



## FEATURES

# Countering Nationalist Oligarchy

The real threat to liberal democracy isn't authoritarianism—it's nationalist oligarchy. Here's how American foreign policy should change.

BY GANESH SITARAMAN FROM WINTER 2019, NO. 51 - 31 MIN READ

TAGGED AUTHORITARIANISM DEMOCRACY FOREIGN POLICY GOVERNMENT NATIONALISM OLIGARCHY



Photo by Curtis Cronn

**E**ver since the 2016 election, foreign policy commentators and practitioners have been engaged in a series of soul-searching exercises to understand the great transformations taking place in the world—and to articulate a framework appropriate to the challenges of our time. Some have looked backwards, arguing that the liberal international order is collapsing, while others question whether it ever existed. Another group seems to hope the current messiness is simply a blip and that foreign policy will return to normalcy after it passes. Perhaps the most prominent group has identified today's great threat as the rise of authoritarianism, autocracy, and illiberal democracy. They fear that constitutional democracy is receding as norms are broken and institutions are under siege.

Unfortunately, this approach misunderstands the nature of the current crisis. The challenge we face today is not one of authoritarianism, as so many seem inclined to believe, but of nationalist oligarchy. This form of government feeds populism to the people, delivers special privileges to the rich and well-connected, and rigs politics to sustain its regime.

Nationalist oligarchy is an existential threat to American democracy. The countries already under its thrall steal technology and use economic power as political leverage. Some of them are actively trying to undermine democracy, through cyberattacks, hacking, and social media disinformation. And they spread bribery and corruption around the world—deepening inequality and threatening to turn our democracy into an oligarchy. American foreign policy needs to reorient itself to focus on this threat. In this new era, the central organizing principle for foreign policy should be to defend democracy by rebuilding political and economic democracy domestically, selectively disengaging from nationalist oligarchies in critical sectors, and deepening security and economic cooperation with other democracies.

## **Authoritarianism or What?**

Across the political spectrum, commentators and scholars have identified—and warned of—the global rise of autocracies and authoritarian governments. They cite Russia, Hungary, the Philippines, and Turkey, among others. Distinguished commentators are increasingly worried. Former Secretary of State Madeleine Albright recently published

a book called *Fascism: A Warning*. Cass Sunstein gathered a variety of scholars for a collection titled, *Can it Happen Here? Authoritarianism in America*.

The authoritarian lens is familiar from the heroic narrative of democracy defeating autocracies in the twentieth century. But as a framework for understanding today's central geopolitical challenges, it is far too narrow. This is mainly because those who are worried about the rise of authoritarianism and the crisis of democracy are insufficiently focused on economics. Their emphasis is almost exclusively political and constitutional—free speech, voting rights, equal treatment for minorities, independent courts, and the like. But politics and economics cannot be dissociated from each other, and neither are autonomous from social and cultural factors. Statesmen and philosophers used to call this “political economy.” Political economy looks at economic and political relationships in concert, and it is attentive to how power is exercised. If authoritarianism is the future, there must be a story of its political economy—how it uses politics and economics to gain and hold power. Yet the rise-of-authoritarianism theorists have less to say about these dynamics.

To be sure, many commentators have discussed populist movements throughout Europe and America, and there has been no shortage of debate on the extent to which a generation of widening economic inequality has been a contributing factor in their rise. But whatever the causes of popular discontent, the policy preferences of the people, and the bloviating rhetoric of leaders, the governments that have emerged from the new populist moment are, to date, not actually pursuing policies that are economically populist.

The better and more useful way to view these regimes—and the threat to democracy emerging at home and abroad because of them—is as nationalist oligarchies. Oligarchy means rule by a small number of rich people. In an oligarchy, wealthy elites seek to preserve and extend their wealth and power. In his definitive book titled *Oligarchy*, Jeffrey Winters calls it “wealth defense.” Elites engage in “property defense,” protecting what they already have, and “income defense,” preserving and extending their ability to hoard more. Importantly, oligarchy as a governing strategy accounts for both politics and economics. Oligarchs use economic power to gain and hold political power and, in turn, use politics to expand their economic power.

