

How to End US Hegemony in one Summit | Dr. Warwick Powell

The US-China Summit was one of the largest non-events of the year. That tells us so much about the state of US hegemony after the failed Iran War. Today I discuss with Dr. Warwick Powell, Adjunct Professor at Queensland University about the much anticipated Super Power Meeting. Warwick's YouTube: https://www.youtube.com/channel/UCwNMn_U9JRjaTrajApH-mKg Warwick's Substack: <https://warwickpowell.substack.com> Support us on Substack: <https://pascallottaz.substack.com> Our Shop: <https://neutralitystudies-shop.fourthwall.com> 00:00:00 Trump's China Visit and Beijing's Frustration 00:02:40 The U.S. Business Delegation: Apple, Tesla, Tech, and Finance 00:05:23 Iran, Hormuz, and What the U.S. Claimed Was Discussed 00:09:41 No Drama, No Fallout: Did the Summit Actually Go Smoothly? 00:11:09 Xi, Trump, and the Thucydides Trap 00:14:56 Nvidia, Chips, and the Limits of U.S. Tech Power 00:19:04 The End of American Primacy? 00:21:33 China's Invitation to a Multipolar World 00:33:12 How Japan, Australia, and the Region Will Read the Meeting 00:36:26 U.S. Military Bases and the Crumbling Architecture of Primacy 00:45:28 Taiwan, "Losing China," and America's Unfinished Cold War 00:53:52 Warwick Powell's New Book and Closing Thoughts

#Pascal

Welcome back, everybody, to Neutrality Studies, today again with my friend and colleague, Dr. Warwick Powell, professor at Queensland University. Warwick, welcome back. Great to be with you, Pascal. We have this visit by Donald Trump in China. This had been planned first for last month, but then Donald Trump didn't win his Iran war, so he postponed it. And then it was announced all of a sudden that it happened this week. And now he was in China for two weeks. What are you making out of this visit, and how do you think it went?

#Warwick Powell

Firstly, I think it was a very short visit, and there were limited preparations in the lead-up to the visit. Part of the feedback that I received from people on the Chinese side was a sense of frustration, actually, that the US side was not focused on the issues that a summit like this could conceivably seek to address, in part because the United States is deeply embroiled in wars elsewhere, which has drawn a lot of energy and attention. So there was, I think, some frustration that many of the issues were not going to get the kind of preparations that you would normally expect.

And as a consequence of that, the summit became quite a narrowly defined event where I think the aim was to firstly just re-establish a sense of rapport that would establish a mood, if you will, that would hopefully carry through to more substantive discussions that will need to take place on a

whole range of matters, and also provide a means by which the American administration and some of the key players within that could actually meet some of their counterparts on the China side for the first time. So in a funny kind of way, it was a get-to-know-you-again summit rather than one focused on addressing some of the substantial issues.

And so the second thing which was quite interesting about the event was, of course, the very large business delegation that accompanied President Trump, as opposed to a large contingent of public servants and people involved in all of the various issues. Interestingly, if you go through the list of the business people who attended the couple of days, they basically fell into, I would say, three broad categories or three and a half categories. The first category was a couple of businesses that are already deeply enmeshed in the Chinese ecosystem and are incredibly dependent, actually, on the Chinese industrial supply chains. And I'm speaking, of course, of Apple and Tesla.

We then had a number of enterprises in the technology and information space, whether it was in the hardware environment or otherwise, who at a certain level would desperately love to be deeply enmeshed in the Chinese marketplace but have been, for different reasons, restricted in their ability to access such a large market. We then had quite a number of folk from the American financial services industry, which I thought was interesting because one of the major unfolding issues, you know, some of the big, deep background issues that are sort of percolating away, really goes to the heart of the American business model, its global business model, and the United States dollar in that regard, and the willingness of other countries and central banks to recycle.

US dollars in particular ways. And I'm sure that these financial services firms were keen to make sure that they could have a shot at the opportunities of a maturing and expanding Chinese financial services sector. There's no doubt that it is one of the growth areas in China, and these firms would dearly love a slice of that business. And that little last half bit was actually some folk from the food industry who no doubt were looking for market access as well. So all in all, the fact that there were no snafus from anybody, you would say that that was a positive outcome insofar as the big issues were, whether it's bilateral issues or global architecture issues or AI or the war in Iran, et cetera, et cetera, I don't think much progress was made.

