When Issues Manifest? Globalization Backlash, Contested Issues, and the Liberal International Order

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Abstract

How do issues of the Liberal International Order (LIO) shape order contestation? Decades of globalization has presented the LIO with mounting problems. I address this timely question by developing an issue-based theory of order contestation that highlights two mechanisms. First, contested issues do not automatically yield gains for rising powers; complicated by globalization interdependency, the credibility of rising powers as outside options can become endogenous to issues, reducing the likelihood of LIO disengagement while increasing order resilience. Second, even given exogenous outside options, due to LIO's high disengagement costs with uncompetitive challengers yet, only helpless issues – severe, persistent, and systemic problems that states cannot resolve alone – generate stay costs large enough to erode loyalty, making disengagement possible. I test the theory in the context of global imbalances, a substantively important, contentious yet understudied issue, and across ten major LIO issues. States' support for China increases facing current-account-balance (but not trade-balance) problems, due to China's controversial trade practices *vis-à-vis* financial appeal, and the support diminishes as bilateral trade imbalances grow. Non-helpless issues show no effects. Employing multiple identification strategies, an LLM-based global media analysis, and qualitative cases, with mechanism evidence from UNGA voting and support for Russia's war, I show how issue characteristics shape globalization backlash, 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) – on which Lake et al. (2021) remark "this time might be different."[2] The seemingly persistence of crisis lies in its structural issues, ranging from internal challenges, including financial instability, governance deficits, developmental inequality, and even Trump's disregard for LIO rules, to external pushback from autocratic and revisionist states on its normative foundations (Ekiert and Dasanaike 2024). Many issues are both high-level LIO contestations and concrete problems states wrestle with; they differ in form but share analytical similarities as explained below.

Studying the LIO is important but quantitatively challenging because the order itself as a singular macro-structure has limited variation.[3] This paper instead seeks to explain when, how, and which LIO's issues may lead states to lose support or side with challengers. Although other consequences exist such as paralyzing institutions (e.g., human-rights, climate), this is more fundamental and crucial for both LIO's influence, legitimacy, and viability (Gray 2018; Ikenberry 2011; Keohane 1984) and the returning great-power competition, particularly during power transitions, given the hegemon's wavering commitment and an authoritarian challenger's competing vision (Doshi 2021; Lake et al. 2021). Existing studies suggest problematic issues within institutions result in diminished legitimacy and weakened performance (March and Olsen 1984; North 1990; Pierson 2000); however, an international order is vastly different from typical domestic or international organizations (IO). Classical power-transition or order theory predicts power shift causes rising powers' dissatisfaction, while ignoring issue-specific grievances and other states' behavior and assuming outside options are *exogenous* as given. Yet this fits poorly with the complex, interdependent realities of contemporary globalization.

As an example, global imbalances have become a contentious LIO issue that "dominates policy debate" (Chinn and Ito 2022), though remaining little studied in political science.[4] Generated through globalization, global imbalances entangle states and carry complex implications for LIO

[1] Issues are defined as challenges or problems in this paper, 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 liberal economic sub-order directed by U.S.-led institutions, such as the World Bank, IMF, and WTO, largely shaped economic globalization.

[3] For example, International Organization's 75th and 79th special issues urge more research on global order. The 79th editorial noted the submission gap on great-power competition and Global South states.

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

contestation and great-power politics. The United States, LIO's hegemon, has run decades of staggering external deficits (Figure 1) and responded with norm violations, disengagement from LIO institutions such as the WTO, and a global tariff war. By contrast, China, the major LIO challenger whose trade surplus exceeds $1 trillion, defends its leadership in free trade; Yet, in the 1980s it had to cut back scarce investments to restore balance-of-payment sustainability when then Chinese economic czar Chen Yun abhorred the ballooning imbalances (Feeney 1989; Zweig 2002).[5] Other states express frustration or even helplessness, with Pakistan lamenting "... persistent current account deficit and huge trade imbalance ... haunting our economy for long but unfortunately no solution."[6] Others develop complex responses: many worried African countries, while supporting China's financial leadership for loans and investments, blame China for widening their imbalances.[7] Notably, global imbalances appear to favor authoritarian states.[8]

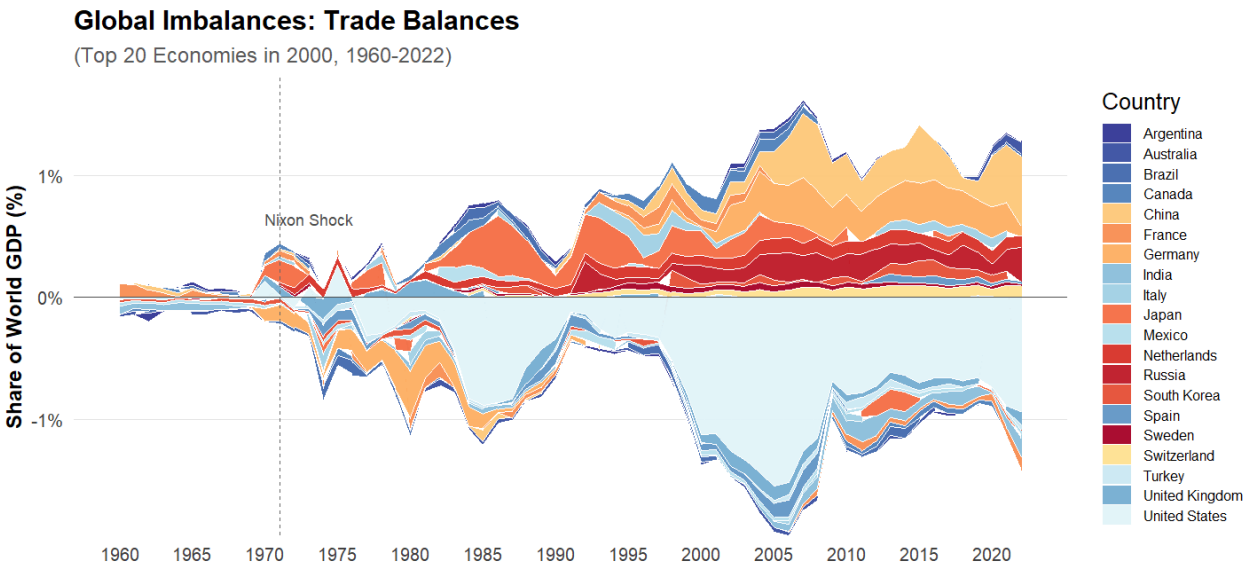


Figure 1: Global Imbalances in Trade Balance. *Note*: data from the World Bank. See similar patterns for current account balance in Figure A.1.

I develop an issue-based theory of order contestation focusing on states' support for order challengers. I argue that contested issues, states, and outside options jointly shape disengagement through two related mechanisms, more complex than classical transition or order theories suggest. The first concerns *endogenous* outside options, meaning the credibility of rising powers as alterna-

[5]Four decades later, persistent trade surpluses have transformed China from a prudent spender into a global creditor holding trillions in reserves. Half of China's surplus comes from trading with the U.S.

[6]Pakistan and Gulf Economist (2022), the leading Pakistan business magazine.

[7]See Section 4. China maintains trade surpluses with over 90% of all countries (see Figure A.3).

[8]Strikingly, autocracies are correlated with higher persistent external surpluses (see Figure 2, and in 2022, China, Russia, and Saudi Arabia are top-three surplus countries).

tives changes once they may themselves be implicated in the very issues, as globalization has built intertwined interdependency. When this happens, it reduces the likelihood of disengagement caused by issue-generated grievances. For instance, one is unlikely pushed to the USSR or China over proliferation or import-competition concerns within the existing order. Consequently, this may reduce dissenters' bargaining leverage (Lipscy 2015), while paradoxically strengthening LIO's resilience by retaining states and discrediting alternatives.

Moreover, a related question is whether states may shift support away from a highly institutionalized order like the LIO, which carries uniquely high disengagement costs (e.g., sunk, opportunity, reputational) with institutionally inferior outside options that offer limited, future-discounted benefits of shift.[9] Rationalist approaches predict no disengagement while *loyalty* in behavioral accounts (Hirschman 1970) deters "exit." I argue, however, that disengagement becomes rationally feasible (only) when issues impose sufficiently large pain or *stay costs*.[10] Loyalty decreases with pain but non-linearly; when issue-generated pain surpasses a threshold, it can rapidly collapse loyalty states attach to the order (Kuran 1991; Scarry 1985; Wintrobe 1990) – including expected long-term returns, identity-based affinity, or social benefits (Hirschman 1970; Johnston 2001) – making disengagement possible even absent competitive challengers. For observable implications, I develop a multidimensional framework for classifying LIO issues and conceptualize/highlight "*helpless issues*" as LIO's most intractable problems: critical, persistent, and systemic ones individual states cannot resolve unilaterally. Helpless issues, like persistent global imbalances and financial crises, score high on four defining dimensions, namely stubbornness, severity, attributability to the order, and unaddressability – producing stay costs large enough to erode loyalty. Conversely, for non-helpless issues, disengagement is irrational.

I test the theory using global imbalances through a comparative lens with a series of major LIO issues to examine within-issue mechanisms and cross-issue variation. The empirical focus is also for the substantive importance of a politically understudied globalization phenomenon. Moreover, global imbalances are ideal due to its domestic impact, contentious nature among states, helpless-issue dimension applicability, and nuanced connections to China on trade *vis-à-vis* finance; these analytical variables also appear in other issues, enabling external validity.

Empirically, I contribute to literature by showing that global imbalances are correlated with long-term development performance disparities, potentially delineating state-level globalization

[9] Even for symbolic signaling. See Section 3 for details.
[10] Note that support shift, rather than exit, doesn't eliminate issue-caused pain.

"winners/losers" informing policy debate. For the main hypotheses, I employ varied 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 balance falls within the financial domain where China is less controversial compared to trade. Notably, the effect of current-account balance is indistinguishable across geopolitical relations, race, or regime type, suggesting broader applicability. The same mechanism is double supported by examining bilateral relations – China's implication in external imbalances proxied by larger bilateral deficits significantly moderates the support shift, mirroring the concerns of African countries above. Furthermore, joint tests across ten major LIO issues reveal that only "helpless issues" trigger disengagement – a finding further supported across four "helpless" dimensions by an LLM-based analysis of the universe of news articles capturing global perceptions of these issues. Finally, a qualitative case of a G7 country, Italy, an arguably "hard" case, further validates the core mechanisms, as well as additional evidence for the key logic – dissatisfaction causes behavioral changes – in UNGA voting and supporting Russia's war, with the latter particularly supporting the mechanism of loyalty.

This paper makes several contributions. First, apart from empirically understanding the understudied, yet politically contentious global imbalances, it advances scholarship on globalization backlash by shifting attention from domestic reactions (Autor et al. 2020; Chilton et al. 2017; Walter 2021) to issue-based mechanisms of order contestation, highlighting how outside-option endogeneity and issue heterogeneity shape LIO durability and great-power politics. This helps diagnose the source of crisis and guide policy priorities (for example, helpless issues). Second, it greatly refines power-transition and order theories (Organski and Kugler 1980, Gilpin 1981, Ikenberry 2011) by disentangling the underlying mechanism. The more deeply an outside option is implicated in a contested issue or the lower the stay cost the issue imposes, the less credible disengagement is and the more gradual a potential order transition becomes. Third, it adds to growing literature on how economic interdependence shapes international politics (Farrell and Newman 2019; Flores-Macias and Kreps 2013; Kastner 2016), showing interdependence as simultaneously undermining and sustaining the LIO. LIO-shaped interdependence has agitated the hegemon, empowered rising powers, and fueled dissatisfaction, yet embedding all parties in contested issues.

Together, these findings offer novel insights for how the LIO is contested and how great-power competition plays out today. Issues differ not only in the grievances they produce, but also in

how they interact with the credibility of outside options. This variation explains why many states express dissatisfaction yet do not fully support rising powers. This inadvertently increases LIO's resilience while explaining why China seems struggling to form a competitive order albeit economically powerful.[11] Yet the turning point – shown in Section 3 – occurs when China's option becomes sufficiently competitive, a shift driven both by China's rise facilitated by the global economy and by the hegemon that undermines the LIO.

2 Substantive Context: LIO's Issues and Global Imbalances

> *"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. . . . can cause serious problems . . . "*
>
> – Paul Krugman (2019)

> *" . . . large and persistent imbalances are not sustainable for the United States, and ultimately, . . . for other economies."*
>
> – Treasury Secretary Scott Bessent (2025)

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). Examples include economic inequality, financial instability, under-representative institutions, militarized conflicts, and ideological contention. Many of these problems stem from the very rules and institutional design of the order – especially the post-1970 neoliberal turn that greatly liberalizes 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 elicit varied reactions from member states, reflecting distributional tensions and perceived inequities in the order's operation. Some problems, such as recurrent financial crises, have long afflicted states, while others, such as WTO governance deficits, attract comparatively inert concerns.

[11] Interestingly, the U.S. is competing with China mainly through finance, aid, and infrastructure, but limited in trade, governance, or civil society where China is problematic – appearing consistent with my theory.

