

Shifting the Great Powers*

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Abstract

Great Power competition between China and the US affects more than just the world's two great powers. Everyone is a stakeholder in geopolitical rivalry. Conventional wisdom is not optimistic for lesser nations' being anything but passive observers, not least following Thucydides's observation on Great Powers doing what they will and the rest of us suffering what we must. Nonetheless, both equilibrium reasoning and empirical evidence suggest that the positions of the Great Powers can be shifted through the influence of other states, i.e., that Great Powers' behaviours are elastic with respect to Third Nations' agency.

On 05 Apr 2023 a high-profile open letter from US business executive Maurice Greenberg called Presidents Joe Biden and Xi Jinping to repair relations between the US and China. The letter, co-signed by US foreign policy and economic experts, appeared in the Wall Street Journal and was widely reproduced on social media.

Such a call was timely in light of the sharply deteriorating relations between the two Great Powers. There is enormous concern over the US and China's hardening opposing stances on Taiwan, trade, technology, strategic alliances and spheres of influence, and a range of other important issues.

Some observers asked if Greenberg's letter should have been published in China as well, perhaps additionally signed by Chinese thought leaders. The unspoken inference was not entirely constructive. Instead it was a swipe at how while these discussions are possible in the US, surely they would not be free to take place in China.

Yes, such political conversation might be fairer and more open in some places than others. But the more important question is not what China's thought leaders might have done: It is what all the world's other nations think and want to say.

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Eighty percent of the world's population live in neither of the Great Powers, but in Third Nations. US-China tensions affect not just the well-being of the two Great Powers. Everyone on this planet is a stakeholder in geopolitical rivalry.

Today's US-China tensions have disrupted trade, investment, and people-to-people exchange. The upending of long-standing rules of engagement have made the global economy poorer and less stable. Greenberg and co-signers are right to try and stage an intervention. But that intervention needs its weight magnified and its franchise extended, by including not just Chinese interlocutors but the rest of the world.

1 Third Nation Agency and Great Power Elasticity

Nations acquire sustained enduring soft power through gaining trust, attractiveness, and legitimacy. This cannot be achieved through the crude exercise of military strength. Instead, sustained soft power derives not directly from one's actions but is awarded by others.

Soft power is of course long established as a leading mode of thinking on world order. Less noted, however, is how its emphasis on trust, attractiveness, and legitimacy shifts the centre of gravity of decision-making from those who deploy power, the supply side of world order, towards those who experience its consequences, the demand side. This shift is a hallmark of analysis of world order that applies equilibrium thinking founded on game-theoretic or market-based competitive analysis.¹

This shift holds with equal force in many other modes of world order thinking, ranging from those using hypotheses of strategic alliances, spheres of influence, the "consent of the governed", or "mutually beneficial, win-win outcomes". Looking at all these through the lens of where their centre of gravity is for determining equilibrium outcomes, Third Nations on the demand side emerge to be pivotal.²

But it is not just a theory that the focal point of international politics should shift away from Great Powers and towards Third Nations. It is also what empirical evidence shows.

Observers of international affairs routinely turn for insight to the ancient Greek historian Thucydides. After all, Thucydides had proposed the idea that nations that are incumbent powers and those that are rising powers will, with high probability, resort to violence to advance their self-interests. Equally memorably, Thucydides had also suggested that

¹In game theory, Nash equilibria have all agents symmetrically taking as exogenous what others do, but the equilibrium that results is, nonetheless, affected equally by all decisions. That is, in general, elasticity manifests with respect to all players. Stackelberg equilibria, on the other hand, do display inelasticity on the part of some of the players.

²Previous treatments with a demand-side focus in world order appeared in Acharya (2016) and Keohane (1982). The focus in Acharya (2016) is primarily normative: "Why is global governance needed?" Keohane (1982) seeks to understand the form and drivers of a rational-choice demand schedule for international regimes. The current paper, in contrast, is meant to be positive, rather than normative, and focuses on the supply and demand equilibrium problem, not the decision-theoretic choice problem on the demand side.

