China's Rise and the International Economic Order: The China Shock at the End of History

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Abstract

It is commonly believed that two opposing dynamics have helped provide balance for China's place in the international system over the last six decades. The first is coalescence, associated with economics; the second, fragmentation, associated with geopolitics. This paper argues that, contrary to conventional wisdom, economic and geopolitical forces have worked, not in opposition, but with each other in calibrating China's place in world order. Initially, both economics and geopolitics drove coalescence; later, both drove fragmentation. In that latter fragmentation phase, however, this collinearity of the two dynamics means there is no balance of opposing forces to maintain equilibrium in the international system. New mechanisms will be needed to restore balance. This paper proposes a mix of (a) seeking inadvertent cooperation; (b) nudging Great Powers away from gridlock; and (c) anchoring the international system on pathfinder multilateralism, or a dynamically evolving open and inclusive plurilateralism.

Keywords: coalescence; convergence; epic fail; fragmentation; inadvertent cooperation; pathfinder multilateralism; zero-sum

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1 Introduction

As China has grown, its effects on trade and the global economy have emerged to be outsized, comparable only to its impact on world order and geopolitics.

For many observers, China-US rivalry is the single most important and obvious consequence of China's rise on the world stage. That rise represents, for the US, the emergence of a hostile peer competitor in the Asia-Pacific region, a development that, left unchecked, will restrict America's prospects and actions across that geography. While China has obviously become a Great Power, it continues to operate a political system different from that of other comparable powers. Thus, some policymakers re-cast China's rise into Hannah Arendt's description of that ancient struggle "that from the beginning of our history has determined the very existence of politics, the cause of freedom versus tyranny". Intentionally or otherwise, China's rise threatens the world order of US-centered unipolar hegemony.

This kind of geopolitical framing on China-US relations has now become commonplace. The narrative is one that obviously casts negative light on China's rise. Less acknowledged, however, is that there exists also a geopolitical framing that does the opposite—i.e., that views China's rise positively—and that, only decades ago, was just as widely accepted as current thinking on China-US rivalry. The first row of Table 1 illustrates this evolving force of geopolitics.

Alongside this evolution of geopolitical framing, an economic narrative on China's rise too has always been present. Observers of the economics side of this equation, however, are more divided. There are those who think economics remains a force for coalescence in the global economy, because economics' insistence on win-win (Pareto-improving) outcomes remains compelling. But equally there are those who consider economics as a driver for fragmentation, because now-apparent economic consequences cast negative light on China's rise. The second row of Table 1 shows, alongside that of geopolitics, the evolving role of economics.

That last set of views—the bottom-right quadrant of the Table—is important but is not always put on co-equal position with the others. For the global economy, China's rise provided a new source of supply that was simultaneously large and growing, productive and efficient, and technology-enhancing and price-reducing. Most observers expected economic well-

	1980 – 2010	2011+
Geopolitics	+	–
Economics	+	?

Table 1: **Drivers for China engagement**. The first column shows that in the earlier period, 1980–2010, both geopolitics and economics drove coalescence. Together, they were positive for China's rise in the international order. The second column records that afterwards, post-2010, geopolitics turned negative. In that latter period, the table records that economic forces might have gone either way. This paper will argue below that that entry should be negative, just like the corresponding entry in the first row.

being everywhere to only improve as a consequence. Certainly, significant parts of the global economy recorded, as a direct result, increased economic growth and reduced price inflation. In this reasoning, trade and engagement with an ever-rising China would only bind together ever more nations, coalescing the world economy.

This analysis would suggest that, for China in the international system, geopolitics provides a force for fragmentation and economics an opposing force for coalescence. Echoing these large global dynamics, regions such as Southeast Asia face opposing considerations: engaging with China to provide drivers for economic growth but looking to America for dealing with security challenges. What emerges for world order is therefore an equilibrium that balances between the two opposing forces of economics and geopolitics.

Construing world order as an equilibrium between offsetting drivers offers more than simply positivist description. Without acknowledging potentially counter-balancing forces, no room for compromise is available. The geopolitical reasoning above is a zero-sum game focused on binary outcomes: China's ascendance or China's containment. In contrast, if what matters is understood to be broader-based, then navigating the identified tradeoffs can lead to a new and different equilibrium in world order that performs better for everyone.

