

Transcript — Between Giants: The Middle Power Paradox

Christian Smith: Mark Carney's speech at the World Economic Forum in Davos last month has been labeled by some as one of the most important geopolitical addresses this century. The Canadian Prime Minister argued that the old world order is not coming back, that we're now in an era of great power rivalry, and that middle powers should come together to counter the rise of great power hungry, hard power. The question, of course, is what would this middle power collective look like and would it actually work? So today on this podcast from Geopolitical Futures, we look at the question of the role of middle powers in a changing geopolitical world, as well as looking into the relationship that kicked all of this discussion off, the one between Canada and the United States. And while we're here, we also wanted to take a moment to look at America's relationship, relationship with its southern neighbor, Cuba, as we assess whether the regime there can take the increasing strain that's being placed on it. My name's Christian Smith. I'm your host and I am of course, joined by Geopolitical Futures chairman and founder, George Friedman. Hello, George.

George Friedman: Hello, how are you?

Christian Smith: I'm well, thinking. I'm well, George. What I mean, let's start with the most obvious question, I suppose. What do you make of this idea of middle powers? The countries like Canada, Australia, Japan, the uk, much of the eu, I suppose, and then perhaps even others. Some have floated India, although they are very large. But these, the idea that these powers can band together to somehow create their own sort of world order.

George Friedman: Well, begin with this. The United States is one quarter of the world's economy. China is 20% of the world's economy. So these other powers are 55%, a little over half the world's economy. And if you count them as the ones that are above a trillion dollars, that's about eight countries. So that's eight countries dividing half the world's economy. These are very relatively small countries, and if he wants to extend it, their economies are even smaller. In other words, the idea that somehow these countries can band together and counter both the United States and China, create a new economic forum assumes that their exports being absorbed by just these other middle powers would sustain their economies. Canada, for example, sends about 75% of its exports to the United States, about 15% of exports to China. So if it loses those two, it's got to find markets large enough. And if you consider the middle number economies that are above \$1 trillion GDP, you're counting about eight other countries.

So dividing half the world between these eight countries, these are not Any one of them or even together sufficient markets for the rest of the world. So it's one not doing arithmetic. And secondly, these powers are widely scattered. So I'd call Germany a middle power. I'd call South Korea a middle power. I would call Russia a middle power by that. Okay, now from a point of view of security, how does Germany guarantee South Korea's security when it's sitting by China? So it's a wonderful idea that he had. It's not rational, it's not possible, but it sounds great.

Christian Smith: And I suppose, I mean, what if you look at it from more of the perspective, at least of a hard power perspective, less of a military perspective and you know, he used the word like minded countries. So more around economics and perhaps even values.

George Friedman: I suppose South Korea's values and Germany's values differ fundamentally from Canada's values. Okay, so like minded in some sense, but very, very different culturally. But it's not a hard power issue. Economy is that hard power, but is absolutely essential for exporting countries which Canada is and most others do they have to have markets. Okay, so the point I'm making here is that with the US and China being almost half the world's economy, these countries must substitute for the appetites of the, of China and the United States. Hard to do. Add to that the fact that without security there is no economy in the sense that there's nothing more dangerous in the world than to be rich and weak because they're going to come after you. So never go into a poker game putting on a pile of money on the table and then not know how to play poker. Basically the idea here is that these countries can balance themselves and then balance the great powers, China and the United States. That's arithmetically preposterous economically and simultaneously. As much as you want to talk about strong power, it is an essential characteristics because if you're going to have an economy you must be able to defend it. There are vultures in the world. So these people coming together would be a very interesting group having dinners regularly together. But whether they could be rest outside the two major powers without having a relation with them economically, if not only militarily is hard to believe.

