

FROM THE TRENCHES

Small State Diplomacy in Action: The Real Origins of TPP

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The TPP Agreement – now CPTPP (Comprehensive and Progressive Trans Pacific Partnership Agreement) – is, by any measure, a central part of the emerging global trade policy framework. To the author's surprise, it survived the decision of the United States to withdraw after USTR Mike Froman had signed the Agreement in Auckland 2015 on behalf of the US.¹ Today, it incorporates 12 economies including leading G20 economies such as Japan, Mexico, Canada, Australia, and the UK, its most recent entrant. Six other economies, including most importantly, China, the world's second largest economy, are now applying for membership. What began between Singapore and New Zealand – a conscious strategic decision on their part to try to incentivize precisely this process of Asia-Pacific regional integration in 1999 – is now clearly a major part of the global geopolitical chessboard.

This note is an attempt to explain the early negotiating history of an agreement that has gone through a variety of name changes, and speculate, hopefully in a constructive way, on the steps that may follow. TPP (now CPTPP) had its political roots in a shared New Zealand/Singaporean perception of the role of trade policy, not simply in terms of their respective commercial interests, but as a vital element in preserving a broader strategic environment in which small, independent states, such as Singapore and New Zealand, could flourish.

From the start, the role of the United States was central to both countries' thinking. More to the point, their decision to begin negotiating a bilateral Free Trade Agreement (FTA) had almost nothing to do with promoting bilateral trade between Singapore and New Zealand; it was explicitly intended as a stepping-stone to a wider agreement on economic integration in the Asia Pacific.

1. Multilateral or Regional Economic Integration?

The decision by Singapore and New Zealand to initiate this strategy did not reflect any misgivings in pursuing multilateral trade liberalization. However, a 'preferred' approach to achieving any policy objective is one thing, it is quite another to have an exclusive approach that relies entirely on the success of the preferred approach. In the case of New Zealand, this strategy had even been formalized in an extensive discussion paper on trade policy issued by the Government in September 1993: *New Zealand Trade Policy: Implementation and Directions – a Multi-Track Approach*.² This laid out quite explicitly that New Zealand would seek to advance the integration of its economy with its trading partners through multilateral, bilateral/plurilateral, and unilateral trade liberalization – in that order of preference.

Singapore and New Zealand were aware that trade and investment integration was increasingly being advanced in regional trade agreements and, prior to initiating this FTA, had experience of FTAs with their most important neighbours. New Zealand had negotiated its first comprehensive FTA with its then largest trading partner, Australia, in the early 1980s. This was more to turbo-

¹There is no sign of the current Democratic Administration wishing to revisit this decision.

²On file with author.

charge reform of the then highly protected New Zealand economy than to gain access to the Australian market (Groser, 2020). Similarly, Singapore had entered into an FTA with its ASEAN neighbours in 1992, less for ‘trade’ reasons (narrowly defined) than to support the broader political objective of strengthening the cohesion of the Association of South East Asian Nations (ASEAN).

2. Trade and Open Society

By far the most important example of this relationship between open trade policies and open societies is of course the EU. Against the background of three wars involving France and Germany (Prussia in 1870) in less than a century, the last of which morphed into the truly global and truly catastrophic Second World War, two great Europeans, the Frenchman Jean Monnet, and the German Robert Schumann, provided much of the vision of a united Europe. It had a very modest first step – the European Steel and Coal Community. Again, through a variety of name changes and increasingly broad membership, extension of scope and market integration, this agreement on steel and coal evolved into the European Union. Yes, there were clear trade and economic objectives behind this move – but the incremental steps towards the EU were driven far more by fundamental political and strategic drivers.

For some four decades after the Second World War, and in contrast to most countries’ willingness to entertain regional trade agreements, the United States had focussed overwhelmingly on promoting multilateral trade and investment integration as the sole modality to shape the post-war system. However, in the early 1980s, the United States Trade Representative (USTR) Bill Brock signalled a major shift in strategic direction by indicating that the United States was open to considering bilateral FTAs. This did not escape the attention of both Singapore and New Zealand.

