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The Global Order of Free Rides

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The US complains that other countries take too much and give too little—but it also extracts value in ways no other country can.

IT'S BECOME A COMMON REFRAIN IN US FOREIGN POLICY circles that the rest of the world is free riding on American power. The accusation sounds familiar—other countries enjoy the security provided by US military spending, benefit from American technological innovation, and sell goods into the vast US consumer market, all while contributing little in return. But the story is more layered; for all its complaints, the United States is also free riding on the rest of the world.

Let's start with the classic grievances.

First, America provides global security. The US military is deployed across every continent and underwrites the safe passage of global trade through its control of sea lanes and strategic chokepoints. Countries like Germany, Japan, and many NATO members benefit from this security without shouldering a proportional financial burden. The US acts as a kind of global landlord, keeping the building safe while the tenants delay their rent.

Second, the world free rides on American innovation. The United States invests heavily in research and development, much of it publicly funded through agencies like DARPA, NIH, and NSF. The fruits of this investment—whether the Internet, GPS, or mRNA vaccines (the technology behind many COVID-19 immunizations)—quickly become global public goods. Other countries can adopt, adapt, and deploy these innovations at marginal cost, without having invested in the high-risk, early-stage research. That's especially true for countries like China and India, but it applies more quietly to US allies in Europe as well.

Third, American policymakers argue that the US serves as the consumer of last resort. Export-oriented economies depend on the ability to sell goods to American households, while doing little to stimulate domestic demand at home. The US runs persistent trade deficits, effectively subsidizing other countries' employment and production. The domestic costs of this role are clear: industrial decline, regional job loss, and the political consequences of economic dislocation.

Not all global imbalances are free rides. Some reflect classical economic principles; others involve asymmetries that generate positive externalities or entrench structural advantages. For instance, in trade, uneven roles can still produce mutual gain—a textbook case of comparative advantage. The US runs a trade deficit with Germany, importing cars while exporting far less in return—but both sides benefit: American consumers access high-quality vehicles, and German factories stay employed. The imbalance may look lopsided, but it's not necessarily unfair.

Other imbalances go deeper. Consider defense spending: the US bears disproportionate military costs, but this outlay generates powerful technological spillovers in fields like aerospace, cybersecurity, and

artificial intelligence. Drones, for instance, were initially developed for military use and are now reshaping logistics and surveillance worldwide. Similarly, advances in satellite imaging and stealth technology have had wide-ranging commercial applications. Meanwhile, under-spending European allies often buy American systems rather than developing their own. As a result, local defense industries atrophy, and skilled talent is redirected. German engineers build cars instead of fire-control systems—cars that, increasingly, belong to a fading era. This dynamic doesn't just secure the global order; it crowds out competition, reinforcing US technological and strategic dominance.

Even the benefits to American corporations follow this logic. While US taxpayers fund the security infrastructure, multinational firms leverage the resulting global stability to invest, manufacture, and operate abroad. What looks like disproportionate burden-sharing is also a way of securing the global conditions in which American firms thrive.

But the story doesn't end there. Beneath the surface lies a quieter reality: the United States, too, is riding for free—just in deeper and more systemic ways.

Economists use the term “free riding” to describe situations where one actor enjoys the benefits of a system without contributing proportionally to its costs. Sometimes the benefits are material; sometimes they're institutional or strategic. What matters is the asymmetry: someone bears the burden, someone else reaps the rewards. And some of the United States' biggest advantages in the global system fall squarely into this category.



A better path may be to reform the system, not abandon it: share burdens differently, adjust incentives, and reaffirm the value of leadership without pretending it's cost-free.

Most importantly, the US free rides on the rest of the world through its ability to issue Treasury securities that are bought and held in massive quantities by foreign governments, banks, and institutions. Because the dollar is the global reserve currency, there is unrelenting demand for US debt. This gives the US a unique privilege: it can borrow cheaply and endlessly, financing budget and trade deficits with paper that the world eagerly absorbs—extracting real goods and services in exchange for IOUs.

But this privilege, too, has a flip side.

To maintain the dollar's global dominance, the United States must export dollars. That means running trade deficits. It also means tolerating a strong currency that can hurt domestic manufacturing. The US becomes the de facto lender and central banker of last resort, especially in times of crisis, when the Federal Reserve is expected to supply global liquidity—by offering dollar swap lines to foreign central banks or easing monetary conditions at home. In this way, the US bears the burden of stabilizing the global system—another role it half-welcomes and half-resents.

Something similar happens with global talent. Other countries invest heavily in educating their brightest students, many of whom end up in US graduate programs or research labs. The US reaps the productivity of this human capital without having paid for its early-stage development—a classic free ride. Some return home, but many stay, contributing to the US economy as part of a skilled migrant elite. The United States becomes a clearinghouse for global talent—and a net importer of human capital—while also subsidizing global knowledge through its publicly funded universities and research institutions.

And then there's the legal and institutional order. The US was once the architect and enforcer of global rules—from the WTO to standards governing the international financial system. But as frustrations with

perceived free riding have mounted, it has increasingly turned away from multilateralism in favor of unilateral tools. The US still upholds the system in parts—but only when it judges the payoff to be worth it, favoring unilateral tools such as tariffs, sanctions, and export controls—especially in its recent dealings with China and the WTO.

In the end, the international system is built on mutual dependencies—but those dependencies are rarely balanced. The US provides security, innovation, and demand. In return, it enjoys financial privilege, a steady inflow of global talent, and institutional influence. Whether that bargain still works is now an open question—and Washington's recent behavior suggests it's no longer convinced the answer is yes.

Every global system has its passengers. The US complains that others take too much and give too little—but it also extracts value from its central position in ways no other country can. That tension isn't an anomaly. It's how the system works. The real question now is whether the US still wants to carry the load that makes the ride possible.

The US could walk away from parts of the system—but it would risk losing the advantages it still enjoys. A better path may be to reform the system, not abandon it: share burdens differently, adjust incentives, and reaffirm the value of leadership without pretending it's cost-free.

Free rides will never disappear entirely—but the terms of the ride can be renegotiated. As the US steps back from some of its global roles, new leaders may emerge to fill the gap. Germany, for example, is beginning to rearm and expand its defense sector—an economic necessity as much as a strategic one. Smaller European countries may welcome the protection while resisting the cost. The dynamic is familiar: those who lead carry others, and in return, gain influence, direction, and sometimes, quiet forms of leverage. Free riding, it turns out, is rarely one-sided.

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