## **Those who worry about the rise of authoritarianism and fear the crisis of democracy are insufficiently focused on economics.**

The trouble for oligarchs is that their regime involves rule by a *small number* of wealthy elites. In even a nominally democratic society, and most countries around the world today are at least that, it should be possible for the much larger majority to overthrow the oligarchy with either the ballot or the bullet. So how can oligarchy persist? This is where both nationalism and authoritarianism come into play. Oligarchies remain in power through two strategies: first, using divide-and-conquer tactics to ensure that a majority doesn't coalesce, and second, by rigging the political system to make it harder for any emerging majority to overthrow them.

The divide-and-conquer strategy is an old one, and it works through a combination of coercion and co-optation. Nationalism—whether statist, ethnic, religious, or racial—serves both functions. It aligns a portion of ordinary people with the ruling oligarchy, mobilizing them to support the regime and sacrifice for it. At the same time, it divides society, ensuring that the nationalism-inspired will not join forces with everyone else to overthrow the oligarchs. We thus see fearmongering about minorities and immigrants, and claims that the country belongs only to its “true” people, whom the leaders represent. Activating these emotional, cultural, and political identities makes it harder for citizens in the country to unite across these divides and challenge the regime.

Rigging the system is, in some ways, a more obvious tactic. It means changing the legal rules of the game or shaping the political marketplace to preserve power. Voting restrictions and suppression, gerrymandering, and manipulation of the media are examples. The common theme is that they insulate the minority in power from democracy; they prevent the population from kicking the rulers out through ordinary political means. Tactics like these are not new. They have existed, as Matthew Simonton shows in his book *Classical Greek Oligarchy*, since at least the time of Pericles and Plato. The consequence, then as now, is that nationalist oligarchies can continue to deliver economic policies to benefit the wealthy and well-connected.

It is worth noting that even the generation that waged war against fascism in Europe understood that the challenge to democracy in their time was not just political, but economic and social as well. They believed that the rise of Nazism was tied to the concentration of economic power in Germany, and that cartels and monopolies not only cooperated with and served the Nazi state, but helped its rise and later sustained it. As New York Congressman Emanuel Celler, one of the authors of the Anti-Merger Act of 1950, said, quoting a report filed by Secretary of War Kenneth Royall, “Germany under the Nazi set-up built up a great series of industrial monopolies in steel, rubber, coal and other materials. The monopolies soon got control of Germany, brought Hitler to power, and forced virtually the whole world into war.” After World War II, Marshall Plan experts not only rebuilt Europe but also exported aggressive American antitrust and competition laws to the continent because they believed political democracy was impossible without economic democracy.

Framing today’s threat as nationalist oligarchy not only clarifies the challenge but also makes clear how democracy is different—and what democracy requires. Democracy means more than elections, an independent judiciary, a free press, and various constitutional norms. For democracy to persist, there must also be relative economic equality. If society is deeply unequal economically, the wealthy will dominate politics and transform democracy into an oligarchy. And there must be some degree of social solidarity because, as Lincoln put it, “A house divided against itself cannot stand.”

We see a number of disturbing signs the United States is breaking down along these dimensions. Electoral losers in places like North Carolina seek to entrench their power rather than accept defeat. The view that money is speech under the First Amendment has unleashed wealthy individuals and corporations to spend as much as they want to influence politics. The “doom loop of oligarchy,” as Ezra Klein has called it, is an obvious consequence: The wealthy use their money to influence politics and rig policy to increase their wealth, which in turn increases their capacity to influence politics. Meanwhile, we’re increasingly divided into like-minded enclaves, and the result is an ever-more toxic degree of partisanship.

Addressing our domestic economic and social crises is critical to defending democracy, and a grand strategy for America’s future must incorporate both domestic and foreign policy. But while many have recognized that reviving America’s middle class and re-stitching our social fabric are essential to saving democracy, less attention has been paid

to how American foreign policy should be reformed in order to defend democracy from the threat of nationalist oligarchy.

## **The Varieties of Nationalist Oligarchy**

Just as there are many variations on liberal democracy—the Swedish model, the French model, the American model—there are many varieties of nationalist oligarchy. The story is different in every country, but the elements of nationalist oligarchy are trending all over the world.

