies with direct global impact.

As the federal bargain moves in the direction of state power, it will have far-reaching consequences for the United States' global profile and the conduct of U.S. foreign policy. Harnessed in the right way, the states can enhance U.S. power, providing new and more dynamic ways to advance an international agenda at a time of federal gridlock, while strengthening U.S. democracy at home. But as the January 6 crisis illustrates, states can also be used to undermine the country's

longstanding alliances or even to subvert the democratic process. How leaders in Washington, the courts, diplomatic circles in different regions, and local and state governments approach this shift will determine whether state-level action becomes a source of resilience or a destabilizing force for Americans and the world.

THE EVOLVING FEDERAL BARGAIN

By outward appearance, the expansion of federal powers in the twentieth century has given Washington the advantage in the federal-state balance. The Civil War, after all, established the federal government's control of the military as well as the illegality of unilateral secession by any state. And the civil rights movement cemented a broad understanding of federal power to enforce desegregation, voting rights, and school integration. Moreover, states are limited by balanced-budget requirements, as well as by their dependence on federal funds for between a quarter and a third of their budgets—giving the federal government considerable leverage in getting them to do its bidding. Congress has made liberal use of its spending powers, for example, to direct state policy on K–12 education, on the conduct of public officials through the Hatch Act, and on the expansion of Medicaid through the Affordable Care Act. Bolstered by constitutional provisions, such as the power to regulate interstate commerce and fund the military, the federal government can sometimes preempt state action.

But this account misses much of the story. For one thing, it is true that the federal government's overall spending is slightly higher than the combined total spending of states and local governments ($4.4 trillion to $3.3 trillion, respectively, in 2019). But states dwarf the federal government in their budgetary impact on voters: setting aside military funding, service on the national debt, and entitlements, in most years states and their dependent local governments are responsible for the lion's share of government expenditures. Together, they also employ a far larger workforce. As of 2020, state and local governments employed nearly 20 million people, whereas the federal government had only about 2.2 million civilian employees and 1.3 million active-duty military personnel. State and local administrations, not the federal government, set most of the policies that affect the day-to-day lives of their residents, including policies relating to

policing, education, land use, criminal justice, emergency response, and public health. States have far more control over education policy, providing over 90 percent of funding for schools in almost every state. Moreover, the federal government depends on states to implement nearly all major federal policies, including the most costly: health insurance and welfare. As states implement federal policy, they exercise discretion, adjusting it around the margins to suit their own interests. And thanks to their sizable economies, the largest states can make decisions that have an impact beyond their own borders. All this has meant that the federal system is far more adaptable, and states far more powerful, than has generally been recognized.

Many of the most important U.S. policy innovations were first tried at the state level.

Particularly striking is the extent to which states can be centers of policy innovation. They have distinct economies, and although they vary greatly in size, even the largest and most diverse states have populations whose interests and attitudes are more cohesive than those of the country at large. States also tend to be better at assembling big coalitions to support major policy action, and they do not have the kinds of procedural hindrances—the filibuster and the absence of the line-item veto—that often hamper the federal system. As a result, states have long been drivers of progress and change. As early as the nineteenth century, for example, Iowa, Massachusetts, and Pennsylvania lifted bans on interracial marriage, even as other states imposed them. Over time, however, states with bans repealed them as public support for interracial marriage grew; the Supreme Court's landmark 1967 *Loving v. Virginia* decision extended the repeal to the federal level. Indeed, many of the most important federal policy changes—including ending slavery; expanding marriage rights, voting rights, and civil rights; changing health-care access, reproductive rights, and welfare coverage; reforming public education; and protecting the environment—were first tried at the state level, making states what U.S. Justice Louis Brandeis called "laboratories of democracy."

But states do more than test new policy; they also fill in existing policy gaps when the federal government stalls. Consider the issue of immigration. Despite an economy that relies heavily on an immigrant workforce, the United States often leaves those seeking permanent status in legal limbo for years. As a result, states have filled the policy gap, with blue states such as California and New

York offering access to health care and education for the undocumented, and red states such as Arizona and Texas using their own resources to increase border enforcement and internal patrols. Similarly, when the federal government failed to impose a strict national standard on auto emissions, California created its own and, because of the size of its market, was able to force automakers to manufacture cars nationwide that meet California's standards. And in the absence of federal policy to address social media companies' banning users because of their political viewpoints, Texas legislators enacted a law in 2021 limiting content moderation. (The law has been temporarily blocked, pending a lawsuit now making its way through the courts.)

