

Third Nation Perspectives on China-US Great Power Rivalry

TRIUM Executive MBA 2024: Guest Keynote Lecture

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A Conventional Perspective and Strategy

A hostile, revisionist, hegemonic power

- China's ascendancy constrain America's future prospects and freedom of actions
- America's actions contain China's legitimate rise

Coalescence and fragmentation

- Geopolitics fracturing world order
- Economics will hold together the international system

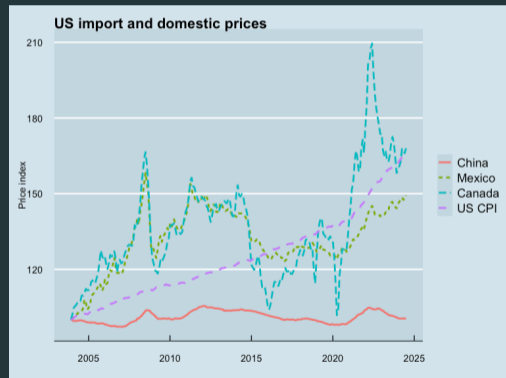
Thucydides Realism

- As Great Powers, we do what we will; the rest of you suffer what you must
- Choose a side

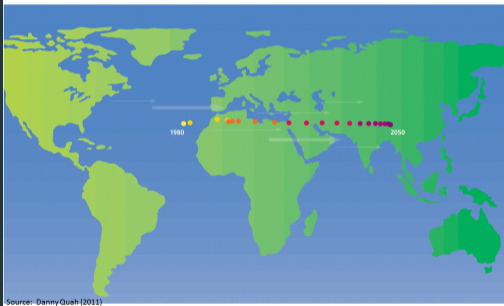
Environment

Era of Coalescence and of Fragmentation

- “Geopolitical convergence. Economic efficiency. Comparative advantage”: Grand themes of the new millennium
- Economics is the glue to hold together global order. Fragmentation too costly.



The world's economic centre of gravity: 1980-2050



The Globalization Lift

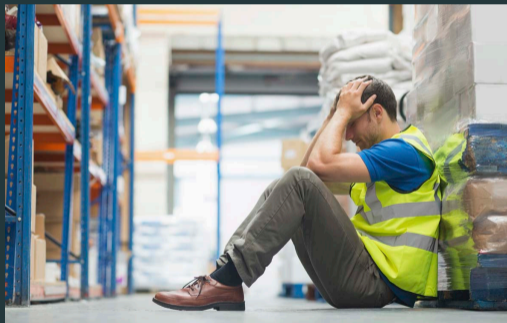
Emerging countries' combined GDP as a share of G7 GDP



Note: GDP data are measured in constant USD
Sources: the authors' own calculations, IMF World Economic Outlook (Oct 2015, updated)

Shocks

- China Shock. “Stealing our jobs, hollowing out our industry, turning into ghost towns once-thriving American middle-class communities”
- Economics no longer standing up to national security



Shocks

- Essential technologies of the future.
Critical materials.
- The Three Communiques of 1972, 1979, 1982; the Taiwan Relations Act
- FOBS/HGV
- “The most ancient cause of all”?
Cold War 2.0?



China's DF-17 missile can reach Low Earth Orbit (Chinese Ministry of Defense)

Agency: Third Nation Strategies

Third Nations: Perspectives and Strategies

80% of humanity

- Not about small states, middle powers, . . .

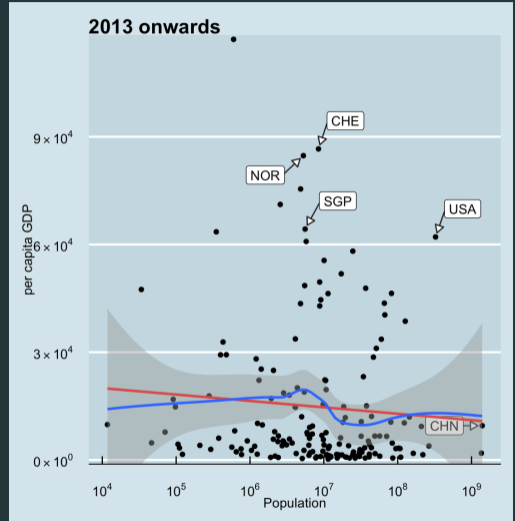
Exogenous and not

- What shifts the general equilibrium

Exercising agency

- Beyond “poisoned shrimp” and other neo-Thucydides Realism

1. Inadvertent cooperation
2. Nudge out of Great Power gridlock
3. Pathfinder multilateralism



1. Inadvertent cooperation

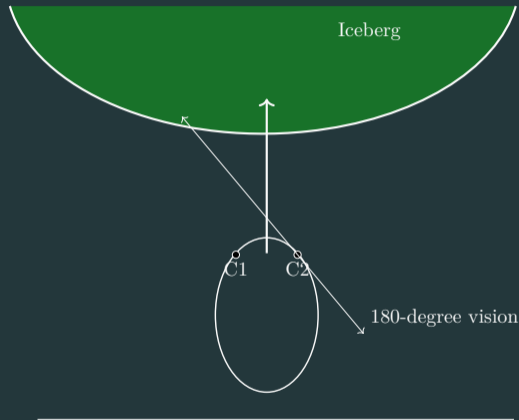
Cooperation does not have to be contractual

1. “butcher, brewer, and baker”
2. Renewables, sanctions, and subsidies
“make my nation feel awkward”

2. Nudge out Great Power Gridlock

Playing games

1. Prisoners' Dilemma and Epic Fail equilibria
2. The Titanic tragedy



3. Pathfinder multilateralism

When multilateralism is unavailable

1. Plurilateralism, minilateralism, regionalism, ...
2. Open and inclusive by design, but robust to non-unanimity

Conclusion

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1. The switching global environment:
 - 1.1 Coalescence
 - 1.2 Fragmentation
2. Agency, not just passive Thucydides response
3. Strategies
 - 3.1 Inadvertent cooperation
 - 3.2 Nudge out of gridlock
 - 3.3 Pathfinder multilateralism

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