

A New World Economic Order with Multipolarity and Multilateralism

MTI Panel, SERC

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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

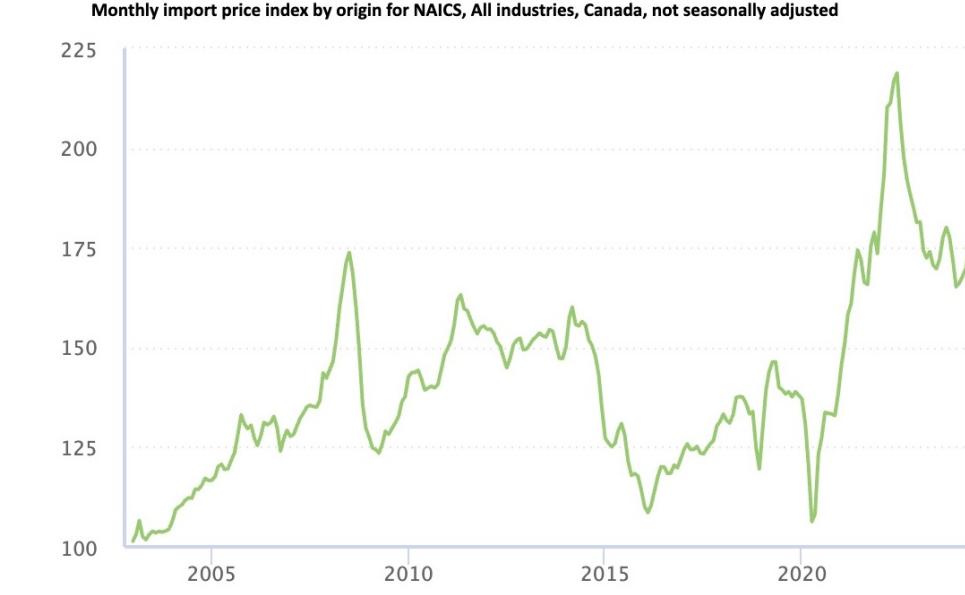
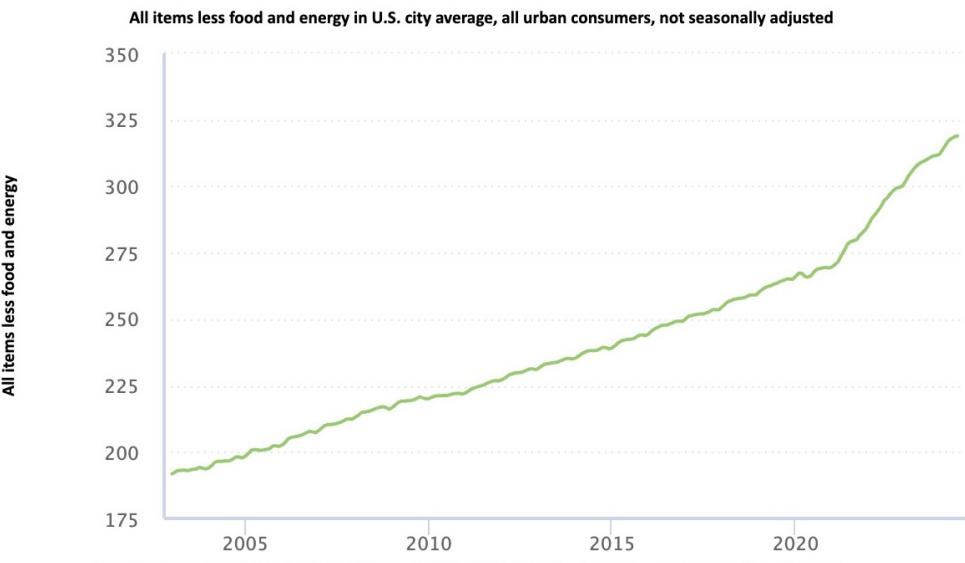
Comparative
Advantage

Transition to Centrifugal Era

Multilateralism is
exhausting

Unipolarity to
Multipolarity

Growth of China;
Rise of Asia



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