

# Transcript for Episode 3, Debating the “End of War”

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[Note: This is a rough transcript of the audio recording, based on digital transcription and human review.]

**Morgan Kaplan:** Hello, and welcome to “IS: Off the Page.” I’m your host, Morgan Kaplan, and I’m the executive editor of *International Security*, a quarterly journal edited and sponsored by the Belfer Center at Harvard Kennedy school and published by The MIT Press. In today’s episode of “Off the Page,” we’ll be discussing and debating the optimistic and controversial position that the world may be steadily marching towards permanent peace.

[00:00:40] We begin our conversation by talking about Michael Mousseau’s summer 2019 *International Security* article, “The End of War: How a Robust Marketplace and Liberal Hegemony Are Leading to Perpetual World Peace.” To help us with this discussion, we have the author, Dr. Michael Mousseau with us, as well as our guest, Dr. Graham Allison, who is the Douglas Dillon Professor [00:01:00] of Government at Harvard University.

[00:01:06] Michael Mousseau is a professor in the School of Politics, Security, and International Affairs at the University of Central Florida. So, Michael, you’ve written an incredibly interesting article for us about the end of war and how a robust marketplace and liberal hegemony are leading to perpetual world peace. Certainly a controversial take, but it’s a very interesting one.

[00:01:23] So, why don’t you tell us all a little bit about your argument?

**Michael Mousseau:** So, world peace is emerging. Because, well you can think of this in three steps. First of all, the power of the marketplace nations is overwhelming cause they’re very stable, political economic systems. And they have very strong economies.

[00:01:40] They also reliably want global order. And so they tend to win their wars against the bully nations. And that’s the first part. The second, source of, of the change that’s happening that I see over 500 year period is that, because the, the market place nations favor [00:02:00] self-determination, there’s an incentive for small nations with weak marketplace economies like in Africa and Latin America, they have an incentive to ally with the marketplace nations because [of what] the marketplace nations are offering them.

[00:02:12] Look. We want you to have self-determination. Here’s some financial aid. And if as long as you follow the rules, we’ll take care of you. So, these countries agree to follow the rules. And so this enhances the power and influence, of this market hegemony. Germany, though some countries resist Cuba, Venezuela, and particularly as I argue in the article, the larger a non-market country is, the more likely it is to resist, like Russia today.

[00:02:38] And then the third step is the market hegemony—and this is key—so these nations join the international financial organizations. They follow the rules. They have their external security taken care of by the United States. So as a consequence, the conditions has never been as viable for transitions to marketplace economy [00:02:58] in all of history.

[00:03:00] 1945, 1947 changed everything. Since then, countries have been able to transition faster to market place economy than ever before because of the global conditions. So there's a trend that's emerging, and if this trend does not stop, eventually every country will have a marketplace economy.

[00:03:18] So what'll peace will look like. You can think of the relations among the EU nations, those in the Western half of it, the traditional ones. Yeah, there are differences. There are disagreements, but no one even considers the idea that anything would go to violence. They don't even think about that occurring among themselves, and that's what will happen.

[00:03:38] This will be worldwide.

**Morgan:** Tell me a little bit more about how your argument differs from other liberal arguments, about peace emerging or about how economics lead to cooperation amongst states. You know, where's the kind of niche that you're, you're fitting yourself into?

**Michael:** Sure, great question.

[00:04:00] Well, there's, there's. But your argument is not, you can call idealist because I say nations fight for their interests. I just simply identify what those interests are and how they vary between marketplace, nations and others. They want different things. There's also nothing about democracy. You know, the liberal idea about democracy in this argument that, in fact, democracy is an outcome of marketplace economy.

[00:04:25] And we know historically now the evidence is overwhelming. There are some folks that reject the evidence, but half of the democracies do not have marketplace economies. And statistically these countries are, are not in a piece that democratic peace is only the marketplace nations. It's not a cost of war argument.

[00:04:43] A lot of folks said, "well, this is Norman Angel's costs of war." I don't say anything about costs of war. It's about what countries will fight for, and I don't say that war has gotten more expensive because they have these kinds of economies and it is certainly nothing to do with the liberal laissez faire [00:05:00] argument.

[00:05:00] A lot of people get confused about that. This is related with trade into interdependence. In fact, there's nothing about trade inter-dependence here nor interstate images, but turning to laissez faire, I argue that all marketplace emerges when the state intervenes and makes it happen. There's no assumption here that their markets are natural.

