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

George Yean*

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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 issues. I address this timely question by developing an issue-based theory of state disengagement 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 disengagement likelihood while increasing order resilience. Second, even given exogenous outside options, due to LIO's high disengagement costs with uncompetitive challengers, only helpless issues – severe, persistent, and systemic problems that states cannot resolve alone – generate stay costs large enough to erode loyalty, making disengagement possible (even absent competitive challengers). I test the theory in the context of global imbalances, an important, contentious yet understudied issue, and across ten major LIO issues. States' support for China rises with issue-driven grievances but diminishes when China is implicated, while non-helpless issues show no effect. 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.

*George Yean is a PhD candidate at the Department of Government, Harvard University, gyean@fas.harvard.edu. I thank Pol Antràs, Leonardo Baccini, Stephen Chaudoin, Christina Davis, Jeffry Frieden, Jeffery Friedman, Mariya Grinberg, Andrew Kao, Sung Eun Kim, Iain Johnston, Christoph Mikulaschek, Krzysztof Pelc, Jeremy Spater, and participants at the International Studies Association (ISA) conference, the Midwest Political Science Association (MPSA) conference, and the Harvard International Relations Workshop for valuable comments.

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 many of its structural issues, ranging from internal challenges, including financial crises, 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 statistically challenging because the order itself as a singular macro-structure has limited variation. This paper instead seeks to explain when, how, and which LIO's issues may lead states to lose support or side with challengers. Understanding this is crucial for both the LIO's influence, legitimacy, and viability (Gray 2018; Ikenberry 2011; Keohane 1984) and the returning great-power competition, especially given the hegemon's inconsistent commitment while an authoritarian rising power promotes a 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 as *exogenous*. Yet the assumption 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.[3] Generated through globalization, global imbalances entangle states and carry implications for LIO 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 institutions such as the WTO, and a global trade war to remedy imbalances. 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

[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] 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).

sustainability when then Chinese economic czar Chen Yun abhorred the ballooning imbalances (Feeney 1989; Zweig 2002).[4] 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."[5] Some develop complex responses: many worried African countries, while supporting China's financial leadership for loans and investments, blame China for widening their imbalances.[6] Notably, global imbalances appear to favor authoritarian states.[7]

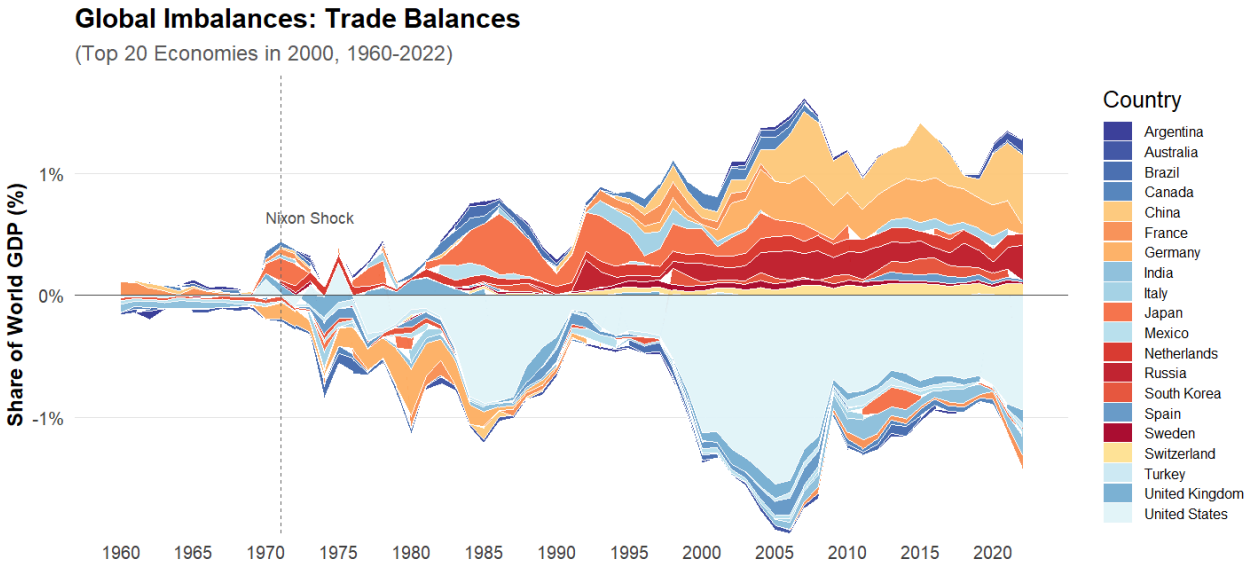


Figure 1: Global Imbalances in Trade Balance. *Note*: data from the World Bank. See similar patterns for current account balance in Figure A.1.

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 in classic transition or order theories. The first concerns *endogenous* outside options, meaning the credibility of rising powers as alternatives changes once they may themselves be implicated in the very issues, as globalization has built intertwined interdependency. When this happens, it can reduce the disengagement likelihood. 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

[4]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.

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

[6]"Insight: Africa's dream of feeding China hits hard reality," Reuters, 28-June-2022. China maintains trade surpluses with over 90% of all countries (see Figure A.3).

[7]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).

states and discrediting alternatives.

Moreover, a related question is whether states may shift support away from an order like the LIO, which carries uniquely high disengagement costs (e.g., sunk, opportunity, reputational) with institutionally inferior outside options who offer limited, future-discounted benefits of shift. 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*. Loyalty decreases with pain but non-linearly; when issue-generated pain surpasses a threshold, it can rapidly collapse loyalty states attach to the order (Scarry 1985; Wintrobe 1990) – 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 propose a typology of *"helpless issues"*: critical, persistent, and systemic ones individual states cannot resolve unilaterally. Helpless issues, like persistent global imbalances and financial crises, score high on all four defining dimensions, namely stubbornness, severity, attributability to the order, and unaddressability – producing stay costs large enough to erode loyalty. Conversely, when any dimension is low (i.e., non-helpless), stay costs remain insufficient and disengagement becomes irrational.

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

Empirically, global imbalances are shown to be correlated with long-term development performance disparities connected to widespread concerns, potentially delineating state-level "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 falls within the financial domain where China is less controversial. Notably, the effect of current account 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 the issue proxied by larger bilateral deficits significantly moderates 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 supporting the mechanism of loyalty.

This paper makes several contributions. First, apart from empirically understanding understudied 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, clarifying how outside-option endogeneity and issue heterogeneity shape LIO stability and great-power politics. This helps diagnose the source of crisis and guide policy priorities. Second, it 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 (Lipscy 2015; Gray 2018; Zürn 2018), 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.[8] Yet, the turning point, as shown in the theory (Section 3), is when China's option becomes competitive given its rising trend facilitated by the global economy, and an LIO which is actively being damaged by the hegemon.

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 . . . "*

[8] 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.

– 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 now 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, underrepresented institutions, militarized conflicts, and ideology confrontation. Many of these challenges 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" period (Ruggie 1982). The very issues generate varying reactions among affected member states, reflecting distributional tensions and perceived inequities embedded in the order's operation. Issues differ: some, like recurrent financial crises, plagued states almost forever; others, like IMF governance deficit, do not raise enough attention.

Global imbalances remain a salient issue, defined as the long-run cross-country differences in current account and trade imbalances (Barattieri 2014; Blanchard and Milesi-Ferretti 2009; Chinn and Ito 2022).[9] Global Imbalances saw early signs in the 1970s when Nixon embraced floating exchange rates and much liberalized 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). The characteristics of global imbalances can be summarized as non-randomness, persistence, and high magnitude.[10]

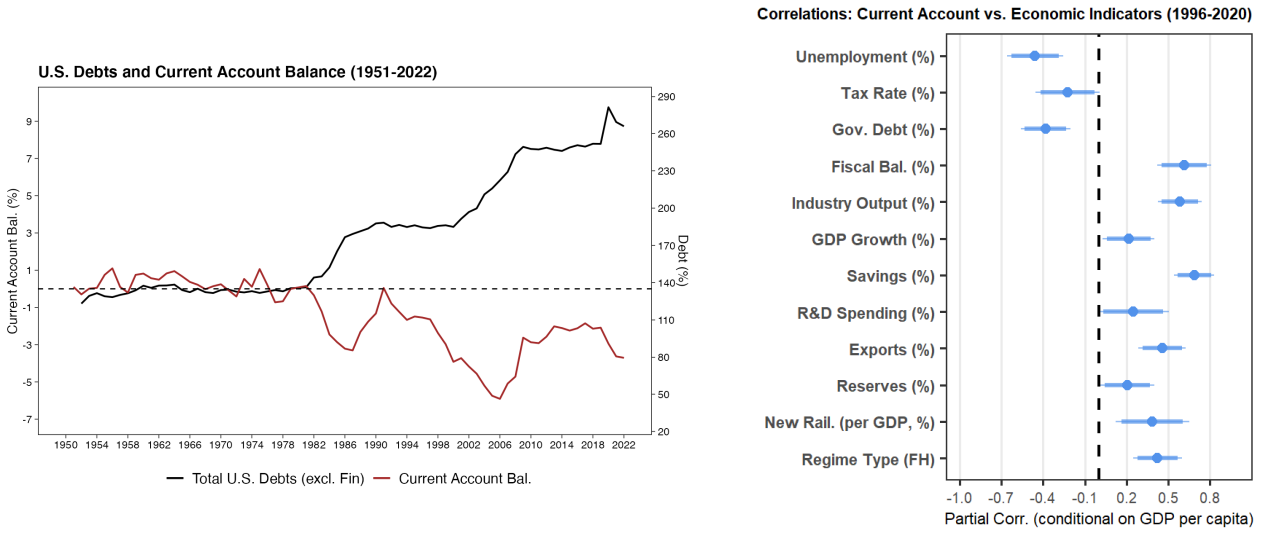
Global imbalances' LIO-related causes are roughly divided into "financial" and "trade" explanations (Barattieri 2014). Financial causes include over-consumption (often through foreign borrowing) (Obstfeld and Rogoff 2009). For advanced economies, "safe assets" attracting global capital inflate factor prices, exchange rates, and imports (Caballero et al. 2008; Mendoza et al. 2009) – echoing the "saving glut"

