Globalization Backlash and Order Contestation: An Issue-based Theory

George Yean[*]

February 16, 2026

Abstract

How do issues within the Liberal International Order (LIO) shape order contestation? Decades of globalization have presented the LIO with mounting issues. I advance a theory linking issues to state disengagement, highlighting two connected mechanisms. First, unlike conventional wisdom, dissatisfactory issues do not automatically benefit rising powers. Order resilience is often sustained by globalized interdependence: when outside options are implicated in the issues, they are viewed as less credible, impeding disengagement. Second, I theorize a nonlinear relationship between issue-induced grievances and disengagement: LIO's uniquely high disengagement costs and institutional stickiness prevent grievances from escalating. Rational disengagement instead requires the collapse of leaders' loyalty, which LIO's "helpless" issues – persistent, severe, and beyond domestic solutions – are uniquely capable of eliciting. I test the theory in the context of global imbalances, a significant, yet understudied issue, and across a series of LIO issues. Current-account (but not trade) imbalances increase states' support for Chinese leadership, due to China's controversial trade practices *vis-à-vis* financial appeal; yet the support dwindles as bilateral trade imbalances grow. Non-helpless issues show no effect, alongside a nonlinear grievance-disengagement relationship I test by a novel "globalization grievance index" dataset. The paper shows how issue dynamics shape globalization backlash, the returning great-power competition, and LIO's future.

1   Introduction

The LIO is in crisis mode with a multitude of *issues* or challenges,[1] rooted in the very neoliberal globalization it has shaped (Broz et al. 2020; Rodrik 2019; Walter 2021). As Lake et al. (2021) remark, "this time might be different."[2] The persistence of crisis reflects its structural issues, including financial instability, developmental inequality, governance deficits, major powers' power abuse, and the pushback against LIO norms from autocratic states (Ekiert and Dasanaike 2024). As many issues carry *distributional* consequences across states, state leaders have shifted from voluntarily accepting LIO rules in the 1980/90s (Quinn and Toyoda 2007) to actively contesting the order (Chatham House 2025).

This paper explains when, how, and which LIO issues drive order contestation, specifically, state disengagement from the order. Contestation can occur through within-order institutional subversion or conversion; however, state disengagement (e.g., Canada seeking realignment) is central to LIO's influence, legitimacy, and viability and the renewed great-power competition (Gray 2018; Ikenberry 2011; Keohane 1984), particularly given the hegemon's wavering commitment and an authoritarian challenger's competing vision (Doshi 2021; Lake et al. 2021).[3] Scholars have increasingly called for studying how national interests contend (Frieden and Lake 2026).

Consider global imbalances as a contentious LIO issue that "dominates policy debate" (Chinn and Ito 2022), though little studied in political science.[4] Generated through globalization, global imbalances carry complex implications for LIO contestation and great-power competition. The United States, the hegemon, has run decades of staggering external deficits (Figure 1) and responded with norm violations, institutional disengagement, and trade conflicts. China, the major LIO challenger, now running trade surpluses exceeding $1 trillion, defends free-trade leadership; Yet, in the 1980s it cut back scarce investments to restore balance-of-payment sustainability when "economic czar" Chen Yun abhorred ballooning imbalances (Feeney 1989; Zweig 2002). Other states express frustration or even *helplessness*, with Pakistan lamenting "... persistent current-account deficit and huge

---

[1] Issues are defined as challenges or problems, rather than issue-areas.

[2] Though a contested concept, I follow Lake et al. (2021) in defining the LIO as the West-led international order with liberal characteristics and several sub-orders. The U.S.-led institutions, such as the World Bank, IMF, and WTO, largely shaped economic globalization.

[3] This paper expects that long-term systemic competition will likely coalesce around West-led and China-led poles, including Trump's "balance-of-power" National Security Strategy (2026). Accordingly, I treat the LIO as a singular integrated order rather than a collection of sub-orders.

[4] Global imbalances refer to the phenomenon that half of the world experiences almost persistent external deficits since the 1970s, including current-account and trade imbalances (Figure 1).

trade imbalance ... haunting our economy for long but unfortunately no solution."[5] Many worried African countries, while supporting Chinese leadership for loans and investments, blame China for widening their imbalances.[6] Finally, global imbalances appear to "favor" autocracies.[7]

Global Imbalances: Trade Balances
(Top 20 Economies in 2000, 1960-2022)
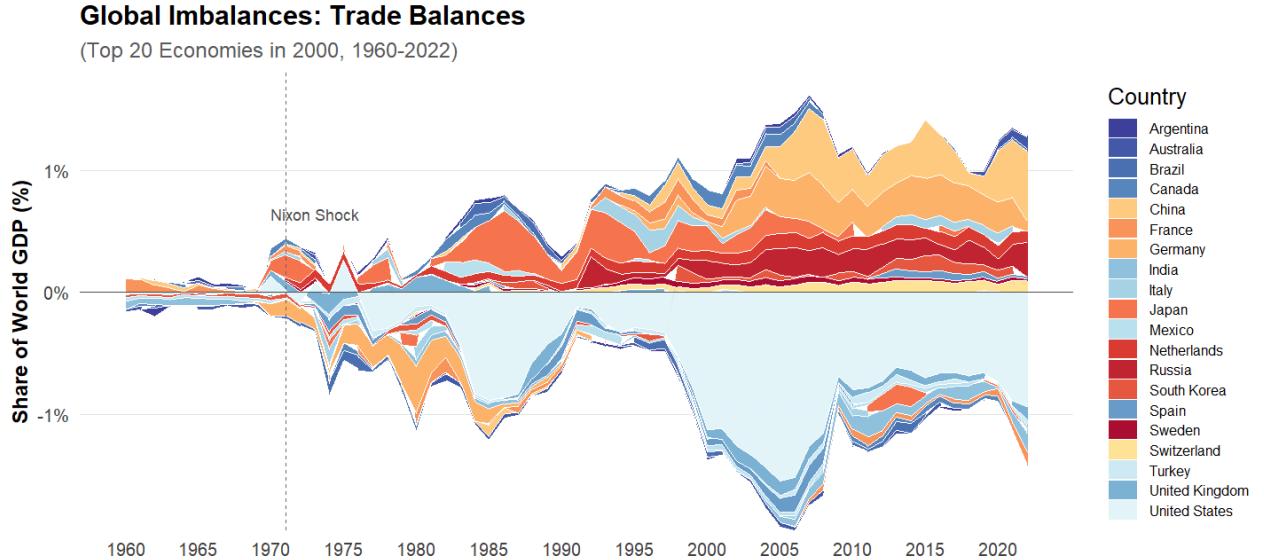
Figure 1: Global Imbalances (Trade Balance). *Note*: Data from the World Bank. See similar patterns for current-account balance in Figure A.1.

Existing studies suggest that, in general, problematic issues within institutions result in diminished legitimacy and weakened performance (March and Olsen 1984; North 1990; Pierson 2000). However, we lack a theory understanding how issues affect an international order of a vastly different nature (see below). Existing theories of power transition, international order, and international organization (IO) imply a rather simplified prediction: dissatisfied states seek outside options (Organski and Kugler 1980; Gilpin 1981; Ikenberry 2011; Broz et al. 2020; Lipscy 2015). These accounts often treat outside options as exogenous to issues, do not differentiate issue characteristics, or imply a monotonic grievance-disengagement relationship, while neglecting the complex globalized interdependence and forces such as institutional stickiness that may complicate "exit" (Pierson 2000).

I develop an issue-based theory focused on when and how LIO issues escalate into order contestation. I argue that contested issues, the order, and rising powers jointly shape disengagement through two connected mechanisms. Unlike conventional wisdom which suggests dissatisfaction monotonically benefits challengers, the first mechanism concerns *endogenous* outside options, meaning the

---

[5]Pakistan and Gulf Economist (2022), the leading Pakistan business magazine.
[6]See Section 4. China maintains trade surpluses with over 90% of all countries (see Figure A.3).
[7]Autocracies are correlated with higher persistent external surpluses (see Figure 2; in 2022, China, Russia, and Saudi Arabia are top-three surplus countries).

credibility of challengers declines when they are implicated in the issues at stake, a common condition under globalized interdependence. This reduces the likelihood of disengagement. For instance, one is unlikely to turn to the USSR over nuclear proliferation concerns or to China over import-competition. Consequently, while this may reduce dissenters' bargaining leverage, it paradoxically strengthens LIO's resilience by retaining states.

Outside options also matter in relation to existing order (Lipscy 2015; Voeten 2001). The second mechanism considers whether *issue-induced* grievances can lead states to disengage from a highly institutionalized and networked LIO, which carries distinctly high disengagement costs *vis-à-vis* still-uncompetitive outside options for average leaders.[8] Rationalism or institutional loyalty should "lock in" states (Hirschman 1970; Pierson 2000). However, I argue that, under net disengagement costs (the scope condition), rational disengagement instead requires loyalty collapse, assuming that leaders' decisions are shaped by both material incentives and intrinsic loyalty (Hall and Taylor 1996; Hirschman 1970; Keohane 1984). Loyalty collapse renders continued attachment intrinsically costly, which only sufficiently severe (i.e., unbearable) grievances can produce (Kuran 1991; Scarry 1985; Wintrobe 1990). This implies a *nonlinear* threshold-based grievance-disengagement relationship, absent from existing literature of international relations and conceptually distinct from repression-dissent inverted-U models (DeNardo 2014; Zhukov 2023). Moreover, it produces an observable implication at the issue-level: issues matter differently. I conceptualize (and highlight) "*helpless issues*" as the most intractable LIO problems – critical, persistent, and systemic beyond domestic solutions. Helpless issues, capable of generating unbearable grievances, particularly trigger disengagement, whereas non-helpless issues can hardly do so.

I test the theory in the context of global imbalances, a theoretically informative and substantively important yet understudied issue, and across ten LIO issues to examine both within- and cross-issue mechanisms. The analytical attributes of global imbalances generalize to other issues, enabling external validity.

Empirically, I contribute to literature by showing that global imbalances correlate with long-term development performance, potentially delineating state-level "winners/losers" of globalization and informing policy debate. For the main hypotheses, I employ multiple identification strategies with extensive robustness checks. Consistent with the theory, states with higher persistent current-account (but not trade) deficits are more likely to support Chinese leadership, as current-account

---

[8]Even for symbolic signaling. See Section 3 for details.

balance falls within the financial domain where China is less controversial than in trade. The effect is indistinguishable across geopolitical relations, race, or regime type, suggesting broad applicability. Further analysis of bilateral trade supports the same mechanism: China's implication in trade problems, proxied by larger bilateral imbalances, significantly moderates support shifts, mirroring the concerns of aforementioned African countries. Furthermore, I systematically classify issues into helpless and non-helpless categories using a predefined multidimensional framework. Joint tests across ten major LIO issues and a newly constructed "globalization grievance index" dataset strongly support the "grievance-disengagement nonlinearity" mechanism at both greivance and issue levels – a finding further corroborated by a large-language-model (LLM)-based news analysis capturing global perceptions of these issues. Finally, qualitative cases of two G7 countries – Italy and Canada – arguably "hard" cases, reinforce the core mechanisms, alongside additional evidence from UNGA voting patterns and UNES-11/1 resolution on Russia's war.

Taken together, the theory answers three otherwise puzzling questions: (i) why weak outside options sometimes attract support despite high disengagement costs and institutional stickiness, (ii) why strong outside options may fail to do so, and (iii) why some issues generate dissatisfaction without producing meaningful disengagement. The findings suggest a conditional resilience of the LIO, explaining why China, albeit economically powerful, may struggle to establish a competitive order.[9] However, this resilience has limits. As in the theory, disengagement occurs when grievances are large or when China's option becomes competitive, driven by both China's LIO-empowered rise and a retrenching hegemon.

Studying the LIO crisis is timely.[10] This paper makes several contributions. First, beyond understanding the understudied political effects of global imbalances, it advances scholarship on globalization backlash by shifting attention from issue-induced domestic reactions (Autor et al. 2020; Chilton et al. 2017; Walter 2021) to issue-centered order contestation. This helps diagnose the source of crisis and informs policy prioritization, particularly regarding LIO's most intractable issues. Second, it refines power-transition and order theories (Organski and Kugler 1980; Gilpin 1981; Ikenberry 2011) in the context of interdependence, highlighting how outside-option endogeneity, issue heterogeneity, and grievance-disengagement nonlinearity dynamically shape order durability and great-power competition. Third, it adds to the growing literature on how economic interde-

---

[9]Interestingly, the U.S. (before Trump's second term) generally competes with China through finance, aid, and infrastructure, but limited in trade, governance, or civil society where China is problematic – consistent with my theory.

[10]For example, International Organization's volume 75 and 79 special issues urge more research on the order.

pendence shapes international politics (Farrell and Newman 2019; Flores-Macías and Kreps 2013; Kastner 2016), showing interdependence as simultaneously undermining and sustaining the LIO by empowering rising powers and undermining the hegemon, while binding states' interests.

2   Globalization Backlash and Order Contestation

2.1   Substantive Context: LIO's Issues

Seven decades after World War II, the LIO – widely credited with advancing peace and prosperity – is confronting a complex array of challenging issues spanning the economic, social, political, security, and ideational realms (Ikenberry 2011; Lake et al. 2021; Rodrik 2019). International Organization's 75th-anniversary special issue identifies core challenges to the LIO, including economic inequality, financial instability, governance deficit, retrenched U.S.-leadership, widespread disinformation, and ideological contention (Appendix C.2). Many of these problems stem from its very rules and institutional design that shaped globalization. This is especially true since the post-1970 neoliberal turn that greatly precipitated global trade, finance, market, information, and other forms of flows and exchange (Blyth 2002; Helleiner 1994; Slobodian 2018; Williamson 1990), *vis-à-vis* the earlier, more harnessed "embedded liberalism" era (Ruggie 1982). These issues differ in attributes and often carry distributional consequences across states in the order's operation, eliciting varied reactions from member states.

For instance, global imbalances remain a salient, yet understudied LIO issue, increasingly problematized by national governments.[11] It often refers to long-run cross-country differences in two politically salient accounts: current-account imbalance and its largest component trade imbalance (Barattieri 2014; Blanchard and Milesi-Ferretti 2009; Chinn and Ito 2022).[12] As Paul Krugman (2019) writes:

"*The public tends to see trade surpluses or deficits as determining winners and losers; the general equilibrium trade models that underlay the 1990s' consensus gave no role to trade imbalances at al. ... cause serious problems ...*"

Global imbalances' early emergence dates to the early 1970s, when the Nixon administration

---

[11]As in a speech by Treasury Secretary Scott Bessent in May 2025, " ... large and persistent imbalances are not sustainable for the United States, and ultimately, ... for other economies."

[12]Current-account includes trade balance, net foreign income, and net transfer payments.

significantly accelerated the liberalization of exchange rates, finance, and trade (Chinn and Ito 2022; Dooley et al. 2003). Global imbalances are regarded as "probably the most complex macroeconomic issue" (Blanchard and Milesi-Ferretti 2009) that "dominate policy debate" (Chinn and Ito 2022). Their key characteristics include non-randomness, persistence, and high magnitude (for many).[13]

The LIO-related causes of Global imbalances are divided into *both* financial and trade explanations (Barattieri 2014). Financial causes include over-consumption or domestic distributional conflicts (Obstfeld and Rogoff 2009; Klein and Pettis 2020), or "safe assets" attracting global capital which inflates prices, exchange rates, and imports (Caballero et al. 2008; Mendoza et al. 2009) – echoing the "saving glut" hypothesis (Bernanke 2011). Trade-based causes include weakened industry/export sectors, trade barriers (Cuñat and Zymek 2022), or mercantilist policies (Dooley et al. 2003).[14]

For impacts, persistent external deficits raise insolvency risks (Frieden and Walter (2017), see Figure 2), increase economic instability (Obstfeld and Rogoff 2009; Bernanke 2011),[15] and constrain domestic investment (Graham et al. 2014; Benigno et al. 2025).[16] Many debt-replete developing nations rely on loans to finance deficits, while many surplus countries become global creditors. Importantly, imbalances are linked to "demand distribution" (Chinn and Ito 2022), through "beggar-thy-neighbor."[17] This is significant as exports disproportionately drive productivity, income growth, and innovation (Bernard et al. 2018; Jeanne 2021; Ohlin 1933).

---

[13]*Non-randomness* refers to the relatively fixed divide between surplus and deficit countries (Figure 10). Over 60% countries recorded average trade deficits (2000-17). *Persistence* implies temporal stubbornness. Lastly, half of the countries have average deficits exceeding 5% to 15% (Figure A.2).

[14]Epifani and Gancia (2017) show that undervaluation leads to surpluses and production agglomeration.

[15]Debt increases even when temporary deficits reflect economic booms; Global imbalances significantly contributed to the 2008 Financial Crisis (Obstfeld and Rogoff 2009).

[16]Even the "exorbitant privilege" of the U.S. inflates prices and crowds out real economy (Blanchard and Milesi-Ferretti 2009; Oatley 2015).

[17]E.g., China represents 12% in global consumption share but 32% in manufacturing output (2020, World Bank).

(a) v.s. U.S. Total Debts


(b) v.s. Major Economic Indicators
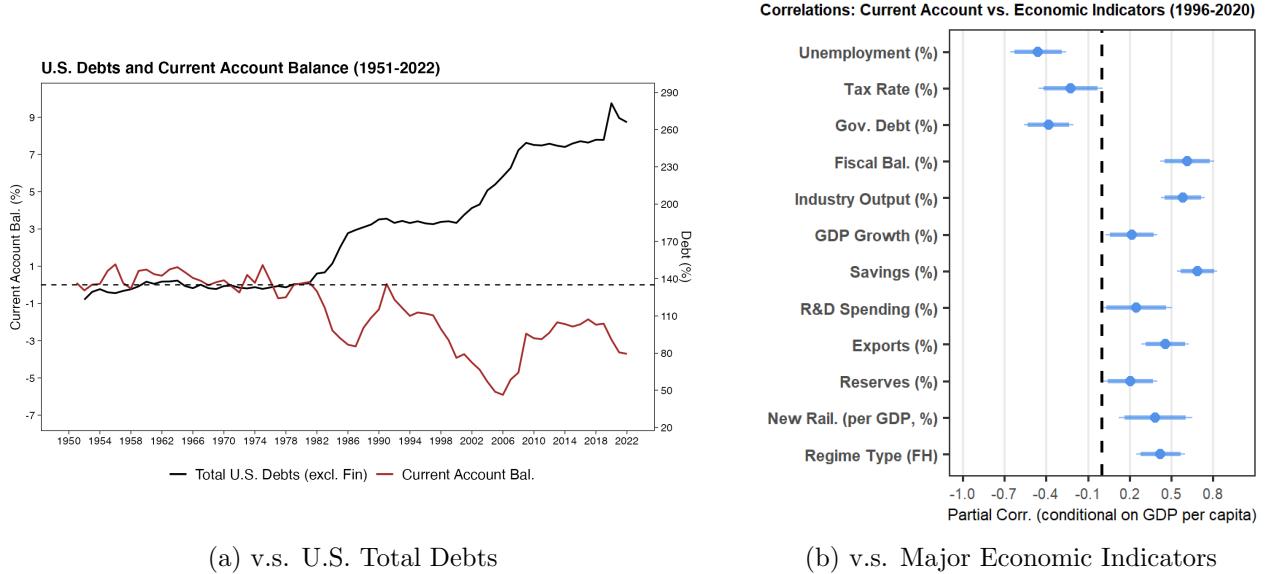
Figure 2: Current-account Balance and Major Economic Indicators. *Note*: Graph (a) depicts the temporal relationship between U.S. total debts and current-account balance, matching the income-expenditure differential logic and that the U.S. case is more of a saving drought than an investment boom (Chinn and Ito 2022). Graph (b) depicts partial correlations between current-account balances and major economic indicators, conditional on GDP per capita.

Unsurprisingly, global imbalances carry distributional implications: surplus countries correlate with stronger industrial output, faster productivity growth, higher R&D intensity, and greater export capacity (Buera and Kaboski 2012; Epifani and Gancia 2017; Greenstone et al. 2010). Three surplus-concentrating areas – core Europe, East Asia, and the Gulf region – often exhibit envied economic and fiscal performance.[18] Seventeen of the world's twenty largest R&D spenders have maintained surpluses for decades.[19] Figure 2(b) shows more correlations; surplus countries that perform better counterintuitively maintain lower tax and debt rates.

2.2 Issue-induced Backlash and Order Contestation

Issues implying durable distributional asymmetries invite contestation. A large literature documents how LIO-shaped globalization creates domestic winners and losers, fueling populism, protectionism, and polarization, with downstream consequences for interstate relations (Autor et al. 2020; Colantone and Stanig 2018; Rodrik 2019; Walter 2021). Yet existing work rarely examines how LIO issues translate into challenges to the international order itself.

The dominant explanation for order contestation, on the other side, emphasizes shifts in power

---

[18]Within the Eurozone, deficit countries like Greece, Portugal and Spain, perform poorly compared to surplus countries like Germany, the Netherlands and Switzerland.

[19]See https://ourworldindata.org/grapher/research-spending-gdp (accessed September 10, 2024).

and alignment incentives. Classical power transition theory highlights power shifts and rising powers' dissatisfaction with their status as drivers to challenge the dominant order (Gilpin 1981; Organski and Kugler 1980). Contemporary order contestation hinges less on war and more on shifting alignment among "voters" – states deciding whether to support an order (Broz et al. 2020; Ikenberry 2011; Keohane 1984). Scholars emphasize how great powers seek support and how states weigh the benefits against alternatives. Existing research points to coercion, inducements, regime type, networked instruments, among others, as determinants of alignment (Carnegie and Clark 2023; Cha 2023; Davis 2023; Farrell and Newman 2019; Kastner 2016).

These approaches offer valuable insights into how contestation may occur. However, much of the literature implicitly assumes that dissatisfaction accumulates linearly into contestation, paying limited attention to how contested issues condition political responses, how challengers (often assumed exogenous as given) interact with issues, and how institutional stickiness (Hirschman 1970; Pierson 2000) that deters exit shapes contestation.

These limitations are particularly salient in the globalized context of U.S.-China competition. Unlike historical challengers such as Germany or the Soviet Union, China rose through deep integration into the LIO. Decades of globalization have created dense interdependence that binds China to many issues, complicating contestation and revealing a significant research gap.

3 An Issue-based Theory of Order Contestation

I develop an issue-based theory on the micro-foundations of how dissatisfactory issues transform state support for the LIO. As a rising power, China actively leverages globalization gains, e.g., foreign reserves through surpluses (Liu 2023), to formulate challenges (Broz et al. 2020; Doshi 2021; Lake et al. 2021). This provides an empirical setting to develop and test the theory.

A central reaction of leaders (e.g., foreign policy executives) to LIO's issues is psychological grievances (Broz et al. 2020; Lake et al. 2021). Contested issues reflect distributional asymmetries that advantage some while disadvantaging others. Domestically, grievances fuel demands for protectionism, populism, or social mobilization (Autor et al. 2020; Colantone and Stanig 2018; Tarrow 1998). Aggregated through political institutions, these individual-level sentiments shape foreign policymaking (Moravcsik 1997). Often, those who care more wield concentrated political power (e.g., leaders or industrial associations) than dispersed individuals (e.g., consumers). Tensions intensify

when leaders actively blame or politicize issues (Walter 2021).

When leaders rightly attribute dissatisfactory outcomes to the LIO, grievances reshape their incentives to contest it. Rational-choice institutionalism and IO theory predict that grievances reduce leaders' support for the order (Hall and Taylor 1996; Ikenberry 2011; Keohane 1984), as well as leaders' loyalty – the intrinsic surplus derived from continued attachment to the LIO. Severe grievances signal that rule compliance (e.g., on currency, capital, or trade) yields diminished or even negative utility.

The literature suggests "exit" in this case. IOs that fail to meet expectations could face abandonment (Gray 2018). Exit becomes an option if status quo is unsatisfactory, as exemplified by the U.S. leaving the Trans-Pacific Partnership or Brexit. Within the LIO, states can be "pushed" to China due to financial grievances (Broz et al. 2020). These dynamics echo Hirschman (1970)'s "exit and loyalty" logic.

However, the LIO differs fundamentally from typical institutions in three aspects for average leaders.[20] First, disengagement from the LIO entails high costs: beyond sunk costs (e.g., years of negotiation and compliance), highly-networked LIO institutions across issue-areas as a whole systematically favor states with closer Western ties, implying high opportunity costs of exit (Carnegie and Clark 2023; Lipscy and Lee 2019). Second, the LIO faces uncompetitive outside options: a nascent China-led order, as least before Trump's second term, lacks comparable networked institutions, transparent rules, and material rewards (e.g., consumption and capital markets), while providing limited, future-discounted benefits. Supporting an autocracy entails high reputational (or audience) costs. Lastly, institutionalized returns combined with identity or ideology-based loyalty generate substantial institutional stickiness for the LIO as a broad social environment (Hirschman 1970; Johnston 2001; Pierson 2000). Democratic leaders, in particular, are more attached.

For example, in the case section, Italy's populist leaders, despite long grievances, cautiously embraced the Belt and Road Initiative (BRI) after much consideration, framing it as non-committal within existing EU-China frameworks (Atkins et al. 2023). Many Western and Global-South states chose not to send representative to the first BRI summit, despite invitations (Broz et al. 2020). This cost perception should be especially pronounced in the absence of widespread disengagement.

This suggests that historically, dissatisfied leaders rarely "exit" outright, but in indirect forms, such as leadership support shift, albeit similar logic. Even symbolic support functions as a costly

---

[20]I expect that leaders' perceptions follow a bell-shaped distribution and satisfy the assumptions on average.

signal for future realignment, especially in a bipolar world (Ikenberry 2011; Mearsheimer 2001). This also raises the bar for exit. As I further argue, two mechanisms complicate the process: (1) how outside options relate to the issue, and (2) how issue characteristics matter.

Below, I combine rational-choice and sociological institutionalism centered on two analytical components that collectively shape leaders' decisions: (1) the *externally* imposed costs and benefits of disengagement, and (2) leaders' *internalized* loyalty to the LIO (Hirschman 1970; Keohane 1984; Koremenos et al. 2001). Material incentives and intrinsic loyalty interact as two competing forces: while material losses incentivize exit, loyalty, as a stock construct, generates intrinsic utility from staying (Hirschman 1970).

Disengagement costs, even for symbolic support, include risks of losing LIO's favor, potential diplomatic retaliation, and reputational costs of backing an autocracy such as concerns of investors and the public. *Disengagement benefits* include prospective gains or issue relief, or increased bargaining leverage within the LIO (Lipscy 2015). *Loyalty* reflects non-transactional long-term institutional rewards especially vis-à-vis outside options, ideology-based affinity, and social benefits such as trust and status (Ikenberry 2011; Johnston 2001; Keohane 1984; Poulsen 2020). In aggregate, disengagement becomes likely when overall utility turns negative.

Mechanism I: Outside-Option Endogeneity

Traditional order or power transition theories treat rising powers as given. The IO literature primarily examines how outside-option credibility vis-à-vis usual IOs varies mechanically across issue-areas (Lipscy 2015; Voeten 2001). Both pay limited attention to how outside options interact with the issues at stake.

Outside options alter the utility calculus of leaders by alleviating or worsening issues, which in turn affects their credibility – I term this "outside-option endogeneity." Compared to a baseline scenario of exogenous outside options, when an outside option is implicated in the issue – common under complex globalized interdependence – it becomes less credible. As a result, some loyalty to the LIO is retained, impeding disengagement.[21] Moreover, supporting an outside option that contributes to the problem undermines leaders' expected benefits like potential issue relief. Furthermore, backing an implicated alternative entails reputational and audience costs (Chaudoin 2014; Fearon 1994), as leaders must justify disengagement to domestic and international observers, such

---

[21]If disengagement is triggered by issue B (being contested) tangent to A, outside options endogenous to A may not matter.

as elites, voters, or allies (Atkins et al. 2023). Finally, walking to a less credible alternative provides little bargaining leverage vis-à-vis the LIO on the contested issue (Lipscy 2015). Combined, the mechanism reflects "interdependence resilience": the same interdependence that empowers the rising power entangles it in the very issue it can otherwise exploit.