#Pascal

Now, do you know whether they discussed that at all? Because on the one hand, we had last week Iranian Foreign Minister Araghchi also going to Beijing, actually, and meeting, I think, with Wang Yi, his counterpart. We also had the Iranians, of course, going to the Russians. We have the Russians soon going, Vladimir Putin soon having a meeting with Xi also in Beijing—everybody going to China these days. Why? Do we know anything about whether the Chinese and the Americans at all spoke about Iran?

#Warwick Powell

Well, according to President Trump's or the White House's social media post/readout, the question of Iran did come up, particularly in relation to two things—well, three, I guess, in a sense. One is that there was an agreement from both the Americans and the Chinese that this war needs to stop. The second point is that the Strait of Hormuz should be open to traffic. And the third thing is that Iran should not become a nuclear weapons power anymore. When you read the Chinese materials, I don't think—I haven't seen any mention of those three things.

#Pascal

So, uh, and that's not—I've not seen any mention of it.

#Warwick Powell

No. Okay.

#Pascal

So it's only from the American side claiming that they discussed this and that these three points are in agreement with their counterparts.

#Warwick Powell

And, you know, maybe they were raised, maybe they weren't. But they certainly don't seem to have featured particularly prominently in the Chinese focus on the issues that they did cover. The other thing, I think, is that in terms of the question of West Asia and Iran and the Strait of Hormuz, whilst President Trump was in Beijing, reports came out that about 30 ships came out of the Strait of Hormuz heading towards China carrying oil. And so, in a sense, even if President Trump's own recollection of the discussions is correct and that this issue of the straits being open for traffic was a general consensus view, I think the Chinese perspective is, well, you know, from our perspective, it's open to traffic. And, you know, that's how it is.

Now, the other point that the Americans did make was not only that it was open to traffic, but that there'd be no tolls on it. Now, I'm sure that China would take the position that, well, we'd rather there be no tolls as well. But that would only be the case in ideal circumstances. And right now, the circumstances aren't ideal, but the tankers are moving, and the Chinese are coordinating with the Iranians, and, you know, payments are being made if need be, and perhaps some aren't. So I think from China's point of view, they've got a much more pragmatic view about all of this, not because they somehow want to see, you know, a toll booth placed on the Strait of Hormuz, but because they simply understand that the Americans brought on this test of strength. They failed in it, and Iran currently, until it can be negotiated otherwise, can exercise the Hormuz weapon.

#Pascal

Yeah, and, you know, there is no good reason to believe why Iran would have to impose the same rules on everybody. I mean, the tollbooth can let the Chinese ones through for free, right, and can charge for others. And if you're on the good side of Iran, which China is, then you probably have more chances that—well, cheaper or free. The point is a bit that the United States tries to formulate this in this kind of “we are defending the principles of international law” kind of thing, right? This is not okay. Nobody's above the law, except for the hegemon, of course, right? But the whole affair struck me a little bit as much... well, there was no drama. I really had the impression there was no fallout, there was no drama. And actually, actually, America, the U.S. delegation seems to have behaved, right, and also went along with everything that the Chinese side had prepared. Or did you hear of anything that went completely wrong?

#Warwick Powell

Well, no, and this is what I mean. I think in terms of, you know, the formalities and, you know, the behaviors and the conduct and things, it all went very smoothly. It just means that there were no, well, no publicly recorded blow-ups of any sort. There doesn't appear to have been any ill temper, raised voices, or anything like that. And perhaps in part, I think that's because the nitty-gritty issues really weren't put on the table. The issues were sort of laid out at a very high level. And I think you saw that in the footage of the official opening remarks by both presidents, where President Xi Jinping articulated a particular set of concerns and perspectives on those concerns insofar as bilateral relationships were concerned, but also how those bilateral relationships mattered globally.