**Morgan:** How much does this type of world peace that you're talking about, you know, would you argue that it does reflect an existing reality on the ground? I mean, you can imagine that quick readers of this article are hearing your argument are thinking, "Wait a second—world peace? We see a tremendous amount of conflict going on right now, both at an interstate and especially at an intrastate level."

[00:05:45] So what does, peace actually look like in your argument? You know, and how much does it allow for actual conflict?

**Michael:** To be clear, these states fight. They will fight for their interest, just like all states will fight for their [00:06:00] interests. But what I have modeled is that marketplace nations have interest in global law and order.

[00:06:06] So there are natural agreement against nations, typically large ones like Russia today. That have no interest in the order. And in fact, that interest in disorder because it creates opportunities for them. And it's, this is well-grounded historically. You can, I believe this is the source of United States soft power.

[00:06:23] These countries just agree. And the Truman Doctrine, which was America's statement to the world, if everyone follows the rules, you will be protected. And in fact, there's never been a, historically, there hasn't been a single battle-related death, among these nations. If you, if you just look historically, marketplace nations have never had insurgency.

[00:06:43] They don't have domestic terror groups that originate from their domestic economies that have support from, from the people. They've never had civil wars. They're very much, in peace at home. And so what would world peace look like? Would it be very much the way we see relations today [00:07:00] among the marketplace?

[00:07:00] Nations like South Korea, Japan, Canada, the United States, Western Europe. Which means that there are of differences of opinion. However, no one thinks about anything going to the level of conflict, and there certainly is no fear among them. No one would fear the other because the other's getting stronger.

[00:07:22] On the contrary, just look what these countries do. They get together and try to coordinate, and everyone wants the other's economy to grow. So there is no fear of the other side. What are argue? What happens is fear only happens if a country is growing and it's already acting aggressively. And these countries do not act aggressively, and so they do not favor each other.

**Morgan:** What does it mean for a country to become, you know, completely market oriented and thus in this position where there's no longer an incentive to engage in conflict. I believe in the paper you call them a [00:08:00] contractual states versus those without strong market economies, what you call status states. What is the definition you're using?

[00:08:07] Where do you draw the line? How do you know when a state has crossed that threshold where it's become a market oriented or contractual as you say?

**Michael:** Great question. It's, I don't go, intuitive, like I pick these certain Western countries that are the obvious ones. Rather, I go strictly on data and [00:08:26] all the details are on the Harvard Dataverse. I'll just say here, quickly, as you go back in time, you can use immigration rates because a country that has a strong contractual list, marketplace economy is going to attract people because jobs are available at good rates. That's why I can say, you know, the Northern States of the United States or most people went to, had marketplace economy as far back as [00:08:49] 1776. Same thing with Australia, New Zealand, Canada, once they became independent after 1920. Now, traditional economies don't attract people, and [00:09:00] typically the money in these kinds of economies are in gold or in land or

buried cash or informal flows. Whereas the marketplace economies, we have commodification of risk.

[00:09:10] You'll see high levels of private investments. You'll see high levels of people using life insurance, and from 1960 where there's cross-national life insurance data, it's pretty clear because most countries don't have any life insurance sector. And then you have a small number with very high levels of life insurance per capita consumption and the latter identify as, okay, those are the countries that are the marketplace ones.

[00:09:33] I don't identify France as market intensive or having a contractualist economy until 1975. And I identify other countries like Botswana, Chile, and Malaysia as having contractualist economies today.

**Morgan:** Great. Well, Michael, I have only one more question for you.

**Michael:** Alright.

**Morgan:** Are you ready? To go off the page.

[00:10:11] [00:10:00] Let's now bring in Graham Allison, who is the Douglas Dillon Professor of Government at Harvard University and has substantial experience in government. This includes his position as Assistant Secretary of Defense under President Clinton and special advisor to the Secretary of Defense under President Reagan.

[00:10:27] Dr. Allison has been a member of the Secretary of Defense's advisory board for every secretary from Weinberger to Mattis. Welcome Graham Allison.

**Graham Allison:** Pleasure to be here and happy to be part of the conversation.

**Morgan:** Great. We'll you've had a chance to read Michael's article, and first we thought we'd start by hearing some of your reactions.