Mechanism II: Grievance-Disengagement Nonlinearity

Building on institutionalism and institutional loyalty (Hall and Taylor 1996; Hirschman 1945), issue-induced grievances may unnerve leaders, but loyalty simultaneously deters "exit" by binding relationship through internalized attachment (Poulsen 2020). When outside options are competitive, suggesting net disengagement benefits for average leaders, leaders can be pulled away unless loyalty remains strong. By contrast, when outside options are uncompetitive – as in the LIO-China case – disengagement costs outweigh benefits.[22] In this case, *rational* leaders with even minor loyalty would not shift support unless loyalty collapses (preferably negative below indifference).[23] Negative loyalty reflects that following LIO rules becomes actively harmful.

The Nonlinear Grievance-Disengagement Relationship
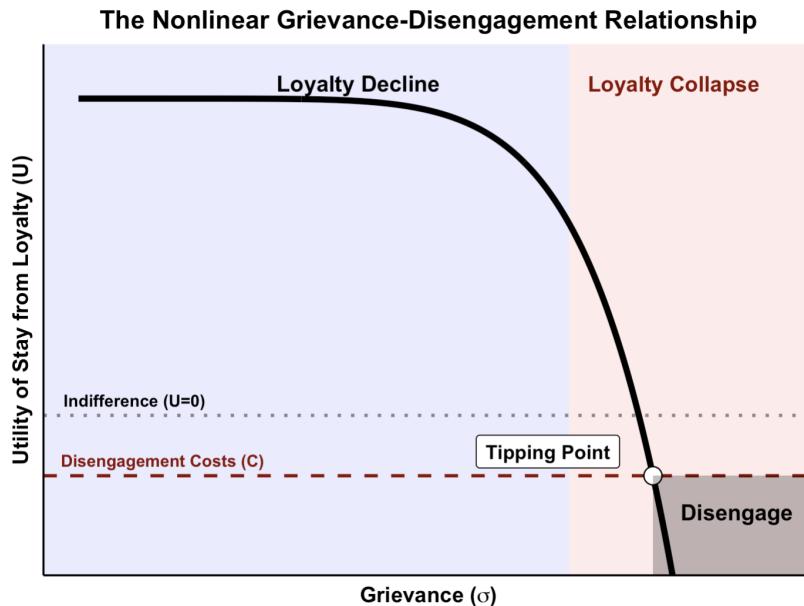
Figure 3: The Nonlinear Grievance-Disengagement Relationship. *Note*: The curve represents the nonlinear decay of stay utility U due to loyalty. Rational disengagement occurs where U falls below net negative disengagement utility C for average leaders within the LIO.

Grievances reflect deteriorating institutional benefits, which erode leaders' loyalty. However,

---

[22]Note support shift does not eliminate issue-induced grievances. For real exit which may eliminate grievances, my theory holds as long as total disengagement costs remain positive.

[23]Note that states with low disengagement costs or loyalty (e.g., some that are autocratic, peripheral, or with existing China ties) may shift support more easily – the baseline propensity I control for.

loyalty erosion is nonlinear: when grievances (e.g., issue-induced political, economic, or social costs, as well as the selectorate pressure) remain still bearable, leaders may still perceive the LIO positively and loyalty declines slowly – that is, collapsing loyalty remains unthinkable. However, once grievances cross some threshold and become unbearable, grieved leaders can sharply downgrade or nullify their expectations of LIO's institutional, ideational, or social benefits, collapsing loyalty through its foundations. It may be worse when populist leaders take over. In such circumstances, the disutility of continued attachment can outweigh disengagement costs, rendering uncompetitive outside options attractive.[24] Figure 3 visualizes the logic.

This nonlinear grievance-loyalty relationship is supported by prior theories arguing that unbearable pain can rapidly deconstruct loyalty (Kuran 1991; Scarry 1985; Wintrobe 1990). Wintrobe (1990) models loyalty as a bending curve: it may even rise with repression but collapses once pain becomes intolerable. Hirschman (1970) assumes a stable loyalty value at least until a "breaking point," beyond which exit becomes viable. Unbearable grievances can also lower reputational costs by justifying disengagement.

The past decade has witnessed the abrupt disloyalty of populist and revisionist governments that frame the LIO as deeply hypocritical (Chatham House 2025), despite long-standing issues. This contrasts sharply with the 1980/90s, when leaders embraced LIO-guided liberalization (Quinn and Toyoda 2007). Country examples include Argentina that has gravitated toward "Beijing-led platforms" amid prolonged economic distress, and Canada that signaled openness to a "new world order" with China following repeated U.S. bullying (see case studies).[25]

The mechanism yields a clear *observable implication*: when outside options are uncompetitive generating net disengagement costs (the scope condition), issue-induced grievances should trigger disengagement nonlinearly.[26] This operates at two levels: first, at the grievance-level, only unbearable, LIO-induced grievances – that collapse loyalty to *substantially low* (theoretically, negative) – trigger disengagement. Second, at the issue-level, issues capable of generating such grievances especially trigger disengagement, while milder issues hardly do so. In the following section, I show that such issues exist; they are severe, persistent, and systemic problems beyond domestic solutions, which I term "helpless issues."

---

[24]The prediction holds even if loyalty does not turn strictly negative, given possible risk-seeking (Kahneman and Tversky 1979).

[25]"Argentina in the Emerging World Order," Carnegie Endowment for International Peace, 22-November-2023.

[26]Some less costly dissent (e.g., voice) can be easier, echoing Hirschman 1945.
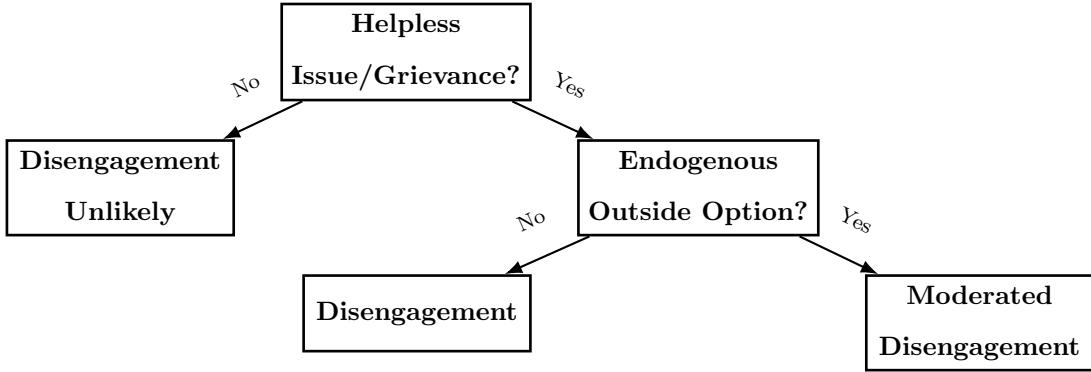
Figure 4: Outline of the Two Mechanisms. *Note*: The logic is illustrated under "uncompetitive outside option" – the LIO-China case.

Figure 4 outlines the two mechanisms combined. When outside options are uncompetitive, only helpless issues or grievances erode loyalty sufficiently to push dissatisfied states toward a challenger. Even then, support is tempered when the challenger is implicated in the issue driving disengagement.

I formalize this whole theory in a decision-theoretic model (Appendix B.1). State leaders choose a level of support shift between the LIO and a challenger, trading off disengagement benefits against loyalty value. Grievances erode loyalty; helpless issues can push loyalty negative, making disengagement attractive even when the outside option is uncompetitive. The model generates the predictions in Table 1. In the empirical section below, I focus on the "uncompetitive outside option" case (predictions 2 and 4) as a China-led order is not on par yet, as well as prediction 5.

ID	Issue Type	Outside Option	Prediction
1	**Helpless (loyalty < 0)**	**Competitive (diseng. cost < 0)**	**Disengagement**.
2	**Helpless (loyalty < 0)**	**Uncompetitive (diseng. cost > 0)**	**Disengagement possible**, if loyalty turns sufficiently negative.
3	**Non-Helpless (loyalty > 0))**	**Competitive (diseng. cost < 0)**	**Disengagement possible**, if outside option is sufficiently competitive.
4	**Non-Helpless (loyalty > 0)**	**Uncompetitive (diseng. cost > 0)**	**No disengagement**.
5	**Outside-Option Endogeneity**	Positively or negatively implicated	Disengagement likelihood moderated.

Table 1: Theoretical Predictions of Disengagement. *Note*: Derived from the formal model (Appendix B.1).

4 Empirical Setup: Applying the Theory

I apply the theory to global imbalances and derive testable hypotheses. The application also serves to understand the political nature of global imbalances, an important yet understudied phenomenon in international relations.

I first show how global imbalances induce lasting, substantial grievances. The negative correlations between external imbalances and economic performance in Section 2 may lead leaders to interpret persistent deficits as indicating state-level losers. Grievances are constructed through multiple dimensions among both elites and the public.

Inherent Aversion – Grievances partly reflect an inherent aversion to deficits. As external imbalances represent income-expenditure differential, they are often interpreted through a household-budget lens (Barnes and Hicks 2022). The term "deficit" signals negativity and abnormality, particularly to conservatives.

Related Concerns – The aforementioned imbalance-performance correlations suggest that long-term troubles often co-appear. Historically, mercantilists emphasized deficits' impacts on national power (Irwin 1998), while Keynes proposed the International Clearing Union to address deficits (Crowther 1948). Even monetarists such as Friedman cautioned that deficits may reflect poor national saving (Friedman and Friedman 1980). These negative sentiments persist today among media, governments, and international institutions.[27]

Peer Contrast – Grievances can intensify by peer contrast. Commentators such as Stiglitz and Bernanke have argued that surplus countries hinder others' development,[28] a narrative that resonates with concerned foreign leaders. Without full understanding, policymakers, especially conservatives and nationalists, often politicize deficits and blame surplus states: Trump and supporters characterize deficits with China as rendering America the "biggest loser."[29] As global imbalances sum to zero, they readily evoke distributive and injustice frames (Marx 1867; Rawls 1971), intensified by geopolitical tensions. Table 2 documents such bilateral concerns across countries and time (including 1980s' China).[30]

---

[27]The OECD and IMF have long viewed deficits as macroeconomic threats (Delpeuch et al. 2021), and sustained current-account deficits over 4% trigger control procedures in the EU ("Fawlty Europe," The Economist, November 2013).

[28]Joseph Stiglitz, "Reform the euro or bin it," The Guardian, May 5, 2010; Ben Bernanke, "Germany's trade surplus is a problem," Brookings Institution, April 3, 2015.

[29]"How Trump Could Be Blocked at a Contested Republican Convention," New York Times, 15-April-2016.

[30]Notably, states' complaints may be suppressed by some "deficit doesn't matter" narrative; the latent concerns may be more than empirically observed.

1988, **nepal**, china agrees to correct trade imbalance
1996, china, **philippine** leaders to discuss trade imbalance
1997, **polish** president wants to redress trade imbalance with china
1998, **turkey_** deputy premier urges correction of trade imbalance with china
1998, **canadian** minister hopes for fall in trade deficit with china
1999, **fiji** calls for efforts to counteract trade imbalance with china
2001, **czech** deficit in trade with china excessive
2003, **u.s.** blaming china for trade imbalance
2005, **spain's** prime minister says lowering trade deficit with china is a top priority
2006, **thailand** suffers trade deficit with china nine months after the fta
2006, **romania** might balance trade deficit with china by widening exports range
2006, **lithuania** president to discuss in china bilateral trade imbalance
2006, **egypt** seeks lower tariffs, technology to cut china trade imbalance
2007, china promises to reduce trade imbalance with **africa**
2007, **peru**: with new china trade deficit numbers, brown says now not time for peru
2008, **brazil** voices concern about trade deficit with china - estado
2009, **morocco** seeks to plug trade deficit with china
2009, **croatia** seeks to reduce trade imbalance with china - president
2009, **nigeria** governor wants trade imbalance with china addressed
2009, **zimbabwe**; massive trade deficits with china
2009, **vietnam**_china_ measures to reduce trade deficit with china
2010, **south african** president zuma in china to narrow trade deficit
2011, **india** seeks to narrow trade deficit with china
2011, **kenya**;nation seeks more investors from china to bridge trade imbalance
2012, **france** lambasts wto over eurozone trade deficit with china
2013, **malaysia** seeks to address china trade imbalance
2013, **ukraine** wants to reduce deficit of foreign trade with china - azarov
2014, china, **tanzania** should address trade imbalance
2014, **costa rica**'s sol_s to address trade imbalance with china at celac meeting
2015, **bangladesh**, action plan on cards to reduce trade deficit with china
2015, growing china demand helps soften **new zealand** trade deficit
2016, **indonesia** seeking to reduce deficit in trade with china
2016, **uganda**: retrenchment will balance our trade deficit with china
2017, **belarus** lukashenko concerned over belarus-china trade imbalance
2017, **pakistan**, china fta talks begin; trade imbalance in focus
2017, **nigeria** can do a lot to address trade imbalance with china
2018, **mexico** amlo will seek to reduce trade deficit with china
2019, china, **rwanda** jointly bridging the trade imbalance
2019, laadhari calls for countering trade volume imbalance between **tunisia** and china
*1980, china-japan relations;li qiang calls for correction of trade imbalance.
*1985, trade imbalance must be rectified, says china
*1988, china looks to cutting trade deficit with australia
*1993, imbalance worries china as taiwan trade soars

Table 2: Examples of Headlines on Concerns over Bilateral Trade Imbalances (with China). *Note*: data source is LexisNexis. Those marked with star show that even China, when it runs deficits in the 1980s, complained about its trading partners.

Expectation Mismatch – Grievances also arise from expectation mismatch. Leaders embraced LIO rules under the "Washington Consensus" voluntarily or involuntarily (Quinn and Toyoda 2007),[31] motivated by economic modernization, political benefits, and state development (Krasner 1985). Yet, these commitments were contingent: leaders viewed maintaining external balances as a precondition for continued liberalization (Simmons 2000; Quinn and Toyoda 2007).

In the Appendix C.1, I present a macroeconomic model illustrating that, even from pure eco-

---

[31]E.g., in the 1980s, the IMF began pushing states to remove controls on short-term capital flows (Stiglitz 2004).

nomic perspective, persistent external deficits can generate nationwide dissatisfaction through public expenditure and wage channels. These grievances (often disproportionately concentrated) can fuel populism and affect incumbents' survival, particularly concerning leaders.

Indeed, a large literature links external deficit concerns to political tensions. Historically, trade deficits contributed to conflicts such as the War of Jenkins' Ear (Young and Levy 2011) and the Britain-China Opium War.[32] More recently, troubling balance-of-payment positions and higher deficits have reduced support for economic openness (Simmons 2000; Spater 2024), increased trade restrictions (Broz et al. 2016), and fueled domestic protectionism (Delpeuch et al. 2021).

Leaders can reasonably attribute the issue to the LIO. Before large-scale liberalization in the 1980/90s, persistent external imbalances were uncommon. Liberalization constrained economic policymaking unlike during the Bretton Woods era (Stiglitz 2004; Quinn and Toyoda 2007), making leaders unlikely to blame themselves for a global phenomenon. Since 1971, balance-of-payments problems have repeatedly troubled governments and impeded deepening liberalization (Broz et al. 2016; Quinn and Toyoda 2007), prompting the IMF to create dedicated funds "designed to stabilize balance-of-payments (Dreher 2002)."

Testable Hypotheses

I now derive testable hypotheses predicting how deficit-induced grievances translate into order contestation. First, global imbalances map directly onto the mechanism of "outside-option endogeneity" because of its relationship with China on its financial appeal versus controversial trade practices.

China's growing role as an attractive provider of loans and investments contrasts sharply with perceptions of its trade practices, which are often described as mercantilist, state-directed, or coercive (Cha 2023; Wu 2016). Globally, the "China shock" has been accompanied by persistent trade surpluses with most partners (Figure A.3), widened alongside Beijing's push for greater self-sufficiency. In Africa, for instance, governments that initially embraced Chinese finance have increasingly warned that rising bilateral imbalances have exacerbated "mountains of debt, much owed to Beijing."[33]

These dynamics imply that finance and trade domains should elicit different political responses. As two manifestations of global imbalances, current-account deficits primarily reflect capital flows and financial conditions, whereas trade deficits measure trade flows (Barattieri 2014; Obstfeld and

---

[32]National Archives: https://www.nationalarchives.gov.uk/education/resources/hong-kong-and-the-opium-wars.

[33]"Insight: Africa's dream of feeding China hits hard reality," *Reuters*, June 28, 2022.

Rogoff [2009]). Although current account includes trade balance, deficits operate through political perceptions rather than mechanical accounting identities. Governments routinely report and distinguish both.[34] Thus, I treat two imbalances separately. Finally, I assume that when making foreign policy decisions, leaders do not decompose high-level deficits into lower-level items like services or income transfers. Both deficits and surpluses are analyzed, as surpluses may generate satisfaction.

In sum, China may constitute a viable option for financial issues (here current-account deficits), but not for trade troubles (i.e., trade deficits). China's implication in trade issues operates through bilateral trade deficits, reducing states' willingness to shift support. The first mechanism "outside-option endogeneity" yields four hypotheses distinguishing between finance and trade.

H1.1: The higher long-term current-account deficits of a state should increase the likelihood of supporting Chinese leadership.

H1.2: However, if the state runs a bilateral trade deficit with China, the effect in *H1.1* will be moderated.

Unlike current-account deficits, trade deficits directly implicate China and thus reduce its credibility as an alternative leader. Accordingly, aggregate trade deficits should not produce effects comparable to those of current-account deficits. This distinction motivates two different hypotheses:

H2.1: The higher long-term trade deficits of a state should *not* increase the likelihood of supporting Chinese leadership.

H2.2: Moreover, if the state runs a bilateral trade deficit with China, any effect in *H2.1* will be more negative.

H2.2 is an interaction term which implies that states are less likely to support (or more likely to oppose) Chinese leadership, should it run a bilateral deficit.

Second, I derive hypotheses for the observable implication – "grievance-disengagement nonlinearity" – at both grievance and issue levels. As theorized, low-level grievances rarely escalate leaders' dissatisfaction, but unbearable grievances can precipitate disengagement. The following hypothesis tests the mechanism at the grievance-level by examining the effect shape:

---

[34]The two balances often move together, but their magnitudes and sometimes even their signs can diverge sharply (see Appendix A.5).

H3.1: *(grievance-level)* Under positive net disengagement costs, issue-induced support for Chinese leadership remains inert until grievances exceed a critical threshold, that is, the relationship between grievances and support shift is nonlinear.

Issues vary in the intensity of grievances they generate, which are the channel through which issues trigger disengagement. I define "helpless issues" as those capable of generating unbearable grievances that collapse leaders' loyalty. Consequently, helpless issues are disproportionately more likely to trigger disengagement. The following hypothesis tests this expectation, mirroring *H3.1*:

H3.2: *(issue-level)* Support for Chinese leadership remains inert for non-helpless issues but escalate sharply once issues are helpless.

A classification framework. Testing *H3.2* requires identifying helpless issues *ex ante*. Because loyalty is unobservable, I argue that, in theory, issues collapse loyalty when they satisfy four qualitatively assessed conditions. (1) *Stubbornness.* Helpless issues should be highly persistent (for example, recurring or unresolved over two decades). Temporary economic downturns or shocks should not collapse leaders' loyalty. (2) *Severity.* Helpless issues should inflict substantial political, economic, or social pain at least at high magnitudes (e.g., above 80th percentile cross-nationally), overwhelming other LIO benefits. Tolerable grievances retain (partial) loyalty. Severity can be assessed by domain experts or inferred from leaders' revealed concerns. (3) *Attributability.* LIO rules must primarily cause the issues. Leaders are unlikely to collapse loyalty if blaming elsewhere, particularly when alternatives are weak. This dimension can be evaluated conceptually or through elite discourse. (4) *Unaddressability.* The issues must be resistant to feasible domestic policy remedies. Problems that can plausibly be mitigated through LIO-compatible domestic policies, such as inequality addressed via redistribution, should not collapse loyalty, even if severe. This dimension can be evaluated by domain experts.

Together, the logic of binary classification is that, when all four conditions are high, leaders confront long-run, damaging, and ultimately helpless situations, leading to loyalty collapse. Theoretically, if any dimension – persistence or LIO attributability – is not high, grievances remain moderate, rendering loyalty collapse unlikely.

I contend that global imbalances qualify as a helpless issue: it persists for many countries (almost endlessly), generates substantial socioeconomic harm when large in magnitude (e.g., -10% of GDP) as explained, is highly attributable to LIO rules, and lies beyond the control of domestic policies.

For evidence, South Africa's *Business Day* (2016) observes "...persistent current-account deficit is regarded as one of the country's major vulnerabilities..." Kenya's *Business Daily* (2013) and *The New Zealand Herald* (2018) similarly highlight that "Kenya's large and persistent current-account deficit... raises major concerns for sustained economic growth," and "New Zealand economy's external weaknesses, in particular persistent current-account deficits..." More acutely, Pakistan's leading business magazine *Pakistan and Gulf Economist* (2022) laments that "The key issues that our country is facing are... persistent current-account deficit and huge trade imbalance... haunting our economy for long but unfortunately no solution..."

A comparable helpless issue is the recurrent financial instability for some countries.[35] Broz et al. (2020) depict that lasting financial turmoils are persistent, quite politically and economically costly, highly attributable to the current order, and beyond national governments' solutions. In the next section, I identify more issues for hypothesis testing.

5 Empirical Evidence

I employ a mixed-methods approach and progressively introduce empirical strategies and results across five total cases – three dependent variables (DVs) and two case studies – to test two mechanisms: outside-option endogeneity and grievance-disengagement nonlinearity.

Main DV: Supporting Chinese Leadership. The main DV in the theory requires a measure of clear and costly support for Chinese leadership, that goes beyond routine diplomatic engagement such as leader visit or speech, IO voting patterns, or commercial membership in China-led institutions, given the long-standing economic normalization. Following (Broz et al. 2020), I measure state support for Chinese leadership through head-of-state attendance at the 2017 BRI Summit, which is particularly suitable to test my theory. First, the BRI advances China's alternative leadership after Trump's inward turn and is a unique Chinese vision exogenous to the LIO (so that leadership support will not be misinterpreted). Second, the summit was portrayed as challenges to LIO issues in its communiqué, reinforcing the support interpretation as order contestation.

Third and importantly, the measure satisfies the *scope condition*: in 2017, a nascent China-led order remained inferior to the highly networked and institutionalized LIO. Moreover, supporting an illiberal leadership is more *politically* costly than other more universal, commercialized BRI-related

---

[35]Measured by financial crises, capital account volatility, and portfolio outflows volatility (Broz et al. 2020).

engagement forms, such as membership, signed projects, or memorandums.[36] The BRI had drawn warnings about "debt-trap" and China's order-building ambitions.[37] Indeed, despite invitations to all Western leaders, few participated (Broz et al. 2020), and states anticipated limited benefits but nontrivial costs (Atkins et al. 2023).

Public endorsement of Chinese leadership is empirically rare, especially when the theory requires a costly signal. Two potential alternatives exist but are inadequate for this analysis: AIIB founding membership proposed by Qian et al. (2023) conflates commercial and political motivations – the institution mimics the World Bank (Broz et al. 2020), and substantial subscription costs and disproportionate European surplus countries' participation suggest commercial motivations dominate. The initial BRICS applications as a measure lacks interpretive clarity given core members' divergent interests and the confounding effects of the Ukraine war. I provide more details about these two measures in Appendix D.1.[38] These alternatives do not constitute clear, costly signals of leadership-support or order defection – that is, inconsistent with scope conditions. I accordingly show no significant effects of them as DVs (Appendix D.3.[39]

Whereas Broz et al. (2020) seminally show that financial instability (monotonically) leads to shifts toward China, I develop a general theory of issue-based order contestation, showing how outside-option credibility and issue heterogeneity dynamically generate conditional and nonlinear disengagement patterns, particularly in the context of global imbalances.

Additionally, I employ two supplementary DVs: (1) UN General-Assembly (UNGA) voting patterns for the first mechanism in routine diplomacy, and (2) UNES-11/1 resolution on Russia's invasion of Ukraine (2022) as a loyalty test for order norms.

Independent Variable: Measuring Issue-induced Grievances. I use average imbalance percentage to proxy grievances, assuming higher long-run deficits correspond to larger grievances. For cumulative grievances, existing work calculates averages or sums (Broz et al. 2020), implicitly assuming that distant events weigh as heavily as recent ones. However, even if stubbornness matters, leaders may discount more distant events. I therefore operationalize cumulative imbalance grievances G_{t_n} between t_0 and t_n using a time-discounted weighted average:

---

[36]While membership itself conveys a signal (Davis 2023), only 29 states sent head-of-state to the 2017 BRI summit (36 in 2019), compared to nearly 140 BRI members by 2018, suggesting cost difference.

[37]"China's Debt-Trap Diplomacy," Project Syndicate, 17-January-2017. "China's new world order," CNN, 14-May-2017.

[38]I also show why 2019 BRI summit is not a suitable measure (Appendix D.1).

[39]One of the specifications using AIIB as DV shows higher (not lower) surpluses lead to higher participation.

$$G_{t_n} = \frac{\sum_{t_1}^{t_n}(1 - (t_n - i)d)B_i}{\sum_{t_1}^{t_n}(1 - (t_n - i)d)}$$

where B_i denotes the current-account or trade balance in year i, and d is the discount factor that assigns progressively lower weight to older observations. For example, if $d = 0.05$ (in my main tests) and the year of 2017 is weighed at one, intuitively, a 20-year-old event may be almost forgotten.[40]

Testing Mechanism I: Outside-Option Endogeneity

I test this mechanism using BRI attendance coupled with UNGA vote as DVs. Leaders have strong incentives not to articulate the reasons for supporting an authoritarian challenger. I rely on multiple identification strategies, and use the Italy's case below to better illustrate the causal pathways. I begin with a *linear probability model (LPM)* to estimate the factors influencing the dichotomous DV, "sending head-of-state to the 2017 BRI summit" (1 if attended, 0 otherwise).[41] Of the 29 states that sent state heads, 18 ran 20-year average current-account deficits. The empirical strategy is to isolate the issue-driven mechanism by accounting for baseline support propensity such as potential attendance benefits and other relevant confounders. The residual variation reflects primarily issue-induced grievances. Specifically, I estimate the following model:

$$\mathbb{E}[Attendance_i \mid \mathbf{X}_i] = \beta_0 + \beta_1\,AvgBal_i + \beta_2\,BalChina_i + \beta_3\,AvgBal_i \times BalChina_i + \boldsymbol{\beta_4}'\mathbf{X}_i$$

where the variables of interest $(AvgBal_i)$ is the two manifestations of global imbalances as explained: weighted average current-account balance and trade balance (lagged, both as % of GDP in 2011-2017 as the most recent decade).[42] As noted above, two balances may correlate or diverge and are perceived differently, leading to distinct political responses; accordingly, I include two balances both in separate models and jointly. The covariates controlling for baseline support propensity mirror Broz et al. (2020) to establish a comparable and robust benchmark against which I test my theory. Being on the BRI routes for favored investment opportunities and having free trade or investment

---

[40]I assess robustness to multiple discount values (from 0 to 0.2 increased by 0.05, with 0 being simple averages) and the results remain consistent.