Over the past two decades, states have also gained leverage to experiment in areas such as legalizing marijuana, despite conflicting federal law. The states are taking advantage of a federal government that has pulled back on marijuana-related enforcement unrelated to organized crime but has failed to repeal federal criminal penalties on marijuana possession and sale. And with federal action on climate change increasingly impeded—including, paradoxically, by state-led challenges, such as *West Virginia v. EPA*—states have new opportunities to fill the breach. Already, many states are decarbonizing their energy sources, and 21 states have set 100 percent clean energy goals. Some are enacting zoning rules that ban gas hookups in new buildings and are prohibiting new industry on the basis of greenhouse gas emissions; New York State denied construction permits to a cryptocurrency mining operation on the grounds that it was at odds with the state's sustainability goals. In this dance of adaptation and response between Washington and the states, the federal system builds in enough flexibility for U.S. policymakers to innovate and take on major issues facing the country, even when the federal government is hobbled by polarization, legislative gridlock, and court-imposed limits.

NETWORKS, NOT NATIONS

Despite their growing role in domestic policy, states may appear to have little sway in foreign affairs, where nation-to-nation diplomacy and hard power reign supreme. But in many regions of the world and on a host of issues such as aviation, ocean management, climate change, and refugee resettlement, those traditional tools now compete with other forms of influence. As the scholar

Anne-Marie Slaughter has argued, networks of institutions and individuals—scholars and scientists, government officials, business executives, and the leaders of social movements—have long been sharing ideas and coordinating strategies across borders. In areas of technology policy, these networks have allowed smaller countries to have global influence that far exceeds their relative size and hard power: Estonia, for example, has played a leading part in counter-disinformation strategy, and South Korea has been a pioneering force in public-private partnerships for online authentication.

In the United States, international networks have become a critical way for the country to assert its leadership on many issues. When bolstered by state governments' power to develop policy experiments and set international standards, such cross-border exchanges can drive policy innovations—including in such areas as artificial intelligence (AI), biomedicine, block chain, and renewable energy—that are becoming more difficult to achieve at the federal level. It was in part to buttress such networks in the face of rising geopolitical competition that the U.S. government was spurred in May 2022 to create the Indo-Pacific Economic Framework—a loose arrangement to promote standard-setting, sustainable growth and broader economic connections between the United States and its allies in the region.

States with outsize stakes in energy, trade, and technology have special incentives to engage in foreign policy. In economic sectors that are underfunded or left unaddressed by Washington, larger states are seeking their own international partnerships or agreements to compensate. In 2014, California began a cap-and-trade agreement with Quebec, allowing the two regions jointly to create the largest carbon market in North America; in 2022, the Massachusetts Biotechnology Council launched a partnership with a European Union health industry trade body to promote cross-border biotechnology research. Although the U.S. Constitution prevents states from entering into formal treaty arrangements, the State Department has interpreted these constraints to apply only to agreements that are "legally binding," leaving plenty of room for states to make international arrangements by other means.

Even in hard-power conflicts such as Russia's invasion of Ukraine, subnational networks can play an important role. Notably, since the war began, Western corporations, responding to pressure from shareholders and the public, have left the Russian market en masse. Civil society institutions are working with Ukrainian officials and technology companies to thwart Russian disinformation efforts. And local communities are signaling their openness to receiving refugees. Of course, different U.S. states have different geopolitical interests: a more open trade policy tends to benefit oil-producing Louisiana and Texas far more than it does Michigan or North Carolina, whose populations may fear losing more jobs overseas under such a policy. Rather than leading to greater centralization of power, then, the current age of growing geopolitical conflict and accelerating technological change seems likely to push more states to become involved in national and international affairs.

A HIDDEN ARSENAL

As states assert their interests even more actively in the coming years, they will have a variety of tools to choose from. For one thing, they can count on broad public support. Consider the impact over the past year of public discourse about such national controversies as school shootings, court decisions, business and environmental regulation, and natural disasters. Polling data suggest that the failure of the federal government to address these and other issues has alienated significant parts of the electorate. Gallup reports that 39 percent of Americans trust the federal government to handle domestic problems, down from the historical average of 53 percent. At the same time, more than half of Americans continue to have confidence in their state governments and two-thirds express trust in their local governments. Civil society and state leaders may therefore be emboldened to reject or refuse to comply with unpopular federal laws.