And he framed that by reference to the Thucydides trap issue, and laid out, in a sense, some rhetorical questions, which is, are we able to overcome this so-called Thucydides trap? And are we therefore able to forge a new model of state-to-state interactions? And he went on, in effect, to answer that question by ultimately proposing the idea of constructive strategic stability. And it was an idea that President Trump had agreed to as well. And I guess the core proposition here is that what President Xi Jinping sought to do was reframe the nature of the bilateral relationship in non-Thucydides trap terms. He tried to transcend the dualism that's usually implied, the zero-sum implications of this idea of the Thucydides trap, and create room for what is, in effect, statecraft.

That's what he tried to do. And on the other side, President Trump focused a lot more on the interpersonal rapport. You know, we've known each other a long time. It's an honor to be here in China. It's an honor to be your friend, and those sorts of things. And so I think we had perhaps slightly different, not at odds per se, but approaches to this summit that weren't necessarily on the same page. And, you know, obviously people bring their styles to the table, but I think this reflected the lack of preparation on the one side, but also the fact that China does take this question of statecraft, and as a major country, very, very seriously.

#Pascal

Hey, very brief intermission because I was recently banned from YouTube. And although I'm back, this can happen anytime again. So please consider subscribing not only here, but to my mailing list on Substack. That's pascallottaz.substack.com. The link's going to be in the description below. And now back to the video. Right. You know, if I'm not mistaken, the last summit between a US president and Xi Jinping was actually in San Francisco, wasn't it, like with Joe Biden in his last year in office, during his term, 2023, probably?

#Pascal

I'm trying to remember, probably 2023, so probably around three years ago. And I remember how basically they had a good meeting and shook hands and whatnot. And then in the very press conference later, Biden called Xi Jinping a dictator. This time, it seems that Donald Trump hasn't put out anything outrageous, at least not yet. Overall, do you read the way this went in a positive light, and that we maybe are encouraged to think that also from the American side, the fact that Donald Trump brought along so many business people, that this signals, well, look, we're still open for business?

Okay, fine. We did all the tariff business and we've been very nasty, and we have all of this bad rhetoric when we're at home. But on a for-real level, you know, we'd still like to have some business. And actually, even the NVIDIA chief was there, right? And we know that the US blocks the export of some of its latest chip models and whatnot, and that NVIDIA is actually not very happy about this. But do you read something into this act of having picked up even the NVIDIA chief?

#Warwick Powell

Look, I mean, no doubt Jensen Huang would desperately love to be selling more of his products into the Chinese market. The G200 product has been approved for sale, and it has been approved for some months, and there's been zero sales. And I think that that has been an issue that clearly he wanted to try to resolve — you know, what the blockages were and why NVIDIA wasn't able to actually move forward with sales arrangements. Look, I think part of the difficulty of all of this is that the machinery of government in the United States and the apparatuses of state — the permanent state, or however people want to describe it — have deep-seated institutional memories and approaches to things. And presidents, in a sense, come and go. And these sorts of summits come and go.

And yet policy orientations tend to not radically change just because these sorts of summits happen. They very rarely see major strategic shifts. And I think one of the concerns that people sensibly have is that whilst there has been a good mood — and I'll just, you know, let's just focus on that — you know, this event created a mood that, in a sense, took out some of the cantankerous, heated nature of the dynamic. But that's all it did. Now, moods are important because they can set a tone for subsequent meetings at official levels and at ministerial levels. You know, how willing you are to

engage in some give and take depends a bit on the mood that's been set. If the mood's bad, of course, the heels get dug in on absolutely everything.

If the mood's good, then there is a lot more willingness to engage in some give and take. But the strategic issues, I think, are nonetheless the big ones, right? And this goes to an American mindset question, because the strategic issue is actually about how America conceptualizes the changes in the world, the changes that it itself has experienced, which contribute to the changes in the world, and how it wants to position itself going forward. Now, we have hints of this, and this is part of the problem that I think many people have in trying to engage with the government, is that the US administration is actually a little bit all over the shop as it's trying to work out exactly how it's responding to these things.

And so when it's confused itself, it tends to revert back to the comforts of habit. And the comforts of habit, of course, is the belief that the United States is the exceptional country, it is above, you know, the rules that it sets for others, it has the ability to dictate terms globally and get what it wants. And so that sort of sense of being the primate always comes back when there is confusion about what to do. What this mood does is that it opens a space where the United States, at an officer level and at a cabinet level, may perhaps start to reflect upon how it sees the changes in the world. And there are parts of reality that I think are slowly making their way through.