[41]Compared with probit models, linear probability models offer transparent marginal effect interpretation, while producing similar estimates (Angrist and Pischke 2008).

[42]The 2011-17 range contains more countries with complete data available (150+ vs. 120+ of the 2001-17 range), and the recent decade is more felt. Nonetheless, the 2001-17 range is also tested (Appendix TODO), showing consistent results.

agreements with China as prior economic preferences are controlled for the "pull factors" to attend the summit. Other covariates include the Ideal Point distance from China, leader's ideology, regime type (Polity V), and the CIRI human rights index (Cingranelli et al. 2014) for political factors that may influence baseline attendance, as well as GDP (log), GDP per capita (log), and GDP growth rate for economic factors. Since financial instability such as currency or balance of payment crises are related to persistent deficits (Obstfeld and Rogoff 2009), I retain the financial crisis count. Moreover, this mechanism is interested in understanding whether the main effect is moderated by bilateral trade imbalance with China, I interact current-account balance with bilateral balances (1 if negative, average over the past five years). I also interact current-account balance with geopolitical relations (Ideal Point distance from the U.S.), race (majority white), and regime type (Polity V) for broader applicability of the main effects across various types of countries.

To strengthen causality, I complement the baseline model with additional strategies. First, to mitigate the concerns of unobserved confounders in baseline models, I conduct *sensitivity analysis* following Cinelli and Hazlett (2020) with the goal to gauge how strong an omitted confounder needs to be to completely explain away the effect of variables of interest. Second, I implement *inverse propensity-score weighting (IPW)*, which reweights treated (average balances < 0) and control units to achieve covariate balance to avoid reliance on the functional-form assumptions of LPM models. Third, to further mitigate omitted variable bias and reverse causality, I adopt *control function method* (Two-Stage Residual Inclusion (2SRI) in the dichotomous DV case (Terza et al. 2008)), which utilizes an instrument variable (historical industrial intensity of 2001-02) that renders an endogenous variable conditionally exogenous. It is expected that across all methods, the estimated effects remain consistent.

DV: Head-of-State Attendence to the BRI Summit
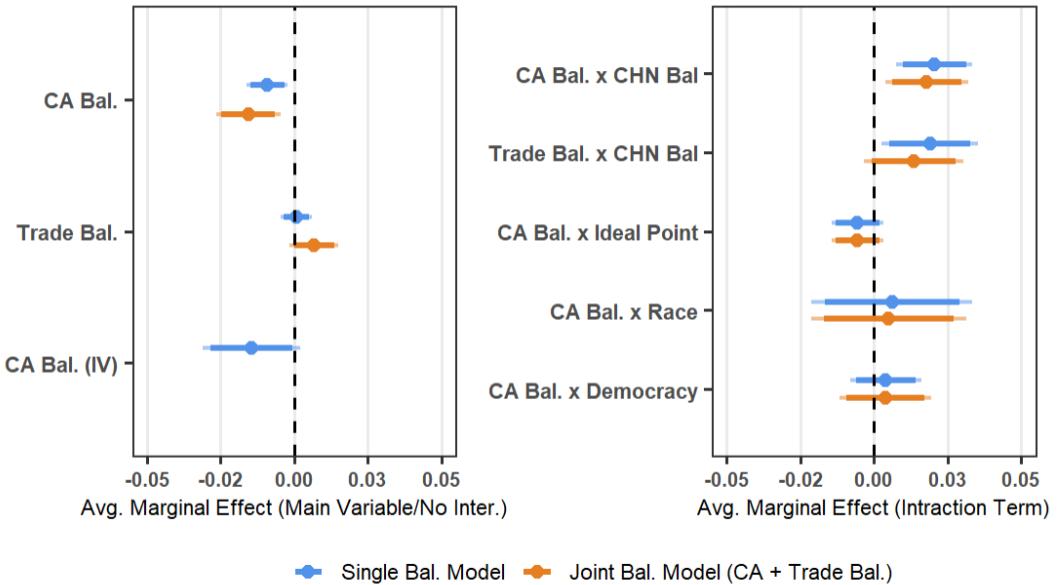
Figure 5: The Effects of External Balances on BRI Summit Attendance. *Note*: The left panel depicts the average marginal effects of external balances across varied models. The right panel depicts the interaction effects of external imbalances and a few moderators. Joint models (orange) put in both current-account and trade balances. See Appendix D.6 for full model details.

Figure 5 shows the average marginal effects (AME) in various models, including models containing both current-account and trade balances (orange) and models containing solo balance (blue) as labeled (see Appendix D.6 for full results). All models control for the same full list of covariates. As shown, current-account balance is negatively correlated with attendance (top blue bar in the left panel), consistent with *H1.1* that higher current account deficits lead to support for Chinese leadership, while trade balance has the expected non-negative coefficient.[43] The non-negative coefficient of trade balance is consistent with *H2.1* – when leaders perceive trade deficit as issues, it is unlikely to support China due to China's problematic trade reputations, whereas current-account issues lead to support shift. This distinction is consistent with covariates FTA and BIT where the former is insignificant. Substantively, moving from a surplus (10%) to a common current-account deficit (-10%) increases the probability of attending the 2017 BRI Summit from about 2% to 20% (or ten times more likely) – holding other covariates at their mean values.

The top four bars in the right panel of Figure 5 plot the coefficients of interaction terms between external balances and bilateral imbalances with China. The signs confirm *H1.2* and *H2.2*: if a state

---

[43]The results are robust for probit models, as well as ordered probit models that utilize the attendance of both state heads and lower-level officials.

runs a trade deficit with China, their baseline support shift due to total current-account deficits is almost eliminated (coefficient from -0.026 to -0.006). Current-account balance is also interacted with Ideal Point distance from the U.S., race, and regime type: that none of them is significant suggests that the disengagement effect due to grievances from current-account deficits is more universal across country types. Additionally, I confirm that the support shift will not change if China is involved in issues tangent to those contested (Note 21): interacting financial crisis count with bilateral imbalances results in an insignificant effect.

For robustness, all models report robust standard errors and pass the checks for multicolinearity and statistical power.[44] The correlation between two balances is insignificant ($p > 0.2$), suggesting little confounding of each other or multicolinearity. The control function method estimates a consistent effect of a similar magnitude that double confirms baseline models (see Appendix D.4),[45] and the IPW method reports similarly robust results (Appendix D.3). Sensitivity analysis shows that any omitted confounder that nullifies the main estimates would need to be 15 times, 17 times, and 38 times as strong as BRI location, Ideal Point distance, and GDP per capita (Appendix D.2 TODO). Overall, all results consistently support the first mechanism.

Additional Evidence: UNGA Vote Convergence. While my theory requires leadership support shift as the DV, the specific mechanism of outside-option endogeneity reflects dissatisfaction and may manifest in routine diplomacy. Scholars have widely studied the relationship between trade and inter-state politics (Gartzke and Li 2003; Kastner 2016), particularly how *bilateral* trade shapes UNGA voting patterns as more routine diplomacy at the United Nations (Bailey et al. 2017; Flores-Macías and Kreps 2013). As such, I examine how bilateral imbalances affect UNGA voting on human rights resolutions with China as relatively non-procedural signals (Flores-Macías and Kreps 2013).

I find that larger bilateral deficits with China are associated with lower voting affinity with China since 1992 (see Appendix E.1 for full empirical specifications). Mirroring the BRI case, I also find similar interaction effects between total and bilateral imbalances: states are less responsive to bilateral imbalances when total balances remain balanced (Figure 6), suggesting leaders' concerns for both balances and that China's implication matters the most when states confront an issue.

---

[44]These models report around 80-85% statistical power – the probability of rejecting the null hypothesis when it is false.

[45]The IV model is only run for current-account as trade balance's coefficient is ambiguous. The F-statistic in stage one is over 12, suggesting a strong instrument.
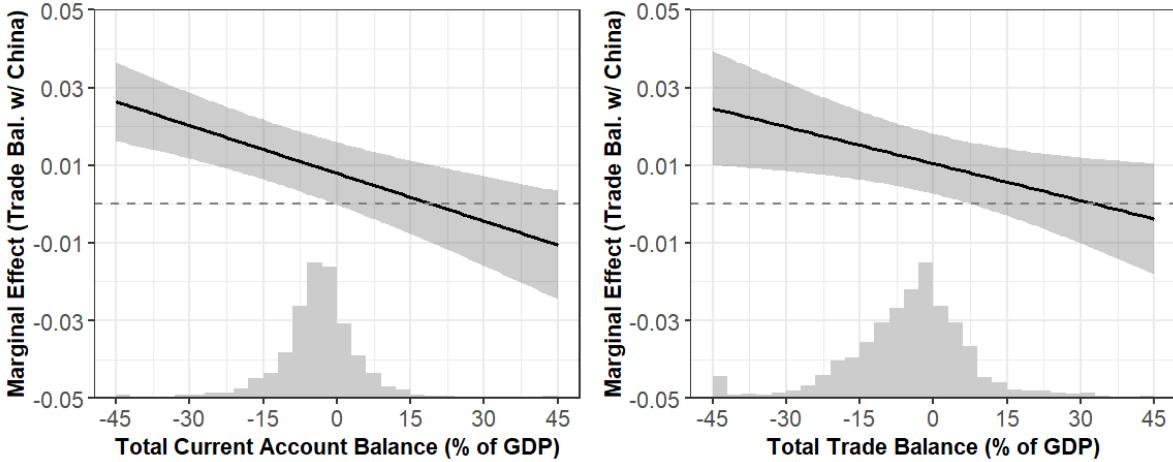
Figure 6: Marginal Effects of Bilateral Trade Balances with China. *Note*: The graphs depict the marginal effects of bilateral balances, when interacting with current-account balances (left) and trade balances (right), at the 95% confidence interval (CI) (Appendix E.1).

I also compute the standard deviation of the Chinn-Ito capital-account openness index, which captures the difficulty of managing external finance (Broz et al. 2020). When confronting external deficits, states may tighten capital flows or liberalize to accommodate deficit financing. Capital account variability (2005-2017, five-year lagged) is negatively correlated with average current-account balances (2000-2017; p=0.02), providing additional evidence for leaders' dissatisfaction.

Testing Mechanism II: Grievance-Disengagement Nonlinearity

I present evidence for the two observable implications of the "grievance-disengagement nonlinearity" mechanism at grievance and issue levels, providing stronger support than a single-level test. Here, I employ BRI summit attendance and UNES-11/1 Resolution as DVs.

Apart from global imbalances and financial instability discussed, I identify eight additional major LIO issues, spanning trade, finance, development, and governance, systematically drawing on more than a dozen articles from the International Organization's 75th-volume special issue on the LIO (see Table C.2 for the selection details). I exclude issues that are difficult to operationalize (e.g., ideational debates) or unlikely to be attributed to LIO rules (e.g., migration or territorial disputes). The resulting ten issues, while not exhaustive, arguably capture major problems most frequently emphasized in scholarly and policy debates.

Although global imbalances and financial instability I argue stand out as particularly "helpless" generating distinct grievances and political responses, I apply the expert-assessed classification

26

framework systematically to all issues based on four simple, predefined criteria: "Does this issue persist (e.g., over two decades) for some? Does it generate severe socioeconomic impacts at high magnitudes? Is it largely attributable to the LIO? Can domestic policies not address it?" Each dimension is rated as high or not-high, relying on statistical facts, theoretical literature, and expert knowledge (see Appendix C.3 for detailed rationale). The process is, in most cases, clear and straightforward, as the goal is binary conceptual classification rather than fine-grained measurement. For instance, import competition typically lacks long-term persistence and are only moderately severe at high magnitudes (e.g., import share rises from 20% to 60% during trade opening-up); but it is highly attributable to LIO trade rules and difficult to resolve without protectionism allowed. For a small number of borderline cases, such as severity of high debt, changing from not-high to high does not alter overall classifications. Among all, only global imbalances and financial instability score high on all four dimensions (Table 3).

	Stubbornness	Severity	Attributability	Unaddressability	Helpless?
Global Imbalances	**high**	**high**	**high**	**high**	**yes**
Financial Instability	**high**	**high**	**high**	**high**	**yes**
Import Competition	not-high	not-high	high	high	no
Low FDI	high	not-high	not-high	not-high	no
Economic Inequality	high	not-high	not-high	not-high	no
Low Economic Growth	not-high	high	not-high	not-high	no
Deindustrialization	high	not-high	not-high	not-high	no
High Debt	high	not-high	not-high	not-high	no
High Unemployment	not-high	not-high	not-high	not-high	no
IMF Governance Deficit	high	not-high	high	high	no

Table 3: Ten LIO Issues and Expert Assessment of Helpless-issue Dimensions. *Note*: the binary classification is based on qualitative expert assessment. See Appendix C.3 for classification rationale.

For robustness, I invite two international-economics experts who independently confirm the overall helpless classifications, despite minor dimensional differences. Later, I supplement expert assessment with LLM-based global media perceptions of these issues to assess expert-perception consistency. I also conduct sensitivity analyses (e.g., placebo tests and different classification (weighting) strategies) below.

Similar to global imbalances and financial instability (Broz et al. 2020), when applicable, I use weighted long-term averages to proxy the grievances each issue generates. Specifically, for import competition, I calculate the change in import share in 2011-17, with the start year to avoid the near aftermath of the 2008 Financial Crisis. For low FDI levels, the weighted average of FDI net inflow share (% of GDP, 2011-17) is calculated, and for the same period, I measure

poor economic performance using the weighted average growth rate. As inequality typically means wealth concentration among a small portion of population, I use the income share of the top ten percent to measure economic inequality in 2016. For deindustrialization, I calculate the change in manufacturing output share (2011-17). The data for all preceding variables are retrieved from the World Bank. Additionally, a country's debt burden is measured using the central government debt rate in 2016, in which year the unemployment rate is used to proxy labor market troubles (both from the IMF). Lastly, the grievance about global economic governance is proxied by the difference between a country's vote share in the IMF and its global GDP share (in current US dollars). All covariates in the previous full baseline model are controlled for. The longer period of 2001-17 is also tested (Appendix TODO). Moreover, since leaders may perceive grievances conditional on income level rather than in absolute terms, I calculate grievance measures residualized with respect to GDP per capita, a standard approach to partialling out income effects, and retest all results (see Appendix D.11).

For hypothesis "*cross-grievance nonlinearity*" (*H3.1*) at the grievance-level, I proxy the intensity of exposure to the latent grievances across all issues above by constructing a continuous variable – the Globalization Grievance Index (GGI) – and a corresponding cross-national dataset. Conceptually, globalization grievances originate from and accumulate additively across multiple globalization-related issues within the LIO. As such, the (standardized) GGI aggregates standardized measures of single-issue grievance G_{kit}, weighted by helplessness w_k (e.g., helpless=1,5,10, non-helpless=1), mathematically as below.[46] Aggregation of standardized measures captures how unusually severe once's grievances are relative to peers for each issue and in total in a cross-national context, and is commonly used in composite indices (e.g., Polity score, KOF Globalization Index).[47]

$$GGI_{it} = \sum_{k=1}^{n} w_k Z_{kit}, \quad where \quad Z_{kit} = \frac{G_{kit} - \mu_k}{\sigma_k}$$

The theory-derived continuous GGI score (helpless-weight = 5) produces expected results. It exhibits strong face validity, aligning closely with observable real-world patterns. In Figure 7, top six countries experiencing the greatest globalization grievances in 2017 include notable poorly-performing countries – Greece (1.00), Zimbabwe (0.90), Nicaragua (0.86), Argentina (0.83), Italy

---

[46]For each issue, I bound (winsorize) the upper and lower 2.5% tails to reduce sensitivity to extreme observations.

[47]For example, the KOF Globalization Index aggregates economic, social, and political variables by normalizing each to percentiles of its distribution before aggregation (Dreher et al. 2008). Z-score standardization is widely used in economics and political science for combining heterogeneous indicators.

(0.83), and South Africa (0.79), while the least grieved countries, by contrast, include Singapore (0.00), Brunei (0.09), China (0.15), South Korea (0.18), Kuwait (0.19), and Luxembourg (0.22). See TODO for the full country list.
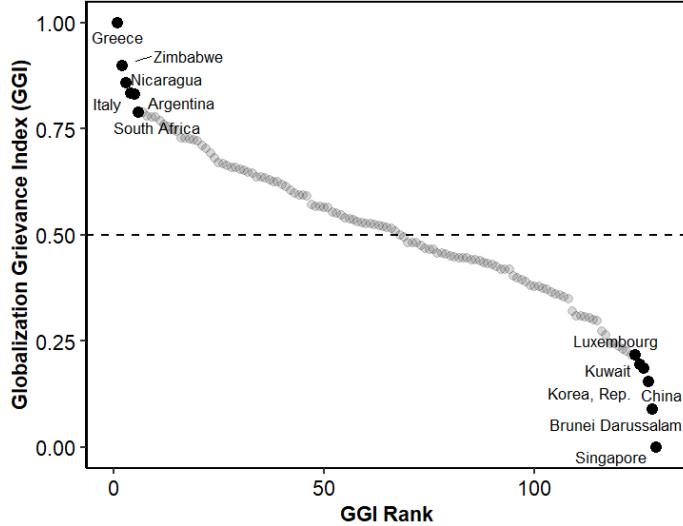
Figure 7: Globalization Grievance Index Distribution. *Note*: the graph reports country distribution of the GGI index ranked by GGI values (helpless-weight = 5) in 2017, and labels top/bottom six countries.

Putting the GGI variable (expert-coded version) in the baseline LPM model generates a statistically significant effect. To assess whether this effect depends on the theoretically motivated issue classification and the corresponding weighting scheme, I conduct 1,000 permutation tests that randomly reclassify 0-10 issues as helpless (helpless-weight=5) and re-estimate the baseline model using 1,000 permutated GGIs. The effect of the expert-coded GGI lies in the right tail of the permutation distribution (see panel (a) in Figure 8): only 0.8% of random classifications produce coefficients of larger magnitude, and only 0.9% yield statistically significant effects. This indicates that the observed effect is unlikely to be driven by arbitrary labeling.

(a) GGI Effects across 1,000 Permutations

(b) Spline-based

(c) Segmented Regression

(d) Piecewise Regression
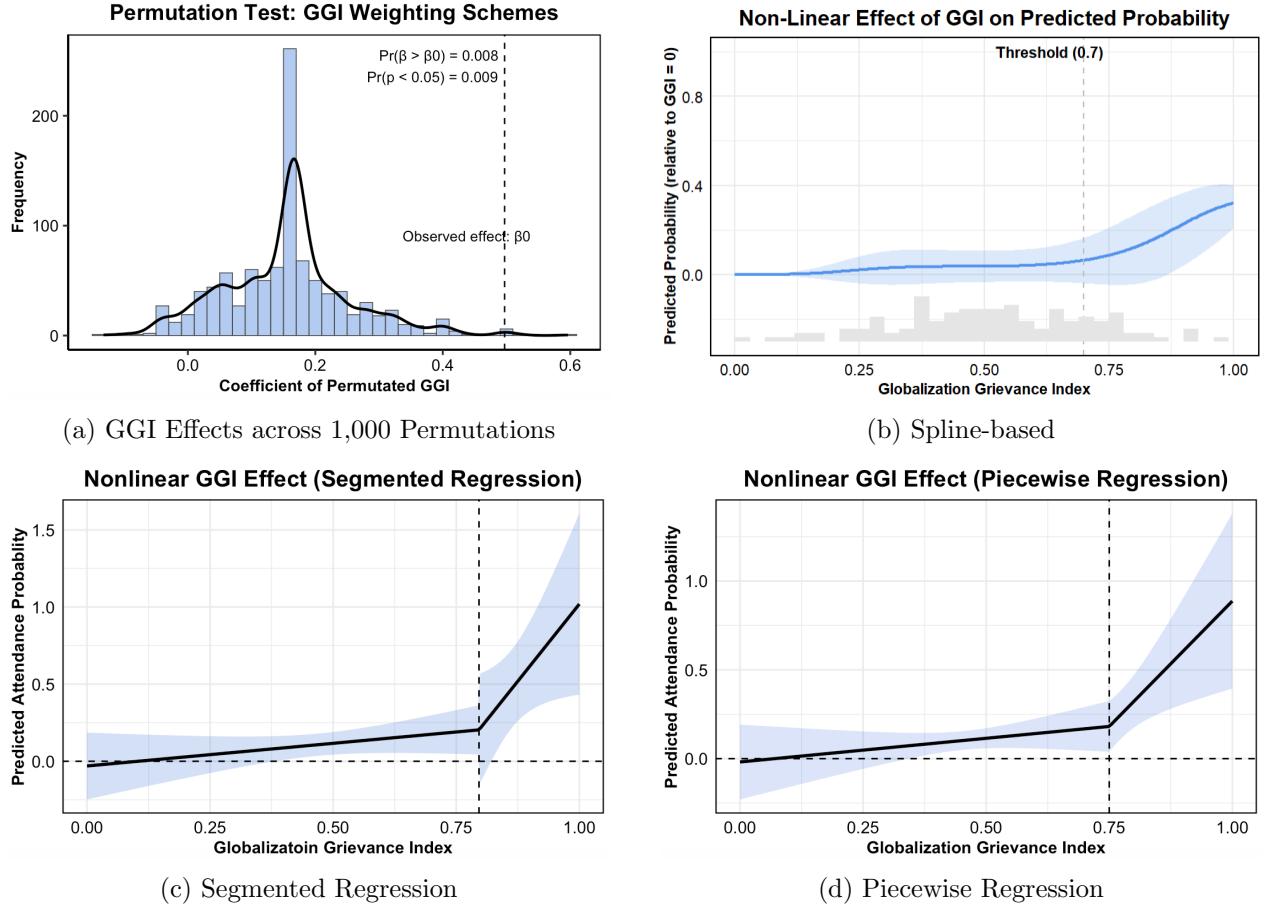
Figure 8: Globalization Grievance Index (GGI) Effects. *Note*: Panel (a) reports GGI coefficients across weighting schemes using baseline LPM models from 1,000 permutations, while Panel (b) plots the predicted probability from a spline-based probit model with weight = 5 (knot at 75th percentile 0.52; robust results for for other knots (30th/50th/90th percentile) in Appendix D.9). Panel (c) and (d) plot the predicted attendance probability by two threshold regressions, with segmented regression estimating the threshold automatically (see Appendix D.9 for details).

For the loyalty-based nonlinear mechanism, although case studies below (Italy and Canada) more clearly illuminate it, quantitative analyses provide strong supportive evidence. Panel (b) plots a spline-based probit model that, unlike polynomial specifications which impose global curvature, allows a flexible, data-driven functional estimation without imposing nonlinearity (see Appendix D.8).[48] There is little evidence of statistically significant effects across most of the distribution; the relationship emerges only at unusually high levels of grievance (around 0.7 from the plot), with confidence interval becoming wider but above zero. Descriptively, the attendance rate is 38% above 0.7 (out of 25 countries), compared to 18% below it. Robustness checks employ threshold regressions: *piecewise* and *segmented* specifications (Appendix D.11), with the latter's data-driven

---

[48]For visualization purposes, I use probit that constrains predictions to [0,1], with similar estimates using LPM models (Appendix D.11).

threshold automatically estimated at 0.78.[49] Piecewise and segmented specifications separate and test two data partitions, showing no significant effect below the threshold and a substantively larger one above it.

Convergence across specifications reduces the likelihood of chance despite the slightly increased uncertainty in the upper range of the distribution (see confidence bands). I assess the sensitivity using bootstrap resampling with 1,000 draws, which shows that the above-the-threshold effect remains positive in over 95% of resamples. The nonlinear pattern also persists under an equal-weighting specification of GGI (helpless = non-helpless = 1, Appendix D.9), indicating that the threshold grievance effect does not depend on the specific weighting scheme. The classification framework remains theoretically important for identifying which issues are disproportionately grievance-generating. Moreover, I reconstruct the GGI variable using a rank-based aggregation, showing similar results (TODO). I also test a GGI variable constructed from income-residualized issue indicators to account for development-based grievance differences (Appendix D.12).

For hypothesis "*cross-issue nonlinearity*" (*H3.2*) which tests the nonlinearity mechanism at the issue-level, I jointly test ten LIO issues. I adopt a two-pronged operationalization strategy. First, I estimate the effects of ten issues on BRI summit attendance, both individually and jointly (i.e., pooling all issue variables simultaneously). This provides a benchmark for the theory's core prediction: helpless issues primarily predict support shift, whereas non-helpless issues rarely do and serve as placebo tests.

Second, I move from individual variables to a theoretical construct by collapsing issues into a dummy variable "helplessness," which equals 1 whenever any issue k that belongs to helpless issues $\mathcal{H}$ exceeds a threshold τ_k in that issue (e.g., 50th percentile), mathematically:

$$
Helpless_i = \begin{cases} 1, & if \ \exists \, k \in \mathcal{H} \ such \ that \ X_{ik} > \tau_k \\ 0, & otherwise \end{cases}
$$

For robustness, I construct placebo helpless dummies for eight non-helpless issues. I also re-estimate all models across alternative threshold specifications at the 75th percentile (Table D.9).

---

[49]Threshold regressions estimate two hinge terms: $\beta_1 min(X_i, c)$ and $\beta_2 (X_i - c)\mathbf{1}(X_i > c)$, with the threshold c.
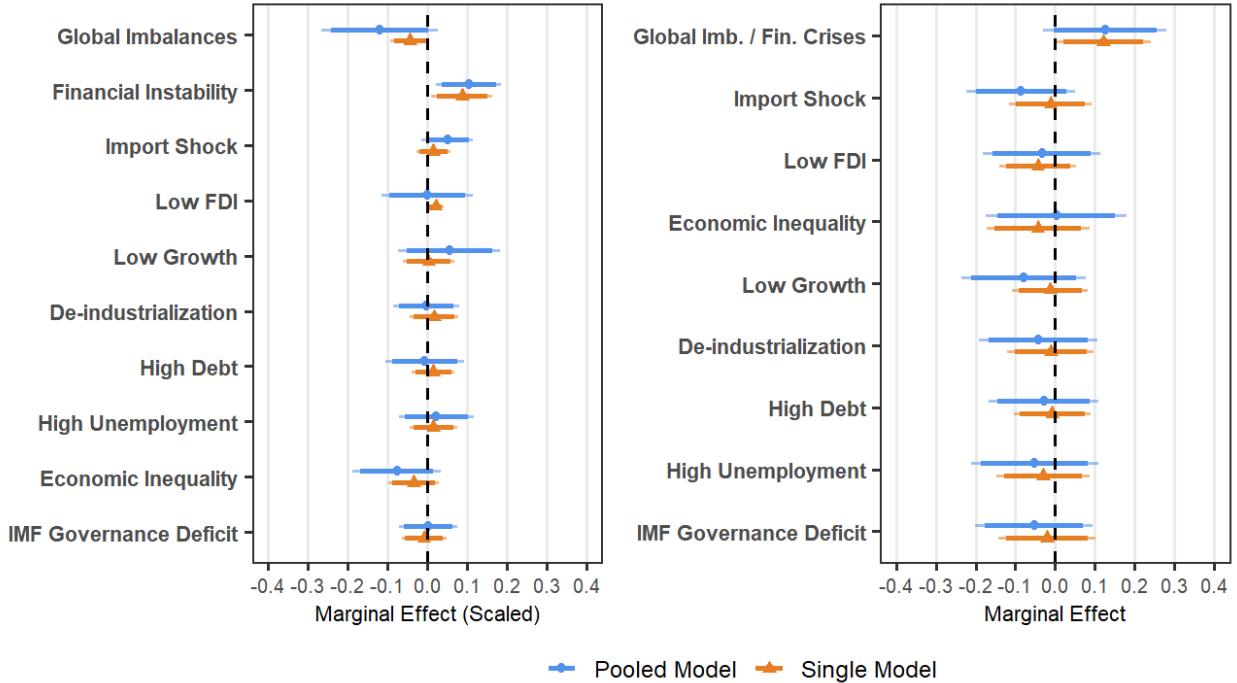
Figure 9: Scaled Marginal Effects of Ten Major LIO Issues. *Note*: The left panel plots scaled marginal effects of ten LIO issues for both single-issue and pooled-issue models, at both 90% and 95% CI levels. The right panel plots marginal effects of the constructed helplessness dummy variables. See Appendix D.6 for full models.

