

Squeezed Middle Powers in Asia for Space

Cover Story

As evidence continues to mount that the liberal international order that has prevailed since the middle of the 20th century is crumbling, countries in Asia are exploring new avenues to survive and perhaps thrive in a world marked by US-China strategic competition. “Middle power agency” is the new buzz phrase.

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Interregnum

The International Order in Crisis

By Chung-in Moon

The perceived unraveling of the global order that was built largely under US leadership after the Second World War has unleashed profound anxiety and reflection on what will replace it.

Global Asia Editor-in-Chief Chung-in Moon, in remarks delivered to the Kyunghyang Forum in Seoul in June this year, examines a range of scenarios for the future and calls on middle powers to step into the breach without excluding either the US or China.



THERE IS A particularly compelling quotation often cited in Europe regarding our current global transition. It comes from the Italian Marxist philosopher Antonio Gramsci, who founded the Italian Communist Party. Released from prison in 1936, he passed away roughly two months later. His prison writings were posthumously compiled into *Selections from the Prison Notebooks*. In it, he observes: “The old world is dying, and the new world struggles to be born. In this interregnum a great variety of morbid symptoms appear.” Gramsci referred to this transitional vacancy of power as an “interregnum,” a time when morbid or pathological symptoms emerge — a “time of monsters.”

Written in the 1930s, Gramsci’s words captured the anxiety of an era that saw the rise of Nazism and the severe fracturing of the European order. It was the very period that the renowned British diplomatic historian E.H. Carr famously described in his seminal work, *The Twenty Years’ Crisis*. During that time, the collective security order was jeopardized, tariff wars erupted and right-wing extremism surged. These pathologies ultimately culminated in the Second World War, inflicting immense suffering upon humanity.

Look at where we stand today. Russia’s invasion of Ukraine, the humanitarian tragedy in Gaza and the military escalations involving the United States, Israel and Iran all signal that our world is once again exhibiting morbid symptoms. It is precisely because of these crises that many believe the global order is undergoing a fundamental shift.

Disengaging: US President Donald Trump leaves the stage after a speech at the White House in early 2020, the last year of his first term. Under Trump, the US has withdrawn from 66 international organizations and treaties Photo: CNP/Pool/Oliver Contreras

A PREMATURE EPITAPH TO THE LIBERAL INTERNATIONAL ORDER

While many predict the definitive arrival of a new order, my view is somewhat different. To state my conclusion briefly: the liberal international order is undeniably facing tremendous challenges. However, while it is under siege, it is not yet dead. I want to stress that we are far from writing an epitaph for the liberal international order.

Furthermore, although some argue that a power-based order defined by distinct spheres of influence is already emerging, I believe it has not yet materialized. The reason is simple: raw power alone does not automatically create a sphere of influence. For a sphere of influence to exist, subordinate states must confer legitimacy upon the leading power. Since that has not happened, a power-based regional order remains unrealized.

There are 195 countries in the world today. Most of them respect international law, prefer the United Nations system and favor multilateralism. Only a small handful are violating the international order, attempting to turn it into a law-of-the-jungle environment. Unfortunately, the US has become a prime example of this trend through its unilateral military actions and tariff hikes. Russia's violations of international law and the UN Charter are, of course, flagrant and well known. Meanwhile, the sequence of actions taken by Israel in Gaza is entirely unacceptable from the standpoint of international law and humanitarian norms.

The paradox is that the US — the very architect of the modern multilateral order — is the one dismantling it, which presents a far greater systemic problem. While we are undeniably living in an era of power and coercion, I firmly believe we can overcome this through collective effort. In this process, middle powers must play a pivotal role.

Admittedly, middle powers acting in isolation will face severe constraints in trying to supple-

ment, innovate and improve the existing architecture. Therefore, it is essential to engage major actors, including the US, China, the Global South and the BRICS nations, to collaboratively reform the existing system. The era of power and coercion cannot be accepted as our permanent destiny.

US RETREAT FROM THE LIBERAL ORDER

To evaluate our current predicament, we must ask: what is inherently flawed in the existing multilateral order? The liberal order we have today was established primarily under American and British leadership following the Second World War. The victorious Allies concluded that the international system had collapsed because the League of Nations lacked teeth. To remedy this flaw, they established the United Nations. At the core of the UN Charter are the principles of respecting state sovereignty, preserving territorial integrity, adhering to non-interference in internal affairs and resolving all disputes through peaceful means.