Global imbalances remain a salient LIO issue, defined as long-run cross-country differences in current account and trade imbalances (Barattieri 2014; Blanchard and Milesi-Ferretti 2009; Chinn and Ito 2022).[12] Their early emergence dates to the early 1970s, when the Nixon administration adopted floating exchange rates and accelerated the liberalization of global finance and trade (Chinn and Ito 2022; Dooley et al. 2003). Global imbalances indicate structural threats to economic development and stability (Obstfeld and Rogoff 2009) and 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 are non-randomness, persistence, and high magnitude.[13]

Global imbalances' LIO-related causes are roughly divided into financial and trade explanations (Barattieri 2014). Financial causes include over-consumption (often through foreign borrowing) (Obstfeld and Rogoff 2009). For advanced economies, "safe assets" attracting global capital inflate prices, exchange rates, and imports (Caballero et al. 2008; Mendoza et al. 2009) – echoing the "saving glut" hypothesis (Bernanke 2011). Trade causes include weakened industry or export sector, asymmetric trade barriers (Cuñat and Zymek 2022), or mercantilist trade policies (Dooley et al. 2003).[14]

For impacts, as income-expenditure differential, persistent external deficits contribute to high debt and insolvency risks (Frieden and Walter (2017), see Figure 2), economic instability (Obstfeld and Rogoff 2009; Bernanke 2011),[15] and low levels of domestic investments and innovation (Graham et al. 2014; Benigno et al. 2025).[16] Many debt-replete developing nations rely on capital inflows (e.g., loans) to finance deficits, while many surplus countries become global creditors. Importantly, imbalances are linked to "demand distribution" (Chinn and Ito 2022), where foreign demand is "won," for instance, through "beggar-thy-neighbor" trade practices. This is significant in international trade, as the majority of gains in productivity, income, and innovation comes from exports (Bernard et al. 2018; Ohlin 1933).[17]

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

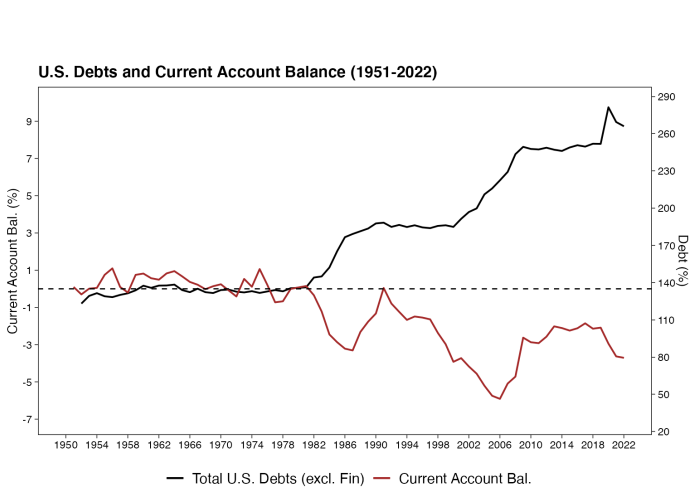
[13] *Non-randomness* refers to the fact that there is a relatively fixed divide between specific surplus and deficit countries (Figure 5). Between 2000 and 2017, 95 of 153 countries (as reported by the World Bank) recorded average trade deficits. *Persistence* implies stubborn imbalances temporally. In terms of *magnitude*, half of the countries, mostly in the Global South, have average external deficits exceeding 5% to 15% of GDP (Figure A.2)

[14] Epifani and Gancia (2017) show that undervalued exchange rates allow a country to run surpluses and agglomerate global production.

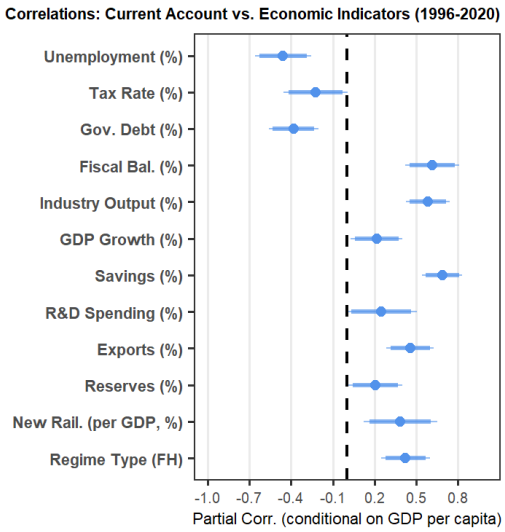
[15] Debt increases even when temporary deficits reflect economic booms; Global imbalances significantly contributed to the 2008 Financial Crisis (Obstfeld and Rogoff 2009).

[16] Even the "exorbitant privilege" of the U.S. that allows cheap financing distorts the economy by inflating prices and crowding out real economy (Blanchard and Milesi-Ferretti 2009; Oatley 2015), which undermine U.S. innovation (Benigno et al. 2025).

[17] E.g., China represents 12% in global consumption share but 32% in manufacturing output (2020, World Bank) and foreign demand promotes domestic economy (Jeanne 2021).



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



(b) v.s. Major Economic Indicators

Figure 2: Current Account Balance and Economic Indicators. *Note*: Graph (a) depicts the temporal relationship between U.S. total debts and current account balance; it matches well the income–expenditure differential logic and is found to be more of a saving drought than an investment boom (Chinn and Ito 2022). Graph (b) depicts partial relations between long-run current account balances and major development indicators, conditional on GDP per capita for similar income-level comparisons.

Unsurprisingly, surplus countries appear to be "winners": they possess stronger industrial bases, higher productivity growth and R&D intensity, and greater export capacity (Buera and Kaboski 2012; Epifani and Gancia 2017; Greenstone et al. 2010). Three surplus-concentrated areas – core Europe, East Asia, and the Gulf region – often exhibit envied economic and fiscal performance. Within the Eurozone, deficit countries like Greece, Portugal and Spain, perform poorly compared to surplus countries like Germany, the Netherlands and Switzerland. 17 of the 20 highest R&D spenders have maintained surpluses for decades.[18] Figure 2 (b) shows that multi-decade surpluses correlate with stronger development outcomes.[19] Noteworthy is that surplus country that has better development performance counterintuitively has lower tax rate and debt.

The above relationship implies a deeper connection between national economic performance (and potential grievances) and global imbalances beyond conventionally acknowledged.[20] As we will see, the relationship is twisted with states' perceptions, playing a key role in my theory.

[18] See https://ourworldindata.org/grapher/research-spending-gdp (accessed on September 10, 2024).
[19] Among top 120 countries sorted by GDP (2020), conditional on per capital GDP of the starting year 1996.
[20] For example, Roubini (2001) claims that whether deficit matters depends on the debt-to-GDP ratio.

3 An Issue-based Theory of Order Contestation

Contestation is inevitable if issues reflect winners and losers. I now develop an issue-based theory on the micro-foundations of how dissatisfaction emerges, accumulates, and ultimately transforms state support for the LIO. An international order can be impacted by violating rules and norms, waging conflicts, subverting institutions, or abandoning support. Among all, constituent support is fundamental to the durability of the LIO (Ikenberry 2011), hence my theoretical focus to understand its causes. As the rising power, China actively leverages globalization gains (e.g., foreign reserves through surplus (Liu 2023)) to formulate challenges, often targeting LIO's issues (Broz et al. 2020; Doshi 2021; Lake et al. 2021). This provides an empirical setting in which the theory is developed and tested.

Traditional power transition theory highlights balance-of-power shift and rising powers' dissatisfaction (Organski and Kugler 1980). Yet contemporary transitions hinge less on major wars but by shifting alignments among "voters" – states deciding whether to sustain or defect from an order (Broz et al. 2020; Ikenberry 2011). The classical framework also overlooks two key elements: how issues and challengers themselves shape contestation. China's ascent through deep integration into the LIO differs markedly from historical powers like Germany or the Soviet Union. Decades of globalization have created complex interdependency that inevitably binds China to many of the contested issues. I highlight two mechanisms: 1) outside option credibility depends on how it interacts with the issue, and 2) how different degrees of issue-generated pain erode loyalty to the LIO, leading to support shift toward uncompetitive challengers (such as China right now).

Psychological and Behavioral Shift

A central reaction of states to LIO's issues is psychological grievances (Broz et al. 2020; Lake et al. 2021). Contested issues reflect institutional arrangements and distributional consequences that advantage some while disadvantaging others. Domestically, grievances trigger demands for protectionism, support for populists, redistribution, or social movements (Autor et al. 2020; Colantone and Stanig 2018; Tarrow 1998). Aggregated through varied political institutions, these individual-level sentiments influence foreign policymaking (Moravcsik 1997). Often, those who care more possess concentrated political power (e.g., elites or industry associations) than silent, dispersed individuals (e.g., consumers). Tensions arise when leaders associate domestic grievances with issues, or when politicization occurs (Walter 2021).

From now on, I build my theory assuming state behavior reflect state leaders' perceptions and calculations. Over time, for leaders who rightly attribute their issues to the LIO, grievances that emerge from the very operation of the order shape leaders' incentives to sustain, reform, or disengage from it. Rational-choice institutionalism or IO theory predicts that states support an order (or an institution in general) due to satisfactory outcomes (Hall and Taylor 1996; Ikenberry 2011; Keohane 1984). It follows that, as grievances accumulate, the support declines, so does the *loyalty* value – the intrinsic and long-term surplus from remaining attached to the LIO. Severe grievances imply that continuing to follow LIO rules (e.g., on currency, capital, or trade) yields net negative utility, which can deconstruct loyalty (explained below).

IO literature suggests "exit" in this case. IOs that fail to meet expectations can experience 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. These dynamics echo Hirschman (1970)'s "exit, voice and loyalty" framework and the psychological and constructivist arguments linking (non)material gains or loss to deference/conflict patterns (Dafoe et al. 2014).

However, an order like the LIO differs fundamentally from typical institutions: given (at least currently) limited, uncompetitive outside options (Lipscy 2015), dissatisfied states rarely "exit" outright and an exit should be considered *broadly*.[21] Dissatisfied states choose disengagement, like seeking outside options or leadership support shift, albeit similar logic. We should also expect higher bars due to LIO's high disengagement costs. Beyond the sunk costs a state has incurred within the LIO (e.g., years of negotiation and compliance), LIO institutions systematically favor states with closer ties to Western powers, implying high opportunity costs (Carnegie and Clark 2023). Moreover, supporting a less competitive, autocracy-led order entails high reputational (or audience) and uncertainty costs. On the other hand, a nascent China-led order, as of recently, lacks networked institutions, transparent rules, and multilateral checks, while providing limited, future-discounted benefits for support as compared to the LIO for Western markets of consumption and capital, security reliability, and institutional strength.

Disengagement still is a costly signal for future alignment especially in a bipolar world (Ikenberry 2011; Mearsheimer 2001), and any support shift undermines LIO's legitimacy and impedes cooperation. Note also the logic above is mainly a "push" story rather than pure "pull" by benefits

[21] As this paper focuses on leadership support in the U.S.-China case, I do not distinguish between the LIO and its economic sub-order, since: 1) the LIO operates as an integral system (Lake et al. 2021), 2) many states (especially in the Global South) complain about the order and do not share/distinguish its sub-order nuances, and 3) China's emerging order is arguably all-encompassing.

– that is – it relates to *both* the LIO and China (see Alternative Explanations). Nonetheless, as I further argue, two mechanisms complicate the transition process: 1) how outside option relates to the issue, and 2) the issue itself. Below, I combine rational-choice and sociological approaches centered on three analytical components that shape disengagement decisions of leaders (Hirschman 1970; Johnston 2001; Keohane 1984; Koremenos et al. 2001): disengagement costs, disengagement benefits, and the loyalty value to the LIO.

Outside Option Endogeneity. Traditional order or transition theories assume rising powers as outside options are exogenous as given (Ikenberry 2011; Organski and Kugler 1980), whereas IO literature primarily examines how the creditability of outside options to usual IOs depends mechanically on issue-areas (Lipscy 2015; Veoten 2001), paying limited attention to how they interact with specific issues at stake. A challenger may be unrelated to, alleviate, or worsen certain issues.

Following rational-choice and sociological institutionalism, I model the disengagement likelihood as a function of the expected, externally imposed *costs* and *benefits* of disengagement, as well as the internalized *loyalty* value to the LIO.[22] Disengagement costs, even for symbolic support, include risks of losing LIO's favors (Carnegie and Clark 2023; Ikenberry 2011), potential diplomatic punishment, and reputational or uncertainty costs of backing an autocracy-led order, which includes investor reactions and domestic elite concerns about perceived geopolitical shift. Disengagement benefits include prospective gains from realignment, potential issue relief, or increased bargaining power within the LIO. Loyalty reflects non-transactional attachment to an institution and is the central theoretical mechanism that accounts for institutional stickiness – examples include anticipated long-term institutionalized rewards, identity and ideology-based affinity, and social benefits such as trust and status (Keohane 1984; Koremenos et al. 2001; Johnston 2001). Loyalty differs from disengagement costs/benefits in that it's less transactional and immediate and serves as an informal barrier to exit (Hirschman 1970). Overall, when the total utility turns positive, shifting support becomes likely.

Outside options alter the above calculus by alleviating or worsening the issues. This in turn affects challengers' credibility – I term this as "outside option endogeneity." In a baseline scenario where the outside option is exogenous, a given level of total utility produces a corresponding likelihood of disengagement. When the challenger is implicated in the issue, outside-option credibility declines and some loyalty to the LIO is restored, reducing the net utility of disengagement. In other

[22] This echos the logic of consequences and appropriateness (March and Olsen 1998).

words, the likelihood of support shift diminishes.[23] As such, the mechanism reflects "interdependence resilience": interdependence that empowers the rising power entangles it in the contested issue it can otherwise exploit.

Issue Intolerance Heterogeneity. Issues vary in their tolerability and thus generate different levels of stay costs or pain within the LIO. Pain can push states away, but loyalty simultaneously deters "exit" (Hirschman 1970). When outside options are competitive, the net benefits of disengagement may be positive, and states can be simply pulled toward an alternative. But when outside options are uncompetitive – as with the LIO relative to a nascent China-led order – disengagement costs can outweigh any discounted, future benefits. In the latter case, we do not need loyalty as a stabilizing force – states will stay unless loyalty is too low.

As pain increases, loyalty declines but in a nonlinear manner. When stay costs cross a *threshold*, severe pain felt by leaders can rapidly deconstruct loyalty (Kuran 1991; Scarry 1985; Wintrobe 1990), pushing it toward or even below the indifference point (loyalty = 0). Negative loyalty is possible implying that the LIO becomes actively toxic. In such circumstances, even uncompetitive outside options may appear attractive.[24] The threshold and its nonlinear effects are consistent with prior theories. Wintrobe (1990) models loyalty as a bending curve: it may initially rise with repression but collapses once pain becomes unbearable. Hirschman (1970) assumes a stable loyalty value at least until a "breaking point," after which exit becomes viable. Severe pain can also lower reputational costs by making disengagement publicly justifiable. This mechanism aligns with recent patterns: the abrupt rise of LIO-defying populist and revisionist governments despite long-standing issues and growing perceptions in the Global South that the LIO is deeply hypocritical (Chatham House 2025), in sharp contrast to the 1980/90s when leaders actively followed LIO-guided liberalization (Quinn and Toyoda 2007). Country cases include Argentina that has gravitated toward "Beijing-led platforms" amid prolonged economic troubles, and Canada that sought new trade partners after repeated trade bullies from the United States.[25]

The mechanism yields a clear implication: under uncompetitive outside options, mild or temporary issues rarely justify realignment, especially because shifting support does not eliminate stay

[23] Note if disengagement is triggered by issue B rather than A being contested, outside options endogenous to A may not matter.