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

[10] *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)

hypothesis (Bernanke 2011). Trade causes include weakened industry/export sector, asymmetric trade costs (Cuñat and Zymek 2022), or mercantilist trade policies (Dooley et al. 2003).[11]

As 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),[12] and low levels of domestic investments and innovation (Graham et al. 2014)Benigno et al. 2025).[13] Many debt-replete developing nations rely on capital inflows (e.g., loans) to finance deficits, while many surplus countries become global creditors. Moreover, imbalances are linked to "demand distribution" (Chinn and Ito 2022), where foreign demand is "won," for instance, through "beggar-thy-neighbor." This is important, as trade theories show that the majority of gains in productivity, income, and innovation comes from exports (Bernard et al. 2018; Ohlin 1933).[14]



(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 debt and current account balance; it matches well the income–expenditure differential logic and is 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 are correlated with strong industrial sector (Epifani and Gancia 2017), as well as productivity growth, R&D concentration, and export capacity (Buera

[11] Epifani and Gancia (2017) show that an undervalued exchange rate allows a country to run surpluses and agglomerate global production.

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

[13] 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).

[14] 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).

and Kaboski 2012; Epifani and Gancia 2017; Greenstone et al. 2010). The three surplus-concentrated areas – core Europe, East Asia, and Gulf region – often exhibit envied economic development and fiscal capacity. Even within the Eurozone, deficit countries such as Greece, Portugal and Spain, perform poorly compared to their surplus counterparts such as Germany, the Netherlands and Switzerland. 17 out of 20 countries with the highest R&D expenditure-to-GDP ratios have recorded average external surpluses for decades.[15] Figure 4 shows the correlations between three-decade (1996-2020) averages of current account balances and major development indicators.[16] Noteworthy is that surplus country that has better development performance counterintuitively has lower tax rate and debt.

The above relationship implies the potential connection between national economic performance (and its grievances) and global imbalances beyond conventionally acknowledged.[17] As we will see, the relationship is twisted with states' perceptions, playing a key role in my theory.

3 An Issue-based Theory of Order Contestation

I develop an issue-based theory on the micro-foundation for understanding 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 and the importance of understanding 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 the 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 ones 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 its relationship to the issue. 2) issue-generated grievances can erode loyalty to the

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

LIO, but only a subset of severe, persistent "helpless issues" are sufficiently intolerable to induce support shift toward uncompetitive challengers (such as China of recent years).

Psychological and Behavioral Shift

A central reaction of states (or state leaders) 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. In domestic politics, 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 problems with issues, or when politicization occurs (Walter 2021).

Over time, for leaders who rightly attribute their issues to the LIO, grievances that emerge from the very operation of the order shape states' incentives to sustain, reform, or disengage from it.[18] 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, states' support declines, so does the *loyalty* value – the intrinsic and long-term surplus from remaining committed to the LIO. Severe grievances imply that continuing to follow LIO rules (e.g., on currency, capital, or trade) yields net negative utility, suggesting that loyalty may turn negative (explained more below).

The IO literature suggests "exit" in this case. IOs that fail to meet expectations can dissolve through 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*. Dissatisfied states engage in partial 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

[18] 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.

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.

Note that because the LIO and a potential China-led order rest on competing rules and norms (Broz et al. 2020), dissatisfied states are unlikely to support both (e.g., hedging) especially in a bipolar structure. 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 – 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) tolerability of the issue itself. Below, I combine rational-choice and sociological approaches centered on three analytical components that structure disengagement decisions (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 or alleviate certain issues, but worsen others.

Following rational-choice and sociological institutionalism, the disengagement likelihood is a function of the expected *costs* and *benefits* of disengagement, as well as the *loyalty* value to the LIO.[19] 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 authoritarian order. 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 in that it's less transactional and immediate and reflects the intrinsic surplus of attachment – an informal barrier to exit (Hirschman 1970). In total, when the utility turns positive, shifting support becomes likely.

Outside options alter the above calculus by contributing to or worsening the issues. This in turn affects challengers' credibility – I term this as outside option endogeneity. In a baseline scenario where the outside

[19] Belonging to the logic of consequences and appropriateness (March and Olsen 1998).

option is exogenous, a given level of utility produces a corresponding likelihood of disengagement. But if the challenger is implicated in the issue, expected relief declines and some loyalty to the LIO is restored, reducing the net utility of disengagement. In other words, the likelihood of support shift diminishes.[20] 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 pulled toward an alternative. But when outside options are uncompetitive – as with a highly institutionalized, networked LIO relative to a nascent China-led order – disengagement costs can outweigh any discounted, future benefits. As a result, mild or temporary issues rarely justify realignment, especially because shifting support does not eliminate stay costs in the way complete exit may.

Loyalty declines as pain increases, but in a nonlinear manner. When stay costs cross a *threshold*, severe pain can rapidly deconstruct loyalty (Kuran 1991; Scarry 1985; Wintrobe 1990), pushing it toward or below the indifference point (loyalty = 0). Negative loyalty not just means loss of faith, but that the LIO becomes actively toxic. In such circumstances, even uncompetitive outside options may appear attractive.[21] The threshold and its nonlinear effects are consistent with prior theorizing. 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). 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.[22]

The mechanism yields a clear implication: under uncompetitive outside options, only issues that generate sufficiently high stay costs are likely to trigger support shift. I propose a typology that identifies such "helpless issues," defined by four jointly necessary and effectively sufficient dimensions: stubbornness,

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

[21] 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).

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

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 a shift in support. 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.

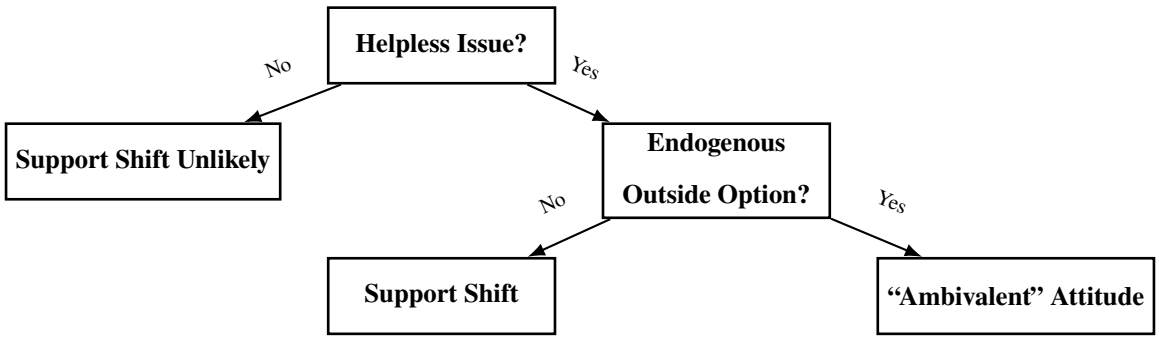


Figure 3: The Outline of the Mechanism. *Note*: This logic flow is based on the most applicable case of today: the LIO with uncompetitive outside options.

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 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.[23] These joint effects produce the four cases summarized in Table 1.

ID	Issue Type	Outside Option	Prediction
1	**Helpless** ($l_i > or \approx 0$)	**Competitive** ($d_i > \|u^C\|$)	$\frac{\partial U_i}{\partial s_i} > 0 \Rightarrow$ **strong support**.
2	**Helpless** ($l_i > or \approx 0$)	**Uncompetitive** ($d_i < -\|u^C\|$)	sign($\frac{\partial U_i}{\partial s_i}$) uncertain $\Rightarrow$ **support possible**, if loyalty turns sufficiently negative.
3	**Non-Helpless** ($l_i < 0$)	**Competitive** ($d_i > \|u^C\|$)	sign($\frac{\partial U_i}{\partial s_i}$) uncertain $\Rightarrow$ **support possible**, depends on helplessness/competitiveness degrees.
4	**Non-Helpless** ($l_i > 0$)	**Uncompetitive** ($d_i < -\|u^C\|$)	$\frac{\partial U_i}{\partial s_i} < 0 \Rightarrow$ **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

[23] 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.

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 generate testable hypotheses. Global imbalances are an ideal issue rich in features: significant in itself, raising discontent, connecting to outside options, spanning various domains, and sharing theoretical and analytical attributes with many other issues, such as stubbornness, severity, attributability to the LIO, and addressability – thereby allowing more generalizable claims. The application also serves to illuminate the political nature of global imbalances as an understudied phenomenon in international relations.

Global imbalances generate *lasting, cumulative* grievances, which encapsulate long-term negative perceptions about deficits. An economic phenomenon's political impact is dependent upon perception (Mansfield and Mutz 2014). The aforementioned correlations may also lead leaders to believe that persistent deficits indicate state-level losers. I show that the public and especially the better-informed leaders perceive the issue fairly adequately from varied aspects.