On the economic front, architects such as John Maynard Keynes and US Treasury Secretary Harry Dexter White identified the roots of the Second World War in the trade and tariff wars of the 1930s. They recognized the need for a regulated trading system, which led to the creation of the General Agreement on Tariffs and Trade (GATT), the precursor of the World Trade Organization (WTO). To support the GATT trade regime and manage the liquidity crises that naturally arise from trade deficits, they designed the Bretton Woods monetary system. The US dollar became the global top currency, backed by the International Monetary Fund (IMF) and the World Bank to ensure stability in the global trading system.

This institutional framework facilitated unprecedented international co-operation.

The US launched the Marshall Plan to rebuild Europe, which later evolved into the modern institutional framework of Official Development Assistance (ODA). Furthermore, with the onset of the Cold War, the US built a network of regional alliances — such as NATO, CENTO, SEATO, ANZUS, the US-Japan alliance, and the US-South Korea alliance — thereby stabilizing its global hegemony. In many ways, South Korea was one of the greatest beneficiaries of this post-war liberal international order.

Today, however, this very order is in jeopardy. The ongoing crises in Ukraine, Gaza and Iran represent a profound collapse of international law, humanitarian norms, the UN Charter and the Westphalian concept of sovereignty that has underpinned global stability for centuries. Territorial expansionism is re-emerging, and a realist order rooted in the law of the jungle is taking shape.

The shifting behavior of the US is particularly striking. Under Trump, the US withdrew from 66 international organizations and treaties, including the World Health Organization (WHO), UNESCO and the International Labor Organization (ILO). Furthermore, despite being assessed for roughly 23 percent of the UN budget, the US remains heavily in arrears. This self-inflicted undermining of the UN by its chief architect is deeply disturbing.

The same erosion is occurring in the economic order. The international trading system extended through GATT and the WTO relies fundamentally on the most-favored-nation (MFN) principle, reciprocity and transparency. Yet it was the US that began dismantling this system. Through unilateral imposition of “reciprocal tariffs” by executive order, the US executive branch under Trump has severely disrupted the global trading architecture.

The US long enjoyed international legitimacy

because it provided robust economic assistance through agencies such as USAID, earning the respect of the developing world. When the second Trump administration dismantled USAID as a waste of taxpayer money, the traditional ODA regime began to unravel. The US also withdrew from the Paris Climate Accord, and in the critical realm of nuclear non-proliferation, the New Strategic Arms Reduction Treaty (New START) between the US and Russia was effectively terminated under US initiative. This systemic breakdown was clear during the Non-Proliferation Treaty (NPT) Review Conference, which failed to adopt a consensus document due to intense friction surrounding the Iran issue, a deadlock largely driven by American unilateralism.

What, then, has happened to the core ideological tenets of American liberal internationalism? While the historic goal of US foreign policy was the diffusion of liberal democracy, it has recently shifted toward exporting MAGA-style conservative values.

Today, MAGA factions are aligning with right-wing populist groups across Europe, as well as in South Korea and Japan. Organizations such as Turning Point USA are attempting to build a transnational solidarity network based on these principles. This is not the spread of traditional American liberal values; it is the export of exclusionary, anti-immigrant and narrow nationalist ideologies. Consequently, we face the paradox of the US leading the destruction of the universal values it once championed.

This strain is visible at the very core of the US alliance network. Historically, the US maintained its hegemonic leadership by willingly bearing the costs of providing global public goods. Today, Washington is rejecting that role, demanding that its allies and partners pay substantially more for their defense. This shift has placed the transatlantic alliance in jeopardy and

¹ I borrowed this term from "5 Traps for Trump and Xi," *Newsweek*, May 14, 2026, www.newsweek.com/trump-xi-china-thucydides-trap-taiwan-trade-11951022

While some leaders have called for a 'Middle Power Coalition' comprising the EU, Canada, South Korea, Australia and Japan, I believe this is insufficient on its own. This alignment must encompass ASEAN and key states from the Global South. Furthermore, because no global agenda can succeed by entirely excluding Washington or Beijing, this mechanism must maintain close lines of consultation with both the US and China.

introduced friction into the US-South Korea alliance under the guise of "alliance modernization." By demanding an end to what it perceives as "free-riding," the US is destabilizing the very alliance system that secures its global position. An alliance without a clear leader who provides public goods is exceedingly difficult to sustain; equal-power coalitions rarely match the stability of a hegemon-led system.

