

# What do past power transitions reveal about whether the U.S. and China are headed for war?

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## **Abstract**

This paper presents the extent to which past power transitions uncover the probability of China and the United States going to war. Given the complexities surrounding the reasons and abilities of rising powers to challenge a dominant power, it is essential to build a theoretical framework using the primary literature of key Power Transition Theorists, with focus on A.F.K Organski's "Power Transition Theory" which will be built upon in Graham Allison's "Thucydides Trap". In the next section a comparative case study between the current power capabilities of the U.S. and China will be done in order for us to estimate in the chapter that follows whether the rise of China is different from other past rising powers, the degree of power parity resulting from China's rise in material and ideational power resources and finally China's level of satisfaction with the current Western-led system. The result of this paper is that China's rise will not pose a danger to the dominant position of the U.S. as it neither has the capability nor will to rival it and create an alternative system. The idea is advance that the U.S. needs to accommodate China through engagement and mutual collaboration in order to achieve a stronger world order.

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## **1. Introduction**

The aim of this essay is to reveal whether past power transitions are indicative to a potential war between a dominant United States and a rising China in the existent system. This subject is of great relevance to our contemporary world as a conflict initiated by these two actors will not only be devastating for both sides but also to the larger international community. The paper argues that China's rise will not lead to war with the U.S. given the military, economic and political constraints of our world order, its inability and unwillingness to challenge it in terms of material and ideational power and its existent degree of satisfaction. In order to understand why and how power transitions occur it is necessary for us to focus in the conceptual background on key "Power Transition" theorists, with emphasis on A.F.K's Organski's "Power Transition Theory", which will be complemented with Graham Allison's "Thucydides Trap". In the following section the resources of power of U.S. and China will be compared in terms of economic, military and political power to know whether power parity exists between these two actors. For the purpose of this essay we will use Robert Cox's "conception of hegemony"<sup>1</sup> as the theories in the previous chapter interrelate with these indicators of power. Their analysis in the next section will reveal whether China's rise is different from past rising power, the existence of potential power parity between the current incumbent and challenger and China's level of satisfaction with the current system. The paper concludes by advancing the idea of the necessity of China's accommodation in the world order, despite the unlikelihood of war ever occurring.

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<sup>1</sup> Robert Cox, *Power, and World Order: Social Forces in the Making of History*. New York: Columbia University Press, 1987): 7

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## **2. Conceptual Background: Power Transition Theory in selected Historical Cases**

### **2.1. Core Principles of Power Transition Theory**

Power transitions have been a continuously recurring feature in history with a rising power overtaking through conflict or peacefully the dominant role from a previous incumbent in the international system. To better understand why and how these transitions occur A.F.K Organski's "Power Transition theory" provides us with an explanatory framework for this phenomenon. Organski (1958) describes in his work "*World Politics*" that a hierarchical structure exists in the international system where the 'dominant power' is at the top of this order with the most power resources to control. Under the dominant power are 'great powers' which are followed by 'middle powers' and lastly by 'small powers' and 'colonies'.<sup>2</sup> According to Organski, while great powers usually form alliances with the main power they can also rival it in the case the same level of power is reached and there is dissatisfaction with the current system, wanting to have it changed through a revisionist approach.<sup>3</sup> Essential, there are two main variables in "Power transition theory" that play an important role in affecting the likelihood of war occurring: "relative power" and "satisfaction". The relative power is determined by "population size", "political efficiency", and "degree of industrialization".<sup>4</sup> The population size plays an important role in economic development or in the engagement of people in military conflict. Considering the level of political efficiency, it depends on how governmental organizations are able to have their populations mobilized and exert power resources. As the last dynamic of power, 'industrialization' refers to the economic growth of states.<sup>5</sup> With these variables of relative power in mind, power transition war can occur as a result of 'power potential', 'speed' and 'flexibility'. The 'power potential' relates to the nature of the power of an emerging power compared to that of the dominant state. When it comes to 'speed', Organski contends that the faster a challenger rises, the higher is the chance for it to want to revise the status quo, regardless of the risk.<sup>6</sup> In terms of 'power potential' and 'speed' power parity occurs between an incumbent and a rising power when they start competing over these determinants of power, most likely when a great power has accumulated over "80% of the resources of the dominant nation"<sup>7</sup>. Regarding the last factor, 'flexibility', a dominant nation can adjust to the necessary changes required to accommodate a

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<sup>2</sup> A.F.K. Organski, *World Politics* (New York: Alfred A. Knopf, Inc., 1958), 326.