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 experience (Barnes and Hicks 2020). The word "deficit" conveys negative, abnormal connotations especially among conservatives, and anomaly psychologically puts 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 of the 17/8th centuries were as concerned about the impacts on national economy and power (Irwin 1998). John Keynes, while not mercantilist, proposed the International Clearing Union to address imbalances' destabilizing effects (Crowther 1948), whereas Milton Friedman, arguably a less concerned monetarist, warned that poor savings may lurk (Friedman and Friedman 1980). Even today, media coverage or government reports are generally more negative on deficit. The OECD or IMF has long viewed imbalances as threats to macroeconomic stability (Delpeuch et al. 2021). Within the EU, for instance, a current account deficit over 4% for a sufficient time triggers control procedures.[24]

Peer Contrast – Grievances may be also amplified by peer contrast. Strengthened by notable pundits like

[24] "Fawlty Europe," The Economist, November 2013.

Stiglitz and Bernanke who blame surplus countries for hindering the development of others,[25] the contrast is more pronounced when one faces socioeconomic troubles. Without understanding the causes, policymakers may believe or even politicize spurious correlations and blame "winners." Like the public sentiment quoted above (Krugman 2019), the elites (especially conservative and nationalist) share similar perspectives: Trump and supporters characterize deficit with China as rendering the country "biggest loser."[26] Global imbalances linked to "demand competition" and aggregated to zero may engender a feeling of "zero-sum" and injustice (Marx 1867; Rawls 1971), which can be enhanced by geopolitics. Table 2 shows some examples of states' concerns over *bilateral* imbalances, across both space and time.[27]

Expectation Gap – Lastly, temporal contrast between expectation and outcome can strengthen grievances. Believing in "Washington Consensus," numerous states embraced liberalization during the 1980/90s (Quinn and Toyoda 2007). The rationale extends to broader modernization efforts – socioeconomic development, political benefits, and national strength (Krasner 1985). Yet, states had inherent preferences: they viewed external balances as a precondition for liberalization (Simmons 2000; Quinn and Toyoda 2007). Thus, while expectations led states' acceptance of LIO rules, unwanted outcomes produce dissatisfaction.[28]

In the Appendix, I develop an economic model illustrating how persistent external deficits may economically lead to nationwide dissatisfaction through public expenditure and wage channels. The grievances (often disproportionately concentrated), if persistent enough, can fuel populism and affect incumbents' survival, which, combined with existing perceptions, particularly concern leaders.

Indeed, there's abundant evidence on how external imbalances lead to political and economic tensions. The War of Jenkin's Ear (Young and Levy 2011) and the Opium War between Britain and others were partly due to trade imbalances.[29] More recently, troubling balances of payments can hinder the acceptance of economic openness (Simmons 2000) and lead to trade restrictions (Broz et al. 2016). Imbalances have been shown to predict domestic protectionism (Delpeuch et al. 2021), and higher deficits diminish public support for free trade (Spater 2024). When disaggregated, increased imports or purchases from foreign firms can result in more amiable policies of host countries (Cutrone and Fordham 2010; Johns and Wellhausen 2016).

Leaders also can properly attribute the grievances to the LIO from both theory and historical experience. Apart from imbalances' LIO-linked causes, most states, before they significantly liberalized economies in the

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

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

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

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

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

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.

1980/90s, didn't have persistent imbalances, which hardly exist absent heightened globalization. Moreover, liberalization largely tied leaders' hands unlike in the Bretton Woods period (Stiglitz 2004; Quinn and Toyoda 2007) – thus they unlikely fully blame themselves on this global phenomenon. Since 1971, the balance-of-payment issue had knowingly and constantly worried many governments, and became an impediment for deepening liberalization (Broz et al. 2016; Quinn and Toyoda 2007), for which the IMF established specific funds "designed to stabilize balance-of-payments (Dreher 2002)."

Testable Hypotheses

First, Global imbalances closely follow the first mechanism of "endogenous outside option" above because of its relationship with China between finance and trade domains. As explained, current account imbalance relates to income-expenditure differential one needs to finance (thus more of a financial property), while trade imbalance measures trade.

Although China has emerged as an attractive source for loans and investments, China's trade practices have been described as mercantilist, operating as "China Inc," or even predatory and coercive (Cha 2023; Wu 2016). Behind "China shock" worldwide is surplus with most trading partners (Figure A.3). With pushing for "self-sufficiency," even its long-term input suppliers – South Korea and Japan – started running bilateral deficits. Interestingly, African countries, eager for investments, complained that they cannot rely on Chinese loans anymore, necessitating rebalancing trade to "service mountains of debt, much owed to Beijing."[30] In other words, they turned to China for finance and became cautious once hit by rising imbalances.

This implies that states should react differently to current account and trade imbalances. Other than their theoretical difference, empirically, states do pay attention to both imbalances.[31] China may be a potential solution for financial problems, but if they run bilateral imbalances with China, their support shift will be moderated. Accordingly, I derive the following four hypotheses differentiating the mechanisms between finance and trade:

H1.1: A state's higher long-term current account deficit should increase the likelihood of supporting Chinese leadership.

When bilateral trade imbalance appears, it indicates that China as the outside option is endogenous to the

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

[31] Two imbalances often exhibit related, imbalanced patterns; however, their values can differ greatly with sometimes opposite signs for individual countries (see the Appendix). The empirical section has more discussions on treating them separately.

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.

While current account deficit alone as a financial issue may be unrelated to China, trade imbalance should be perceived as more endogenous to China. Therefore, one doesn't expect total trade imbalances to bear the same effect as current account. This leads to two slightly different hypotheses:

H2.1: A state's higher long-term trade deficit should not increase the likelihood of supporting Chinese leadership.

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

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

Second, I test the observable implication for the latent loyalty mechanism which derives the "helpless issue" hypothesis. Global imbalances belong to helpless issues: it persists for certain countries; it is associated with substantial socioeconomic impacts; it is highly attributable to the LIO; and it's beyond individual countries' capabilities to resolve.

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) claims that "The key issues that our country is facing are... persistent current account deficit, huge trade imbalance... haunting our economy for long but unfortunately no solution..."

A comparable grievance is the recurrent financial crises for some countries. Broz et al. (2020) depict that financial crises produce severe political and economic consequences, persistently attack some, are attributable to the current order, and surpass national governments' capabilities. For comparison, I identify

	Stubbornness	Severity	Attributability	Unaddressability
Global Imbalances	**high**	**high**	**high**	**high**
Financial Crises	**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: Summary of Ten LIO Issues and Their Characteristics. *Note*: see Appendix for coding rationale.

additional eight major issues that are often attributed to the LIO, spanning trade, finance, development, and governance, based on over a dozen articles in the 75th-anniversary special issue on the LIO in International Organization journal. Overall, ten issues are sufficient to differentiate each other on helpless dimensions to test the mechanisms and arguably cover common topics in public discourse. I exclude those that are hard to operationalize such as identity or ideology and those that are hardly caused by LIO rules like migration or territory disputes. Each of the four dimensions is assessed by author and confirmed by two domain experts, with the rationale relying upon empirical facts, literature, and expert knowledge (Appendix). Every dimension is coded as high, moderate, or low. For example, import competition for most countries do not persist for decades and is moderately impactful (if high degree), but is highly attributed to LIO's trade rules and hardly can be resolved absent protection. Among them, global imbalances and financial crises are high for all four conditions, while the remaining eight issues are not. In Section 5 below, I also provide text analysis of global media perception of these issues for human/machine intercoder reliability.

As per the theory, helpless and non-helpless issues matter differently regarding the shifting support. Testing various issues together offers several benefits: 1) It tests the theory by allowing global imbalances to stand out if only it remains significant and allowing comparing magnitudes; 2) Other theoretically non-helplessness issues can serve as robustness tests and possible placebo tests to more confidently exclude spuriousness, as some of the issues may be correlated with imbalances. The following hypothesis tests the "helpless issue" theory:

H3: Only helpless issues such as global imbalances and financial instability should lead states to support Chinese leadership.

5 Empirical Analysis

I employ a multi-method approach to test the theory. Below, I progressively introduce the empirical strategies 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.

Becoming the AIIB Founding Members – Following Qian et al. (2023), becoming an AIIB founding member can be interpreted as endorsing China's elevated 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). Empirically, founding membership better captures commercial motivations than leadership alignment. Substantial subscription costs, especially for deficit countries,[32] 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) has several advantages they argue:[33] 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 Chinese, illiberal leadership, especially when a Western order still dominates. Finally, the communiqué targets LIO's issues.

Applying for initial (pre-2022) BRICS Membership – Applications to join the pre-2022 BRICS provide weaker leverage on Chinese leadership. Prior to the Ukraine war, the BRICS bloc lacked coherence, with members expressing divergent views on China and the West.[34] China sought to use BRICS to counter

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

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

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

the G7, whereas South Africa rejected an anti-West framing.[35] Motivations for joining were similarly heterogeneous: India, despite severe deficits with China, joined for Russia; Brazil's government emphasized de-dollarization; and major regional powers such as Indonesia and Argentina declined membership citing lack of unity.[36] Importantly, 12 of the 19 recent BRICS applicants are autocracies (Polity < 0), compared to only 7 of 29 BRI-summit attendees.[37]

In sum, sending state heads to the 2017 BRI summit provides the clearest observable manifestation of supporting Chinese leadership, consistent with my theoretical emphasis on costly support. In 2017, a potential China-led order was clearly inferior as 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. To measure grievances as a cumulative value, existing work typically uses simple averages or sums (e.g., total crisis counts in Broz et al. (2020)). These approaches implicitly assume 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. 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"

Probit Models

As in observational studies, causes can remain latent generating effects unwittingly; policymakers may simply feel discontented by a combination of grievances. Moreover, it may be hard to expect leaders to publicly

[35] China urges Brics to become geopolitical rival to G7," Financial Times, 20 August 2023.
[36] "Analysis: Indonesia joining BRICS," The Jakarta Post, 4 September 2023.
[37] See https://en.wikipedia.org/wiki/BRICS.

