

Hierarchies of Weakness

The Social Divisions That Hold Countries Back

By Amitav Acharya

In the year and a half since U.S. President Joe Biden came to office, the international order has often seemed defined by a resurgence of great-power conflict. China and the United States remain locked in a robust rivalry. In the wake of Russia's invasion of Ukraine, Washington and its NATO allies have been drawn into a large-scale war in Europe that pits the liberal West against an autocratic Russia. In this volatile world, many analysts suggest, the most important kinds of power are once again military and economic: the continued ability of the United States to limit the threat of authoritarian rivals depends on the extent to which it can maintain the most advanced armed forces in the world and ensure that its economic might can outpace China's.

Often overlooked in the commentary, however, are the ways in which military and economic power are dependent on social stability at home. Biden's populist predecessor, Donald Trump, exploited growing divisions over class, race, gender, and religion for political purposes. He also shunned multilateral alliances, pulled out of international agreements, and cultivated cozy relations with autocrats such as Saudi Crown Prince Mohammed bin Salman and Russian President Vladimir Putin, all in the name of rejecting the values of liberal elites and the existing Western establishment in favor of a more nationalist, "America first" vision. One result is that many U.S. allies today have much less confidence in the ability of Washington to uphold the liberal international order. Although they have welcomed renewed U.S. engagement in NATO and Europe, many European governments wonder how long the approach will last if another populist president is elected in 2024.

The United States is not alone in facing deep social polarization. In many countries—in both the West and other parts of the world—political and social cleavages over class, race, gender, and religion have become increasingly pronounced. Rising income inequality has slowed growth and social mobility since the Great Recession of 2008, not only in countries such as Italy, the United Kingdom, and the United States but also in Finland, Norway, and Sweden—countries known for their more equitable wealth distributions. Anti-Asian hate crimes have risen sharply in the United States and globally since the start of the COVID-19 pandemic. In recent years, China and India have also experienced rising income inequality, and they now rank at the bottom of the World Economic Forum's Global Gender Gap Index on women's health and survival. And religious freedom is diminishing in both of these countries, as well as in Hungary, Indonesia, and Russia.

These tensions underscore a key point: as Western governments focus on international conflicts, strategic competition, and disruptions to the global economy, an even greater threat to world stability may come from internal social divisions that sap countries' unity and strength. These forces are all part of what might be called "power within"—the domestic social hierarchies that determine who gets to have power and why. And just as these hierarchies can affect national prosperity and social stability, they can also enhance or constrain a country's influence in the world. For any given country, the internal distribution of power may be as important to international relations as external geopolitical and ideological forces, since social

hierarchies are often more deep-rooted, ubiquitous, insidious, and enduring. It is vital, then, to address these cleavages if the United States and its allies are to defend and revive the liberal international order.

POWER WITHIN

For decades, international relations experts have tended to downplay the role of domestic power relationships in shaping the world order. This has been true even with the growing recognition of soft power and other indirect forms of international influence: the concept of international power—whether exercised through coercion, persuasion, seduction, or cooperation—continues to be understood as fundamentally a matter of external relations between countries. Of course, political scientists have long recognized that foreign policy goals and outcomes are influenced by domestic politics. U.S. politicians often talk about getting their own house in order as a prerequisite for maintaining U.S. primacy in world affairs; Biden’s version of this has been to call for “a foreign policy for the middle class.” But whether in the United States or elsewhere, such rhetoric has rarely led to a systematic and serious effort to understand how internal social hierarchies affect international power.

The neglect has two main causes. First, scholars and policymakers have tended to frame the concept of power around national security. National security has traditionally been defined as protecting a country’s sovereignty and territorial integrity against foreign military threats, an approach that tends to ignore nonmilitary and noneconomic sources of power. Second, the idea of world order is often conflated with the distribution of military and economic capabilities among countries, without taking account of the variations in social hierarchies within them.