This paper argues that to understand China in the international system, one needs to understand the shift in economic and geopolitical forces in direction and strength over time. Following Table 1, this paper shows that over 1980-2010 both economics and geopolitics contributed centripetal

force to integrate China into the international trading system: 1980-2010 can, therefore, be viewed as an era of global coalescence. The paper shows further that after 2010, while economics and geopolitics remained collinear, they now worked in the other direction, i.e., to provide centrifugal force to fragment world order. The breakpoint 2010 was chosen as that time when the global economy emerged from the 2008 Global Financial Crisis, a watershed that saw the US housing market collapse provide an impulse that, working through the propagation mechanism of a financially interconnected world, brought about the most severe global economic slowdown since the Great Depression. This latter period can, therefore, viewed as an era of global fragmentation. With geopolitics and economics both driving global fragmentation, there is no longer countervailing force to help maintain balance and therefore an internal equilibrium in the international system. Other mechanisms will be needed to restore balance.

This paper is organized as follows. Section 2 presents the reasoning underlying this paper's hypothesis of alternate coalescence and fragmentation. A critical innovation in this paper's analysis is its departure from two other lines of economic reasoning. First relates to how trade is driven by comparative advantage, and is thus always beneficial to all. The paper accepts that proposition, but focuses instead on how such a win-win outcome is not obvious in the lived experience of many participants in the global economy. Instead, what individual participants see, in the critical cases, is only an undermining of their economic standing: Individual lived experience differs from the aggregate outcome. It is an ecological fallacy to suppose that a nationally advantageous action (such as trade) must also be beneficial at the individual level. It is thus not difficult to understand how the US economy, say, can benefit nationally from increased trade with China while, at the same time, because of price effects, local geographies see only the so-called **China Shock**, that trade is stealing their jobs, dismantling their industries, and turning into ghost towns what were once thriving, middle-class American communities (Autor et al., 2016; Ingleson, 2024).[1]

[1]This is related to but not the same as analysis of trade and inequality. With inequality, a researcher is interested in whether trade ends up worsening the situation for those already worse off. With the China Shock, or other instances of ecological fallacy, what matters is whether someone (anyone) is disadvantaged, whether they are at the top or bottom parts of the income distribution. For measurable impact, of course, it is also important that there are enough of such individuals, not just one or two.

Second is the proposition that bilateral trade deficits are meaningful, whether to signal unfair practice by one's trading partner or in that their opposite, trade surpluses, provide a pathway to national prosperity. Few trade academics and researchers take seriously this hypothesis. In this paper, instead, the political challenge arising from trade with China or any other trading partner is not the bilateral trade deficit, but instead what that trade presents in terms of price effects. If trade does anything, it perturbs relative prices. Any shift in relative prices means there are gainers and losers. By definition then, trade always entails a China Shock. Any sufficiently unfavorable movement in relative prices invariably induces a sense of economic insecurity.

It is a profound challenge to world order that economic forces can no longer provide counterbalance to the geopolitics that is driving global fragmentation. Section 3 describes three proposals that seek to address this challenge. When Great Powers are in contention, it is not likely a successful strategy for states with lesser capabilities to seek to counter force with force. The suggested policy options are, therefore, ones that seek to work with, rather than against, the momentum of Great Power rivalry: (a) seek inadvertent cooperation, where incentives align; (b) nudge (gently) the Great Powers out of gridlock; (c) build pathfinder multilateralism or plurilateral solutions.

Section 4 concludes with a summary of the critical lessons from this analysis.

2 Global Coalescence and Fragmentation

In the last part of the twentieth century, for economic observers three overarching ideas powered relations between not just China and the US, but across almost all countries. These ideas emerged as grand themes that drove coalescence across the global economy. They strengthened multilateralism and propelled globalisation. The argument in this paper, however, is that, along with China's rise in the decades that followed, those ideas transmogrified to become forces for fragmentation.

First, **comparative advantage** says that economic gains accrue to all countries engaged in international trade, even if one country seems disadvantaged relative to the others in every economic activity. This statement

about national, aggregate gain sees qualification at disaggregate levels, most obviously in the observation that inequality might increase with trade. If indeed so, there could well be those who are disadvantaged by trade. Nonetheless, the national gain derived from comparative advantage can, as a matter of arithmetic, be used to compensate those thus disadvantaged, so that on net the nation would still gain.

