

Magi Castelltort

Ministry of Industry, Commerce and Tourism

E-mail: magi.castelltort@tourspain.es

“Si tu veux la paix, connais la guerre”

Gaston Bouthoul

The possible war conflict between the United States and China: reconsidering the “Thucydides Trap”.

Abstract

The balance of power theory seems more adequate than the “Thucydides Trap” to interpret the present tension between China and the United States. Criticisms of its ethnocentrism seem to forget Westernisation factors still present in East Asia that limit Chinese emancipation. Nevertheless, a global balance of power would not prevent regional conflict, so factors that could trigger a spiral of belligerence should also be considered. The post-pandemic scenario could initiate an illiberal stage of re-globalisation, where neo-protectionism could be a weapon of containment.

Key words

China, United States, Thucydides trap, self-colonisation, dollarisation, demographic peace

Cite this article:

CASTELLTORT, MAGI “The possible war conflict between the United States and China: reconsidering the “Thucydides Trap””. *Journal of the Spanish Institute for Strategic Studies* 2021, issue 17, pp. 605-634

Introduction

China's rise as the world's second economic and military power and its potential challenge to the dominant liberal order have recently been analysed through the prism of the "Thucydides Trap", according to which structural tension between an emerging power (China) and the pre-existing hegemon (the United States) often ends in conflict¹. This is a reformulation of the "realist" theory of power transition, which considers a confrontation between two states in a situation of equal power highly probable. This conclusion contrasts, however, with other theories that consider the balance of power, international rules or trade between countries as the guarantors of international order².

According to the literature, international relations would be based on power (Realism), trade (Liberalism) or norms (Constructivism). On these theoretical bases, the Asian future could be either similar to the European warlike past (Realism) or peaceful, either through trade relations (Liberalism) or the Sino-centric model, emulating the pre-colonial Asian past, in which China would once again be the regional hegemon (Constructivism).

MAIN THEORIES OF INTERNATIONAL RELATIONS AND THEIR ASIAN PERSPECTIVE

	Actors	Relational basis	Main objective	Guarantor of the Asian order	Future of Asia
Realism	States	Power	National interest	US military presence	Past European war
Liberalism	Countries and multinationals	Trade	Benefit	Economic growth	Peaceful community
Constructivism	States	Standards	Regulatory community	Standards (ASEAN or similar)	Pre-colonial sinocentric past

Source: Prepared internally

"The Thucydides Trap" departs from these scenarios by retrieving the transition of power theory (through an inaccurate historical analogy³) that was already challenged for having predicted a second Korean war and not decades of stability on the peninsula, as the balance of power theory did, by correctly gauging the capabilities of the con-

1 ALLISON, G. (2017). *Destined for War: can China and the US escape Thucydides Trap?* Scribe Publications. In IEEE, for example, SUPERVIELLE, F. (2018) *Will China and the United States go to War?* 40/2018.

2 ACHARYA, A. (2017): 'Theorising the international relations of Asia: necessity or indulgence?' Some reflections, *The Pacific Review*, DOI: 10.1080/09512748.2017.1318163

3 KOUSKOUVELIS, I. (2017). *The Thucydides Trap: A Distorted Compass*. <https://www.e-ir.info/2017/11/05/the-thucydides-trap-a-distorted-compass/> (accessed 30-4-2021).

tenders⁴. Applying the same scheme to the current scenario of strategic rivalry between the United States and China could therefore lead to a similar mistake. To avoid this, it is necessary to have analytical tools that allow for a better understanding of the Asian reality. For this, it is important first of all to assume that the balance of power theory, despite its limitations, is the one that could best explain recent continental history, perhaps by self-fulfilling prophecy, since most politicians, including those in Asia, have followed its postulates⁵. Moreover, power, especially military power, has been the backbone of Confucian societies, with their hierarchical mentality⁶. Trade and rules, on the other hand, do not seem to have been the main backbone of Asian diplomatic relations, partly because companies need stable legal frameworks in order to operate, and the rules that would shape them need an authority to enforce them. Thus, despite common Confucian roots and significant trade flows between China, Japan and Korea, the three nations have failed to complete a supranational trade zone, partly due to historical scars⁷. Korea and Vietnam, despite geographical proximity, have never been assimilated by China. And the current Chinese rise, far from pacifying, has unleashed a continental arms race⁸.

However, the realist theory of the balance of power has also been subject to important criticisms: The main one is its ethnocentrism, its supposed universalism masking an underlying westernisation. Its critics often defend Asian exceptionalism, according to which Western theoretical concepts would not be applicable to Asian history, whose particularities would prevent their generalisation⁹. Such criticism, however, seems to forget the mental, political and economic ties that still link East Asia to the West to-

4 KANG, D.C. (2003). International Relations Theory and the Second Korean War. *International Studies Quarterly*, 47. “Corea del Norte nunca tuvo la capacidad material para ser un competidor serio de la alianza entre Estados Unidos y la República de Corea”

5 ACHARYA, A. (2014). Thinking Theoretically about Asian IR. In SHAMBAUGH, D. and ZAHUDA, M. *International relations of Asia*. Rowman & Littlefield.

For example, in his memoirs Kim Dae-Jung, former South Korean president, states: “If powerful neighbouring countries were to fight for hegemony, they would cause pain to our nation, but the presence of the US armed forces in Korea maintains the balance of power and ensures the security of our nation.” KIM, D-J. (2019). *Conscience in Action*. Palgrave Macmillan.

6 NISLEY, T. (2014). China’s Rise in a Changing Regional Hierarchy: A Comparison of 21st-Century China to 20th-Century Germany. *The Journal of the Georgia Political Science Association*.

7 Condoleeza Rice states in her memoirs “East Asia was a tangle of bad bilateral relations. The United States was struggling to maintain good relations with each of the powers and was often caught up in the hostility of a region that had not yet put World War II behind it.” RICE, C. (2011). *No higher honor. A memoir of my years in Washington*. Crown Publishers, New York

8 LIU, T. (2020). China rising and Northeast Asia: paradoxes amidst the new cold war. *Social Transformations in Chinese Societies*. DOI 10.1108/STICS-04-2020-0011

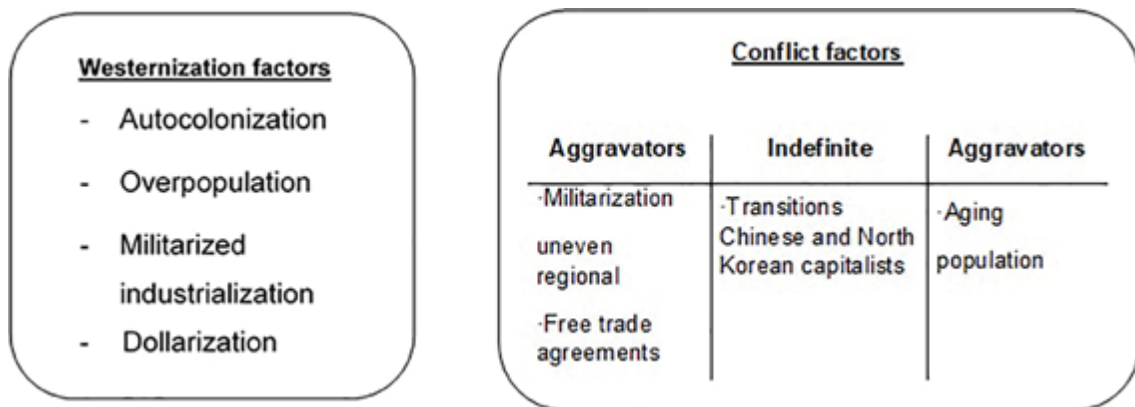
9 CHEN, C-C. (2010). The Absence of Non-Western IR Theory in Asia Reconsidered. *International Relations of the Asia-Pacific*, 11-1.

ALLISON (2017) himself, author of the “Thucydides Trap” has been criticised for not speaking Chinese and not knowing the Asian reality. WALDRON, A. (2017). There is no Thucydides Trap. www.supchina.com. (Accessed 3-2-2021).

day, be they values (communism in China, Christianity in Korea), colonial heritage (Chinese overpopulation), military ties with the United States (Japan and Korea) or economic dollarisation (China). They would be “Westernisation factors”, not in the sociological sense of “Modernity”, but elements that would hinder Asian emancipation.

A second criticism would be of the underlying “realist” postulates themselves. Asian history would show that a global balance of power can coexist with regional conventional conflicts, as happened during the Cold War in Korea and Vietnam. It is therefore important to analyse “conflict factors” in East Asia such as regional militarisation, capitalist transitions in rural China and North Korea, free trade and population ageing.

The proposed all-encompassing analysis would provide a more comprehensive view of the Asian reality that would allow contextualising the current scenario of tension between the US and China.



Finally, because of its potentially disruptive nature, it is considered necessary to complement the above analysis with the impact of COVID on the Asian liberal order, in particular, the possible competitive advantage of its industrial model and the rise of neo-protectionism in a re-globalised world.

The methodology used will be descriptive-theoretical with a qualitative approach based on a review of specialised literature, with special emphasis on Asian sources and authors to reduce ethnocentric bias. The geographical scope of the study will be East Asia (China, Japan and the Korean peninsula).

Westernisation factors

Westernisation factors are links to the West that would condition ethnocentrism and an eventual return of Asia to the sinocentric model postulated by constructivist theory. There are also factors that would make it difficult to speak of a historical Asian exceptionalism, such as “self-colonisation” and overpopulation, already identified by the Truman administration in 1949 as the causes of the Chinese revolution¹⁰; the im-

¹⁰ACHESON, D. (1949). *The China White Paper. United States relations with China*. State Department.

pact of the Korean and Vietnam wars on the modernisation of Japan and Korea (militarised industrialisation), and economic dollarisation. Each of these will be discussed in the following sections.