3. The Emergence of ‘The Asian Century’

Over the course of the 1980s, the concept of an integrated Asia Pacific economic area gathered potency. The term ‘the Asian Century’ was coined. A variety of currents fed into this stream. The first key development was the extraordinary re-birth of the Japanese economy after the disaster of the Second World War. This was followed by the rise of what were called ‘The Four Tigers’ – the high growth economies of Singapore, South Korea, Taiwan, and Hong Kong.

The very success of their economic development did of course contain the seeds of its own destruction. Over time, real wages in, say, South Korea or Taiwan, would rise to capture at least some of the productivity gains. This then would force their economies to move beyond simple, labour-intensive manufacturing, such as footwear manufacturing, to more sophisticated models of development.

This pattern of development – dubbed ‘the flying geese’ theory – would then see footloose capital (the exporting companies) ‘fly off’ to other destinations (Thailand, Indonesia for example) and spread the development process to a wider net of countries in the region. Over time, the benefits were enormous: much higher life expectancy, mass literacy amongst the populations made possible only by economic growth, better health outcomes, and many other similar positive social indicators. Equally, along this development pathway, there would be exploitation, poor labour conditions, and many left behind in entrenched poverty. However, as former WTO Deputy-Director Alan Wolff said recently in a discussion, a ‘rising tide may indeed not raise all boats, but a stagnant pond raises none’.³

³Alan Wolff, Peterson Institute, 23 May 2023.

4. APEC and the Bogor Goals

Policy makers followed, rather than led, this commercially driven vision of an integrated Asia Pacific region. In 1989, Prime Minister Bob Hawke of Australia proposed in a formal sense the formation of APEC (Asia Pacific Economic Cooperation). In 1994, at the APEC Leaders Meeting in Indonesia, Leaders endorsed the concept of the 'Bogor Goals' – the vision of 'free and open trade and investment in the Asia Pacific by 2010 (for developed economies) and 2020 (for developing economy members)'.⁴

The 'Bogor Goals' quickly achieved totemic significance in both academic and official circles. However, a small dissident group of professional negotiators⁵ with a great deal of practical experience in negotiation thought otherwise. They were not opposed to the objective of the Bogor Goals – on the contrary, they were strongly supportive; they simply believed that the proclamation of such a sweeping objective, without any attempt to develop a realistic political strategy to achieve it, was wishful thinking. It has been said that a plan, not driven by a vision, may frequently turn into a nightmare; a vision without a plan is usually an hallucination.

The idea that the United States would somehow remove pockets of high tariff protection (in say, textiles, cotton, sugar, dairy), or that China (which had not at that stage 'resumed' its seat at the multilateral table and had very high protective tariffs) would similarly dismantle its protective structures, or that Japan would favour free trade (in, say, rice) without a negotiation, marshalling the political force of 'reciprocity', was completely unrealistic. Elaborate attempts were made by intellectuals to explain this away – the tautology of 'concerted unilateralism' being the most creative.

This impenetrable APEC debate over 'modalities' – a word that no sane person would use in public – was fiercely conducted out of the public eye and beneath the radar screen of political discourse. This was central to the strategy of Singapore and New Zealand in launching what we call today TPP, or CPTPP. Both countries were, by the late 1990s, prepared to accept that a sub-APEC FTA would be needed to actualize the vision of an integrated Asia Pacific economic community encapsulated in the Bogor Goals. Rather than relying on all APEC economies to unilaterally liberalize, something that the author and a small group of dissidents believed was naïve, we needed to use the political tool of 'reciprocity' (i.e., mutual exchange of concessions) to advance towards the Bogor Goals. That could start with two small economies establishing an FTA⁶ and then expand its membership, with the United States being the ultimate prize. However, one other key political element entered that strategic calculation – a shared view of the challenges facing their 'first-best' option – the growing signs, by the late 1990s, of stasis in the WTO. This strengthened the case for Singapore and New Zealand to operationalize a Plan B.

