

QUADRO

Why should Russia, India, China, America work together

1. The Situation

1.1 The world has got trapped into the Kindleberger Trap. While an established power – the United States of America – is challenged by an emerging power – China – as the leading power, it (China) is still to make decisive moves to underwrite uninterrupted supply of global public goods; be it in the area of international trade or climate or security.¹

1.2 There could be several reasons for this situation. First, while China is the number one economy of the world in terms of purchasing power parity (USD 41tn, as against USD 31tn of the US; IMF's World Economic Outlook, July, 2025), it is yet to surpass that of the US in nominal term. In terms of other factors of power index, China has either surpassed the US or is very close (Lowy Institute, Australia).

1.3 Secondly, when the US replaced Great Britain as the leading power of the world in between the war periods, there was much more acceptance about its role on the part of other powers. Today, that 'level of acceptance' is yet to cross a threshold level.

1.4 Thirdly, unlike the American economy, the Chinese economy is much less consumption-driven. A major factor behind 'ready acceptance' of the US (by other powers) as a leading global power was easy access to the American consumption market and America's underwriting of security. Despite China's attempts in the recent time to expand its internal consumption, this structural difference between America and China is yet to manifest any marked improvement. Also, as against underwriting security, many countries in China's backyard sees it as a security threat.

1.5 Taken together, these are getting manifested at various levels. Rules-based multilateral trading system has been compromised. Major economic powers are unwilling to adhere to their responsibilities to arrest climate change. Security is under threat from various directions.

2. Major Consequences

2.1 In the area of international trade, reputed trade economists, such as Jagdish Bhagwati, Paul Krugman, have argued that despite this huge disruption we are unlikely to witness collapse of cross-border trade as happened almost a century ago because of two reasons: a) trade in tasks as against goods and b) trade in services.

2.1.1 However, as argued by UNCTAD, more than extra tariffs, it is the resultant uncertainty, which is and will force greater harm to international trade and multilateral trading system. While it is relatively easy to estimate the probability of occurrence of risks, it is very difficult (almost impossible) to do that for uncertainties.

¹ The Kindleberger Trap is a geopolitical and economic concept rooted in the work of economic historian [Charles Kindleberger](#) and later formalized by Harvard professor [Joseph Nye](#). The Kindleberger Trap is a theory that states global stability depends on a leading power providing "global public goods," and that instability occurs when this power fails to do so, either through unwillingness or incapacity. Unlike the Thucydides Trap, which focuses on rivalry between a rising and established power, the Kindleberger Trap highlights the dangers of a power vacuum caused by a dominant nation's retreat from leadership and the failure of new powers to step in and supply these public goods.

2.2 On climate change, it is the poor and vulnerable who are bearing disproportionately large negative impact on their lives and the world is hardly concerned getting bogged down in a quagmire of words. Furthermore, climate-induced migration will gain momentum.

2.3 On security – the third global public good – there is every possibility of large-scale confrontations, if not full-scale war, between NATO members and an axis of four – Russia, China, Iran and North Korea – in near future. Their ripple effects will be felt by all.

2.4 Taken together, as the future of our economies are becoming more and more uncertain, there will be less and less income-generating opportunities for the masses, which will result in creation of echo-chambers of social strife. The United Nations is missing in action.

3. Then What

3.1 It's a tautology that all of us should work together for global peace, security, stability and prosperity. Sounds great and rhetorical! More important matter is why they should. China, the US, India and Russia are four big economies of the world, supplemented by the EU and Canada. Be it new and emerging technologies or military or other power factors (such as sports, exploration of space and deep sea), they are the leaders and others are following them in a disjointed manner. Joining together through a collective leadership is the clarion call of the day. What should they do?

3.2 The US has to accept gradually the fact they are no longer the leading power of this world. Not just economy's size, in terms of all other factors of 'power index' China has surpassed them. Let them not follow the Portuguese or the British and do a gracious retreat, not in a scorched earth manner.

3.3 China has to understand and imbibe that power brings responsibilities. China's economic development though exemplary, but their development path cannot be copied by other democratic nations and hence certain leverages in terms of public-private partnerships have to be introduced. Their bilateral and multi-lateral economic behaviour that manifests as debt diplomacy through coercion needs to be toned down and allow space for accommodation of others' interests. Their growth has to be consumption-driven and more diversified. They have to understand that howsoever glossy their current development model may look like, the ghost of Keynes is lurking behind them – paradox of thrift.

3.4 Russia and India will join the bandwagon if the US as a retreating hegemon and China, as the emerged ones are ready to walk the path. This 2X2 model is the need of the present and all other powers should ensure its resilience and stability. Otherwise, the lesser developed countries will suffer the most. Everybody will feel the pressure of involuntary migration and resultant socio-economic strife.

3.5 If not then what? Both business (shareholders) and the civil society (stakeholders) will be in a perilous situation due to lack of demographic dividend. An enabling environment will not prevail. More uncertainties will have significantly large impact on both business and social life. This is over and above an unpleasant fact that median age of our population is fast increasing in places where people can consume due to their purchasing power. World average median age is not a good indicator for future consumption because those dragging it to a relatively low level have little power to consume – small, vulnerable, strife-torn countries.

3.6 Less and less consumption, hampered productions, ineffective ports and other ways and means of doing business. A drastic economic situation will arise, when the whole world will fall into a low-level economic trap. Not only that a large number of countries will be unable to move forward from middle to high income, even some of today's rich may become tomorrow's middle-income.

4. Next Steps

4.1 The world needs a new Bretton Woods type of global arrangement – for development, monetary and fiscal stability, cross-border trade, and to combat climate change and underwriting security. It has witnessed that neither the Washington Consensus nor the Beijing Consensus has worked. It's not about a mere replacement of one power with another. That mechanism, lasted for a few centuries – from Portuguese to British to Americans – will not work in this new world. Collective leadership through mutual respect, responsibility and resilience and commitment to multilateralism is the call of the day.

4.2 Therefore, two leading think-tanks of India and the world – the Chintan Research Foundation and CUTS International – are coming together to brainstorm with thought and business leaders of India (to begin with) for the bell to rhyme for everybody. Otherwise, all of us, except a privileged few, are and will remain trapped in an 'orwellian' mindset like animals in an Orwellian novel 'Animal Farm'.