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 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 facilitating comparison. 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).[38] Since a country's two balances can correlate or diverge and exert independent or interplay effects (Appendix), I run two versions by including only one or both variables. 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 specified in Broz et al. (2020) which has extensively checked for the robustness. Attendance is influenced by a variety of factors. Being on the BRI routes for favored investment opportunities and having free trade or investment agreements with China as prior, underlying economic preferences 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 attendance, as well as GDP (log), GDP per capita (log), and GDP growth rate for economic controls. A dummy variable of Africa is used to account for 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 (%), geopolitical relations (Ideal Point distance), race (majority white country), and regime type (Polity V). I thus interact these variables with current account balance. All models use the heteroskedasticity-consistent estimator for robust standard errors.

To strengthen causality, I complement the baseline model with several additional approaches. 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

[38]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, suggesting the effect of stubbornness.

explain away the effect of variables of interest (Appendix D.1). Second, I implement *propensity-score matching* which pairs treated and control units with similar covariates and is less driven by the functional form assumptions in probit models (Appendix D.2). 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)),[39] which utilizes an instrument variable (historical industrial intensity (2001-02)) that renders an endogenous variable exogenous (Appendix D.3). Across all methods, the estimated effect remains stable in sign, magnitude, and significance.

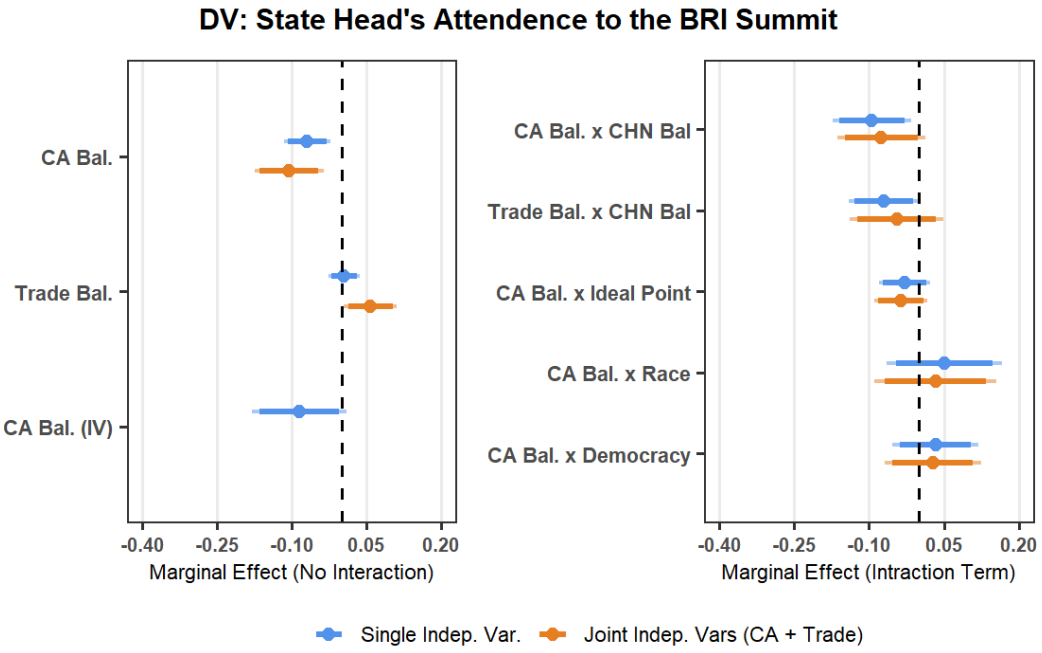


Figure 4: Effects of External Imbalances on the BRI Summit Attendance. *Note*: The left graph depicts the marginal effects of main variables of interest in probit models and control function method. The right graph depicts the interaction effects of the main variables and a few moderators. Joint models (orange) put in both current account and trade balances. Full models see Appendix D.1.

Figure 4 shows the results of various models (Appendix D.1 for full results), which report both models containing both current account and trade balances (orange error-bars) and models containing only solo variable of interest (blue error-bars) as labeled. Here, I only report probit coefficients and all models control for the same full list of covariates. As shown, current account balance is negatively correlated with attendance propensity, while trade balance has the expected null solo effect. Substantively, moving from a balance (0%) to a severe current account deficit (–20%) – top blue bar in left graph – increases the probability of attending the 2017 BRI Summit from about 7% to 30% – holding other covariates at their representative values (e.g.,

[39] 2SLS (Two-Stage Least Squares) is for linear models.

simple means or reference categories for binary or factor variables). Together, 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.

The right graph in Figure 4 plots the coefficients of various interaction terms containing total current account balance and trade balance with China (%, average over the past five years). The ambivalence effect of my theory is 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. Lastly, all models pass the VIF check for multicolinearity violations and are ensured to have sufficient statistical power. Notably, the correlation between two balances is insignificant ($p > 0.18$), suggesting no confounding of each other. The standard errors are adjusted for heteroskedasticity. 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,[40] as well as matching method. The F-statistic in stage one is over 12, suggesting a strong instrument. 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. Overall, all results systematically and consistently support my first set of hypotheses on how external balances affect support for an alternative leadership.

Testing "Helpless Issues"

Next, the hypothesis "only helpless issues lead to Chinese leadership support" will be tested. Built on the systematic coding of ten LIO issues in Section 4, I jointly test the effects of these different issue on support shift. I adopt a two-part empirical strategy. First, I estimate the effects of ten distinct issue variables on BRI summit attendance based on within-issue variation. This provides a descriptive benchmark and allows me to verify whether raw issue indicators behave as the theory predicts: helpless issues (e.g., global imbalances, financial crises) 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 (ten issue variables in the same model).

Second, I move from individual variables to a theoretical construct by collapsing issues into a dummy

[40] The IV model is only run for current account as trade balance's coefficient is ambiguous.

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:

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

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 exercise, 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, although the past decade is mostly felt, the longer period of 2001-17 is tested (Appendix).

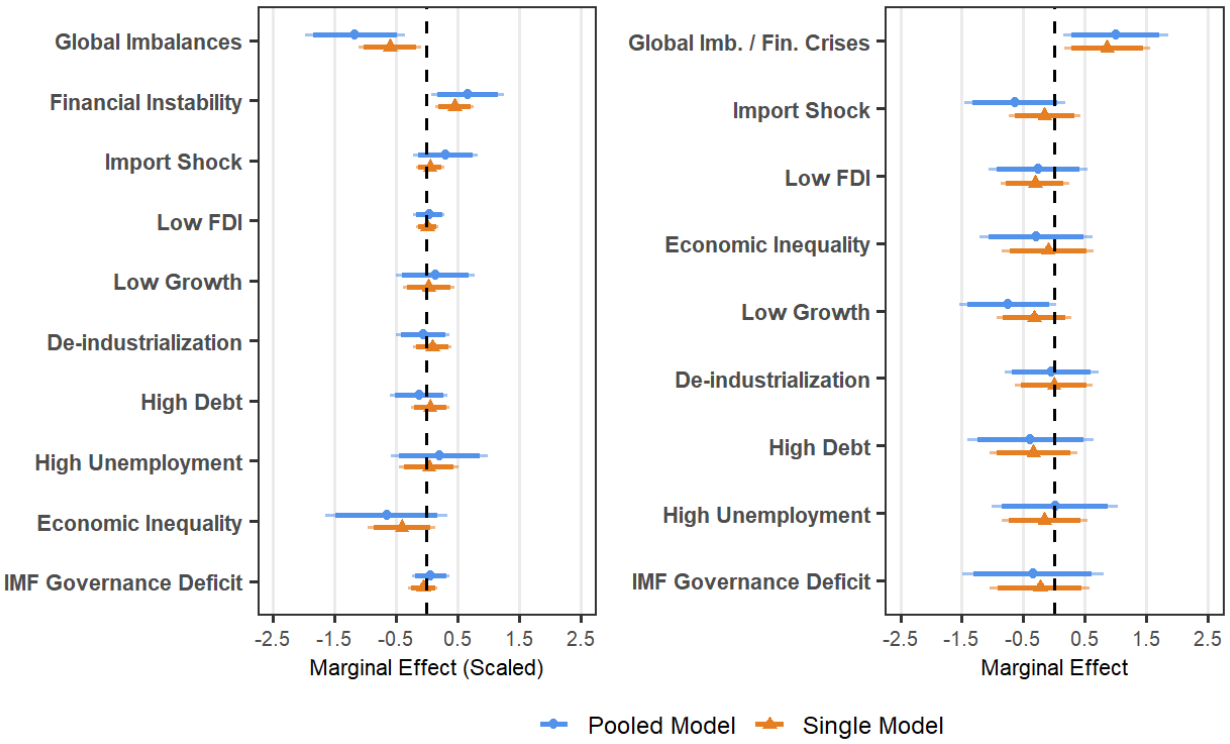


Figure 4: Scaled Marginal Effects of Ten LIO Issues. *Note*: Full models see Appendix D.2.

Results are displayed in Figure 4. Models 1-8 test the additional eight globalization issues respectively. None of the eight issues is statistically significant. Additionally, Model 9 puts all ten issues together (multicollinearity compliance is particularly ensured). Again, all variables remain insignificant, except for global imbalances and financial instability. That exactly these two expected variables are significant is unlikely coincidental, showing "not all issues cause disengagement." Combining all the models, 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's leaders. Importantly, Model 9 that includes all issues together also serves as the robust check to exclude confounders for global imbalances. The statistical power of all models are especially checked due to the relatively small sample size.[41] 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.