[24] The prediction also holds if loyalty does not turn strictly negative: under unbearable and definite loss, leaders may become risk-seeking (Kahneman and Tversky 1979).

[25] "Argentina in the Emerging World Order," Carnegie Endowment for International Peace, 22-November-2023; "Canada Seeks New Trade Partners in Asia After Trump's Blowup," Foreign Policy, 24-October-2025.

costs in the way complete exit may. Only issues that generate sufficiently high stay costs are likely to trigger support shift. I propose a typology that identifies such "helpless issues" as LIO's most intractable problems, defined by four jointly necessary and sufficient dimensions: stubbornness, severity, attributability to the LIO, and unaddressability. First, an issue must be stubborn or persistent; temporary downturns or short-lived shocks seldom create lasting incentives to disengage. Second, the issue must be severe, inflicting substantial pain, either materially or perceptually, on a broad segment of society. U.S. anti-dumping measures, by contrast, are unlikely to generate grievances comparable to a financial crisis. Third, grievances must be attributable to the LIO; states will not abandon an order they view as innocent, especially when alternatives are weak. Finally, the issue must be unaddressable through feasible domestic policy tools. For instance, globalization-related inequality can often be mitigated through redistribution.

Only when all four dimensions are high does an issue become "helpless" and capable of producing the stay costs necessary to induce support shift. In essence, "helpless issues" are critical, persistent and systemic ones individual states are unlikely to resolve alone – a structural inability. These issues are especially likely to erode the LIO given time, turning latent dissatisfaction into open disengagement.

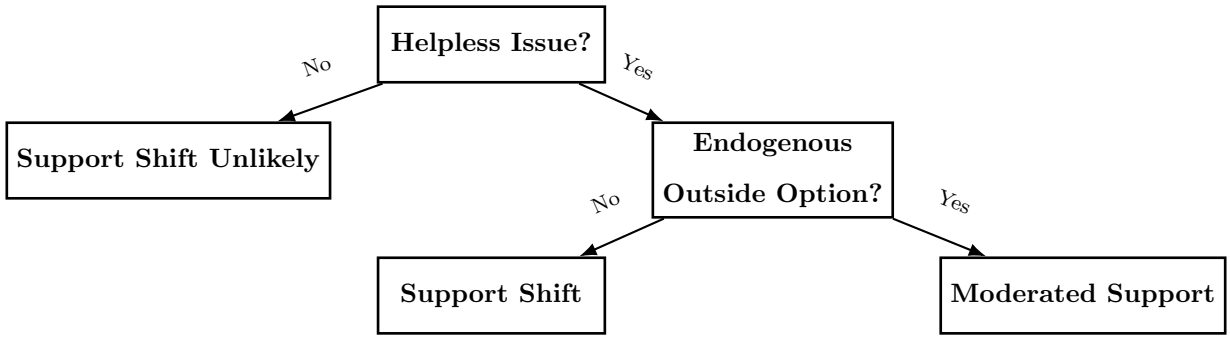


Figure 3: The Outline of the Mechanism. *Note*: This logic flow is based on the most applicable case of today: the LIO with uncompetitive outside options.

In sum, the overall mechanism is outlined in Figure 3. Given uncompetitive competing orders, only helpless issues generate stay costs high enough to push dissatisfied states toward a challenger. Even then, support is attenuated when the challenger is negatively implicated in the very issue that drives disengagement.

Theoretical Model

I provide a formal model that clarify the logic above. The whole logic is, although uncompetitive outside options deter disengagement and simply supporting a challenger does not eliminate the stay costs of the issue(s), helpless issues generate pain sufficiently large to collapse the loyalty value, triggering disengagement. Let $s_i \in [0, 1]$ denote the level of support that foreign policy leader of state i allocates to the challenger, with $s_i = 0$ indicating full loyalty to the LIO and $s_i = 1$ indicating full support for the outside option. 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,

$$U_i(s_i) = s_i B_i - s_i C_i + \underbrace{(1 - s_i)}_{\text{remaining loyalty}} L_i \tag{1}$$

where B_i denotes the expected benefit from support shift (e.g., future benefits from the challenger), C_i captures the cost of such support/disengagement, and L_i represents the intrinsic value of remaining loyal to the LIO.

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

$$\Delta\sigma_i = \sigma_i - \sigma_i^O \tag{2}$$

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

$$L_i = L_i^0 - l(\sigma_i) - f(\Delta\sigma_i) \tag{3}$$

where L_i^0 is the baseline loyalty value and $l(\sigma_i)$ translates σ_i to lost loyalty (increasing in σ_i). $f(\Delta\sigma_i)$ captures lost loyalty due to the expected, relational issue relief from support shift s_i. $f(\Delta\sigma_i)$ is a sign-preserving function of and increasing in $\Delta\sigma_i$ (that is, $f'(\Delta\sigma_i) > 0$ and $f(0) = 0$). It allows for outside-option endogeneity: challengers negatively implicated in the issue provide less issue relief

than the exogeneity baseline and in turn bounce back the loyalty value. Plug in (2) and (3), (1) becomes:

$$U_i(s_i) = s_i B_i - s_i C_i + (1 - s_i)(L_i^0 - l(\sigma_i) - f(\Delta\sigma_i)) \tag{4}$$

An issue is *helpless* when stay cost σ_i is sufficiently large beyond a threshold ($\sigma_i^{(H)} > \bar{\sigma_i}$) that it may neutralize loyalty value ($L_i^0 \approx l(\sigma_i)$ or $L_i^0 < l(\sigma_i)$). Crucially, L_i can turn negative as discussed. For helpless issues, $\Delta\sigma_i$ is likely positive for two reasons: 1) states may think stay cost is already super large and a potential alternative may not be any worse. 2) for the same reason, a potential alternative may have much room to improve on the issue. In contrast, for non-helpless issues of low stay costs causing much less pain, states may not be motivated to think positively or perceive extra level of uncertainty cost for alternatives, or perceive not much room to improve than status quo. Formally,

$$\begin{cases} \sigma_i > \sigma_i^O & \Rightarrow \quad f(\Delta\sigma_i) > 0 \quad \text{if helpless} \\ \sigma_i \leq \sigma_i^O & \Rightarrow \quad f(\Delta\sigma_i) \leq 0 \quad \text{if non-hepless} \end{cases} \tag{5}$$

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

$$\frac{\partial U_i}{\partial s_i} = \underbrace{B_i - C_i}_{\text{re/ diseng. } (d_i)} + \underbrace{(l(\sigma_i) + f(\Delta\sigma_i) - L_i^0)}_{\text{re/ loyalty } (l_i)} \tag{6}$$

Support for the challenger increases when (6) is positive. Denote the competitive outside option part $B_i - C_i$ as d_i and the loyalty part as l_i. The model therefore generates the following comparative statics. First, endogeneity of the outside option – i.e., greater implication in the disputed issue – decreases $\Delta\sigma_i$ (and $f(\Delta\sigma_i)$) and reduces expected relief, thereby lowering support degree. Second, an increase in issue costs σ_i increases $\frac{\partial U_i}{\partial s_i}$ and raises the incentive to shift support. Third, uncompetitive outside options meaning net disengagement utility is negative below a threshold ($d_i < -|u^C|$), non-helpless issues are almost impossible to trigger disengagement, while helpless issues may if they push loyalty value into some negative scope.[26] These joint effects produce the four cases summarized in Table 1.

[26]For the real exit case, the logic is simpler: the gap of $B_i - C_i$ is even clear and stay cost is elimated by exit. See Appendix.

ID	Issue Type	Outside Option	Prediction
1	**Helpless** ($l_i > or \approx 0$)	**Competitive** ($d_i > \lvert u^C \rvert$)	$\frac{\partial U_i}{\partial s_i} > 0 \Rightarrow$ **strong support**.
2	**Helpless** ($l_i > or \approx 0$)	**Uncompetitive** ($d_i < -\lvert u^C \rvert$)	sign($\frac{\partial U_i}{\partial s_i}$) uncertain $\Rightarrow$ **support possible**, if loyalty turns sufficiently negative.
3	**Non-Helpless** ($l_i < 0$)	**Competitive** ($d_i > \lvert u^C \rvert$)	sign($\frac{\partial U_i}{\partial s_i}$) uncertain $\Rightarrow$ **support possible**, depends on helplessness/competitiveness degrees.
4	**Non-Helpless** ($l_i > 0$)	**Uncompetitive** ($d_i < -\lvert u^C \rvert$)	$\frac{\partial U_i}{\partial s_i} < 0 \Rightarrow$ **no support**.
5	**Outside Option Endogeneity**	positively or negatively implicated ($\Delta\sigma_i \uparrow$ or $\downarrow$)	$f(\Delta\sigma_i, s_i) \uparrow$ or $\downarrow$; support likelihood increase or decrease when support exists.

Table 1: Predictions Derived from the Formal Model

In the empirical section below, I will focus on the "uncompetitive outside option" cases (predictions 2 and 4) as a China-led order is not on par yet, as well as prediction 5.

4 Applying to Global Imbalances

I apply the theory to global imbalances and derive testable hypotheses. Global imbalances are an ideal issue: it generates widespread discontent, relates directly to outside options, spans multiple domains, and exhibits the same analytical dimensions – stubbornness, severity, attributability to the order, and addressability. This makes it well suited for developing generalizable claims. The application also serves to highlight the political nature of global imbalances, an important yet understudied phenomenon in international relations.

Global imbalances generate lasting, cumulative grievances, reinforcing long-term negative perceptions of external deficits. The political impact of economic phenomenon depends critically on how it is perceived (Mansfield and Mutz 2014). The correlations in Section 2 may lead leaders to worry and believe that persistent deficits indicate state-level losers. Below I show, from multiple perspectives, that both the public and the better-informed leaders perceive the issue in ways broadly consistent with these interpretations.

Inherent Aversion – One source of grievances is rooted in the inherent aversion to deficit itself. As external imbalance reflects income-expenditure differential, the public often perceives it analogously from the household-budget lens (Barnes and Hicks 2020). The word "deficit" conveys negative and

abnormal connotations especially among conservatives, and anomalies psychologically carry more weight in human minds (Bhatia 2013; Kahneman 2013).

Related Concerns – The correlations between imbalances and socioeconomic indicators suggest that long-term troubles often co-appear. Historically, mercantilists worried about imbalances' impacts on national economy and power (Irwin 1998), while John Keynes proposed the International Clearing Union to address their destabilizing effects (Crowther 1948). Even monetarists such as Milton Friedman cautioned that deficits may reflect poor national saving (Friedman and Friedman 1980). Contemporary media and governments' assessments are similarly negative on deficits. The OECD and IMF have long viewed imbalances as threats to macroeconomic stability (Delpeuch et al. 2021), and within the EU, sustained current account deficits over 4% trigger control procedures.[27]

Peer Contrast – Grievances can escalate by peer contrast. Prominent commentators such as Stiglitz and Bernanke have argued that surplus countries hinder others' development,[28] a narrative that resonates with foreign leaders especially during turmoils. Lacking a full understanding of the causes, policymakers may politicize these correlations and blame surplus states. Like the public sentiment quoted above (Krugman 2019), elites (especially conservative and nationalist) share similar perspectives: Trump and supporters characterize deficits with China as rendering America the "biggest loser."[29] Because global imbalances involve "demand competition" and sum to zero, they easily evoke zero-sum and injustice frames (Marx 1867; Rawls 1971), often enhanced by geopolitical tensions. Table 2 illustrates such bilateral concerns across countries and time.[30]

[27] "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 the common "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 News Headlines on Concerns over Trade Imbalances (with China). *Note*: Data is collected from the LexisNexis database.

Expectation Mismatch – Grievances also intensify when outcomes fall short of expectations. Many states embraced liberalization during the 1980s–90s under the "Washington Consensus" (Quinn and Toyoda 2007), motivated by promises of economic modernization, political benefits, and national strength (Krasner 1985). Yet, states also held clear preferences: they viewed maintaining external balance as a precondition for continued liberalization (Simmons 2000; Quinn and Toyoda 2007). Thus, while expectations led states' acceptance of LIO rules, unwanted outcomes produce dissatisfaction.[31]

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

In the Appendix, I present a macroeconomic model illustrating how persistent external deficits can generate nationwide dissatisfaction through public expenditure and wage channels. These grievances (often disproportionately concentrated), if persistent enough, can fuel populism and affect incumbents' survival, which, combined with existing perceptions, particularly concern leaders.

A abundant literature links external imbalances to political tensions. Historically, trade imbalances 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-payments 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). At the micro level, increased imports or purchases by foreign firms can lead to more favorable host-country policies (Cutrone and Fordham 2010; Johns and Wellhausen 2016).

Leaders also can properly attribute the issue to the LIO, both theoretically and historically. Before large-scale liberalization in the 1980s–90s, most states did not experience persistent external imbalances. Liberalization constrained policymakers in foreign and domestic economic policies unlike during the Bretton Woods era (Stiglitz 2004; Quinn and Toyoda 2007), making it unlikely that leaders would blame themselves for a global phenomenon. Moreover, since 1971, balance-of-payments problems have repeatedly troubled governments and impeded deepening liberalization (Broz et al. 2016; Quinn and Toyoda 2007), for which the IMF even specifically created dedicated funds "designed to stabilize balance-of-payments (Dreher 2002)".

Testable Hypotheses

I now derive testable hypotheses predicting behavioral changes. First, Global imbalances closely follow the first mechanism of "endogenous outside option" because of its relationship with China between finance and trade domains and China's controversial trade practices. As explained, current account balance relates to income-expenditure differential one needs to finance (thus more of a financial property), while trade balance measures trade.

Although China has become an attractive provider of loans and investments, its trade practices are widely characterized as mercantilist, state-directed ("China Inc."), or even predatory and coercive (Cha 2023; Wu 2016). The global "China shock" is accompanied by China's persistent

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

surpluses with most trading partners (Figure A.3), and even long-standing input suppliers such as South Korea and Japan have recently begun running bilateral deficits as China pursues greater "self-sufficiency." Interestingly, many African governments initially welcomed Chinese finance, but now warn that rising bilateral imbalances have made it difficult to service "mountains of debt, much owed to Beijing."[33] In short, states may turn to China for finance yet become increasingly wary when imbalances deepen.