“Self-colonialisation” in East Asia

According to the Truman administration, one of the factors that conditioned the fate of modern China was the impact of Western ideas. With the adoption of Marxism by its elite, China displaced a millennia-old Asian culture based on Confucianism and Buddhism, creating an intellectual and philosophical rupture almost unprecedented historically. Traditionally, mentality, rather than geography, has been the main distinction between East and West. The linear conception of time, characteristic of Judeo-Christianity, differed from the circular one, characteristic of Buddhism and Confucianism. With the conversion of the world’s largest population to Marxism, the “now” was replaced by the “future” as a referent, allowing a better adoption of the idea of “progress” which, in Chairman Mao’s vision, amounted to industrialisation. Subsequently, Deng Xiaoping would deepen Westernisation with the introduction of capitalism in an officially communist country, a trend that continued until the rise of Xi Jinping, who has advocated a return to reinterpreted traditional Confucian values and a strong ethnic nationalism¹¹.

This assimilation of Western values has not been unique to East Asia. A similar case has been experienced in South Korea with Christianity, especially Protestant Christianity, becoming the main modernising axis of society. In a country traumatised by World War II, civil war and dictatorship, Christianity offered a psychological outlet for the population, and its elite, a model of values on which to rebuild the nation¹². Protestantism in particular, the foundation of modern capitalism, also provided a sense of vitality and reinforced Korean nationalism in the face of the Buddhism and Confucianism of colonial Japan¹³. In a historically Confucian country, several of its recent presidents have been Christians¹⁴.

¹¹ “Recent statements by the Chinese Communist Party in favour of Confucian values show by antithesis that these have given way to a rampant westernisation of customs, based on a consumerist ethos. The Chinese and Americans no longer live in sealed mental universes, and the shaping of their strategic interactions must take this into account”. ZAJEC, O. (2017). Le piège de Thucydide. *Le Monde diplomatique*. October.

¹² “Seobuk Protestantism shaped post-war Korean society along the ideological lines of American anti-communism and liberalism.” KIM, K. W. (2020). Protestantisms and the Design of South Korea. *Korea Journal*. doi: 10.25024/kj.2020.60.4.30

¹³ It should be remembered that Meiji Japan adopted Western techniques but none of its religions, enshrining Buddhist-based Shinto as the official religion on the principle of “Eastern ethics, Western science”. Confucian ethics were key to instilling reverence for the emperor and absolute loyalty to the state, which partly explains the prevalence of royalist theses in Japan as well.

¹⁴ Officially, Korea has had 6 Christian presidents: Syngman Rhee (Methodist), Yun Posun (Presbyterian), Kim Young-Sam (Presbyterian), Kim Dae-Jung (Catholic), Lee Myung-bak (Presbyterian) and Moon Jae-in (Catholic).

Both cases of “self-colonisation” illustrate a process of significant cultural divergence that would move East Asia away from the sinocentric constructivist scenario: China, Korea and Japan, Confucian-minded countries at the beginning of the 20th century, have lost their common Asian substratum to become a heterogeneous set of nation-states that have historically demonstrated high bellicosity¹⁵. The Asian model seems, at this point, to move away from the recent European pacifist experience, which is centred on supranational structures and common continental values.

Overpopulation and socio-economic imbalance

The second factor of Westernisation, also identified by the Truman administration, is overpopulation. The introduction of Western technology and medicine into agricultural economies and traditional values led to an unprecedented population explosion and pressure on land, which has limited indigenous wealth and welfare creation capacity for more than a century¹⁶. And although recent biotechnological advances have made it possible to overcome the Malthusian cycle, this does not mean that population does not continue to condition economic growth¹⁷. In fact, China’s population (1.44 billion) exceeds that of the whole of Africa (1.36) and its GDP per capita (China: US\$ 10,262) is significantly lower than that of the United States (65,297), Japan (40,247), and South Korea (31,846)¹⁸. This is a key issue because China, without structural change, and with the world’s largest population, would need to permanently invest 55 per cent of its GDP to maintain its current growth as overpopulation acts as a drag that can lock the country into semi-development, the “middle income trap”¹⁹. This is because the larger an economy is, the more investment it needs to maintain the same rate of expansion, hence the level of total indebtedness is equivalent to that of advanced economies (335 per cent of GDP, similar to the US)²⁰. Moreover,

15 LACHMANN, R. (2015). Nation-State and War. *International Encyclopedia of the Social & Behavioral Sciences*. <https://doi.org/10.1016/B978-0-08-097086-8.96041-0>

16 “The first problem that every Chinese government has faced is feeding this population. So far, none has succeeded.” ACHESON, D. (1949). *The China White Paper. United States relations with China*. State Department.

17 PETERSON, E.W.F. (2017) *The Role of Population in Economic Growth*. SAGE Open. <https://doi.org/10.1177/2158244017736094>

18 YAO, KINUGASA and HAMORI found a negative correlation between population and GDP per capita growth in China. YAO, W., KINUGASA, T., HAMORI, S. (2013). An empirical analysis of the relationship between economic development and population growth in China. *Applied Economics*, 45.

19 HIGGINS, M. (2020). China’s Growth Outlook: Is High-Income Status in Reach? *Economic Policy Review* 26, 4, October. Federal Reserve, New York.

20 “China’s combination of advanced economy debt levels and emerging market income levels is a unique handicap. (...) By maximising debt at a medium level of development, China has made it more

the Chinese mismatch seems structural: the world's most populous country has specialised in the export of capital- and energy-intensive goods, leading to underemployment and social polarisation²¹. To overcome the “middle-income trap”, China seeks to leverage its population: if inland provinces were to follow the growth trajectory of coastal provinces, they could grow at an average rate of 7.6% over the next 15 years, even if exports did not play a major role²². If successful, this introspective expansion would be an important step towards “*de-Westernisation*”.

Militarised industrialisation: beyond economic “miracles”

How did Japan and Korea manage to overcome the middle-income trap and modernise? Largely because of the Korean War (1950-1953) and the Vietnam War (1954-1975), which laid the foundations for a capital-intensive economy. *Post-bellum* Japan faced the challenge of reconstruction and industrialisation in a context of strong international competition as a “semi-developed” country. However, the UN forces’ direct procurement programme during the Korean War boosted industrial production by 70 per cent and doubled trade with the US in two years²³. With massive imports of capital goods, an officially demilitarised Japan was able to build a world-leading production structure which, together with the signing of the 1952 Security Pact with the United States, laid the foundations that would consolidate it, decades later, as the second economic power²⁴.

difficult to close the gap with high-income countries”. ORLIK, T. (2020). *China: the bubble that never pops*. Oxford University Press. Apple Books.

21 BERGER, B. and MARTIN, R. (2011). The Growth of Chinese Exports: An Examination of the Detailed Trade Data. *International Finance Discussion Papers*. Federal Reserve.

On the underestimation of social inequality in official Chinese statistics, see PIKETTY, T.; YANG, L.; ZUCMAN, G. (2017). *Capital Accumulation, Private Property and Rising Inequality in China, 1978-2015*. WID.world.

22 YAO, Y. (2018). Will the People’s Republic of China Be Able to Avoid the Japan Syndrome? in Yifu Lin, J.; Morgan, P.J.; Wan, G. *Slowdown in the People’s Republic of China: Structural Factors and the Implications for Asia*. Asian Development Bank Institute, Tokyo.

23 OKITA, S. (1951) Japan’s Economy and the Korean War. *Far Eastern Survey*, Vol. 20, No. 14 (Jul. 25). Institute of Pacific Relations.

24 “The Korean War brought about a sudden change in Japan’s economic situation. As orders were concentrated on special procurement and ammunition, exports grew rapidly along with the global demand that accompanied the military build-up.” HAMADA, K. and KASUYA, M. (1992). *The Reconstruction and Stabilization of the Postwar Japanese Economy: Possible Lessons for Eastern Europe?* Yale University. <http://hdl.handle.net/10419/160594>.

The apparent contradiction of a pacifist but industrialised Japan through the Korean War is explained by the US military presence in the archipelago at the time.

PRE- AND POST-KOREAN WAR JAPANESE MACROECONOMIC INDICATORS

Fiscal year	Transferbalance	Special military supplies	Central government deficit
1946	3.12	0.00	13.9
1947	5.29	0.00	7.3
1948	4.99	0.21	6.1
1949	5.48	0.52	3.3
1950*	3.91	0.57	-2.1
1951*	1.13	4.13	1.7
1952*	0.20	4.64	3.0
1953*	0.11	4.08	0.3
1954	0.14	2.90	1.1
1955	0.10	2.21	1.5

Source: Bank of Japan (1966). % of GDP. *Korean War (1950-1953)

The Korean case was even more spectacular. A nation with a GDP per capita in 1960 of US\$ 290, similar to that of Kenya (210), and much lower than that of Argentina (1,159) or Chile (779), is currently the eleventh largest economy on the planet, with a GDP per capita of US\$ 31,846 (Spain: 29,600). Two exogenous factors, in addition to the drive of the Korean people, explain this impressive rise: the normalisation of diplomatic relations with Japan and the Vietnam War. The latter was particularly instrumental in the modernisation of the country as South Korean companies benefited from contracts with the US administration and exports to Southeast Asia, where troops, some of them South Korean, were stationed²⁵.

IMPACT OF THE VIETNAM WAR ON THE SOUTH KOREAN ECONOMY

Category	1965	1966	1967	1968	1969	1970	1971	1972	Total	-
Ordinary income	17.7	23.8	23.2	38	47.1	70.1	35.7	27.5	283	28
Exports	14.8	13.9	7.3	5.6	12.9	12.8	14.5	12.5	94.3	9.2
Military goods	2.8	9.9	15.9	32.4	34.2	57.3	21.2	15	189	19
Rent of intangibles	1.8	37.3	128	131	153	135	97.6	55.7	739	72
Military services		8.3	35.5	46.1	55.3	52.3	26.5	9.2	233	23
Military construction		3.3	14.5	10.3	6.4	7.4	8.3	3.1	53.3	5.2
Soldiers' remittances	1.8	15.5	31.4	31.4	33.9	30.6	32.3	26.8	202	20
Engineer remittances		9.1	33.6	33.6	43.1	26.9	15.3	3.9	166	16
Special compensations			4.6	4.6	10.8	15.2	13.9	12	65.3	6.4
Insurance		1.1	4.6	4.6	3.8	2.1	1.3	0.7	19.4	1.9
Total	19.5	61.1	151	169	200	205	133	83.2	1,002	100

Source: Cho (2011)

25 US President Lyndon B. Johnson and Korean President Park Chung-hee agreed in May 1965 to send South Korean troops to Vietnam. Until March 1973, an estimated 320,000 South Korean troops were stationed in South Korea. The Hanjin conglomerate, parent of Korean Air and Hanjin Shipping, was founded and consolidated at this time.