**Graham:** So I would first congratulate Michael on being so ambitious. I think it's an extremely ambitious piece. And obviously, if we can find, ingredients that make wars less likely, or even in his claim [00:11:00] end war, that would be a fantastic thing. So firstly, applaud the ambition. But secondly, when I first saw the title, I thought, "What?"

[00:11:10] And then when I looked at the piece, I said, "fantastic." Literally fantastic. And I thought maybe it was a parody that he had the, the coded, the pervading prevailing formula in the blob, which is to take a term from, we're doing language, create an idiosyncratic definition of the term by creating this contractual state [00:11:40] and then after some back and forth, pull a rabbit out of the hat and say, "and therefore there were no wars." And so, I actually looked at the article twice, because at first I thought maybe this is a brilliant case of basically at the end he's going to say, "and if you believe this, I have a [00:12:00] bridge to sell you in Brooklyn."

[00:12:02] But then I read it again, and I think he's serious about the claims. And in that case, I have comments about it. But I'd say the first and biggest is that, I think nowhere [in the piece] it's certainly not in this article, is country, contractual state defined. There's a

discussion of it, but without a definition and nowhere are there criteria identified that would have, let me tell, which is a credit contractual state and which is not.

[00:12:37] And therefore I think the, the risk in the chart that he offers that creates the conclusion is one that in political science or security studies is called basically, “cherry picking your cases to fit your conclusion.” So could be [00:13:00] specific. The claim that, at first I thought it was the claim that contractual states don't go to war, but then I noticed that since he [00:13:10] credits for the US as being a contractual state, and I believe that there was a war in 2003 when the US attacks Iraq. And there was another war in Afghanistan. And, there's what some people would describe as a war in Libya. So then the next iteration is no, no, no, would have to be contractualist [00:13:28] states don't attack other contractual states. So then I asked myself, well, if the description of contractualist, again, not the defined, but in the description, in the article, it says they're basically market economies with laws that have contracts and produce positive-sum benefits to the parties.

[00:13:57] So if I take that [00:14:00] description and ask about Germany, with Hitler, and Britain, or France or the US and World War II. Hitler was elected through a parliamentary process. There was a vote, and a parliament, and he was elected. And Germany was certainly a market economy and where contracts among parties were the principle way people did exchanges and they did those to their mutual benefit and actually is a lot of trade between Germany and the other states.

[00:14:31] So it didn't. Didn't seem to me to the wash, and it seemed almost like the same problem that emerged earlier in the democratic peace hypothesis, which was another article that was a famous article in *IS* twenty-five years ago. That democracies don't fight other democracies. And I think the second and third iterations of that argument, were that will democratizing [00:15:00] countries often become quite aggressive, and aggressive against both democratic and non-democratic countries.

[00:15:07] And then, well, fully democratic countries don't fight each other too, which answers, if I start with my dependent variable—“no war”—and only agree that the states are democratic if they don't get engaged in the war, then I'm picking on my dependent variable with enough fuzziness about my independent variable that my conclusion really follows from my presumption.

**Morgan:** So Graham has given a lot of food for thought off the bat, so we might as well. Michael, what do you think about some of Graham's comments?

**Michael:** Oh, absolutely. I wasn't sure if Graham wanted to continue on with this other points, but . . .

**Graham:** I think it was enough to get started. It was, it was a big mouthful.

**Michael:** No, that's great. I really appreciate you thinking through the content of the article in this way. So let me try to address these. Probably it's best to start with, the idea of what is a contractual estate. But the logic of the argument is when people in a society are normally using the marketplace, so you've got relatively full employment economy and people are regularly contracting with strangers in the marketplace.

[00:16:25] Their mentality is such that they benefit from strangers. So they're used to strangers and they also benefit from a growing economy, and the more strangers are making money, the more money opportunity there is for themselves. So there becomes a preference for equity and loss. So people are free to contract with [00:16:44] and make more money and also for economic growth. And so the preference turns to the state to demand that the state pursue economic growth and protect individual freedom. And those are the two core values that I say emerge. And there are number of other factors that come from [00:17:00] that in terms of the foreign policy of States.

[00:17:02] And also. But people want, democracy as the best way to constrain the state towards pursuing those values. But the question you've raised is, and how do you identify, and it's very important question. How do you identify which countries, fit the bill for where this has happened and where this is happening?