Next, **economic efficiency** describes the state of optimal use of resources, both within and across nations. Its invocation alone provides imperative for its pursuit: No resource should be left idle or wasted. Whatever is used or done inefficiently is low-hanging fruit on the pathway to economic growth and prosperity.

Finally, **convergence** refers to a circle of ideas suggesting that over time nations grow closer together, whether politically, economically, or both. Political convergence is the hypothesis that Western-style liberal democracy is focal point and that wherever incomes rise and economic development advances, societies tend to become more democratic (Lipset, 1959). Economic convergence is the hypothesis that under-developed economies tend naturally to have incomes grow faster than developed ones, so that, per capita, all economies tend eventually to become developed (Barro and i Martin, 1992; Quah, 1993, 1997).

Beginning in 1980 and for about three decades following, this triad of comparative advantage, economic efficiency, and convergence constituted the centripetal force that coalesced the international system.

2.1 Centripetal Force: Economics

Comparative advantage and economic efficiency provide the case for globalisation. The circle of ideas meant that it was not necessarily worrying how economic convergence implied the world would naturally shift from unipolarity—where economic strength concentrated in just one Great Power—to multipolarity, with that same economic vitality increasingly dispersed around the world to whichever societies had learned to harness the power of comparative advantage and economic efficiency. Political convergence meant that the rise of all other parts of the world would benefit the Transatlantic Great Powers who were already committed to democracy. Multilateralism would come to envelope a global collection of the like-minded. All these dynamics pointed in the same direction for coales-

cence of the global economy.

By the same reasoning, this collinearity of forces also meant it would be expensive to disengage or decouple.

Over this period, beginning in the early 1980s and proceeding into the early 2000s, China became both touchpoint and poster child for all three tropes driving coalescence.

China's significance in the global economy increased dramatically after its 2001 accession to the World Trade Organisation. According to World Bank statistics, China's share of global manufacturing value added rose from under 10% in 2004 to three times that (28%) by 2020, nearly as much as the combined share of Germany, Japan, and the US. Over 2003–2024 while the US Consumer Price Index rose 65%, and the prices of Canada and Mexico imports into the US increased by 68% and 49%, respectively, China import prices remained flat, ending 0.5% higher in 2024 compared to 2003 (Fig. 1 below and Quah, 2024b). China's strengths in manufacturing and exports have thus helped keep in check US long-run inflation and contributed to the economic well-being of the American people.

For technology, in 2021 the leading account (Allison et al., 2021) of China's progress recorded that China had "displaced the US as the world's top high-tech manufacturer" and had "become a serious competitor in the foundational technologies of the 21st century: artificial intelligence (AI), 5G, quantum information science (QIS), semiconductors, biotechnology, and green energy". The report noted that in some of these areas China had already become no. 1, and predicted that for others, given then-extant trends, China would "overtake the US within the next decade".

Indeed, in research performance as an indicator of future science and technology capabilities, China had by 2023 already streaked ahead. The Australian Strategic Policy Institute tracked research publications across science and technology—including AI, advanced computing and communication technologies, advanced materials and manufacturing, biotechnology, defense and space, energy and the environment, quantum, and sensing and navigation—and determined that in high-impact scientific papers (highly-cited, appearing in top-tier journals) by 2023 China led in 57 out of 64 critical technologies, producing more than nine times the number of comparable research publications from the US. Indeed, for several such technologies, the world's top 10 research institutions were all located in China (ASPI, 2023).

Advanced as manufacturing and technology are in China, equally striking has been the pace at which all this emerged. At the turn of the millennium, Time Magazine's special issue *Beyond 2000* pronounced, "China cannot grow into an industrial giant in the 21st century. Its population is too large and its gross domestic product is too small." The view as late as 2000 was that China was "a land of rule-bound rote learners", hardly able to deploy advanced technology, much less invent them. Indeed, conventional reasoning went further: software, computing, and information technology could only advance in free societies, not in an authoritarian regime like China's, sitting behind a protective firewall. The actual outturn, therefore, is all the more remarkable, in light of these widely-shared conventional views barely a quarter of a century earlier.