The Japanese and South Korean experiences would therefore confirm the crucial role of the US and the war in Asian industrialisation²⁶. This causal link between industrialisation and war in Asia constitutes a dangerous precedent because it means that the cases of Japan and Korea would be particular experiences, not easily replicable by other nations in a different historical context that does not require a massive mobilisation of resources²⁷.

Economic dollarisation

The fourth factor of Westernisation is the strong influence of the dollar on Asian economies, as they are export-oriented²⁸. In fact, China, the world's largest exporter and supposed US strategic rival, is the economy that proportionally uses the dollar more in its international transactions (95% of the total) when Japan, formally a US ally, settles only 50 per cent, almost half that of China²⁹.

The dollar is the most widely accepted currency on the planet because the current international system is heir to the Bretton Woods *postbellum*, in which it was the only currency convertible into gold. It is now used even in international transactions not involving the United States³⁰. In practice this gives its authorities the power to influence global mercantile traffic because only the Federal Reserve (Fed) can print legal tender dollars³¹. This was the case in South Korea in 2008, when its economy fell by 5.1 per cent due to the crisis; thanks to the injection of dollars, it grew by 6.2 per cent

26 STUBBS, R. (2018). *Rethinking Asia's Economic Miracle: The Political Economy of War, Prosperity and Crisis*. Macmillan Education UK.

27 The case of Taiwan is similar. Its modern development began with a large influx of human resources from mainland China. Some two million Kuomintang soldiers, landowners, businessmen and political elites arrived in the island nation after its defeat by the Chinese Communist Party in 1949, equivalent to a quarter of the Taiwanese population at the time; their wealth and knowledge laid the foundations for today's Taiwan.

28 There are several reasons for this: Developing nations initially rely on the dollar as a stable currency; subsequently, as exporting economies, even though they can internationalise their currency, they prefer not to do so in order not to subject it to speculative cycles that could damage their main engine of growth. This is one of the lessons learned by the South Korean authorities from the 1997 crisis. RHEE, G.J. (2011). *The recent experience of the Korean economy with currency internationalisation*. BIS papers 61. www.bis.org (accessed 10/1/2021)

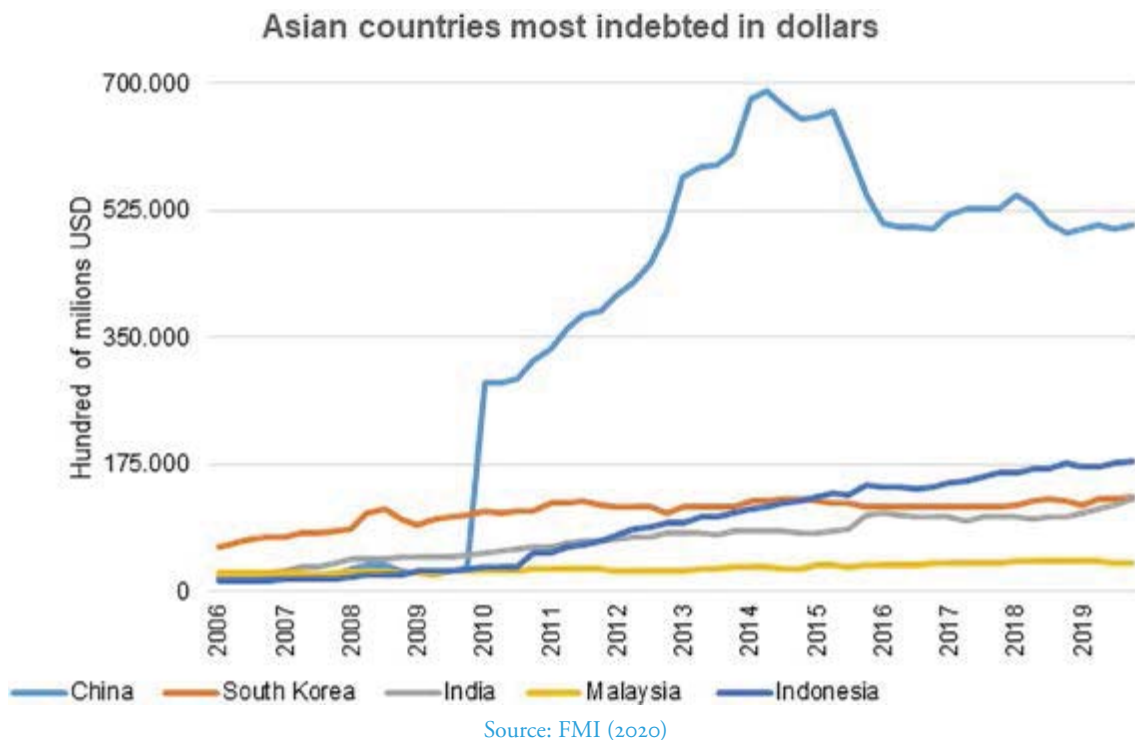
29 The source of China's massive dollar borrowing was the government stimulus package to deal with the 2008 crisis, which revived several Asian economies and propelled China to become the world's largest exporter in 2010.

30 Although the US economy accounts for about 20 per cent of the world economy, foreign exchange reserves in dollars make up more than 60 per cent of the total. FMI (2019). *World Economic Outlook*.

31 BERNANKE, B.S. (2016). *The dollar's international role: An "exorbitant privilege"?* www.brookings.edu (accessed 10/1/2021) "Dollar lending allows emerging market banks and companies to access larger and more liquid global credit markets, while protecting lenders from unexpected fluctuations

in 2009, allowing a strategic ally to chair the 2010 G20 with international credibility³². Even today, in the midst of the pandemic crisis, the massive issuance of dollars has ensured the normality of world trade, which has globally strengthened US influence³³.

The dollarisation of Asia's largest economies is a neglected factor in military analyses. This dependence will not change as long as their economies are export-oriented³⁴. Not only that, global dollar-demand is a free loan to the United States, which can obtain extra financing in the midst of the crisis from other countries, including its supposed strategic rivals such as China, which is the most dollar-indebted Asian country³⁵.



in local currency exchange rates. That so much debt is dollarised certainly makes the Fed's policy more powerful internationally than it would otherwise be".

32 BABA, N. and SHIM, I. (2011). *Dislocations in the won-dollar swap markets during the crisis of 2007-09*. BIS Working Papers.

33 Non-US banks' on-balance sheet dollar liabilities reached record levels during the first three quarters of 2020 (US\$ 12.4 trillion, +800 billion above their pre-pandemic level at the end of 2019). Chinese banks remained the largest issuers of dollar-denominated debt securities (232 billion in 2020). ALDASORO, I.; EREN, E.; HUANG, W. (2021). Dollar funding of non-US banks through Covid-19. *BIS Quarterly Review*, March.

34 ITO, H. and CHINN, M. (2015). The Rise of the Redback: Evaluating the Prospects for Renminbi Use in Invoicing in EICHENGREEN, B. and KAWAI, M. *Renminbi Internationalization: Achievements, Prospects, and Challenges*. Asian Development Bank Institute and The Bookings Institution.

35 China, a supposed strategic rival, is financing the United States in two ways: explicitly through the purchase of US public debt, and implicitly through its foreign borrowing in dollars. The latter, moreover, is free of charge for the United States, confirming the complexity of the post-pandemic bipolar world.

Potential conflict factors

The Korean and Vietnam wars demonstrated that a global balance of power could coexist with regional conventional conflicts. Moreover, Asia's economic rise could be accompanied by increased belligerence because "war is a luxury of rich nations"³⁶. For the time being, Asia-Pacific is the world region with the highest growth in military spending in the decade 2010-2019, 51 per cent³⁷. Although it could be justified on deterrence grounds, the pandemic does not seem to have substantially reduced defence spending³⁸, which seems to point to the concurrence of structural rather than conjunctural explanatory factors. Four will be analysed below for their potential impact on the balance of power in East Asia: Uneven regional militarisation, possible economic transitions in rural China and North Korea, free trade agreements and population ageing.

Uneven regional militarisation

China's consolidation as the world's second largest economic power has been accompanied by increased military spending. It is already the world's second largest defence investor, behind only the United States. However, its annual expenditure in 2019 (1.9% of GDP) was lower than the world average (2.2%) and that of the United States (3.4%), Russia (3.6%) or India (2.4%), but higher than that of Japan (0.9%). This policy would be in line with its official objective of never seeking hegemony or spheres of influence³⁹.

Nevertheless, China has emerged as the leading military force in the Asia-Pacific, accounting for 50 per cent of regional military spending in 2019, up from 36 per cent in 2010. In 2019 it spent US\$ 261 billion, an exorbitant figure compared to India (71.1 billion), Japan (47.6 billion), South Korea (43.9 billion) or Australia (25.9 billion).

This trend of increased defence spending should in turn be contextualised with the willingness of the respective citizens to fight for their country, as then the circumstance would be ripe for the Abraham complex, which leads to the immolation by

36 BOUTHOU, G. (1967) *Sociologie de la politique*. PUF. Paris

37 Unless otherwise indicated, all military expenditure figures are from SIPRI (2020). *Trends in world military expenditure, 2019*. April.

38 "Chinese military spending in 2020 (USD 12 billion) was even higher than the combined defence budget increases in all other Asian states." "Increases in US and Chinese defence budgets accounted for almost two-thirds of the total increase in global defence spending in 2020." These figures come from the International Institute of Strategic Studies (IISS) and not from SIPRI. RAJAGOPALAN, R.P. (2021). Asian Military Spending: A Sign of Worsening Security Environment. *The Diplomat*, 4 March.