Great Powers do what they will, the rest of us suffer what we must (Strassler 1996). To this day Realism carries variants of this important idea, with a leading statement being:

“It would be as ridiculous to construct a theory of international politics based on Malaysia and Costa Rica as it would be to construct an economic theory of oligopolistic competition based on the minor firms in a sector of the economy.” (Waltz 1979)

In this Thucydides-Waltz view, Third Nations are merely price-takers and have limited or inconsequential agency for determining global outcomes.³

I argued against Third Nation-irrelevance in the theoretical analysis I gave earlier. I now show that history provides significant counter-examples to the Thucydides-Waltz position by describing instances of Third Nation agency and Great Power elasticity, i.e., when Third Nations have insisted and Great Powers have given way.⁴

Consider three examples.

First, the largest world grouping after the United Nations is the Non-Aligned Movement (NAM). Established in 1961, NAM was a follow-up to the Bandung Conference, which emerged with what we might now describe as “Asian Centrality”, in analogy to ASEAN Centrality. This is the view that Asian nations have to be the ones playing a key role in any international discussion on policies for Asia. Asian nations were, at that time, concerned about Western powers putting together plans for Asia without actually consulting any nation in Asia. They worried about US-China tensions (as now) and sought platforms for improved relations with the large nations around them (again, as now). NAM, at inception, comprised just 55 percent of the world’s population and two-thirds of UN membership. Its global presence was large but not overwhelming; today, the collection of Third Nations is far bigger. Yet, NAM achieved significant success in shifting the global consensus on opposition to racism and apartheid, on anti-colonialism, and on disarmament.

Second, concerning disarmament in particular, Third Nation organizers of the Ottawa Treaty managed to get, by 2022, over 160 states to agree to banning anti-personnel mines. Significant among those not signing the treaty were China, Russia, and the US. Later in 2022, however, even without signing the Treaty, President Biden overturned the policies

³That no single actor on the demand side is large relative to those on the supply side does not imply the demand side is irrelevant. In fact, the opposite is true. Consider the extreme case with the supply side just a single monopolist—and so the concentration of market power is extreme, more so even than Waltz’s case of oligopolistic competition. Under monopoly, aside from corner solutions, equilibrium is where the monopolist sets supply to where demand elasticity equals 1, independent of the monopolist’s cost conditions. In other words, equilibrium supply depends only on demand-side characteristics—the slope and location of the demand schedule—and not all on supply-side features. In any statistical analysis a regression of outcomes on supply and demand side features, in say a horse-race competition, would show zero coefficients on supply and all explanatory power on demand. Rather than being irrelevant in the monopolist’s problem, demand is instead central for determining the equilibrium.

⁴Long (2022) draws lessons and a richer theory from cases where small states can exercise influence in world politics. His is, therefore, a much richer and more ambitious analysis than that here, where I simply make explicit how small state influence is already extant in both existing theories and historical evidence.

of the Trump administration and committed to destroy existing US landmines.

Finally, a less happy example from Thucydides's own time: the infamous Thucydides Trap of course had Sparta and Athens clash in the Pelopponesian War, resulting in Athens's defeat. Shortly after, however, in response to unbenevolent Spartan hegemony, the city-states Thebes and Corinth ("the rest of us") waged military uprising against their former ally Sparta. The great general Epaminondas led Thebes to a resounding victory at the Battle of Leuctra, crushing Spartan military dominance barely three decades after the Peloponnesian War, leaving the once-victorious hegemon isolated and permanently weakened. Thebes, in turn, would be burnt to the ground a mere four decades later by Alexander the Great.

2 Choice Alone is Not Agency

In 2020 considerable political conversations worldwide gravitated towards the stark question: "Choose: Either China or the US?" While options were sometimes presented in framings like "friend-shoring", "like-minded allies", and "technological standards", most nations wisely reckoned they wanted productive relations with both Great Powers: they did not want to choose. Being forced to do so would lower their well-being and increase downside risk on future prospects (Lee 2020).