And those parts of reality are things like that American primacy is actually something that we can only see in the rear-vision mirror. That's not to say that the United States isn't a big, important, powerful nation. It is. It's just that it's no longer the obvious primate. And coming to terms with that, and coming to terms with the displacement that that involves, has taken some time. Coming to terms with the fact that there are other major powers in the world that won't be bullied and who offer a certain degree of protection to others is a difficult thing to come to terms with. And we've seen, over the course of the last 10 years, strident efforts made to knock China off its tracks, to disrupt China's development and growth, to contain it, and even to set it back.

And most of those efforts ultimately proved to be fruitless. And I think that some of those realities have seeped in. I sense that President Trump actually appreciates this more so than some of the more ideological members of his administration. He clearly pushed quite hard last year on the trade wars, but came to an understanding that this was a bit of a dead end in terms of China's for now. It's not to say that they won't come back to have another chop at other things. But for now, that's become a bit of a dead end. This creates a lot of problems in the US, though, because you've got all these people in Congress, senators who are, you know, really hardline hawks. And so it's very difficult to navigate this environment in terms of the domestic politics. And I'm sure that from the Chinese side, they understand that.

They understand that American presidents actually, ironically, are heavily constrained by a set of political institutions that have a mind of their own. And so the expectations for now are quite low. But what the Chinese try to do, I think, is create a space where the United States could actually

engage in the multipolar world in a way that did not involve the psychological and other dimensions of accepting that they are no longer the primate. And that space exists now. You know, this idea that China's rise can be a catalyst for America's own rejuvenation. That's a space that—it's an invitation, actually. It's an invitation to the United States to reframe its approach to the world, but it's also an invitation for the United States to actually reframe its own understanding of itself.

#Pascal

So, I mean, what I'm hearing from you is your interpretation is this is a very, very strong signal that China has not given up on trying to deal with the United States in a constructive way and basically with an open hand, even after everything that's happening in the Ukraine war and how the NATO alliance is basically treating Russia, and actually also, you know, including probably an assassination attempt on Vladimir Putin in Valdai with the drones, and of course, the assassination of Ayatollah Ali Khamenei in Iran only two months ago, and the war with Iran and the way that Iran then fought back by basically just a denial strategy.

It's like letting the US bomb the world. And I mean, China is looking at all of that, right? How do you think this is impacting China's assessment of how to deal with the United States? I mean, from what you're saying now, it seems that they're at the point where they're saying, like, there's still a constructive relationship possible, right? Well, the invitation's there. You know, whether or not that invitation is grabbed will be the test. And I think that, you know, China...

#Warwick Powell

For what it's worth, it's committed to the effort that's needed to try to make this relationship work as best as possible, in part because nobody willfully, I think, wants to pursue a pathway that inevitably leads to war if you can choose a different path. But also, I think, because China does have a confidence about its own position, and that enables it to open this invitation to the Americans, knowing that China itself is no pushover. And this invitation really is set against the backdrop of China's economic preponderance across the globe. There is no doubt that China is the world's most significant economy.

And I mean that by reference to the material economy more than anything else, whether it's in rare earths, which everyone talks about, all through the industrial manufacturing chains, the trade relationships that it has across the globe, the investments that it's made right across the globe in terms of critical infrastructure. China is the most significant economic power in the world today. And it knows that. It also knows that the United States' military capacity is not what it once was. And it sees that. It sees the fact that the war in West Asia has exposed the limitations of the American military capacity.

And it's absorbed those lessons. It's absorbed them not by suddenly thinking that China can go out and become belligerent like the Americans. The lesson that I think has been absorbed in a very

material sense is that the United States is actually no longer in a position to militarily boss people in Asia so long as China is there. In other words, China can't be bossed around by the Americans. That's not a naive view. That's just, you know, I think a fundamentally grounded view. So China has a confidence in its capacity to deal with the Americans, not because it thinks it's bigger and stronger, but because it knows that it's strong enough.