The negative interaction between helpless issues and leader ideology offers compact evidence of the loyalty mechanism. Left-leaning governments—those most normatively aligned with multilateral, liberal

[41] These models have around 80-85% statistical power, which measures the the likelihood of detecting an effect when there actually is one.

institutions—retain higher residual loyalty to the LIO and thus remain less likely to shift support toward China, even under high stay costs. By contrast, non-ideological or right-leaning leaders, whose baseline loyalty is weakest, show the sharpest increases in summit participation when issues become helpless. Consistent with the theory, ideology, regime type, and UN ideal-point alignment show no effect when issues are non-helpless: stay costs are low, loyalty remains positive across all governments, and support shifts are uniformly unlikely. These conditional patterns—ideological differences mattering only when stay costs become intolerable—match the predicted erosion of LIO loyalty under helpless issues.

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 (Hirschman 1970), similar to allies that are less likely to disengage(Clark and Carnegie 2023). This indirectly supports the role of loyalty that at least contains an ideology-based component.[42] Third, in the "Additional Evidence" below, only helpless issues like global imbalances show significant effects on siding with Russia in UNGA ES-111 resolution, which is the first to denounce Russia for war in Ukraine and reflects the degree of loyalty to existing order's norms.

LLM-based Media Analysis

I substantiate the above result by employing text analysis of media coverage. Although the ideal method – direct surveys on national leaders – is difficult, media coverage of specific issues, albeit its limitations, reflects and shapes the views of both elite and the public (Kim 2018; Mutz and Soss 1997; Wlezien and Soroka 2023). The goal is to show whether media perceptions of these issues are consistent with my coding and empirical results along "helplessness" dimensions.

I search the LexisNexis for the universe of news articles since 2000 containing keywords matching LIO's issues above (e.g., "persistent current account deficit", "persistent economic inequality", "deindustrialization", "persistent high unemployment", "persistent low growth").[43] Pre-processing of the corpus includes removing duplicated articles and keeping 100-word window before and after the keywords to examine the local content regarding an issue. The final corpus contains 3,101 articles for all ten issues. Each issue in my

[42] Although regime type and UNGA Ideal Points with the U.S. don't see the effects.

[43] LexisNexis arguably collects a universe of major national and local newspapers globally. I exclude the U.S., the UK (a financial center and close U.S. ally), and China.

corpus contains articles from 10-40 countries with no country exceeding 25% share. All operationalization details is found in Appendix. The media reflects systemic global perception, not reversely affected by support shift.

As LLMs trained by super large corpora are used widely to understand human texts (Atreja et al. 2025; Egami et al. 2023), for each article, I prompt engineer and ask LLM (Chatgpt-4.1-mini) to rate at the scale 1-5 for each dimension d (stubbornness, severity, attributibility, and unaddressibility) with specifications (zero-shot/zero temperature/multiple models). 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 an issue, I then calculate average scores $\bar{X}^{(d)}$ (formally expressed below) weighted by the inverse of country count c_i, and later their differences from "current account deficit" as the baseline.[44]

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

[44]Calculating differences can mitigate the bias from same LLM models.

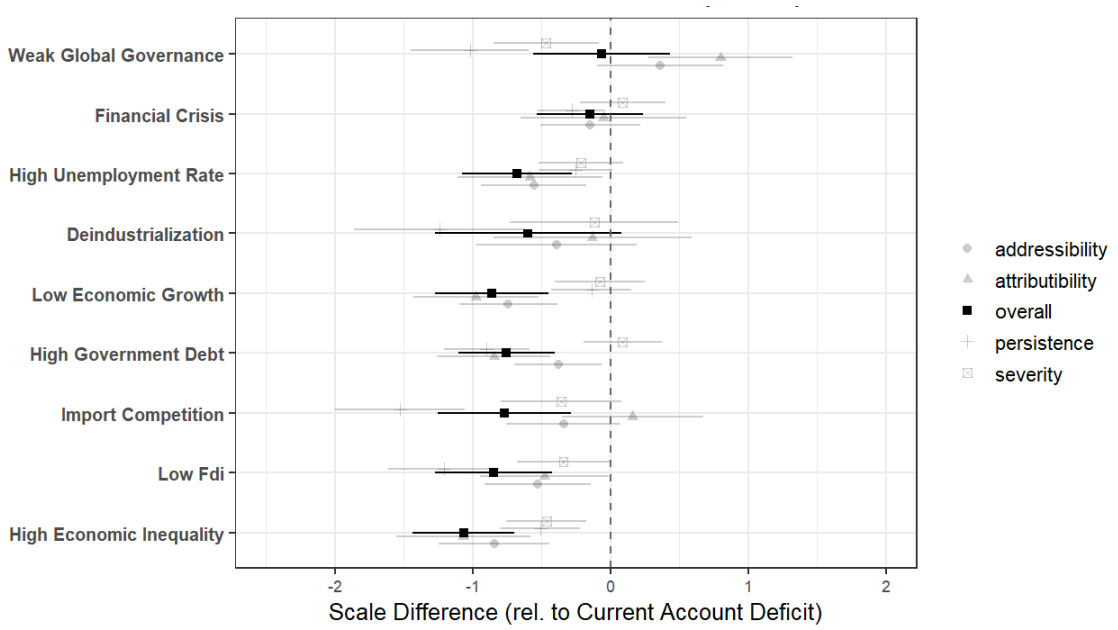


Figure 5: Scale Differences between Issues and Baseline. *Note:* Each error-bar plot the LLM-rated average difference of one issue on one dimension relative to the baseline "current account deficit" at 90% CI. Averaged by inverse country count.

In Figure 5, each error-bar represents the difference between one issue and "current account deficit" on one dimension. By face value, the values are consistent with expectations: I show the LLM-coded results of some randomly picked texts as consistent with human-coded ones (Appendix). Most issues except "financial crisis" receive significantly lower scores for one or more dimensions from the baseline – "current account deficit" which score highest for almost all dimensions. The "overall" score representing how LLM rates "helplessness" shows that global imbalances and financial crisis remain at the top. It makes substantive sense: issues "weak global governance" and "import competition" score higher in attributability but lower in severity, while issues "high debt" and "low growth" are lower in attributability but higher in severity. In sum, media coverage, although imperfect, supports the statistical result.[45]

Additional Robustness Tests

Apart from robustness checks mentioned 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

[45]The results of simple-mean, multiple runs of multiple models, and different word-window are consistent.

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. Fifth, as mentioned earlier, separate tests for current account and trade balances are conducted. All these robustness tests show consistent results.

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

Italy provides an ideal plausibility probe for the mechanisms I propose. As the only G7 state to send its head of government to the 2017 Belt and Road Forum 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 vulnerable developing states, like the aforementioned concerned African countries.

Italy's leadership interpreted the BRI as directly responsive to the very issues that accumulated within the LIO's liberal economic sub-order. The 2017 Belt and Road Forum Joint Communiqué, which emphasized "financial crises, unsustainable development, and uneven globalization" (cited by Broz et al. (2020)), echoed Italy's long-standing macroeconomic distress. Italy experienced a full decade of stagnation, recurring recession episodes, and sovereign debt crises that left it with one of the highest debt-to-GDP ratios.[46] Italy had also run persistent current account deficits from 2000 to 2012, accumulating vulnerability to external shocks. This combination of systemic grievances formed precisely the "helpless issues" 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 Financial Times called "a decade lost to crisis" and what The Economist termed "the sick man of Europe."[47]

Italy's loyalty to the West-led order thus dropped rapidly. Domestic politics directly reflected the issue-driven consequences. Shortly, 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

[46] "Italy joins China's Belt and Road Initiative," Aljazeera, 23-March-2019.
[47] Financial Times, 12-Feb-2017; The Economist, 15-Oct-2016.

authority (with the EU as a core Western sub-order).[48] 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.[49] Particularly, compared to a few years later, Italy was driven more by financial grievances (e.g., debt, recession, and lack of investments) with relatively less concerns over Sino-Italy bilateral imbalance, so China as an outside option seemed viable.[50]

However, Italy's 2023 withdrawal from the BRI (the reversal of support), although amid domestic political shift, cites explicitly the unexpectedly worsening trade imbalance. In just four years from Italy's accession, the Italy-China bilateral deficit more than doubled. 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..."[51] 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, the China alternative proved disappointing, precisely because of bilateral trade relations.

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..."[52] 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.

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

[48] Al Jazeera, "Italy joins China's Belt and Road Initiative," 23-Mar-2019.
[49] Ibid.
[50] Ibid
[51] "Italy intends to leave China's Belt and Road Initiative," Politico, 30-July-2023.
[52] "Italy intends to leave China's Belt and Road Initiative," Politico, 30-July-2023.

issues → withdrawal of support. Overall, Italy – a major Western economy –illustrates how persistent LIO issues can erode loyalty even within core members of the LIO. The subsequent shift away from China and the BRI can be interpreted as Italy's attempt to restore loyalty value due to outside option endogeneity as 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 earlier.

Additional Evidence on Mechanism: Financial Policy, UNGA Voting, and Supporting Russia's War

In Section 3, 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 Policy Volatility – Grievances are arguably difficult to measure quantitatively. Nonetheless, I follow Broz et al. (2020) to 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." 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 $p = 0.02$. The correlation that countries with higher 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 the Appendix, 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.

	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.

Support for Russia's Invasion – Supporting Russia's invasion of Ukraine is a good measure of outright flouting the LIO when Russia's blatant attacks violate much of the order's rules and norms. Thus this measure perhaps represent more loss of loyalty than attending the BRI. The loyalty In the Appendix, I show that long-term current account deficits predict states' votes in favor of Russia on the UNGA ES-11/1 resolution, which immediately demanded basic corrections from Russia. Again, I find only helpless issues of current account imbalances show significant effects.