In the language of this paper, choice is not agency. In economic reasoning, choice expands the space of options; it does not restrict. Saying Third Nations are free to choose but then reducing those decisions to one of merely picking sides—this strategic alliance or that—sacrifices logic on the altar of security analysis. Conceiving choice as no more than alignment privileges Great Powers at the expense of Third Nations.⁵

This is not to suggest naivete or military unpreparedness without Great Power protection. Far from it. But such casting of Third Nations' choice—in the language of this paper—is nothing more than a surrender of agency that subordinates the broader interests of Third Nations to the narrow ones of the Great Powers.

3 Bandung 2.0: A Call to Action

The Bandung Principles, emerging from the 1955 Bandung Conference, include: respect for national sovereignty and territorial integrity; rejection of nations being brought into collective defense arrangements serving only the specific interests of the Great Powers; relying on peaceful means to resolve international disputes; advancement of mutual interests and cooperation; and respect for international justice.

⁵This criticism is not circumvented by the technical trick of saying Third Nations don't have to choose one side or the other, but can instead be somewhere in between. This simply shifts the problem from one of binary choice, zero or one, to that of a convex combination, i.e., a stance between 0 and 1. Then a typical Third Nation might be perhaps two-thirds towards one, and the remaining one-third towards the other. This still restricts that Third Nation to choice defined by one or the other or both Great Powers. Such a convex combination is hardly genuine agency, of the kind, say, described in Section 3 to follow.

These principles undermine the idea that while Third Nations are concerned about their individual circumstances, it is only Great Powers that will seek to protect an orderly and just world order. Given changing circumstances—the lifting of colonialism and apartheid—Third Nations might sensibly convene Bandung 2.0 to reinforce their combined agency.

4 Staging an Intervention

The world does not have to undergo modern-day equivalents to these Wars. If the Great Powers are unable to see through their disagreements, it is up to Third Nations to stage an intervention to pull them back from the disaster.

This is not to discount the importance and potential still of Great Power leadership. In 1972 Nixon's trip to China immeasurably transformed for the better the world's international relations. It did so from the most unlikely beginnings. Nixon had re-packaged McCarthyism to emerge with solid anti-Communist credentials. China had killed millions of its people in the Cultural Revolution through purges, violence, chaos, and starvation, and sought to export revolution across Southeast Asia. Despite this distance between them, Nixon reached out to Mao, writing "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" (Nixon 1967).

Nixon and Mao's coming together was an act of extraordinary political bravery and leadership. In the 1970s, the US stood head and shoulders above all others in economic prowess; today America could be a far richer place if it allowed China continued manufacturing prowess, in both iPhones and planet-saving green energy capacity. In the 1970s, China was a dangerous place promoting internal turmoil and external threats of revolution; today China does none of those things. With conditions now so much better than then, it would be the greatest tragedy and irony if the two Great Powers do not reverse their direction of heightening rivalry.

More than ever, we could again use leadership like that of Nixon and Mao. But if that is not forthcoming, Third Nations will just have to step up, exercise agency, and stage a Great Power intervention.

5 Conclusion

This article has argued that many analyses of world order contain in them the same hallmark idea, namely that the centre of gravity of decision-making is located not just in the Great Powers, who are the suppliers of the world order, but shifts towards Third Nations, or all other nations in the world. These latter are the demand-side of world order.

Empirical evidence, moreover, supports such an interpretation. This contradicts the

universality implied in Thucydides-Waltz thinking on Great Powers doing what they will and the rest of us merely suffering what we must. Even if Third Nations were just price-takers, equilibrium analysis—either game theory or markets-based competitive economic theory—says the demand-side is consequential for outcomes.

Application of these ideas to the current conjuncture of heightening US-China rivalry suggests the need for Third Nation intervention, perhaps along the lines of a Bandung 2.0

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