<sup>3</sup> Jacek Kugler and A.F.K Organski, "The Power Transition: A Retrospective and Evaluation," in Manu I Midlarsky "Handbook of War Studies." (Abingdon: Routledge, 2011): 174.

<sup>4</sup> A. F. K. Organski and Jacek Kugler, *The War Ledger* (Chicago: The University of Chicago Press, 1980), 302–306.

<sup>5</sup> Ronald Tammen et al., *Power Transitions: Strategies for the 21st Century* (New York: Chatham House Publishers, 2000): 16 – 17.

<sup>6</sup> A.F.K. Organski, *World Politics*, 335.

<sup>7</sup> Tammen et al., *Power Transitions: Strategies for the 21st Century*: 21.

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new great power. The higher the flexibility of a dominant nation the less likely will a war occur.<sup>8</sup> In the hierarchical structure the dominant power gains the most satisfaction in the status quo as it has the most “power resources” and leads an “alliance system”. In this alliance system great powers can be satisfied as they share common interests, however, in the condition of a prolonged period of parity and a dissatisfaction with the current order, the dominant power has the opportunity to reconcile with the rising great power on a variety of issues they have common interests in.<sup>9</sup> In this sense, it is not power parity that increases the chances of war but ultimately the failure of the dominant power not to accommodate to the changes in the structure of power.

### **2.2. Past Power Transitions**

When applying Organski’s Power Transition theory in a wider historical context there is evidence of past power transitions that have led to war or have been peaceful between a dominant power and rising power. In “*Destined for War*” Graham Allison (2017) explains past power transitions using Thucydides’ account of the Peloponnesian War resulting from Athens’ growing power and increased desire to have its interests prioritized and more influence in the region which made Sparta fearful and unwilling to accommodate it to protect the status quo.<sup>10</sup> Allison sees this historical account as the ‘Thucydides trap’, the inevitability of war when a ruling power is threatened by a rising power. With the possibility of being applied in international affairs, he argues that from 16 cases where ruling powers have been threatened by rising powers, 12 have ended in war.<sup>11</sup> This rationale would be a recurring theme in history with the main differences between past violent power transitions being the scale of the conflict and objectives. One notable example of past power transition wars has been in the 20th century between U.K. and a rising Germany. A unified Germany became the strongest military power in Europe threatening the naval supremacy of Britain.<sup>12</sup> Moreover, Germany’s economic power has also grown significantly, reducing U.K.’s share in global manufacturing undermining therefore its industrial power. With Britain becoming more fearful of this growing power, a security dilemma was created. This has led to a security dilemma, escalating in a naval arms race. Given Britain’s fears that Germany’s power will undermine the balance of power on the Continent, the Thucydidean stress resulting from this rivalry ultimately led them enter the First World War. While the majority of past power transitions have ended in conflict there have been

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<sup>8</sup> A.F.K. Organski, *World Politics*, 336.

<sup>9</sup> Steve Chan, *China, the U.S., and the Power–Transition Theory: A Critique* (New York: Routledge, 2008): 51 – 75.

<sup>10</sup> Thucydides, *History of the Peloponnesian War*. trans. Richard Crawley. (London: Dover Publications, 2004): 11.

<sup>11</sup> Graham Allison, *Destined for War: Can America and China Escape Thucydides's Trap?* (London: Scribe Publications, 2017): 41

<sup>12</sup> Paul, Kennedy, *The Rise and Fall of Great Powers: Economic Change and Military Conflict from 1500 to 2000* (London, Fontana Press, 1988): 269 – 277.