Results are displayed in Figure 9. The left panel shows scaled marginal effects from LPM models, estimated separately for each single issue (orange) and a pooled specification (blue) that includes all ten issues (see Table D.7 for full models). These effects are interpreted as the change in attendance probability by a one-standard-deviation increase in the issue variable, holding covariates at their mean values. Consistent with the theoretical expectation, only global imbalances and financial crises exhibit statistically significant effects in both single-issue and pooled models; the remaining eight issues do not. Notably, the pooled model including all ten issue variables still shows that only global imbalances and financial crises are significant, suggesting the particular robustness (Table D.7); it also serves to mitigate confounding bias for global imbalances which may be affected by other issues. Standard diagnostics include multicollinearity checks and statistical power for all models.

The right panel depicts marginal effects of the constructed helpless-issue dummy variable, again yielding consistent results for both single and pooled models (see Appendix D.8). The single models construct dummy variable for only one issue (with non-helpless issues being placebos); only dummies constructed by the right classified helpless issues exhibit significant effects. Overall, across all operationalizations, helpless issues consistently exhibit statistically significant effects, which is

unlikely by chance. These findings support the hypothesis that only helpless issues can push states to support Chinese leadership, implying that such issues should raise particular attention from LIO stakeholders. The findings help explain Broz et al. (2020)'s conjecture on why some issues (e.g., WTO complaints) seem to only motivate reform within the existing system, while others (financial crises) lead to transition towards a new order.

Additional findings reinforce the loyalty mechanism. Interacting the helplessness dummy with leader's ideology shows that helpless issues increase support for Chinese leadership most strongly among right-leaning governments, with the effect attenuating and losing significance as governments become more left-leaning. This implies left-leaning governments may retain higher levels of loyalty impeding exit given similar grievances, consistent with recent findings that left-wing parties are more subject to global legal commitments (Schneider and Thomson 2023).

Supplementary DV: UNES-11/1 Resolution. To further support the loyalty-eroding mechanism across distinct domains, I utilize the unusual UNES-11/1 resolution on March 2, 2022, which was the first UNGA vote to condemn Russia's full-scale invasion (February 24) and demanded complete withdrawal. These requests concerned core LIO norms and the West-led order backing Ukraine, rendering non-compliance a strong signal of disloyalty, thus well suited to my theory. Of all, 141 voted in favor and 40 voted against or abstained. As with BRI attendance, defection plausibly reflects two channels: (1) baseline affinity with the West or Russia shaped by regime type, leader ideolology, geopolitical alignment, or perceived utility of voting, and (2) issue-induced loyalty erosion within the current order. By controlling for the first channel, the analysis isolates the variation to the second.

Defying core LIO norms constitutes perhaps a more costly form of contesting the LIO, generating more diplomatic and reputational costs (than BRI attendance) while offering virtually no foreseeable material benefits. As such, my theory predicts that, for typical states, substantial loyalty erosion is required for defection. Empirically, I again find only helpless issues of current-account imbalances and financial instability exhibit significant effects (see Appendix D.10 for full specifications). Notably, the pattern exists only in the longer 2001-20 period rather than 2011-20, suggesting that this event requires deeper grievances than BRI attendance. Moreover, UNES-11/1 also reveals a nonlinear grievance-disengagement relationship at the grievance-level (Appendix D.10).

LLM-based Media Analysis. I substantiate the issue classification by employing text analysis

of media coverage of the ten major LIO issues to provide directional validation of expert assessment. Although the ideal method – directly surveying national leaders – is infeasible, media-based perceptions, despite their limitations, capture how issues are professionally covered, publicly perceived, and shaping elite and mass views (Mutz and Soss 1997; Wlezien and Soroka 2023).

I collect all news articles from LexisNexis since 2000,[50] containing issue-specific keywords (e.g., "persistent current-account deficit," "persistent economic inequality," "deindustrialization," "persistent high unemployment," "persistent low growth"), and their spelling variants. After removing duplicates, the final corpus consists of over 3,000 articles across ten issues, with each issue represented by 15-40 countries and no country exceeding 25% of any issue's sample. Operationalization details appear in the Appendix TODO.

LLMs trained by super large corpora can replicate human-coded framing judgments with high semantic reliability (Bail 2024; Bisbee et al. 2024), especially compared to existing techniques such as word-based topic or sentiment analysis. For each article,[51] I ask LLM (GPT-4.1-mini) to rate on the scale 1-5 for each helpless dimension d (stubbornness, severity, attributibility, and unaddressibility) using standard zero-shot, zero-temperature settings. For example, for severity, I ask "if the issue is extremely damaging to domestic economy?" Furthermore, I ask LLM to rate the overall "helplessness" by combining four dimensions in one question (See Appendix TODO). For each dimension of each issue, I calculate average scores $\bar{X}^{(d)}$ (formally expressed below) weighted by the inverse of country article count c_i to suppress overrepresented countries, and then their differences from the baseline "current-account deficit."[52]

$$\bar{X}^{(d)} = \frac{\sum_{i=1}^{n} \left(\frac{1}{c_i} \sum_{j=1}^{c_i} x_{ij}^{(d)} \right) \frac{1}{c_i}}{\sum_{i=1}^{n} \frac{1}{c_i}}$$

Figure 10 plots, for each issue and dimension, the LLM-coded score differences relative to current-account deficits. Randomly inspected 50 text examples confirm that LLM ratings accord with human interpretations (see Appendix TODO). The results align with expectations: current-account deficits and financial crises receive the highest scores across all dimensions, while other issues score substantially lower on one or more dimensions. The overall "helplessness" score like-

---

[50]LexisNexis provides global coverage of major national and local outlets; I exclude the United States and China.
[51]I extract and keep only 100-word windows around each keyword to focus on local framing.
[52]Using differences can mitigate model-specific scoring biases toward certain direction.

wise places global imbalances and financial crises at the top. Substantively, for example, "weak global governance" and "import competition" score high in attributability but moderate in severity, whereas "high debt" and "low growth" show the opposite pattern. Despite not being fully matched, many of LLM's four dimensions and all overall helpless classifications are directionally consistent with human assessment in Table 3.[53]
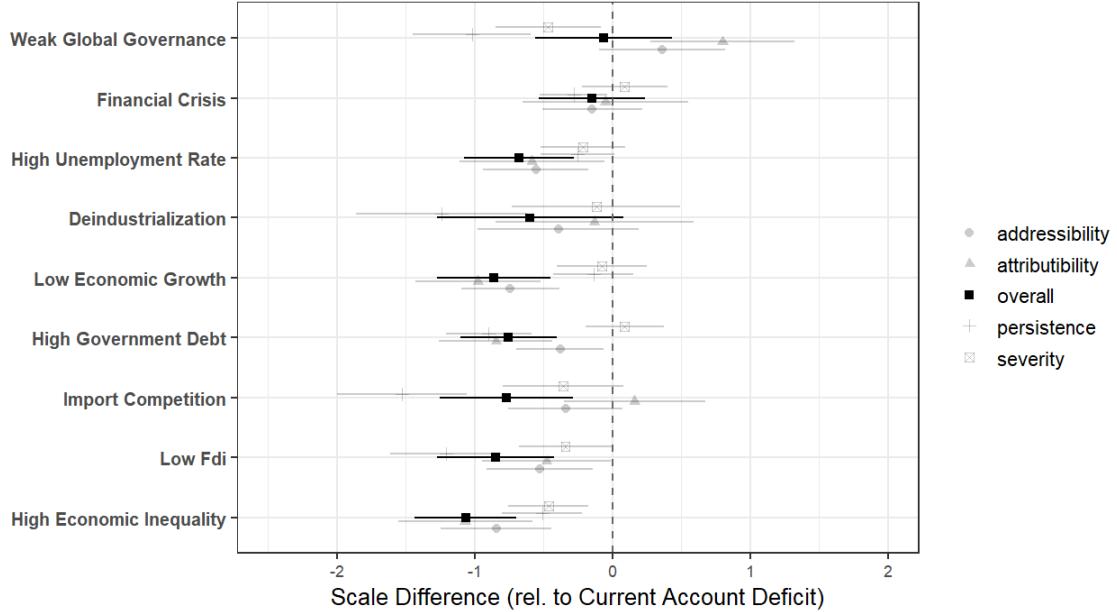
Figure 10: LLM-rated Dimensions across Issues. *Note:* Each bar plots the average LLM-rated score of one issue on one dimension relative to the baseline "current-account deficit," at the 90% CI level.

Additional Robustness Tests

In addition to multiple robustness checks above, I conduct additional tests in the Appendix TODO. First, to ensure that no outliers drive the results, I sequentially exclude each country, continent, and year from the sample and trim the top and bottom 5% of the external-balance distribution. Second, I address missing data using multiple imputation and re-estimate main models. Third, I expand the set of controls by adding additional continent indicators to capture geographic distance and regional fixed effects, as well as dummy variables of military alliance and Global South. Fourth, I employ alternative measures to assess coding sensitivity: regime type (Polity V) is replaced with the Freedom House and V-Dem liberal democracy indices. Lastly, I restrict the sample to WTO mem-

---

[53]I also tried simple-means, multiple runs of multiple GPT models, and different word-windows, yielding consistent results.

bers only and re-estimate main models. Across all specifications, the results remain substantively unchanged.

Illustrative Cases: Italy and Canada

Italy's Attending, Joining, and Quitting. I now turn to cases to provide plausibility probe for the mechanisms I propose. As a NATO ally and the only G7 state to send its head-of-government to the 2017 BRI summit, Italy is an analytically hard case: if a core Western economy with deep institutional commitments to the EU and the broader LIO can support China due to issue-induced grievances, the mechanism should plausibly hold for a larger set of developing states, like the aforementioned concerned African countries.

The 2017 BRI summit's Joint Communiqué, which emphasized "financial crises, unsustainable development, and uneven globalization" (Broz et al. 2020), echoed Italy's long-standing macroeconomic distress. Italy experienced over a decade of stagnation, recurring recession episodes, and sovereign debt crises that left it with one of the highest debt-to-GDP ratios.[54] In fact, its long economic troubles could even trace back to the 1970s when youth unemployment was high, inflation had soared, and the budget deficit became intractable (about 10% of GDP) – worse than nearly any other major industrialized economy. Italy had also run persistent current-account deficits from 1973 through the 2010s (except the 1990s), accumulating economic vulnerability. This combination of lasting, severe, and systemic grievances formed precisely "helplessness" theorized in the paper: entrenched problems that Italy could not solve unilaterally and whose persistence signaled that global economic authority (Eurozone fiscal rules, ECB austerity constraints, IMF surveillance norms) had ceased to deliver institutional benefits. As noted widely in contemporary media, Italy entered the mid-2010s deeply grieved, facing what The Economist termed "the sick man of Europe."[55] As such, the Italian government's move sought to signal its discontent while seeking economic alternatives (Pugliese et al. 2022). This is consistent with the "unbearable grievances lead to searching for alternatives" mechanism.

Notably, although Italy may not attribute its position change solely to external deficit, it did relate to it. Luigi Di Maio, former economic minister who later signed the BRI MoU to join the BRI, explicitly framed deeper engagement with China as a solution to Italy's external imbalance, stating

---

[54] "Italy joins China's Belt and Road Initiative," Aljazeera, 23-March-2019.

[55] "The real sick man of Europe," The Economist, 15-Oct-2016.

that Italy hoped for "a substantial increase in exports" to improve its current-account position –
a public acknowledgment that systemic grievances (and fear of their return) motivated the search
for an alternative economic partner.[56] Particularly, compared to a few years later, at this moment
Italy was driven more by financial grievances (e.g., debt, recession, and lack of investments) with
relatively less concerns over Sino-Italy bilateral imbalance, so China as an outside option seemed
viable.[57]

Despite all these, Italy had initially tried reforms to fix its problems, suggesting some levels of
loyalty to and hope for the existing order. The Monti technocratic reforms (2011-2013), including
pension reforms, spending cuts, labor-market and regulatory liberalization, were effectively a forced
realignment with EU rules. Yet, as troubles continued despite all the efforts, problems became truly
helpless and Italy's loyalty to the establishment order dropped rapidly. Domestic politics directly
reflected the issue-driven consequences. Anti-establishment parties quickly gained steam in the com-
ing years. The year 2018 perhaps witnessed its peak: the country elected a populist coalition (Five
Star Movement-Lega) that were utterly anti-establishment as opposition and repeatedly described
Italy as being "in battle with Brussels" – a direct challenge to current global economic authority
with the Eurozone being a key organic component.[58] Facing one rejection of its fiscal plan from the
European Commission, Deputy Prime Minister Matteo Salvini flouted, "Italians come first ... Italy
no longer wants to be a servant to silly rules."[59] This illuminates the nonlinear mechanism – "only
lasting, unbearable grievances lead to loyalty collapse."

Italy's experience also illustrates the apparently substantial costs of leadership support shift
compared to benefits. Its shift faced criticism and diplomatic pressure, particularly from the West.
White House officials labeled the BRI a "vanity project," praised countries (e.g., Iceland) that
refrained from participation, and cautioned against alleged "debt traps" (Atkins et al. 2023). Other
EU members have criticized Italy's decision, while domestically, Italian legislators have pushed back
on China's human rights practices (Meacci 2021). Primarily due to public opinion pressure, Italy's
populist government carefully handled its policy shift, emphasizing the vague, non-committal nature
when signing the MoU, and framing the content within existing EU-China frameworks (Atkins et
al. 2023). This suggests Italy's perception of positive disengagement costs, matching my "scope
condition."

---

[56]Ibid.

[57]Ibid

[58]Al Jazeera, "Italy joins China's Belt and Road Initiative," 23-Mar-2019.

[59]"Salvini says Italy won't change budget." Reuters, 24-Oct-2018.

Italy's withdrawal from the BRI in 2023 (the reversal of support) powerfully reinforces the "endogenous outside-option" mechanism. While the initial alignment was driven by unbearable grievances and the desire for an outside option, the subsequent reversal was driven by a new realization: Italy's bilateral trade deficit with China doubled between 2019 and 2023. In July 2023, during an interview with a local newspaper Corriere della Sera, Defense Minister Guido Crosetto remarked, "... joining the Silk Road (BRI) was an improvised and wicked act... we exported a load of oranges to China, they tripled exports to Italy in three years..."[60] This reflects Italy's realization that a hope for the BRI to alleviate its imbalances and other financial issues was futile and bilateral trade was indeed a trouble source. In other words, China as an outside option proved less credible, precisely because of bilateral trade relations indicating China's implication in Italy's troubles.

Overall, the case matches the logic of my theory: helpless issue-induced grievances → collapsed loyalty → experimentation with the China option → realization that China is implicated in its issues → withdrawal of support. Italy's behavior thus provides direct observational support for the loyalty-based, issue-driven theory of order contestation.

Canada's "Historical" Position Shift. This case, which concerns the issue of hegemonic power abuse, illustrates the loyalty-based logic. In January 2026, Canada, another G7 country and a long-standing U.S. economic and military ally, made an unexpected but symbolically significant shift away from its conventional alignment: Prime Minister Mark Carney traveled to Beijing speaking of "a new world order" and "strategic partners," while seeking independent geopolitical strategies.[61] China has narrowed the power gap with the U.S. than in 2017, and the U.S. was rapidly unraveling the LIO, seeking regional power-based hegemony. The shift was costly though: Canada remained heavily dependent on the U.S. market and thus vulnerable to U.S. retaliation, with roughly 75% of its exports destined south. Despite China's promises on agriculture imports, Canadian leaders cautiously allowed only a 5% capped car-import quota, given a substantial trade deficit with China (consistent with "outside-option endogeneity"). Besides, China is a net exporter of Canola oil Canada wished to export. Domestically, Carney faced criticism for embracing an autocracy.[62]

The loyalty-based framework explains this decision. Long-term ally loyalty would have impeded disengagement, and Canada initially remained loyal to the U.S.-Canada alliance, negotiating in

---

[60]Ibid

[61]"Canada's deal with China signals it is serious about shift from US," BBC, 16-January-2026.

[62]Ibid

good faith and despite occasional tensions over decades. This suggests that mild grievances will not trigger disengagement. However, Trump's repeated challenges to U.S.-Canada trade relations and claims over Canadian sovereignty rapidly and significantly eroded both institutional and social benefits rooted in mutual trust and identity. For Canadian leaders, far-right American leadership further damaged ideology-based loyalty. The grievances appeared perceptually severe, as well as potentially persisting and unresolvable, as Carney claimed "the old order is not coming back."[63] Continued attachment may generate more disutility than potential disengagement costs. Consequently, Canada's surprising position shift, however costly, becomes comprehensible.

Alternative Explanations

I now address a few alternative explanations. First, long-term external imbalances may correlate with other structural problems such as low growth, deindustrialization, or financial instability that could independently drive support shifts. This omitted-variable concern is mitigated by models pooling all variables for most theoretically co-occurring factors (Figure 9). Second, states may simply be attracted to China – a pull channel – either by economic benefits or deficit issue relief or ideological and geopolitical affinity. I account for these by controlling for most relevant covariates. Historical evidence, theory, and the Italy case all suggest that the push channel rooted in grievances play a key role. An institutionally inferior and materially uncertain China-led order makes a pure pull mechanism unlikely, while attending the BRI Summit is not a technical remedy for external deficits.

Third, as the theory emphasizes the issue-driven channel, one might question whether the China-led nascent order is truly uncompetitive to make the loyalty-eroding mechanism necessary. Beyond rich empirical evidence supporting this assumption, the model predicts that if outside options were genuinely competitive, issue characteristics should not condition disengagement. Yet, the results reveal clear heterogeneity across issues. Moreover, public discourse and leaders' behavior suggest that even among some authoritarian states or those located along BRI routes (e.g., Saudi Arabia, Vietnam, Singapore), the China-led order may also be perceived materially and institutionally weaker. Fourth, the results are unlikely to reflect mainly hedging behavior to balance both sides. Because the LIO and a potential China-led order embody competing rules and norms (Broz et al. 2020), states cannot easily support both simultaneously. In an increasingly bipolar environment,

---

[63] "Carney's speech to World Economic Forum," Global News, 20-January-2026.

even symbolic gestures are increasingly interpreted as signals of positional commitments (Ikenberry 2011; Mearsheimer 2001). Taken together, these alternative explanations do not (fully) account for the observed pattern.

Why Now? Finally, why do we observe states supporting Chinese leadership now, given that global imbalances have persisted for decades? Three responses are in order. First, until the 2010s there was no obvious rising order and no meaningful opportunity like the BRI summit for states to express support; once the change in political opportunity structure (e.g., outside options) appears, grievances can appear especially intolerable (Tocqueville 1856), especially for helpless issues. Second, historical attitudes toward deficits and the UNGA vote analysis indicate that concerns existed earlier, but policymakers required time to assess their severity and persistence. Third, grievances accumulate: even with a constant imbalance rate, the cumulative pain grows over time, allowing grievances to cross certain threshold of disengagement.

6   Conclusion and Discussion

Although the post-Cold War "golden" years may have ended, studying the LIO remains important partly because losing it is full of uncertainty. Although the LIO as a singular institution is methodologically challenging, examining its issues offers a crucial lens for understanding the contemporary crises: without these issues and the grievances they generated at home and abroad, populist challenges such as Trump's rise would have been far less likely. Yet, despite extensive scholarship identifying LIO's shortcomings, we know relatively little about the political consequences of these issues, particularly how they shape order contestation and the dynamics of the renewed great-power competition, which is critical in an emerging bipolar order.

This paper develops an issue-based theory of order contestation, illustrated through the context of persistent and structurally distorting global imbalances. These findings extend the seminal work of Broz et al. (2020) by demonstrating that the politics of support shifts depend on the characteristics of outside options and of issues themselves, and how the two interact. This more clearly explains why states choose to support Chinese leadership even if it's yet competitive, implying large disengagement costs with limited benefits. In this sense, the results reveal certain resilience in the existing order, perhaps tempering some pessimistic assessments in Lake et al. (2021), with caveats mentioned in the introduction. Furthermore, the theory and evidence fill an important

gap in power transition research (Organski and Kugler 1980) by identifying a more nuanced and issue-centered process of contestation in a highly globalized world. They also speak to institutional bargaining literature (Lipscy 2015; Morse and Keohane 2009) by showing how issue characteristics and outside-option credibility can be endogenously connected.

Overall, this paper combines global imbalances, the LIO, its contested issues, and U.S.-China competition to offer unique insights into today's world politics: neoliberal globalization has created many thorny issues with substantial distributional consequences. While concerns over imbalances even lead to hegemon's disengagement from LIO institutions (e.g., the WTO), Trump's unpredictability presents an issue for others, whose reaction may depend on aforementioned mechanisms; the absence of exogenous and competitive outside options may encourage hegemon's revisionism.

Moreover, issues like global imbalances reveal structural tensions in the global economy that extend beyond temporary domestic backlash or subnational distributional conflicts (Baccini 2019; Hiscox 2001; Walter 2021). They underscore that globalization has disproportionately benefited some states (Baldwin 2016), while disadvantaging others: many persistent deficit countries are emerging democracies and major surplus countries are disproportionately autocracies, running against the LIO's purposes (Lake et al. 2021; Ruggie 1982). Democracies that confront democratic backsliding need to consider external factors that erode domestic foundations, which raise broader questions of globalization efficacy. As such, as China agglomerates global production, U.S. tariffs on Chinese goods that redirect demand to others may inadvertently strengthen others' economies and foster a more balanced global trade system. The findings inform future global trade reforms, when the WTO is less capable of handling issues like mercantilism (Wu 2016), suggesting that the economic component of the LIO can well undermine the order itself. If the never-ending structural issues continue, anti-globalization backlash will unlikely to heal on its own, resembling characteristics in the 1930s when trade reinforced by zero-sum views collapsed.

One may argue that BRI attendance is not a true exit. Things will change in ten years or so, as China further integrates the global economy, dominates in global production and trade, and expands China-led institutions. As my theory predicts, when a China-led order becomes competitive, states will be much easier to draw regardless of institutional stickiness. China now accounts for nearly 40% of global high-technology value-added output (UNIDO), and Qian et al. (2023) show that developing-country AIIB founders have already reduced reliance on World Bank projects. Chinese foreign aid and loans differ in conditionality and normative requirements, which, along with emphasizing capital

controls and social stability, stand in contrast to the criticisms of the current order.

References

Angrist, Joshua D. and Jörn-Steffen Pischke (2008). *Mostly Harmless Econometrics: An Empiricist's Companion.* Princeton, NJ: Princeton University Press.

Atkins, Eleanor et al. (2023). "Two Paths: Why States Join or Avoid China's Belt and Road Initiative". In: *Global Studies Quarterly* 3.3, ksad049.

Autor, David et al. (2020). "Importing Political Polarization? The Electoral Consequences of Rising Trade Exposure". In: *American Economic Review* 110.10, pp. 3139–83.

Baccini, Leonardo (2019). "The Economics and Politics of Preferential Trade Agreements". In: *Annual Review of Political Science* 22, pp. 75–92.

Bail, Christopher A. (2024). "Can generative AI improve social science?" In: *Proceedings of the National Academy of Sciences* 121.21, e2314021121.

Bailey, M., A. Strezhnev, and E. Voeten (2017). "Michael A. Bailey and Anton Strezhnev and Erik Voeten". In: *Journal of Conflict Resolution* 61, pp. 430–56.

Barattieri, Alessandro (2014). "Comparative advantage, service trade, and global imbalances." In: *Journal of International Economics* 92.1, pp. 1–13.

Barnes, Lucy and Timothy Hicks (2022). "Are Policy Analogies Persuasive? The Household Budget Analogy and Public Support for Austerity". In: *British Journal of Political Science* 52.3, pp. 1296–1314.

Benigno, Gianluca, Luca Fornaro, and Martin Wolf (2025). "The Global Financial Resource Curse". In: *American Economic Review* 115.1, pp. 220–262.

Bernanke, Ben (2011). "Global Imbalances: Links to Economic and Financial Stability." In: *At the Banque de France Financial Stability Review Launch Event, Paris, France.*

Bernard, Andrew B. et al. (2018). "Global Firms". In: *Journal of Economic Literature* 56.2, pp. 565–619.

Bisbee, James et al. (2024). "Synthetic Replacements for Human Survey Data? The Perils of Large Language Models". In: *Political Analysis* 32.4, pp. 1–19. DOI: 10.1017/pan.2024.14.

Blanchard, Olivier and Gian Maria Milesi-Ferretti (2009). "Global Imbalances: In Midstream?" In: *IMF Staff Position Note.*

Blyth, Mark (2002). *Great Transformations: Economic Ideas and Institutional Change in the Twentieth Century.* Cambridge: Cambridge University Press.

Broz, J. Lawrence, Maya J. Duru, and Jeffry A. Frieden (2016). "Policy Responses to Balance-of-Payments Crises: The Role of Elections." In: *Open Economies Review* 27.2, pp. 204–27.

Broz, Lawrence J., Zhiwen Zhang, and Gaoyang Wang (2020). "Explaining foreign support for China's global economic leadership". In: *International Organization* 74.2, pp. 417–52.

Buera, Francisco J. and Joseph P. Kaboski (2012). "Scale and the origins of structural change." In: *Journal of Economic Theory* 147.2, pp. 684–712.

Caballero, Ricardo J., Emmanuel Farhi, and Pierre-Olivier Gourinchas (2008). "An Equilibrium Model of 'Global Imbalances' and Low Interest Rates". In: *American Economic Review.* 98, pp. 358–93.

Carnegie, Allison and Richard Clark (2023). "Reforming Global Governance: Power, Alliance, and Institutional Performance". In: *World Politics* 75.3, pp. 523–565. DOI: 10.1353/wp.2023.a900712.

Cha, Victor (2023). "Collective Resilience: Deterring China's Weaponization of Economic Interdependence". In: *International Security* 48.1, pp. 91–124.

Chatham House (2025). *Competing Visions of International Order: Responses to U.S. Power in a Fracturing World.* London: Royal Institute of International Affairs.

Chaudoin, Stephen (2014). "Promises or Policies? An Experimental Analysis of International Agreements and Audience Reactions". In: *International Organization* 68.1, pp. 235–256.

Chilton, Adam, Helen Milner, and Dustin Tingley (2017). "Reciprocity and public opposition to foreign direct investment." In: *British Journal of Political Science* 50.1, pp. 129–53.

Chinn, Menzie D. and Hiro Ito (2022). "A Requiem for "Blame It on Beijing" interpreting rotating global current account surpluses." In: *Journal of International Money and Finance* 121.

Cinelli, Carlos and Chad Hazlett (2020). "Making Sense of Sensitivity: Extending Omitted Variable Bias". In: *Journal of the Royal Statistical Society: Series B (Statistical Methodology)* 82.1, pp. 39–67.

Cingranelli, David L., David L. Richards, and K. Chad Clay (2014). *The CIRI Human Rights Dataset.* http://www.humanrightsdata.com. Version 2014.04.14.

Colantone, Italo and Piero Stanig (2018). "The Trade Origins of Economic Nationalism: Import Competition and Voting Behavior in Western Europe". In: *American Political Science Review* 112.4, pp. 936–953.

Crowther, Geoffrey (1948). *An Outline of Money.* Second Edition. Thomas Nelson and Sons.

Cuñat, Alejandro and Robert Zymek (2022). *Bilateral Trade Imbalances*. IMF Working Paper. Washington, D.C.