And that's the other thing that we saw, of course, over the last two days — that the entire positioning of this invitation, this transcendence of the Thucydides Trap proposition, was really China saying, we are one of the great powers of the world, and it's us issuing the invitation to you to join us to create a better world, because as the two biggest economies in the world, we have a responsibility not only to ourselves but to everyone else. And that challenge is on the table. China can't make the Americans behave in certain ways. What it can do is create the spaces that hopefully enable American policymakers to step into in ways that minimize discomfort and to create those opportunities for dialogue and for meaningful exchange, including commercial exchange, that hopefully deliver outcomes to people on both sides of this discussion.

#Pascal

Were you surprised that Xi Jinping used that metaphor of the Thucydides Trap? Because the idea, the concept, is, of course, actually very, very flattering to China, because the whole idea behind Thucydides' Trap is that, you know, when a current hegemon is going down and a new one comes up, then they will necessarily land in something that will pit them into a war against each other. He, even without saying so, basically said, look, we are the new great power. That's the matter of fact. The only question is, can we do the transition with or without war? That's kind of, through pretty words, what he was trying to convey.

#Warwick Powell

Well, that's one way of interpreting it. I think that there's actually another way, because there's another way of reading Thucydides' *Peloponnesian War*, Thucydides' history. And it is actually an interpretation that focuses on the failure of statecraft, which led to the war itself. And I think that interpretation, or that approach to drawing lessons from Thucydides' histories, is actually a far more significant one from China's point of view. Thucydides' argument, in a sense, was that the war became a consequence of hubris, vanity, and ego undermining the prospects of sensible statecraft to be executed between adjoining states or nearby states.

And what President Xi Jinping was seeking to do in drawing on the Thucydides Trap story was to say there's a narrative over here that says conflict is, in effect, structurally destined. This is the fate. And Xi Jinping actually said to Donald Trump, the choice we have is whether we allow ourselves or give ourselves in to this idea of Thucydides Trap or learn the other lessons of Thucydides, which is to rediscover the arts of statecraft and to not allow hubris, vanity, and ego to derail the prospects of coexistence. And that's the challenge. So, it was a much deeper reading of Thucydides than you'll

get in the Thucydides Trap narrative, which was popularized within a framework of American political science, right?

And American realism, right? The idea that states exist as sort of Newtonian atoms, free-floating, and they bump into each other, and when one is getting bigger and the other one has to resist, we end up with some kind of a conflict. And what Xi Jinping actually articulated, though in much more approachable terms, is the idea that, in fact, the interests of states do not exist in a Newtonian atomic sense at all, but that they are deeply intertwined with each other from the get-go, from the very foundations of statehood. And the challenge is to embrace the need to deal with entanglement as opposed to simply saying, well, there's this *deus ex machina*, right?

This power of God driving this system towards conflict. So I think that that is a... I hesitate to use the word deeper or truer because I don't quite think that's the right word. But I think it is a perspective on Thucydides that Xi Jinping's own approach would probably be a little bit more sympathetic to. And he has said in the past, by the way, that he doesn't buy the Thucydides Trap argument. And so by raising it, he was actually seeking to overturn it, to transcend it. And it leans on four other things. So over the last five years, four years, China has proposed four core propositions on global development, global security, global civilization, and global governance.

And the idea, the golden thread, if you will, that runs through those four is that every nation, every community on Earth is intertwined with each other—a shared destiny. And that the challenge we have is to find ways of coexisting on this single planet not in spite of our differences, but by virtue of our differences, and to embrace those differences through a lens of respect and wonder. And when you read all of those documents and then come back and look at the comments he made about the Thucydides Trap and stuff, I think the interpretation that I've tried to walk through here with you makes a lot more sense.

#Pascal

I see. I see. So basically, using the Thucydides Trap in his speech was a way to, again, throw out the invitation in terms that can be understood by the other side, but reframing it immediately in order to say, like, look, let's go to something a little bit more constructive here. How do you think this is going to be perceived here in the neighborhood—you know, Japan, the Philippines, China's near abroad, even Australia, where you are? I mean, on the one hand, it's a bilateral meeting between the US and China, but I don't think either side is so naive as to think that it's significant only to them. I mean, the whole world is kind of now looking at this for clues to where the journey is going.