These dynamics imply that states should respond differently to current account and trade imbalances. Beyond their theoretical distinction, governments empirically report both.[34] China may be a viable option for financial problems, but not when states face trade troubles, which can be reflected by total trade imbalances and bilateral trade deficits with China, with the latter reducing their willingness to shift support if any. This distinction motivates four hypotheses that differentiate the mechanisms operating through finance versus trade.

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

When bilateral trade imbalance grows, it indicates that China as the outside option is endogenous to the issue. Thus, I test the interaction effect:

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

Here, the moderated effect refers to states' cautious stance towards a support shift if the alternative is perceived to contribute to the overall imbalance problem. In contrast to current account deficit as a financial issue, China's credibility should be negatively linked to total trade imbalance due to its trade reputation. Therefore, one doesn't expect total trade imbalance to bear the same effect as current account. This leads to two slightly different hypotheses:

H2.1: The higher long-term trade deficit 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*

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

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

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 larger bilateral deficit.

Second, I test the observable implication for the latent loyalty mechanism which derives the "helpless issue" hypothesis. Global imbalances qualify as a helpless issue: it persists for many countries, generates substantial socioeconomic harm when sufficiently large, is highly attributable to LIO rules, and lies beyond the capacity of individual states to resolve unilaterally.

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 grievance is the recurrent financial instability for some countries.[35] Broz et al. (2020) depict that lasting financial turmoils produce severe political and economic consequences, persistently attack some states, are attributable to the current order, and surpass national governments' capabilities.

	Stubbornness	**Severity**	**Attributability**	**Unaddressability**
Global Imbalances	**high**	**high**	**high**	**high**
Financial Instability	**high**	**high**	**high**	**high**
Import Competition	moderate	moderate	high	high
Low FDI	moderate	low	moderate	moderate
Economic Inequality	high	moderate	moderate	moderate
Low Economic Growth	moderate	high	low	moderate
Deindustrialization	high	moderate	moderate	moderate
High Debt	high	moderate	moderate	moderate
High Unemployment	moderate	moderate	moderate	moderate
IMF Governance Deficit	high	low	high	high

Table 3: Ten LIO Issues and Their Codings for Helpless-issue Dimensions. *Note*: see Appendix D.1 for coding rationale.

For comparison, I identify eight additional major issues commonly attributed to the LIO, span-

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

ning trade, finance, development, and governance, mainly drawing on more than a dozen articles in International Organization journal's 75th-anniversary special issue about the LIO. Together with global imbalances and financial instability, these ten issues provide sufficient variation across the four helpless-issue dimensions and arguably cover most related topics in public discourse. I exclude issues that are difficult to operationalize (e.g., ideational and ideological debates) or not likely caused by LIO rules (e.g., migration, territorial disputes). Each dimension is coded as high, moderate, or low based on my assessment and confirmation by two domain experts, with the rationale relying upon statistical facts, relevant literature, and expert knowledge (Appendix D.1). For instance, import competition is not typically persistent for decades and only moderately severe at high levels, but it is highly attributable to LIO trade rules and difficult to resolve without protection allowed. Among all, only global imbalances and financial crises score high on all four dimensions. In Section 5, I supplement these expert codings with LLM-based global media perceptions of these issues to assess expert–media intercoder reliability.

Testing multiple issues together offers two advantages. First, it evaluates the theory directly: helpless issues should stand out if they remain significant while non-helpless issues do not, and their relative magnitudes become comparable. Second, the non-helpless issues function as robustness and placebo tests, more confidently ruling out spurious correlations, especially since some may be correlated with imbalances. The following hypothesis tests the "helpless-issue" mechanism:

H3: Only helpless issues (global imbalances and financial instability in this setting) should lead states to support Chinese leadership.

5 Empirical Analysis

I employ a multi-method approach to test the theory. I progressively introduce the empirical strategies and results for the two main mechanisms.

Data and Measures

Dependent Variable: Supporting Chinese Leadership. To test the core mechanisms, it requires a measure of support for Chinese leadership that ideally satisfies two criteria: 1) it captures overall Chinese leadership not simply China-led institutions, and 2) it requires considerable support costs (both material and non-material). I contribute to the literature by adjudicating three

potential measures of support for China's nascent order: becoming a founding member of the Asian Infrastructure Investment Bank (AIIB), attending the first Belt and Road Initiative (BRI) Summit in 2017, and applying for initial BRICS membership. Using recent events helps ensure most LIO-related issues started long ago have sufficiently persisted.

Becoming the AIIB Founding Members – Following Qian et al. (2023), becoming an AIIB founding member can be interpreted as endorsing China's rising status. However, scholars argue that the AIIB modeled after the World Bank obscures whether membership reflects support for a unilateral Chinese leadership specifically (Broz et al. 2020). Moreover, founding membership better captures commercial motivations than leadership alignment: substantial subscription costs,[36] especially for deficit countries, and the disproportionately high participation of European surplus economies (such as Germany, Switzerland, and Scandinavian countries), indicate that AIIB membership is an inadequate measure in this context.

Sending State Heads to the 2017 BRI Summit – In their seminal work, Broz et al. (2020) propose head-of-state attendance at the first BRI Summit as a direct, costly signal of support for China's leadership ambitions. This measure (rather than becoming one of BRI's over 150 members), they argue, has several advantages:[37] The BRI is the flagship instrument of China's alternative leadership project, particularly after the Trump administration's inward turn. It is a unique Chinese vision exogenous to the LIO (so that support won't be misinterpreted). Sending state heads is a costly signal of validating an autocracy-led leadership, especially when a Western order still dominates. Finally, the communiqué targets LIO's issues.

Applying for initial (pre-2022) BRICS Membership – Prior to the Ukraine war, the BRICS lacked coherence, with members expressing divergent interests.[38] China sought to use BRICS to counter the G7, whereas South Africa rejected an anti-West framing.[39] Motivations for joining were similarly heterogeneous: India, maintaining severe deficits with China, was close to Russia; Brazil's government emphasized de-dollarization; and major regional powers such as Indonesia and Argentina declined membership citing lack of unity.[40] The 2022 Ukraine war further complicates this. As of September 2023, 12 of the 19 recent BRICS applicants are autocracies (Polity < 0),

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

[37] Although membership is a signal (Davis 2023), head-of-state attendance is stronger, costlier than the almost universal, cost-free BRI membership.

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

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

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

compared to only 7 of 29 BRI-summit attendees.[41] Thus, applications to join the BRICS remains a weak measure for leadership support.

In sum, sending state heads to the 2017 BRI summit provides the clearest observable manifestation and signal of supporting Chinese leadership, consistent with my theoretical emphasis on costly support.[42] Meanwhile, in 2017, a potential China-led order was clearly inferior compared to the highly networked and institutionalized LIO, matching my theoretical setting. Unlike Broz et al. 2020, I do not distinguish Chinese economic leadership or general leadership, neither do transition theories; China's BRI initiative stretches beyond economic domains. I also replicate tests using all three measures and the results are consistent with my expectations (Appendix).

Independent Variable: Measuring Grievance. I use imbalance percentages to proxy grievances. To measure grievances as a cumulative value, traditional work using simple averages or sums implicitly assumes that distant events weigh as heavily as recent ones. By contrast, states should reasonably treat more recent grievances as more salient. I therefore operationalize cumulative imbalance grievances G_{t_n} between t_0 and t_n using a time-discounted weighted average:

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

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. In the Appendix, 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.

Testing "Outside Option Endogeneity"

In observational studies, causes can remain latent generating effects unwittingly; policymakers may simply feel discontented by a combination of grievances, and it may be hard to expect leaders to publicly and clearly link discontent to support, especially regarding supporting an authoritarian power. I rely on varied identification strategies. I first adopt probit regression as the baseline model to estimate the factors influencing the dichotomous dependent variable (DV), "sending state

[41] See https://en.wikipedia.org/wiki/BRICS, accessed in September 2023.
[42] I explain why the 2019 2nd BRI summit is not a proper measure in Appendix E.

heads to the 2017 BRI summit" ($i = 1$ if the head of state attended, 0 otherwise). Thus, the specification is adapted from Broz et al. (2020) for robustness and comparison, with verification from other strategies. The empirical strategy is to isolate the issue-driven mechanism by accounting for other pathways such as baseline pro-China affinity and potential attendance benefits, and relevant confounders. Then loyalty variation reflects primarily issue-caused pain rather than, say, regime type. Specifically, I estimate the following model:

$$\Pr(Attendance_i = 1) = \Phi\Big(\beta_0 + \beta_1\, AvgBal_i + \beta_2\, BalChina_i + \beta_3\, AvgBal_i \times BalChina_i + \boldsymbol{\beta_4}'\mathbf{X}_i\Big)$$

where the variables of interest ($AvgBal_i$) is the weighted average current account balance and trade balance (both as % of GDP, 2011–2017 as the most recent decade).[43] I do not decompose imbalances (e.g., goods, services, remittance) due to theoretical irrelevance. Since a country's two balances can correlate and diverge, and exert independent or interplay effects (Appendix), I run two mdoel versions by including only one or both. Of the 29 states that sent state heads, 18 ran average current account deficits over two decades, and 15 had over five financial crises since 1990. All models control for a full list of covariates robustly tested in Broz et al. (2020) which account for baseline-support propensity other than my mechanism. Being on the BRI routes for favored investment opportunities and having free trade or investment agreements with China as prior economic preferences and expected benefits are controlled for the "pull factors" to attend the summit. Other covariates include Ideal Point distance from China, leader's ideology, regime type (Polity V), and the CIRI human rights index for political factors that may influence baseline attendance, as well as GDP (log), GDP per capita (log), and GDP growth rate for economic factors. A dummy variable of Africa is used to account for factual under-representation at the summit as in the original models. Since financial instability such as currency or balance of payment crises are closely related to persistent deficits (Obstfeld and Rogoff 2009), I retain the financial crisis count. Moreover, this study is interested in understanding whether the main effect differs across bilateral trade balance with China (%, average over the past five years), I interact bilateral balance with current account balance. I also interact the latter with geopolitical relations (Ideal Point distance),

[43]The 2011-17 range contains more countries (150+ vs. 120+ of the 2001-17 range), and the recent decade is more felt. Nonetheless, the 2001-17 range is also tested (Appendix), showing consistent results with larger magnitudes, likely due to issue stubbornness.

race (majority white country), and regime type (Polity V) for potential heterogeneous main effects.

To strengthen causality, I complement the baseline model with additional strategies. First, to mitigate the concerns of unobserved confounders in probit models, 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 variables of interest (Appendix E.2). Second, I implement *inverse propensity-score weighting (IPW)*, which reweights treated and control units to achieve covariate balance to avoid reliance on the functional-form assumptions of probit models (Appendix E.3). Third, to further mitigate omitted variable bias and reverse causality, I adopt *control function method* (2SRI, Two-Stage Residual Inclusion in the probit case (Terza et al. 2008)),[44] which utilizes an instrument variable (historical industrial intensity (2001-02)) that renders an endogenous variable exogenous (Appendix E.4). It is expected that across all methods, the estimated effects remain consistent.

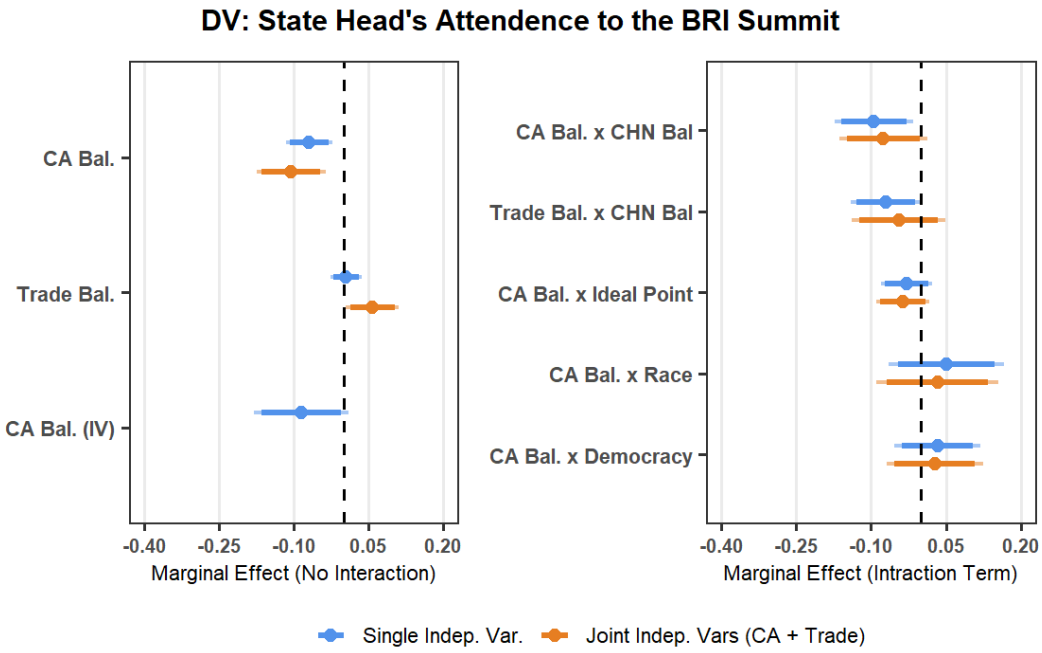


Figure 4: Effects of External Imbalances on BRI Summit Attendance. *Note*: The left graph depicts the coefficients of main variables of interest in probit models and control function method. The right graph depicts the interaction effects of the main variables and a few moderators. Joint models (orange) put in both current account and trade balances. Full models see Appendix E.3.

Figure 4 shows the results of various models (Appendix E.3 for full results), which report models containing both current account and trade balances (orange) and models containing only solo variable of interest (blue) as labeled. Here, I only report probit coefficients and all models control

[44] 2SLS (Two-Stage Least Squares) is for linear models.

for the same full list of covariates. As shown, current account balance is negatively correlated with attendance, while trade balance has the expected null solo effect.[45] The zero or positive coefficient of trade balance is consistent with *H2.1* – when a state confronts trade deficit issues, it is less likely to be pushed to China due to its problematic trade practices. Instead, current account issues do. This is also consistent with the coefficients of FTA and BIT where the former is insignificant. Substantively, moving from a balance (0%) to a not uncommon current account deficit (–20%) increases the probability of attending the 2017 BRI Summit from about 7% to 30% (top blue bar in left graph) – holding other covariates at their representative values (e.g., simple means or reference categories for binary or factor variables).