5. The WTO: Darkening Clouds

A little history needs to be recalled here. By any standards, the last comprehensive multilateral negotiation, the Uruguay Round, was a great success. Those successes included fixing a foundational mistake made in 1947 which exempted trade in agriculture from the standard operational disciplines.⁷ For New Zealand (and many other countries, including Australia and the United States), the development of operationally effective rules and disciplines over world trade in agriculture was an additional huge step forward after literally decades of political failure.

⁴Bogor Declaration, Indonesia, 15 November 1994, www.apec.org/meeting-papers/leaders-declarations/1994/1994_aelm.

⁵Including – obviously – this author.

⁶It is worth recalling that neither Singapore nor New Zealand had anything other than trivial tariffs left by the late 1990s, so comprehensive was the liberalization of their import regimes. The 'reciprocity' in their bilateral FTA was almost completely fictional in a quantitative economic sense – as has been the case for all of New Zealand's subsequent FTAs.

⁷For technicians: this refers to the prohibition of quantitative market access restrictions, and its exception for agriculture in Article XI:2 (c) and the similar prohibition on export subsidies, and its exception for agriculture (the footnote to Article XVI:4 of the General Agreement).

Inevitably, those first steps did not meet the ambitions of some of the most aggressive agriculture exporters. A trade-off was made: a review of market access in all three areas of services, industrial trade, and agriculture a few years ahead.

As negotiators would quickly discover, however, a negotiation focussed solely on market access, delinked from the numerous other issues that affect both the conditions of access and which could provide political trade-offs to facilitate market access concessions, was deeply problematic. Therefore, a consensus emerged that an entire new comprehensive negotiating Round would be required. With a WTO Ministerial meeting coming up in Seattle, this would be called ‘The Seattle Round’: the author still has in cold storage the celebratory umbrella he received in Seattle on arrival with ‘Seattle Round’ on it; it has never been opened.⁸ The ‘Seattle Round’ died stillborn.

6. TPP: The Discussion Paper that Launched the Process

Against this complicated strategic background, the New Zealand Government in the 1990s had been very active in exploring alternatives in the form of various FTAs with various countries, including Singapore. The then Singaporean Minister of Trade (and later Foreign Minister), George Yeo paid a visit to New Zealand and in the conversation with the then New Zealand Minister of Trade, Dr Lockwood Smith, the New Zealand Minister asked his Singaporean counterpart to consider the possibility of an FTA. The author of this paper, as the Principal Economic Adviser to the New Zealand Minister, was invited to write the discussion paper outlining the strategy. That paper was sent off to George Yeo under cover of a letter from his New Zealand Ministerial counterpart.

That paper has never been published.⁹ Essentially, the paper began by describing the strategic outlook both small economies faced in those uncertain times:

- It voiced scepticism that the forthcoming meeting in Seattle would succeed in launching a new, comprehensive Round of multilateral trade negotiations – although both Singapore and New Zealand would do whatever they could to achieve such a result, the paper noted the deep problems within the US Democratic Party over trade, the lack of Fast Track authority, and, more generally, what the paper called ‘*the erosion of the domestic consensus that “trade is a good thing” for the US*’.¹⁰
- It expressed concern that APEC was losing momentum in advancing its key economic objective of an integrated Asia Pacific community and deep scepticism, though not widely shared initially, that the Bogor Goals would, by themselves, drive the process, particularly if the WTO failed to launch a new negotiating Round.
- The paper noted the extraordinary proliferation in the 1990s of regional trade agreements, many of which, the paper noted ‘lacked strategic coherence’.