39 INFORMATION OFFICE OF THE COUNCIL OF STATE. *China's National Defence White Paper in a New Era*. 24 July 2019.

the “Father of the People” of some of his “sons”⁴⁰. According to a survey⁴¹, 71 per cent of Chinese would be willing to fight for their country. The Americans, on the other hand, despite being the nation that invests the most in defence, would be less likely to make such a sacrifice (44 per cent), almost as much as the South Koreans (42 per cent), although far behind the Japanese (11 per cent).

	Military expenditure (US\$)	% GDP military expenditure	% Population willing to fight for their country
United States	732	3.4	44%
China	261	1.9	71%
India	71.1	2.4	75%
Russia	65.1	3.8	59%
Japan	47.6	0.9	11%
South Korea	43.9	2.7	42%
Australia	25.9	1.9	29%

Sources: SIPRI (2020), Gallup (2015)

Consequently, what should be of concern in East Asia for stability purposes, should the survey data be confirmed in further editions, would be the coexistence in China of the highest military spending in the region together with a possible high predisposition of the population to fight for their homeland⁴².

Chinese and North Korean capitalist transitions

The transitions to capitalism of rural China and a reunified Korea would be a factor of undefined conflict because of the variability of outcomes. On the one hand, there would be the scenario similar to the US pre-Civil War situation, with an industrialised and educated region (the US North, coastal China or South Korea), an agricultural and human capital-less one (the US South, rural China and North Korea) and a superior state power unable to prevent a fratricidal war. On the other hand, the more recent experiences of peaceful transitions in Germany and the coastal Chinese provinces.

The conflict scenario could occur if the authorities fail to achieve a territorial balance with the economic integration of the regions concerned. In the case of China, the non-capitalist inland provinces are home to no less than 40 per cent of its population⁴³.

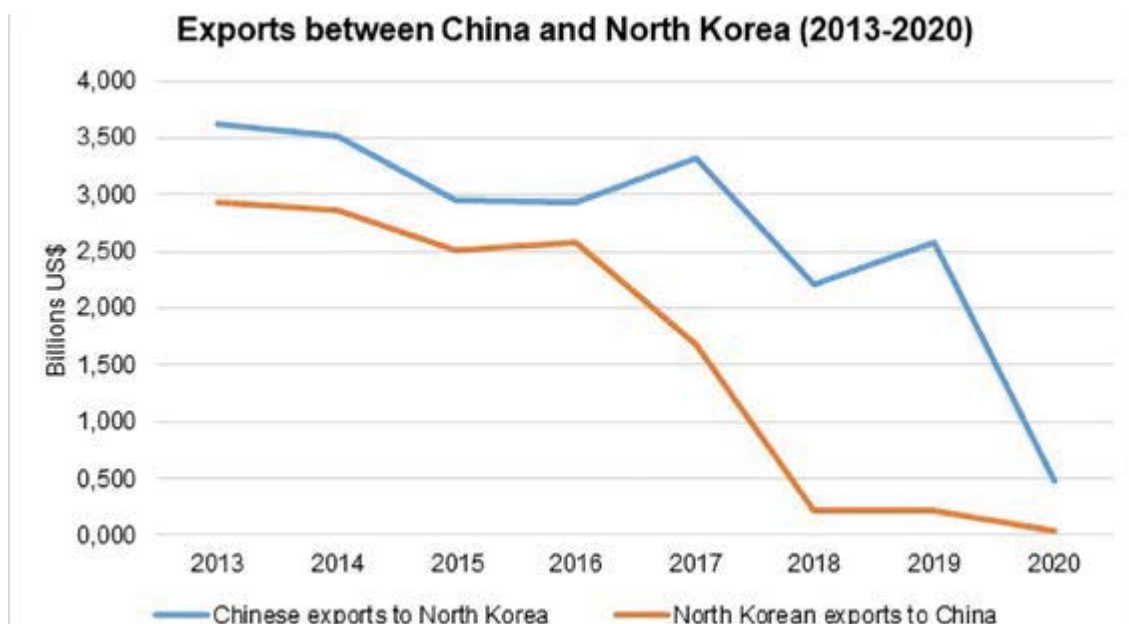
40 BOUTHOU, G. (1967). *Avoir la paix*. Grasset, Paris

41 GALLUP (2015). *International's Global Survey Shows Three in Five Willing to Fight for Their Country*. <https://www.gallup-international.bg/en/33483/win-gallup-internationals-global-survey-shows-three-in-five-willing-to-fight-for-their-country/>

42 For this reason, it would be desirable to have annual international statistics on citizens' willingness to fight for their country. The Gallup survey is, unfortunately, rather old, but it is mentioned as one of the few that allows for international comparability.

43 China has the largest primary sector in the world, accounting for 7.8 per cent of its GDP, and employs 27 per cent of the population.

Moreover, China's rural-urban duality does not seem to be the result of market-led industrialisation, according to the neoclassical model⁴⁴, but of an industrialisation strategy based on the exploitation of rural regions, where the population suffers the double plunder of the state and the market⁴⁵. In the North Korean case, there is the complexity of its dual economic dependence. Although China is its main trading partner, the most successful foreign investments have been South Korean as China sees many North Korean Special Economic Zones as potential rivals to its own⁴⁶. Therefore, a conflictive outcome could occur if there is a lack of coordination between the two transitions, given the complementarity/rivalry relationship between the Chinese and North Korean border regions. It should also be remembered that globalisation is spreading through territories with cheap, trained labour, many of them under communist influence⁴⁷. Therefore, if both transitions were based on this competitive advantage, they could generate a spiral of wage declines across the continent that would alter the productive structures of their trading partners, especially those specialising in textiles and mining⁴⁸.



Source: International Trade Centre

44 LEWIS, W. A. (1954). *Economic Development with Unlimited Supplies of Labour*. The Manchester School, May, pp. 139-191.

45 QI, H., and LI, Z. (2019). Giovanni Arrighi in Beijing: Rethinking the Transformation of the Labor Supply in Rural China during the Reform Era. *Science & Society*, 83 (3): 327-354.

46 CLÉMENT, T. (2019). *Failed attempts at Cross-Border Economic Cooperation*. <https://www.38north.org/2019/10/tclement102819/> (Accessed 21-4-2021).

47 "Paradoxically, the communist passion for education left behind (...) these well-educated and active populations willing to accept very low wages. A globalisation fairy couldn't have done better". TODD, E. (2020). *Les Luttres de classes en France au XXIe siècle*. Seuil.

48 KIM, B. and JUNG, S. (2015). *China's trade and investment with North Korea: Firm surveys in Dandong*. Seoul: Institute for Peace and Unification Studies, Seoul National University.

The peaceful scenario, on the other hand, would involve emulating the successful transition of China's coastal provinces in both inland provinces and North Korea, with comprehensive reforms from the outset, including liberalisations, privatisations, introduction of competition and capitalist institutions in specific regions⁴⁹. This model has even overtaken the *Wiedervereinigung* as the benchmark in Korea⁵⁰. Moreover, if the transition were successful in North Korea, it could even perpetuate the current regime in Pyongyang by being able to create foreign investment competition for its Special Economic Zones in exchange for denuclearisation⁵¹. In this scenario, Sino-US rivalry might not alter the peninsular balance of power⁵².

Free trade and conflict

According to liberal theories, globalisation and free trade would be the guarantor of peace between states⁵³. However, Sino-Japanese relations do not seem to confirm this; the number of air military incidents (*scrambles*) between the two countries has increased in parallel to their commercial traffic. Currently Japan already has more than twice as many incidents with China as with Russia, its closest neighbour⁵⁴.

It is in this “realistic” perspective that the recent creation of the world's largest free trade area, the RCEP (*Regional Comprehensive Economic Partnership Agreement*), which brings together 30 per cent of the world's exports, could be interpreted⁵⁵. The agreement, although formally the world's largest trading bloc, is not accompanied by

49 STIGLITZ, J. (2018). *Reform: How Did China Succeed*. China Development Forum, Beijing

50 KIM, B. (2017). *Unveiling the North Korean Economy: Collapse and Transition*. Cambridge University Press.

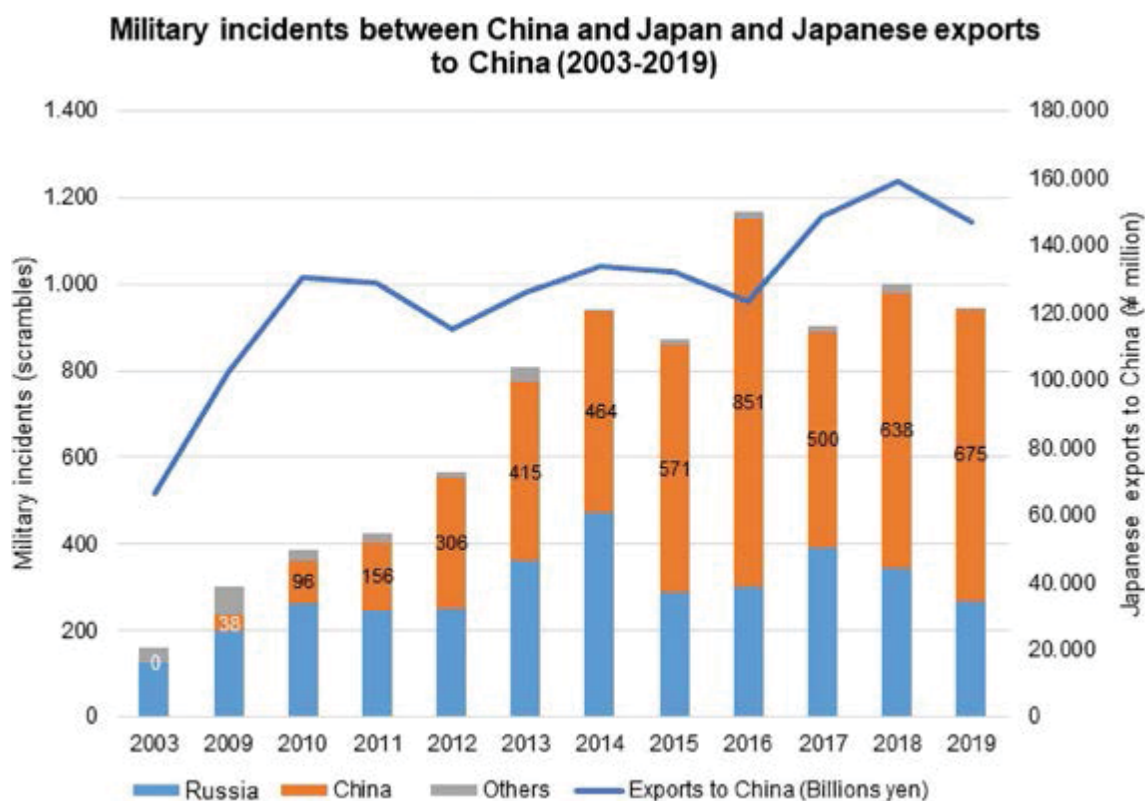
51 CLÉMENT, T. (2019). From failed economic interfaces to political levers: Assessing China-South Korean competition and cooperation scenarios on North Korean Special Economic Zones, *Korea Academic Paper Series*, Korea Economic Institute.

