

Economic Diplomacy: Align, Acquiesce, Mitigate

Strategies for Navigating a Deeply Troubled Global Economy

Danny Quah

Fri 16 Jan 2026

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Conclusion

Why **economic diplomacy**?

1. What is US policy (Trump 2.0)?
 - Deliberate grand strategy
 - Or just causally prior, exogenous US foreign policy shocks
2. Best responses: Align. Acquiesce. Mitigate.
3. **G minus** world
 - pathfinder multilateralism
 - incentive-compatible coalitions
 - inadvertent cooperation

What is US policy (Trump 2.0)?

“We’re the superpower”

factcheckchic 10h

Stephen Miller went on CNN and basically argued that if the U.S. wants Greenland, it should just take it, while yelling over basic follow ups about what happens after Venezuela. When your entire strategy is “we’re a superpower,” that’s not policy. That’s a toddler with a map and a megaphone. Adults run countries. Not cable tantrums.

youtube.com

WH official: US in charge of Venezuela because 'military stationed outside the country'

Pre-Trump 2.0

- Sphere of influence. Varied territorial acquisition
- Liberation Day Tariffs, 180 economies
- “We’re the superpower.” MAGA. America First
- Reality for the American people: militarization of US city streets; subverting American ideals and institutions; undermining officials of US economic policy-making, and of the military and security establishment.
- “Might Makes Right” does not stop just outside national borders

Align, acquiesce, or mitigate?

[Tariffs and Trade](#) [Tariff Tracker](#) [Timeline](#) [U.S.-China Relations](#) [Deal With South Korea](#) [U.S.-Mexico Talks](#) [Tariff Increase on Canada](#)

Xi Delivers Veiled Warning to Nations Not to Take the U.S.'s Side

At an Asia-Pacific summit, the Chinese leader urged countries to "resist unilateral bullying," an appeal that seemed at odds with his country's recent actions.

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President Trump and Xi Jinping, China's leader, on TV at a restaurant in Gyeonggi. Mr. Xi was the sole superpower leader at the Asia-Pacific Economic Cooperation summit with Mr. Trump gone. Chung W. Lee/The New York Times

By David Pierson and Berry Wong
David Pierson reported from Gyeonggi, South Korea, and Berry Wong from Hong Kong
Oct. 31, 2015
亞洲經濟中文網

THE STRAITSTIMES



Global fragmentation still likely after Trump-Xi meet, but countries can act to mitigate: PM Wong

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Align, acquiesce, or mitigate?

Vietnam Law & Legal Forum

BUSINESS

Vietnam takes swift, proactive actions in response to new US tariff policy

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Listening to consultations from businesses, reducing duties on certain groups of goods imported from the US, reviewing and removing technical barriers, combating origin fraud and illegal transshipment, and increasing imports from the US are among measures Vietnam has taken in response to the US's new tariff policy.

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Vietnam's Tariffs Offer Rejected by Trump Adviser—'Not a Negotiation'

PUBLISHED APR 07, 2025 AT 08:30 AM EDT
UPDATED APR 07, 2025 AT 06:02 PM EDT



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Align, acquiesce, or mitigate?



The New York Times

GIVE THE TIMES ACCOUNT

Why Vietnam Ignored Its Own Laws to Fast-Track a Trump Family Golf Complex

As President Trump blurs the lines between politics and business — and threatens steep tariffs on trade partners — governments feel compelled to favor Trump-related projects.

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Best Responses

Align (if zero-sum)

AOCAI; CN 0, US 100			
	1995–2009	2010–2024	Δ
BN	50.3	45.1	−5.2
KH	43.1	33.2	−9.9
ID	56.1	43.7	−12.4
LA	33.3	24.9	−8.4
MY	52.1	47.3	−4.8
MM	26.4	23.6	−2.9
PH	64.1	60.4	−3.7
SG	53.6	48.1	−5.5
TH	50.6	43.7	−6.9
VN	41.1	45.2	+4.2

Pre-Trump 2.0

- **Prop** If the game is zero-sum, alignment is optimal.
- “I’m going to war. Who’s with me?!”
(obviously don’t read it that way)
- China drift, under Δ : all except VN; most marked ID, KH, LA
- China drift, from above to below 50: BN, ID, MY, SG, TH
- US aligned: PH
- (Pol-Dip. Mil-Sec. Econ-Trade. Soft Power. Signalling)

Table 1: Khong-Liow (2025) Anatomy of Choice
Alignment Index

Acquiesce (if positively elastic)

	Investment	Returns
VN	TL-DJT	LDT 46% to 10-15% to 20% and 40% on trans-shipments. USD1.5bn Trump family golf complex Hung Yen.
PH	FM-DJT	LDT 17% to 20%, then 19%, potentially 40% on trans-shipments. Zero tariffs and NTBs on US. Alignment with US export controls. No FTAs with “countries of concern”.
ID	DC	LDT 32% to 19%, USD34bn purchases of US energy, agricultural products, aircraft, investment in Louisiana
MY	DC	LDT 24% to 19%, but USD240bn commitment on spending and investment on US energy, aircraft, and equipment
IN	DC	LDT 26% to 25%, but then to 50% on Russia connection
KR	DC; FTA	LDT 25% to 15% plus USD350bn commitment to US “strategic projects”
JP	DC	LDT 24% to 15% plus USD550n commitment on US-directed projects

[excerpt from extended table in “Negotiating an Inelastic US” (Oct 2025)]

G minus world

Mitigation: Multilateralism Without Consensus

1. Plurilateralism. Pathfinder multilateralism
2. Coalitions of the willing. Incentive-compatibility
3. Inadvertent cooperation

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