[00:17:19] And so, essentially you can look at it as in societies don't have strong market economies. People as a habit, they put their money that they have, they put it in land in the gold and minerals or cash buried underneath their mattresses or in their backyard someplace because people don't trust each other.

[00:17:37] But where you have a strong marketplace habit, then individuals tend to invest in financial markets. So my indication, because financial markets are third party enforced contracts, and if you've got a, an a marketplace economy, people have to be able to trust the state enforcement of these contracts.

[00:17:56] So to make a long story short, I gauge third-party enforce contracts, [00:18:00] for when there is a certain cut point in terms of the median level of the societies. And I don't want to bore the technical details here, but it's when that cut point is reached, and that cut point was identified after I made the prediction.

[00:18:15] I made the prediction of the piece among the contractualist nations before the data were available. And the data didn't become available, that are widespread enough for the study of international relations until 2003, I made the initial prediction and in 2000 and then I set out the data using the median.

[00:18:32] This is in *International Security* in 2009 using the median of life insurance contracting. And that's when I discovered that among these countries, there was not even a single fatal militarized conflict, not one death. Sure.

**Graham:** So by my suggestion, Michael, for this, cause I see your chart on page, whatever [00:18:54] table 1 with the state status and contractualist economies. [00:19:00] I know the way that market economies are identified by the IMF and the World Bank and by economists in general, they don't correspond to this. I don't have here some criteria that says you've mentioned two things, employment, the level of employment that normally if the, when the level of employment, unemployment in the U.S. rose to 9% you didn't drop it out of the [00:19:27] contractualistic economies. So employment is not the criteria. Growth. Well, at what level and when we, somebody growing less than that, and then you could say, well, okay, how about financial markets and whether and how they're functioning. There's been

financial markets in the Netherlands and in Britain and in the US, and for a long, long time in Canada.

[00:19:52] So financial markets at what? Either some percentage of GDP or the number of people participating. [00:20:00] or for insurance. Again, the number of people who are insured. So I hear the paper tell more about the mechanism and by that, about the criteria I need to identify as explicitly as possible so that I can figure out, whether, the fact that Iraq [00:20:25] failed to meet the test in 2003 and if it had met that test in 2003 that George Bush would not have attacked it. I don't believe that for a second. So then you would have had a war between the U.S. or Iraq.

**Morgan:** I mean, that's a, it's a useful question, right? I mean, it's an interesting counterfactual is, you know, if Iraq was a contractual economy, by your definition, Michael would we not have gotten the Iraq war? Would we not have gotten the type of contention and conflict we've seen and the in this, of course can lead to a conversation about [00:21:00] China down the road as well.

**Michael:** Right. Absolutely. If, if what I'm arguing is that if Iraq was contractual, it wouldn't have behaved the way it behaved. So what I argue is that nations to have contractualist economies, strong marketplace economies, they have foreign policy, [00:21:16] their interests in foreign policy are in a global order where every country has equal access to each other's markets and everyone has security. So everyone can just go ahead and make money. And countries that do not have these economies have the more traditional economies where people tend to be in groups and collective groups and essentially in these political economies, people compete over the state or rents of the state. And part of the rents of the state is to force the state's foreign policy to be imperial and to bully neighbors as a way of trying to get tribute from neighbors.

**Graham:** Now, what's wrong with that argument is that, in this case, the state that was the contractualist economy attacked, [00:22:00] which you said is therefore going to be all focused on producing work, well-being for the citizens within the state that the U.S. in 2002—so you agree the U.S. in 2003 is contractual, yes?.

**Michael:** Oh, yes. Yeah.

**Graham:** Okay. And you say Iraq is not contractualist in 2003?

**Michael:** That's right.

**Graham:** But the U.S. attacked Iraq. Iraq did not attack the U. S. Iraq had nothing to do with the U.S.

**Michael:** Right.

**Graham:** So had it been a contractual state or not a contractual state, I don't see how that would be interesting or relevant.

**Michael:** Well, the way it would be relevant is because I don't argue that contractualist states are particularly peaceful. Contractualist states act the same way in foreign policy as

they do at home. Contractualist states are strong state capacity at home and they arrest people who violate the law in foreign policy.