Davis, Christina L. (2023). *Discriminatory Clubs: The Geopolitics of International Organizations*. Princeton University Press.

Delpeuch, Samuel, Etienne Fize, and Philippe Martin (2021). *Trade Imbalances and the Rise of Protectionism*. Discussion Paper.

DeNardo, James (2014). *Power in Numbers: The Political Strategy of Protest and Rebellion*. Princeton, NJ: Princeton University Press.

Dooley, Michael, David Folkerts-Landau, and Peter Garber (2003). *An Essay on the Revived Bretton Woods System*. NBER Working Paper.

Doshi, Rush (2021). *The Long Game: China's Grand Strategy to Displace American Order*. Oxford University Press.

Dreher, Axel (2002). *The Development and Implementation of IMF and World Bank Conditionality*. Tech. rep. 165. Hamburg Institute of International Economics (HWWA).

Dreher, Axel, Noel Gaston, and Pim Martens (2008). *Measuring Globalisation: Gauging Its Consequences*. New York: Springer.

Ekiert, Grzegorz and Noah Dasanaike (2024). "The Return of Dictatorship". In: *Journal of Democracy* 35.4, pp. 177–191.

Epifani, Paolo and Gino Gancia (2017). "Global Imbalances Revisited: The Transfer Problem and Transport Costs in Monopolistic Competition". In: *Journal of International Economics* 108.C, pp. 99–116.

Farrell, Henry and Abraham L. Newman (2019). "Weaponized Interdependence: How Global Economic Networks Shape State Coercion". In: *International Security* 44.1, pp. 42–79.

Fearon, James D. (1994). "Domestic Political Audiences and the Escalation of International Disputes". In: *American Political Science Review* 88.3, pp. 577–592.

Feeney, William (1989). *Chinese Policy Towards Multilateral Economic Institutions. in Samuel Kim "China and The World*. Perseus, pp. 237–63.

Flores-Macías, Gustavo. A. and Sarah Kreps (2013). "The Foreign Policy Consequences of Trade: China's Commercial Relations with Africa and Latin America, 1992–2006." In: *Journal of Politics* 75.2, pp. 357–71.

Frieden, Jeffry and Stefanie Walter (2017). "Understanding the Political Economy of the Eurozone Crisis." In: *Annual Review of Political Science* 20, pp. 371–90.

Frieden, Jeffry A. and David A. Lake (Jan. 2026). *The New Political Economy of U.S. Trade.* Working Paper. URL: https://blogs.cuit.columbia.edu/jaf81/files/2026/01/Frieden-Lake-Trump-Trade-2026.pdf.

Friedman, Milton and Rose Friedman (1980). *Free to Choose: A Personal Statement.* Harcourt Brace Jovanovich.

Gartzke, Erik and Quan Li (2003). "Measure for Measure: Concept Operationalization and the Trade Interdependence: Conflict Debate". In: *Journal of Peace Research* 40.5, pp. 553–71.

Gilpin, Robert (1981). *War and Change in World Politics.* Cambridge: Cambridge University Press.

Graham, John, Mark T. Leary, and Michael R. Roberts (2014). *How Does Government Borrowing Affect Corporate Financing and Investment?* NBER Working Paper 20581. National Bureau of Economic Research.

Gray, Julia (2018). "Life, Death, or Zombie? The Vitality of International Organizations". In: *International Studies Quarterly* 62.1, pp. 1–13.

Greenstone, Michael, Richard Hornbeck, and Enrico Moretti. (2010). "Identifying Agglomeration Spillovers: Evidence from Winners and Losers of Large Plant Openings." In: *Journal of Political Economy* 118.3, pp. 536–98.

Hall, Peter and Rosemary Taylor (1996). "Political Science and the Three New Institutionalisms". In: *Political Studies* 44, pp. 936–57.

Helleiner, Eric (1994). *States and the Reemergence of Global Finance: From Bretton Woods to the 1990s.* Ithaca: Cornell University Press.

Hirschman, Albert (1945). *National Power and the Structure of Foreign Trade.* Berkeley, CA: University of California Press.

Hirschman, Albert (1970). *Exit, Voice, and Loyalty: Responses to Decline in Firms, Organizations, and States.* Cambridge, Mass.: Harvard University Press.

Hiscox, Michael (2001). "Class Versus Industry Cleavages: Inter-Industry Factor Mobility and the Politics of Trade." In: *International Organization* 55.1, pp. 1–46.

Ikenberry, G. John (2011). *Liberal Leviathan: The Origins, Crisis, and Transformation of the American World Order.* Princeton University Press.

Irwin, Douglas A. (1998). *Against the Tide: An Intellectual History of Free Trade.* Princeton, N.J.: Princeton University Press.

Jeanne, Olivier (2021). *Currency Wars, Trade Wars, and Global Demand.* NBER Working Paper w29603. National Bureau of Economic Research.

Johnston, A. Iain (2001). "Treating International Institutions as Social Environments". In: *International Studies Quarterly* 45.4, pp. 487–515.

Kahneman, Daniel and Amos Tversky (1979). "Prospect Theory: An Analysis of Decision under Risk". In: *Econometrica* 47.2, pp. 263–291.

Kastner, Scott L. (2016). "Buying Influence? Assessing the Political Effects of China's International Trade". In: *Journal of Conflict Resolution* 60.6, pp. 980–1007.

Keohane, Robert O. (1984). *After Hegemony: Cooperation and Discord in the World Political Economy.* Princeton University Press.

Klein, Michael and Michael Pettis (2020). *Trade Wars Are Class Wars: How Rising Inequality Distorts the Global Economy and Threatens International Peace.* New Haven, CT: Yale University Press.

Koremenos, Barbara, Charles Lipson, and Duncan Snidal (2001). "The Rational Design of International Institutions". In: *International Organization* 55.4, pp. 761–799.

Krasner, Stephen D. (1985). *Structural Conflict: The Third World Against Global Liberalism.* University of California Press.

Krugman, Paul (2019). *Globalization: What Did We Miss? in Meeting Globalization's Challenges, Luís Catao and Maurice Obstfeld, eds.* Princeton University Press, pp. 113–20.

Kuran, Timur (1991). "Now Out of Never: The Element of Surprise in the East European Revolution of 1989". In: *World Politics* 44.1, pp. 7–48.

Lake, David A., Lisa L. Martin, and Thomas Risse (2021). "Challenges to the Liberal Order: Reflections on International Organization." In: *International Organization* 75.Special Issue 2, pp. 225–57.

Lipscy, Phillip Y. (2015). "Explaining Institutional Change: Policy Areas, Outside Options, and the Bretton Woods Institutions". In: *American Journal of Political Science* 59.2, pp. 341–56.

Lipscy, Phillip Y. and Haillie Na-Kyung Lee (2019). "The IMF as a Biased Global Insurance Mechanism: Asymmetrical Moral Hazard, Reserve Accumulation, and Financial Crises". In: *International Organization* 73.1, pp. 1–33.

Liu, Zongyuan Zoe (2023). *SOVEREIGN FUNDS: How the Communist Party of China Finances Its Global Ambitions*. Cambridge, Massachusetts: Harvard University Press.

March, James G. and Johan P. Olsen (1984). "The New Institutionalism: Organizational Factors in Political Life". In: *American Political Science Review* 78.3, pp. 734–749.

Marx, Karl (1867). *Capital: A Critique of Political Economy*. New York, NY: Cosimo.

Meacci, Ludovica (2021). *Italy Has Learned a Tough Lesson on China.* Foreign Policy. URL: https://foreignpolicy.com/2021/06/24/italy-china-policy-belt-road/ (visited on 06/24/2021).

Mearsheimer, John J. (2001). *The Tragedy of Great Power Politics*. New York: W. W. Norton.

Mendoza, Enrique G., Vincenzo Quadrini, and Jose-Victor Rios-Rull (2009). "Financial Integration, Financial Deepness, and Global Imbalances." In: *Journal of Political Economy* 117.3, pp. 371–416.

Moravcsik, Andrew (1997). "Taking Preferences Seriously: A Liberal Theory of International Politics". In: *International Organization* 51.4, pp. 513–553. DOI: 10.1162/002081897550447.

Morse, Julia C. and Robert O. Keohane (2009). "Support for free trade: Self-interest, sociotropic politics, and out-group anxiety". In: *International Organization* 63.3, pp. 425–457.

Mutz, Diana C. and Joe Soss (1997). "Reading Public Opinion: The Influence of News Coverage on Perceptions of Public Sentiment". In: *Public Opinion Quarterly* 61.3, pp. 431–451.

North, Douglass C. (1990). *Institutions, Institutional Change and Economic Performance*. Cambridge: Cambridge University Press.

Oatley, Thomas (2015). *A Political Economy of American Hegemony: Buildups, Booms, and Busts.* Cambridge University Press.

Obstfeld, Maurice and Kenneth Rogoff (2009). "Global Imbalances and the Financial Crisis: Products of Common Causes. In "Asia and the Global Financial Crisis," ed. Reuven Glick and Mark M. Spiegel." In: *Asia Economic Policy Conference. San Francisco, CA: Federal Reserve Bank of San Francisco.*

Ohlin, Bertil (1933). *Interregional and International Trade*. Harvard University Press.

Organski, A.F.K. and Jacek Kugler (1980). *The War Ledger*. University of Chicago Press.

Pierson, Paul (2000). "Increasing Returns, Path Dependence, and the Study of Politics". In: *American Political Science Review* 94.2, pp. 251–267.

Poulsen, Lauge N. Skovgaard (2020). "Loyalty in World Politics". In: *European Journal of International Relations* 26.4, pp. 1107–1131.

Pugliese, Giulio, Francesca Ghiretti, and Aurelio Insisa (2022). "Italy's Embrace of the Belt and Road Initiative: Populist Foreign Policy and Political Marketing". In: *International Affairs* 98.3, pp. 1033–1051.

Qian, Jing, James Raymond Vreeland, and Jianzhi Zhao (2023). "The Impact of China's AIIB on the World Bank". In: *International Organization* 77.1, pp. 217–37.

Quinn, Dennis P. and A. Maria Toyoda (2007). "Ideology and Voter Preferences as Determinants of Financial Globalization". In: *American Journal of Political Science* 51.2, pp. 344–63.

Rawls, John (1971). *A Theory of Justice*. Cambridge, Massachusetts: The Belknap Press of Harvard University Press.

Rodrik, Dani (2019). "Globalization's Wrong Turn: And How It Hurt America". In: *Foreign Affairs* 98.4, p. 26.

Ruggie, John G. (1982). "International Regimes, Transactions and Change: Embedded Liberalism in the Postwar Economic Order". In: *International Organization* 36.2, pp. 379–415.

Scarry, Elaine (1985). *The Body in Pain: The Making and Unmaking of the World*. New York: Oxford University Press.

Schneider, Christina J. and Robert Thomson (2023). "Globalization and Promissory Representation". In: *American Journal of Political Science*.

Simmons, Beth (2000). "International Law and State Behavior: Commitment and Compliance in International Monetary Affairs". In: *American Political Science Review* 94, pp. 819–835.

Slobodian, Quinn (2018). *Globalists: The End of Empire and the Birth of Neoliberalism*. Cambridge, MA: Harvard University Press.

Spater, Jeremy (2024). "Deficit Aversion: Mercantilist Ideas and Individual Trade Preferences". In: *Economics Politics.*, pp. 1–55.

Stiglitz, Joseph E. (2004). "Capital-Market Liberalization, Globalization, and the IMF". In: *Oxford Review of Economic Policy* 20.1, pp. 57–71.

Tarrow, Sidney (1998). *Power in Movement: Social Movements and Contentious Politics*. 2nd ed. Cambridge: Cambridge University Press.

Terza, Joseph, Anirban Basu, and Paul Rathouz (2008). "Two-stage residual inclusion estimation: addressing endogeneity in health econometric modeling". In: *Journal of Health Economics* 27.3, pp. 531–43.

Voeten, Erik (2001). "Outside Options and the Logic of Security Council Action". In: *American Political Science Review* 95.4, pp. 845–858.

Walter, Stefanie (2021). "The Backlash Against Globalization." In: *Annual Review of Political Science* 24, pp. 421–42.

Williamson, John (1990). "What Washington Means by Policy Reform". In: *Latin American Adjustment: How Much Has Happened?* Ed. by John Williamson. Washington, DC: Institute for International Economics, pp. 7–20.

Wintrobe, Ronald (1990). "The Tinpot and the Totalitarian: An Economic Theory of Dictatorship". In: *The American Political Science Review* 84.3, pp. 849–872.

Wlezien, Christopher and Stuart Soroka (2023). "Media Reflect! Policy, the Public, and the News". In: *American Political Science Review* 118.3, pp. 1–18.

Wu, Mark (2016). "The "China, Inc." Challenge to Global Trade Governance". In: *Harvard International Law Journal* 57.1, pp. 1–68.

Young, Patricia T. and Jack S. Levy (2011). "Domestic Politics and the Escalation of Commercial Rivalry: Explaining the War of Jenkins' Ear, 1739–48". In: *European Journal of International Relations* 17.2, pp. 209–232.

Zhukov, Yuri M. (2023). "Repression Works (Just Not in Moderation)". In: *Comparative Political Studies* 56.10, pp. 1513–1546.

Zweig, David (2002). *Internationalizing China: Domestic Interests and Global Linkages.* Cornell University Press.

Appendix

A   Descriptive Patterns

Global Imbalances: Current Account Balances
(Top 20 Economies in 2000, 1960-2022)
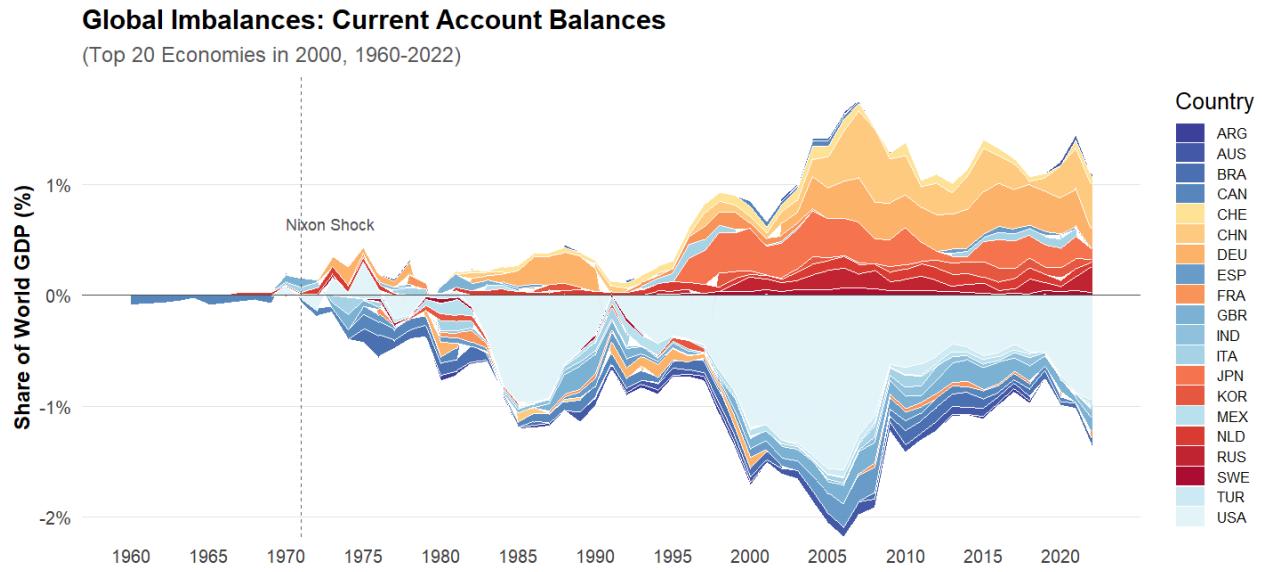
Figure A.1: Global Imbalances (Current Account Balance).
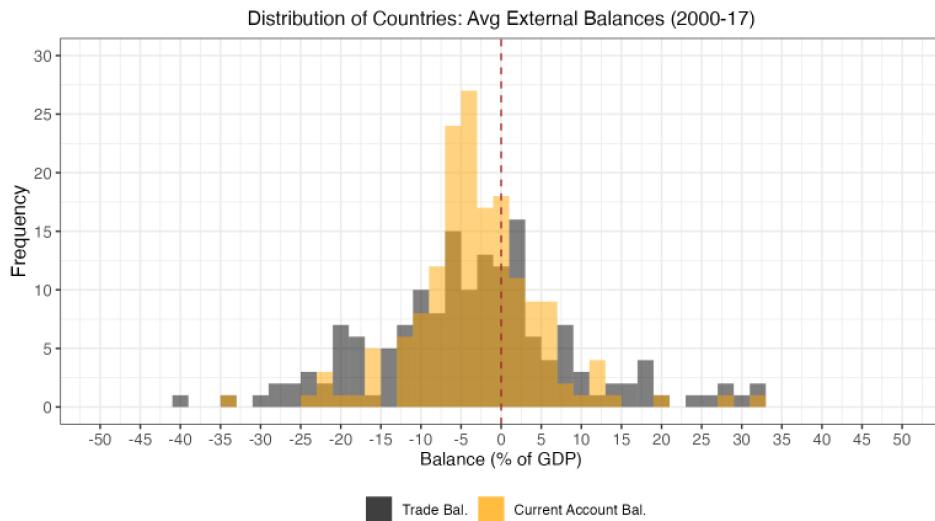
Figure A.2: Distribution of Mean Global Imbalances (2000-17, Data Source: the IMF). *Note:* The brown area is the overlap of both balances.
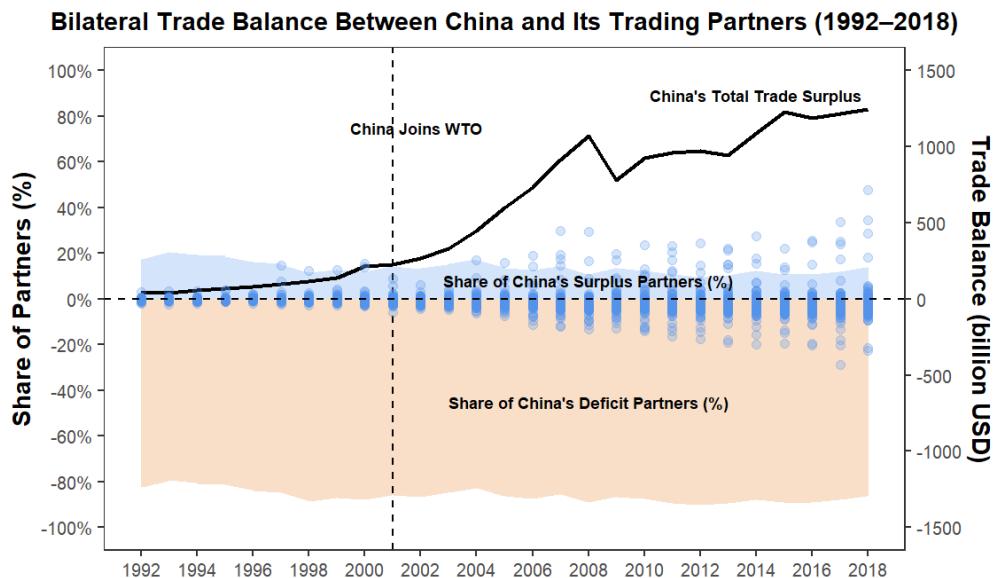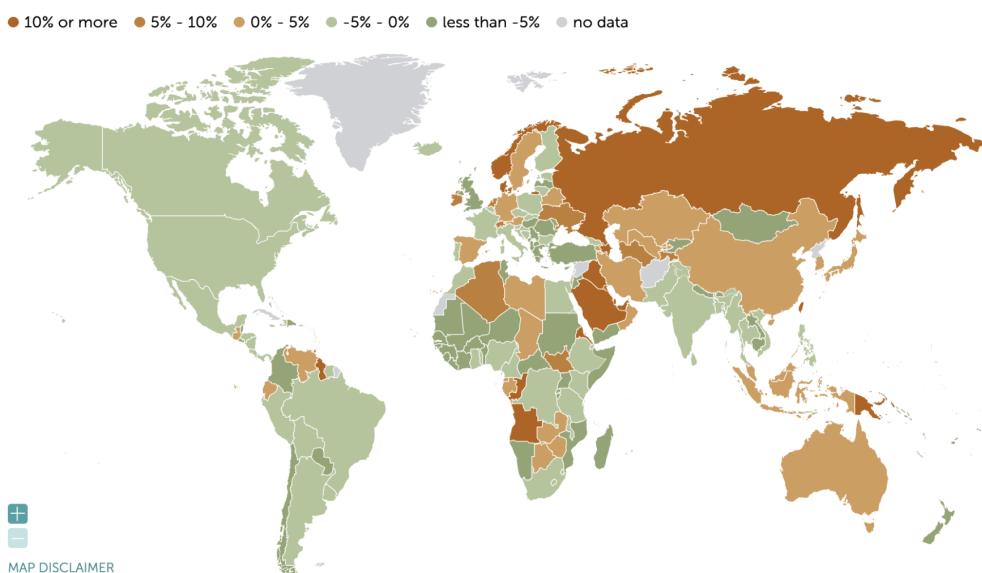
Figure A.3: Bilateral Trade Between Trading Partners and China (source: World Bank). Note: Exports/imports data is reported by trading partners.

Notes: The map clearly shows three groups of surplus countries: core Europe, East Asian industrial countries, and oil producers (source: IMF)

Figure A.4: Global Imbalances (Current Account Balance. Source: Council on Foreign Affairs).
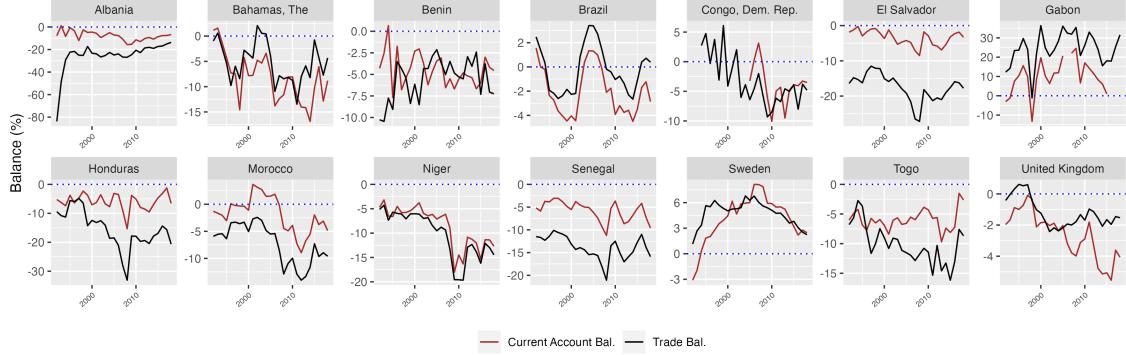
Figure A.5: External Deficits of Countries (Source: World Bank). *Note*: Two balances can diverge, and sometimes have opposite signs.

B   Theory Section

B.1   The Nonlinearity Model

Theoretical Model

I provide a formal model to clarify the theory logic. The whole logic is, although uncompetitive outside options deter disengagement, helpless issues generate grievances (e.g., from a combination of political, economic, and social costs) sufficiently large to collapse loyalty, triggering disengagement. Let $s_i \in [0,1]$ denote the level of support shift that foreign policy leaders of a typical state i who maximize utility, with $s_i = 0$ indicating full loyalty to the LIO and $s_i = 1$ indicating full support for the outside option. The baseline propensity of disengagement sits in between. The expected disengagement utility of state i is composed of three elements: the benefits of supporting the challenger, the costs of doing so, and the value of continued loyalty to the LIO. Formally,

$$U_i(s_i) = \underbrace{s_i \Pi_i}_{\text{partial diseng.}} + \underbrace{(1 - s_i)L_i}_{\text{partial loyalty}} \tag{1}$$

where Π_i denotes the net expected benefits from support shift, and L_i represents the intrinsic value of remaining loyal to the LIO. I assume for a typical state, $\Pi_i > 0$ if the outside option is competitive.

$$\Pi_i = B_i - C_i \tag{2}$$

where B_i denotes the expected benefits from support shift (e.g., future benefits from the challenger), and C_i captures the cost of such support/disengagement.

The grievances generated by the LIO's disputed issue(s) perceived by leaders and, relatedly, the extent to which the outside option potentially generates such grievances for the same issue(s) can shake leaders' loyalty. Intuitively, it means the perceived grievances as an erosive factor delegitimizes the status quo. (Expected) issue relief can be modeled by the difference of grievances (for the same issue(s)) between the LIO (σ_i) and the challenger (σ_i^O):

$$\Delta\sigma_i = \sigma_i - \sigma^O \tag{3}$$

$\Delta\sigma_i > (<) 0$ indicates that the challenger may alleviate (aggravate) the issue(s). Thus, loyalty of state i to the LIO is comprised of:

$$L_i = L_i^0 - l(\sigma_i) - f(\Delta\sigma_i) - g(\Pi_i) \tag{4}$$

where L_i^0 is the baseline loyalty value and $l(\sigma_i)$ translates grievances σ_i to lost loyalty (increasing in σ_i). $f(\Delta\sigma_i)$ captures lost loyalty due to issue relief in comparison with the outside option. $f(\Delta\sigma_i)$ is a sign-preserving function of and increasing in $\Delta\sigma_i$ (that is, $f'(\Delta\sigma_i) > 0$ and $f(0) = 0$). It also allows for outside-option endogeneity: outside option negatively implicated in the issue provide less issue relief than the exogenous baseline and in turn bounce back the loyalty value. $g(\Pi_i)$ captures the lost loyalty due to the competitiveness of outside option which can alter leaders' expected benefits of remaining loyal, also a sign-preserving function increasing in Π_i. Plug in (4), (1) becomes:

$$U_i(s_i) = s_i\Pi_i + (1 - s_i)(L_i^0 - l(\sigma_i) - f(\Delta\sigma_i) - g(\Pi_i)) \tag{5}$$

An issue is *helpless* when σ_i is sufficiently large beyond a threshold ($\sigma_i > \bar{\sigma}_i$) that it may neutralize loyalty value ($L_i^0 \approx l(\sigma_i)$ or $L_i^0 < l(\sigma_i)$), meaning L_i can turn negative as discussed. For helpless issues, $\Delta\sigma_i$ is likely positive for two reasons: 1) leaders may think grievance is already super large and a potential alternative may not be any worse. 2) a potential alternative may have room to help with the issue. In contrast, for non-helpless issues of low grievances, leaders may not be as motivated to imagine alternatives positively or add extra uncertainty cost. Formally,

$$
\begin{cases}
\sigma_i > \sigma_i^O & \Rightarrow \quad f(\Delta\sigma_i) > 0 \quad \text{if helpless} \\[2mm]
\sigma_i \leq \sigma_i^O & \Rightarrow \quad f(\Delta\sigma_i) \leq 0 \quad \text{if non-hepless}
\end{cases}
\tag{6}
$$

Finally, differentiating U_i in (4) with respect to s_i yields the marginal utility of support shift:

$$
\frac{\partial U_i}{\partial s_i} = \underbrace{\Pi_i + g(\Pi_i)}_{\text{re/ OO competitiveness } (d_i)} + \underbrace{l(\sigma_i) + f(\Delta\sigma_i) - L_i^0}_{\text{re/ issue-altered loyalty } (l_i)}
\tag{7}
$$

Support for the challenger increases when (7) is positive. Denote the competitive outside-option part as d_i and the issue-altered loyalty part as l_i. The model therefore generates the following comparative statics. First, outside-option endogeneity decreases $\Delta\sigma_i$ (and $f(\Delta\sigma_i)$) and reduces expected issue relief, thereby lowering support likelihood. Second, an increase in issue grievances σ_i increases $\frac{\partial U_i}{\partial s_i}$ and raises the incentive to shift support. Third, as uncompetitive outside options meaning net disengagement utility plus the lost loyalty is negative below a threshold ($d_i < -|u|$), non-helpless issues ($l_i < 0$) are almost impossible to trigger disengagement, while helpless issues may if they push loyalty value into some negative scope.[64] These joint effects produce the four cases summarized in Table B.1.