#Warwick Powell

Look, at a certain level, if these two major powers were actually able to craft a regime of peaceful coexistence, it would make everyone's lives a lot easier.

#Pascal

Yeah, very much.

#Warwick Powell

Okay, so if this meeting ultimately contributed to a new peace in the context of a multipolar world, Tokyo will be more relaxed, Manila will be more relaxed, Canberra will be more relaxed. The only people who won't be relaxed about any of this stuff are the people who are in the business of peddling arms. But the challenge is going to be whether or not these big ideas and the mood that's been created by this visit can penetrate the machinery of government and the institutions of state that continue to frame the world in adversarial terms, in dualist terms. And until those issues... So this is a gauntlet put down to Washington, really. You know, on its 250th anniversary, it's really saying, here's an opportunity, as part of the beginning of your next 250 years, to step up and not only be a great power as you might have been historically, but to actually begin to behave like a civilizational state. That's the opportunity for America today. Will it grasp it? Well, let's see.

#Pascal

And there is some interpretation out there that, you know, Donald Trump was actually intending to go to China with a huge victory against Iran and, you know, to project strength and whatnot. Now, it didn't go that way. Do you think that the lessons from the Iran war are something that...

#Pascal

Impact or that are going to impact the way China goes about its relationship with the United States? Or will they just leave it there and say, like, no, this is just what happened, but the bilateral relationship is something different?

#Warwick Powell

No, no. Look, I think it frames, it helps inform the frame, and it informs it because it is now quite clear that the entire architecture of American primacy globally that we have observed for 80 years is no longer viable—namely, a network of forward bases. They cannot be defended in the ways that were assumed. And once you take that away, then the entire strategic approach to so-called deterrence disappears as well. So, there is no doubt that, notwithstanding the sort of grand philosophy behind Thucydides' trap and its overturning, there is a foundational understanding that the material dynamics of power have shifted as well.

Again, it's not to say that suddenly the Americans are easy beats. Far from it. In fact, I think there is a sense that one of the downside risks or the consequences of this particular war and other wars that are going on is that, as the American arsenal depletes, there are sections in the American body

politic—amongst the neocons and the hawks and those who seem to crave war all the time—that they will actually intensify their violence and activate aspects of the American repertoire that we don't get to see so often. And I mean by that more piracy, more grey area conflict, sabotage, assassinations.

These are the sorts of things that are distinctly possible as the United States seeks to defer these changes and to hold back or to secure as much as it can as the world changes around it. That's the dangerous part. And so I don't think that Chinese thinkers are under any illusions that that part of the United States isn't always safe—a part of the nature of this body politic, right, because it's been part and parcel of its existence for a long time. What I think the hope is, is that the United States is slowly learning the lessons of politics—not only the changing sort of foundations of multipolarity, which is messy and all of that. You know, we're not suddenly going into some kind of utopia, right?

But basically, the United States is no longer the sole undisputed primary power, and there are other great powers, and they're not able to run around the world dictating terms willy-nilly. Some folk in the US, I think, are starting to internalize the consequences of that. Others aren't. And that conflict has yet to play out in the US. Who's going to win those debates inside the American body politic? Is this going to lead to an attempt to reassert primacy? Well, it might. Is it going to lead to more of this sort of dirty warfare? Distinctly possible. But at the same time, the opportunity exists actually for the United States to rejuvenate itself as a nation that delivers 21st-century versions of prosperity, right?

But the only way I can do that is actually by becoming a normal member of the global community. And that's the hope. Now, look, I mean, there are people, you know, many of them, I think people you and I both know, who literally have a very dark view of the United States, which is that it's obsessed with dominating the world and it will keep doing this and pursue whatever means it has to. And I think that there are parts of the institutions of the United States that are like that. But it's not the only part of the United States. And the question is, can other parts begin to assert themselves and prevail?

#Pascal

Yeah. So in a sense, China sends the signal: the door is still open. We're not going to be the ones closing it, but we are aware that you might. But, you know, here are the reasons why it's better to keep it open.