[00:22:56] Contractual states will arrest them. Or [00:23:00] attack countries that violate the global order. The United States as the largest contractual list power has the burden of having to enforce the global order, and it decided to make this decision in 1947 and the Truman doctrine explicitly sets it out. So countries that act in a way that they're violating the global order, especially if they're doing so that's going to harm the global economy [00:23:24] are going to be attacked by the United States. I can predict that. If attacking that country is the only way to protect the global economy—

**Graham:** Wait, look at Iraq. You're just avoiding the case in Iraq. Iraq was not violating anything. Iraq was just being its same beastly self. Gaddafi wasn't challenging the international order when we and the French and the British attacked them to destroy the regime.

[00:23:51] So here you have the country that you said is upholding the international order and not attacking people as the attacker against the regime, which you say because it's not contractual, is therefore more risk, more war prone.

**Morgan:** Well this, yeah. And this gets at the question of what is the interaction between contractual states and status-seeking states?

[00:24:14] Is it kind of like, Graham said that it's like the democratic peace, liberal democratic countries can be incredibly aggressive internationally as long as they're faced up against the non-liberal a liberal state. Is it? So is the argument that contractual states towards each other are going to be peaceful, much in the same way as the democratic peace makes that similar type of argument, or is it that, you know, because of the internal composition of contractual states that [00:24:43] they don't pursue type of aggressive behavior abroad because it's not kind of built into their society.

**Michael:** Right. So they, it's not a matter of aggression or aversion to war. What happens is these States, these contractualist states, I argue, simply agree. So as a consequence, [00:25:00] they are in a natural alliance.

[00:25:02] And what you have is a lot of small countries, let's say in Latin America, that benefit, even though they don't have contractualist economy, they benefit from this, what I call market hegemony. Because what are the rules of the market hegemony? Everyone's supposed to stop hitting each other, bullying each other, and follow the basic rules of equal access to trade.

[00:25:21] And so most small countries, the dictatorships or the elected dictatorships, go along with that and they get economic aid as part of the incentive. A small number, Cuba, Iran, Iraq, and others, will tend to, still act like, some of the big powers do that want to challenge the hegemony, like China under Mao or Russia under Putin.

[00:25:42] And, and so you have this larger liberal hegemony that exists, countries like Iraq, at the moment, in that particular case of 2003, there's idiosyncrasies of the case, but in



general, Iraq had been challenging its neighbors and had, challenged the global order with Kuwait and have [00:26:00] continued to threaten Kuwait.

[00:26:01] And so that's my argument is the liberal hegemony, the American's job is to enforce the global order for continuing economic growth for this hegemony. So these countries will fight. And they will fight for their economic interests as they see it in terms of equal access to global markets. Fair play for everyone. [00:26:18] Nobody bullying.

**Graham:** I don't know of any single person who's ever argued that the reason why the U.S. attacked Iraq in 2003 was to maintain international order, to maintain the liberal order, because it was violating the rules of trade, or otherwise. And indeed, if you remember, just to take the factual in the case, both [Jacques] Chirac in France [00:26:46] and [Gerhard] Schröder in Germany, two contractualist market liberal economies, as you put it, thought this was crazy, and that's what they said to Bush.

**Michael:** Sure, sure.

**Graham:** And I think, I thought it was crazy. And I think in [00:27:00] retrospect it was crazy. And if you said, did it succeed in maintaining international order or promoting trade in the region or any of the objectives that you're mentioning? I don't think you could make that argument.

**Michael:** Sure. Yeah. And I'm not making that argument. I also thought the attack on Iraq was crazy. So my argument is more of general patterns of warfare. Every single, every individual case has its own idiosyncrasies. In this case, there are a lot of, there's domestic factors in the United States and so forth. So my general point to make on this case is it still fits the general pattern that Iraq was a state that was bullying its neighbors, and it was a threat behaving in a way that was a threat to the global economy. My theory predicts that whenever that happens, as in Iran today, there's a high probability of conflict and the United States will attack.

**Morgan:** So speaking of high probabilities of conflict, we could have the conversation about what does it even mean for China to be a contractual [00:28:00] set society? Can we really expect that this by itself will mean the United States and China will, will simply not go to war?