Alternative Explanations

Can other mechanisms apart from the push channel explain the empirical link between imbalances and support for Chinese leadership? Theoretically, long-term imbalances can cause other long-term issues which can confound states' support switch. Yet, as the models above have controlled for most theoretical co-occurring

variables, mitigating the concerns that we have confounders. Another alternative explanation would be that states merely looked to the BRI to solve their deficit issues – a pull mechanism. Apart from controlling for China's appeals such as FTA and BIT, historical evidences, theories (e.g., institutionalism and political psychology), and illustrative cases suggest that the push mechanism should play an important role. The grievances are real; additional evidence below shows that deficit-caused grievances are also connected to other political reactions. While I cannot completely rule out the "pull" channel, supporting a Chinese order that is less popular and competitive and contradicts the current one numerously is more likely to be linked to disliking the latter. States are unlikely to be pulled away purely. Moreover, although Chinese loans may help finance the deficits, attending the BRI summit as a *costly* behavior for supporting leadership was unlikely *only* just about technical solutions; nor is the summit a technical solution, similar to becoming AIIB founding members. Lastly, is it possible that the benefits of supporting China is larger than the costs so that we don't need the loyalty mechanism? While it is empirically unlikely, I have controlled for potential benefits such as trade and financial deals. Moreover, if loyalty doesnt play, we should unlikely see the heterogenous effects across issues.

Why Now? – Lastly, why do we see states support a Chinese leadership now as global imbalances have been around for decades? Three responses are in order: First, as in the comparison of three DV measures, there hasn't been a real order competitor and a proper support event before 2010 since the issue emerged. But once the change in political opportunity structure (e.g., the emergence of competitor) appears, the grievance can appear especially intolerable (Tocqueville 1856). Second, the above discussions on historical attitudes toward deficits and my extra tests on the UN Voting patterns reveal that concern existed long ago. But since temporary deficits are often dismissed as benign, policymakers may need time to verify their significance. Third, "cumulative" is the key here. In other words, even if one's imbalance rate remains constant, the accumulated grievances will grow with time. In fact, in the Appendix, I show that the effect magnitude of the two-decade average is larger than that of one-decade.

6 Conclusion and Discussion

Studying the LIO is important but hard due to the lack of observable variation as a macro institution. Studying issues or problems is important in current world politics: absent them and the associated grievances, populists like Donald Trump may not have a chance to rise. Despite a wealth of literature pointing out varied issues within the LIO, little is known about their political consequences, especially how and when they may

manifest. The paper investigates one of the most controversial issues – the persistent, structurally distorting global imbalances that are featured by the order amid rising anti-globalization and geopolitical tensions. First, I show that, apart from the known impacts which mostly come from economics, global imbalances indicate a cross-national disparity in development performance and engender lasting grievances. I provide consistent, robust evidence showing that the grievances have political consequences: persistent current account deficits weaken the support for the U.S.-led order, instead for an alternative leadership – by sending state heads to China's BRI summit. Second, only issues that I conceptualize as helpless may trigger the disengagement. Moreover, the nuance lies in the focal issue and outside options – trade imbalances don't manifest as much as current account imbalances, since China's trade practices are controversial; bilateral trade deficits with China also diminish the propensity to support Chinese leadership. Trump's provocation of allies may drive some toward China, though it depends on China's behavior. This implies sort of resilience of the current order apart from what's pointed out by Lake et al. (2021). Overall, my theory and robust findings are consistent with power transition theories (Organski and Kugler 1980), but are the first to point to the complicated and nuanced process which is particularly relevant today. My findings also echo Broz et al. (2020) regarding states' differentiated support on financial crises and WTO complaints. They also speak to the literature on institutional bargaining (Lipscy 2015) in that the heterogeneous nature of LIO's issues may affect members' relationship with the order.

The often-downplayed external imbalance becomes increasingly focal in a contentious geopolitical age. Global imbalances reflect more structural problems than the perhaps temporary domestic backlash, beyond sub-national winners/losers (Baccini 2019; Hiscox 2001) and the oft-sanguine conventional trade models. Global imbalances also echo the fact that globalization (especially post-1990) has disproportionately benefited a few states (Baldwin 2016). Most deficit states are emerging democracies, running against LIO's social purposes (Lake et al. 2021; Ruggie 1982).

Overall, this paper combines global imbalances, the LIO, its contested issues, and U.S.-China competition to offer unique insights for 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 said mechanism; the absence of exogenous and competitive outside options may encourage hegemon's revisionism.

The immediate implications for today's geopolitical dynamics are noteworthy. For example, South Korea in 2023 recorded its first bilateral deficit with China after three decades (so does Japan), coupled with the U.S. becoming its largest surplus trading partner. This suggests that Korea (and Japan) will likely lean further

away from China. The logic can help predict China-India relations, and explain why China-Australia relations have softened, as Australia generates some $40 billion bilateral surplus. Overall, the findings have a broad range of political implications. First, apart from the already known economic impacts such as indebtedness and financial instability, I highlight the existence of cross-country development disparity indicated by global imbalances. This needs policy attention and the order supporters need to seriously examine the system design of the oft-criticized neoliberal globalization. This pertains also to global equality, justice, and norms, when mercantilism "works" and "losers" include many of the Global South and emerging democracies. Both advanced and emerging democracies that confront democratic backsliding and deteriorating institutions need to consider external factors that may erode the underlying structure (Bates 2014). Second, the economic component of the LIO can undermine the LIO itself. If the never-ending global imbalances indicate persistent real and perceived problems facilitated by the current globalization, anti-globalization backlash will unlikely to heal on its own. Protectionism partly results from this long-run accumulated root: The U.S. tariffs and possibly more protectionism from more countries, resembling some characteristics in the 1930s when trade collapsed. Imbalances are largely seen as a zero-sum game.

On the geopolitical fronts moreover, global imbalances become all the more salient. Geopolitical competition today revolves around the competition of economics and governance rather than solely relative gains or military strength. My findings shed light on why China, despite economic prowess, struggles to gain widespread support apart from its regime type, which reveals a positive prospect for the LIO despite contention. Nonetheless, that surpluses are correlated with autocratic regimes (the last correlation in Figure 3) is altering balance of power; China, Russia, and Saudi Arabia, as the top three trade surplus countries in 2022, use their gains from globalization for domestic rule, military building, and geostrategic projects. By contrast, the U.S., with persistent external deficits and rising debt, faces challenges even in maintaining its aging infrastructure, weakening its domestic foundations for global ambitions. Meanwhile, many poor, deficit-ridden countries, mostly emerging democracies, grapple with stagnation and deconsolidation; migrants leaving poor hometowns of few opportunities lead to global migration crises.[53] Thus, global imbalances speak to a normative contention of global justice and a judgement of globalization outcomes against its expectations. As such, as China agglomerates global production, the U.S. tariffs on Chinese goods that redirect demand to other countries might inadvertently strengthen other developing countries, increase U.S. influence, and create a more balanced globalization. The findings can inform future global trade reforms, when the WTO is less capable of handling issues like mercantilism (Wu 2016). All of this has important

[53]For example, most Latin American countries run persistent external deficits.

implications for U.S. economic and foreign policies and the sustainability of a rule-based international order.

One may argue, the attendance of the BRI isn't an actual exit of the order and states' support may vary across events, especially since the Chinese alternative isn't fully substantiated. The logic of losing interest in the U.S.-led order while supporting a peer competitor is what matters. Things may change in ten years or so, as China continues to integrate the global economy, deepen its position in global production and trade, and expand China-led institutions. As per the United Nations (UNIDO), China's share of higher technological value-added output is close to 40% worldwide – a near dominant position. Qian et al. (2023) find that developing AIIB founding members have already decreased the World Bank projects they have entered into. 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 (Broz et al. 2020).

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Appendix

A Descriptive Data

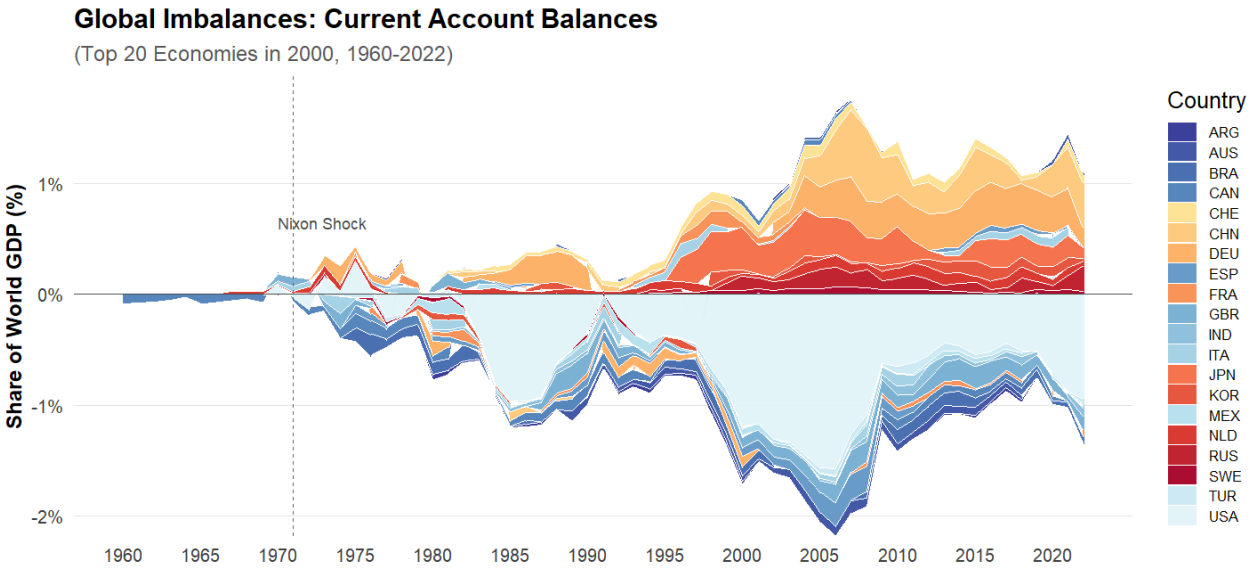


Figure A.1: Global Imbalances (Current Account Balance).