52 PRANTL, J.; KIM, H-W., C. (2016). Germany's Lessons for Korea: The Strategic Diplomacy of Unification. *Global Asia*, 11-4.

53 Friedman has most popularised this view by asserting that countries with McDonald's are not in conflict with each other. FRIEDMAN, T. L. (2005). *The World is Flat. A Brief History of the Twenty-first Century*. Farrar, Straus and Giroux.

54 It seems that this is not an isolated case but a Chinese policy for similar cases such as the Philippines, Vietnam or Taiwan. “As long as China's territorial disputes remain unresolved, economic interdependence will not reduce the frequency with which China uses military force, although it will limit the intensity of such conflicts”. ZHANG, J.J. (2018). *Is China an Exception to the Commercial Peace?* <https://escholarship.org/uc/item/ow35v1v9> (Accessed 6/3/2021)

55 The signatory states are Australia, Brunei, Cambodia, China, Indonesia, Japan, Laos, Malaysia, Myanmar, New Zealand, the Philippines, Singapore, South Korea, Thailand and Vietnam.



Source: Japanese Ministry of Self-Defence. Japanese Ministry of Finance.

an integration process, similar to that of the EU, providing for a solidarity network of support between beneficiary and disadvantaged regions⁵⁶. Nor for NATO-like military integration. Both omissions perpetuate the so-called Asian “organisational gap”⁵⁷, the absence of supranational institutions with the capacity to enforce international rules, which could confirm that trade is not a guarantor of stability, for two main reasons:

1. Recent studies suggest that Japan and Vietnam would be the main beneficiaries of the RCEP, the former by being able to access the Chinese market on equal terms with Korea, and the latter because of its low labour costs⁵⁸.
2. China appears to be an unbalancing trading partner: In 2018, 124 countries (66.0 per cent of the global total) had trade deficits with China of more than 1% of their GDP, up from 36 (20.3 per cent) in 2001. With the US, by contrast,

⁵⁶ DIETER, H. (2021). RCEP-Countries Create Asia-Pacific Free Trade Zone. *SWP Comment 3*. Stiftung Wissenschaft und Politik.

⁵⁷ “This organisational gap prevails despite rapid and dynamic market-driven integration and persistent security dangers that are extreme and require clear collective action”. CALDER, K., and YE, M. (2004). Regionalism and Critical Junctures: Explaining the “Organisation Gap” in Northeast Asia. *Journal of East Asian Studies*.

⁵⁸ MASUKAWA, C. (2020). *Ajia ni totte RCEP wa nani o imi suru ka*. (What does RCEP mean for Asia?) Daiwa Institute Research. Tokyo.

https://www.dir.co.jp/report/research/economics/emg/20201209_021952.html (Accessed 20-1-2021).

countries with trade deficits of 1 per cent or more of GDP have remained stable at around 30 per cent⁵⁹.

Both trends, over time, could lead to strong regional imbalances between supposed trading partners, be they democracies or autocracies, which could generate social tensions and rekindle old animosities⁶⁰. Indeed, there seems to be some consensus that the Asian “organisational gap” will not be closed by trade but by directly addressing the underlying historical disputes⁶¹. As long as they remain pending, a nationalist interpretation of international trade could prevail, aiming to create domestic employment by “conquering markets” abroad, which may eventually trigger international conflicts⁶². Moreover, it should be remembered that the RCEP would maximise collective gains in a Sino-US trade war scenario if it forced a sinocentric integration of East Asian economies⁶³. Therefore, the RCEP may not be a guarantor of peace in Asia, but rather an accelerator of historic conflicts⁶⁴.

59 MIURA, Y. (2020). *Asia Monthly Report*, January. The Japan Research Institute.

60 Several analysts such as Krugman have already acknowledged that the effects of hyperglobalisation on employment and equity have been underestimated. KRUGMAN, P. (2019). What Economists (Including Me) Got Wrong About Globalization. *Bloomberg opinion*.

El comercio internacional podría también causar guerras civiles. MARTIN, P., MAYER, T.; THOENIG, M. (2008b). Civil wars and international trade. *Journal of the European Economic Association*, vol. 6.

61 “Economic engagement, while capable of creating new areas of cooperation, is not effective in resolving the underlying causes of military conflicts, such as territorial disputes or limiting the use of military force during crisis negotiation”. ZHANG, J.J. (2018). Is China an Exception to the Commercial Peace? <https://escholarship.org/uc/item/ow35v1v9> (Accessed 6/3/2021)

See also: WANG, D.; STEVENS, F.M.S (2020). Why is there no Northeast Asian security architecture? – Assessing the strategic impediments to a stable East Asia. *The Pacific Review*, 1-28.

HE, Y. (2013). *Sino-Japanese Relations in the Past and Present: Revisiting the Role of the US Factor and the Legacy of History* at <https://www.researchgate.net> (accessed 21-3-2021).

62 KEYNES, J.M. (1936). *General Theory of Interest, Employment and Money*. Palgrave Macmillan. Before World War II he stated:

”If nations could learn to provide full employment for themselves by their domestic policy (and, we should add, if they could also achieve equilibrium in their population trend), there would be no need for major economic forces calculated to set the interest of one country against that of its neighbours.”

Moreover, commodity trade, the Asian speciality, would appear to be more prone to international conflict than agricultural trade according to some studies:

LI, Q.; REUVENY, R. (2011). Trading for Peace? Disaggregated Bilateral Trade and Interstate Military Conflict Initiation. *Journal of Peace Research*. DOI:10.1177/0022343311406306

MARLIN-BENNETT, R.; ROSENBLATT, A. WANG, J. (1992) The visible hand: The United States, Japan, and the management of trade disputes. *International Interactions* 17(2): 191-213.

63 PETRI, A. and PLUMMER, M.G. (2020). *East Asia Decouples from the United States: Trade War, COVID-19, and East Asia’s New Trade Blocs*. Peterson Institute for International Economics.

64 NOGUCHI puts forward a strategy for Japan, which could reduce the strain on international trade competitiveness. “Instead of trying to increase exports and expand the trade surplus by leaving

	ASEAN		CHINA		UNITED STATES	
	Its regional economic influence is of concern	Its growing regional economic influence is welcome	Its regional economic influence is of concern	Its growing regional economic influence is welcome	Its regional economic influence is of concern	Its growing regional economic influence is welcome
ASEAN	15.70%	84.30%	71.90%	28.10%	29.80%	70.20%
Brunei	11.10%	88.90%	62.70%	37.30%	50.00%	50.00%
Cambodia	50.00%	50.00%	56.50%	43.50%	0.00%	0.00%
Indonesia	0.00%	100.00%	61.40%	38.60%	36.40%	63.60%
Laos	75.00%	25.00%	66.70%	33.30%	100.00%	0.00%
Malaysia	5.30%	94.70%	67.20%	32.80%	27.30%	72.70%
Myanmar	41.70%	58.30%	73.90%	26.10%	30.00%	70.00%
Philippines	16.70%	83.30%	82.10%	17.90%	36.40%	63.60%
Singapore	0.00%	100.00%	74.40%	25.60%	20.80%	79.20%
Thailand	0.00%	100.00%	75.90%	24.10%	40.00%	60.00%
Vietnam	23.10%	76.90%	80.20%	19.80%	22.20%	77.80%

Source: Tang, S.M. et al. (2020).

Population ageing and conflict

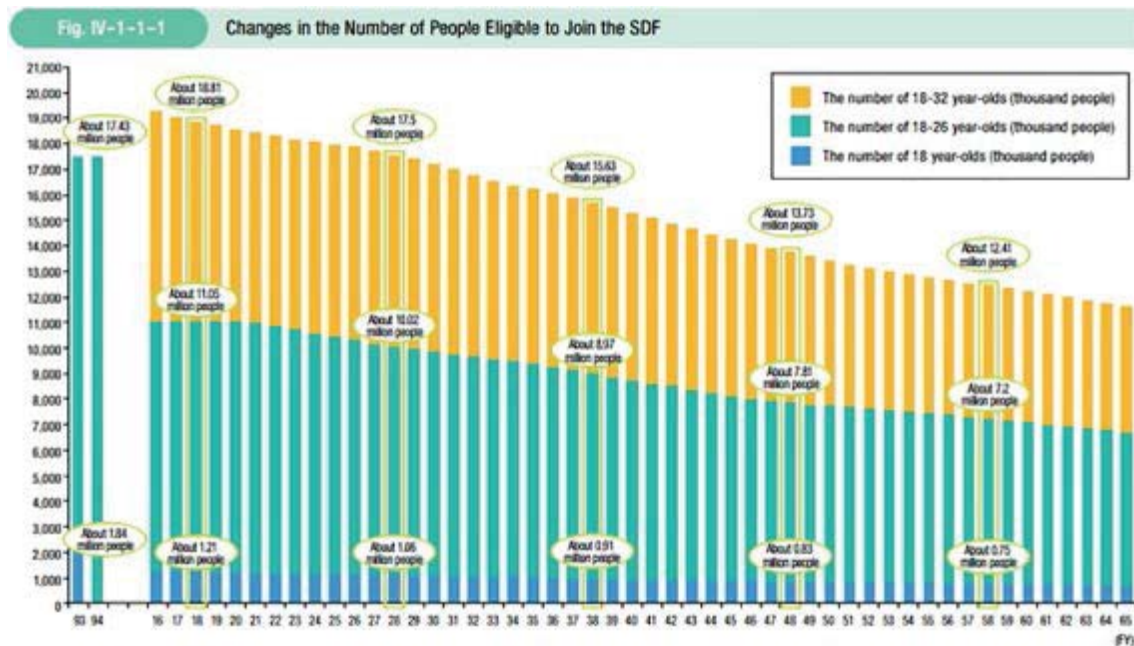
Population ageing, unlike other factors above, could help mitigate potential regional conflict generated by excessive economic dynamism or uneven regional militarisation. This is the so-called “demographic peace” phenomenon, as societies with ageing populations tend to be less prone to conflict⁶⁵. On the one hand, because with older populations and low fertility levels, military contingents are smaller. On the other, because high spending on pensions and health services necessarily takes resources away from defence.