Against that summary of the strategic analysis, the paper specifically proposed a sub-APEC FTA, using a phrase that already had some political currency – P5, or Pacific Five.¹¹

⁸This is not the place to analyse properly the fiasco that occurred in Seattle. It is simply sufficient to recall the phrase that emerged to describe the street riots that closed down the Conference – ‘the Battle at Seattle’. This was not the first manifestation of anti-globalization riots: G7 and other major international meetings had been similarly disrupted. For the United States, it illustrated even then how the split in the Democratic Party on trade between centrists such as President Clinton and his then USTR, Charlene Barshefsky and the ‘Progressives’ on their political left posed an acute danger to US leadership on trade. As the 2016 Presidential Election unfolded and both candidates walked back from TPP (which the Obama Administration had signed in Auckland in December 2015), the problem remained.

⁹The author would be happy to send a copy to any researcher interested.

¹⁰Almost a quarter of a century on, one could use, somewhat bitterly, the French phrase – ‘rien n’a changé au fil des années’.

¹¹Australia, Chile, New Zealand, Singapore, and the United States.

There was, therefore, nothing particularly original about the proposal: there had been numerous, highly generalized discussions of such a sub-APEC FTA. What matters in political life, however, is not simply to talk about ‘moving forward’, but to have a plan, based on *realpolitik*, not wishful thinking, to realise it.

The geometry of ‘Pacific Five’ was variable, but it was always centred around the United States. The New Zealand paper noted:

it has proved very difficult to advance the idea beyond positive, but highly generalized, discussions ... [This] is a reflection of a deeper malaise in the world’s leading economy. If we wait for the US to exercise leadership here, we may be waiting a long time ... The question arises therefore as to whether Singapore and NZ – the economies which are the least reluctant to push forward with the P5 agenda ... could do something to give the idea traction?

From our (New Zealand) point of view, the reaction of the Singaporean Government to the discussion paper was decisive. The author, on his way back from chairing a WTO Dispute Settlement Panel, was asked to transit in Singapore. Whisked unexpectedly into the Minister’s (George Yeo) office on arrival, the author was delivered a bombshell. The Singaporean Prime Minister had read the New Zealand paper, instructed his entire Cabinet to read it and they had all agreed to the New Zealand proposal.

When two countries with virtually no trade barriers and sharing an all but identical strategic perspective begin a negotiation, one should expect a very smooth negotiation. And so it was, but it took time to integrate a number of new directions in trade policy such as a Mutual Recognition Agreement, as opposed to regulatory harmonization provisions (which almost never work in practice). It was not long before the author had the opportunity to expand the process beyond Singapore and New Zealand. At the APEC Leaders Meeting in Auckland in September 1999, the author raised the possibility of Chile joining in the initiative after New Zealand and Singapore had concluded their bilateral FTA. The two key Chilean officials, Alejandro Jara and Ricardo Lagos Jnr,¹² expressed immediate interest.

The only threat to this first step towards TPP came from (far) left field – literally. Near the very end of the negotiation, there was a change of Government in New Zealand and Helen Clark became Prime Minister. There had been intense opposition to the FTA with Singapore from the far left of the New Zealand political spectrum. The New Zealand Labour Party, the centre-left party of New Zealand, has a long and credible track record of supporting open trade policies and the new Prime Minister, Helen Clark, was no exception. She faced down the opposition well to the political left of mainstream Labour Party thinking.

7. TPP: Subsequent Developments

A comprehensive history of the TPP (CPTPP) process awaits a future researcher with access to all the official documents. The expansion of the Singapore/New Zealand initiative into P4 (Pacific Four, given Australia’s unwillingness to participate until the US came on board), into TPP took years and many peoples’ efforts in many countries. For the author, however, there are a few distinctive developments worth a brief mention here.

The first was the decision of the Obama Administration to mount a friendly take-over of the initiative in 2010 – precisely what Singapore and New Zealand had tried to achieve a decade earlier as the whole point of their bilateral strategy. The decision of President Obama followed two years of intensive discussions by the author (then Trade Minister, having subsequently gone into politics) along with the New Zealand team of negotiators with USTR Ron Kirk, Mike Froman,

¹²Ricardo Lagos Jnr was the son of the Chilean President and later became President of the Chilean Senate, but at that stage he was a senior Chilean economic official. Alejandro Jara would later become a Deputy Director General of the WTO.