ID	Issue Type	Outside Option	Prediction
1	**Helpless** ($l_i > or \approx 0$)	**Competitive** ($d_i > |u|$)	$\frac{\partial U_i}{\partial s_i} > 0 \Rightarrow$ **support**.
2	**Helpless** ($l_i > or \approx 0$)	**Uncompetitive** ($d_i < -|u|$)	$\text{sign}(\frac{\partial U_i}{\partial s_i})$ uncertain $\Rightarrow$ **support possible**, if l_i turns sufficiently positive.
3	**Non-Helpless** ($l_i < 0$)	**Competitive** ($d_i > |u|$)	$\text{sign}(\frac{\partial U_i}{\partial s_i})$ uncertain $\Rightarrow$ **support possible**, if outside option is sufficiently competitive.
4	**Non-Helpless** ($l_i < 0$)	**Uncompetitive** ($d_i < -|u|$)	$\frac{\partial U_i}{\partial s_i} < 0 \Rightarrow$ **no support**.
5	**Outside-Option En-dogeneity**	positively or negatively implicated ($\Delta\sigma_i \uparrow$ or $\downarrow$)	$f(\Delta\sigma_i) \uparrow$ or $\downarrow$; support likelihood increase or decrease when support exists.

Table B.1: Predictions Derived from the Formal Model

[64]For the real exit case, the grievances may be eliminated by exit. So the conclusion holds as long as the total disengagement costs are still positive.

C   Applying to Global Imbalances

C.1   Economic Model

Apart from cognitive and emotional channels, the following models illustrate how persistent external deficits may economically lead to nationwide dissatisfaction. Although persistent external deficits generate socioeconomic impacts in various ways, here I only illustrate two channels: 1) increased national debt, and 2) shifting labors from industries to services sectors as deficits usually occur in manufacturing sectors for many.

Suppose nationwide satisfaction (utility) is determined by private consumption C, public services provision G, and national debt level D:

$$S_t = U(C_t, G_t, D_t)$$

For example, the functional form could be $S_t = ln(C_t) + \phi ln(G_t) - \delta D_t$ to be monotonically increasing. From the expenditure approach, Gross National Income (GNP) Y is decomposed of expenditure ratios in Y: private consumption c, public service provisions g, investment i and external balance n, plus interest payments for national debt D_{t-1}. There are two periods t and t-1, and the GNP growth rate is d. The absolute amount of external balance is $|n|Y$, which amounts to national debt D. In year t-1, expenditure equals income:

$$Y_{t-1}(c + g + i + n) + rD_{t-1} = Y_{t-1} \tag{8}$$

Keeping expenditure ratios the same as year t-1, the following constraint needs to be met in year t:

$$Y_t(c + g + i + n) + rD_t \leq Y_t \tag{9}$$

Replace Y_t with $Y_{t-1}(1 + d)$, and assume states borrow to finance external deficit (so that debt increases by $|n|Y_{t-1}$), we get:

$$Y_{t-1}(1 + d)(c + g + i + n) + r(D_{t-1} + |n|Y_{t-1}) \leq Y_{t-1}(1 + d) \tag{10}$$

Subtracting (1) from (3) and rearrange, we get:

$$|n| \leq \frac{d}{r} \underbrace{(1 - (c + g + i + n))}_{\text{debt service share of GDP}} \qquad (11)$$

(4) implies that given same debt-service burdens (i.e., $1 - (c + g + i + n)$) so that the same levels of other spending are kept over time, $|n|$ need be below a threshold determined by growth d and interest rate r. For countries like the U.S., a worsening external deficit (e.g., since the 1980s), slower growth, or a rising interest rate can reduce other expenditure levels, lowering national satisfaction S_t. Likewise, many countries with persistent external deficit rates as high as 5-30% (see Figure 3) may significantly impact national satisfaction.

Another impact channel works through employment. Assume two sectors of manufacturing and services. The services sector usually employs the largest number of workers nationwide and follows a Cobb-Douglas function. Persistent external deficits implies manufacturing factors such as labor shifting to service sectors (Kehoe et al. 2018). Applying first-order condition gets marginal product of labor, a.k.a. equilibrium wage. As labor moves to service sectors, the wages in the services sector will be depressed. As manufacturing industries shrink, manufacturing wages may also decrease.

$$Y_{st} = A_{st} K_{st}^b L_{st}^{1-b}, \qquad w_{st}^* = (1 - b) A_{st} \left(\frac{K_{st}^*}{L_{st}^*}\right)^b$$

Economic models illustrate that persistent external deficits can lead to lower public good provisions, lower consumption, and higher tax. The consequential dissatisfaction (often disproportionately concentrated), if held long enough, can sustain grievances, fuel populism, and affect the survival of incumbents, which, combined with the aforementioned attitudes towards deficits, may particularly concern political leaders.

C.2 Issue Selection

To ensure that my conceptualization of "issues of the liberal international order" is grounded in existing scholarship rather than ad hoc researcher judgment, I draw directly on the full set of sixteen essays that constitute International Organization's 75th-Anniversary collection. These articles collectively represent the discipline's most authoritative assessment of the sources of strain, contestation, and transformation within the postwar order. They identify a broad but coherent set of challenges – ranging from economic dislocation and rising inequality to sovereignty conflicts,

epistemic instability, status politics, and the implications of China's rise – each of which has been theorized as a domain in which states experience pressure to recalibrate their commitment to the LIO. I use these sixteen papers as the canonical source for enumerating and classifying issue areas: first extracting the problems each article highlights, then synthesizing these into a structured set of issue domains that capture the spectrum of contestation observed by leading scholars (Table C.2).

Specifically, I choose issue topics that may cause contestation among states, can be attributed to the LIO, and can be measured, while ignoring those that simply put pressure on the LIO itself (e.g., institution subversion), are difficult to measure (e.g., disinformation, politicization, racism), or hard to be attributed to the LIO rules rather than norms (e.g., migration crisis, climate). This approach provides a theoretically anchored and transparent foundation for my issue typology, avoids the risk of selective or researcher-driven coding, and aligns my empirical classification with the field's consensus on what constitutes a meaningful challenge to the liberal order.

Paper	LIO Issues / Problems / Challenges Identified
Lake, Martin & Risse – Challenges to the Liberal Order	Declining legitimacy; inequality; politicization of cooperation; weakened US leadership; fragmentation; backlash against globalization.
Tourinho – The Co-Constitution of Order	Fragile shared norms; contestation over rule interpretation; exclusion/inclusion of rising powers; instability in normative foundations.
Börzel & Zürn – Contestations of the Liberal International Order	Increasing contestation of multilateral rules; politicization of IO authority; perceived democratic deficits.
de Vries, Hobolt & Walter – Politicizing International Cooperation	Domestic politicization of international cooperation; public backlash against trade, migration, and integration; voter skepticism toward multilateral institutions.
Farrell & Newman – The Janus Face of the Liberal International Information Order	Self-undermining effects of digital interdependence; vulnerability to disinformation; coercive exploitation of global data flows.
Adler & Drieschova – The Epistemological Challenge of Truth Subversion	Disinformation and truth subversion; erosion of shared factual baselines.
Simmons & Goemans – Built on Borders: Tensions with the Institution Liberalism Thought It Left Behind	Tensions between territorial sovereignty and liberal openness; intensifying immigration politics.
Goodman & Pepinsky – The Exclusionary Foundations of Embedded Liberalism	Exclusion of noncitizens from welfare protections; distributional injustice; pressures on welfare states.
Búzás – Racism and Antiracism in the Liberal International Order	Persistence of racial hierarchies; discriminatory racial exclusion; hypocrisy between liberal norms and practice.
Broz, Frieden & Weymouth – Populism in Place: The Economic Geography of the Globalization Backlash	Regional inequality; manufacturing decline; import competition; geographically concentrated economic dislocation; financial crisis.
Flaherty & Rogowski – Rising Inequality as a Threat to the Liberal International Order	Domestic income inequality; redistribution conflict.
Goldstein & Gulotty – America and the Trade Regime: What Went Wrong?	Failures in US trade institutional design; distributive tensions; erosion of support for trade agreements.
Mansfield & Rudra – Embedded Liberalism in the Digital Era	Labor market disruption from digitalization; inadequacy of existing welfare protections; distributional strain from technological change.
Colgan, Green & Hale – Asset Revaluation and the Existential Politics of Climate Change	Failure of climate governance; massive distributional conflict from climate risk.
Weiss & Wallace – Domestic Politics, China's Rise, and the Future of the LIO	China's alternative institutional model; geopolitical rivalry.
Adler-Nissen & Zarakol – Struggles for Recognition: The LIO and the Merger of Its Discontents	Status competition and recognition struggles; resentment of Western dominance; symbolic and identity-based contestation.

Table C.2: Issues and Challenges to the Liberal International Order Identified by All 16 Articles in International Organization Vol. 75 Special Issue on the LIO (2021)

C.3   Issue Rating Rationale

I rate issues from low to high across four defining dimensions (stubbornness, severity, attributability to the LIO, unaddressibility) based on theoretical literature, empirical facts, and common knowledge, confirmed with two domain experts. For stubbornness, I evaluate the issue based on issue nature and whether some states experience the issue persistently. As any issue at low magnitude cannot be said as severe, I examine the relatively high magnitude (and persistence) to evaluate

severity, as well as unaddressibility. Below, I describe the rationale of rating matching Table 3.

Global Imbalances (stubbornness-high / severity-high / attributability-high / addressibility-high). Global imbalances exhibit high stubbornness as empirically shown, because they stem from structural features of surplus and deficit economies – such as demographic savings patterns, exchange-rate regimes, export-led industrial policy, and reserve accumulation – that persist across decades (Obstfeld and Rogoff 2009). Their severity is high because prolonged high levels of current-account deficits correlate with financial fragility, high debt, asset-price distortions, and vulnerability to sudden-stop crises, as demonstrated in both the 2008 financial crisis (Obstfeld and Rogoff 2009). Attributability is high because persistent deficits result from international economic structure (e.g., relative exchange rate, others' trade/industry policy, free trade regime, capital flow rules) that are regulated by the LIO. Unaddressability is high because even determined domestic reforms – fiscal adjustment, industrial policies – rarely shift global savings-investment dynamics in the short run, and cooperative remedies via the IMF have historically failed due to collective-action problems and conflicting national preferences.

Financial Instability (high / high / high / high). For some countries like Argentina, financial instability is highly stubborn because liberalized capital accounts, low capital controls, and maturity mismatches generate recurring boom-bust cycles that some states have been unable to prevent over decades (Reinhart and Rogoff 2009). Severity is high given the catastrophic economic and political consequences of recurring banking crises, currency crashes, or credit collapses, including inflation, unemployment, and sovereign defaults. Attributability is high because this is highly connected to international financial environments not domestic policy. Unaddressability is high because comprehensive capital controls are costly under the LIO if already liberalized and global capital mobility constrains effective unilateral policy responses. International institutions like the IMF can only mitigate crises ex post; globally coordinated macro-prudential regulation remains politically and technically difficult.

Import Competition (moderate / moderate / high / high). Import competition exhibits moderate stubbornness because underlying comparative advantage and global supply chains change slowly. When opening to trade liberalization, import shocks appear but quickly reach equilibrium and hardly does a country experience it for decades. Severity is moderate: import surges can cause substantial regional job and income losses but typically affect specific sectors rather than the entire macroeconomy (e.g., China shock). Attributability is high because import shocks are possible under

trade liberalization stipulated by the LIO. Meanwhile, "foreign competition" provides a clear and politically salient target. Unaddressability is high: trade shocks persist unless governments impose permanent tariffs which are not allowed under the LIO. Even when governments impose tariffs, affected industries rarely recover, and protectionism often comes at the cost of advantage sectors and others' retaliation.

Low Foreign Direct Investment (high / moderate / moderate / moderate). For some countries, low FDI shows high stubbornness because investment location decisions depend on long-run fundamentals such as market size, rule of law, and production networks, which do not shift quickly. Severity is low to moderate: while persistently low FDI contributes to growth and technology transfer, its low level is less politically destabilizing than others such as high unemployment, financial crisis, or trade shocks. Attributability is moderate because governments may be blamed for regulatory uncertainty or political risk but external factors – such as LIO's favor based on geopolitical relations with Western powers – play a role. Unaddressability is moderate: governments can improve investment climates although they cannot force multinational firms to invest.

Economic Inequality (high / moderate / moderate / moderate). For many countries, economic inequality is highly stubborn due to structural drivers such as skill-biased technological change and long-standing tax regimes (Acemoglu 2002). Severity is moderate as high and persistent inequality erodes social cohesion and can fuel populism but does not usually produce severe macroeconomic pain. Attributability is moderate because inequality is often blamed partly on globalization but also on deeper domestic structural and technological forces. Unaddressability is moderate: governments can redistribute through taxes and transfers, although political polarization and resistance from interest groups limit effective intervention.

Low Economic Growth (moderate / high / low / moderate). For some countries, low growth can demonstrate moderate to high stubbornness, especially in the Global South and advanced economies experiencing secular stagnation, aging demographics, or productivity slowdowns. Severity is high because prolonged growth stagnation undermines fiscal capacity, employment, and political support for governments. Attributability is low, since growth depends heavily on domestic business cycles, demographic transitions, and domestic developmental policies, although it can be affected by the global economy. Unaddressability is moderate: governments can pursue stimulus and domestic pro-growth reforms, although structural reforms and policies face long lags and uncertain payoffs.

Deindustrialization (high / moderate / moderate / moderate). For many countries, deindustrialization is highly stubborn because it results from long-term shifts in global production networks, automation, and the transition toward services – trends observed across OECD countries regardless of trade policy. Severity is moderate: although manufacturing losses damage specific regions and working-class groups, macroeconomic performance often remains stable and other sectors can make up for the loss. Many governments do not treat losing manufacturing as something urgent. Attributability is moderate because governments can be blamed for trade management or weak industrial policy, although automation and global value chains play a large structural role. Unaddressability is moderate: proactive industrial strategies can help mitigate the issue and many mercantilist countries have done this for long.

High Government Debt (high / moderate / moderate / moderate). For some countries, high public debt exhibits high stubbornness because debt accumulation reflects demographic aging, entitlement obligations, and structural budget deficits that are slow to unwind. Severity is moderate to high: high and persistent debt can constrain fiscal space and raise borrowing costs but does not immediately destabilize economies absent a sovereign default especially in a low interest environment. Attributability is moderate because governments are blamed for deficit spending, although debt surges also stem from exogenous shocks (crises, pandemics). Unaddressability is moderate: reducing debt requires politically costly fiscal consolidation and growth-based adjustments.

High Unemployment (moderate / moderate / moderate / moderate). Unemployment has moderate stubbornness because labor markets do adjust, but structural unemployment driven by technological change or skills mismatch can persist. Severity is moderate: persistently high unemployment is socially and politically painful but less catastrophic than financial crises or economic collapse. Attributability is moderate because governments are criticized for weak labor policies, yet global conditions, business cycles, and sectoral shocks often drive job losses. Unaddressability is moderate: active labor programs, fiscal stimulus, or retraining can help, but they have long implementation lags and mixed effectiveness.

IMF Governance Deficit (high / low / high / high). The IMF's governance deficit is highly stubborn because voting shares, leadership selection, and institutional design reflect entrenched postwar power distributions; proposed reforms to enhance representation for emerging economies are slow (Carnegie and Clark 2023). Severity is low: governance deficits undermine legitimacy but rarely generate immediate economic crises. Attributability is high because dissatisfaction

is directed squarely at the U.S.-European dominance within Bretton Woods institutions, making causal responsibility clear. Unaddressability is high since meaningful reform requires consent from the very states benefiting from the status quo—especially the U.S. – creating near-insurmountable collective – action and bargaining barriers.

D   Empirical Design and Results

D.1   Non-applicable DV Explanations

2019 2nd BRI Summit – The 2019 2nd BRI summit was held on April 27 in China. As discussed in the paper, the main reason why applying for the BRICS in 2022/3 is not an appropriate measure is due to the deteriorated image of core members, thus raising skepticism on whether it's an economic solution provider or geopolitical instrument. However, since 2017, the image of China and the BRI significantly worsened, after the reports such as Xinjiang re-education camps, Constitution amendment and debt traps. The BRI is getting notorious. Thus, the 2019 BRI summit should not be a measure either. By examining the change of state head attendance between the 2017 and 2019 summits, evidence emerges. 36 States sent state heads in 2019. States which attended the 2017 summit but not in 2019 were: Argentina, Fiji, Indonesia, Poland, Spain, Sri Lanka and Turkey. They were mostly economic solution seekers. States which didn't attend the 2017 summit but attended the 2019 one were: Austria, Azerbaijan, Brunei, Cyprus, Djibouti, Egypt, Mozambique, Nepal, Papua New Guinea, Portugal, Singapore, Tajikistan, Thailand, and UAE. The majority was China's geopolitical neighbors or autocracies. Egypt's president gained power through a coup and just amended the Constitution in April 2019. Austria's far-right populist PM Sebastian Kurz was facing strong opposition domestically, before being ousted by a non-confidence vote the next month. I test the 2019 attendance using Broz's framework and none of the "push factors" are significant.

Becoming the AIIB Founding Members – Becoming an AIIB founding member can be interpreted as endorsing China's rising status (Qian et al. 2023). However, the AIIB modeled after the World Bank obscures the support for a unilateral Chinese leadership (Broz et al. 2020). Moreover, founding membership better captures commercial motivations than leadership alignment, as evidenced by substantial subscription costs especially for deficit countries,[65] and the disproportionately high participation of European surplus economies (such as Germany, Switzerland, and Scandinavian

---

[65]Article 5, Articles of Agreement of the AIIB.

countries).

Applying for initial (pre-2022) BRICS Membership – Initial applications to BRICS is a plausible but weak measure. The BRICS lacked coherence, with members expressing divergent interests.[66] China sought to use BRICS to counter the G7, whereas South Africa rejected an anti-West framing.[67] India, maintaining large deficits with China, was close to Russia, while Brazil's government emphasized de-dollarization. Regional powers such as Indonesia and Argentina declined membership citing lack of unity.[68] The 2022 Ukraine war further complicated application motivations. As of September 2023, 12 of the 19 recent BRICS applicants are autocracies (Polity < 0), compared to only 7 of 29 BRI-summit attendees.[69]

Below, in Table D.3, I show that all alternative DVs show insignificant results, reinforcing the theoretical falsifiability that DVs that do not satisfy scope conditions should not generate effects.

	(1) AIIB Founding Member	(2) Initial BRICS Application	(3) BRI Summit 2019
Current Account Balance	0.002 (0.004)	0.002 (0.003)	0.001 (0.006)
Financial Crises	−0.000 (0.005)	0.005 (0.005)	0.005 (0.006)
BRI Route	0.272*** (0.099)	0.032 (0.062)	0.185 (0.115)
FTAs	0.347*** (0.111)	−0.031 (0.088)	0.112 (0.120)
BITs	0.010 (0.071)	0.064 (0.061)	0.187** (0.074)
Ideal Point (China)	−0.056 (0.075)	−0.042 (0.039)	−0.150** (0.062)
Regime Type	−0.013. (0.007)	−0.018** (0.008)	−0.017** (0.008)
Leader Ideology	0.017 (0.024)	−0.001 (0.018)	0.022 (0.027)
Africa	−0.070 (0.078)	−0.045 (0.073)	−0.132 (0.085)
GDP Growth	−0.004 (0.003)	0.008 (0.013)	0.020 (0.018)
GDP	0.074*** (0.028)	0.000 (0.000)	0.000 (0.000)
GDP per Capita	0.032 (0.039)	−0.000 (0.000)	0.000 (0.000)
Human Rights	0.018 (0.028)	0.012 (0.013)	0.019 (0.020)
Constant	−0.872*** (0.315)	0.102 (0.083)	0.032 (0.132)
Observations	160	160	160

Note: . $p < 0.1$, * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$. Robust standard errors in parentheses.

Table D.3: Alternative DVs: AIIB Founding Member, BRICS Application, and BRI Summit 2019

[66]BRICS is doubling its membership," Atlantic Council, 24 August 2023.

[67]China urges Brics to become geopolitical rival to G7," Financial Times, 20 August 2023.

[68]"Analysis: Indonesia joining BRICS," The Jakarta Post, 4 September 2023.

[69]See https://en.wikipedia.org/wiki/BRICS, accessed in September 2023.

D.2 Sensitivity Test

To further strengthen the results, I conduct sensitivity tests following Cinelli and Hazlett (2020) with the goal to gauge how strong an omitted confounder needs to be to completely explain away the effect of the variable of interest. As Cinelli and Hazlett suggest, it's more productive to consider the relative strength by comparing the unobserved confounder to observed covariates, since the absolute strength (i.e., residual variance) can be harder to argue for/against and the strongest covariates are often identified in models. As such, I choose three covariates that arguably strongly predict the results and are statistically significant: BRI locations (bri_loc), Ideal Point score (ideal_point), and per capita GDP (gdp_pc).
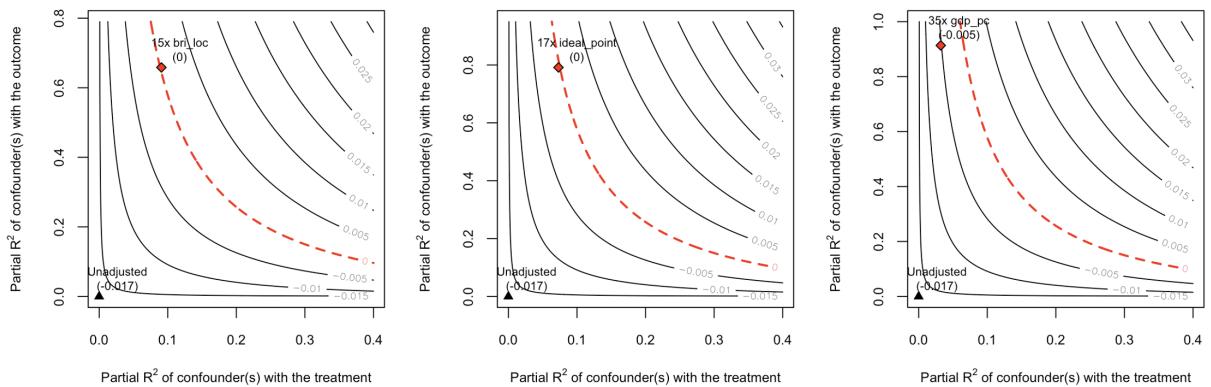
Figure D.6: Sensitivity Contour Plots of the Omitted Variable Bias for BRI locations (15x), Ideal Point score (17x), and per capita GDP (35x+)

Figure D.6 plots the sensitivity curves which represent the estimates of global imbalance given the hypothetical partial R^2 of the omitted confounders with treatment ($R^2_{D \sim Z|\mathbf{X}}$) and outcome ($R^2_{Y \sim Z|D,\mathbf{X}}$). In a nutshell, any omitted confounder that nullifies the main estimates would need to be 15 times, 17 times, and 38 times as strong as bri_loc, ideal_point, and gdp_pc with both treatment and outcome.[70] The result suggests less concerns for omitted variable bias.

D.3 Inverse Propensity Score Weighting (IPW) using Full Matching

To address covariate imbalance between countries with persistent external deficits and those without, I implement inverse propensity score weighting (IPW) using full matching (Hansen 2004) via the MatchIt package. Full matching produces unit weights equivalent to the standard ATT estimator.

---

[70]As noted by Cinelli and Hazlett, these results are conservative for multiple (possibly non-linear) omitted confounders. See Appendix of the implementation details.

Table D.4: Covariate Balance Before and After ATT Inverse Propensity Weighting

Covariate	Standardized Mean Difference		eCDF Difference	
	Before	After	Before	After
Distance (pscore)	0.996	0.047	0.286	0.014
OBOR nation	0.238	0.152	0.118	0.076
FTAs	0.159	0.008	0.063	0.003
BITs	0.674	0.042	0.267	0.016
Financial crises (cumulative)	0.230	0.009	0.063	0.016
China exposure index	0.395	0.061	0.116	0.037
Regime type	0.060	0.185	0.052	0.071
Ideology	0.077	0.126	0.024	0.063
Africa dummy	0.574	0.050	0.216	0.019
Growth (rgdppc)	0.094	0.375	0.040	0.076
GDP per capita (log)	0.825	0.016	0.218	0.044
Public goods (log)	0.877	0.110	0.226	0.063
Physical integrity	0.305	0.132	0.098	0.061

I estimate the propensity score using a logit model that includes all covariates from the main specification. The average treatment effect on the treated (ATT) is the appropriate estimand for this design because the theory concerns the effect of "helpless issues"—persistent current-account deficits—on those countries that actually experience such imbalances. The mechanism does not posit, nor would it be meaningful to estimate, a hypothetical population-wide effect (ATE) in which surplus countries counterfactually receive the deficit treatment. Therefore, the ATT estimator directly corresponds to the causal quantity implied by the theory.

Table D.4 reports the ATT estimates. After weighting, covariate balance improves substantially across all dimensions. Following established standards (SMD < 0.10 for excellent balance and < 0.20 for acceptable balance), the IPW procedure substantially improves covariate balance across all dimensions (Table D.4). Most covariates fall below the 0.10 threshold, while the remainder fall below the 0.20 conventional cutoff, with the exception of one economic covariate, which nevertheless shows substantial improvement relative to the unweighted sample. Distributional measures (eCDF mean and max) also fall well within recommended limits (< 0.10 and < 0.25, respectively).

Table D.5: Inverse Propensity Score Weighted (ATT) Estimates

	Estimate	Std. Error	z-value
Persistent Deficit (Treatment)	-0.536^{*}	0.256	-2.089
Intercept	-0.324^{**}	0.124	-2.607
Observations		147	
Estimator		ATT-IPW (full matching)	
Model		Probit	

$^{*}p < 0.05$, $^{**}p < 0.01$, $^{***}p < 0.001$.

The weighted probit model (Table D.5) indicates that persistent current-account deficits signifi-

cantly reduce the probability of attending the BRI summit ($\hat{\beta} = -0.536$, $p = 0.037$). The magnitude is similar to the main results, suggesting that the effect is not driven by distributional differences in the covariates but reflects the substantive role of "helpless issues" in pushing countries away from the liberal order.

D.4 Control Function Method

To double confirm the results for issues like reverse causality, I adopt *control function method* (2SRI, Two-Stage Residual Inclusion in the probit case (Terza et al. 2008)),[71] which utilizes an instrument variable. A control function renders an endogenous variable exogenous and its common form is the residual after regressing treatment on instrument(s) and covariate(s) in the first stage. I then use *historical industrial intensity* of over a decade ago (2001-02, average industrial output as % of GDP) as a plausible instrument for the following reasons:[72] historical industrial intensity is one of the factors that affect historical imbalances which, for many countries, persisted due to a combination of structural factors explained, albeit (de)industrialization across countries.[73] Historical industrial intensity (which changes) should not directly affect attendance in 2017, apart from going through more *recent* external imbalances: it is not correlated with attendance, and neither theoretical nor empirical evidence suggests states blame the current order for historical industrial intensity as a grievance (echoing the null finding in Table 4, the "deindustrialization" column). Additionally, as described, the BRI summit is more of a political venue than economic practicality to resolve tangible issues. Even in an unlikely case where industrialists (e.g., firms in Italy or Singapore) push for leader's attendance for cooperation, the estimate should bias toward zero (meaning the real effect is further away from zero).[74] I view the specification with baseline controls in both stages as preferred, in case covariates like regime type may theoretically affect both historical industrial intensity and attendance.[75] The two stages are formally expressed as:

$$T_i = \pi_0 + \pi_1 Z_i + \pi_2 \mathbf{X_i} + \eta_i$$

---

[71]2SLS (Two-Stage Least Squares) is for linear models.