In the case of East Asia, all countries will experience accelerated ageing. While the Japanese case is the best known, Korea and China will follow the same transition but at an even faster pace. With a fertility rate of 0.9 in 2020, one of the lowest in the world, South Korea has already entered the era of continued population decline, when the forecast was for 2023⁶⁶. South Korea’s working-age population (aged 15-64) declined for the first time in 2017 and by 2065 is projected to become the oldest developed nation,

production bases at home, Japan should strive to produce abroad and repatriate its profits to maintain a current account surplus”. Currently Japan already repatriates the equivalent of 104 per cent of its GDP in interest and dividends from its foreign investments. In other words, the income generated abroad is already equivalent to domestic production. NOGUCHI, Y. (2017). *Introduction to the Japanese economy*. (In Japanese) Ed. Diamond

65 BROOKS, D., BROOKS, S.G., GREENHILL, B.D., HAAS, M.L. (2019). “The Demographic Transition Theory of War: Why Young Societies Are Conflict Prone and Old Societies Are the Most Peaceful”. *International Security*, 43-3,53-95

66 HIROSHI, M. (2021). Korea’s natural population decline begins. *The Korea Times*, 9 January



Material sources: The numbers for FY1993 and FY1994 are based on "Population Estimates of Japan 1920 - 2000" and "Current Population Estimates," Statistics Bureau, Ministry of Internal Affairs and Communications. Data from FY2016 onward are based on "Population Projection for Japan" (medium estimates in April 2017), National Institute of Population and Social Security Research.

Source: Japan Defence White Paper 2020, p.404

surpassing Japan. In China, although the one-child policy was abolished in 2016, births have continued to decline, and an estimated 225 million young workers and consumers aged 20–49 (-36% of its current total) will be lost. Between 2020 and 2060, the working-age population (15–74 years) is projected to shrink by 30 per cent in Japan, 26 per cent in South Korea and 19 per cent in China. However, the impact will be different: Japan, unlike Korea and China, has aged richly. When the elderly population reached 7 per cent of the total, their GDP per capita was US\$ 10,000, while in China it was 3,400⁶⁷. Although in Korea it was US\$ 14,000, the poverty rate for South Koreans aged 66–75 is currently 39 per cent, while in Japan it is 17 per cent⁶⁸. The absence of private savings will increase pressure on public pensions and health care, which will impact on the ability to finance military spending. Thus, Asia's rapidly ageing population could give rise to "demographic pacifism", as neither the population would have the motivation nor governments the resources for costly military adventures.

Post-COVID East Asia and the "Thucydides Trap".

Having analysed the factors of Westernisation and conflict in East Asia, one can better contextualise the "Thucydides Trap" debate, the main hypothesis of which is

67 TERADA-HAGIWARA, A.; PARK, D.; VAN RIJN, H. (2018). *Three Features of Aging in the People's Republic of China and Implications for Development Agenda*. <https://dx.doi.org/10.22617/BRF18965>

68 This difference is due to the fiscal policies adopted by the respective governments in the face of the high social burden: while Japan has opted for indebtedness, Korea has chosen austerity, with deep cuts in pensions.

that China would be an emerging hegemon challenging the existing hegemon, the United States. As we have seen, the rise of Asia and China in particular, although numerically solid, has serious weaknesses that would make its leadership in the existing international order difficult. To complement the above analysis, however, it is important to determine the impact of the pandemic in a scenario of “reglobalisation”, which could alter power balances.

Covid-19 and the Asian socio-economic model

Until the emergence of COVID, the Asian model of progress seemed to be the Western one, more based on advanced services than on industry⁶⁹. However, the pandemic has forced social distancing measures that have accelerated digitalisation and re-industrialisation. Both trends have stimulated Asian exports and revived their economies, which could accelerate continental take-off, supported by good management of the pandemic. China, for example, recorded 3 deaths per million population and 2% growth in 2020, while the US recorded 1,365 deaths and a 3.5 per cent drop in GDP. South Korea, with a similar population to Spain, 28 deaths per million and a 1 per cent fall in GDP, while in Spain there were 1,263 deaths per million and -11 per cent fall in GDP. This apparent superiority of the Asian model could lead, if the trend continues, to a concentration of trade activity around China that could disrupt traditional US strategic alliances on the continent⁷⁰.

However, these prognoses may be somewhat premature. Demand for durable goods is not infinite, but will shrink once consumers and businesses reach the maximum they can store, so Asian exports in these segments will eventually decline⁷¹. In fact, East Asian industrial production fell by 5.9 per cent in the third quarter of 2020, the same figure as in Europe, so one could not really speak of an Asian industrial competitive advantage in the COVID era⁷². The only exception appears to be China, which surpassed its pre-crisis level of manufacturing output in the third quarter of 2020. However, its role as a re-export platform should not be forgotten,

69 PARK, D. and SHIN, K. (2012). *The Service Sector in Asia: Is It an Engine of Growth?* ADB. Also *Asian Development Outlook 2012 Update: Services and Asia's Future Growth*. ADB.

70 KISSINGER, H. (2020). The coronavirus pandemic will forever alter the world order. *Wall Street Journal*. 3 April.

71 This is one of the doubts raised by ALADANGADY, A. and GARCÍA, D. (2021). The Unusual Composition of Demand during the Pandemic. *FEDS Notes*. <https://doi.org/10.17016/2380-7172.2831>.

72 Nor is digitisation progressing at the same pace in all countries. In Japan, for example, where payments are usually made in cash, internet consumption has not increased substantially despite the pandemic. In South Korea, however, where the cashless economy is more widespread. NOGUCHI, Y. (2020). *Inexperienced economic crisis –Can Japan turn this test into a turning point for growth?* (In Japanese). Ed. Diamond

which skews the statistics as they count as wholly Chinese production what is simply final assembly of components made in other countries⁷³. This circumstance would explain, for example, why the American trade deficit with China has increased in the last two decades while the total with Asia as a whole has remained stable, since Japan, Korea and Taiwan, among others, export to the United States using China as an operational base. Moreover, even disregarding the statistical effect, as UNIDO (2021) recalls, “it remains uncertain whether an export-oriented economy like China will manage to maintain this high level of production, given the subdued demand worldwide”⁷⁴. Therefore, one could not properly speak of a superiority of the Asian industrial model in a post-pandemic context, which would weaken the scenario of a “Thucydides Trap”.

DEVELOPMENTS IN US TRADE DEFICITS

	Deficit with Asia (excluding China)	Deficit with China
2000-2020	+47%	+271%
2000-2018	+11%	+400%
2018-2020	+33%	-26%

Source: prepared internally from census.gov

“Reglobalisation” and the “Thucydides Trap”: closed empire vs enclosed empire

A second factor that could alter the “Thucydides Trap” scenario would be a “reglobalisation”, the profound reconfiguration of business and state relations, in which a military logic of containment would be reinforced by the confluence with other trends such as health neo-protectionism, the reconfiguration of commercial distribution networks⁷⁵ and zero interest rates. The first would legitimise the selective closure of borders to people and goods; the second would reinforce the dollarisation of global transactions; the third could lead to a limitation of the free movement of capital⁷⁶. The confluence of these trends could give rise to two scenarios, depending on the impact of zero interest rates, which would legitimise a strategy of containment with China on non-military grounds:

73 HAFT, J.R. (2015). *Unmade in China: The Hidden Truth about China's Economic Miracle*. Polity Press.

74 UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION. *World Manufacturing Production Statistics for Quarter III 2020*. P.6.

75 CASTELLTORT, M. (2020). Industria automovilística japonesa y la electrovehiculación como transformación social. *Industrial Economics*, 417.

76 Monetary stimulus policies, based on zero interest rates, could paradoxically lead to a Japanese-style secular stagnation on a global scale. To prevent domestic capital flight, some states may restrict their free movement.

- a) systemic regression: The most extreme and pessimistic scenario would mean a retreat to a non-capitalist market economy, with global deflation, lower consumption, low wages and zero interest rates that would make it impossible to make investments profitable in the absence of sufficient demand. In such a scenario, a “supra-nation” would re-emerge as a protector of citizenship in the face of disorganised globalisation, forming self-sufficient regional integration blocs or “closed empires”⁷⁷.
- b) protectionist capitalism: less radically, the West would limit trade with China and countries where there is an abundance of low-wage, literate labour⁷⁸. It would entail a renunciation of current global free trade in order to protect economies and workers by creating exclusive economic zones between states with a similar legal framework. This vision, initiated in France⁷⁹, has moved to the United States and seems to have the most popular support⁸⁰.

In both scenarios, the United States has the upper hand. Their energy self-sufficiency, low population ageing, global dollarisation and artificial intelligence will make them less dependent on the rest of the world⁸¹. It would be a model of a closed empire, an illiberal power. From this position of strength, its strategy of containment with China, as a possible ascendant hegemon, could be commercial and geographic, without direct military conflict, as envisaged by balance of power theory:

- a) economic containment: in a post-pandemic world, neo-protectionism would have a health and socio-economic legitimacy that would allow it to be used as a strategic weapon. Evidence of this has been the recent Sino-American trade war, which has been partially successful in containing the deficit with China

77 MIZUNO, K. (2017). *Tojite yuku teikoku to gyakusetsu no 21 seiki keizai (The paradoxical economy of the 21st century and closed empires)*. Shueisha, Tokyo.

