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## The Middle-Power Dilemma

Feb 2, 2026 | **ESWAR PRASAD**

ITHACA – Canadian Prime Minister Mark Carney’s recent speech at Davos received the third standing ovation in the World Economic Forum’s history, with the previous two going to Nelson Mandela and Ukrainian President Volodymyr Zelensky. It struck a chord because it clearly and unambiguously articulated a realization that is sinking in everywhere: The postwar rules-based order that ensured relative stability and facilitated the spread of prosperity is crumbling.

The United States, which became the dominant power after the collapse of the Soviet Union, is no longer willing to provide constructive global leadership or support the institutions that it played a leading role in creating. At the same time, China is keen to assume the mantle of leadership that the US is relinquishing, but its weak rule of law and mercantilist economic model make it difficult to trust.

For example, China has sought to position itself as the main defender of free trade and the rules-based system, but it has used, and abused, those rules to its advantage, becoming an exporting powerhouse while restricting other countries’ access to its markets. As a result, the rest of the world is terrified of being swamped by Chinese exports, especially now that China’s growth is becoming even more imbalanced and heavily dependent on exports.

As competition between the world’s two superpowers becomes more destructive, the rest of the world is stuck in a negative feedback loop that runs through economics, domestic politics, and geopolitics. Carney highlighted the grim reality facing middle powers like Canada, caught between two untrustworthy superpowers, each with its own flaws and less-than-honorable intentions. We can assume from the response to his speech that his call for the rest of the world to join forces in managing the new economic and geopolitical turmoil resonates with national leaders worldwide.

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But the path to unity among middle powers is fraught, because this group includes rich and poor countries, as well as small and large ones. The interests across such a diverse grouping will rarely be in perfect alignment. Though Carney did suggest a pragmatic approach, with countries banding together on specific sets of issues, rather than forming a united front across the board, ad hoc cooperation is unlikely to forge deep alliances built on mutual trust.

One finds areas of substantial dissension even among countries that should have well-aligned interests. The major emerging-market economies, for example, have common interests on many issues, but they also harbor mutual suspicions. China and India both favor shifting voting power at major institutions like the International Monetary Fund and World Bank toward emerging-market

economies. But their border conflicts and India's fear of being dominated by its neighbor mean that they simply do not trust each other.

More broadly, unless middle powers summon the will to look beyond their short-term interests, they might become sources of instability, rather than a new anchor for the geopolitical order. Following Russia's full-scale invasion of Ukraine, India refused to participate in Western countries' sanctions, thereby aligning with Russia and China for the sake of cheap and plentiful oil imports, even though it sees its values and democratic institutions as being more aligned with Western economies.

Working both sides hardly makes India an anchor of stability.

Even Europe, which still aspires to be a great power, has been left on the sidelines. Economic weakness and centrifugal forces have left it unable to speak effectively and with one voice. Europe certainly rises to the occasion when it faces direct threats to its sovereignty, such as in Ukraine or Greenland. But without the will to create a stronger and more durable union, and absent tough measures to improve its economic performance, Europe will remain in reactive mode, rather than providing leadership.

Countries that have established strong economic or security relations with both China and the US are now being pushed to choose sides – a decidedly awkward and uncomfortable prospect. Some countries that seem to be deliberately balancing between the two risk falling into one trap or another.

And then there are countries such as Singapore, South Korea, and Vietnam, which cannot easily escape their tight trade and financial links with China. But as wary as they are of being drawn deeper into China's economic and political embrace, they seem reluctant to push back too hard against the region's dominant power. Since neither Japan, once Asia's leading economy, nor the US can be counted on to serve as an effective or reliable counterbalance, these countries will continue to be buffeted by geopolitics, rather than helping to calm the waters.

The middle powers have little choice but to deal with a world in which instability has become the norm. They can either add to the problem or become a constructive force for stability on the margins. That does not require unity, but achieving the cohesion that middle powers will need is still a tall order, because it will require them to put their own houses in order, look beyond their short-term interests, and forge deeper bonds.

## **ESWAR PRASAD**

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