For the global economy, China's manufacturing prowess and technological progress, expressed through its exports, help keep advanced products affordable and raise economic well-being. Decoupling means severing this connection: unsurprisingly then, experts estimate that fragmentation of the global economy would be costly (e.g., Georgieva, 2023; Gopinath, 2024; Nye, 2021).

2.2 Centripetal Force: Geopolitics

But, while mutual economic advantage was apparent, both a priori and over time as events unfolded, were geopolitical dynamics ex ante similarly favorable? After all, in the runup to the 1980s, US political narrative connected strongly still to a Cold War perspective of "freedom versus tyranny" and "democracy versus communism".

Some of the clearest statements that geopolitics indeed aligned with economics in this era were given in the thinking of several of America's presidents throughout this time. In 1967, Richard Nixon (not long before becoming US president), with impeccable anti-communist credentials, wrote in *Foreign Affairs* (Nixon, 1967):

> ... we simply cannot afford to leave China forever outside the family of nations, there to nurture its fantasies, cherish its hates, and threaten its neighbors. There is no place on this small planet for a billion of its potentially most able people to live in angry isolation.

Thirty-three years after that, in 2000, on the eve of China's WTO accession, then-US President Bill Clinton reassured detractors that the gains from strengthening China's economy were not just economic, but also geopolitical (Clinton, 2000). Clinton argued that, independent of whatever might happen economically, helping China gain entry into the world trading system was a proposition where geopolitical benefit outweighed geopolitical cost. He responded to the arguments of those who objected by inviting them to think strategically:

> (Critics) say things like this: China is a growing threat to Taiwan and its neighbors—we shouldn't strengthen it. Or China violates labor rights and human rights—we shouldn't reward it. Or China is a dangerous proliferator—we shouldn't empower it. ... The question is not whether we approve or disapprove of China's practices. The question is what's the smartest thing to do.

For Clinton and other policymakers, that "smartest thing to do" was to help China trade. Clinton went on to say:

> By joining the WTO, China is not simply agreeing to import more of our products. It is agreeing to import one of democracy's most cherished values, economic freedom. ... China is speeding a process that is removing government from vast areas of people's lives. (Soon) The Chinese government no longer will be everyone's employer, landlord, shopkeeper, and nanny all rolled into one. It will have fewer instruments, therefore, with which to control people's lives.

With hindsight, Clinton's confidence on convergence was obviously misplaced. At time of delivery, however, that assuredness only echoed conclusions in academic writings. As an example, a decade before Clinton, Fukuyama (1992), had already drawn attention to "a remarkable consensus concerning the legitimacy of liberal democracy as a system of government had emerged throughout the world". Fukuyama's reasoning that liberal democracy was "the only coherent political aspiration that spans different regions and cultures around the globe" chimed with the then-emerging views of Clinton and other American policymakers.

Geopolitics, therefore, aligned with economics on encouraging China's integration into the world trading system. That that meant China would rise (not just integrate) in the international economic order might not have been front of mind, but was certainly not hidden.

If these centripetal forces were collinear in helping enable China's rise and coalesce the international system, why did they turn around?

2.3 Fragmentation

Whatever else trade achieves, it moves relative prices. But when prices ratio shift, someone somewhere in the economy feels disadvantaged. Others, of course, benefit. How the economy responds to trade, therefore, always depends on the balance between those who benefit and those who lose. But this balance is not just a matter of counting up sheer numbers for those who gain and those who don't. Considerations such as concentration, identity, voice, political weight, availability of alternative options, the validity of appeals on grounds of national security, and so on will determine an economy's overall attitude and response.

In this reasoning, what matters for the impact of trade is its price effect. Bilateral trade deficits are like the win-win predictions from comparative advantage: they are not in the lived experience of workers and geographies.

Paradoxically, the same data that shows China's success in and contribution to the global economy can be turned around to argue the negative case on China's rise after 2010. The breakpoint 2010 marks the end of the 2008 Global Financial Crisis when the impulse of the US housing market collapse worked through an interconnected global financial market to produce the most severe global economic downturn since the 1930s. In this paper, to understand the post-2010 economics of China's rise, it is important that the discussion go beyond debate over bilateral trade balances, for which—as described in Section 1—there is little consensus for equating deficits and surpluses with economic failure and success.