Christian Smith: I do look forward to the debates around what is on the menu at these dinners as the EU summits always have politically minded menus. So this could be quite interesting as well. I mean, let me, let me propose a, a sort of scenario for you, George. I suppose a lot of this of course came about this, the speech in the first place came about because of Trump's rhetoric on Greenland. What if, for example, you had a situation where you had a number of these countries bonding together in response to perhaps tariff threats or tariffs from the United States? So you had, well, we're going to put tariffs on South Korea. And then. And

then South Korea says, well, if you do that, then Germany and the UK and Canada, Australia are going to do it too.

George Friedman: Well, it really depends on the size of their markets. On an economic point of view, can South Korea compensate for the loss of the Chinese and the American economy for exports and have Germany take the load? The point is, the larger the economy, the more it can absorb, the more it can export, and so on and so forth. These are very small, fragmented economies, very distant from each other, who have only one thing in common. If this were to happen, displeasure at the larger powers, but not a lack of necessity on larger powers, economically and strategically. So this is a wonderful wish that whenever there are great powers, and there are always great powers, the Soviet Union, United States, Britain and France, and so on and so forth, there's always a dream that we don't need to work with them, we can have our own way if we band together. The fact is that the numbers don't add up to that. The market is half in the hands of almost half in the hands of two countries. And if that's an economic reality and a financial reality, you need to deal with it.

Christian Smith: And then let me ask, I suppose, about the idea that these countries are or may now consider de-risking or decoupling from the US. And I suppose here I'm talking about the Western countries, European, South Korean, Japanese, those countries which are heavily dependent on the U.S. particularly militarily, they may now look to de-risk because they don't see the US as such a reliable partner anymore. What's the risk of that?

George Friedman: Well, it's a risk that you're sitting next to China for South Korea and you're not defended by the United States in any way. And it's also a risk that the Chinese might not import as much from you as the Americans do. So decoupling has two sides. One, I don't want to be subject to the whims of the United States. Two, I want to find an alternative to the United States. Point two cancels out point one. You can't find an alternative to the United States and China together, and the Chinese don't import nearly as much as the Americans do. So when you look at this whole thing, it is a desire that the great powers not exert power over Lesser powers, and that the lesser powers will join together, however far away from they are and however they're competing with each other at exports to the great powers, and however much they depend on the national security, one of the great powers, this can go forward. So it's a very nice idea. And Germany undoubtedly would like not to be dependent on the United States. But Germany has a security issue as well as an economic issue. It also exports automobiles and lots of other things to the United States, possibly sent to China, although they have their own industry. And if you take all of these countries together, the net total of these countries is not half, is not close to the same as the total economies of the United States and

China. Of course, beyond them is 30, 40 other countries, smaller economies. So the math is that we will get away from the two great powers economically, but still have the export markets we need, the financial assets we need simultaneously, we will be secure. So Germany, for example, will say, I'm a middle power. I'm going to be secure with the United States. The United States will stand up and applaud, great idea, be secure without us. And Germany will say, but on the other hand, we still want to export our goods to you. And the United States says, well, fine, but then you're dependent on us, and we're not going to buy your stuff if you're not an ally. These things, the great powers are great powers because they can assert massive influence as well as consequences if you break with them. So it was a kind of speech that, you know, I'm going to get together, and the two bullies in a school, the seven of us, are stronger than the two bullies. You have to be totally united and suicidal to take them on. And it doesn't usually work. It's a dream, it's a hope, it's a wish. It was a great speech. Now reality fits in.

Christian Smith: Do you think that we're in a rupture like Carney said, or do you think this is more of a transition? Looking at the broader sweep of geopolitical.