But as recent history has shown, analysts ignore these internal forces at their peril. There is now a significant body of data on the effects of social cleavages—whether based on class, race, gender, or religion—on political and economic power. Uneven access to new technology and education, for example, along with economic deregulation and cuts in welfare benefits, has led to a growing class divide between those at the top of social hierarchies and those lower down. According to the Pew Research Center, the income gap between the top ten percent and the bottom ten percent of earners in the United States increased by 39 percent between 1980 and 2018. The pattern is being repeated in middle-income and emerging-market countries, such as China and India, with an estimated two-thirds of the global population now experiencing growing income inequality. A Credit Suisse report found that at the end of 2019, only one percent of the world’s adult population controlled over 43 percent of global personal wealth, whereas 54 percent of adults accounted for just two percent.

Race has become another source of social and political division. Although racial disparities have never been far from the surface in the United States and other Western democracies, they have received much greater scrutiny in recent years. The Black Lives Matter movement has generated worldwide attention, driving activist campaigns to remove the statues of slaveholders and colonial rulers from public places, to seek reparations for the descendants of enslaved people, and to remove the names of avowed racists from venerable institutions. But these demands have also provoked a growing backlash from the nativistic right in both the United States and Europe, where racist violence has grown and racist ideas have increasingly come into the mainstream. In the United States, laws designed to protect the economic opportunities and voting rights of minorities have been rolled back.

Although distinct from those of race, hierarchies of caste—social groupings based on work or descent—continue to shape political and economic power in many parts of the world. The Asia Dalit Rights Forum—an organization devoted to defending the rights of members of low castes—has estimated that some 260 million people worldwide, the majority of them in India and Nepal, suffer discrimination on the basis of caste identity. Under India’s Hindu nationalist government, discrimination and abuse based on caste have grown in recent years, including a rise in violence against low-caste women.

Gender disparities and religious persecution also continue to be widely prevalent. Despite progress in recent decades, the World Bank has estimated that some 2.4 billion working-age women worldwide still lack full economic rights. In 95 countries, women have no guarantee of equal pay, and 76 countries restrict women’s property rights. In the case of religion, repressive practices have not only persisted but appear to be growing. The Pew Research Center has found that between 2007 and 2017, the number of governments imposing “high” or “very high” levels of restrictions on religion increased from 40 to 52, and the number of countries experiencing high levels of “social hostilities involving religion” jumped from 39 to 56. Notably, in a number of major states, leaders increasingly invoke their country’s civilizational past in ways that encourage discrimination against minority groups and faiths. Consider India, where attacks on Muslim-owned businesses and Christian schools have dramatically increased, or Turkey, which has witnessed a steady erosion of secular values and a growing repression of religious minorities, or China, which has confined hundreds of thousands of Uyghurs, Kazakhs, and other Muslim minorities in “reeducation camps.”

These social fault lines can have a direct impact on international relations. A country that can effectively manage its social hierarchies can often enhance its productivity, economic growth, and political stability, thereby increasing its influence in the world order. A country that cannot, however, may damage or undercut its international standing by eroding other countries’ confidence in its stability or its commitment to international norms of social and human rights. Moreover, an unequal or socially restrictive internal distribution of power may also affect a country’s long-term political and economic influence. It is particularly concerning, then, that domestic social disparities remain alarmingly high and in some cases appear to be increasing in many liberal democracies, including the United States.

DIMINISHING RETURNS

The distribution of power within countries matters to the international order above all because of its far-reaching economic impact. A 2014 study by the Organization for Economic Cooperation and Development, for example, found that in the years leading up to the 2008 global financial crisis, rising income inequality lowered economic growth in Italy, the United Kingdom, and the United States by between six and nine percentage points; for Mexico and New Zealand, the loss was an even larger ten percent. The same study also found that France, Ireland, and Spain—countries in which income inequality was kept in check—benefited from higher GDP growth.