President Obama's Deputy National Security Adviser for Economic Affairs (subsequently USTR) and their teams.

The decision of the US in 2010 to join caused a rush of others, not to the exits, but to the entrance doors of P4 (Pacific Four) – Canada, Mexico, Australia, Malaysia, Peru, Vietnam. Canada, and Mexico, one could say, almost had no choice. The three North American economies of Canada, the United States, and Mexico are so integrated with each other, originally through NAFTA¹³ as well as the dictates of human and physical geography that Canada and Mexico had to follow the US. 'P4 – Pacific Four' was re-named the 'Trans-Pacific Partnership' Negotiation.

Most important was Japan's decision to join, under the leadership of Prime Minister Abe. This was a courageous decision. For one thing, it required confronting the deep resistance in Japan to agricultural liberalization. It also required unification of the Japanese Governmental system on trade – a single voice at a political level instead of separate presentations by three Ministries.¹⁴ He appointed a single Minister, Akira Amare, to unify Japan's position – something Amare-san did outstandingly well.¹⁵

The withdrawal of the United States by President Trump is etched on the author's mind. The author had been appointed as Ambassador to the United States by Prime Minister John Key and was on the floor of Congress as one of three guests of Devin Nunes, then Chair of the House Intelligence Committee. The other guests were the Australian Ambassador, Joe Hockey (former Finance Minister) and the Ambassador of Japan, Ken Sasae. In an unusually frank speech in public, Ambassador Sasae had said (prior to the actual US Presidential Election but when both Candidates, Trump and Clinton, were walking the US back from TPP):

'If a book on the decline of American influence in the Asia Pacific is ever written – and I hope it never is – its first chapter will be an account of the withdrawal of the US from TPP'.

In the light of the withdrawal of the US from TPP, I would argue that Ambassador Sasae's deeply uncomfortable observation remains on the table, *not* with respect to security or military matters, where United States leadership remains indispensable to the region's stability, but to influencing economic integration.

A 'renegotiation' of a small number of chapters of the TPP text that had been signed by USTR Mike Froman in Auckland, was then conducted with the US absent. A new name ('*Comprehensive and Progressive TPP, or CPTPP*') was coined to facilitate its political management by the pro-trade, Centre-Left Prime Ministers of Canada and New Zealand, Justin Trudeau and Jacinda Ardern. Et voilà! Somehow, all those years of work that Singapore and New Zealand – along, subsequently, with the efforts of hundreds of highly motivated officials and Ministers from the other economies – paid off.

8. The Future?

We shall have to wait and see. But it is possible to identify a few of the very large geopolitical issues ahead of this important initiative.

First, the strategic outlook on trade has deteriorated markedly since (say) 2015. There are many outstanding academic analyses charting the shift from the period of 'hyper-globalization' (roughly 1990–2010) to today's world of 'fragmented globalization'. It is not the purpose of this note to retrace the same ground. Most important, the United States appears to have walked

¹³NAFTA – denounced by President Trump as 'the worst trade agreement ever' – has been replaced by USMCA, the 'best trade agreement ever' negotiated. American experts estimate around 85% of the two agreements are identical.

¹⁴The Foreign Ministry (*Gaimusho*), the Industry Ministry (*MITI*), and the Agriculture Ministry (*Norinsho*).

¹⁵Regrettably, this highly effective and highly personable Japanese Minister fell victim to one of those impenetrable Japanese political 'scandals' that no *gaijin* can ever hope to comprehend.

away – at least for the time being – from one of the greatest contributions the American people and the American political system have given to the world since 1945: political leadership on trade – a vital component of the ‘liberal world order’.¹⁶

As the conservative intellectual Robert Kagan (2018) put it:

Less than 80 years ago, liberalism outside a few centres of power, was on its death bed ... The dramatic change of course after 1945 was not due to some sudden triumph of our better angels or embrace of Enlightenment principles that had been around for centuries. Nor was it the natural unfolding of Universal History in the direction of liberalism. Liberal ideas triumphed because for the first time, they had power behind them: the United States.