George Friedman: History, take a look at 1945. All of the norms of the previous century were gone. The European empires were collapsing. Europe was no longer the center of gravity of power because it fought these wars. Two countries that had not been global powers, the United States and the Soviet Union, now emerged. Now the Europeans could have wished themselves back to being great powers, tried to recover their empires, which made them great powers, but that was not possible. So a very radically different geopolitical system occurred. It was the Cold War. You're either Pro American, pro Soviet or neutral. That's one of your plays. And you didn't have others in the same way that wishes in 1945 may have been. Let's hold on to our empire and keep going as we did before. It was not possible in the same way. If you take a look at the question of what happened in Ukraine when the Russians failed to occupy Ukraine in a matter of months, weeks, not even four years, what was demonstrated was that Russia was not a risk for invading Europe. Therefore the Cold War was over. Therefore a new reality was there. The United States did not have to remain in the Eastern Hemisphere, dueling with the Russians covertly and so on and so forth. They could disengage from a very dangerous period. The Americans are now disengaging. There are two dimensions of that. One is militarily trying to disengage. Secondly, economically asserting its independence from systems and still importing great amounts of money and so forth. So when you take a look at this geopolitical Systems collapse in 1945, I don't think the Europeans realized how irrelevant they had become to the global order. They didn't think they were going to lose their empires and all that. So the norms are broken. We look at the situation now with the end of the Cold War, the demonstration of

Soviet limits, a very new geopolitical system emerges, and the old norms are obsolete. And those who benefited from those norms are bitter as this was a betrayal. I remember that in the course of the collapse of the British Empire, if you read back on it, there was profound shock inside of England that they should be in this position, that they were leaning on the Americans to try to hold on to the Middle east or something. Okay, so this is a psychological crisis, an unwillingness, particularly the leadership that flourished in the old period to face reality. The old geopolitical system of the Cold War is gone. After 80 years, a new system is emerging.

Christian Smith: Take a moment to follow and rate us on your preferred podcast platform. For video versions of the show and much more, subscribe on YouTube Eopolitical Futures GPF click the link in the description below to gain access to our full 2026 forecast. Re anchoring the world, complete with geopolitical predictions, maps and graphics from our global team of analysts. The speech from Carney. You know, let's look at the relationship now between the US and Canada. The speech from Carney. As you wrote George recently, you know, there's a sense of betrayal in Canada that this speech came from that just remind us, I suppose, because, you know, Canada hasn't exactly been top of the geopolitical list for the last 80 years in terms of importance, I suppose, but it has become more so now. What's the underlying nature of the relationship between the U.S. and Canada?

George Friedman: It's intimate and absolutely unbreakable. I regarded it as a marriage. They can't get divorced, given the money and everything else involved, and they can't make a peace. Quite. But the divorce is impossible. Canada exports a great deal for its economy. 75% of those exports are to the United States. Okay, they can find other markets, but not for those many goods. And plus those products they produce are intended for the American market and may not be absorbed in other markets. At the same time, the United States is fundamentally military dependent on Canada. So any attack by missiles would have come from over the poles. And even now we're talking about warfare being going through the Poles and we saw Greenland. Well, Canada is the major buffer between the United States and the Cold War. During the Cold War, we were in a situation where we depended on something called the distant Ernie early warning line dedulion to detect any Soviet missiles coming across norad. The North American air defense system was always commanded by American with a deputy commander who's Canadian. So when you take a look at North American defense, that Canada is a fundamental buffer for the United States. If it lost that relationship with Canada, its position would be much weakened. Simultaneously, Canada's position would be desperately exposed. So when you take a look at the realities, instead of the rhetoric and bad feelings and so on, the economic relationship between the United States, who also exports a great deal to

Canada, is completely entangled and national security is one. You can't separate the two. So while the Canadians would not like to see Trump acting as he does, as many people don't like to see it, in reality, the options that they have, reaching out to South Korea for his national defense and so on is not an option. So in geopolitics, you have to look at two things. One is the realistic dangers and necessities imperatives. Second, capabilities. Without the United States, Canada's capabilities would be severely limited in both dimensions.

Christian Smith: Yeah, it's interesting in terms of alternatives, I think we saw this week the news, I think Politico was reporting that France and Germany, their, their program for a new fighter jet, a next generation fighter jet, has effectively collapsed. So it sort of suggests how difficult it is to detach yourself from the US and then this whole discussion about Canada reminds me quite a lot of the Brexit situation here in the uk. I mean, love it or hate Brexit. That's not beside the point. But what's going on at the moment is showing how difficult it is to relocate your export markets if you have to. So that's not something that either side can really do. I mean, that doesn't mean things can't get bad, though. How bad do you think the relationship could get between the two of them?