Many countries are also held back by racial disparities. Although the institution of slavery once propelled the United States and the West to global dominance—by cheapening the cost of labor and boosting overall exports—there is growing evidence that the long-term legacy of this unjust system has been lower economic growth, higher social instability, and persistent racial hierarchies. The consulting firm McKinsey & Company has estimated that between 2019 and

2028, the wealth gap between Black and white Americans will cost the U.S. economy \$1 trillion to \$1.5 trillion in lost consumption and investment. In India, caste plays a similar role. Although caste can increase economic activity and efficiency in the short run—through networking and mutual support within castes—the rigid social hierarchies it creates restrict capital and labor mobility. As researchers have pointed out, persistent caste structures have likely reduced India’s growth by undermining efforts to alleviate poverty and achieve greater income equality and by slowing the country’s transition to a full-fledged industrial economy.

Similarly large is the impact of gender discrimination on national productivity. By restricting or limiting women’s access to education, business, politics, and other areas of economic activity, gender discrimination also limits the labor supply. In developing countries, this is especially true in the agricultural sector, where women play a critical role. Constraints on women’s participation in the workforce make it harder for low-income countries to move out of poverty. But gender barriers can affect advanced countries, as well. In 2016, the Organization for Economic Cooperation and Development estimated that gender discrimination costs the global economy as much as \$12 trillion per year, or about 16 percent of global GDP.

Religious restrictions also make the business environment in many countries less attractive. In Egypt, for example, where tourists provide a major source of economic activity, the tourism sector has been negatively affected by religious conflicts, including violence between Christians and Muslims and between the Muslim Brotherhood and the regime of Egyptian President Abdel Fattah el-Sisi. Extensive religious restrictions in many Arab countries—such as subjecting financial instruments to the arbitrary and inconsistent regulations of Islamic law boards—have prompted young entrepreneurs to take their talents overseas. Sometimes, countries’ repressive religious practices can also interfere with major international business deals. In 1999, Goldman Sachs had to restructure its initial public offering agreement with the China National Petroleum Corporation, which had investments in Sudan, after the U.S. Commission on International Religious Freedom recommended sanctions on Sudan for violations of religious freedom. (In the restructured deal, Goldman created a new company with CNPC that would operate only in China.) In all these ways, then, internal social divisions can have a direct impact on a country’s economic performance and, hence, on one of the core forms of international power.

FROM CLEAVAGES TO CONFLICT

But the effects of social cleavages can go well beyond economic growth. When social divisions are allowed to fester, they may threaten a country’s underlying social and political stability. Recent conflicts in Myanmar, Sri Lanka, Syria, and Yemen, among other places, have been driven by internal religious divisions. In 2021, the scholars Weiling Jiang and Igor Martek found that religious tensions ranked among the top four “significant political risk factors” affecting foreign investment in the energy sector in 74 developing countries. In countries with acute income inequality, citizens may also be more prone to rise up against the government to achieve economic, social, and political parity. Governments that promote or sustain racial and religious discrimination may also encourage higher rates of violence or extremism. Notably, during the COVID-19 pandemic in 2020, on average, a low-caste Indian person was victimized by a crime every ten minutes.

Gender-based violence has been particularly persistent in many countries. According to the World Health Organization, in 2021, 27 percent of women worldwide in the 15–49 age group who were in a relationship experienced some form of abuse, either physical or sexual violence or

both, by an intimate partner. In the developing world, women suffer from specific forms of violence because of traditional social practices such as requiring dowries, honor killing, and genital mutilation. But violence against women is not restricted to poor countries. The UN Office on Drugs and Crime, for example, has included Australia, Sweden, and the United Kingdom among the countries that have the highest reported rates of sexual violence. The United States has a notably high rate of rape.

Social tensions at home are likely to play out internationally. States experiencing violence or social instability may be limited in their ability to project soft power; they may also be prone to creating bilateral tensions and undermining free-trade negotiations and other forms of multilateral cooperation. Caste tensions are a perennial cause of political violence in India, which has undercut the country's global reputation.

MORE TOLERANCE, MORE POWER

Although divisions over class, race, gender, and religion are increasing in many parts of the world, evidence suggests that when such tensions are reduced, countries can enhance their international power. For example, providing women with stronger legal rights and better access to health care, education, financial services, and technology is good not just for human rights or social justice but also for increasing productivity. According to Oxfam, rising numbers of women in the paid workforce in Latin America contributed to a 30 percent reduction in poverty between 2000 and 2010. In 2015, the McKinsey Global Institute estimated that the benefits to the world economy offered by the full inclusion of women in the paid workforce would equal \$28 trillion by 2025.