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some key cases in which peace was possible on the basis of mutual deterrence, economic interdependence and the existence of a higher authority. During the “Cold War” both the United States and the Soviet Union possessed nuclear weapons, however, never used them as this would lead to their “mutual assured destruction (MAD)”. Their military capabilities deterred the other from engaging in war as the costs were higher than the benefits.<sup>13</sup> When it comes to economic interdependence, Germany has shown in the “Post-Cold War” era that it can gain power and influence in Europe, despite the early anxieties of Britain and France, not through military power but peacefully by seeking economic interdependence with past adversaries.<sup>14</sup> Higher authority which has solved a dispute without war has been the case of Spain and Portugal in the 15th century when there was a chance for potential conflict between them over sea power, however, this was mitigated by Pope Alexander VI who as an arbitrator defined their spheres of influence with the “Treaty of Tordesillas”.<sup>15</sup>

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<sup>13</sup> Jeremy Black. *Great Powers and the Quest for Hegemony: The world order since 1500*. (London: Routledge. 2008, 175 – 192.

<sup>14</sup> Graham Allison, *Destined for War: Can America and China Escape Thucydides's Trap?* 283 – 285..

<sup>15</sup> *Ibid.*, 188– 191.

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### **3. Comparative Case Study: The Power Resources of the United States and China**

#### **3.1. Economic Power**

In the post-war era various factors led the U.S. to become a world economic power. From 1865 until 1900 the United States experienced accelerated industrialization stemming from domestic policies which promoted a high rate of literacy, a high concentration of entrepreneurs and laws which protected individual and corporate wealth.<sup>16</sup> It goes without saying that America's population, as the third largest worldwide<sup>17</sup>, has also greatly contributed to its economic growth with its ability to have more labour and, therefore, higher productivity in goods and services. The increase in the literacy of such a large population has led to even more rapid industrialization as it enabled labourers to acquire new skills enhancing, therefore, their performance.<sup>18</sup> Furthermore, the mobilization of capital from the agricultural sector, as the largest source of capital, and allocation in urban industries further led to an acceleration of industrialization.<sup>19</sup> As of 2017 this endogenous growth has made the US become the "world's largest economy" with a "GDP of \$19.4 trillion".<sup>20</sup> Nonetheless, America's "current share of the world's economy" has decreased to "15.17 percent"<sup>21</sup>, due to factors such its trade deficit<sup>22</sup>.

Ever since China's shift in the late 1970s to a market-oriented economy, it has greatly benefited from opening up to foreign investment and trade. There have been various reforms which have contributed to China's rapid industrialization such as prices being gradually liberalized, more autonomy for state enterprises and growth in the private sector growth.<sup>23</sup> Further contributing to this endogenous growth has been the Chinese government which has been very efficient at mobilizing resources with a strong "national local power structure and a vertical-horizontal administrative system"<sup>24</sup> without any domestic disputes. These reforms in the economy and strong ability of drawing resources from its large

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<sup>16</sup> Ronald Seavoy, *An Economic History of the United States: From 1607 to the Present* (London: Routledge, 2006), 213.

<sup>17</sup> United States Census Bureau. "U.S. and World Population Clock". Last modified 6 January 2019. <https://www.census.gov/popclock/world>

<sup>18</sup> Seavoy, *An Economic History of the United States: From 1607 to the Present*, 217 – 220.

<sup>19</sup> *Ibid.*, 220 – 223.

<sup>20</sup> The World Bank, "United States GDP (current US\$)." last modified 6 January 2019, <https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?locations=US>

<sup>21</sup> Statista, "United States' share of global gross domestic product (GDP) adjust for purchasing power parity (PPP) from 2012 to 2022," last modified 6 January 2019, <https://www.statista.com/statistics/270267/united-states-share-of-global-gross-domestic-product-gdp/>.

<sup>22</sup> Trading Economics, "United States Balance of Trade". Last modified 6 January 2018, <https://tradingeconomics.com/united-states/balance-of-trade>.

<sup>23</sup> Justin Yifu Lin et al., *The China Miracle: Development Strategy and Economic Reform* (Hong Kong: The Chinese University of Hong Kong, 2003): 54 – 332.

<sup>24</sup> Jin Kai, *Rising China in a Changing World: Power Transitions and Global Leadership* (Basingstoke: Palgrave Macmillan, 2017): 31.