The right graph in Figure 4 plots the coefficients of various interaction terms containing total external balance and trade balance with China. *H1.2* and *H2.2* are confirmed: the more a state runs a trade deficit with China, the less likely a state supports China compared to the bilateral balance baseline for both two balance accounts. Current account balance is also interacted with Ideal Point distance with the U.S., race, and regime type: the results showing none of them is significant suggests that the "push" effect is more universal across different types of countries. Additionally, I show that support propensity won't change if China is involved in issues other than those at stake (see Note 23): interacting financial crisis count with bilateral imbalances results in an insignificant coefficient.

Finally, all models apply the heteroskedasticity-consistent estimator (HC2) for robust standard errors. All models pass the VIF check for multicolinearity violations and are verified to have sufficient statistical power.[46] The correlation between two balances is insignificant ($p > 0.18$), suggesting no confounding of each other or concerns of multicolinearity. The control function method (bottom blue bar in the left graph) estimates a consistent effect of a similar magnitude that double confirms baseline probit models,[47] and the inverse propensity-score weighting method reports similarly robust results (Appendix E.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 with both treatment and outcome (E.2). Overall, all results consistently support my first set of hypotheses on the first mechanism.

[45] The results are consistent for ordered probit models that utilize the attendance of both state heads and cabinet ministers.

[46] These models report around 80-85% statistical power, which measures the the likelihood of detecting an effect when existent.

[47] 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. See Appendix E.4.

Testing "Helpless Issues"

Next, I will test the hypothesis "helpless issues" which is a falsifiable implication derived from the loyalty mechanism. I jointly test the effects of ten different LIO issues, drawn systematically from the International Organization journal's 75th Anniversary issue and prior work on LIO contestation, which cover the major publicly-debated domains of trade, finance, development, and governance (see Section 4). Issues that could not be operationalized consistently (e.g., ideational contestation, territorial disputes) were excluded. Systematic codings of the issues are based on a theory-driven multi-dimensional framework, triangulated across conceptual criteria, expert assessments, and LLM-aided evaluations of global media perceptions to avoid subjective bias.

I adopt a two-pronged empirical strategy. First, I estimate the effects of ten distinct issue variables on BRI summit attendance based on within-issue variation. This provides a benchmark and allows me to verify whether raw issue indicators behave as the theory predicts: helpless issues (e.g., global imbalances, financial crises – only two issues that score highest across all dimensions (expert + LLM coding below)) should have significant effect on support for China, whereas non-helpless issues should not and act as placebo tests. Ten issues are tested in both separate and pooled models (i.e., ten issue variables in the same model).

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

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

This operationalization provides a novel test of the theory's core claim, since the existence of one or more helpless issues make one feel helpless. As a robustness and falsification test, I also construct placebo helpless dummies for other eight issues that are theoretically non-helpless. These placebo variables should have no effect. I also construct helpless dummies across a wide range of thresholds (e.g., 50th/70th/90th percentiles, see Appendix).

Regarding data, for import competition, I use the change in import share in 2010-17, with the start-year 2010 so that the near aftermath of the 2008 Financial Crisis can be avoided. For low FDI levels, the weighted average FDI net inflow share (2010-17) is calculated, and for the same

period, I measure poor economic performance using the weighted average GDP growth rate. I use the income share of the top ten percent of the population to measure economic inequality. For deindustrialization, I use the change in manufacturing output share. The data for all preceding variables are retrieved from the WDI databases. 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 are retrieved from the IMF data). Lastly, the dissatisfaction 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. Similarly, even though the past decade is most felt, the longer period of 2001-17 is also tested (Appendix).

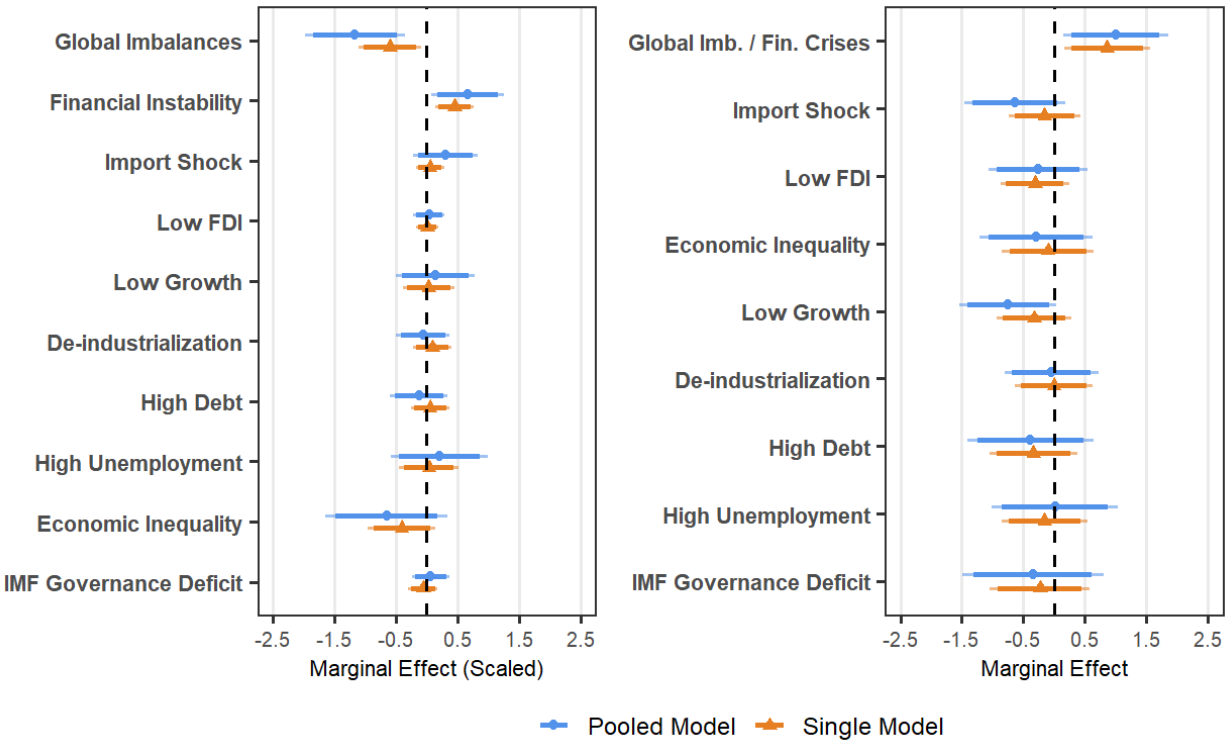


Figure 4: Scaled Marginal Effects of Ten LIO Issues. *Note*: The left graph plots scaled marginal effects of ten LIO issues for both individual and pooled specifications. The right graph plots model coefficients when using the constructed variable helplessness. Full models see Appendix E.4.

Results are displayed in Figure 4. The left graph shows scaled marginal effects for both individual (orange) and pooled (blue) specifications of ten LIO issue variables (scaled, see Table E.4), respectively. These effects are interpreted as how much increase in the DV is, given one standard deviation increase while keeping covariates at their mean values. As it shows, comparatively

global imbalances bear the largest effect magnitude. As expected, apart from global imbalances and financial crises, none of the other eight helpless issues exhibits statistically significant results. Additionally, the blue bars are when all ten issues are in the same model (multicollinearity compliance is particularly ensured). The right graph depicts the model coefficients of the constructed helpless dummy variable that takes on 1 when issue variables cross certain thresholds, again showing consistent results for both individual and pooled specifications. Combining all the models, that exactly helpless issues across all specifications are significant is unlikely coincidental. The hypothesis that "only helpless issues are likely to push states to support Chinese leadership" seems valid, which suggests that the two significant issues should raise special attention from the LIO patrons. Importantly, the pooled model that includes all issues variables together also serves as the robust check to exclude confounders for global imbalances. The statistical power of all models are checked as above. Figure 8 displays the scaled marginal effects, that is, what the effect is given one standard deviation increase while keeping covariates at their mean values. As it shows, comparatively global imbalances bear the largest effect magnitude. Overall, the findings confirm Broz et al. (2020)'s speculation that some issues (WTO complaints) may only trigger the pursuit to reform the existing system, while some (financial crises) lead to transition to a new order.

Several additional evidence strongly supports the mechanism of loyalty. First, there is a sharp peak of coefficient at the 50th percentile of two helpless issue variables compared to the 25th and 75th percentiles (1.3 vs. 0.7ish), suggesting stay costs do not linearly erode loyalty but are only so when crossing a threshold. Second, low stay costs ("non-helpless") see no difference of support between left-leaning and right-leaning governments, but high stay costs see both governments substantially increase support likelihood, yet left-leaning governments shifting much less than right-leaning. This implies left-leaning governments retain higher loyalty impeding exit, consistent with recent findings that left-wing parties are more subject to global legal commitments (Schneider and Thomson 2024). This indirectly supports the role of loyalty that at least contains an ideology-based component.[48] Third, below, I show that again only helpless issues like global imbalances show significant effects on siding with Russia in UNGA ES-111 resolution, which reflects the degree of loyalty to existing order's norms.

LLM-based Media Analysis. I substantiate the above result by employing text analysis

[48]Regime type and Ideal Points distance show null effects, as the former may be a broader measure and the latter measures geopolitical relations.

of media coverage to confirm human-LLM inter-coder reliability and to capture broader media perceptions of these issues. Although the ideal method – directly surveying national leaders – is infeasible, media-based perceptions, albeit its limitations, reflect how issues are publicly constructed and perceived, and shape elite and mass views (Kim 2018; Mutz and Soss 1997; Wlezien and Soroka 2023).

I use LexisNexis to collect all news articles since 2000 containing issue-specific keywords (e.g., "persistent current account deficit," "persistent economic inequality," "deindustrialization," "persistent high unemployment," "persistent low growth").[49] After removing duplicates, the final corpus consists of 3,101 articles across ten issues, with each issue represented by 15–40 countries and no country exceeding 25% of each issue's sample. Operationalization details appear in the Appendix. The media reflects systemic global perception, not reversely affected by support shift.

As LLMs trained by super large corpora have been shown to replicate human-coded framing judgments with high semantic reliability (Atreja et al. 2025; Egami et al. 2023), for each article,[50] 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 standardized zero-shot, zero-temperature settings. For example, for severity, I ask "if the issue is extremely damaging to domestic economy?" I also ask LLM to rate the overall "helplessness" by combining four dimensions in one question (See Appendix for details). For each dimension of each issue, I then calculate average scores $\bar{X}^{(d)}$ (formally expressed below) weighted by inverse of country count c_i, and then their differences from "current account deficit," which serve as the baseline.[51]

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

[49] LexisNexis provides global coverage of major national and local outlets; I exclude the United States, the United Kingdom, and China.

[50] I extract and only keep 100-word windows around each keyword to focus on local framing.

[51] Using differences can mitigate model-specific scoring biases.

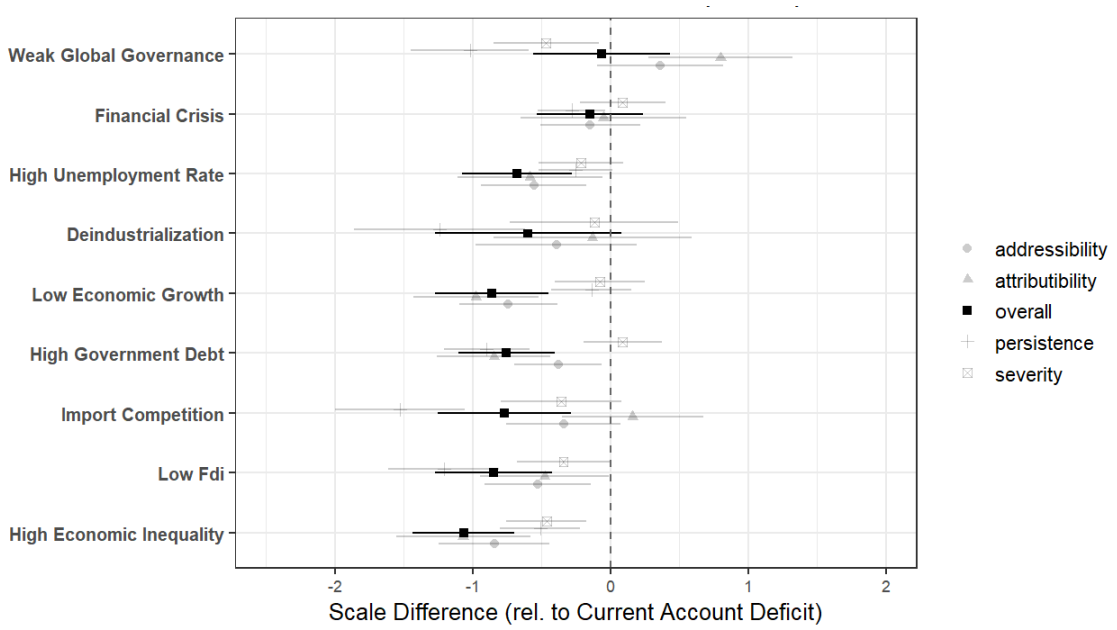


Figure 5: Scale Differences between Issues and Baseline. *Note:* Each error-bar plot the LLM-rated average inverse country-count–weighted score of one issue on one dimension relative to the baseline "current account deficit" at 90% CI.

Figure 5 plots, for each issue and dimension, the LLM-coded score differences relative to current account deficits. Randomly inspected text examples confirm that LLM-coded ratings accord with human interpretations (see Appendix). 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 likewise 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 are consistent with human coding in Table 3.[52]

UN Resolution ES-11/1 on Russia's Invasion. To further support the loyalty mechanism, I utilize the unusual UNES-11/1 resolution of March 2, 2022, which was the first UNGA vote to condemn Russia's full-scale invasion (February 24) and demanded a complete withdrawal. These requests concerned core LIO norms of sovereignty and non-aggression, rendering non-compliance a strong signal. Of all countries that voted, 141 voted for the resolution and 40 voted against or abstained. Like BRI attendance, states defect for two main reasons: (1) structural baseline affinity

[52]I also tried simple-means, multiple runs of multiple models, and different word-window, with consistent results.

with the West or Russia, stemming from regime type, ideology, or geopolitical alignment, and (2) updated utility calculation when voting, including a "issue-driven mechanism" by problems within the current order. By controlling for the first channel, the analysis isolates variation to the second.