George Friedman: Well, even if we say nasty names to each other across the board, throw things, they still export 75% of their exports to the United States. The United States still depends on Canada for its national security. And no matter how much we dislike each other, we need each other. We are entangled with each other. We cannot withdraw from each other. So there is a difference between how we feel about each other and whether how much we need each other. The European Union is filled with nations that have mutual contempt. The French for the Germans, the Germans for the Poles, the Poles for everyone. And the British, of course, stand aside looking smug. At the same time, the situation is such that they can't live without each other. That's impossible. So when you do geopolitics, you don't engage in mutual admiration societies. You look at the necessities of where you are, what power you have, what power the other guy has economically and militarily and so on, and you live that way. So when you talk about the middle powers getting together, you have to ask the question, getting together how? What power will they have economically and militarily, and how can they secure each other? So when you look at us and Canada, we're profoundly entangled. Will the Canadians leave norad? That's not going to happen very soon. Will we kick the Canadians out of norad? My God, that'd be a disaster. We also need them for economy, so we can't move. It's like a bad marriage, can't find another place to live. We're just going to have to luck it out. But for national politics, mutual contempt is a wonderful tool to use for national security, for national solidarity, I should say. Everybody kind of feels great about it, that's true.

Christian Smith: Yeah. And I mean, that sort of raises the. I want to ask your opinion on this, George, is that a couple of weeks ago, we had this news that was leaked to the Canadian media, I think, and it was a deliberate leak from some part of the government, might have been from the top of the government, that Canada had been preparing a strategy for defending against the US attack, invasion of some kind, some kind of guerrilla warfare strategy. I mean. I mean, obviously, I don't think anyone's seriously talking about that as a, you know, large possibility. But what was the purpose of that, of that news coming out? What were they trying to achieve with that, do you think?

George Friedman: Hysteria. I mean, one of the things that politicians do is they want to appear to be strong, they want to be decisive. They protect a nation. The more threats they can imagine that aren't going to materialize, sometimes the more powerful they appear. So it's very important to pay very little attention to what politicians say, because they're politicians, and take a look at the reality on the ground. So why would the United States want to invade Canada when we would only do that if the Canadians got out from under our defensive system, which they really like being deputy commander of norad, by the way.

Christian Smith: Well, while we're here, we wanted to include a little bit about what's going on at the other end of the United States, about Cuba. A lot of pressure, of course, has been building on Cuba since Nicolas Maduro was captured from Venezuela. The oil has largely been cut off, it seems to Cuba. It does not sound like it's a particularly good place to be right now. How is it coping politically, economically, geopolitically?

George Friedman: George well, its economy is in shambles and has been in shambles for a very long time. The Cuban administration, whether ideologically Communist or not, has really failed. It should be a very prosperous place. It isn't. The United States, in cutting off supplies from Venezuela, in part, was doing this to cut off oil supplies to Cuba. Now, it is a tremendous shortage that it has. The Russians might be able to provide some, but the situation inside of Cuba itself is catastrophic. Remember that ever since the 19th century, the United States has worried about Cuba, its potential occupation by a foreign power. It was Spain in the 19th century, and the fear that that's going to project its force into the United States or the waters around the United States, therefore, the United States. John Kennedy, who was no Donald Trump, had a very hostile, tense relationship. The Bay of Pigs invasion was an example. So we would like to see Cuba in a different situation. It would seem to me that the Cuban people would like to see themselves in a different situation because their everyday lives are fairly bitter. There's also the question of the idea that you are part of this nation and must live through it, and that's competing with the idea that I can't make it. So I think what the United

