INCENTIVES, NOT POWER

Rebuilding World Order for International Cooperation

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(Follow along on your personal device)

An Unhelpful Question: Who Leads?

- Does the US recover authority and standing?
- Does China become a trusted, willing, and responsible provider of public goods?
- Does some concert of middle powers self-organize and manage world order?

These assume world order is a permission problem and a power problem. It is not. It is a design problem and an incentives problem.

THE REAL QUESTION

What makes cooperation individually rational when no one leads?

1

The world order problem is not just Great Power rivalry

1. Declining relative weight of the traditional hegemon
2. Domestic political economy inside advanced democracies (China Shock)
3. Generalized economic statecraft (US Shock)
4. A power hierarchy flattening into hyper-multipolarity

2

The power hierarchy contains the seeds of its own failure

1. Hegemonic Stability Theory treats benevolence as fixed
2. Benevolence is in fact endogenous — it tracks cost and benefit
3. The Posen Amendment: insurer becomes extractor

3

Rebuilding order is a design problem

1. Incentive-compatible coalitions, not hegemonic power; is it in everyone's interest?
2. ASEAN, CPTPP, RCEP, MPIA already prove the model
3. The right threshold is multilateral-enough, not liberal-order-perfect

The Puzzle, in Arithmetic

Something structural is going on here — and it predates any single administration.

50% → 26%

US share of world GDP, Bretton Woods to today

3×

Rise in disruptions to world trade since 2019

Since 2019

WTO Appellate Body left without a quorum

~200

Countries hit by the April 2025 tariff actions

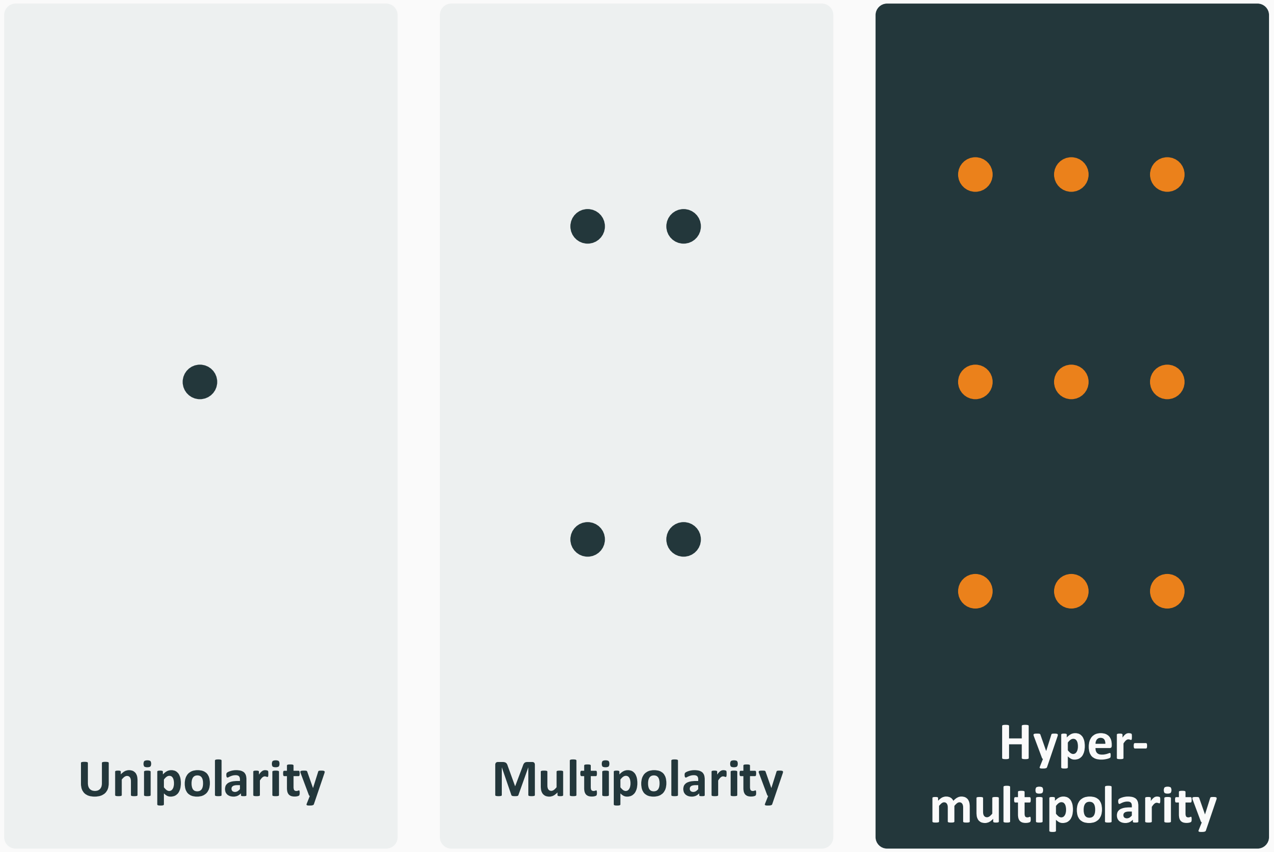
Not Just Great-Power Rivalry

No ideological separating hyperplane.