The United States may have lost the political appetite to engage in progressive trade liberalization, but its most important partners have not. This, intriguingly, includes the UK. The post-Brexit decision of the British Government to join CPTPP, on the back of concluding two comprehensive and ambitious FTAs with Australia and New Zealand, is one of those rare occasions where it may be justifiable to employ the dreadful cliché – ‘a game-changer’. It is a game-changer not so much because the world’s fifth largest economy has joined, adding further economic heft to the initiative, but because it has utterly changed the nature of the agreement.

TPP is no longer an Asia Pacific (or Indo-Pacific) regional agreement. It is, at least in principle, the nucleus of some new potential global trade rules. Other new applicants – Ukraine (intriguing from a political, not economic, perspective), Costa Rica, Ecuador, Chinese Taipei, Uruguay – will add to that dimension, and it seems likely that South Korea and Thailand will at some stage put in applications.

But above all, the singular development that extends the ‘TPP story’ into a different dimension, is China’s application to join. The implications of this are truly global and among the most intriguing strategic questions is what will be the response of the United States if the Chinese application gathers momentum? Ignore it? Put massive pressure on CPTPP participants to block China?¹⁷ Develop the US (Indo-Pacific Economic Framework for Prosperity (IPEF) into a serious alternative – an initiative that would, if done seriously, potentially make TPP redundant, using the playbook of converting the NAFTA into USMCA.¹⁸ Many CPTPP participants, including the author, would welcome that option. There is, however, currently no political base for this to take place in Washington.

One or two things are clear. First, at the macro political level, if China finally does join CPTPP after what will be a long process of review and negotiation, it will be a simultaneous decision to admit at the same time, Chinese Taipei. Second, China is deadly serious about its application. It is a large mistake to believe it will never happen because ‘China could never live with the disciplines, particularly over SOEs (State Owned Enterprises)’. Many Chinese officials want to join CPTPP precisely to submit their inefficient SOEs to those disciplines.

Finally, whatever the future of this initiative may be, it will be influenced by what happens to the WTO – or more to the point, what may not happen. Again, this is beyond the scope of this note. What is clear is that the glacial process of the WTO in moving forward on any issues in the

¹⁶The term ‘liberal’ is meant in the European, not domestic American, sense.

¹⁷That would at the least be breaking new ground: you leave a ‘club’ because it is ‘the worst Club ever’ (Trump) but try to blackball aspiring new Members. Interesting.

¹⁸Which attracted overwhelming bipartisan political support in the House – 385 in favour, 41 against. The anti-trade forces are totally dominant today, but this is not the end of the matter. The strong pro-Americans amongst us always recall Churchill’s quip that ‘the Americans can always be relied upon to do the right thing, after they have exhausted the alternatives’ (there are variants of this, though nobody knows if Churchill was joking when he said it) ([https://ustr.gov/trade-agreements/agreements-under-negotiation/indo-pacific-economic-framework-prosperity-ipef#:~:text=Indo-Pacific Economic Framework for Prosperity \(IPEF\),-Trade Pillar](https://ustr.gov/trade-agreements/agreements-under-negotiation/indo-pacific-economic-framework-prosperity-ipef#:~:text=Indo-Pacific Economic Framework for Prosperity (IPEF),-Trade Pillar)).

past 30 years since the WTO came into effect leaves increasingly large ‘gaps’ in the framework of global rules.

This is not some minor intellectual point. The absence of effective global rules on trade in digital commerce is one of the obvious lacunae. Once again, Singapore and New Zealand have stepped up to the mark and established the Digital Economy Partnership Agreement (DEPA). Chile and Korea more recently joined. Canada, Costa Rica, Peru, and China have applied to join. There would not be a single Singaporean or New Zealand official or Minister with an interest in digital trade who would not prefer to be doing this in the WTO in Geneva but, at least for the foreseeable future, this is beyond reach politically. It is not just nature that abhors a vacuum – it applies to trade policy at the strategic level.