Defecting on a vote of this magnitude generates diplomatic and reputational costs, and offers virtually no material benefits. As such, my theory predicts that only states experiencing meaningful loyalty erosion stemming from "helpless issues" should bear defection cost. Empirically, consistent with *H3*'s results, I again find only helpless issues of current account imbalances and financial instability exhibit significant effects (Appendix E.5). Notably, the pattern exists only for the longer 2001-20 period rather than 2011-20, suggesting this event requiring a higher degree of accumulated loyalty erosion than BRI attendance.

Additional Robustness Tests

Apart from extensive robustness checks mentioned inline above, I conduct additional tests in the Appendix. First, to ensure that no outliers are driving the results, any country or continent or year is removed from the dataset. Additionally, 5% data of external balances are removed from both tails to eliminate extreme values. For example, Mozambique runs an average trade deficit of -25%. Second, I fill in the missing data by Multiple Imputation and rerun all tests. Third, I add more controls. Dummy variables for continents of Asia and Latin America are added to control for the impact of travel distance or regional fixed effects. Similarly, a dummy of the Global South and race (white) is added. Fourth, a few alternative measures are used to rule out specific coding sensitivities. Regime type (Polity V) is replaced by the Freedom House index and VDem liberal democracy index. The DV attendance is re-coded as an ordinal variable (to differentiate state heads, ministers, and below), and is run using ordered probit models. All these robustness tests show consistent results.

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 (Figure 4) for most theoretically co-occurring issues. Second, states may simply be attracted to China – a pull mechanism – either by economic benefits or deficit issue relief or ideological and geopolitical affinity. I account for these by controlling for most relevant covari-

ates. Historical evidence, theory, and the illustrative case all suggest that push dynamics rooted in grievances play a key role. Supporting an institutionally inferior and materially uncertain China-led order generates limited, future-discounted benefits, making a pure pull mechanism unlikely. Moreover, attending the BRI Summit is not a technical remedy for external deficits, similar to becoming AIIB founding members.

Third, as I emphasize the issue-driven channel, one might question whether the China-led order as of recently is truly uncompetitive, and thus whether the loyalty mechanism is necessary. Apart from rich facts to support this assumption, my model predicts that if outside options were genuinely competitive, issue characteristics should not matter – yet the results show clear heterogeneity across issues. Moreover, public discourse suggests that even among some autocratic states or those located along BRI routes (e.g., Saudi Arabia, Vietnam, Singapore), the China-led order is perceived materially and institutionally weaker.[53] This assumption should hold for most countries. Fourth, the results are also unlikely to reflect 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 signal support for both simultaneously. In an increasingly bipolar environment, even symbolic gestures are interpreted as alignment rather than hedging (Ikenberry 2011; Mearsheimer 2001). Taken together, these alternative explanations do (fully) not account for the observed pattern: only helpless issues, most notably global imbalances and financial crises, predict support shift

Illustrative Case: Italy's Attending, Joining, and Quitting

I now turn to Italy to provide an ideal plausibility probe for the mechanisms I propose. As the only G7 state to send its head of government to the 2017 BRI summit and to formally sign a Memorandum of Understanding with China in 2019, Italy is an analytically hard case: if a core Western economy with deep institutional commitments to the EU and the broader LIO can be "pushed" to support China due to issue-based grievances, the mechanism should plausibly hold for a larger set of developing states, like the aforementioned concerned African countries.

Italy's leadership seemed to interpret the BRI as directly responsive to the very issues that accumulated within the LIO. The 2017 BRI summit's Joint Communiqué, which emphasized "financial crises, unsustainable development, and uneven globalization" (Broz et al. 2020), echoed Italy's longstanding macroeconomic distress. Italy experienced over a decade of stagnation, recurring recession

[53] See Appendix for more explanations.

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 vulnerability to external shocks. This combination of lasting, systemic grievances formed precisely "helplessness" theorized in the paper: entrenched problems that Italy could not solve unilaterally and whose persistence signaled that the LIO (Eurozone fiscal rules, ECB austerity constraints, IMF surveillance norms) had ceased to deliver benefits. As noted widely in contemporary media, Italy entered the mid-2010s dissatisfied with EU austerity, facing what The Economist termed "the sick man of Europe."[55]

Despite all these, Italy had intially tried reforms to fix its problems, suggesting some levels of loyalty. The fiscal-discipline package the Monti government pushed through in the early 2010s (including pension reforms, spending cuts, labor-market and regulatory liberalization) was effectively a forced realignment with EU rules. Yet, as the problems continued despite all the efforts, they became more helpless and Italy's loyalty to the West-led order dropped rapidly. Domestic politics directly reflected the issue-driven consequences. Anti-establishment parties quickly gained steam in the coming years. The year 2018 witness the turning point: the country elected a populist coalition (Five Star Movement-Lega) that repeatedly described Italy as being "in battle with Brussels" – a direct challenge to the LIO's central economic authority with the Eurozone being a key organic, regional component.[56] Thus, Italy was sort of pushed to China by grievances within the LIO.

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 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.[57] 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

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

viable.[58]

However, Italy's withdrawal from the BRI in 2023 (the reversal of support) powerfully reinforces the next part of my mechanism. While the initial alignment was driven by systemic 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..."[59] 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 disappointing, precisely because of bilateral trade relations indicating China's involvement in its troubles.

The case matches precisely the logic of my theory: helpless issue-generated pain → collapsed loyalty to the West-led order → experimentation with the China option → realization that China is implicated in its issues → withdrawal of support. Overall, Italy, a major Western economy, illustrates how persistent LIO issues can erode loyalty even within core members of the West-led order. The subsequent shift away from China and the BRI can be interpreted as Italy's partially restored loyalty value due to outside option endogeneity as explained in my models. Italy's behavior thus provides direct observational support for a loyalty-based, issue-driven theory of order contestation and power realignment. To be sure, Italy's action may also be affected by other factors such as leaders' ideology or historical ties, but revealed evidence strongly suggests said causal path. While Italy gave four more years to validate possible trade concerns conditional on political cycles, others may have recognized it and acted earlier.

Additional Evidence on Mechanism: Financial Policy Volatility and UNGA Vote Convergence

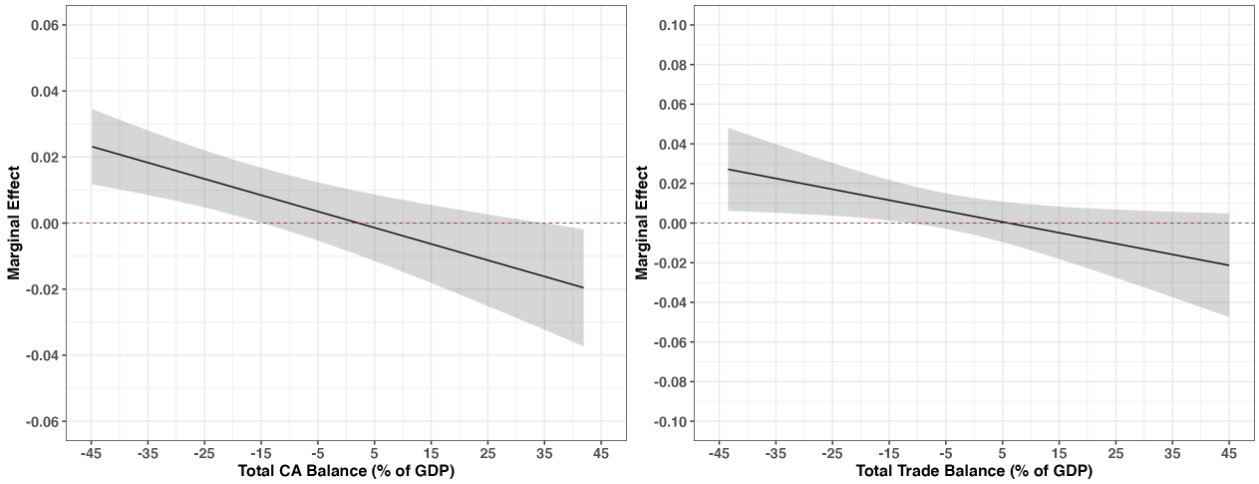
In Section 4, I presented rich evidence how global imbalances may cause lasting grievances among states which trigger behavioral change. The mechanism goes through the key – states' dissatisfaction as an emotional reflection. I conduct extra cross-domain tests as the testable implications of the mechanism.

Capital Account Volatility – Grievances are arguably difficult to measure quantitatively. Nonethe-

[58] Ibid
[59] Ibid

less, I calculate the standard deviation of the Chinn-Ito capital account openness measure. Although variability of capital account policy may not exactly proxy the grievances solely generated by global imbalances, it nonetheless unveils "the difficulty a nation has had with external finance (Broz et al. 2020)." Behavior reflects the underlying emotion. In theory, when facing persistent deficits, states may alter capital controls to either limit to cool down factor inflation, or increase capital inflows to finance deficits. This measure (2005-17, lagged by five years) is negatively correlated with average current account balance (2000-17) with $p = 0.02$. That countries with higher external deficits more frequently alter capital account policies suggests that the grievances, if any, may partly come from imbalances.

UNGA Vote Convergence – The inherent logic of states' behavioral change in my story – grievances about external deficits – may affect other bilateral political relations. Scholars have widely studied the relationship between trade and politics (Flores-Macías and Kreps 2013; Kastner 2016). In Appendix F.1, my tests show that bilateral imbalances negatively predict states' voting affinity with China on the UNGA human rights resolutions since 1992. This supports the key elements of my theory – negative perceptions and reactions. Like my main results, I also find differentiated effects between total and bilateral imbalances.



(a) (b)

Figure 6: Marginal Effects of Bilateral Trade Balance with China. Note: The marginal effects show that states voting patterns are divergent from China as bilateral balances grow, but only conditional on total external deficits. Full results see Appendix F.1.

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 competing order and no meaningful opportunity like the BRI summit for states to express support; but once the change in political opportunity structure (e.g., outside options) appears, the grievance can appear especially intolerable (Tocqueville 1856), especially for helpless issues.[60] Second, historical attitudes toward deficits and my UNGA voting analyses indicate that concerns existed earlier, but policymakers often downplay temporary deficits and require time to assess their severity and persistence. Third, grievances accumulate: even with a constant imbalance rate, the cumulative pain grows over time, allowing issues to cross the threshold into "helplessness." I show that the two-decade average imbalance has a larger effect than one-decade (Appendix).

6 Conclusion and Discussion

Although the post–Cold War "golden years" may have ended, studying the LIO remains essential precisely because it helped produce that period of stability and prosperity. Examining the issues that have emerged within the order offers a crucial lens for understanding contemporary politics: without these problems and the grievances they generated at home and abroad, populist challenges such as Donald 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 renewed great-power competition.

This paper develops an issue-based theory of order contestation, illustrated through the context of persistent and structurally distorting global imbalances. I first show that global imbalances indicate cross-national development disparities and produce lasting grievances. Consistent and robust evidence demonstrates that these grievances push states toward supporting a competitor, but this effect is attenuated when the alternative is itself implicated in issues at stake. Second, only issues that I conceptualize as helpless may trigger the disengagement, as they generate sufficient pain to crush loyalty to the LIO.

These findings extend the seminal work of Broz et al. (2020) by demonstrating that the politics of support shifting depend on the characteristics of outside options and of issues themselves, and how the two interact. Whereas in discussions Broz et al. speculate that the null effects of WTO

[60] My model shows that outside options can affect loyalty, but only collapse loyalty when the underlying issue is helpless.

complaints as opposed to financial instability may stem from strategic choices or leader preferences, I systematically conceptualize the latter as helpless creating unbearable sufferings leading to loyalty collapse. This more clearly explains why states choose to support Chinese leadership even if it's yet competitive, states confront large disengagement costs with limited benefits, and support won't eliminate the pain. In this sense, the results reveal certain resilience in the existing order, perhaps tempering some pessimistic assessments in Lake et al. (2021). 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 endogenous and dynamically shape states' relationships with the order.

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. 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. External imbalances, long downplayed in IR, have become increasingly consequential in a contentious geopolitical era. For example, South Korea in 2023 recorded its first bilateral deficit with China, coupled with the U.S. becoming its largest surplus source. This suggests that Korea will likely lean further away from China. The logic can help predict China-India relations, and explain why China-Australia relations have softened, due to Australia's sizable bilateral surplus with China.

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). They underscore that globalization has disproportionately benefited some states (Baldwin 2016), while many persistent deficit countries, often emerging democracies, struggle and major surplus countries are disproportionately autocracies, running against the LIO's social 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 global justice and whether globalization has met its own expectations. As such, as China agglomerates global production, U.S. tariffs on Chinese goods that redirect demand may inadvertently strengthen

other developing economies and foster a more balanced global system. The findings inform future global trade reforms, when the WTO is less capable of handling issues like mercantilism (Wu 2016). 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. Protectionism partly results from this long-run accumulated root, resembling characteristics in the 1930s when trade seen as zero-sum collapsed.

One may argue that BRI attendance is not a true exit from the LIO and that state positions may vary across events, especially while the China-led alternative remains uncompetitive. Yet what matters for order contestation is signal of disengagement. 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 China's order becomes competitive, states will be much easier to draw. 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.

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Appendix

A Descriptive Patterns

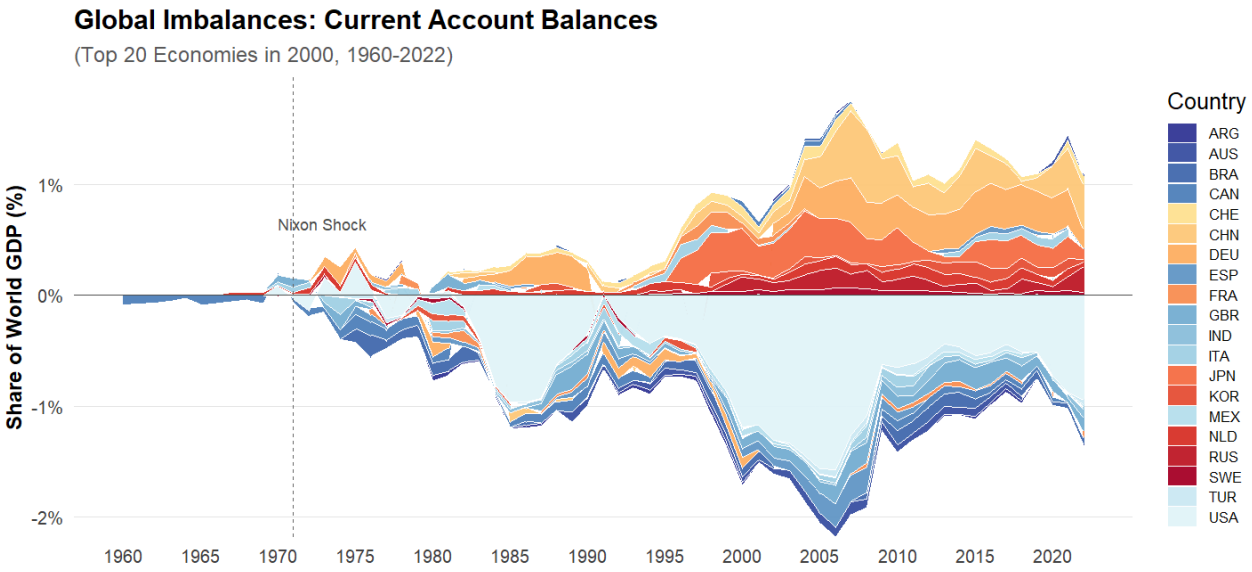


Figure A.1: Global Imbalances (Current Account Balance).