Consider instead Figure 1 which shows the behaviour of price indexes into the US of imports from Canada, Mexico, and China respectively over the period 2003–2024. The US Consumer Price Index (CPI) has in this time increased 65%: that is the cumulation of inflation over these two decades. Imports from Canada have risen even more, by 68%, while imports from Mexico, by 49%. American workers and businesses in those same indus-

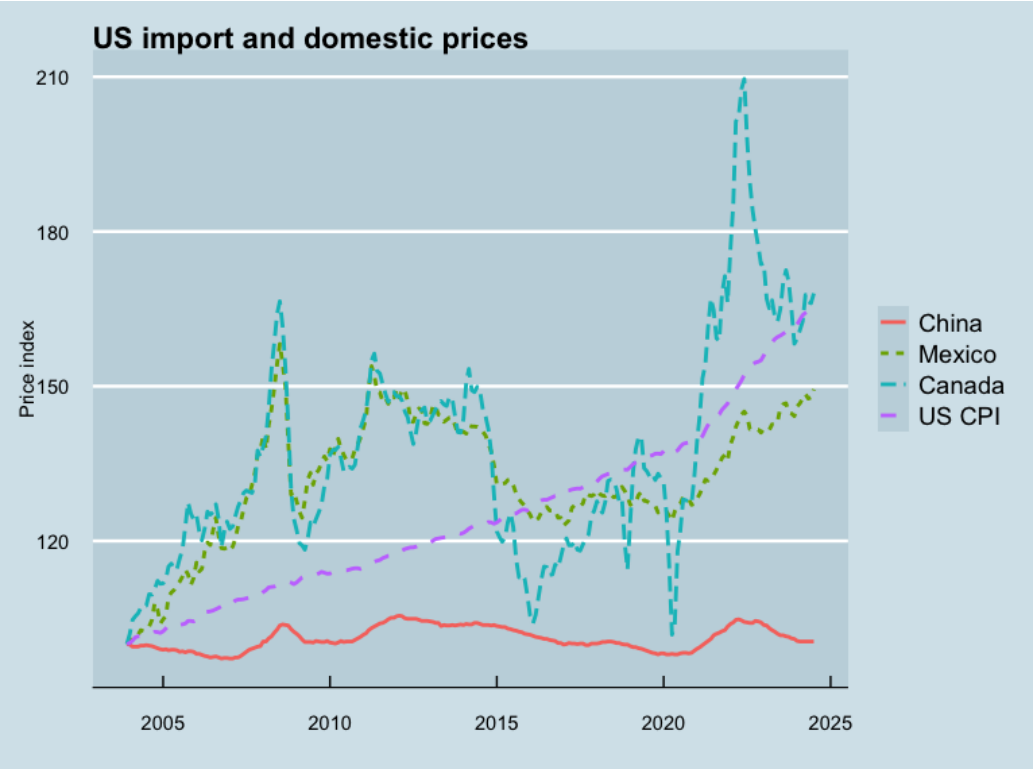

Figure 1: US import and domestic prices. The graph shows, from 2003 to 2024, prices of imports into the US from China, Mexico, and Canada, alongside the US Consumer Price Index. In the two decades graphed, China's import prices into the US have remained flat, ending 0.5% higher than at the beginning. In contrast, imports from Canada have at times seen price inflation higher even than in the US Consumer Price Index, ending the two-decade period with prices 68% higher than at the beginning. Imports from Mexico, similarly but not as extreme, had prices ending 49% higher than at the start. The US CPI inflated 65% over this sample.

tries have had to deal with Canadian and Mexican competition, but have obviously been able to do so manageably well. However, imports from China have seen their price index flatline throughout these twenty years: in 2024 that price index was only 0.5% higher than it was in 2003. The American consumer is grateful for how imports from China—beginning in the early period with textiles and plastic toys but afterwards veering ever more towards high-end manufacturing, sophisticated electronics, and advanced technologies—have remained better than affordable, and actually held down US price inflation. The American worker, however, in any comparable industry will have faced only fierce and, ultimately, overwhelming competition.[2]

To be clear, this proposition on economics becoming a negative driver is not about the US, overall, suffering negative aggregate consequences. Rather, it is that within the US, a sufficient critical mass emerged that considered themselves as having lost out from economic engagement with China. The fact that benefits accrued to yet others—the American consumer, workers in industries who gained from having cheaper inputs, and so on—does not cancel the weight and voice of those disadvantaged. Thus, it is the

For the US, the EU, and elsewhere, China's technological and manufacturing advances result in downward pressure on prices in specific industries. With China's emphasis on critical technologies for the future, it is those industries that feel the greatest effect of the China Shock. China-made Electric Vehicles (EVs), for instance, represent the leading edge of such technologies, and consequently have seen significant threat of tariff and sanctions from US and EU policymakers. That EV and related industries correlate with appeal on national security adds impetus to this resistance to China's production and trade prowess.