#Warwick Powell

Well, the door's open, Pascal, but it's also, "And don't think that you can come and bully us anymore." And that's the real point. So you'll notice that the whole discussion—none of that was discussed because it's actually understood. President Xi and President Trump actually understand the reality: China's not to be bullied. And others might still want to, right, the hawks and stuff. But President Trump knows that this is not a winning strategy. What he's trying to figure out is what a

winning strategy actually is, given the constraints—the institutional constraints, the constraints of culture, and all those sorts of things—and the need to be seen as the winner and stuff, right? And there is no clarity on this. And this is what I mean, what I was commenting on earlier, is that the risk at the moment is that because the US doesn't actually have clarity on these sorts of questions, it tends to revert back to institutional habit.

And institutional habits are dangerous to others in the world. And the paradox is that it actually accelerates the problems of America if they keep going down this particular path. But institutional habits are, well, they're habit-forming, and they're hard to shake because there's a whole bunch of practices, behaviors, policies, patterns of thought that are bundled together. These are the reactions. You know what I mean?

#Pascal

Yeah, no, it's quite fascinating. You know how in the United States, if you don't bully China, if you don't go there and tell them what to do, you're actually then going to be called somebody who didn't stand up to China, right? You didn't fulfill your role. It's quite fascinating.

#Warwick Powell

Absolutely. And one of the things—and I was going to mention this, and I'm glad you sort of touched on it and jogged my memory here—much of the critical commentary coming out of the US about this trip actually focuses on what President Trump did not talk about.

#Pascal

Yeah, yeah. He should have talked about human rights. He should have told them about Taiwan and so on, yeah.

#Warwick Powell

Well, I mean, we can run off the list, right? We should have given them a lecture on human rights—insert whatever thing about that. We should have given them a lecture about, you know, releasing somebody, you know, Jimmy Lai. Maybe it was raised, maybe not, but it certainly wasn't part of the readouts. You got to stand up and not sell out Taiwan, blah, blah, blah. All of this is so entirely predictable because these are the habits of parts of the body politic. And so President Trump is getting criticized for the things that he didn't say, and there's all sorts of funny commentary, you know, about how, you know, well, either he was humiliated because of the reference to the Thucydides Trap.

I actually don't think that that was the purpose, and I'm confident that that wasn't the purpose because, you know, when guys like Gordon Chang actually comment on that, you're pretty sure that

it's wrong. So, you know, I'm reasonably confident that that wasn't the purpose, and what was really the aim was the sorts of things that I've articulated. But the nature of the American political institutions is that there'll be incredible pressure to undermine whatever window got opened by, you know, the mood that was created over these last two days. And you just know it, right? There's a permanent committee that spends its life seeking to do one thing or another in relation to the Communist Party of China.

You know, there's a whole bunch of funding that exists to besmirch China, and people receive money for that. You know, there's a whole industry—we call them think tanks—whose entire funding base needs a certain narrative to continue to be articulated. So, you know, this is a very deeply embedded mindset. The other thing is, and this goes to the question of the Taiwan question, right? In many ways, the United States actually has never gotten over losing China. So in the 1950s, you'll remember one of the big debates in '51, '52 was around this question: who lost China? And the question of America's relationship to the Republic of China, which had established its base in Taipei, was actually all about resolving the broader problem, which was reclaiming what was lost.

And that sense of loss has never gone away. Never gone away. The body, you know, the political, you know, blob thought that they might be able to, in a sense, reclaim China during the 2000s and 2010s by bringing China into, you know, neoliberal institutions. You know, if we can make China capitalist, we'll be able to change it and we'll get it back that way. And when that didn't happen, you end up with this massive sense of grievance, that, you know, buyer's regret. You saw this, you know, six years ago when I think Foreign Affairs or Foreign Policy magazine ran a whole special issue on "Was engagement worthwhile?" And, you know, there were articles from major think tank folk, thought leaders in this space, basically saying Beijing's defied Washington. It hasn't become like us.

#Pascal

Yeah, which is the ultimate insult, right? How dare you? How dare you not only not do what we're saying, but how dare you not become us?

#Warwick Powell

I mean, yeah, and so, but I'll give President Trump credit on this issue. I don't think he has any ambitions ideologically about somehow, you know, making China more American or anything like that. He's not invested in that program. But, you know, a whole bunch of people are. And, you know, I mean, Xi Jinping made it very, very clear, the Chinese made it very clear that this issue must be handled very, very carefully. Now, people can interpret that how they want. It was a threat, it was a warning, or what have you. But if we just took it literally, it basically says that whatever people say and do in relation to the question of Taiwan must be done with much careful consideration because it is a live tinderbox. And just be mindful of that. And I think, I suspect, in some of the private discussions a better understanding was conveyed about exactly what that means.