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population, made China's economy in 1978 grown ten times its size in 2017. With an average economic growth rate of 9.8 percent 2001 until 2015, China has become the second– largest economy in the world by market exchange rates, increasing its GDP from around \$191 billion in 1980 to more than \$12 trillion in 2017.<sup>25</sup> When taking China's rampant economic growth into consideration, it has been predicted by the Centre for Economics and Business Research (CEBR) that it will surpass the U.S. in terms of GDP by 2029.<sup>26</sup>

### **3.2. Military Power**

In the post-war period, the United States has become the greatest military power. After a period of isolationism during the Second World War, the United States currently has 800 military bases worldwide<sup>27</sup> accounting in 2017 for “35 percent of the global military spending”.<sup>28</sup> With a defense budget of \$610 billion, representing “3.1 percent of its GDP”<sup>29</sup>, the US, as the world's greatest military spender, finances its foreign policy ambitions which defend and promote its interests and those of its allies. During the “Cold War” the United States created the “North Atlantic Treaty Organization (NATO)” as a military alliance which would contain communism from spreading and also stop any possible Russian invasions in European countries.<sup>30</sup> After the end of the “Cold War”, while the military spending of the United States decreased<sup>31</sup>, the “NATO alliance” and infrastructure from this period has remained.

Given China's “Cold War” policies of non-interference and non-alliance it has never joined a military alliance like NATO.<sup>32</sup> Nevertheless, its rising economy has translated into military power as it has rapidly modernized its military arsenal being able to conduct asymmetric warfare against the US. Despite only “2 percent of its GDP” being devoted to military expenditure<sup>33</sup>, China's economic growth has allowed it to allocate in 2017 “\$228 billion” to its defense budget, becoming the second largest

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<sup>25</sup> The World Bank, “China GDP (current US\$),” last modified 6 January 2019,

<https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?locations=CN&view=chart>.

<sup>26</sup> CEBR, “World Economic League Table 2016,” last modified 26 December 2015, <https://www.cebr.com/wp-content/uploads/2015/12/Cebr-World-Economic-League-Table-2016-26-December-2015-final.pdf>

<sup>27</sup> Vine, David. “Where in the World is the U.S. Military?” Politico Magazine. Last modified 6 January 2019.

<https://www.politico.com/magazine/story/2015/06/us-military-bases-around-the-world-119321>

<sup>28</sup> Nan Tian et al., “Trends in World Military Expenditure, 2017”, SIPRI (May 2018): 1 – 8.

<sup>29</sup> The World Bank, “United States Military expenditure (%GDP)”. last modified 6 January 2019,

<https://data.worldbank.org/indicator/MS.MIL.XPND.GD.ZS?locations=US>

<sup>30</sup> NATO, “A Short History of NATO”, last modified 6 January 2016.

[https://www.nato.int/cps/ie/natohq/declassified\\_139339.htm](https://www.nato.int/cps/ie/natohq/declassified_139339.htm)

<sup>31</sup> The World Bank, “United States Military expenditure (%GDP)”. last modified 6 January 2019,

<https://data.worldbank.org/indicator/MS.MIL.XPND.GD.ZS?locations=US>

<sup>32</sup> Joseph Cheng Yu–Shenk and Franklin Wankun Zhang, “Chinese Foreign Relation Strategies Under Mao and Deng: A Systematic and Comparative Analysis,” *Philippine Journal of Third World Studies* (1999): 91 – 114.

<sup>33</sup> The World Bank, “Military expenditure (% of GDP),” last modified 6 January 2019,

<https://data.worldbank.org/indicator/MS.MIL.XPND.GD.ZS?locations=CN>.



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spender on defense after the US.<sup>34</sup> According to a study conducted by “RAND Corporation”, China will be advantageous in many military areas, such as attacks on the ground or water, undermining the hegemonic status of the US in the region.<sup>35</sup> The evolution of China’s armed forces is reflective of its strategic goals. With China’s” People’s Liberation Army (PLA)” being the largest one in the world, the country strives for internal control to ensure the security of the “Chinese Communist Party (CCP)” from social unrest which can cause instability.<sup>36</sup> Moreover, China’s modernization of its land and naval power is aimed achieve its national interests by unifying with Taiwan<sup>37</sup> or protecting its interests over maritime rights to control underwater resources in the South China Sea.<sup>38</sup>