In geopolitics, China's apparent resistance to convergence has figured prominently in the thinking of many policymakers (e.g., Campbell and Ratner, 2018). Those concerns are magnified when coupled with the hypothesis that China's trajectory makes inevitable its status as a Great Power peer competitor. Together these observations suggest the continued rise of China can only present revisionist challenge to the rules-based international order.

[2]Quah (2024b) discusses further this paradoxical fracturing effect of a single economic variable which, by itself, could be interpreted in different ways.

To complete the picture, an important caveat on this line of reasoning is that the data can be read as not suggesting only unqualified conclusions. Johnston (2019) describes how the speed of emergence of the standard view on China's revisionism is incongruent with actual changes in China's foreign policy. Indeed, in a number of important dimensions usefully characterizing a rules-based international system, China has been both compliant and responsible stakeholder. In Johnston's analysis, it is when the international system is assumed to be one where "US interests and the content of the liberal order are almost identical" that China stands most obviously divergent from world order.

Finally, on concerns of revisionism, China's rapid military buildup is obviously an additional factor that contributes to the narrative on geopolitical fragmentation. Fravel et al. (2024) provides a rigorous dissection of the evidence on this, that ends up qualifying, but not rejecting, the fragmentation hypothesis.

3 Repair Mechanisms

Without economics to provide a countervailing balance, no force large enough to match geopolitics is available to prevent ever-increasing global fragmentation. What policy options might be available to mitigate the consequences of both economic and geopolitical forces now working together?

Drawing on Armstrong and Quah (2023) and Quah (2024a) this section suggests three possibilities. First, seek **inadvertent cooperation**, where incentives align but explicit consensus is not possible. Second, third nations other than China and the US should **nudge** the Great Powers **out of gridlock**, the leading examples of which are Prisoners' Dilemma or Epic Fail situations. Third, create subsystems of **pathfinder multilateralism**, i.e., groups of nations that practice multilateralism within each group, are open and welcoming to others, with only the provision that if anyone objects to any group outcome, they leave but not disrupt.

But while theoretically these might seem plausible, what concrete examples are there of such three scenarios? The first, inadvertent cooperation, should be viewed as an echo of Adam Smith's observation on group outcomes: "It is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard to their own interest." For Smith, a social system does not have to have draw explicit

goodwill or kindness out of some agent in the system for that agent to act as if they wished to help another. Instead, agents provide benefit to others, inadvertently, when actually they seek only to advance their own selfish interests. In this paper, the counterpart mechanism is that the international system does not have to draw explicit consensus out of nations for those nations to act as if they were cooperating with one another.

Thus consider, for instance, trade war and the global transition to clean energy. China has developed the capacity to make electric vehicles (EVs) and solar panels in large quantities, at high quality, and for low prices. The US and EU argue that China has achieved this through applying government subsidies in violation of WTO rules; they charge China with drawing unfair advantage and seeking to debilitate their own domestic EV and solar panel industries. Leaving aside the validity of their claims, what will the US and EU do? One way they might retaliate is by applying sanctions so that China is unable to sell these products in the US and EU. A second possibility is they might raise tariffs against China-produced EVs and solar panels. Yet a third is the US and EU themselves provide government subsidies to their own EV and solar panel industries. The first two will result in fewer EVs and solar panels produced in China. Unless the US and EU ramp up their own production quickly, the net outcome is a lessened supply to the world in technology that can help decarbonization globally. This damages the fight against the global climate crisis. The tariff option further worsens well-being in the US and EU themselves as it is their own businesses and consumers who will pay those tariffs.

In the third option, however, the global supply of EVs and solar panels expands. This helps the world's energy transition efforts: all sides appear as if they were inadvertently collaborating to address the global climate crisis even though China, the US, and the EU were only seeking to advance their own self interests.