States is trying to do is create an internal rising, if they can, against this regime. The regime has a very strong security system internally. It's dangerous to do these things. But ultimately the question is, what will happen to Cuba? And ultimately the United States wants a transformation in Cuba from being a hostile power to being a relatively benign power. And under these circumstances, the only possible solution could come from Russia. Now, the Russian economy is in no position to strengthen the Cuban economy, and whether it's willing to take military action to defend Cuba is highly unlikely. Therefore, the Cubans are frozen into place. So their economy is being drained with lack of oil, and it was already in bad condition. Standards of living who are already poor are getting worse. What I think the United States wants to do is cause an uprising in Cuba. There's great unhappiness. Can they do that? Not. One other option is military intervention. The United States has the power to overwhelm Cuba, but it's not easy. Cuba is a big place. We forget how big it is. It stretches from New York to Chicago. Occupying that area, even a relatively thin island is quite wide, would be a very difficult military objective. Trump has tried to avoid direct military intervention anywhere. He wants to do it by proxy, save even with Maduro, who was just a covert force going in, raiding, and getting out. So right now, the question is, what happens inside of Cuba? What regime change might happen if it would happen, and if the United States is willing to spend troops and lives invading Cuba. So at this point, the situation that's been created after the Venezuelan events is the isolation of Cuba increasing the hardship of Cubans hoping for some sort of rising and possibly thinking of some sort of military action directly on the ground. But I think blockade was the most likely action. Invasion is not likely.

Christian Smith: What's the cliff edge, do you think, for Cuba? What's the tipping point? Really, if you're looking at it, something might actually happen because Cuba's always been very resilient in many ways.

George Friedman: We've passed it a long time ago. It's not been resilient. It's had a very oppressive government.

Christian Smith: The regime, I should say, has been resilient.

George Friedman: The regime has been very effective in suppressing unhappiness. Remember, many of the Cubans came to the United States. They've done very well in the United States. They maintain relationships with people in Cuba. But exiting Cuba has become difficult because the Cubans don't let it happen very often. And right now, the United States is not interested in the inflow of Cubans as current circumstances. Therefore, they're stranded. And this is a situation that has already passed. I think the unbearability point, years ago, it was

kept in place with an Internal security force that was quite ruthless. Now, at this point, something must break. I think the intention of Trump is to put Cuba in an untenable position, have the regime break apart in some way, and then work and exploit Cuba, as we did for many centuries before Castro, and build it up into a process. But as for invasion, that's really hard to think it would cost us. Their army is not very good, but on the defensive, it doesn't have to be very good to take casualties, to give casualties.

Christian Smith: With Trump, we're sort of getting used to this idea of going from one. You can call it a crisis, you can call it an event, one thing to the next in rapid succession, from Ukraine to Russia to Greenland to the stuff with ICE to whatever. We may well talk about Iran next week on the podcast. I mean, what. What do you think is next on his agenda? There's these talks in Iran. There's Cuba going on here. What's. What's the sort of more demanding thing right now?

George Friedman: Notice that mostly what he does is talk under you. With the Russians, no military action of significance has taken place in Iran. Well, we knocked out their nuclear plant, but no attempted occupation. So when you say he goes from place to place, unlike during the Cold War, where the armies would be deployed from place to place constantly, this is only conversation. He focuses on one thing or the other. So when you take a look at why he went into Venezuela, drugs are certainly part of it, but it was also isolating Cuba for its energy source, that was a military action, but a very small military action and a very effective one. So it's not as if he goes from battle to battle to battle. It's he focuses and talks about sequentially various areas. But when you say he goes from Iran to Ukraine to Cuba to Venezuela, he doesn't do much. He didn't do much in Venezuela. So he's, interestingly, very wary of military action unless he's certain he can achieve it with very small costs or no costs at all. At the same time, he's using American power to isolate countries, to make them uneasy, and so on and so forth. But it's not the same way that other presidents did with serial conflicts. It's serial threats.

Christian Smith: George, as always, thank you very much for coming on the podcast. Thank you out there for listening as well. We'll leave it there for today. We'll be back again next week, though, with another podcast from Geopolitical Futures. But until then, you take care, and goodbye. Find all of our expert geopolitical analysis at geopoliticalfutures.com.