### **3.3. Political Power**

In the current Western– dominated system the United States has enjoyed and will continue to benefit from an environment of exceptionalism stemming from its Bretton Woods institutions. The role played by the U.S. was dominant in the creation of the “United Nations (UN)”, important for peace and security, the “International Monetary Fund (IMF)”, responsible for the coordination of international finance, the “World Bank (WB)”, through which developing countries receive loans, and the “World Trade Organization (WTO)” which promotes international trade.<sup>39</sup> While the U.S. is currently experiencing under Donald Trump’s a decline in its ideational power<sup>40</sup>, it continues to benefit from its institutional dominance. For instance, the U.S. has occasionally gone against the norms and rules of the UN by interfering in the sovereignty of other states whether this has been for strategic purposes or on the basis of

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<sup>34</sup> SIPRI, “Global military spending remains high at \$1.7 trillion”, last modified 2 May 2018, <https://www.sipri.org/media/press-release/2018/global-military-spending-remains-high-17-trillion>.

<sup>35</sup> Eri Heginbotham, *The U.S. – China Military Scorecard: Forces, Geography and the Evolving Balance of Power 1996 – 2017* (California: RAND, 2015): 153 – 224.

<sup>36</sup> Taylor, M. Fravel, “China’s Search for Military Power,” *The Washington Quarterly* 31, no 3., 125 – 141.

<sup>37</sup> Michael D. Swaine. “Trouble in Taiwan,” *Foreign Affairs* 83, no. 2 (April 2004), 39– 49. <https://doi.org/10.2307/20033901>.

<sup>38</sup> Bobby Andersen and Charles M. Perry, “Weighing the Consequences of China’s Control Over the South China Sea,” *Institute for Foreign Policy Analysis* (November 2007): 1 – 74.

<sup>39</sup> Kahler, Miles. “Rising powers and global governance: negotiating change in a resilient status quo.” *International Affairs* 89: 3 (2013) 711 – 729.

<sup>40</sup> John G. Ikenberry, G., “The Plot against American Foreign Policy: Can the Liberal Order Survive?” *Foreign Affairs* 96, iss. 3 (June 2017): 2 – 9.

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humanitarian interventions.<sup>41</sup> Moreover, the U.S. benefits further from full veto power in the IMF<sup>42</sup> and near veto power in the WB<sup>43</sup> as well advantages accorded to developed nations in WTO.<sup>44</sup>

With its economic reform in the late 1970s, China, as a long– isolated country, has started to join many IGOs such as the UN, IMF, WB and, after a while WTO, from which it has greatly benefited economically and politically.<sup>45</sup> However, considering China’s economic growth and that these institutions are largely benefiting the interests of the U.S. and those of its Western allies, Chinese leaders have decided to build their own set of institutions and partnerships. Within the existent liberal order, there are several key sinocentric structure. On a security level, China has established the “Shanghai Cooperation Organization (SCO)” forming partnerships with Central Asian countries to “fight terrorism, separatism and extremism”<sup>46</sup> in the region. The main principles of the SCO are the mutual respect of sovereignty, the territorial integrity of States and independence. While China entrusts security affairs to the “UN Security Council”, it opposes the interference in the sovereignty of states, making SCO therefore important for the maintenance of regional stability. In terms of economic development, a big gap continues to exist in supplying Asian “infrastructure demands” with funding which limits the economic and social development in the region. This has been the aim for the establishment of the “Asian Infrastructure Investment Bank (AIIB)”, which, despite U.S. opposition, intends to invest in productive sectors and in infrastructure in order to “foster sustainable economic development, create wealth and improve infrastructure connectivity in Asia”<sup>47</sup>. AIIB seeks to be more geographically representative by having more developing countries included. It also aims to be less bureaucratic in order to be more flexible to the needs of countries. Moreover, despite being the largest donor and sponsor of AIIB, China does not want to monopolize the presidency of this institution.<sup>48</sup>

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<sup>41</sup> Petr Valek, “Is Unilateral Humanitarian Intervention Compatible with the U.N. Charter?” *Michigan Journal of International Law* 26, iss. 4. (2005): 1223 – 1253.

<sup>42</sup> Reza Moghadam and Sean Hagan. “IMF Governance – Summary of Issues and Reforms Options.” (Washington D.C.: IMF, 2009): 1 – 37.