MULTIPLE CAUSES OF THE CRISIS

Viewed this way, the first and largest problem facing the liberal international order is that the US — the primary rule-maker and order-maker — is actively destroying its own rules. Changing the American stance from liberal internationalism to parochial and predatory nationalism is a primary cause of the current systemic crisis.

The second major challenge is what Joseph

Nye termed the "Kindleberger Trap," named after the MIT economist Charles Kindleberger. In his book *The World in Depression*, Kindleberger argued that the catastrophic global economic crisis of the 1920s occurred because Great Britain was no longer capable of providing global economic public goods, while the rising power, the US, lacked the will to do so. A stable international system requires a leading state willing to underwrite public goods. Today, the US is voluntarily abdicating that responsibility, creating a dangerous vacuum that threatens to collapse the international order.

Third, the current pattern of US behavior is driven by fear of a rising challenger, a dynamic known as the "Thucydides Trap," popularized by Harvard Professor Graham Allison. In *The History of the Peloponnesian War*, Thucydides explained that the war between Sparta and Athens became inevitable because of the growth of Athenian power and the fear this caused in Sparta.

Does China's rise pose an existential threat to the US? I do not believe it does. However, because the American foreign policy establishment perceives it as a threat, a powerful narrative of fear has taken hold. This has led to an American strategy of encirclement and containment against China, rallying allies and partners in a manner that severely undermines the stability of global security.

This defensive economic posture can also be understood through what some analysts call the "Hobsonian Trap," derived from the work of the late 19th-century British economist John A. Hobson.¹ A fierce critic of imperialism, Hobson argued that colonialism and imperial expansion were rooted in a domestic crisis of the middle class. Under unbridled capitalism, the exploitation of labor suppresses the incomes of the working and middle classes, leading to a collapse in domestic purchasing power. When factories pro-

duce a surplus of goods that the domestic market cannot absorb, capitalists pressure the state to capture new foreign markets, leading to geopolitical conflict and world wars.

A similar dynamic is unfolding in the US today. The shift toward aggressive unilateral tariffs and protectionism is justified as a defense of the American middle class, whose jobs have been lost to globalization and deindustrialization. This protectionist turn shows that the instability of the international order is not driven primarily by China eclipsing American power, but rather by the internal economic contradictions within the US itself.

Given these complexities, I do not believe the future of the international order can be reduced to a simple binary choice between the continuation of the liberal order and a clean break toward a power-based sphere-of-influence system. The reality will be far more complex. I envision five alternative configurations for the future international order:

Ordo Hegemonia: Hegemonic order can take two forms, one led by the US, and the other by China. Under American hegemony, there are two possibilities. The first is *Pax Americana 2.0*, in which the US reforms its domestic politics and returns to the global stage as a benevolent hegemon dedicated to restoring the liberal international order. Alternatively, we must confront the danger of *Bellum Americanum* — a wartime order driven by American unilateralism and erratic aggression.

If the US permanently loses its international legitimacy and retreats to the Western hemisphere, which I deem very unlikely, China will naturally rise to fill the vacuum. This could manifest either globally as *Pax Sinica*, or regionally, with China focusing its power on Asia to establish a modern iteration of the historic tributary system.

Ordo Bi-gemonia: This order assumes a bipo-

larity in the international system between China and the US. They can either govern world politics through mutual consensus, co-ordination and co-operation (for example, as a G-2), or confront each other in a manner reminiscent of the early period of the Cold War. China officially refuses this bi-polar arrangement.

Ordo Multiplex: This scenario of a multipolar order includes the “spheres of influence” model, driven by the MAGA foreign policy of neo-isolationism. This strategy envisions the US restricting its hegemonic responsibilities to the Western Hemisphere (North and Latin America) while tacitly ceding Europe to Russia and Asia to China. However, because major regional powers lack the legitimacy and respect required to command such spheres, this model is highly unstable. Another variation of the multipolar order is a *Concert of Powers*, akin to the 19th-century Concert of Europe established after the Congress of Vienna in 1815. This would involve a great-power consultative body consisting of the US, China, Russia, India and the EU acting as a single bloc to maintain strategic stability through a managed balance of power.