Protectionist democracies. Deeply integrated autocracies. A Cold War lens no longer partitions the world.

It's decentralized structural change.

The hegemon's declining relative weight; domestic political economy; generalized economic statecraft; and a genuine flattening of the power hierarchy.



The gradient has flattened. Economics — not geography, not hierarchy — is the organizing variable.

THE PIVOT

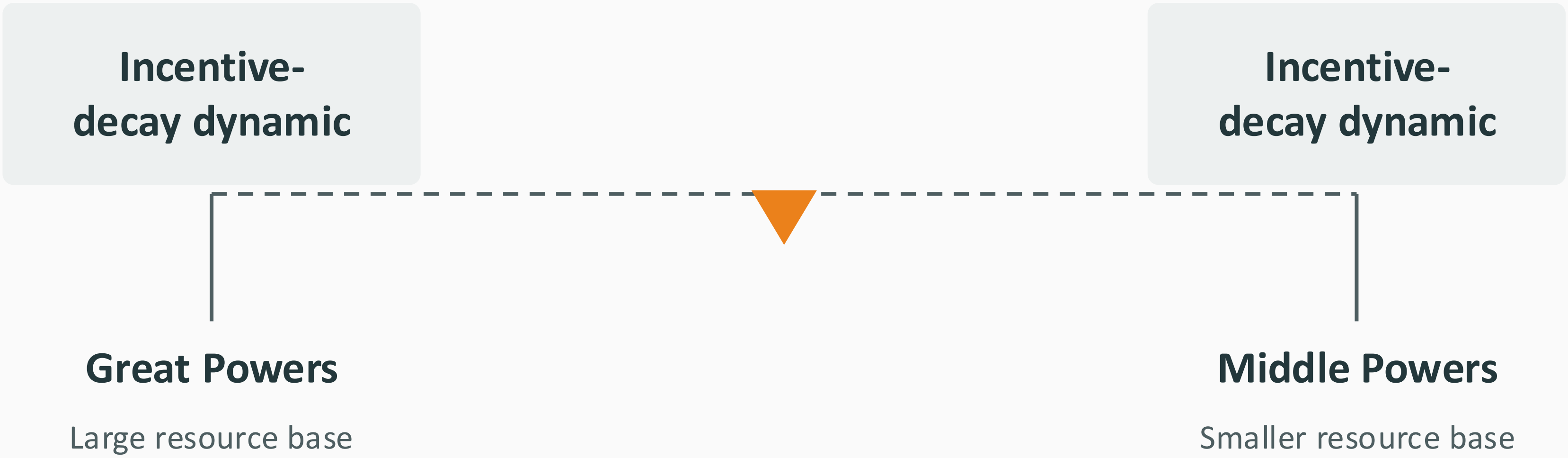
Benevolence Is a Variable, Not a Parameter

Kindleberger insight	A benevolent hegemon lowers costs for everyone — increasing returns to scale in supplying global public goods: rules maintenance, dispute resolution, lender and consumer of last resort. Sub-optimal supply but not the point
Kindleberger fallacy	Benevolence treated as exogenous — a fixed parameter, not a response to incentives embedded in cost-benefit calculations.
What we're seeing	Benevolence is endogenous. It tracks the hegemon's cost-benefit arithmetic — and when the ratio flips, the same concentrated power that stabilized the system turns against it.

The Posen Amendment to Hegemonic Stability Theory: insurer → extractor.

Middle Powers Don’t Resolve This

The obvious fix — Canada, the EU, Australia, Japan stepping into the gap — only reproduces the problem.



Not a different model. The same Hegemonic Stability Theory — but at a discount.

Ambition enough to function

Don’t let the perfect be the enemy of the good.

1

Pathfinder multilateralism

Coalitions of the willing, not universal agreement. Growth through proof of success. Conflict stays the exception.

2

G-Minus

Cooperation when hegemonic presence is optional

3

Multilateral-enough

Second-best is still pretty good. Institutional pragmatism

4

Flexible topology

Adjustable networks and coalitions

Where Traction Actually Rests: Smaller States

Least capacity to self-insure. Most exposure to disorder. But already building the institutions that prove the point.

A

ASEAN

ASEAN centrality since 1967 — the region sets its own terms

C

CPTPP

Rebuilt after US withdrawal; still growing, queue of applicants

R

RCEP

World's largest FTA — holds together China, Japan, Australia

M

MPIA

Routes around a paralyzed WTO Appellate Body — 60+ members

8×

Outside the US, the world already trades eight times more with itself than it does with the US.

Perspective Shifts

Conventional	Proposed here
Power produces order	Incentives produce order
Leadership	Institutional design
Hegemony	Incentive-compatibility
Universal agreement	Pathfinder coalitions, flexible topology
Benevolence	Self-interest

Stop asking who leads. Start asking why states choose to act.

Smaller states aren't rebuilding the international system because they're virtuous. They're rebuilding it because the key features of that system help them achieve their goals.

The new system is different from the old. But incentive-compatibility makes its foundation sturdier than benevolence-mediated power hierarchy.