<sup>43</sup> Thomas Barnebeck Andersen et al., “US Politics and World Bank IDA– Lending” in Thomas Markussen, “Institutions in Development: Five Essays on Politics, Property Rights and Property” (PhD diss., University of Copenhagen, 2014), 776.

<sup>44</sup> Caroline Dommen, “Raising Human Rights Concerns in the World Trade Organisation: Actors, Processes and Possible Strategies,” *Human Rights Quarterly* 24, no 1. (February 2002): 33 – 37.

<sup>45</sup> Zhihai Xie, “The Rise of China and Its Growing Role in International Organizations,” *ICCS Journal of Modern Chinese Studies* 4, no. 1 (2011), 90.

<sup>46</sup> Xinbo, Wu, “China in search of a liberal partnership order,” *International Affairs* 94, no. 5 (2018): 1009. <https://doi.org/10.1093/ia/iyy141>.

<sup>47</sup> “Asian Infrastructure Investment Bank: Articles of Agreement,” open for signature 29 June 2015. Filed and Recorder with the Asian Infrastructure Investment Bank (2015): 1, <https://www.aiib.org/en/about-aiib/basic-documents/download/articles-of-agreement/basic-document-english-bank-articles-of-agreement.pdf>.

<sup>48</sup> Fun Jing, “AIIB chief rules out China veto power,” *China Daily*, last modified 27 January 2016, [http://www.chinadaily.com.cn/business/2016-01/27/content\\_23265846.htm](http://www.chinadaily.com.cn/business/2016-01/27/content_23265846.htm).

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## **4. Analytical Framework: Is the “Thucydides's Trap” inescapable for the United States and China?**

### **4.1. Change in the International Order**

A potential power transition between the US and China would be fundamentally different from past power transitions as China, in the current international order, will not only have to face one dominant power but an entire Western-centered system which collectively has a stronger hard power and is based on rules and institutions. In the current order an alliance system such as NATO based on military shared interests is used to balance power in East Asia. The balance of power is maintained through the military bases of status quo countries such as Japan and South Korea with the ability to deter any potential regional threat posed by China. Given that China is not within any military alliance, it is in its best interest not to engage in war as the costs outway the benefits it may gain. This is reflective of the Cold War deterrence rationale between the U.S. and the Soviet which deterred each other from engaging in war as both would have risked their survival. While nuclear weapons are unlikely to be used due to a myriad of factors today, conventional weapons have a strong deterrent capability.

It goes without saying that in our globalized world in which states are interdependent and interlinked, a potential war between the U.S. and China, regardless of how strong their economies can sustain the damage, will greatly disadvantage these two actors in the long run. In the liberal international order Washington and Beijing would suffer in a scenario where war would occur, as both actors would enforce sanctions on one another, freeze the assets of the opponent and of others allies taking part in the confrontation. This will not only negatively lead to great negative economic consequences in the Asian or American region but it would also affect the rest of the world.<sup>49</sup> The intensity of the war also has the potential to disrupt global trading patterns negatively impacting industries worldwide. This underlines the logic of Germany's rise which emphasized the importance of constraint through economic interdependence.

On an institutional level, both actors are constrained from engaging in war. The institutional mechanisms can maintain the security of states by giving them a platform to settle their disputes peacefully. As in the case of Spain and Portugal in the 15th century, a supranational authority such as the U.N. today can play an essential role in the mitigation of conflict. The behaviour of the U.S. and China is constrained through legal frameworks which limits military force from being used. The risk of one of the two actors not abiding to the rules and norms of the U.N. by initiating war can result in political costs

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<sup>49</sup> Robert Farley, “China vs. America: 4 Reasons either Superpower Would Win a War,” *The National Interest*, last modified 5 June 2018. <https://nationalinterest.org/blog/the-buzz/china-vs-america-4-reasons-either-superpower-would-win-war-26126>.

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from the international. While the U.S. will not be excluded from the current order, being its dominant power and benefiting from “great– power exceptionalism”<sup>50</sup> it could still risk the dissatisfaction of its allies for creating instability in the region. China’s engagement in war would be even more uncommon as its growth is largely attributed to international organizations and being exempted from them would pose a great risk to its future stability which relies on exports and its political status in the international system.