What happens here is that, first, there are externalities in producing and consuming items that employ clean renewable energy. Individual agents don't internalize those externalities. The government subsidy is a policy action that seeks only to advance self interest, but inadvertently helps actors internalize those externalities. The end result is a socially-desirable shift towards global decarbonization.

Obviously, this third option is only one of three where the first two options turn out to be harmful all around. How does the international

system find its way to the right outcome? It doesn't. The Great Powers at the heart of the problem have no incentive to drive the outcome in that direction. An external force needs to act. Other nations—those who are neither the US, the EU, nor China—can help. Those other members of the international community, that are neutral but nevertheless interested parties, can make the argument to the second-movers—the US and the EU—that if these Great Powers want to retaliate and defend their own EV and solar panel industries, at least do so in the sensible way. It does their cause no harm, and they should be indifferent to doing so, compared to engaging in other kinds of retaliation.

Second, when nations are in gridlock there remains room for them to mutually improve their situation, except if it is a zero-sum game in which they have found themselves. When nations encounter a so-called Prisoner's Dilemma, for instance, they are trapped in a situation everyone would gain if all explicitly cooperated but fear they would be taken advantage of should they unilaterally behave as if they sought to cooperate.[3] The classic example is an arms race: during the early part of the Cold War, for instance, both the US and the Soviet Union built massive nuclear arsenals in an effort to deter one another and prevent war. The reality, however, is that the same outcome, peace, could have been achieved if both sides agreed to reduce nuclear arms. But had either of them disarmed unilaterally, their antagonist would find it in their incentive not to follow suit, and would therefore obtain an advantage. Thus, absent additional intervention, the result would be gridlock between the US and the Soviet Union despite there being room to mutually improve their situation.

This same structure of incentives and gridlock appears also in climate change agreements, where there is incentive to free ride and the gridlock outcome is a collapse of the agreement; in trade wars, where there is constant incentive to be more protective of industry in one's own economy, with the result the collapse of free trade arrangements—even when free trade would benefit all.

The rise of China—given current geopolitical and economic sentiment—involves all these cases. In all cases, some externally-induced variation can produce outcomes better for all. Those external developments might include credible inspection institutions that monitor and make public when

[3] Armstrong and Quah (2023) describe why an alternative term "Epic Fail" is preferred to "Prisoner's Dilemma". Here I simply follow convention to make the point better.

there are deviations from agreement, whether that deviation might be in quantities of nuclear armaments, decarbonisation success, levels of tariffs and sanctions, and so on.

Finally, consider pathfinder multilateralism. This is multilateralism confined to groups of nations and over specific issues, but that is open and inclusive. One example is the MPIA or the *Multi Party Interim Appeal Arbitration Arrangement* at WTO. This was set up in March 2020 to allow an independent appeal process for dispute resolution. The WTO Appellate Body had by then been unable to function as it was no longer quorate, from inability to appoint new members. MPIA provided a dispute resolution mechanism for that subset of WTO members signed up to it: 16 nations joined in March 2020; with membership growing to 53 by May 2023, including Australia, Canada, China, the EU, and Japan. The US, obviously, opted not to be a member as it was America's dissatisfaction with the WTO Appellate Body responsible for the latter's being inquorate.

MPIA describes itself as dissolving should the WTO Appellate Body again function. It thus does not view itself as disrupting the workings of multilateralism proper, but can serve a valuable purpose as long as the more general and universal system remains unavailable.

This example leads to the following description. Pathfinder multilateralism is an open and inclusive structure that provides multilateral features, where that inclusiveness might or might not be exercised so that the structure applies universally. If the structure is not yet universal (i.e., full multilateralism is not yet available), pathfinder multilateralism opens up a pathway that allows a universal, full multilateralism to operate when that last finally becomes available.

4 Conclusion

This paper has argued that China's rise in the international system since 2011 sees no naturally-emerging opposing forces that can help calibrate equilibrium in world order. Contrary to the assumption in a large part of conventional wisdom economics no longer helps provide centripetal force for coalescence, even as geopolitical considerations have only strengthened the centrifugal tendencies for fragmentation.

New mechanisms and external elements will therefore be needed to restore balance in the international system. This paper has proposed a mix

of (a) seeking inadvertent cooperation; (b) nudging Great Powers away from gridlock; and (c) anchoring the international system on pathfinder multilateralism.

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