And now, that may make folks in Taipei more nervous. But I think the other thing that's happened on the island is that they're also watching the American bases in West Asia get destroyed, right? And they're watching and reading reports of how the American military-industrial complex literally can't keep up, that they've been bleeding their arsenal. And they're in no position, actually, to play the kind of sheriff protection role that they pretended to be in a position to do for decades. That's going to change the mindsets of people. So you ask the question about what Tokyo and these places think? Well, if peace broke out, everyone would be happy. If peace doesn't break out, the reality is that the Americans are no longer in the same position as they were 20 years ago.

#Pascal

That's just a fact, just a fact. You know, I am still crossing my fingers that people actually look and perceive what happened over the last couple of months. And actually also, you know, Mr. Xi is playing his hand very skillfully, meeting with Donald Trump as the head of state of China, right, and having that discussion, and then meeting with the leader of the KMT as the head of, I mean, not as the head of state but as the head of his party, right, so party-to-party relationship, and actually signaling, "I'm willing to," or, you know, "open for business," as you said, the door is open, the invitation, the invitation's there.

#Warwick Powell

Look, this Taiwan question, and I know that there's a bunch of people in the West who don't like to hear this, but the historical legacy, right, what history has left us in the world, is an unfinished civil war. And that civil war needs to conclude in one way or another at some point in time, whatever that end outcome is. The likelihood of how that unfolds is a function of the circumstances of the day and the trajectory of balance of force, public attitudes, et cetera, et cetera. But that is the hand that history has dealt. You can't run around thinking, well, you know, Taiwan is an independent country. Well, it's not.

If it was, then perhaps the administration on the island will actually go through the motions of declaring itself so, right? So history deals a hand, and the hand shapes the conditions of possibility as well as the conditions of constraint. Now, what's going to happen? Well, I suspect that more and more people on the island will begin to internalize some of these realities. I'm not arguing that they're going to like any of this stuff or that they will end up at an obvious definitive position, but it will shift attitudes. It will unlock parts of thought processes that had long been locked away because it fundamentally changes the operating environment.

And when that happens, people have no choice but to revisit some of these issues. And the Americans can actually play a constructive role in that if they wanted to. Whether they do or they don't is a different question. But if they wanted to, they can actually play a very constructive role in that, with the aim of resolving the unfinished civil war in a way that folks can live with. But that's a

discussion for another day, obviously. But these are some of the things that these meetings, you know, that this summit, in the context of the war in West Asia and things, I think, is actually blowing open within our region.

#Pascal

Thank you very much. I'm very glad for this assessment. And I'm also glad that this is one of the moments where we do not need to be super fatalistic. I mean, this not having been a huge outcry or something is already something. And I'm glad that there is still space open for a constructive relationship, whether that is intended or not, or will be taken or not, is another question. But Warwick, people who want to follow you, I highly recommend them actually finding you on your Substack. Sorry, this one here. It's a wonderful place where you write a lot of analysis with a lot of data, and actually also on your YouTube channel, which is a wonderful one, TIO Talks with Warwick Powell, highly recommended. Is there any other place where people should go to find you?

#Warwick Powell

Well, they might want to buy my book, **Thermoeconomics in a Time of Monsters**, on Amazon. It's a little bit heavy going, but it talks a lot about the sort of foundational issues around energy economics and the way that economic systems unfold, which I think helps us shed some light on the issues that we've been discussing. Because at the end of the day, the material foundations are changing around us, and how nations and their governments internalize these changes and then respond to them is going to determine whether or not we get through this period of intense tension reasonably intact or not. So, yeah, I would encourage people to take a look.

#Pascal

Everybody, go and find **Thermoeconomics in a Time of Monsters: Rethinking Theory, China, and International Geopolitical Economy** by Dr. Warwick Powell. Warwick, thank you so much for your time today.

#Warwick Powell

It's been a pleasure.