During the implementation of the U.S.A. Patriot Act following the September 11, 2001, attacks, for example, people began to question the act's loose definition of "domestic terrorism" and its provisions for information sharing, and they expressed concern that protest and civil disobedience would be classified as terrorist acts, dampening citizens' First Amendment rights. Five states—Alaska, Colorado, Hawaii, Montana, and Vermont—passed resolutions questioning the act's

constitutionality and limiting its application. In the last decade, with respect to immigration policy, 11 states and hundreds of cities and counties have declared themselves to be "sanctuaries" for undocumented people, meaning that they will not comply with U.S. Immigration and Customs Enforcement requests to extend detention and will otherwise separate their law enforcement from federal deportation activities. And in response to the Supreme Court's overruling of *Roe v. Wade* in June 2022—which occurred despite recent polling by Gallup showing that a clear majority of Americans (55 percent) identify as pro-choice—nearly 100 elected prosecutors, including several state attorneys general, have pledged that they will not enforce abortion bans.

In fact, *West Virginia v. EPA* is only one of the most recent cases in which a state has successfully challenged a major federal policy. In 2007, Massachusetts successfully litigated a case forcing the EPA to plan regulatory measures addressing climate change. During the Obama administration, Texas challenged an executive action that protected certain undocumented immigrants from deportation. California challenged the Trump administration's move to reduce the state's flexibility to set vehicle emission standards. Under extreme circumstances, civil society leaders, candidates for local and state office, and state officeholders could support changes in state laws to limit cooperation between state and federal revenue authorities or even encourage companies and individuals not to comply with federal tax or regulatory mandates. They could draw on anti-commandeering doctrines enshrined in Supreme Court jurisprudence, establishing that the federal government cannot coerce states or state officials to adopt or enforce federal laws. With such a range of tools, states are well positioned to take advantage of the federal government's inability to act. As narrow majorities and growing polarization have made the federal government less functional, many states have become more politically homogeneous, with a single party now controlling both the legislature and the governor's office in 37 states, facilitating legislative action. At the same time, larger cities have found new ways to flex their economic muscle abroad, regardless of federal policy. In other words, the time is ripe for states and cities to assert themselves, and they are doing so.

FROM SACRAMENTO TO SEOUL

The growing power of states is already reshaping U.S. foreign policy. As states experiment with policies that the rest of the country isn't ready to support, they can exert an immediate impact abroad: California's zero emission vehicle policy, for example, was a blueprint for a similar scheme in China. Given the special regional and international ties of some metropolitan areas—consider greater Miami's profile in Latin America—states and their constituent cities can also leverage their soft power and convening capacity to facilitate policy coordination and form coalitions with like-minded foreign governments. And states can also use the flexibility in existing U.S. law to collaborate on international agreements to address problems of global significance neglected by Washington.

The potential for state-led action is large. Already, states have pledged adherence to international climate change treaty provisions and are forming agreements with foreign governments to achieve sustainability goals. Other areas in which states seem likely to take the lead include supply chain resilience and industrial policy coordination; regional trading arrangements; long-term research and development partnerships; international standard setting, as, for example, in environmental regulations; and new forms of international diplomacy. Just as important, however, are the risks that a more decentralized U.S. posture in the world could pose. Subnational diplomacy involving states and research institutions may conceivably complicate national strategies for safeguarding sensitive information from other countries. And as states increasingly use litigation to contest federal action, foreign governments may be able to exploit tensions between states and the federal government, for example, through disinformation operations. If functional federalism is a strategic asset, dysfunctional federalism could be a recipe for weakening U.S. power.

THE STATES STRIKE BACK

As the January 6, 2021, crisis revealed, federalism cuts both ways in the U.S. electoral process. In addition to designing and executing new policies in domains as varied as cryptocurrency, technology transfer, and immigrant integration, state officials are responsible for specific procedures to administer elections, count votes, and report results. For decades, Americans believed that the various democratic safeguards rooted in the court system, the media, and civic

norms allowed the country to navigate federal-state tensions with sagacity. But particularly after the assault on the U.S. Capitol, it's plausible to take a much darker view. With norms crumbling, a polarized public, and party leaders egging them on, many state officials could aggressively seek partisan advantage even if doing so means thwarting the public's vote. The Supreme Court may embrace the so-called independent state legislature doctrine, which would potentially countenance state legislative efforts to ignore the popular vote in their states and appoint desired slates of replacement electors. If current efforts to reform the rickety Electoral Count Act are unsuccessful, partisan federal lawmakers could argue that the act allows federal legislative majorities to ignore duly appointed electoral slates.