Perhaps the most obvious example is Vladimir Putin's Russia. The idea that Putin's Russia has authoritarian tendencies is commonly accepted. For example, the Russian Constitution allows a president to serve for no more than two *consecutive* terms. Putin dutifully followed the constitutional provision, serving two four-year terms as president, from 2000 to 2008, before turning over the office to his ally Dmitri Medvedev and taking the post of prime minister. Yet during Medvedev's single four-year term, the government put forward a constitutional amendment to extend the presidential term to six years. The amendment passed through the Duma and the Federation Council in less than two months. Putin then retook the presidency in 2012 and was reelected in 2018. When his term finishes in 2024, he will have run Russia for virtually a quarter century. Over time, Putin's government has also passed new laws that have "increased penalties for participation in unauthorized protests, broadened the definition of treason, [and] required that NGOs receiving foreign money...register as 'foreign agents.'" The arrest and imprisonment of members of the band Pussy Riot are perhaps the most famous examples of illiberalism in Russia.

But to focus solely on these political changes misses the fact that Russian politics is also intertwined with economics. As Brian Taylor puts it in his book, *The Code of Putinism*, "Putin is both president of the formal political system and boss of the informal clan network system." Putinomics mixes state capitalism, market capitalism, and informal networks of friends. The origins of this system were the infamous privatization campaigns of the 1990s, in which major state-owned enterprises from the Soviet era were "sold off" to oligarchs for highly "favorable prices." Taylor argues that Putin understood that he needed to control these new oligarchs, rather than let them develop independent power centers. So he pushed media tycoons Boris Berezovsky and Vladimir Gusinsky out of the country, forcing them eventually to divest their media holdings. In their place, and at the helm of virtually all of the major companies in the

country, are now Putin's allies. Take, for example, the Bank of Russia, whose central figures are a physicist, dentist, former KGB agent, and electrical engineer. Their common connection is that they were all close to Putin in the early 1990s. Taylor notes that the "prime minister, presidential chief of staff, secretary of the Security Council, speakers of the two houses of parliament, and the heads of three of the most important companies in the economy—Gazprom, Rosneft, and Russian Railways—as well as other key economic actors, such as the defense industry conglomerate Rostec and the media giant National Media Group" are all friends of Putin's. The result of this system is that Russian corporations are truly intertwined with the state.

### **Fidesz won 52 percent of the popular vote but two-thirds of the seats in Parliament. "We have only to win once," Orbán said, "but then properly."**

As another example, consider Viktor Orbán's Hungary. In 2010, Orbán's Fidesz party won just over 50 percent of the popular vote but a two-third majority of the seats in parliament. Well before taking office, Orbán commented, "We have only to win once, but then properly." Once in office, Fidesz used its power to ensure it would keep it. In 2012, Fidesz used expedited procedures to draft and pass a new constitution in two months, with only nine days of parliamentary consideration. Among other things, the new constitution expanded the size of the constitutional court (so Fidesz could gain a majority) and extended the terms of the justices. Fidesz also expanded the electorate to ethnic Hungarians living abroad (with different voting rules for those in countries adjacent to Hungary compared to ex-pats far away), engaged in gerrymandering, reduced the number of members of parliament, and abolished the two-round system of voting—all of which helped his party stay in power. As a result, the 2014 elections, one observer said, were "free but not fair."

At the same time, according to Bálint Magyar, the former Hungarian minister of education, the prime minister has created a "privatised form of a parasite state, an economic undertaking run by the family of the Godfather exploiting the political and public instruments of power." Paul Lendvai, former *Financial Times* correspondent and the author of a book on Orbán, reports that leases of state-owned land and licenses for National Tobacco Shops are doled out to supporters. The government has used the

export-import bank (meant to help businesses exporting goods) to prop up a domestic media company that supports the government and attacks its critics. Orbán's friends and family also benefit. Orbán's childhood friend Lorinc Mészáros, for example, went from being a gas fitter to the fifth richest Hungarian in a matter of a few years, all because he won a variety of state building contracts. Worse still, the European Union funds Hungary's oligarchy, as Orbán draws on EU money to fund about 60 percent of the state projects that support "the new Fidesz-linked business elite." Nor do Orbán and his allies do much to hide the country's crony capitalist model. András Láncki, president of a Fidesz-affiliated think tank, has boldly stated that "if something is done in the national interest, then it is not corruption." "The new capitalist ruling class," one Hungarian banker comments, "make their money from the government."

The commentator Jan-Werner Müller captures Orbán's Hungary this way: "Power is secured through wide-ranging control of the judiciary and the media; behind much talk of protecting hard-pressed families from multinational corporations, there is crony capitalism, in which one has to be on the right side politically to get ahead economically."