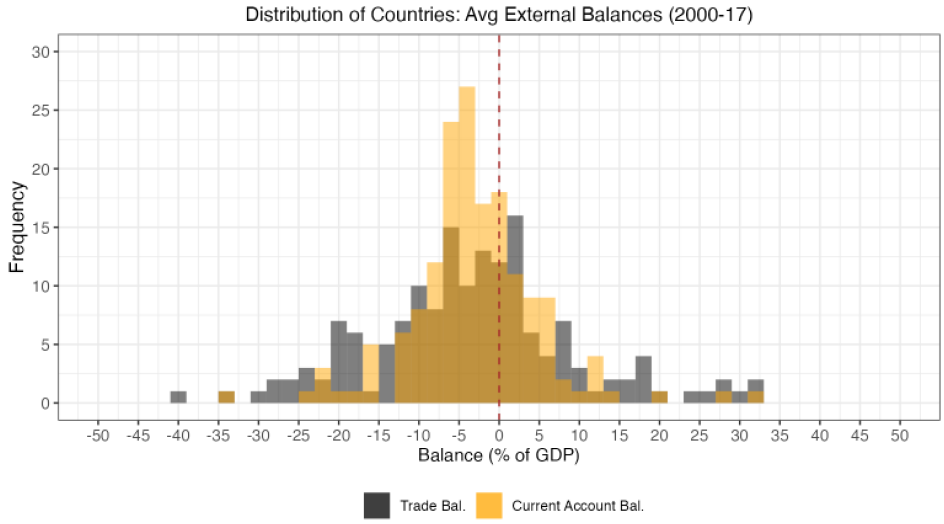


Figure A.2: Distribution of Mean Global Imbalances (2000-17, Data Source: the IMF). *Note:* the brown area is the overlap of both balances.

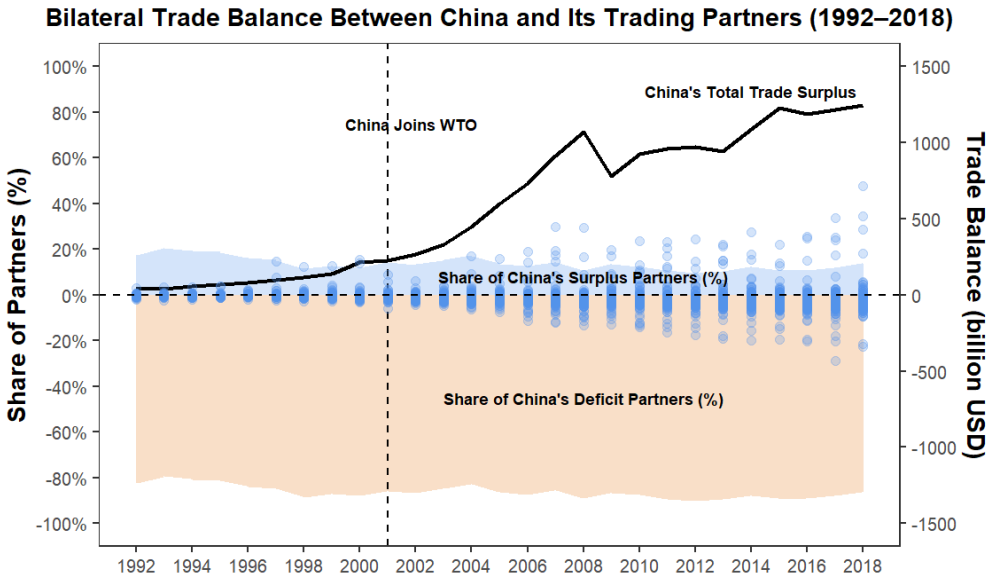
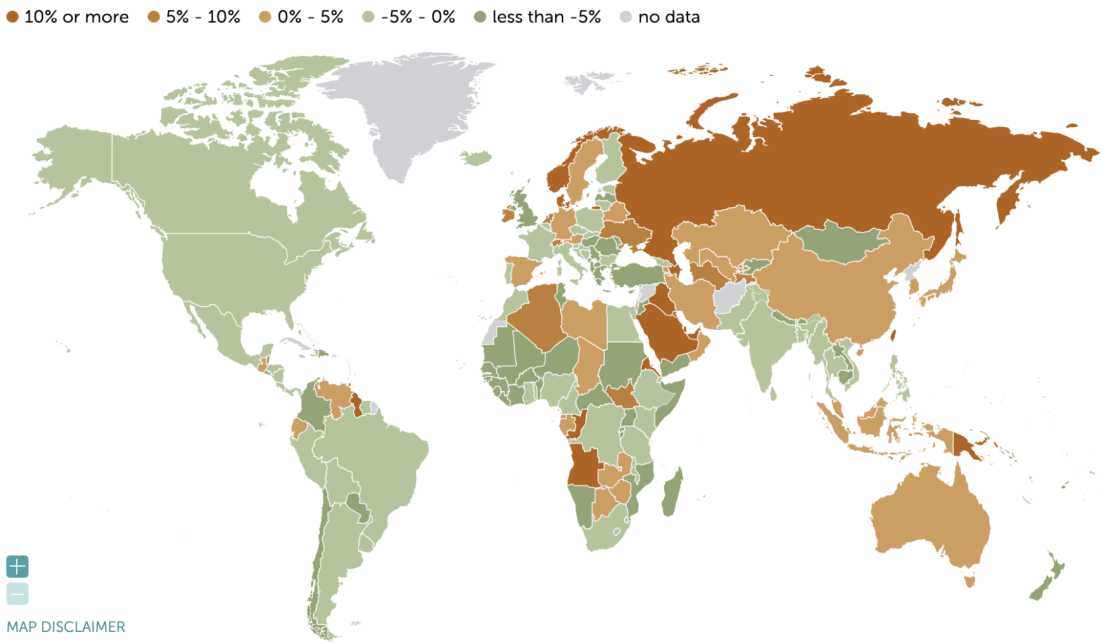


Figure A.3: Bilateral Trade Between Trading Partners and China (source: World Bank). Note: exports/imports data is reported by trading partners.



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

Figure 2. *Global Imbalances (Current Account Balance. Graph: Council on Foreign Affairs).*

A.1 Variable descriptions of the "ambivalent exit" case

A.2 Variable descriptions of the "inverted influence" case

A.3 Examples of two balances

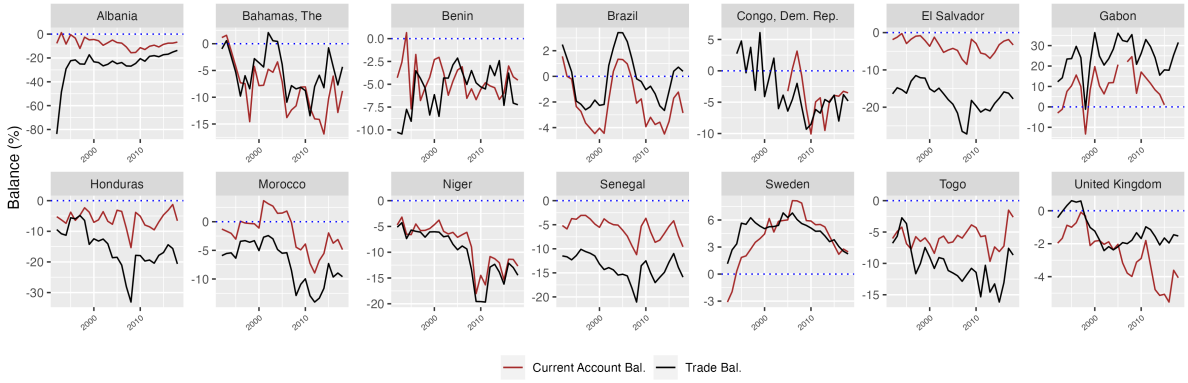


Figure A.1. *External Deficits of Countries (Source: World Bank).* As shown, two balances can diverge, and sometimes have opposite signs.

A.4 The Multiple Imputation version for correlations in Figure 3.

B Theoretical Model

Appendix: Formal Model Details

A. Assumptions

A1. Utility is linear in the support level s_i.

A2. Stay cost under the LIO is σ_i and under the challenger is σ_i^O.

A3. Expected issue relief is

$$\Delta\sigma_i = \sigma_i - \sigma_i^O,$$

with $f(0) = 0$, $f'(\Delta\sigma_i) > 0$.

A4. Loyalty is

$$L_i = L_i^0 - l(\sigma_i) - f(\Delta\sigma_i),$$

where $l'(\sigma_i) > 0$.

A5. $B_i > 0$, $C_i > 0$, and $L_i^0 > 0$.

B. Derivation of Optimal Support

Utility:

$$U_i(s_i) = s_i B_i - s_i C_i + (1 - s_i) L_i.$$

Substituting the definition of loyalty:

$$U_i(s_i) = s_i \left(B_i - C_i - L_i^0 + l(\sigma_i) + f(\Delta\sigma_i) \right) + L_i^0 - l(\sigma_i) - f(\Delta\sigma_i).$$

Marginal utility:

$$\frac{\partial U}{\partial s_i} = (B_i - C_i) + (l(\sigma_i) + f(\Delta\sigma_i) - L_i^0).$$

Define $d_i = B_i - C_i$ and

$$l_i = l(\sigma_i) + f(\Delta\sigma_i) - L_i^0.$$

Thus,

$$\frac{\partial U}{\partial s_i} = d_i + l_i.$$

Because $U_i(s_i)$ is linear in s_i:

$$s_i^* = \begin{cases} 1 & \text{if } d_i + l_i > 0, \\ 0 & \text{if } d_i + l_i < 0, \\ [0,1] & \text{if } d_i + l_i = 0. \end{cases}$$

C. Proofs of Propositions

Proof of Proposition 1. If $\sigma_i > \bar{\sigma}$, then $l(\sigma_i) \geq L_i^0$, so

$$l_i = l(\sigma_i) + f(\Delta\sigma_i) - L_i^0 \geq f(\Delta\sigma_i) \geq 0.$$

Thus support is optimal if $f(\Delta\sigma_i) > -d_i$. □

Proof of Proposition 2. If σ_i^O increases, then $\Delta\sigma_i$ decreases, and by monotonicity $f(\Delta\sigma_i)$ decreases. Hence l_i decreases and so does $d_i + l_i$. □

Proof of Proposition 3. If $d_i < 0$, support is optimal when

$$d_i + l_i > 0 \quad \Leftrightarrow \quad l_i > |d_i|.$$

This requires sufficiently large σ_i. □

Proof of Proposition 4. If $l_i < 0$ and $d_i < 0$, then $d_i + l_i < 0$, and $s_i^* = 0$. □

D. Optional Extensions

Alternative specifications (nonlinear loyalty, multiple issues, stochastic challenger characteristics) are available upon request but do not affect the comparative statics in Propositions 1–4.

C 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:

$$Y_{t-1}(c + g + i + n) + rD_{t-1} = Y_{t-1} \tag{7}$$

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

$$Y_t(c+g+i+n)+rD_t \leq Y_t \tag{8}$$

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:

$$Y_{t-1}(1+d)(c+g+i+n)+r(D_{t-1}+|n|Y_{t-1}) \leq Y_{t-1}(1+d) \tag{9}$$

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

$$|n| \leq \frac{d}{r}\underbrace{(1-(c+g+i+n))}_{\text{debt service share of GDP}} \tag{10}$$

(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.

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

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.

D Applying to Global Imbalances

D.1 Issue Coding Rationale

E Empirical Design and Results

E.1 Why not the 2019 BRI Summit as the DV?

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. We test the 2019 attendance using Broz's framework and none of the "push factors" are significant.

E.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).

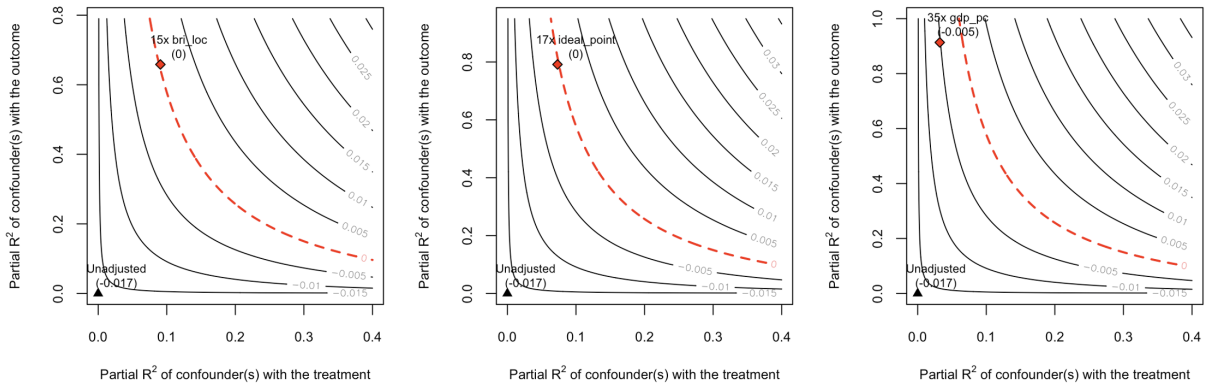


Figure E.4: Sensitivity Contour Plots of the Omitted Variable Bias for BRI locations (15x), Ideal Point score (17x), and per capita GDP (35x+)

Figure E.4 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.[61] The result suggests less concerns for omitted variable bias.