Leaving aside the ‘mother of all (TPP) issues’ – will China join? – it is an intriguing question as to whether an informal dialogue might at some stage develop between the EU and CPTPP, given the strong and shared values of most of the participants. The EU, for all its difficulties in establishing internal consensus, has today become the most important global power upholding the ‘*acquis*’¹⁹ of the WTO. If we cannot move forward decisively in the WTO (and without the full commitment of the US, we will not), might it be possible to develop new rules together? The sheer weight of the 27 European Union economies plus up to 18 CPTPP economies (including, possibly, China) suggests this is more than an academic question.

This brief negotiating history of CPTPP, if it indicates anything, points to a dynamic process of countries/economies committed to economic integration and collectively prepared to engage in creative negotiations. It is clear is that the journey began by Singapore and New Zealand in 1999 is not over.

9. Footnote: ‘History may not repeat itself, but it does Rhyme’²⁰

There can be no question that the strategy agreed by Singapore and New Zealand in 1999 has been a spectacular political and economic success – even if the pathway has altered many times in many unexpected ways. And it does raise a broader question about how small states can work effectively together.

In an outstanding paper delivered ten years ago by Vangelis Vitalis, then New Zealand Ambassador to the EU and NATO and now New Zealand Chief Trade Negotiator, he raised a series of important questions about the foreign policy of Small States, using the ‘History of the Peloponnesian Wars’ written by the great Athenian General and historian, Thucydides, as its framework (Vitalis, 2013).

The most recent exploration of the relevance of this ancient, but yet ‘modern’, analysis is, of course, the so-called ‘Thucydides Trap’, brought most recently to prominence by Professor Graham Allison of Harvard University, one of the most distinguished American political scientists (Allison, 2017).

The primary focus of Thucydides’ great work of course is the competition between the Great Powers of the period and the distressing pattern of conflict brought about by historical situations where the (then) hegemonic ‘status-quo’ power (Sparta) is challenged by the ‘rising power’ (Athens). Summarized brutally and simplistically, it is about the historical tendency of the existing hegemonic power to initiate war with the rising power simply because it fears that ‘war is inevitable’ so it is better to have it out with their rival now than wait until they become more powerful.

Essentially this was the decision of the Sparta-led Peloponnesian League confronting the rise of the Athenian Empire. It involved – disturbing echoes of today – numerous alliances and ‘understandings’ with smaller City States (there were a more than 100; the UN today has a little over 200 Members). Obviously, projecting out 2,500 years on, today this is about China and the

¹⁹This French term is universally used by trade negotiators to describe the entire ‘set’ of agreements, understandings, and commitments achieved in the past. It means, literally in English, ‘acquired’.

²⁰Mark Twain.

United States. Are they too destined for war? Is the island of Taiwan the trigger, as the attack on the Island of Corcyra was one of the triggers for the devastating Great Power conflict 2.5 millennia ago? (Note: trade sanctions were also involved).

As Vitalis points out

... Small States need to be active and creative in their interactions with other larger countries including (a) alignment or integration with larger partners or blocs to project influence; (b) develop 'bespoke' arrangements as force multipliers to influence and shape decision making by the major power (c) [promote] their value proposition ... (d) concentrate their resources on issues and areas that matter to their vital national interests.

Without labouring the point, there is every reason to believe that Singapore and New Zealand, in their action to initiate what we now call 'CPTPP' were acting, either consciously or intuitively, as their counterparts in the small City States attempted to do during the Peloponnesian Wars.

New Zealand and Singapore have been extraordinarily creative and effective in using Small State diplomatic tools. Yet, it will come to nothing if China and the United States cannot develop a *modus vivendi*. In expressing this view, the author can hear Lee Kuan Yew (whom he met several times, accompanying two New Zealand Prime Ministers as their adviser) nodding in agreement from his grave.

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