Crony capitalism, coupled with resurgent nationalism and central government control, is also an issue in China. While some commentators have emphasized "state capitalism"—when government has a significant ownership stake in companies—this phenomenon is not to be confused with crony capitalism. Some countries with state capitalism, like Norway, are widely seen as extremely non-corrupt and, indeed, are often held up as models of democracy. State capitalism itself is thus not necessarily a problem. Crony capitalism, in contrast, is an "instrumental union between capitalists and politicians designed to allow the former to acquire wealth, legally or otherwise, and the latter to seek and retain power." This is the key difference between state capitalism and oligarchy.

Minxin Pei, a U.S.-based China expert, argues that neoliberal reforms from the Deng Xiaoping era are the root of the country's growing problem with corruption and oligarchy. Like the former states of the Soviet Union, China engaged in privatization and decentralization in the 1990s. But in China, privatization—particularly of lucrative state assets like mining and lands—frequently extended only to use rights, rather than complete ownership rights. Combined with decentralization of administrative power to lower levels of government, the opportunity for collusion became evident: Local



government officials had the power to grant private actors use rights over land, and private actors, in turn, made it worthwhile for officials to give them the contracts. The result was widespread corruption. Consider the example of Zhou Yongkang, who was on the Politburo Standing Committee (one of the most powerful bodies in China) and received a life sentence for corruption in 2015. During Zhou Yongkang's sentencing, the court said that his wife and son had taken 129 million yuan in bribes and the family had 2.1 billion yuan in illegal earnings. This isn't an isolated incident. In a bombshell story, *The New York Times* reported in 2012 that Prime Minister Wen Jiabao's family had amassed \$2.7 billion during his rise through the ranks of government. So significant is corruption in China that even President Xi Jinping has condemned it and made fighting corruption a central part of his agenda. But what remains unclear is whether these anti-corruption efforts are bona fide attempts at public integrity or maneuvers designed to solidify and expand Xi's power.

Indeed, the Chinese government has also responded to the realities of an oligarchic economy by promoting greater nationalism and centralization. The government has recently identified "Seven No's" including universal values, a free press, civil society, and an independent judiciary. Meanwhile, Xi has gained more and more control, with the government abolishing limits on a third term in office.

Russia, Hungary, and China present three different and notable trajectories of the nationalist oligarchy trend, but they aren't the only cases. After the failed coup attempt in 2016, Turkey's president engaged in widespread purges of the government, crackdowns on opponents, and constitutional reforms to centralize and strengthen his power—all while emphasizing religious nationalism. Right-wing nationalist parties are also on the rise in other countries in Europe, Asia, and Latin America.

As these examples show, nationalist oligarchy is increasingly emerging as a contender and threat to democracy. American foreign policy must adapt accordingly. While these countries all have different foreign policies—China is a rising power with little interest in fomenting chaos, Russia seeks to reassert herself and gain from spoiling democracies—nationalist oligarchs need a steady diet of economic resources to pay off their clients. Because every domestic economy has limits, nationalist oligarchies look abroad to broker deals with foreign countries, gain influence over foreign companies, and steal foreign technology. Taken to the limit, think of it as a foreign policy Ponzi scheme. To keep power, you need to continue acquiring more and more wealth to buy off your

supporters. A foreign policy of aggressive economic influence, dealmaking, and theft sustains the regime. Combined with technology—hacking, cyberwarfare, and social media disinformation campaigns—the current challenge is more surreptitious than the military threat was during the Cold War. Instead of gaining power by force, nationalist oligarchies might be able to break democracy through corruption and fraud.

## **The Rise of Reverse Entanglement**

For decades, American foreign policymakers believed that including and engaging foreign countries—even autocracies—in international institutions would inevitably lead them to liberalize their political systems and economies. The Washington Consensus, shock therapy, and democratization efforts during the 1990s and 2000s were thus partly predicated on the view that reforms would lead to stable liberal democracy.

International institutions like the IMF pushed neoliberal economic policies based on this theory, and this approach partly motivated expanding access to the World Trade Organization (WTO). In perhaps no area was this approach truer than in our policy toward China.

This strategy, however, suffered from three problems. First, it turned out to be wrong. All good things—economic openness, political democracy, and human rights—do not always go together, and international engagement does not necessarily change the character of a national government. “Diplomatic and commercial engagement have not brought political and economic openness,” Kurt Campbell and Ely Ratner write in their important reckoning with Asia policy. “[T]he liberal international order has failed to lure or bind China as powerfully as expected.”