**Graham:** So let me say a couple of things to say. So first start with the understanding of what is a Thucydidean rivalry. What we're seeing today in the relationship is a meteoric rising China threatening to displace a colossal ruling U.S. That's the best, as Henry Kissinger said, the best lens for looking through the noise and news for the underlying dynamics of what's going on. [00:28:40] And I agree with that strongly. That's the argument of my book. So that's the diagnosis of the problem. In such a rivalry, there is a substantial risk of war that comes not from either the rising or ruling power concluding that war is a good idea or attacking the other, [00:29:00] but rather from some third parties' provocation. Think 1914. So the archduke is assassinated, seems to have nothing to do with anything as would make the front page in the New Yorker or in London.

[00:29:14] But in five weeks, all of Europe is caught up in a war. So basically in a Thucydidean rivalry in particular, you're getting an extreme form of what security studies calls "the security dilemma" in which everything you're doing looks to me like you're trying to displace me. And everything I'm doing looks like I'm trying to hold you down.

[00:29:35] And therefore, when a third party action occurs, one or the other parties feels obliged to react, that triggers a spiral that drags us to where we don't want to go. So I would say that's the reality of China today. And the China-U.S. relationship. My book argues that, while in 12 of 16 cases like that, that we've seen in the last five hundred years, there was war.

[00:30:02] So war is certainly possible. Worse, more likely, that people would normally appreciate, but war is not inevitable because even on the record, 4 of the 16 cases, there was no war. So to your question, I mean, any description of China that doesn't notice that it's principally a capitalist economy that works on the basis of contracts among people that are enforced by companies and by workers, by people who buy, who invest money in stocks, and people who buy insurance [00:30:39] increasingly. Now, it's a party-led state. And there's a very heavy role for the state and the party in the economy. But if China were more market oriented or if they adopt or adapt to the current trade conflicts and that becomes a more [00:31:00] open economy, is that substantially going to affect the rivalry between a rising China and a ruling U.S.?

[00:31:07] I'd say at the margins. One of twenty dimensions, but it'll still be the case that my God, China has a larger economy than the U.S. but Americans think, "U.S. means number one." China would maybe be the leader in 5G with Huawei. We don't like that. We think we should be the leader in every technology. China could actually have a navy that can operate in the South China Sea.

[00:31:31] We think we're the arbiters in the South China Sea. China could coerce Taiwan. We think that we should be able to arbitrate that. So I think the rivalry between the U.S. and China is a fact of life, the demonstration of a pattern that Thucydides had this big insight into that. What happens when a rising power threatens to displace a ruling power? And he describes this syndrome.

[00:31:57] And I don't think. And, but I'd be interested if [00:32:00] Michael has a different take, whether the contractual element of this, I don't see the contractualist component significantly impacting U.S. behavior, and I don't see the contractualist component to whatever extent. I try to infer from the discussion that he offers, but without a definition or criteria would impact the Chinese side of it.

**Michael:** Great. lots of really great points. Really appreciate it. So let me try to, address them. So I, I agree. Any power that is rising, other powers are going to be cautious about it. My argument is that rivalry is not inevitable. Size alone does not matter that nations will go on other factors to estimate the threat of another nation, even if it's a rising power.

[00:32:55] If that rising power is behaving in a way that's not threatening, then [00:33:00] there's not necessarily going to be a security, dilemma, emerge. So, on 12 of 16 cases there

was war, but most of these are back in time where there were no contractualist economies. one of these cases is the United States and the United Kingdom.

[00:33:14] And I think that relationship of a hundred years ago is where there was not war. This is the one that fits the United States China relations today best, and here's why Britain's economy a hundred plus years ago was in the transition between the old group collectivist, traditional style economy to the modern mass-market economy.

[00:33:38] Now again, when I say market economy, I mean marketplace economy, not free markets. The United States wasn't even a big trader for most of its history. So it's not about free markets. It's a matter of people using the marketplace and Great Britain did not emerge as with that kind of economy until really after World War I.

[00:33:59] So about [00:34:00] 110 years ago, United Kingdom was in transition and transition economies are hard to predict, but there is a pattern. They tend to be not the traditional empire that is like Putin's Russia today, which is you just want to expand and dominate and create chaos, cause you don't agree with the global system.

[00:34:19] Instead. And mercantilist economies aren't seeking to dominate. They're seeking profits. Just like contractual list economies. However, these transition economies seek that profit, not in a fair way. They prefer to have an unfair privilege. And so the British empire won around controlling markets, creating tariff advantages, and that's exactly what China is doing today.