But in such a scenario, states could fight back. In *The Federalist Papers*, no. 45 and no. 46, James Madison argued that states play a crucial role as backstops against federal overreach and called on them to sound the alarm in response to undemocratic action by the federal government. A particularly vivid example concerns a future effort to manipulate a presidential election result. If in a presidential contest in which their candidate loses, Republicans try to stir up sufficient suspicion about the outcome in, say, Georgia or Arizona to certify rival electoral slates and take the presidency, other states such as California or New York could take a variety of extreme measures to resist. Among other steps, they could suspend cooperation with the federal government, opt out of or subvert federal-state agreements, sever connections between state and federal law enforcement, and symbolically seize federal property. Whether these actions spur greater risk of political violence within and across states—particularly if pursued simultaneously by multiple states—they would virtually guarantee that a unified American global strategy would be severely undermined.

But the larger point is that such a course of action, however damaging, would allow the states to play a critical role in sustaining the democratic process in the event of a national crisis. When an election is at risk of being overturned by extraconstitutional means, and federal-level political or judicial safeguards fail to defend democracy, the states can serve as a last resort, drawing on the integrity of local officials and institutions as well as the states' latent capabilities to frustrate routine federal activity in extraordinary circumstances. State resistance can prove to be a democracy-preserving action.

RESILIENCE FROM BELOW

As policy innovators, shapers of foreign policy, and even defenders of U.S. democracy, states have far more influence than is commonly recognized, and they are poised to build on it in the years to come. To manage this growing role, the U.S. government, state leaders, and the voters themselves must approach the federal system strategically and mitigate the inherent risks of decentralization.

First, state governments should further develop their potential to act as "laboratories of democracy" in the U.S. federal system, collaborating with one another when they develop new policies and standards, to shape global developments in ways that advance U.S. interests. States can force action on international climate agreements, reinvigorate immigration strategies, and forge crucial international research partnerships. Doing so will help set the global agenda, but it will also help preserve the viability and strength of the United States in the world order.

Second, foreign governments can strengthen their long-term relationships with the United States, regardless of who is in power in Washington, by building ties with individual states and their dependent cities. Areas for collaboration include setting technology standards for AI and carbon footprint calculations, investment in scientific research and technology, and support for ideals such as humanitarian relief or freedom of religion through, say, assistance for refugee resettlement. In all these areas, states can be sources of progress as well as offer continuity in foreign relations.

Third, policymakers in Washington should recognize the value of allowing states to experiment on core issues and even engage with them globally. Congress should reestablish the Advisory Committee on Intergovernmental Relations—a federal panel defunded in 1996 that included state, local, and federal policymakers who periodically evaluated the current health of the federal system—to provide a further means for informal negotiation and sharing best practices. When congressional action on an issue isn't possible, federal agencies should partner with their state equivalents to pursue policy goals. Federal courts, too, would do well to bear in mind—to the extent relevant disputes allow—that states need room to maneuver within the federal system.

In another January 6 crisis, states could act to safeguard U.S. democracy.

That said, leaders in major states should also plan for the possibility of severe or prolonged federal dysfunction, especially involving future disruptions of the electoral process. As a start, state policymakers can help the public become more educated about the federal system and how it could be manipulated for malign purposes. Although the federal-state balance is an underappreciated source of strength with the potential to drive progress on a host of global issues, it also raises difficult and sometimes painful questions for the United States and the world. In the United States, federalism also reflects a racist history, in which states were able to prevent Blacks from voting, receiving quality education, and fully participating in the economy, as well as restrict where they could live and socialize. As major states become more assertive, their actions will bring new risks as well as new possibilities. Whether this more complex federal system improves policy, bolsters democracy, and enhances America's role in the world depends on who uses the instruments of federalism and for what purposes. When citizens fail to pay attention, states are vulnerable to strategic abuse by those who would weaponize federalism for party or private interests, against the public and against democracy.

At its best, the constant interplay between the states and the federal government can provide a powerful strategic advantage to the United States. States can contribute to continued U.S. leadership on the most vital international policy challenges of our time, as well as ensure the resilience of the U.S. system, helping to preserve and defend democratic institutions and practices. In a more pessimistic scenario, however, the federal bargain could become a source of conflict and tension. And as other countries exploit growing rifts, key states could be left looking to each other and the world rather than to the federal government for leadership.

What no one should ignore is that U.S. states have the power as well as the motivation to both challenge Washington and shape the global policy agenda. State policymakers and leaders of countries large and small must consider the United States a vast entity with presumed national interests but also as an archipelago of powerful, competing jurisdictions, with certain shared ties, as well as an array of divergent interests and values. Increasingly, the story of U.S. democracy and U.S. leadership abroad will depend not only on developments on the shore of the Potomac but on

how Americans and the world understand that archipelago—and how its various individual centers of power learn to use their own potential to shape and adapt to a fast-changing world.