The second problem with this theory is that all international institutions are not necessarily good for democracy. If international institutions are designed badly or pursue policies that undermine economic equality, social solidarity, and political responsiveness, they can contribute to the collapse of democracy at home. Indeed, there is a good case that some international economic institutions—especially the IMF—have had precisely this effect. By pushing neoliberal policies that required countries to liberalize, privatize, deregulate, and impose austerity, the IMF led some of these countries into a future of economic crises, rising inequality, and the ensuing backlash against democracy we are witnessing today. The WTO’s expansion to include China is somewhat similar; economists have now shown that its inclusion led to a “China Shock,”

one that disproportionately affected some American communities economically. Even a decade later, these communities had not bounced back or adapted.

Finally, and perhaps most surprisingly, the “entanglement theory” might have gotten it backward. The entanglement theory held that if nationalist oligarchies came into the liberal international order, they would liberalize over time. Instead, it seems that while the costs of joining the liberal international order were minor for these countries, the benefits were significant. China, for example, did not need to liberalize its politics or economics. But by joining the international economic order, China was able to expand into new countries and markets at considerable scale. In the process, China’s economy has become so intertwined with America’s that some commentators have referred to the two, in economic terms, as “Chimerica,” as if it were a creature resurrected from Greek mythology.

While economists herald integration on such a scale because of the gains in efficiency, integration also brings with it a serious danger. Nationalist oligarchies are not interested in efficiency or economic theory. Their central, defining feature is the fusion of economic and political power. What that means is that integration opens economic channels through which the state can wield political power and exercise leverage.

For example, to punish Norway for giving the Nobel Peace Prize to dissident Liu Xiaobo, the Chinese government banned imports of salmon in 2010. China also prevented the importation of Filipino bananas in 2012 to pressure that government during an unrelated dispute. Beyond purely economic worries, close integration can bring security concerns. According to a *Bloomberg News* report, which companies have denied, Chinese manufacturers secretly placed microchips on motherboards destined for the American market, in the process creating a backdoor entrance into networks that use those chips. A more common complaint is that American companies operating in China are forced to turn over trade secrets and technology and partner with Chinese companies in order to gain access to their market. This benefits not only the Chinese companies, but also the Chinese government, as these partner companies may be state-owned or state-supported enterprises. Call this reverse entanglement: While liberal democracies were trying to entangle the Chinese through economic integration, they themselves became ensnared.

## **Making International Engagement Safe for Democracy**

Responding to the reality of reverse entanglement requires three strategies. The first is what I call “selective disentanglement.” Selective disentanglement means uncoupling the American economy from Chinese corporations, investments, and the Chinese economy in sectors that are of critical importance to national security. In the short run, selective disentanglement would require the Committee on Foreign Investment in the United States, which can block foreign companies from making acquisitions in the country, to act far more aggressively when dealing with nationalist oligarchies. It will also require the United States to adopt stringent, perhaps even draconian, policies to protect against both legal and illegal technology transfers and theft of intellectual property. Corporations that give up important technology, particularly when funded through U.S. government grants, enhance the ability not just of companies within nationalist oligarchies but of the states themselves.

In addition, the United States should push our allies to engage in similar policies. Former Ambassador to Russia Michael McFaul has argued, for example, that Germany should cancel its plans to build a natural gas pipeline with Russia. The new pipeline would increase German dependence on Russia for critical energy needs, posing both a military and economic threat. Other democracies also need to be far more attentive to Russian attempts to hide wealth in the West and to Russian state-owned enterprises that seek to purchase companies, technology, and even property abroad. Indeed, McFaul argues that the United States and Europe should impose sanctions on “government-owned and supposedly private companies” when those companies are used to achieve foreign-policy aims.

## **Economic openness, political democracy, and human rights do not always go together, and engagement may not change the character of a government.**

The second strategy is diversification of economic partners. As of 2017, China was not only the United States’s largest trading partner in the world for goods, but also the largest supplier of imported goods. It is also the largest holder of U.S. government debt. As we have seen, dependency on nationalist oligarchies can be a vulnerability because economic power can be used for political purposes. This is why, in spite of their fears of trade agreements, it is important for progressives to support international economic

cooperation with democratic allies. But diversification must be done in a way that simultaneously expands connections abroad while preventing inequality and the concentration of economic power at home. At home, inequality threatens democracy, as private individuals or entities can capture government, over time leading to oligarchy.