Ordo Universalis: This notion of a universal international order is the most ideal scenario, featuring a revitalized UN-centered multilateral architecture. It would be characterized by open regionalism, enhanced authority for international law and a reformed model of globalization that acts as an engine for integration rather than exclusion. Unfortunately, the world has suffered a severe setback on the path toward this ideal.

Ordo Interregnum: This represents the “interregnum” of our current reality — a prolonged vacuum of clear leadership. The institutional shell of the liberal international order persists, but it is plagued by severe anomalies and structural instability. In this chaotic environment, states increasingly engage in uncon-

strained behavior that violates international rules and procedures.

Among these options, *Ordo Universalis* is the most desirable, while a prolonged, lawless *Ordo Interregnum* represents the worst case. Our immediate task is to minimize the dangerous uncertainties of this interregnum and build a new international consensus by innovating and improving the existing multilateral architecture.

MIDDLE POWER CO-ORDINATION AND CO-OPERATION

In conclusion, how should we proceed? Let me turn to Canadian Prime Minister Mark Carney’s remarks at this past January’s World Economic Forum in Davos. Citing the famous Melian Dialogue from Thucydides, Carney warned that if the international system continues down its current path, “the strong will do what they can, and the weak will suffer what they must.” His lesson for middle powers and smaller states is clear: “if you are not at the table, you will end up on the menu.”

To avoid passive subjugation by great powers, Carney proposed a unified “Third Way” — the formation of a coalition of middle powers. Unilateralism has always been the weapon of great powers, whereas multilateralism is the asset of small- and middle-sized nations. Since the Second World War, middle powers have been the primary beneficiaries of open, multilateral trading and security architecture.

While some leaders have called for a “Middle Power Coalition” comprising the EU, Canada, South Korea, Australia and Japan, I believe this is insufficient on its own. This alignment must encompass ASEAN and key states from the Global South. Furthermore, because no global agenda can succeed by entirely excluding Washington or Beijing, this mechanism must maintain close lines of consultation with both the US and China.

To prevent this initiative from being miscon-

strued by Washington as anti-American — a perception that hampered previous middle-power proposals — we should avoid rigid terms such as “coalition” or “league.” Instead, we should launch this effort under the more flexible framework of a “dialogue,” “conference,” or “forum.” In this regard, we should study the historic 1955 Bandung Conference, which fostered inclusivity and laid the groundwork for the Non-Aligned Movement.

A middle-power conference must avoid becoming a loose, overgeneralized forum if it is to be effective. It should establish sector-specific, functional consultative bodies to set and drive targeted agendas in distinct areas such as collective security, trade, monetary order, climate change and nuclear non-proliferation.

While state action is necessary to drive these agendas forward, the prerequisite for state action is the creation of an “epistemic community,” a shared network of scholars, policy experts, opinion leaders and government officials. We can look to the ASEAN Regional Forum (ARF) as a model, where official Track 1 diplomatic channels are systematically informed by Track 2 expert groups, called the Eminent and Expert Persons (EEPs), to synthesize actionable policy.

Ultimately, launching such an epistemic community requires a leading nation willing to step forward and underwrite the public goods required to host and sustain these consultations. Because most nations are hesitant to assume these initial costs, I believe South Korea must fill this leadership role.

South Korea, under the leadership of President Lee Jae Myung, should take the initiative to convene these dialogues in partnership with key ASEAN leaders. Indonesia, for instance, is currently advancing its own middle-power diplomacy, making it an ideal partner. Other natural partners include Canada and Finland, whose leaders’ foreign policy frameworks align closely

with this vision. By inviting these stakeholders to Seoul for a high-level dialogue, we can transcend rigid terminology and focus on concrete actions to guide the global transition in a more stable direction.

The success of such an international movement depends on aligning concrete national interests rather than abstract ideological values. Fortunately, the current Lee government in Seoul has explicitly committed to a pragmatic foreign policy anchored firmly in the national interest.

For this reason, I respectfully disagree with proposals suggesting that an alliance for AI governance should be among “like-minded countries” that share identical political values, while simultaneously trying to balance technology hegemony and middle-power coalitions. These objectives are structurally incompatible. Prioritizing ideological alignment often compromises pragmatic economic and strategic interests.

Our collective efforts must be built upon the foundation of mutual interest — not narrow, zero-sum nationalism, but a shared commitment to common interests. We must reject win-lose paradigms in favor of mutually beneficial, win-win co-operation.

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