

Inadvertent Cooperation in a G-minus world

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Objective

What is optimal economic statecraft for Third Nations, i.e., those not frontline in geopolitical rivalry? Many in Southeast Asia see need for such strategies, not least to keep from becoming collateral damage in someone else's conflict. Depending on how much of world order is exogenously given and how much can be elastically shaped by small-state agency, Third Nations can choose to align, acquiesce, or mitigate. This paper describes circumstances where each of these alternatively might be the preferred strategy. Mitigation is historically least considered of the three. Thus, this paper further develops policies of pathfinder multilateralism, in particular inadvertent cooperation, appropriate for mitigation. World order in this case is neither G2 nor G-zero, but G-minus.


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 Gyeongju. Mr. Xi was the sole superpower leader at the Asia-Pacific Economic Cooperation summit with Mr. Trump gone. Chang W. Lee/The New York Times

By David Pearson and Berry Wang
David Pearson reported from Gyeongju, South Korea, and Berry Wang from Hong Kong
Oct. 31, 2025
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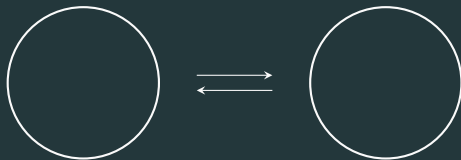
Global fragmentation still likely after Trump-Xi meet, but countries can act to mitigate: PM Wong

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Model

“The Great Powers do what they will. The rest of us suffer what we must.”
(Thucydides 400BCE, *The Peloponnesian War*)



$$g \in G = \{0, 1\}$$



$$s \in S = \{\dots, -1, 0, 1, \dots\}$$

Model

$$V_g(r) = \sup_{(e, n, R)} \{ U_g(e, n, R; r) + \beta V_g(r') \}$$

$$\text{s. t. } r' = \phi(r, e, n, R).$$

$$V_s(R) = \max_{x \text{ in } \{l, c, m\}} \{ U_s(x; R_0, R_1) + \beta V_s(R') \}$$

$$\text{s. t. } R' = R'_0 \cap R'_1.$$

- Great Powers $g \in G$ compete with each other, optimizing over economic policies e , national security policies n , rules R (their “rules of the game”). Great Powers value their ranking r , which is a state variable that evolves endogenously according to law of motion ϕ .
- Small states $s \in S$ align, acquiesce, or mitigate, subject to Great Powers’ rules.

Best Responses

Align (if zero-sum)

	AOC AI; CN 0, US 1		
	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

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

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)

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)]

Mitigate

1. Economic policy as global climate crisis: Adapt. Mitigate.
2. Economic policy as national security: Poisonous shrimp to porcupine to dolphin.
3. Pathfinder multilateralism
 - Level playing field; peaceful dispute resolution; cooperation. Hegemony and multilateralism.
 - MPIA. TPP → CPTPP. FIT-P.
 - G20 → G2 → G-zero → G-minus

Mitigate with inadvertent cooperation



Analysis:

- EVs
- Bakers
- “Do the right thing, even if for the wrong reason”

Conclusion

Objective

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