Inadvertent Cooperation in a G-minus world

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Nov 2025

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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 find need for strategies on this, to keep from being collateral damage in someone else's conflict. Third Nations take as given many of the parameters of world order but need to estimate those parts of the global environment where they can and cannot exercise agency to influence outcomes: Should they choose to align, acquiesce, or mitigate? This paper describes the circumstances where each of these policies might be preferred. As mitigation is the policy choice that is historically least considered, this paper develops strategies of inadvertent cooperation and pathfinder multilateralism appropriate for it. World order in this case is neither G2 nor G-zero, but G-minus.

Align, acquiesce, or mitigate?

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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 Pierson** and **Berry Wang**

David Pierson reported from Gyeongju, South Korea, and Berry Wang from Hong Kong.
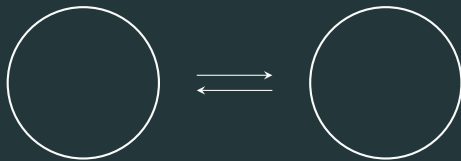
Oct. 31, 2025

THE STRAITS TIMES

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*)

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

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

Model

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

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

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

$$\text{s. t. } R' = R_0' \cap R_1'.$$

- 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

	AOCAI; 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

Alignment, pre-Trump 2.0

- "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-Trad. Soft Power. Signalling)

Acquiesce

	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. Inadvertent cooperation
   - EVs
   - Bakers
   - "Doing the right thing, even if it's for the wrong reason"

4. Pathfinder multilateralism
   - Level playing field; peaceful dispute resolution; cooperation. Hegemony and multilateralism.
   - MPIA. TPP → CPTPP. FIT-P.
   - G20 → G2 → G-zero → G-minus

Conclusion

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