78 China is also adopting its own particular protectionism with the “dual circulation”, the double circuit of imported progress via trade globalisation and internal circuit of endogenous progress of its own technology, which could result in a decoupling of China from the West. CRABTREE, J. (2021). *China's Radical New Vision Of Globalization*. <https://www.noemamag.com>. It is thus significant that during the crisis the three major Chinese airlines have cancelled or postponed all their orders to Boeing and Airbus but not to COMAC, the domestic manufacturer.

79 TODD, E. (2002). *Après l'empire*. Gallimard, Paris. “China now weighs negatively on our welfare. We will have to have the courage to set up protectionist barriers against it and force it to adopt a more balanced mode of development”.

80 This US retreat will require the Biden administration to legitimise its liberal foreign policy on the basis of domestic benefits, a so-called ‘foreign policy for the middle class’. BRANDS, H. (2021). *The Last Chance for American Internationalism: Confronting Trump's Illiberal Legacy*. *Foreign Affairs*.

81 In particular, artificial intelligence could generate a major disruption in global supply chains, even greater than Covid19, as the use of advanced automation would allow the creation of vertically integrated manufacturing centres in the US, which would not be forced to outsource tasks to low-wage countries.

and bolstering the exports of traditional Asian American allies⁸². If the realignment of the high-tech supply chain were to accelerate, for example, Taiwan and South Korea would be the main beneficiaries⁸³. It should therefore not be ruled out that the trade war with China was ultimately aimed at reducing its economic and thus military strength⁸⁴.

- b) geographical containment: China, unlike the US, has serious territorial conflicts with its neighbours; some of them, such as India, are nuclear powers. By maintaining military alliances with several of them, the US could adopt a strategy of systemic collapse by forcing the Chinese military to consider multiple conflict scenarios⁸⁵. In the specific case of Taiwan, China's natural outlet to the Pacific, the United States could forge an alliance with strategic partners such as Canada, Australia, the United Kingdom and Japan. Geographically well placed, all but Japan will also have young active populations in the coming decades and thus retain economic and military power that would allow them to block Chinese (or Russian) regional expansion in the long term⁸⁶.

Both containment strategies could limit Chinese regional power and prevent gains that could create a real “Thucydides Trap” scenario, in which China would consider itself in a position to truly challenge US hegemony. Paradoxically, the greatest risk of conflict could arise from the Chinese authorities' realisation of their inability to significantly alter the international order in their favour. While victories consolidate regimes, defeats breed revolutions and coups d'état⁸⁷. Therefore, to secure peace, it would be crucial to avoid staging a “Thucydides Trap” in which China supposedly has a real chance of overtaking the United States. To reduce this tension, it would be advisable for China to tone down its assertive

82 The impact on manufacturing jobs was also positive, with an acceleration in job creation since 2017, albeit from an upward trend since 2011.

83 JAPAN RESEARCH INSTITUTE (2021). *Asia Monthly Report*. January. P.4.

84 FRÍAS SÁNCHEZ, C.J. *China, ¿un gigante con los pies de barro?* IEEE Opinion Paper 108/2019.

85 WUTHNOW, J. (2020). *System Overload: Can China's Military Be Distracted in a War over Taiwan?* National Defense University Press.

86 Already being considered, for example, is the deployment by the US of armed drones and missile launchers in potential conflict zones (Taiwan, Baltic states) that would act as high-tech minefields and hinder the consolidation of Russian and Chinese regional hegemony. BECKLEY, M. (2020) Rogue Superpower. Why This Could Be an Illiberal American Century. *Foreign Affairs*.

Nor should it be forgotten that the United States was a colony, so international military interventions do not always enjoy public support. Taiwan's defence would only be accepted by 41% of the population (although in 2014 it was 26%). KAFURA, C.; SMELTZ, D.; BUSBY, J.; KERTZER, J.; MONTEN, J. TAMA, J. (2021). *Divisions on US-China Policy: Opinion Leaders and the Public*. Chicago Council on Global Affairs.

87 BOUTHOU, G. (1967) *Sociologie de la politique*. PUF. Paris.

nationalist discourse, for the US to treat China with respect⁸⁸ and for both to seek areas of collaboration such as avoiding nuclear proliferation in Korea or genocides in Africa⁸⁹.

Conclusions

China's economic and military rise has been interpreted as a situation of aggressive power transition, the so-called "Thucydides Trap", in which China, as a rising power, would be in a position to challenge the United States, the established power. However, as the balance of power theory on the Korean peninsula foresaw, it is important to correctly calibrate the capabilities of the contenders.

Despite its strong ethnocentric bias, the realist thesis that war is a luxury of rich nations seems to be confirmed in East Asia. Contrary to liberal theories, intra-regional trade has not generated stability but increased military tension; the Asia-Pacific is already the world's largest defence spender.

Asian history shows that a global balance of power can coexist with regional conventional conflicts, as was the case during the Cold War in Korea and Vietnam. Far from the peaceful sinocentrism postulated by Constructivism, Asia seems to be heading towards a structural arms race in a balance of power. The RCEP, in the absence of a supranational coordinating entity, could reignite historical conflicts.

Moreover, the "Thucydides Trap" scenario seems to forget that:

- US influence in East Asia survives because of the strong dollarisation of its major economies, especially China's, and partly still because of the legitimisation of successful Japanese and South Korean industrialisation.
- The United States will be an autonomous hegemon because of its energy self-sufficiency, low population ageing, robotisation and global dollarisation.
- China is commercially and financially dependent on the United States; it is its main export market, the most indebted Asian nation in dollars (in absolute terms) and the largest investor in US Treasury bonds. Paradoxically, a supposed strategic rival would be financing its opponent.
- China must take up the challenge of modernising its rural provinces in a context of an ageing population, which will reduce its financial and military capacity.

88 When Bill Clinton was hesitating whether to give his speech at Tiananmen, Kim Dae-Jung, the South Korean president, commented to him: "In China, pride is very important. For pride, they will sacrifice anything. (...) While seeking a strategic relationship, you can cooperate and criticise at the same time. If you respect their pride while demanding what is necessary, you can make human rights gains." KIM, D-J. (2019). *Conscience in Action*. Palgrave Macmillan.

89 SHIRK, S. (2007). *China: Fragile Superpower*. Oxford University Press.

Under these conditions, it is difficult for a war outcome such as the “Thucydides Trap” to actually take place. Therefore, in order to reduce the tension generated by the misinterpretation of realist postulates, it would be advisable for China and the United States to seek global areas of collaboration on the basis of mutual recognition and respect.

Bibliography

- ACHARYA, A. (2014). Thinking Theoretically about Asian IR. In SHAMBAUGH, D. and ZAHUDA, M. *International relations of Asia*. Rowman & Littlefield. London
- ACHARYA, A. (2017): “Theorising the international relations of Asia: necessity or indulgence? Some reflections. *The Pacific Review*. DOI: 10.1080/09512748.2017.1318163
- ACHESON, D. (1949). *The China White Paper. United States relations with China*. State Department.
- ALADANGADY, A. and GARCÍA, D. (2021). The Unusual Composition of Demand during the Pandemic. *FEDS Notes*. <https://doi.org/10.17016/2380-7172.2831>.
- ALDASORO, I.; EREN, E.; HUANG, W. (2021). Dollar funding of non-US banks through Covid-19. *BIS Quarterly Review*, March.
- ALLISON, G. (2017). *Destined for War: can China and the US escape Thucydides Trap?* Scribe Publications.
- BABA, N. and SHIM, I. (2011). *Dislocations in the won-dollar swap markets during the crisis of 2007-09*. BIS Working Papers. Basel: Switzerland.
- BANK OF JAPAN (1966). *Hundred-Year Statistics of Japanese Economy*. Tokyo.
- BECKLEY, M. (2020) Rogue Superpower. Why This Could Be an Illiberal American Century. *Foreign Affairs*.
- BERGER, B. and MARTIN, R. (2011). The Growth of Chinese Exports: An Examination of the Detailed Trade Data. *International Finance Discussion Papers*. Federal Reserve.
- BERNANKE, B.S. (2016). *The dollar’s international role: An “exorbitant privilege”?* www.brookings.edu (accessed 10/1/2021)
- BOUTHOU, G. (1967) *Sociologie de la politique*. PUF. Paris.
- BOUTHOU, G. (1967). *Avoir la paix*. Grasset, Paris.
- BOUTHOU, G. Y MOSCA, G. (1965) *Histoire des doctrines politiques: Depuis l’antiquité*. Petite bibliothèque Payot.
- BRANDS, H. (2021). The Last Chance for American Internationalism: Confronting Trump’s Illiberal Legacy. *Foreign Affairs*.