[72]Industry output corresponds to ISIC divisions 05-43, including mining, manufacturing and construction.

[73]For example, China's industrial intensity ... The average of autocracies... One typical reason for persistent imbalance is over-valued currency.

[74]Empirically, it's even harder to find cases that domestic actors in poor low-industrialized or de-industrialized countries influence state heads to attend, or equivalently, those in industrialized countries influence leaders not to go. Also I control for country characteristics including GDP per capita.

[75]I control for a host of country-level characteristics, which is common and theoretically desirable to mitigate omitted variable bias concerns (Abadie 2003), similar to Acemoglu et al. (2001).

$$Y_i = \beta_0 + \beta_1 T_i + \beta_2 \mathbf{X_i} + \beta_3 \hat{\eta}_i + \epsilon_i$$

where T_i, Z_i, $\mathbf{X_i}$ and Y_i are treatment (external imbalance), instrument (industrial intensity), covariates, and outcome (attendance) respectively. The estimated residual $\hat{\eta}_i$ from the first stage serves as a control function in the second stage, rendering the treatment exogenous.

D.5   Baseline Results for Mechanism I

	DV: BRI Summit Attendance							
	Probit Model							2SRI/IV
	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8
Total Current Bal.	−0.0093**		−0.0267***		0.0068	−0.0087**	−0.0110**	−0.0146*
	(0.0035)		(0.0054)		(0.0139)	(0.0034)	(0.0048)	(0.0085)
Total Trade Bal.		0.0006		−0.0181**				
		(0.0027)		(0.0082)				
Total Current Bal. x Trade Bal. w/ China			0.020***					
			(0.007)					
Total Trade Bal. x Trade Bal. w/ China				0.019**				
				(0.008)				
Total Current Bal. x Ideal Point (w/ US)					−0.005			
					(0.004)			
Total Current Bal. x Regime Type							0.004	
							(0.006)	
Total Current Bal. x White						0.006		
						(0.014)		
Trade Def. w/ China			0.134	0.022				
			(0.119)	(0.122)				
BRI Position	0.184**	0.169*	0.194**	0.199*	0.176**	0.154*	0.189**	0.203**
	(0.088)	(0.095)	(0.096)	(0.104)	(0.087)	(0.085)	(0.089)	(0.092)
FTA w/ China	0.115	0.112	0.192.	0.176	0.152	0.167.	0.127	0.114
	(0.111)	(0.116)	(0.128)	(0.131)	(0.111)	(0.110)	(0.114)	(0.113)
BIT w/ China	0.165***	0.158**	0.113*	0.100	0.184***	0.131**	0.164***	0.196***
	(0.056)	(0.063)	(0.064)	(0.071)	(0.057)	(0.054)	(0.056)	(0.062)
Financial Crises (count)	0.013**	0.013**	0.014**	0.014**	0.018***	0.013**	0.014**	0.017**
	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.005)	(0.006)	(0.007)
Ideal Point Distance	−0.146**	−0.122**	−0.138**	−0.136**	−0.317***	−0.227***	−0.151**	−0.162**
	(0.061)	(0.058)	(0.062)	(0.063)	(0.087)	(0.080)	(0.061)	(0.073)
Regime Type	−0.012.	−0.004	−0.012	−0.006	−0.018**	−0.012.	−0.018*	−0.018*
	(0.008)	(0.008)	(0.009)	(0.010)	(0.008)	(0.008)	(0.010)	(0.010)
Leader Ideology	−0.006	−0.008	−0.004	−0.008	−0.002	−0.005	−0.011	−0.016
	(0.022)	(0.025)	(0.024)	(0.026)	(0.023)	(0.022)	(0.023)	(0.024)
Africa Dummy	−0.179**	−0.176*	−0.197*	−0.200*	−0.174**	−0.159**	−0.176**	−0.190**
	(0.084)	(0.099)	(0.104)	(0.117)	(0.081)	(0.080)	(0.085)	(0.087)
GDP Growth Rate	0.003	0.000	−0.001	−0.004	0.003	0.005	0.003	0.003
	(0.004)	(0.003)	(0.005)	(0.006)	(0.004)	(0.004)	(0.004)	(0.004)
GDP (log)	0.050**	0.041*	0.048*	0.040.	0.036.	0.038.	0.047*	0.057**
	(0.024)	(0.023)	(0.026)	(0.027)	(0.023)	(0.025)	(0.024)	(0.028)
GDP per capita (log)	−0.055*	−0.091**	−0.053	−0.080.	−0.057*	−0.058*	−0.052.	−0.026
	(0.031)	(0.040)	(0.037)	(0.048)	(0.030)	(0.032)	(0.032)	(0.049)
Human Rights Index	0.036.	0.034	0.039.	0.045*	0.029	0.017	0.036.	0.043*
	(0.024)	(0.024)	(0.026)	(0.026)	(0.024)	(0.028)	(0.024)	(0.025)
(Intercept)	−0.118	0.287	−0.238	0.161	0.732*	0.123	−0.131	−0.501
	(0.287)	(0.326)	(0.369)	(0.414)	(0.401)	(0.288)	(0.288)	(0.585)
Num.Obs.	147	140	128	121	147	147	147	140
R^2	0.458	0.377	0.472	0.406	0.498	0.528	0.463	0.466

. $p < 0.15$, * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Table D.6: Baseline LPM models: State's Attendance to 2017 BRI Summit. *Note*: Current account balances use the period 2011-17.

D.6 Regression Tables for Figure 8

	Model	Model	Model	Model	Model	Model	Model	Model	Model	Model	Model
	DV: State Head's Attendence to the BRI Summit										
	1	2	3	4	5	6	7	8	9	10	11
CA Account (scale)	−0.043**										−0.091.
	(0.019)										(0.064)
Fin. Crises (scale)		0.088**									0.100**
		(0.039)									(0.043)
Import Change (scale)			0.015								0.048.
			(0.021)								(0.033)
FDI (scale)				0.021**							0.007
				(0.008)							(0.045)
GDP Growth (scale)					0.003						0.049
					(0.033)						(0.072)
MFG (scale)						0.017					0.010
						(0.031)					(0.043)
Debt (scale)							0.016				−0.001
							(0.027)				(0.050)
Unemployment (scale)								0.016			0.030
								(0.031)			(0.048)
Inequality (scale)									−0.034		−0.030
									(0.032)		(0.053)
IMF Deficit (scale)										−0.008	−0.006
										(0.028)	(0.038)
OBOR Nations	0.102	0.166*	0.081	0.091	0.087	0.087	0.098	0.085	0.118.	0.087	0.169.
	(0.080)	(0.086)	(0.084)	(0.079)	(0.078)	(0.079)	(0.078)	(0.084)	(0.079)	(0.079)	(0.108)
FTAs	0.178.	0.193*	0.171.	0.196*	0.197*	0.180.	0.198*	0.196*	0.200*	0.193*	0.152
	(0.111)	(0.113)	(0.112)	(0.112)	(0.111)	(0.113)	(0.112)	(0.111)	(0.110)	(0.114)	(0.121)
BITs	0.155***	0.156***	0.171***	0.157***	0.158***	0.161***	0.165***	0.171***	0.171***	0.158***	0.187**
	(0.057)	(0.059)	(0.061)	(0.056)	(0.056)	(0.059)	(0.057)	(0.057)	(0.058)	(0.056)	(0.085)
Leader Ideology	−0.002	−0.006	−0.001	−0.001	−0.002	0.002	−0.003	−0.004	0.005	−0.002	−0.018
	(0.021)	(0.022)	(0.022)	(0.020)	(0.020)	(0.021)	(0.020)	(0.022)	(0.022)	(0.020)	(0.027)
Regime Type	−0.003	−0.007	0.001	0.000	0.001	0.000	0.001	−0.001	0.001	0.001	−0.011
	(0.007)	(0.007)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.009)
Africa	−0.198***	−0.147*	−0.192**	−0.172**	−0.174**	−0.178**	−0.181**	−0.193**	−0.110.	−0.168**	−0.182.
	(0.076)	(0.086)	(0.084)	(0.075)	(0.075)	(0.078)	(0.078)	(0.092)	(0.077)	(0.074)	(0.115)
GDP Growth	0.000	−0.001	−0.001	0.000	0.000	0.000	0.000	−0.001	−0.001	0.000	−0.002
	(0.004)	(0.002)	(0.005)	(0.004)	(0.003)	(0.003)	(0.003)	(0.002)	(0.002)	(0.002)	(0.006)
GDP	0.035**	0.019	0.038**	0.032**	0.028*	0.028*	0.028*	0.047**	0.043**	0.030*	0.053*
	(0.017)	(0.020)	(0.018)	(0.016)	(0.015)	(0.017)	(0.016)	(0.020)	(0.020)	(0.017)	(0.032)
GDP PC	−0.090***	−0.093***	−0.111***	−0.094***	−0.088***	−0.093***	−0.096***	−0.121***	−0.103***	−0.090***	−0.118**
	(0.030)	(0.031)	(0.032)	(0.030)	(0.030)	(0.030)	(0.031)	(0.036)	(0.032)	(0.029)	(0.051)
Human Rights	0.009	0.025	0.012	0.006	0.004	0.004	0.007	0.014	0.002	0.006	0.038
	(0.022)	(0.023)	(0.021)	(0.021)	(0.021)	(0.022)	(0.021)	(0.021)	(0.020)	(0.021)	(0.031)
Num.Obs.	166	154	156	171	173	165	171	165	158	173	125
R^2	0.280	0.296	0.247	0.262	0.261	0.264	0.267	0.268	0.293	0.262	0.350

$^{***}p < 0.01$; $^{**}p < 0.05$; $^{*}p < 0.1$

Table D.7: Baseline LPM models: Ten LIO Issues (Scaled). *Note*: Current account balances use the period 2011-17. Although in single models, FDI is significant, it's insignificant in pooled model, suggesting the existence of confounders. Moreover, its sign is against theory – higher FDI not lower leads to support. For current account balance and financial crisis count, they are consistent in both models.

	DV: State Head's Attendence to the BRI Summit									
	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8	Model 9	Model 10
Current Acc. / Fin.l Crises	0.121** (0.061)									0.134* (0.078)
Import Shock		−0.034 (0.052)								−0.067 (0.069)
Low FDI			−0.043 (0.049)							−0.033 (0.075)
Economic Inequality				−0.043 (0.065)						0.003 (0.088)
Low Growth					−0.012 (0.048)					−0.090 (0.077)
De-industrialization						−0.011 (0.055)				−0.044 (0.076)
High Debt							−0.008 (0.050)			−0.027 (0.070)
High Unemployment								−0.031 (0.059)		−0.054 (0.081)
IMF Governance Deficit									−0.021 (0.062)	−0.050 (0.073)
OBOR Route	0.156* (0.083)	0.079 (0.083)	0.099 (0.079)	0.126 (0.084)	0.084 (0.079)	0.089 (0.079)	0.090 (0.078)	0.099 (0.080)	0.086 (0.078)	0.190* (0.104)
FTA w/ China	0.107 (0.113)	0.134 (0.111)	0.159 (0.112)	0.163 (0.110)	0.178 (0.110)	0.163 (0.111)	0.172 (0.112)	0.154 (0.111)	0.174 (0.111)	−0.007 (0.127)
BIT w/ China	0.160*** (0.057)	0.184*** (0.055)	0.156*** (0.055)	0.184*** (0.056)	0.162*** (0.056)	0.167*** (0.057)	0.173*** (0.056)	0.177*** (0.060)	0.166*** (0.060)	0.216*** (0.078)
Ideal Point Distance (China)	−0.108** (0.053)	−0.101** (0.049)	−0.089* (0.050)	−0.096* (0.053)	−0.071 (0.044)	−0.082* (0.047)	−0.078* (0.046)	−0.096* (0.051)	−0.074* (0.045)	−0.120* (0.062)
Leader Ideology	−0.007 (0.022)	−0.003 (0.022)	−0.004 (0.021)	0.002 (0.022)	−0.005 (0.021)	−0.001 (0.022)	−0.008 (0.021)	−0.003 (0.022)	−0.007 (0.021)	−0.012 (0.028)
Regime Type	−0.006 (0.008)	0.003 (0.007)	0.003 (0.006)	0.004 (0.007)	0.003 (0.006)	0.001 (0.007)	0.003 (0.006)	0.003 (0.006)	0.003 (0.007)	−0.003 (0.009)
Africa	−0.205*** (0.077)	−0.210** (0.084)	−0.171** (0.074)	−0.121 (0.079)	−0.184** (0.076)	−0.187** (0.077)	−0.188** (0.078)	−0.176** (0.083)	−0.174** (0.075)	−0.198* (0.107)
GDP per Capita	0.002 (0.004)	0.001 (0.005)	0.002 (0.004)	0.000 (0.002)	0.000 (0.002)	0.001 (0.004)	0.000 (0.002)	0.000 (0.002)	0.000 (0.003)	0.001 (0.006)
GDP	0.042** (0.019)	0.041** (0.018)	0.041** (0.018)	0.052** (0.022)	0.032** (0.016)	0.037** (0.018)	0.034** (0.016)	0.049** (0.022)	0.035** (0.017)	0.056* (0.032)
GDP per Capita	−0.071** (0.030)	−0.095*** (0.031)	−0.076*** (0.027)	−0.091*** (0.031)	−0.077*** (0.028)	−0.084*** (0.029)	−0.083*** (0.030)	−0.094*** (0.035)	−0.080*** (0.028)	−0.076 (0.051)
Human Rights	0.022 (0.023)	0.013 (0.022)	0.007 (0.021)	0.007 (0.020)	0.006 (0.021)	0.009 (0.023)	0.008 (0.021)	0.012 (0.020)	0.007 (0.020)	0.024 (0.031)
Num.Obs.	156	155	170	157	172	164	170	164	172	126
R^2	0.314	0.260	0.272	0.300	0.269	0.272	0.273	0.280	0.271	0.347

$^{***}p < 0.01$; $^{**}p < 0.05$; $^{*}p < 0.1$

Table D.8: Baseline LPM models: Helpless Dummy (at 50th percentile of the issue variable) and Placebos. *Note*: Current account balances use the period 2011-17.

	DV: State Head's Attendence to the BRI Summit									
	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8	Model 9	Model 10
Global Imbalances / Financial Crises	0.158***									0.187***
	(0.056)									(0.065)
Import Shock		−0.014								0.035
		(0.057)								(0.067)
Low FDI			−0.066							−0.064
			(0.067)							(0.089)
Economic Inequality				−0.111*						−0.118
				(0.063)						(0.084)
Low Growth					0.076					0.105
					(0.060)					(0.090)
De-industrialization						−0.028				−0.080
						(0.057)				(0.074)
High Debt							0.014			−0.073
							(0.055)			(0.075)
High Unemployment								0.015		−0.005
								(0.062)		(0.073)
IMF Governance Deficit									−0.019	−0.085
									(0.079)	(0.095)
OBOR Route	0.145*	0.080	0.093	0.107	0.107	0.089	0.092	0.097	0.087	0.175*
	(0.081)	(0.082)	(0.077)	(0.083)	(0.077)	(0.080)	(0.078)	(0.083)	(0.077)	(0.092)
FTA w/ China	0.124	0.136	0.166	0.151	0.191*	0.161	0.174	0.162	0.177	0.063
	(0.112)	(0.111)	(0.111)	(0.111)	(0.110)	(0.110)	(0.111)	(0.111)	(0.112)	(0.121)
BIT w/ China	0.174***	0.183***	0.159***	0.165***	0.150***	0.166***	0.171***	0.176***	0.163***	0.179**
	(0.057)	(0.060)	(0.055)	(0.057)	(0.056)	(0.057)	(0.057)	(0.057)	(0.056)	(0.079)
Ideal Point Distance (China)	−0.115**	−0.096*	−0.092*	−0.112**	−0.078*	−0.082*	−0.078*	−0.098*	−0.074	−0.130**
	(0.055)	(0.050)	(0.050)	(0.055)	(0.045)	(0.047)	(0.045)	(0.051)	(0.045)	(0.062)
Leader Ideology	−0.008	−0.001	−0.003	0.004	−0.003	0.000	−0.007	−0.004	−0.006	−0.002
	(0.022)	(0.022)	(0.021)	(0.022)	(0.020)	(0.022)	(0.021)	(0.022)	(0.021)	(0.026)
Regime Type	−0.008	0.003	0.002	0.004	0.003	0.001	0.003	0.002	0.003	−0.006
	(0.008)	(0.007)	(0.006)	(0.006)	(0.006)	(0.007)	(0.007)	(0.006)	(0.007)	(0.009)
Africa	−0.191**	−0.207**	−0.174**	−0.150*	−0.174**	−0.188**	−0.188**	−0.188**	−0.173**	−0.160
	(0.077)	(0.083)	(0.073)	(0.082)	(0.074)	(0.077)	(0.078)	(0.086)	(0.075)	(0.097)
GDP per Capita	0.002	0.001	0.002	−0.001	0.001	0.002	0.000	0.000	0.001	0.001
	(0.004)	(0.005)	(0.004)	(0.002)	(0.003)	(0.004)	(0.003)	(0.002)	(0.002)	(0.005)
GDP	0.049**	0.042**	0.038**	0.052**	0.035**	0.034*	0.035**	0.054**	0.035*	0.073**
	(0.020)	(0.018)	(0.018)	(0.021)	(0.016)	(0.020)	(0.016)	(0.021)	(0.018)	(0.030)
Log GDP per Capita	−0.070**	−0.095***	−0.071**	−0.085***	−0.086***	−0.080**	−0.085***	−0.104***	−0.078***	−0.074*
	(0.030)	(0.031)	(0.027)	(0.031)	(0.029)	(0.031)	(0.029)	(0.032)	(0.028)	(0.044)
Human Rights	0.027	0.014	0.005	0.007	0.010	0.007	0.009	0.016	0.007	0.028
	(0.023)	(0.021)	(0.021)	(0.020)	(0.020)	(0.023)	(0.021)	(0.020)	(0.021)	(0.028)
Num.Obs.	153	155	170	157	172	164	170	164	172	126
R2	0.332	0.258	0.274	0.311	0.275	0.272	0.274	0.279	0.270	0.385

***$p < 0.01$; **$p < 0.05$; *$p < 0.1$

Table D.9: Baseline LPM models: Helpless Dummy (75th percentile of the issue variable) and Placebos. *Note*: Current account balances use the period 2011-17.

D.7 Globalization Pain Index

(a) By GPI Rank
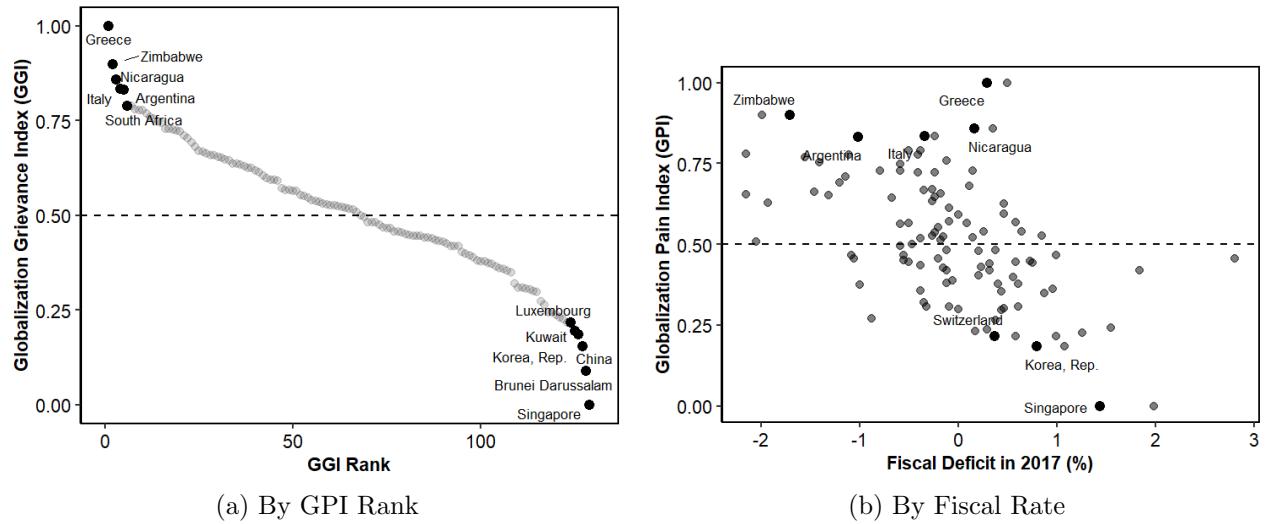
(b) By Fiscal Rate

Figure D.7: Globalization Pain Index (GPI) Distributions. *Note*: Panel (a) reports GPI distribution by countries across GPI rank, while Panel (b) shows GPI distribution by countries across domestic fiscal rate in 2017.

D.8 Non-linear Illustration of GPI on BRI Attendance

Variable	Estimate	Std. Error	z
Spline for Globalization Pain Index (knot = 0.52)			
GPI spline1	8.269	7.800	1.060
GPI spline2	6.053	4.192	1.444
GPI spline3	8.072	6.559	1.231
GPI spline4	9.999	5.783	1.729[*]
Controls		✓	

Probit model with HC robust standard errors.
[**] $p < 0.05$.   [*] $p < 0.10$.
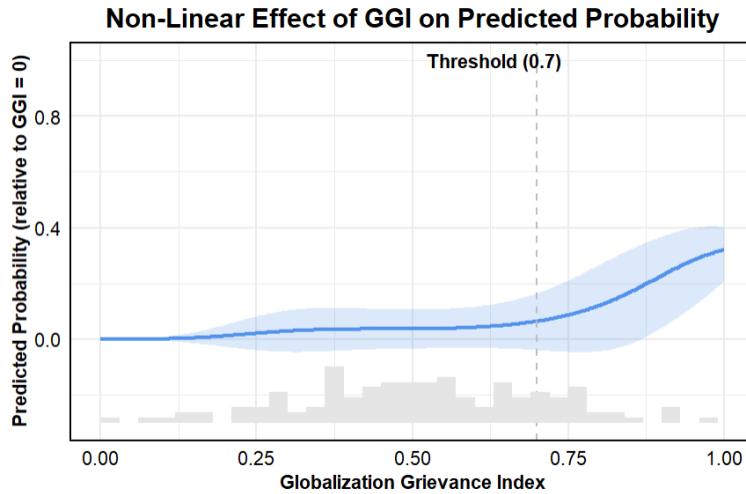
Figure D.8: The Effect of GPI on Predicted BRI Attendance Probability. Note: GPI (with helpless weight=5) is estimated with spline (knot = 0.52 at 75th percentile).

(a) Helpless weight = 1

(b) Knot = 90th percentile
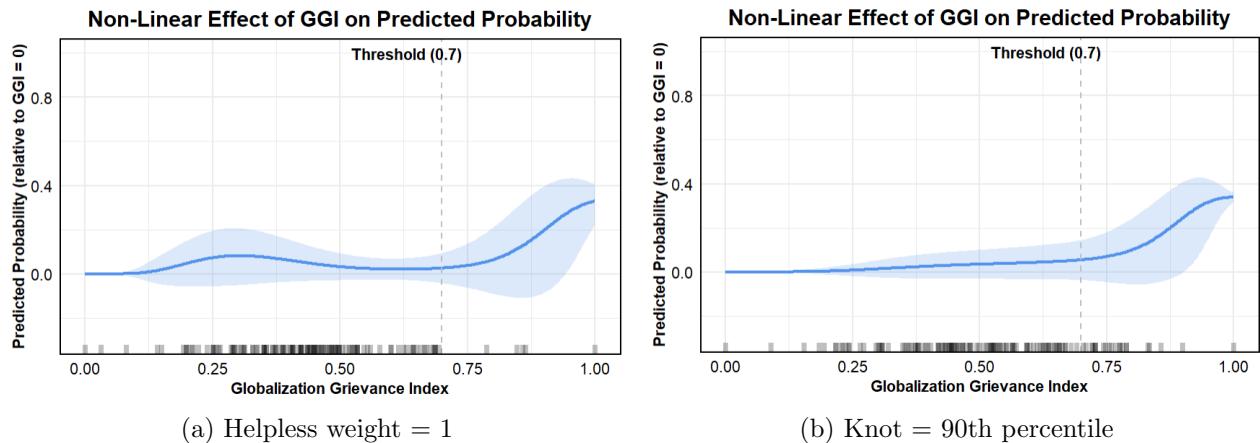
Figure D.9: Globalization Pain Index (GPI) Distributions. *Note*: Panel (a) is for equal-weighting scheme at knot = 75th percentile, while Panel (b) shows GGI when weight = 5 and knot = 90th percentile.

Nonlinear Effect of GGI on Attendance (LPM)
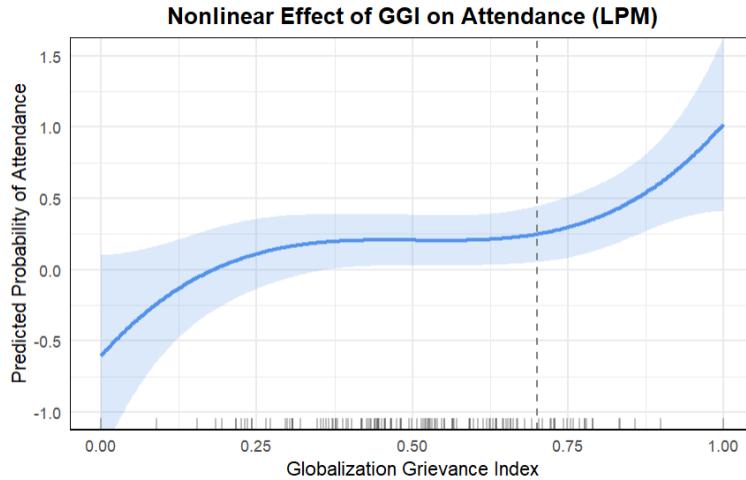
Figure D.10: Nonlinear Effect of GGI on Support for China. *Note:* Marginal effects from a spline-based linear probability model with a threshold at the 75th percentile of GGI (knot = 0.52). Lower than around 0.7, the effect is insignificant. LPM does not impose a decision boundary like probit does, i.e., [0, 1].

D.9 Robustness Tests of GGI Nonlinear Effects: Piecewise and Segmented LPM

D.10 UN Resolution ES-11/1 on Russia's Invasion

To further support the loyalty-eroding mechanism, I utilize the unusual UNES-11/1 resolution on March 2, 2022, which was the first UNGA vote to condemn Russia's full-scale invasion (February 24) and demanded complete withdrawal. These requests concerned core LIO norms and the West-led order backing Ukraine, rendering non-compliance a strong signal of disloyalty, thus well suited to my theory. Of all, 141 voted in favor and 40 voted against or abstained. As with BRI attendance, defection plausibly reflects two channels: (1) baseline affinity with the West or Russia shaped by regime type, leader ideology, geopolitical alignment, or perceived utility of voting, and (2) issue-induced loyalty erosion within the current order. By controlling for the first channel, the analysis isolates variation attributable to the second.