E.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. 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

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

Table E.1: Covariate Balance Before and After ATT Inverse Propensity Weighting

	Standardized Mean Difference		eCDF Difference	
Covariate	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

directly corresponds to the causal quantity implied by the theory.

Table E.1 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 E.1). 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 E.2: 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 E.2) indicates that persistent current-account deficits significantly 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.

E.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)),[62] 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:[63] 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.[64] 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).[65] 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.[66] The two stages are formally expressed as:

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

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

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.

[62] 2SLS (Two-Stage Least Squares) is for linear models.

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

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

[65] 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.

[66] 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).

	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.		−0.087**		−0.098***	−0.091**	−0.100***	−0.109***	−0.168*
		(0.040)		(0.028)	(0.037)	(0.036)	(0.031)	(0.089)
Total Trade Bal.			0.004	0.053**	0.054**	0.057**	0.036.	
			(0.014)	(0.023)	(0.027)	(0.027)	(0.023)	
Total Current Bal. x Trade Bal. w/ China					−0.156*			
					(0.091)			
Total Trade Bal. x Trade Bal. w/ China						−0.051*		
						(0.030)		
Total Trade Bal. x Total Current Bal.							−0.002*	
							(0.002)	
Trade Bal. w/ China					−0.211	0.236		
					(0.628)	(0.566)		
BRI Position	0.781*	1.342*	0.744.	0.703.	0.873*	0.836*	0.900*	0.873**
	(0.435)	(0.808)	(0.477)	(0.468)	(0.499)	(0.503)	(0.462)	(0.434)
FTA w/ China	0.238	0.339	0.091	−0.297	−0.094	−0.125	−0.290	0.184
	(0.387)	(0.748)	(0.432)	(0.461)	(0.560)	(0.554)	(0.478)	(0.431)
BIT w/ China	1.001**	2.086**	0.983**	1.077**	0.704	0.747	1.087**	1.201**
	(0.434)	(0.984)	(0.455)	(0.536)	(0.556)	(0.557)	(0.542)	(0.526)
Financial Crises (count)	0.075***	0.131***	0.072***	0.063**	0.068**	0.068**	0.064**	0.081***
	(0.026)	(0.050)	(0.027)	(0.026)	(0.029)	(0.029)	(0.028)	(0.029)
Ideal Point Distance	−0.700**	−1.222**	−0.745**	−0.778**	−0.776**	−0.773**	−0.942**	−0.885**
	(0.334)	(0.557)	(0.340)	(0.351)	(0.384)	(0.376)	(0.389)	(0.365)
Regime Type	−0.021	−0.098	−0.016	−0.047	−0.022	−0.023	−0.048	−0.105*
	(0.036)	(0.070)	(0.037)	(0.043)	(0.049)	(0.047)	(0.044)	(0.056)
Leader Ideology	−0.115	−0.093	−0.104	−0.062	−0.104	−0.103	−0.107	−0.103
	(0.127)	(0.242)	(0.132)	(0.132)	(0.150)	(0.146)	(0.138)	(0.157)
Africa Dummy	−1.312**	−2.534**	−1.407**	−1.745**	−1.801**	−1.874**	−1.678**	−1.372**
	(0.601)	(1.113)	(0.648)	(0.714)	(0.844)	(0.845)	(0.720)	(0.659)
GDP Growth Rate	0.009	0.018	0.010	0.026	0.011	0.011	0.021	0.022
	(0.024)	(0.038)	(0.026)	(0.023)	(0.028)	(0.028)	(0.025)	(0.022)
GDP (log)	0.261*	0.584**	0.271*	0.328**	0.277*	0.284*	0.287*	0.469***
	(0.137)	(0.275)	(0.143)	(0.146)	(0.159)	(0.158)	(0.158)	(0.163)
GDP per capita (log)	−0.550**	−0.726.	−0.602**	−0.628**	−0.575*	−0.601**	−0.486*	−0.137
	(0.220)	(0.460)	(0.258)	(0.268)	(0.301)	(0.304)	(0.284)	(0.298)
Human Rights Index	0.259*	0.410	0.280*	0.248.	0.257	0.259	0.261	0.311*
	(0.156)	(0.297)	(0.167)	(0.170)	(0.186)	(0.188)	(0.190)	(0.166)
Num.Obs.	154	144	139	132	118	118	132	142
Pseudo R^2	0.378	0.406	0.355	0.404	0.406	0.399	0.419	0.412

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

Table E.3: Probit models: State's Attendance to 2017 BRI Summit

	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
Import Share Change	0.007								0.041
	(0.009)								(0.026)
Avg. FDI Share		0.001							−0.002
		(0.006)							(0.009)
Top 10 Pct. Income			−5.117						−7.054
			(3.142)						(6.308)
Avg GDP Growth				0.043					0.042
				(0.061)					(0.136)
Avg Manufac. Share					0.014				−0.001
					(0.026)				(0.036)
Central Gov. Debt Share						0.002			−0.004
						(0.004)			(0.006)
Unemployment Rate							0.007		0.013
							(0.042)		(0.064)
IMF Gov Deficit								−0.143	0.327
								(0.424)	(0.548)
Avg. Current Account Bal.									−0.105***
									(0.033)

Financial Crisis Count									0.103**
									(0.049)
OBOR Position	0.424	0.401	0.514	0.396	0.401	0.443	0.481	0.424	0.818
	(0.417)	(0.412)	(0.373)	(0.391)	(0.386)	(0.397)	(0.402)	(0.403)	(0.585)
FTA w/ China	−0.085	0.233	0.298	0.160	0.128	0.241	0.253	0.221	0.307
	(0.375)	(0.357)	(0.408)	(0.372)	(0.395)	(0.358)	(0.371)	(0.366)	(0.651)
BIT w/ China	1.114**	1.006**	1.329*	1.006**	1.029**	1.007**	0.992**	1.011**	1.101
	(0.479)	(0.462)	(0.740)	(0.465)	(0.454)	(0.441)	(0.479)	(0.462)	(0.869)
Ideal Point Distance	−0.653**	−0.485*	−0.841***	−0.510*	−0.527*	−0.477*	−0.596**	−0.536*	−1.380***
	(0.259)	(0.285)	(0.308)	(0.272)	(0.278)	(0.286)	(0.279)	(0.276)	(0.385)
Leader Ideology	−0.159	−0.073	−0.032	−0.083	−0.089	−0.065	−0.072	−0.070	−0.118
	(0.122)	(0.112)	(0.120)	(0.112)	(0.121)	(0.110)	(0.111)	(0.114)	(0.184)
Regime Type	0.057*	0.015	0.032	0.022	0.021	0.014	0.022	0.019	−0.015
	(0.032)	(0.033)	(0.037)	(0.031)	(0.033)	(0.033)	(0.031)	(0.032)	(0.065)
Africa	−1.244**	−1.291**	−0.965	−1.302**	−1.263**	−1.273**	−1.246*	−1.246**	−1.212
	(0.574)	(0.578)	(0.640)	(0.580)	(0.575)	(0.572)	(0.650)	(0.578)	(0.992)
GDP	0.247*	0.359**	0.410**	0.365***	0.319**	0.346**	0.380**	0.369**	0.426**
	(0.137)	(0.142)	(0.166)	(0.141)	(0.139)	(0.137)	(0.155)	(0.147)	(0.216)
GDP PC	−0.379**	−0.628***	−0.564**	−0.594***	−0.576***	−0.628***	−0.627**	−0.613***	−0.275
	(0.170)	(0.208)	(0.255)	(0.203)	(0.208)	(0.203)	(0.244)	(0.207)	(0.338)
CIRI Index		0.154	0.065	0.158	0.130	0.151	0.185	0.168	0.131
		(0.119)	(0.137)	(0.118)	(0.126)	(0.117)	(0.126)	(0.118)	(0.214)
(Intercept)	−0.891	−0.697	0.462	−1.233	−0.746	−0.663	−1.160	−1.011	−1.685
	(1.254)	(1.203)	(2.037)	(1.197)	(1.189)	(1.209)	(1.095)	(1.169)	(3.095)
Num.Obs.	154	169	161	172	161	171	168	174	118

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

Table E.4: Probit models: Ten LIO Issues

E.5 UN Resolution ES-11/1 on Russia's Invasion

F Additional Evidence

F.1 UNGA Vote Convergence

The second part of empirical tests is on the "inverted influence" hypothesis. As discussed above, 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. I also test other scope such as the Global South and all countries in the Appendix to show the result is not limited to non-Asian. 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.[67] A few other economic variables that could potentially confound are controlled for:

[67]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

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).[68] *Natural resource rent rate (% in GDP) is controlled, since resource-oriented countries more likely generate trade surpluses with China and place less weight on normative issues. All economic data are lagged by a year. 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 (Oneal and Russett 1999). 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.[69] The data covers a period of 20 years (1992-2011), which ensures at least three country-specific human rights resolutions per year. Since external 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 2000/01/08/09 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.

Instrumental Variable Approach

As with the previous tests, 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,

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.

[68] 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.

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

apart from the bilateral imbalance as the source of tensions. The two-stage formulas are as follows:

$$T_i = \pi_0 + \pi_1 Z_i + \pi_2 \mathbf{X_i} + \eta_i \quad (3)$$

$$Y_i = \beta_0 + \beta_1 \hat{T}_i + \beta_2 \mathbf{X_i} + \epsilon_i \quad (4)$$

where T_i, Z_i, $\mathbf{X_i}$ and Y_i are treatment (external imbalances), instrument (industrial intensity), 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) is used as another instrument. Argubally, 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.

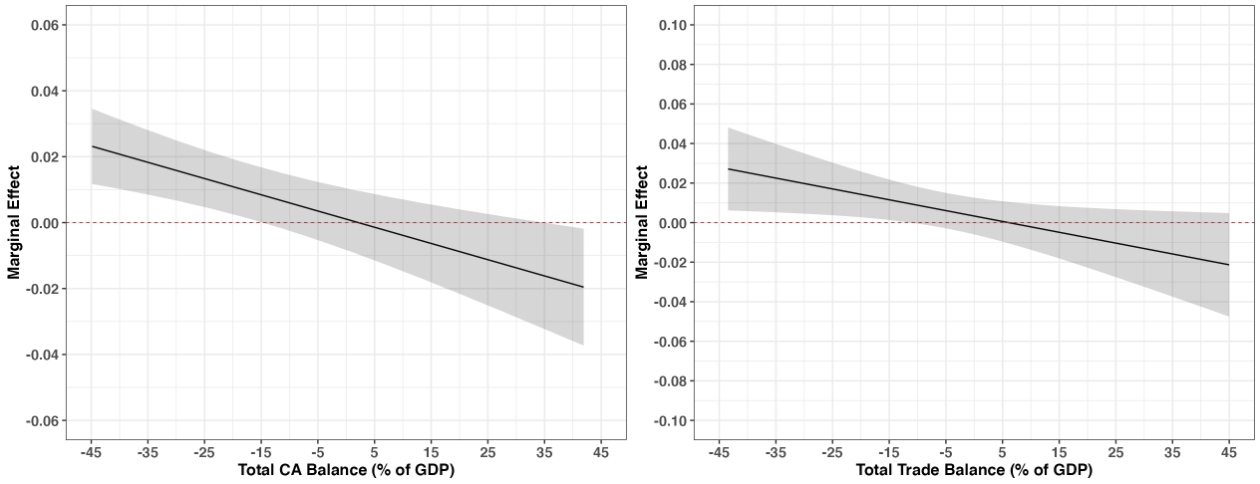
	DV: UNGA Human Rights Vote Convergence							
	OLS					Mixed	2SLS	
	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8
Trade Bal. w/ China	0.023**	0.010**	0.009**	0.011**	0.012***	0.010***	0.070***	0.074***
	(0.009)	(0.005)	(0.004)	(0.004)	(0.004)	(0.003)	(0.018)	(0.021)
Trade Bal. w/ China x Total Current Bal.				−0.007*				
				(0.004)				
Trade Bal. w/ China x Total Trade Bal.					−0.009*			
					(0.006)			
Total Current Bal.				0.027				
				(0.024)				
Total Trade Bal.					0.025			
					(0.025)			
CINC		3.875.	−6.799	−7.262	−8.370	2.865	−10.505*	−8.868.
		(2.598)	(21.352)	(20.530)	(21.117)	(2.295)	(5.915)	(6.067)
Joint Democracy		0.272***	0.116**	0.109**	0.105*	0.163***	0.156***	0.154***
		(0.041)	(0.055)	(0.053)	(0.057)	(0.020)	(0.027)	(0.028)
Human Rights		0.009	−0.019	−0.006	−0.018	−0.008	0.005	−0.009
		(0.013)	(0.019)	(0.015)	(0.019)	(0.008)	(0.011)	(0.011)
Total Trade w/ U.S.		0.0007	−0.0007	0.0005	0.0002	−0.0003	0.002	0.002
		(0.001)	(0.002)	(0.001)	(0.002)	(0.0009)	(0.002)	(0.002)
Total Trade w/ China		−0.009*	−0.013***	−0.012***	−0.012**	−0.011***	−0.027***	−0.027***
		(0.005)	(0.005)	(0.004)	(0.005)	(0.003)	(0.006)	(0.007)
Total U.S. Aid		−0.017.	−0.013*	−0.014*	−0.012	−0.010*	−0.014**	−0.014**
		(0.011)	(0.007)	(0.008)	(0.008)	(0.005)	(0.007)	(0.007)
GDP per capita		−0.077***	−0.073*	−0.051	−0.079*	−0.093***	0.034	0.032
		(0.012)	(0.042)	(0.040)	(0.044)	(0.011)	(0.026)	(0.027)
Country FE			✓	✓	✓	N/A	✓	✓
Year FE			✓	✓	✓	✓	✓	✓
Num.Obs.	1623	1245	1245	1126	1190	1126	1199	1245
R^2	0.023	0.508	0.731	0.729	0.740	0.750	0.694	0.668

* p < 0.1, ** p < 0.05, *** p < 0.01

Table 5. *UNGA Human Rights Vote Convergences with China of Non-Asian Countries.* Notes: standard errors are clustered at the country level.

Table 5 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 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.[70] 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 9 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.

[70]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).



(a) (b)

Figure F.5: Marginal Effects of Bilateral Trade Balance with China

G Robustness Tests

G.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 E.4), 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 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.