[00:34:44] China is in a transition economy. Its market side has grown rapidly, but there are huge parts of its economy that are not accounted for on GDP. For instance, the economists that create GDP data look at contracts. So if there are parts of an economy that are not accounted for by GDP data. Then that indicates there's still informal economy going on in China.

[00:35:06] So China is a transition economy and it's, and so it's mercantilist Imperial, South Korea was similar 30 years ago. Japan was similar 50 years ago. They seek privileged advantages. And what I caution is that we do not interpret, and I'm not saying you do, others have, mercantilist quest with power quest. Great Britain was not seeking global power in the 1890s.

[00:35:31] It was seeking mercantilist advantages. And my suggestion is we have a huge advantage with the Chinese leadership because they are trying to convert China into a marketplace economy, just like we have in Canada and in Holland and in the United States. If they succeed, this would be a huge transformation of the nation of the world.

[00:35:52] And so the alliance of marketplace nations, those of us in Canada and United States and wherever, we should recognize that what the Chinese leadership is doing is a gift to us without any effort on our part. They are being transformed. And if the current trends continue, and of course we cannot predict the trends, but if the trends over the past 10 years continues for some indefinite period they will have an economy like Holland and they will behave as Holland will just like Britain went from being a mercantilist imperial power to

signing the Atlantic Charter and joining the American hegemony of marketplace nations after World War II.

**Graham:** I think that's an illusionable account of history. [00:36:35] So basically Great Britain, within World War I, came out a debtor and they'd been a great creditor. It made its accommodation with the U.S. because it had an even larger threat posed by Germany. We're approximately, in the period after a World War I, it had an interim period in which it struggled and then you had World War II and a decolonialization process that basically was not most of its choosing.

[00:37:06] That was part of the fact of the loss of its power internationally, plus the fact that, after the war, the U.S. was not enthusiastic about supporting either its empire or the French empire as we saw when it went into China. So I think the, that story or that reading of the UK history as a clue to the Chinese story, I think is not correct.

[00:37:34] I think in the Chinese aspiration they would like to have a set of economic relations with their, with everybody they trade with and with their neighbors, not unlike, the relationship that Japan had with its coprosperity area. And if you have a party-led authoritarian system, the opportunity to use my economic strength coercively in geoeconomics is considerable.

[00:38:01] So if you look at to talk to or listen to people in Southeast Asia about how their economic relationship with China has changed as China has become more market economy and bigger and stronger, they are squeezed more frequently and taken advantage of more often. So with China's power has grown just the opposite of improved behavior and its relationships with the other parties to being somewhat more assertive.

**Michael:** I would, I would contrast the Chinese behavior with Russian behavior, for instance. Yes, the Chinese are pretty aggressive economically. But note that they're not challenging the marketplace global order led by the United States, I would argue, is that they see their own interests in this order as opposed to Russia, for instance, which does not see an interest in this order and wants to challenge it and is engaging [00:39:00] in bullying behavior.

[00:39:01] China, is pushing the boundaries, certainly, but it is not explicitly, it's not engaging in bullying behavior of nations. It certainly is for the, there's a few cases, but it's certainly far less than it was under Mao, for instance, which was a period when I think China, was a bullying nation and like Russia today.

**Graham:** I was in Singapore last week and the Prime Minister of Singapore is a former Kennedy School student. The person who's likely to be his successor is a former Kennedy School student. Two thirds of the cabinet are Kennedy School graduates, and not a single one of them would agree with that description of China.

**Morgan:** All right. Well, unfortunately, that's going to have to be the last point in the debate because we're running out of time.

[00:39:43] But Graham, we have a bit of a tradition here on the show, which is to ask our guests if they could provide any sort of, advice. For junior scholars, junior policymakers, practitioners as they go forward in their careers. What advice would you offer?

**Graham:** Part of what I like about Michael [unknown] is he's [00:40:00] taking a big swing at the big issue, and so the fact that I don't think it was successful does take away from the fact that you're reaching a high [00:40:11] and I think that's very valuable. The second thing is I'm very, I believe applied history is a methodology that we can use much more successfully in security studies.

**Morgan:** Great. Well, thank you so much Graham and Michael for joining us on the show today, and thank you all for listening again, until next time on "Off the Page."