

# A New World Economic Order with Multipolarity and Multilateralism

MTI Panel, SERC

Danny Quah

Lee Kuan Yew School of Public Policy

Thu 01 Aug 2024

# A fragmented global economy

Conventional view:

“Geopolitical rivalry is fragmenting the world, but economics will provide the glue that holds together the global economy and thus world order.”

(IMF, Georgieva, Gopinath, Nye, ...)

# This paper:

1. Adopts same assumptions, but hypothesizes geopolitics and economics have co-moved for five decades, but:
  - (a) 1980-2010 the Centripetal Era;
  - (b) Since 2010 the Centrifugal Era;
  - (c) Evidence.
2. Policy proposals:
  - (a) Inadvertent cooperation;
  - (b) Identify and shelve zero-sum propositions;
  - (c) Repair and nudge away from Epic Fail outcomes.
3. Open questions:
  - (a) Is geopolitics endogenous? A bivariate VAR
  - (b) Not a Cold War

# Three Great Ideas of the Centripetal Era

Political  
convergence

Economic  
efficiency

Comparative  
Advantage

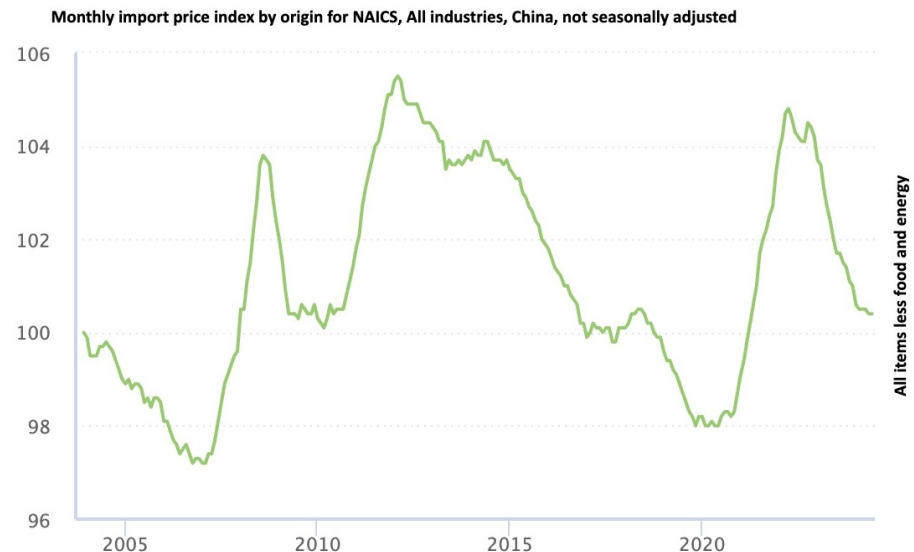
# Transition to Centrifugal Era

Multilateralism is  
exhausting

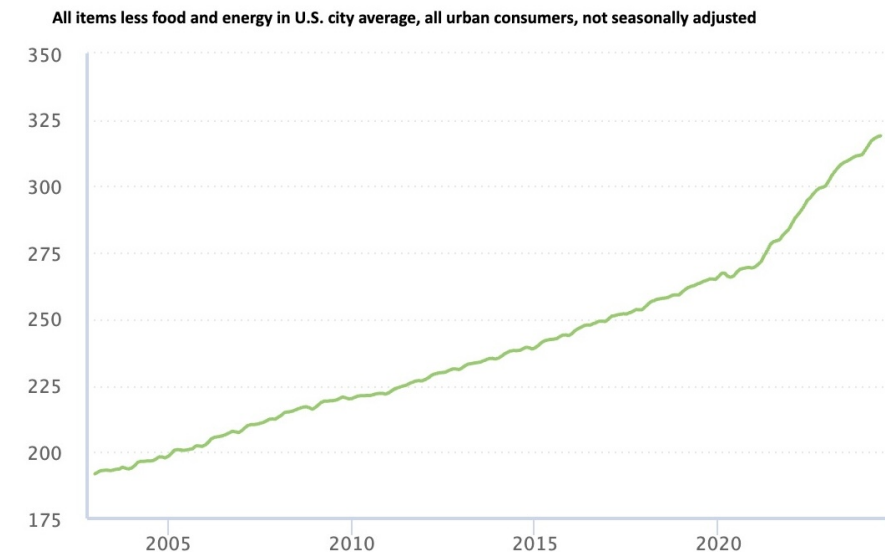
Unipolarity to  
Multipolarity

Growth of China;  
Rise of Asia

Locality of Origin Price Indexes



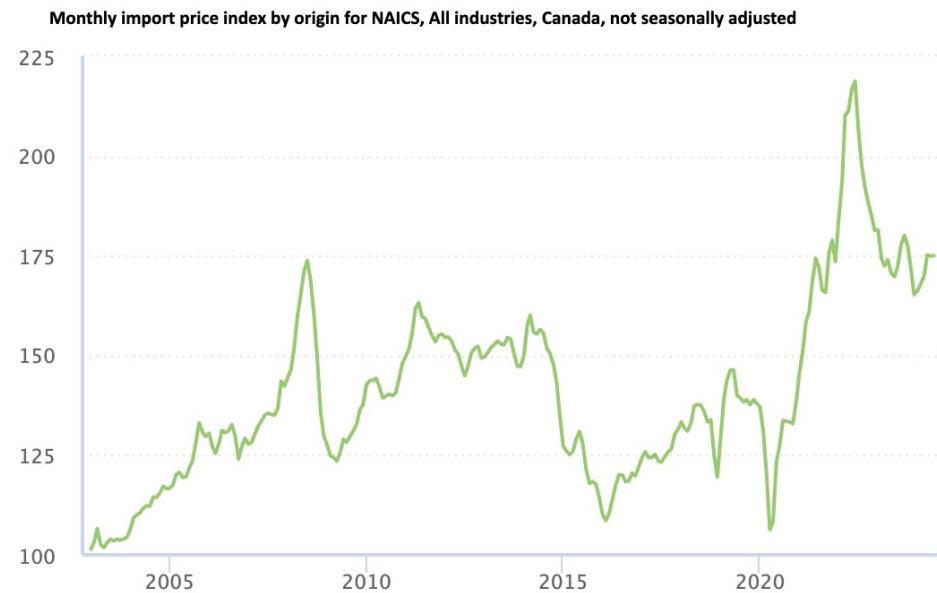
All items less food and energy



Locality of Origin Price Indexes



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