Countries can make similar gains by eliminating racial disparities. A study by the think tank PolicyLink and the University of Southern California found that removing the pay gap between racial groups would increase U.S. economic growth by 14 percent; the Washington Center for Equitable Growth has estimated that reducing racial, ethnic, and gender gaps could add \$7.2 trillion a year to U.S. GDP. Such benefits would need to be weighed against the costs of government spending to equalize pay, but the rewards would still be substantial.

Enhancing religious tolerance and freedom can also affect national economic competitiveness. Notably, none of the ten countries that the Pew Research Center has ranked as having “very high” restrictions on religion—a group that includes Algeria, China, Egypt, Iran, Malaysia, the Maldives, Russia, Syria, Tajikistan, and Turkmenistan—is among the top 20 most competitive countries in the World Economic Forum's Global Competitiveness Index.

A WARNING TO THE WEST

Recognizing that power within can affect the external strength of countries offers important lessons for international relations. For the West, the growth of social cleavages should come as a warning. As a growing body of research shows, democracy does not inevitably lead to a reduction of hierarchies based on income, race, gender, or religion. Western democracies as a group have not performed particularly well in any of these areas. To the contrary, democratic institutions can provide cover for social divisions and allow them to be exploited for political gain, as has occurred in the United States and elsewhere in recent years. As these disparities become more pronounced, moreover, they also weaken the ability of the West to counter the spread of autocracy. For example, scholars have noted that rising income inequality has contributed to the eroding appeal of the liberal international order.

These trends are not irreversible. In contrast to their nondemocratic counterparts, advanced democracies have the capacity to self-correct and challenge persistent social hierarchies. Because of their greater transparency, freedom of expression, and culture of open debate, democratic societies can expose these divisions, and their electorates can change governments that are viewed as unwilling or unable to address the root causes. Yet in the United States, Europe, and elsewhere, democracies have been constrained by political polarization and the rise of right-wing populism, which have made it increasingly difficult to form a political consensus to tackle cleavages based on class, race, gender, and religion. At the same time, many advanced countries have established economic interests that may have a stake in reinforcing existing practices.

Of course, internal power structures can also limit the influence of many non-Western countries. Brazil, China, India, Russia, and South Africa are particularly striking examples of countries with large economies and significant socioeconomic disparities based on caste, gender, and religious identity. According to the World Bank, South Africa is the most unequal country in the world, with the wealthiest one percent of the population holding 80.6 percent of the country's financial assets. This is important not only because of the link between income inequality and low growth but also because of the incentive it creates for corruption and instability. In many countries, moreover, different types of social hierarchies often appear in tandem and are mutually reinforcing. Income inequality, for example, often correlates with racial, caste, gender, and religious discrimination. Racial prejudice is a trigger for religious intolerance and vice versa. Hence, policymakers will need to develop strategies that go beyond specific disparities to address the conditions that lead to all types of social hierarchies.

Reducing social cleavages will not eliminate differences in power and status among countries. But those that better develop and harness their power within by ensuring fairer wage distribution and curbing discriminatory practices—and therefore maximizing growth—are likely to enjoy greater stability and influence in the long run. Such efforts will need to begin at home, including in the United States and in many of its European allies. But given the prevalence of these divisions in many countries, lasting progress is unlikely to be achieved through domestic politics alone. Stepped-up global cooperation will be needed, including collective efforts to strengthen international human rights agreements and other international rules aimed at preventing discrimination on the basis of race, caste, gender, and religious belief. Since all countries, rich and poor, suffer from these disparities, reform efforts can and should be framed as a common challenge of humankind. By creating a more level playing field among social groups, the United States and other members of the liberal international order can better mobilize their power within and promote their collective ability to enhance stability and peace in the world as a whole.

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