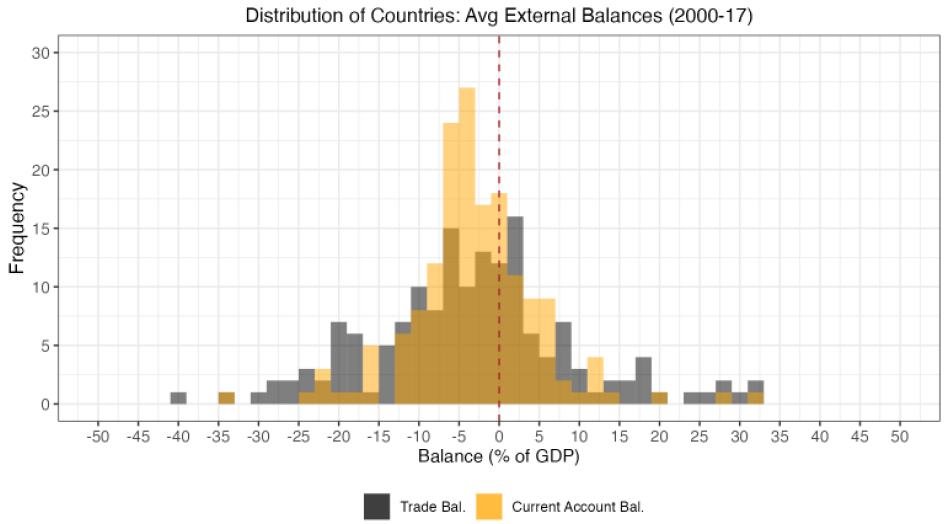


Figure A.2: Distribution of Mean Global Imbalances (2000-17, Data Source: the IMF). *Note:* the brown area is the overlap of both balances.

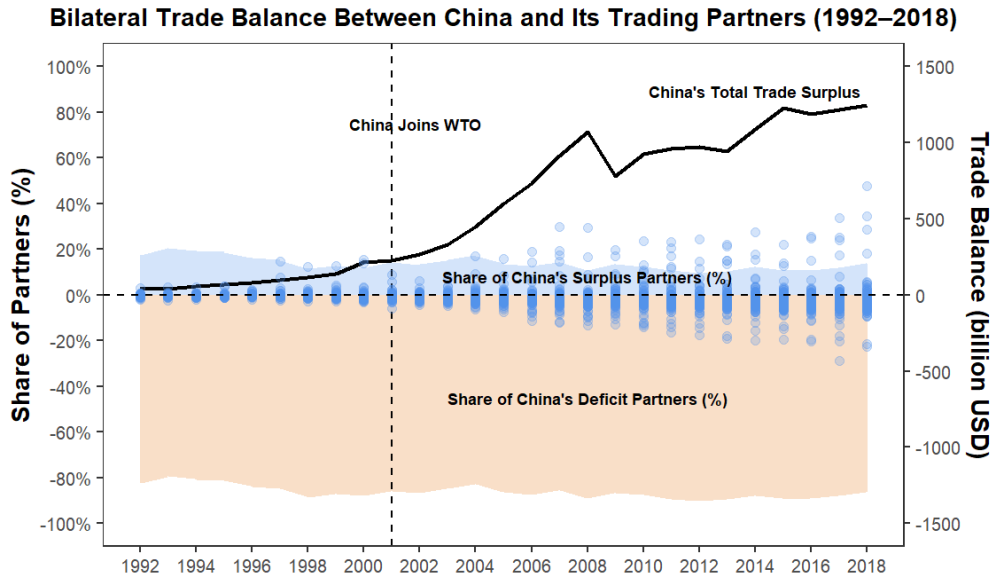
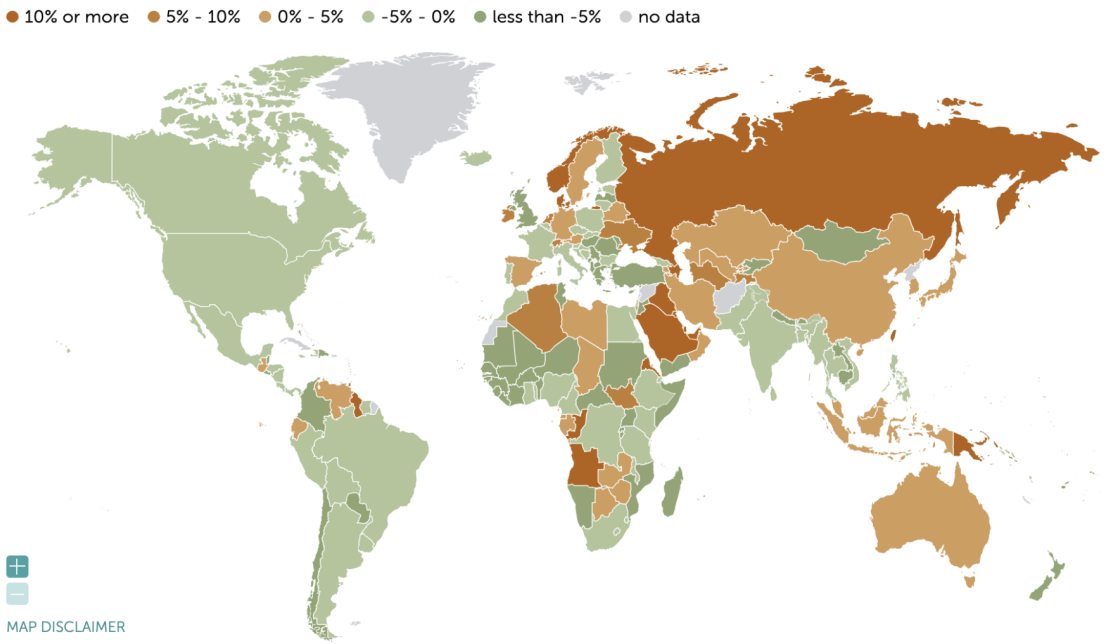


Figure A.3: Bilateral Trade Between Trading Partners and China (source: World Bank). Note: exports/imports data is reported by trading partners.



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

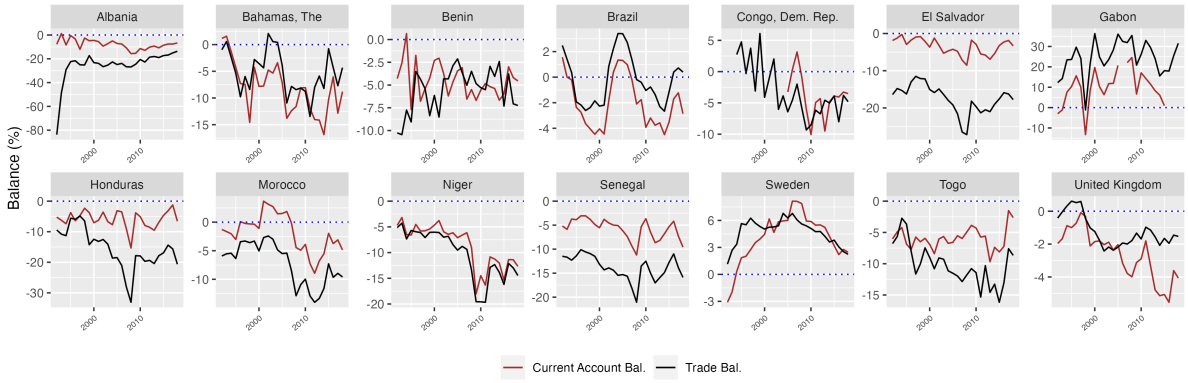


Figure A.1. *External Deficits of Countries (Source: World Bank).* As shown, two balances can diverge, and sometimes have opposite signs.

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

B Theoretical Model

Formalization

Let a representative state i decide whether to *remain* in the liberal international order (LIO) or *shift support* toward an outside option O. The expected utility difference from deviation is defined as:

$$\Delta U_i = \beta_i - (\sigma_i + \gamma_i), \tag{7}$$

where

- β_i: expected *benefit of deviation* (e.g., issue assistance, bargaining leverage, or alignment gains with a rising power);
- σ_i: *stay cost* incurred due to the disputed issue within the existing order;
- γ_i: *deviation cost* from shifting support (reputational, institutional, or uncertainty costs).

Credibility Condition

The credibility of the outside option depends on whether it yields net positive expected utility:

$$\text{Outside option is credible if } \Delta U_i > 0. \tag{8}$$

When $\Delta U_i < 0$, the expected benefits of deviation fail to offset total costs, rendering the outside option less credible.