- BROOKS, D., BROOKS, S.G., GREENHILL, B.D., HAAS, M.L. (2019). 'The Demographic Transition Theory of War: Why Young Societies Are Conflict Prone and Old Societies Are the Most Peaceful'. *International Security*, 43-3, 53-95.
- CALDER, K.; YE, M. (2004). Regionalism and Critical Junctures: Explaining the "Organisation Gap" in Northeast Asia. *Journal of East Asian Studies*.
- CASTELLTORT, M. (2020). Industria automovilística japonesa y la electrovehiculación como transformación social. *Industrial Economics*, 417.
- CHEN, C-C. (2010). The Absence of Non-Western IR Theory in Asia Reconsidered. *International Relations of the Asia-Pacific*, 11-1.
- CHO, J. H. (2011). Betnam pabyeonggwa Hanguk gyeongje seongjang (Vietnam War and the Korean Economy). *Journal of Social Science* 50-1. pp. 131-158.
- CLÉMENT, T. (2019). *Failed attempts at Cross-Border Economic Cooperation*. <https://www.38north.org/2019/10/tclement102819/> (Accessed 21-4-2021).
- CLÉMENT, T. (2019). From failed economic interfaces to political levers: Assessing China-South Korean competition and cooperation scenarios on North Korean Special Economic Zones, *Korea Academic Paper Series*, Korea Economic Institute.
- CRABTREE, J. (2021). *China's Radical New Vision Of Globalization*. <https://www.noemamag.com>.
- Diamond J, (1997) *Guns, Germs, and Steel*. WW Norton. New York.
- DIETER, H. (2021). RCEP-Countries Create Asia-Pacific Free Trade Zone. *SWP Comment* 3. Stiftung Wissenschaft und Politik.
- FMI (2019). *World Economic Outlook*. Washington D.C.
- FRÍAS SÁNCHEZ, C.J... *China, ¿un gigante con los pies de barro?* IEEE Opinion Paper 108/2019.
- FRIEDBERG, A. (2000). Will Europe's Past Be Asia's Future? *Survival*, 42(3).
- FRIEDMAN, T. (2005). *The World Is Flat: A Brief History of the Twenty-first Century*. Farrar, Straus and Giroux.
- FUKAO, K. and YUAN, T. (2018). The People's Republic of China's Slowdown: Lessons from Japan's Experience and the Expected Impact on Japan's Economy in YI-FU LIN, J.; MORGAN, P.J.; WAN, G. *Slowdown in the People's Republic of China: Structural Factors and the Implications for Asia*. Asian Development Bank Institute, Tokyo.
- GALLUP (2015). International's Global Survey Shows Three in Five Willing to Fight for Their Country. <https://www.gallup-international.bg/en/33483/win-gallup-internationals-global-survey-shows-three-in-five-willing-to-fight-for-their-country/>

- HAFT, J.R. (2015). *Unmade in China: The Hidden Truth about China's Economic Miracle*. Polity Press.
- HAMADA, K. and KASUYA, M. (1992). *The Reconstruction and Stabilization of the Postwar Japanese Economy: Possible Lessons for Eastern Europe?* Yale University. <http://hdl.handle.net/10419/160594>
- HE, Y. (2013). *Sino-Japanese Relations in the Past and Present: Revisiting the Role of the US Factor and the Legacy of History* at <https://www.researchgate.net> (accessed 21-3-2021).
- HIGGINS, M. (2020). China's Growth Outlook: Is High-Income Status in Reach? *Economic Policy Review* 26, 4, October. Federal Reserve, New York
- ITO, H. and CHINN, M. (2015). The Rise of the Redback: Evaluating the Prospects for Renminbi Use in Invoicing in EICHENGREEN, B. and KAWAI, M. *Renminbi Internationalization: Achievements, Prospects, and Challenges*. Asian Development Bank Institute and The Bookings Institution.
- JAPAN RESEARCH INSTITUTE (2021). *Asia Monthly Report*, January.
- HIROSHI, M. (2021). Korea's natural population decline begins. *The Korea Times*, 9 January.
- KAFURA, C.; SMELTZ, D.; BUSBY, J.; KERTZER, J.; MONTEN, J. TAMA, J. (2021). *Divisions on US-China Policy: Opinion Leaders and the Public*. Chicago Council on Global Affairs.
- KANG, D.C. (2003). International Relations Theory and the Second Korean War. *International Studies Quarterly*, 47.
- KEYNES, J.M. (1936). *General Theory of Interest, Employment and Money*. Palgrave Macmillan.
- KIM, B. (2017). *Unveiling the North Korean Economy: Collapse and Transition*. Cambridge University Press.
- KIM, B. and JUNG, S. (2015). *China's trade and investment with North Korea: Firm surveys in Dandong*. Seoul: Institute for Peace and Unification Studies, Seoul National University.
- KIM, D-J. (2019). *Conscience in Action*. Palgrave Macmillan.
- KIM, K. W. (2020). Protestantism and the Design of South Korea. *Korea Journal*, 60, 4 (Winter): 30–57. doi: 10.25024/kj.2020.60.4.30
- KISSINGER, H. (2020). The coronavirus pandemic will forever alter the world order. *Wall Street Journal*. 3 April.
- KOUSKOUVELIS, I. (2017). *The Thucydides Trap: A Distorted Compass*. <https://www.e-ir.info/2017/11/05/the-thucydides-trap-a-distorted-compass/> (accessed 30-4-2021).

- KRUGMAN, P. (2019). What Economists (Including Me) Got Wrong About Globalization. *Bloomberg opinion*.
- LACHMANN, R. (2015). Nation-State and War. *International Encyclopedia of the Social & Behavioral Sciences*. <https://doi.org/10.1016/B978-0-08-097086-8.96041-0>
- LEWIS, W. A. (1954). *Economic Development with Unlimited Supplies of Labour*. The Manchester School, May, pp. 139-191.
- LI, Q.; REUVENY, R. (2011). Trading for Peace? Disaggregated Bilateral Trade and Interstate Military Conflict Initiation. *Journal of Peace Research*. DOI:10.1177/0022343311406306
- MARLIN-BENNETT, R.; ROSENBLATT, A. WANG, J. (1992) The visible hand: The United States, Japan, and the management of trade disputes. *International Interactions* 17(2): 191-213.
- MARTIN, P., MAYER, T.; THOENIG, M. (2008b). Civil wars and international trade. *Journal of the European Economic Association*, vol. 6
- MASUKAWA, C. (2020). *Ajia ni totte RCEP wa nani o imi suru ka. (What does RCEP mean for Asia?)* Daiwa Institute Research. Tokyo.
- MIURA, Y. (2020). *Asia Monthly Report*, January. The Japan Research Institute.
- MIZUNO, K. (2017). *Tojite yuku teikoku to gyakusetsu no 21 seiki keizai (The paradoxical economy of the 21st century and closed empires)*. Shueisha, Tokyo
- NISLEY, T. (2014). China's Rise in a Changing Regional Hierarchy: A Comparison of 21st-Century China to 20th-Century Germany. *The Journal of the Georgia Political Science Association*.
- NOGUCHI, Y. (2017). *Introduction to the Japanese economy*. (In Japanese) Ed. Diamond.
- NOGUCHI, Y. (2020). *Inexperienced economic crisis - Can Japan turn this test into a turning point for growth?* (In Japanese). Ed. Diamond.
- INFORMATION OFFICE OF THE COUNCIL OF STATE. *China's National Defence White Paper in a New Era*. 24 July 2019.
- OKITA, S. (1951) Japan's Economy and the Korean War. Far Eastern Survey, 20(14). Institute of Pacific Relations.
- ORLIK, T. (2020). *China: the bubble that never pops*. Oxford University Press. Apple Books.
- PARK, C.Y.; ROSENKRANZ, P.; TAYAG, M.C. (2020). *COVID-19 Exposes Asian Banks' Vulnerability to US Dollar Funding*. Asian Development Bank.
- PARK, D. and SHIN, K. (2012). *The Service Sector in Asia: Is It an Engine of Growth?* Asian Development Bank.

- PETERSON, E.W.F. (2017) *The Role of Population in Economic Growth*. SAGE Open. <https://doi.org/10.1177/2158244017736094>
- PETRI, A. and PLUMMER, M.G. (2020). *East Asia Decouples from the United States: Trade War, COVID-19, and East Asia's New Trade Blocs*. Peterson Institute for International Economics.
- PIKETTY, T.; YANG, L.; ZUCMAN, G. (2017). *Capital Accumulation, Private Property and Rising Inequality in China, 1978-2015*. WID.world
- PRANTL, J.; KIM, H-W., C. (2016). Germany's Lessons for Korea: The Strategic Diplomacy of Unification. *Global Asia*, 11-4.
- QI, H., and LI, Z. (2019). Giovanni Arrighi in Beijing: Rethinking the Transformation of the Labor Supply in Rural China during the Reform Era. *Science & Society*, 83 (3): 327-354.
- RAJAGOPALAN, R.P. (2021). Asian Military Spending: A Sign of Worsening Security Environment. *The Diplomat*, 4 March.
- RHEE, G.J. (2011). *The recent experience of the Korean economy with currency internationalisation*. BIS papers 61. www.bis.org (accessed 10/1/2021)
- RICE, C. (2011). *No higher honor. A memoir of my years in Washington*. Crown Publishers, New York.
- ROBERTS, D. (2020). *The Myth of Chinese Capitalism*. MacMillan.
- SHIRK, S. (2007). *China: Fragile Superpower*. Oxford University Press.
- SIPRI (2020). *Trends in world military expenditure, 2019*. April.
- STUBBS, R. (2018). *Rethinking Asia's Economic Miracle: The Political Economy of War, Prosperity and Crisis*. Macmillan Education UK.
- SUPERVIELLE, F. (2018) ¿Irán China y Estados Unidos a la Guerra?. 40/2018.
- TANG, S.M. et al. (2020). *The State of Southeast Asia:2020*. Singapore: ISEAS-Yusof Ishak Institute
- TERADA-HAGIWARA, A.; PARK, D.; VAN RIJN, H. (2018). *Three Features of Aging in the People's Republic of China and Implications for Development Agenda*. <https://dx.doi.org/10.22617/BRF18965>
- TODD, E. (2002). *Après l'empire*. Gallimard.
- TODD, E. (2020). *Les Luttes de classes en France au XXIe siècle*. Seuil.
- UNIDO (United Nations Industrial Development Organization). *World Manufacturing Production Statistics for Quarter III 2020*.
- WANG, D.; STEVENS, F.M.S (2020). "Why is there no Northeast Asian security architecture? – Assessing the strategic impediments to a stable East Asia". *The Pacific Review*, 1-28.

WUTHNOW, J. (2020). *System Overload: Can China's Military Be Distracted in a War over Taiwan?* National Defense University Press.

YAO, W., KINUGASA, T., HAMORI, S. (2013). An empirical analysis of the relationship between economic development and population growth in China. *Applied Economics*, 45.

YAO, Y. (2018). "Will the People's Republic of China Be Able to Avoid the Japan Syndrome?" in YI-FU LIN, J.; MORGAN, P.J.; WAN, G. *Slowdown in the People's Republic of China: Structural Factors and the Implications for Asia*. Asian Development Bank Institute, Tokyo.

ZAJEC, O. (2017). Le piège de Thucydide. *Le Monde diplomatique*. October.

ZHANG, J.J. (2018). Is China an Exception to the Commercial Peace? <https://escholarship.org/uc/item/ow35v1v9> (Accessed 6/3/2021).

Article received: 3 March 2021.

Article accepted: 13 May 2021.