International engagement must therefore focus as much—if not more—on rebuilding unions, enforcing antitrust laws, closing tax havens, ensuring transparency, and restricting the ability of money to influence politics as it does on lowering barriers to trade. Without such policies, the pursuit of international economic power—and the building of international economic institutions and agreements—can indirectly undermine democracy. This is one reason why the proposed Trans-Pacific Partnership (TPP) was so problematic. While many of its proponents justified the deal on strategic grounds akin to those offered here, the substance of the agreement was not focused on addressing the grave threats to economic democracy at home—and arguably made some of them worse. For example, one of the sources of our current age of ever-growing monopolies is the “consumer welfare standard,” a weak approach to enforcing antitrust laws that is not part of existing statutory law and is now fiercely contested among antitrust experts. The TPP’s antitrust provisions, however, adopted this approach, which would make it harder to combat monopolies and promote economic competition. International agreements like the TPP, and international institutions more broadly, should not include policies that undermine the effort to advance economic democracy at home. Such actions do not strengthen American national security.

The third strategy is development. Democracies must have a coherent development policy—an internal policy to support and strengthen innovation and industry. This means massive investments in research and development and an active innovation policy that ensures the development of certain industries within the borders of the country, particularly those on the cutting edge of technology. Development increases resilience in the face of economic threats. But it cannot be implemented through a policy focused on supporting national “champions”—the country’s leading megacorporations. Because democracy requires dispersing economic power internally, so too must its strategy for development.

## **Democracy’s Allies**

Democracies that work together will be stronger in the face of nationalist oligarchies. Alliances help us defend our democracy from internal and external threats. Consider

NATO. Since its founding, NATO was based on two premises. The first was preserving security and stability in Europe. In the classic formulation by Lord Ismay, following two world wars that started in Europe, NATO's goal was to "keep the Soviet Union out, the Americans in, and the Germans down." The second was that NATO was designed on the premise that its member countries shared liberal democratic ideas and practices. In the post-Cold War era, the first premise lost much of its force, leading to endless discussions of whether NATO was still relevant. The second premise, perhaps unsurprisingly given the neoliberal character of the age, turned toward the promotion of a thin notion of electoral democracy combined with neoliberal market economics for the countries of the former Soviet bloc.

But the optimistic policies that followed the end of history are no longer advisable, if they ever were. Over time, three serious problems have become clear. The first, as Celeste Wallander has argued, is that "There is no price for violating NATO's liberal democratic standards, and some weak links are indeed backsliding." Countries like Hungary and Turkey are no longer robust liberal democracies, and their links to Russia, in particular, may make it harder for NATO to defend the democratic foundations of its other members. The second problem is that NATO's vision of liberal democracy became relatively thin. With a goal of democracy promotion and the expansion of capitalism, countries could be admitted for making democratic reforms with respect to elections and political changes, and without regard for their degree of economic equality. The third problem is that the nature of the threat from Russia has changed. During the Cold War, the Soviet Union's threat to Europe was largely understood to be a military threat—including the risk of invasion. Today, the Russian threat to democracy "operates through shadowy financial flows, corrupt relationships, bribes, kickbacks, and blackmail." In this system, cronyism and corruption are not a bug but the central feature of the model.

Today, the central purpose of our alliances must be to defend democracy. We must recognize the existential threat to democracy that comes from hacking, election vulnerabilities, social media disinformation, and other forms of electronic and cyberwarfare. These are areas in which democratic countries can help one another by sharing intelligence and learning from attempted attacks across the West. For example, NATO countries that want to meet their 2 percent of GDP spending commitment, as President Trump has undiplomatically asked them to do, should be able to invest in cybersecurity, so long as the benefits can be shared. Our alliances can also do more to

prevent the rise of nationalist oligarchs domestically, and the corrupting influence of financial flows internationally. International institutions, from the Organization for Economic Cooperation and Development to the European Union to NATO, should work together to disseminate data and information and to coordinate policies that help fight domestic and international corruption.

The boldest proposal might be to create a new alliance of democracies, something that John McCain once called for. As a path forward for defending democracy, this idea has merit, particularly if the Trump Administration succeeds in weakening the NATO alliance to the point of no return. But for it to work, its goals would have to diverge significantly from those of its original promoters.