Baseline and Issue Dependence

Assume a baseline in which the outside option is *tangent* (exogenous) to the disputed issue—neither aggravating nor alleviating it. Let the expected benefits and costs at baseline be $\beta_i^0, \sigma_i^0, \gamma_i^0$. Then the baseline likelihood of shifting support is an increasing function of the net deviation utility:

$$P_i(\text{shift}) = f(\beta_i^0 - \sigma_i^0 - \gamma_i^0), \quad f' > 0. \tag{9}$$

Issue Aggravation or Relief

If the outside option *aggravates* the disputed issue, the expected issue cost rises by $\delta_i > 0$:

$$\sigma_i = \sigma_i^0 + \delta_i. \tag{10}$$

If it *alleviates* the issue, then $\delta_i < 0$. Expected deviation utility becomes:

$$\Delta U_i = \beta_i - (\sigma_i^0 + \delta_i + \gamma_i). \tag{11}$$

Hence:

$$\frac{\partial \Delta U_i}{\partial \delta_i} = -1 < 0, \tag{12}$$

implying that any aggravation of the issue reduces expected utility and thus lowers the likelihood of shifting support:

$$\frac{\partial P_i(\text{shift})}{\partial \delta_i} < 0. \tag{13}$$

Interpretation

In sum:

- The outside option's credibility is *endogenous to the issue* through its effect on δ_i;
- When the issue cost rises under the outside option, the incentive to defect declines;
- Only when the expected benefits β_i outweigh both deviation costs γ_i and issue-related costs $\sigma_i + \delta_i$ does shifting support become rational.

Issue Salience Heterogeneity

Let the salience or dissatisfaction level of a disputed issue for state i be denoted $\theta_i > 0$, where higher θ_i reflects a more intolerable issue within the current order. Let the competitiveness of the outside option be represented by $\kappa_i \in [0, 1]$, with larger κ_i indicating a more competitive or credible alternative order.

The state's expected utility difference from shifting support is given by:

$$\Delta U_i = \beta_i(\kappa_i) - [\sigma_i(\theta_i) + \gamma_i(\kappa_i)]. \tag{14}$$

Interpretation of terms.

- $\beta_i(\kappa_i)$: expected benefits of deviation, increasing in the competitiveness of the outside option ($\partial\beta_i/\partial\kappa_i > 0$).
- $\sigma_i(\theta_i)$: issue-specific stay cost, increasing in issue salience ($\partial\sigma_i/\partial\theta_i > 0$).
- $\gamma_i(\kappa_i)$: deviation cost (reputational, uncertainty, or coordination), decreasing in outside-option competitiveness ($\partial\gamma_i/\partial\kappa_i < 0$).

Decision rule. The state shifts support when:

$$\Delta U_i = \beta_i(\kappa_i) - [\sigma_i(\theta_i) + \gamma_i(\kappa_i)] > 0. \tag{15}$$

Otherwise, it remains in the existing order.

Comparative statics.

$$\frac{\partial \Delta U_i}{\partial \theta_i} = -\frac{\partial \sigma_i}{\partial \theta_i} < 0, \qquad \text{(more salient issues increase stay cost, pushing toward defection);} \tag{16}$$

$$\frac{\partial \Delta U_i}{\partial \kappa_i} = \frac{\partial \beta_i}{\partial \kappa_i} - \frac{\partial \gamma_i}{\partial \kappa_i} > 0, \qquad \text{(more competitive outside options raise net utility of deviation).} \tag{17}$$

Implications.

1. **Uncompetitive outside options** (κ_i low) increase deviation costs γ_i and reduce benefits β_i. Consequently, only highly dissatisfactory issues (θ_i large) yield a positive net utility of defection. This corresponds to a *push* mechanism, in which acute grievances justify costly exits.

2. **Competitive outside options** (κ_i high) reduce costs and raise benefits, such that even modest dissatisfaction (θ_i small) can trigger a shift in support. This corresponds to a *pull* mechanism, driven by the attractiveness of the alternative order.

Result.

$$\frac{\partial^2 P_i(\text{shift})}{\partial \theta_i \, \partial \kappa_i} < 0, \tag{18}$$

implying that when outside options become more competitive, the marginal effect of issue salience on the likelihood of shifting support decreases.

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:

$$Y_{t-1}(c+g+i+n)+rD_{t-1}=Y_{t-1} \tag{19}$$

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

$$Y_t(c+g+i+n)+rD_t \leq Y_t \tag{20}$$

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:

$$Y_{t-1}(1+d)(c+g+i+n)+r(D_{t-1}+|n|Y_{t-1}) \leq Y_{t-1}(1+d) \tag{21}$$

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

$$|n| \leq \frac{d}{r}\underbrace{(1-(c+g+i+n))}_{\text{debt service share of GDP}} \tag{22}$$

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

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

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

Economic models illustrate that persistent external deficits can lead to lower public good provisions, lower consumption, and higher tax. The consequential dissatisfaction (often disproportionately concentrated), if

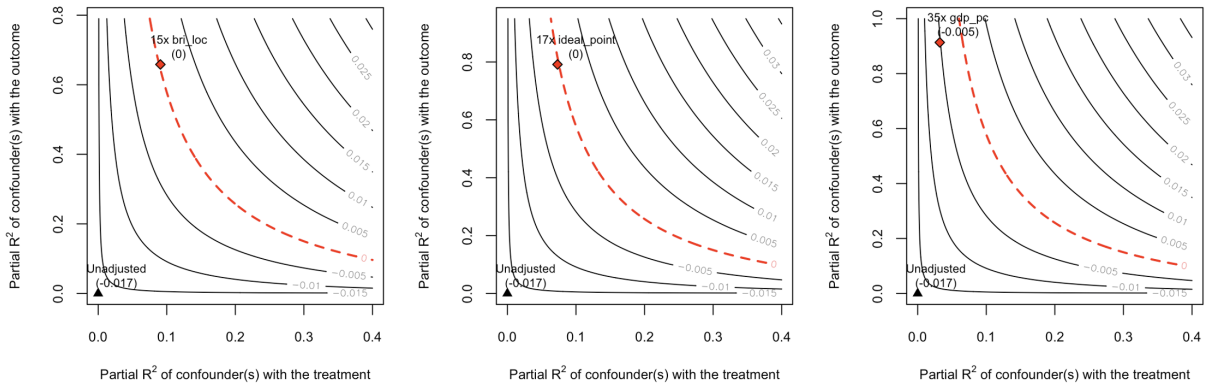


Figure D.4: Sensitivity Contour Plots of the Omitted Variable Bias for BRI locations (15x), Ideal Point score (17x), and per capita GDP (35x+)

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 Main Results

D.1 Sensitivity Test

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

Figure D.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.[54] The result suggests less concerns for omitted variable bias.

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

D.2 Propensity-Score Matching

D.3 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)),[55] 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:[56] 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.[57] 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).[58] 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.[59] 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.

[55] 2SLS (Two-Stage Least Squares) is for linear models.

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

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

[58] 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.

[59] 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 D.1: 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 D.2: Probit models: Ten LIO Issues

E Additional Evidence

E.1 Inverted Influence of 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.[60] A few other economic variables that could potentially confound are controlled for: total trade volume with China (% in GDP) to account for trade power in the traditional literature, as well

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

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).[61] *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.[62] 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, apart from the bilateral imbalance as the source of tensions. The two-stage formulas are as follows:

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

[61] 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.

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

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

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.

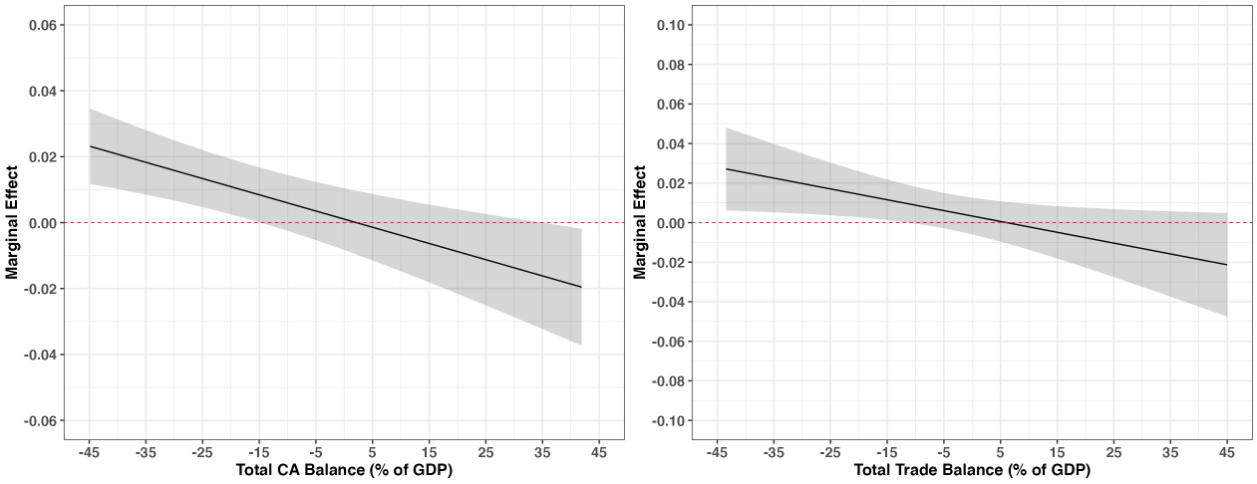
	DV: UNGA Human Rights Vote Convergence							
	OLS					Mixed	2SLS	
	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8
Trade Bal. w/ China	0.023**	0.010**	0.009**	0.011**	0.012***	0.010***	0.070***	0.074***
	(0.009)	(0.005)	(0.004)	(0.004)	(0.004)	(0.003)	(0.018)	(0.021)
Trade Bal. w/ China 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.[63] 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.



(a) (b)

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

[63]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).

F Robustness Tests

F.1 Why not other Dependent Variables for the "Ambivalent Exit" Hypothesis?

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.

Descriptive Information of the DV