Defying core LIO norms constitutes perhaps a more severe form of contesting the LIO, generating more diplomatic and reputational costs (than BRI attendance) while offering virtually no foreseeable material benefits. As such, my theory predicts that, for typical states, substantial loyalty erosion is required for defection. I estimate LPM models with non-compliance (voting against or abstaining) as the dependent variable, controlling for baseline propensity including Global South status, NATO membership, Ideal Point distance from the U.S., regime type, leader ideology, GDP, GDP per capita, and human rights practices. I then test the ten LIO issues using the longer 2001-20 period, which

Table D.10: Nonlinear Models: GGI and BRI Attendance

	(1) Piecewise ($\psi = 0.75$)	(2) Segmented ($\hat{\psi} = 0.80$)
GGI (below threshold)	0.267	0.294
	(0.229)	(0.222)
GGI (above threshold)	2.825***	3.708*
	(1.058)	(1.978)
BRI Route	0.218**	0.229**
	(0.106)	(0.091)
FTAs	0.086	0.090
	(0.116)	(0.103)
BITs	0.192***	0.187**
	(0.066)	(0.080)
Ideal Point (China)	−0.133**	−0.134**
	(0.062)	(0.066)
Leader Ideology	−0.006	−0.002
	(0.027)	(0.027)
Regime Type	−0.008	−0.007
	(0.009)	(0.008)
Africa	−0.176.	−0.168
	(0.103)	(0.103)
GDP Growth	0.002	0.002
	(0.005)	(0.005)
GDP (log)	0.067**	0.069**
	(0.027)	(0.028)
GDP per Capita (log)	−0.096**	−0.098.
	(0.044)	(0.050)
Human Rights	0.035	0.036
	(0.028)	(0.029)
Constant	−0.073	−0.100
	(0.362)	(0.353)
Observations	124	124
R^2	0.386	0.386
Adjusted R^2	0.307	0.307

Note: . $p < 0.1$, * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$.

Table D.11: Two Threshold Models. *Note:* Dependent variable is attendance. Column (1) reports a piecewise linear probability model with a theory-driven threshold at GGI = 0.75. Column (2) reports a segmented linear probability model with an estimated threshold. In Column (2), the slope above the threshold equals the sum of the baseline slope and the post-threshold slope change. Robust standard errors in parentheses.

better captures the cumulative grievances theorized to erode loyalty.

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	DV: UNES-11/1 Resolution Vote										
Import Shock	0.000 (0.002)										0.002 (0.003)
Low FDI		0.001 (0.005)									−0.006 (0.009)
Low Growth			−0.016 (0.017)								0.010 (0.037)
Deindustrialization				0.007 (0.007)							0.013 (0.011)
High Unemployment					0.004 (0.006)						0.000 (0.009)
High Debt						0.001 (0.001)					0.001 (0.001)
Economic Inequality							−0.649 (0.472)				−0.227 (0.559)
IMF Gov. Deficit								0.096 (0.148)			0.217 (0.205)
Financial Crises									−0.012* (0.007)		−0.014* (0.007)
Current Account Bal.										−0.006. (0.004)	−0.018** (0.009)
Global South	−0.172* (0.098)	−0.133. (0.090)	−0.136. (0.089)	−0.106 (0.085)	−0.163* (0.098)	−0.129 (0.092)	−0.126 (0.093)	−0.132 (0.093)	−0.116 (0.110)	−0.116 (0.094)	−0.091 (0.156)
NATO	−0.149* (0.087)	−0.179** (0.078)	−0.190** (0.078)	−0.126. (0.079)	−0.184** (0.083)	−0.193** (0.078)	−0.191** (0.080)	−0.186** (0.078)	−0.182* (0.096)	−0.183** (0.081)	−0.125 (0.112)
Ideal Point (U.S.)	0.122** (0.056)	0.080. (0.053)	0.077. (0.051)	0.115** (0.051)	0.079 (0.058)	0.052 (0.053)	0.111* (0.062)	0.060 (0.053)	0.113* (0.064)	0.072 (0.053)	0.222** (0.080)
Regime Type	−0.012. (0.008)	−0.014* (0.008)	−0.016** (0.008)	−0.008 (0.009)	−0.017** (0.008)	−0.017** (0.008)	−0.017** (0.008)	−0.016** (0.008)	−0.023** (0.009)	−0.018** (0.008)	−0.016 (0.011)
Leader Ideology	0.060** (0.029)	0.046* (0.027)	0.047* (0.026)	0.065** (0.029)	0.048* (0.028)	0.045* (0.026)	0.055** (0.027)	0.043* (0.026)	0.052* (0.027)	0.043. (0.026)	0.053. (0.032)
GDP (log)	0.039* (0.021)	0.039** (0.019)	0.036** (0.018)	0.039** (0.018)	0.046** (0.021)	0.034* (0.018)	0.043* (0.022)	0.030. (0.019)	0.076** (0.023)	0.055** (0.020)	0.073** (0.035)
GDP per Capita (log)	−0.092** (0.040)	−0.074** (0.037)	−0.081** (0.039)	−0.063* (0.038)	−0.093** (0.040)	−0.082** (0.038)	−0.079* (0.041)	−0.074** (0.036)	−0.089** (0.041)	−0.091** (0.037)	−0.007 (0.064)
Human Rights	−0.021 (0.028)	−0.022 (0.027)	−0.021 (0.027)	−0.014 (0.027)	−0.020 (0.028)	−0.025 (0.027)	−0.026 (0.028)	−0.033 (0.028)	0.002 (0.027)	−0.005 (0.029)	−0.011 (0.035)
Constant	0.567 (0.402)	0.509 (0.359)	0.672* (0.398)	0.188 (0.353)	0.597. (0.377)	0.696* (0.354)	0.753* (0.385)	0.729** (0.357)	0.126 (0.413)	0.424 (0.409)	−0.815 (0.706)
Observations	134	158	161	135	151	160	149	161	141	150	133

Note: . $p < 0.15$, * $p < 0.1$, ** $p < 0.05$, *** $p < 0.001$.

Table D.12: Non-Helpless Issues and UNES-11/1 Vote. *Note*: independent variables are based on data of 2001-20.

Table D.12 reports results for non-helpless issues (Models 1-8) alongside helpless issues (Models 9-10) and a pooled specification (Model 11) as current account may be highly confounded by financial instability among others. Consistent with the theory, none of the eight non-helpless issues – import competition, low FDI, low growth, deindustrialization, high unemployment, high government debt, economic inequality, and IMF governance deficit – exhibits a statistically significant effect on vote defection. In contrast, both helpless issues show significant effects: cumulative financial crises and current-account balance in the single model and in the pooled model, which confirms that these effects persist when controlling for all issues simultaneously. Substantively, moving from balanced external accounts to a persistent deficit of 10% of GDP increases the probability of defection by

approximately 18 percentage points (Model 11).

Notably, this pattern emerges only in the longer 2001–20 period rather than 2011–20, suggesting that UNES-11/1 defection – a costlier signal than BRI attendance – requires deeper, more accumulated grievances to trigger loyalty collapse. This is consistent with the theoretical expectation that more severe forms of contestation demand correspondingly greater erosion of institutional attachment. The magnitude of current-account balance in UNES-11/1 is almost double as that of BRI summit attendance (Table D.6, Model 1).

Moreover, as with BRI attendance, UNES-11/1 reveals the nonlinear grievance-disengagement relationship at the grievance-level: the GGI index shows significant effects only at high values, with a data-driven threshold comparable to that estimated for BRI attendance (see Figure D.11 and Table D.13).
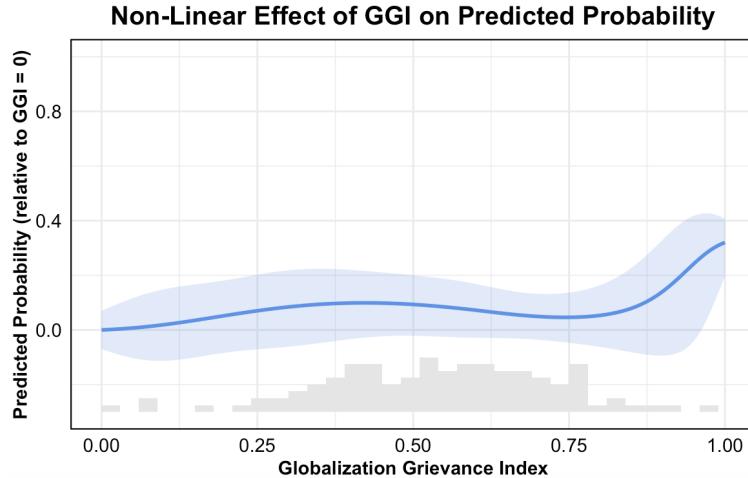
Figure D.11: Nonlinear Effect of GGI on Support for China. *Note:* Marginal effects from a spline-based linear probability model with a threshold at the 75th percentile of GGI (knot = 0.52). Lower than around 0.8, the effect is insignificant.

Panel A: Estimated Threshold			
	Estimate	Std. Error	95% CI
ψ (GGI threshold)	0.763	0.099	[0.566, 0.959]
Panel B: Slope Estimates			
	Estimate	Std. Error	95% CI
Below threshold (β_1)	−0.279	0.273	[−0.822, 0.264]
Above threshold (β_2)	1.353	1.413	[−1.454, 4.160]

* $p < 0.10$.

Table D.13: Segmented Regression: Estimated Threshold and Slopes. *Note*: The model's DV is UNES-11/1 resolution, and model is the LPM model. The GGI is based on data of 2001-20.

D.11 Alternative Version: Residualized Issue Variables

To ensure that the estimated grievance effects are not mechanically driven by cross-national differences in development level, I re-estimate all models using income-adjusted grievance measures. Specifically, for each of the ten issue indicators, I first winsorize extreme values and then residualize the variable with respect to GDP per capita, extracting the component orthogonal to income, as follows:

$$X_i = \alpha + \beta\,\text{GDPpc}_i + \varepsilon_i \tag{12}$$

$$residual\ \hat{\varepsilon}_i = X_i - \hat{\alpha} - \hat{\beta}\,\text{GDPpc}_i \tag{13}$$

These residuals are subsequently standardized to facilitate cross-issue comparison. I then re-estimate all regressions (Table D.14) and the probit spline model (Figure D.12) using these income-adjusted measures. The substantive patterns remain unchanged: grievances that are theoretically classified as "helpless" continue to exhibit statistically and substantively stronger effects, and the nonlinear spline pattern persists. This suggests that the main results are not an artifact of income differences across countries but reflect issue-specific grievance dynamics.
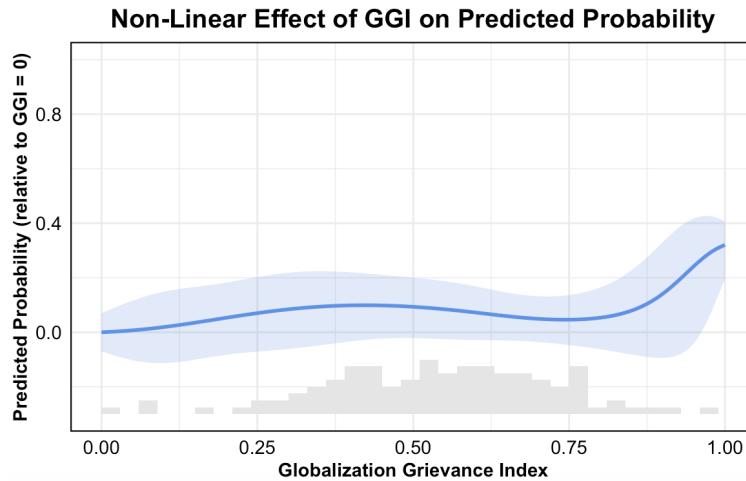

Figure D.12: Nonlinear Effect of GGI on Support for China. *Note:* Using residualed measures after adjusting for GDP per capita in 2011.

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8	Model 9	Model 10	Model 11
					DV: State Head's Attendence to the BRI Summit						
Current Account Bal. (Res.)	−0.032**										−0.065
	(0.015)										(0.065)
Financial Crises (Res.)		0.088**									0.100**
		(0.037)									(0.042)
Import Competition (Res.)			0.021								0.048.
			(0.021)								(0.032)
FDI Net Inflows (Res.)				0.034***							0.052
				(0.012)							(0.054)
GDP Growth (Res.)					−0.001						0.055
					(0.032)						(0.071)
Deindustrialization (Res.)						0.019					0.005
						(0.030)					(0.043)
Central Gov. Debt (Res.)							0.017				0.003
							(0.026)				(0.047)
Unemp. Rate (Res.)								0.013			0.025
								(0.031)			(0.048)
Top 10% Income Share (Res.)									−0.046.		−0.039
									(0.031)		(0.048)
IMF Governance Deficit (Res.)										0.000	0.003
										(0.012)	(0.014)
OBOR	0.103	0.164*	0.081	0.088	0.088	0.086	0.099	0.086	0.103.	0.089	0.162.
	(0.080)	(0.085)	(0.083)	(0.078)	(0.078)	(0.079)	(0.078)	(0.083)	(0.079)	(0.078)	(0.104)
FTA	0.177.	0.194*	0.172.	0.197*	0.199*	0.180.	0.199*	0.196*	0.209*	0.198*	0.160.
	(0.111)	(0.112)	(0.111)	(0.111)	(0.111)	(0.113)	(0.111)	(0.111)	(0.111)	(0.111)	(0.117)
BIT	0.160***	0.156***	0.172***	0.160***	0.159***	0.162***	0.166***	0.174***	0.165***	0.159***	0.174**
	(0.054)	(0.056)	(0.058)	(0.053)	(0.053)	(0.056)	(0.054)	(0.055)	(0.055)	(0.056)	(0.085)
Leader Ideology	−0.001	−0.006	−0.002	−0.001	−0.002	0.002	−0.003	−0.004	0.006	−0.002	−0.016
	(0.021)	(0.022)	(0.022)	(0.020)	(0.020)	(0.021)	(0.020)	(0.022)	(0.022)	(0.020)	(0.026)
Regime Type	−0.002	−0.007	0.001	0.000	0.001	0.000	0.001	0.000	0.000	0.001	−0.011
	(0.007)	(0.007)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.009)
Africa	−0.197**	−0.145*	−0.193**	−0.172**	−0.174**	−0.178**	−0.181**	−0.192**	−0.106.	−0.168**	−0.170.
	(0.076)	(0.086)	(0.084)	(0.075)	(0.075)	(0.078)	(0.077)	(0.093)	(0.076)	(0.074)	(0.115)
GDP per Capita Growth	0.000	−0.001	−0.001	0.000	0.000	0.000	0.000	−0.001	−0.001	0.000	−0.002
	(0.004)	(0.002)	(0.005)	(0.004)	(0.003)	(0.003)	(0.003)	(0.002)	(0.002)	(0.002)	(0.006)
Log GDP	0.032**	0.020	0.037**	0.035**	0.028*	0.027*	0.028*	0.045**	0.044**	0.028*	0.054*
	(0.015)	(0.018)	(0.016)	(0.015)	(0.014)	(0.015)	(0.014)	(0.019)	(0.019)	(0.015)	(0.029)
Log GDP per Capita	−0.095***	−0.090***	−0.110***	−0.092***	−0.089***	−0.092***	−0.095***	−0.120***	−0.093***	−0.090***	−0.107**
	(0.030)	(0.031)	(0.032)	(0.028)	(0.030)	(0.030)	(0.030)	(0.037)	(0.032)	(0.029)	(0.049)
Human Rights	0.006	0.026	0.012	0.009	0.004	0.004	0.007	0.013	0.001	0.004	0.036
	(0.021)	(0.022)	(0.021)	(0.021)	(0.021)	(0.021)	(0.021)	(0.020)	(0.019)	(0.021)	(0.030)
Num. Obs.	167	155	157	172	174	166	172	166	159	174	126
R^2	0.277	0.299	0.250	0.267	0.262	0.265	0.268	0.268	0.299	0.263	0.353

. $p < 0.2$, * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Table D.14: Grievances (Residualized on GDP per Capita) and Disengagement

E Additional Evidence

E.1 UNGA Vote Convergence

In this test, the dependent variable is the voting convergence on human rights resolutions at the UNGA. To exclude the complicated influence such as historical, ethnic, religious or territorial factors that are often difficult to disentangle and make the model less efficient, the scope of states is limited to non-Asian countries (Two Americas, Africa, Europe, Oceania – 133 countries in total). A number of standard control variables are included to account for the influence on states' foreign policies, as in Flores-Macías and Kreps (2013), the most systematic one on China's influence, and Gartzke and Li (2003). The dependent variable, the UN votes convergence on human rights with China, takes on 1 if the country-pair voted in agreement, 0 if voted in disagreement, and 0.5 if one of the two abstained. The main predictor, trade balance with China (% in GDP), is the difference of exports and imports reported by a trading partner to the World Bank.[76] A few other economic variables that could potentially confound are controlled for: total trade volume with China (% in GDP) to account for trade power in the traditional literature, as well as the total trade volume with the US (% in GDP) to control for the counteracting US trade influence, also from the WDI. U.S. aid (% in GDP) is controlled for financial influence, retrieved from the U.S. Agency for International Development (USAID).[77] Joint democracy takes the value of one if both countries are not liberal democracies (-10 to 5 in Polity V) in a given year. A similarly non-liberal regime may choose to vote closer with China on human rights issues regardless. I also use the CINC (Composite Indicator of National Capabilities) that incorporate demographic, industrial, and military indicators, taken from the Correlate of Wars project (NMC v6.0), to control for the effect of national power on states' foreign policy choices. Lastly, a country's human rights practices are accounted for using the Political Terror Scale (PTS). Country fixed effects are included for unit specific, time-invariant omitted confounders such as distance or religion.[78] The data covers a period of 20 years (1992-2011), which ensures at least three country-specific human rights resolutions per year. Since external

---

[76]Bilateral current account balance is not traditionally collected. Less than 30% bilateral trade data is missing non-randomly, mostly for pre-2000 years and for smaller countries. Therefore, the results should apply more to more recent years and larger trading partners. A Multiple Imputation version is shown in the Appendix. An alternative data source is the COW project which however has the import/export inconsistency issue by using importer-reported imports data.

[77]Chinese aid data is not included: The only authentic data source Aiddata reports only ODA (Official Development Assistance)-like grants. Aiddata also lacks the pre-2000 period, and scrapes from open sources while much of Chinese aid remains hidden (Flores-Macías and Kreps 2013). Importantly, the OECD estimates that the Chinese aid in 2018 was $4 billion, tenth among donor states, far behind the United States that provide $34 billion.

[78]A Hausman test has been run to rule out random-effects models.

balances are stubbornly persistent and are primarily affected by structural economic factors and common external shocks such as global financial crises, only key year fixed effects of 2000/01/08 are controlled for, as well as for model parsimony for a limited number of countries. Another benefit of this is to observe the post-Iraq War anti-Americanism trend through a dummy variable (year>2003), as well as the year trend for the possible evolving perceptions of external imbalances.

An instrumental variable approach is employed to more confidently exclude potential endogeneity issues. Since no theoretical literature shows the intricate imbalances can be somehow affected by *future* UNGA voting patterns, concerns for simultaneity bias is largely mitigated. As discussed above, industrial intensity, strongly correlated with overall and bilateral external imbalances, is unlikely to directly affect UNGA voting patterns via channels elsewhere, apart from the bilateral imbalance as the source of tensions. The two-stage formulas are as follows:

$$T_i = \pi_0 + \pi_1 Z_i + \pi_2 \mathbf{X_i} + \eta_i$$

$$Y_i = \beta_0 + \beta_1 \hat{T}_i + \beta_2 \mathbf{X_i} + \epsilon_i$$

where T_i, Z_i, $\mathbf{X_i}$ and Y_i are treatment (external imbalances), instrument (industrial intensity, lagged), covariates, and outcome (vote convergence) respectively. In the first stage, the instrument is strong with an F-statistic close to 15. As a stricter robustness test that makes fewer assumptions, the 2SLS model includes all year fixed effects rather than key years. As in Flores-Macías and Kreps (2013), resource intensity (natural resource rent share, lagged) is used as another instrument. Arguably, resource intensity may be less robust as an IV than industry intensity, as resource-rich countries are more autocracies (though regime type controlled for) and may care more about the Chinese market whose imports from the Global South are largely natural resources.

Table E.15 shows the results of the effects of trade imbalances with China on the UNGA human rights vote convergence. Model 1 conducts a simple bivariate correlation and the predictor imbalance is highly significant. Model 2 adds the main control variables and Model 3 also adds country and year fixed effects, with results remaining substantially unchanged. A higher bilateral trade deficit with China does seem to result in states voting differently from China on UNGA human rights resolutions. Model 4 and Model 5 add the interaction of bilateral trade imbalances and total balances (current account or trade). The effect of the main treatment, bilateral balance, is nullified when total balance is positive; in other words, if a state maintains an overall external balance, a

| | DV: UNGA Human Rights Vote Convergence | | | | | | | |
| | OLS | | | | | Mixed | 2SLS | |
	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8
Bal. w/ China	0.020***	0.010***	0.009**	0.008.	0.010**	0.010***	0.069***	0.073***
	(0.003)	(0.003)	(0.004)	(0.005)	(0.005)	(0.003)	(0.018)	(0.021)
Bal. w/ China x CA Bal.				0.0004***				
				(0.0001)				
Bal. w/ China x Trade Bal.					0.003*			
					(0.0001)			
CA Bal.				0.005***				
				(0.002)				
Trade Bal.					0.003.			
					(0.002)			
CINC		4.018***	−7.328	−5.973	−6.127	2.845	−10.503*	−8.834.
		(0.967)	(21.324)	(22.482)	(23.380)	(2.319)	(5.923)	(6.075)
Joint Democracy		0.274***	0.117**	0.121**	0.113**	0.165***	0.157***	0.154***
		(0.016)	(0.055)	(0.048)	(0.053)	(0.020)	(0.027)	(0.028)
Total Trade w/ U.S.		0.001.	−0.001	0.000	−0.001	0.000	0.001	0.002
		(0.001)	(0.002)	(0.001)	(0.002)	(0.001)	(0.002)	(0.002)
Total Trade w/ China		−0.010***	−0.013***	−0.020***	−0.017***	−0.011***	−0.026***	−0.027***
		(0.003)	(0.005)	(0.005)	(0.005)	(0.003)	(0.007)	(0.007)
Total U.S. Aid		−0.017***	−0.014*	−0.017**	−0.011	−0.010*	−0.014**	−0.014**
		(0.006)	(0.007)	(0.007)	(0.009)	(0.005)	(0.007)	(0.007)
GDP per capita		−0.076***	−0.078*	−0.072*	−0.095**	−0.093***	0.033	0.031
		(0.006)	(0.040)	(0.041)	(0.046)	(0.011)	(0.026)	(0.027)
Human Rights		0.008	−0.020	−0.007	−0.018	−0.009	0.004	−0.009
		(0.007)	(0.019)	(0.012)	(0.016)	(0.008)	(0.011)	(0.011)
Year		0.009***	0.009**	0.008**	0.011***	0.010***	0.014***	0.014***
		(0.002)	(0.004)	(0.004)	(0.004)	(0.002)	(0.004)	(0.004)
Country FE			✓	✓	✓	N/A	✓	✓
Year FE			✓	✓	✓	✓	✓	✓
Observations	1588	1236	1236	1032	1097	1236	1190	1236
R^2 Adj	0.022	0.503	0.703	0.718	0.729	0.747 (Cond.)	0.659	0.632
R^2 Within Adj.			0.162	0.198	0.186			

$^*p < 0.1$, $^{**}p < 0.05$, $^{***}p < 0.01$.

Table E.15: UNGA Human Rights Vote Convergence. *Note*: standard errors are clustered at the country level.

bilateral imbalance is of less concern. Model 6 uses a different specification by employing a mixed effect model that treats the intercepts of states as random and incorporates both within-country and cross-country variations of the treatment. The result remains highly similar. Models 7 and 8 are the 2SLS models that respectively use industrial intensity and natural resource intensity as instruments. The results of IV models are significant and consistent with main models, with larger magnitudes.[79] Although interpreting control variables theoretically is not advised (Hunermund and Louw 2022), it is interesting to note that the sign of total trade with China is negative even without trade balances. Combining the Pew report (2007) that "China's expanding influence in African and Latin America is triggering considerable anxiety," the negative coefficient suggests that unlike in the literature, even total bilateral trade may not bear the positive influence effect at least in the China case, while the soaring trade balance may be the key. Figure 6 shows the predicted marginal effects of bilateral trade balances with China across the values of total external balances: The effects of bilateral deficits become close to null when total current account or trade balances remain positive.

F   Robustness Tests

F.1   More explanations on the "Uncompetitive Outside Option" Assumption

As explained, the disengagement decision in this paper is shaped by disengagement costs and benefits and loyalty to the LIO. I defend my assumption that at least currently, the much institutionalized LIO is more competitive than a nascent China-led order. Thus, we need helpless issues to crush the loyalty value to trigger support shift. The degree of this assumption, of course, is heterogeneous across countries. I argue that this is likely true even for some countries that are autocratic or on the BRI routes, for example, Saudi Arabia, Vietnam, and South Africa, as perceived from media discourse. However, in regression results (Table D.7), some covariates such as BIT and GDP per capita are significant. This is not contradictoary to my theory, as they are baseline propensity of attendance that is independent of issue-driven push dynamics. Once we control for "push effect" (for example, helpless issues), there could be a small number of countries such as those with acute need for Chinese investments or too poor who may think a Chinese order is more attractive than the LIO. This can drive the effects of covariates. On the other hand, once we control for these covariates to single out other mechanisms to focus on "push by issues," as most countries perceive

---

[79]The larger magnitudes are similar to those in Flores-Macías and Kreps (2013), suggesting that the OLS models may have the known attenuation bias (Bound and Krueger 1991).

the superiority of the LIO, my theory predicts the observed results. Intuitively, I assume most countries across different baseline pro-China prior attitudes hold this view.

Appendix References

Abadie, Alberto (2003). "Semiparametric Instrumental Variable Estimation of Treatment Response Models". In: *Journal of Econometrics* 113, pp. 231–63.

Acemoglu, Daron (2002). "Technical Change, Inequality, and the Labor Market". In: *Journal of Economic Literature* 40.1, pp. 7–72.

Broz, Lawrence J., Zhiwen Zhang, and Gaoyang Wang (2020). "Explaining foreign support for China's global economic leadership". In: *International Organization* 74.2, pp. 417–52.

Carnegie, Allison and Richard Clark (2023). "Reforming Global Governance: Power, Alliance, and Institutional Performance". In: *World Politics* 75.3, pp. 523–565. DOI: 10.1353/wp.2023.a900712.

Flores-Macías, Gustavo. A. and Sarah Kreps (2013). "The Foreign Policy Consequences of Trade: China's Commercial Relations with Africa and Latin America, 1992–2006." In: *Journal of Politics* 75.2, pp. 357–71.

Gartzke, Erik and Quan Li (2003). "Measure for Measure: Concept Operationalization and the Trade Interdependence: Conflict Debate". In: *Journal of Peace Research* 40.5, pp. 553–71.

Kehoe, Timothy J., Kim J. Ruhl, and Joseph B. Steinberg (2018). "Global Imbalances and Structural Change in the United States". In: *Journal of Political Economy* 126.2, pp. 761–796.

Obstfeld, Maurice and Kenneth Rogoff (2009). "Global Imbalances and the Financial Crisis: Products of Common Causes. In "Asia and the Global Financial Crisis," ed. Reuven Glick and Mark M. Spiegel." In: *Asia Economic Policy Conference. San Francisco, CA: Federal Reserve Bank of San Francisco.*

Qian, Jing, James Raymond Vreeland, and Jianzhi Zhao (2023). "The Impact of China's AIIB on the World Bank". In: *International Organization* 77.1, pp. 217–37.

Reinhart, Carmen M. and Kenneth S. Rogoff (2009). *This Time Is Different: Eight Centuries of Financial Folly.* Princeton, NJ: Princeton University Press.

Terza, Joseph, Anirban Basu, and Paul Rathouz (2008). "Two-stage residual inclusion estimation: addressing endogeneity in health econometric modeling". In: *Journal of Health Economics* 27.3, pp. 531–43.