Advocates for such an alliance came up with the idea following the 2003 intervention in Iraq. They were largely responding to the failure of the United Nations Security Council to intervene in a variety of conflicts and humanitarian crises with sufficient haste and attention. (And these advocates tended to be supporters of the Iraq War.) While proponents argued that a concert of democracies would cooperate on a wide variety of issues of common concern, they also believed that this new alliance would be able to engage in foreign interventions more easily than the United Nations. And far from being exercises of power by Western elite democracies, the alliance's military and humanitarian interventions would be seen as more legitimate because the alliance would include upwards of 60 countries. As James Lindsay wrote in 2009, the Concert of Democracies "would be composed of a diverse group of countries from around the globe—small and large, rich and poor, North and South, strong and weak." Some others, like Anne-Marie Slaughter and John Ikenberry, saw an alliance of democracies as updating the architecture of the international system for a new era, and hoped the alliance would form a bloc that could push for the reform of traditional international institutions, like the UN, World Bank, and IMF. Opponents of the idea primarily worried that an alliance would cause backlash. China, Russia, and other non-democracies would see the alliance as a threat, leading to a downward spiral of mistrust that could potentially end in conflict.

Today, the case for an alliance of democracies is stronger than it was in the post-Iraq context—but for different reasons. By now, it is clear to everyone that we were never at the end of history and that the United States and other democracies never had the time, money, and military power to spend engaging in adventures abroad. Even those who

thought we might have been in that place recognize now that the global context has shifted. Today, the primary goal of an alliance of democracies would not be to engage in interventions and democracy promotion. It would not be offensive. It would be defensive. It would be to maintain democracy inside each of a small number of member countries.

An alliance today would also focus on deepening economic cooperation, in order to build collective economic power vis-à-vis nationalist oligarchies. The original proponents of an alliance of democracies argued for “eliminating tariffs and other trade barriers among member countries.” But as Trump’s election, Brexit, and new data on the “China Shock” suggest, a trade policy based on the liberalization of trade barriers without regard to the consequences is destructive for economic democracy and is a threat to social cohesion. Instead, the alliance’s international economic agenda should be to expand economic democracy within member countries: to enforce antitrust and antimonopoly rules across borders, prevent tax havens and simplify the financial system, regulate tech platforms, promote corporate democracy, and reinvigorate worker power. This cooperative effort is critical because, individually, each democracy is vulnerable to lucrative offers from nationalist oligarchs abroad—and from would-be oligarchs within. The enemies of economic democracy can play countries against each other, creating a race to the bottom that ultimately undermines democracy itself. Cooperation is critical to helping solve this problem.

## **If You Can Keep It**

Democracy is fragile. When the Constitutional Convention finished in 1787, Ben Franklin was asked what kind of government the new nation would have. He famously remarked, “a republic, if you can keep it.” Franklin’s comment is significant not just because he indicated that republics—representative democracies—rely on the virtue of their citizens to persist. Franklin also implicitly contrasted republics with other forms of government. The new nation was not a monarchy, not a dictatorship, not an oligarchy, but a republic—a representative democracy.

Looking ahead, it is possible that representative democracy might cease to exist. But if democracy dies, it is unlikely there will be a revolution, a new Constitution, or even the declaration of a new regime. The trappings of democracy will remain, while the reality slowly disappears, replaced instead by a nationalist oligarchy. And so, the defense of democracy has the potential to be the foundation of a new grand strategy for America—



the guiding principle for foreign and national security policy, in addition to domestic policy. In some cases, this will mean significant shifts that foreign policy elites will find objectionable—for example taking a far more restrained approach than go-go economic liberalization. In other cases, this approach will be consonant with trends in foreign policy that have already begun, like extreme skepticism toward optional military interventions. This is as it should be. The foreign policy of the past will not work for the future. We can't step in the same river twice, and there will be no return to “normalcy” no matter how much we might dream of it.

Democracy might have ended with imperialism, or fascism, or communism. But with each challenge, democracies adapted and outlasted those rival forms of government. Today, the greatest threat to the persistence of democracy is nationalist oligarchy, at home and abroad. The stakes of this challenge are about the struggle for global power and influence, but also the very character of our country. Crony capitalism and authoritarianism already threaten to undermine democracy from within. Nationalist oligarchies abroad seek the power to redefine world affairs, and the leverage to dictate domestic ones. Unless we act, and act swiftly, our democracy—our government of the people, by the people, and for the people—shall perish from this Earth.

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