### **4.2. Degree of Power Parity between the U.S. and China**

The power hierarchy has been changing with China’s higher rate of economic growth, military modernization and the creation of its own institutions. While, without a doubt, its growth in relative power and increase influence in the past three decades has been very impressive, if we consider the argument of “Power Transition theory” that power parity between a challenger and a defender exists when “80% of the power resources of the dominant nation”<sup>51</sup> are accumulated by challenger, China’s power potential still lags in terms of GDP, military capacity worldwide as well as leadership and rights to vote in international institutions. When it comes to China’s economic hard power, it can be seen as a great power which is both “rich and powerful” as well as to some degree “poor and fragile”.<sup>52</sup> Regardless of the forecast that China will become the world’s largest economy given the speed of its economic growth, the country still has a lot of catching up with its economy since it faces an aging population and, as a result, a declining labour force.<sup>53</sup> Moreover, the ability of the CCP to mobilize capital should also be questioned given its “decentralized”<sup>54</sup> authority. These are strong signals that the Chinese economy is slowing down. In contrast, the U.S. is projected to have a growth in population by 2050 more than 100 million<sup>55</sup>, with an increase in labour of 40 percent.<sup>56</sup> In contrast to China, the U.S. still remains highly productive, effectively allocating its resources into research and development.<sup>57</sup> Despite the various reasons which have decreased the economic growth rate of the U.S., its economy is still larger in terms of GDP than China’s and will recover due to endogenous factors in the near future.

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<sup>50</sup> John G. Ikenberry, “The Rise of China and the Future of the West. Can the Liberal System Survive?” *Foreign Affairs* (2008): 6.

<sup>51</sup> Ronald Tammen et al., *Power Transitions: Strategies for the 21st Century*, 21.

<sup>52</sup> Susan Shirk, *China: Fragile Superpower* (Oxford: Oxford University Press, 2007), 225.

<sup>53</sup> Barry Naughton, *The Chinese Economy: Transitions and Growth* (London: The MIT Press, 2007): 175.

<sup>54</sup> Elizabeth C. Economy and Adam Segal, “The G– 2 Mirage,” *Foreign Affairs* 88, no. 3 (June 2009): 14– 23. <https://www.jstor.org/stable/i20699556>.

<sup>55</sup> Jeffrey Passel S. and D’Vera Cohn, “U.S. Population Projections: 2005 – 2050,” *Pew Research Centre* (February 2008): 1 – 49.

<sup>56</sup> Ian, Bremmer, “Five Myths About America’s Decline,” *The Washington Post*, last Modified 3 May 2012, [https://www.washingtonpost.com/opinions/five-myths-about-americas-decline/2012/05/03/gIQAvlnvzT\\_story.html?utm\\_term=.6703c15e1a2d](https://www.washingtonpost.com/opinions/five-myths-about-americas-decline/2012/05/03/gIQAvlnvzT_story.html?utm_term=.6703c15e1a2d).

<sup>57</sup> Joseph S. Nye, “Declinist Pundits,” *Foreign Policy*, last accessed 6 January 2019. <https://foreignpolicy.com/2012/10/08/declinist-pundits/>

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With regards to China's military capacity, the U.S. remains the undisputed leader in armed forces with numerous bases worldwide. While China outweighs the U.S. in certain military capabilities, it is argued that the PLA is outdated in its command structure and suffers from corruption which limits its ability to execute missions efficiently.<sup>58</sup> Nevertheless, the modernization of its arsenal have created instability in the region. It is feared that the unification with Taiwan, would require "offensive actions" to deter the island from "gaining independence"<sup>59</sup> or that the modernization of its navy threatens the security of the states involved in the maritime sovereignty disputes in the South China Sea.<sup>60</sup> However, despite the ensuing security dilemma China has no intention to achieve its objectives by force as its goal for modernizing its military is non-expansionist striving mainly to maintain its territorial integrity and national interests. Moreover, even if China wanted to attack Taiwan with its land power or use its naval power in the South China Sea, it would still remain in China's best interests not to engage in a potential war with the U.S. or its allies as it will be outnumbered in relative power by an entire group of states with a more modern arsenal that are part of NATO.

As for China's institutional power, the rising power is not receiving full advantages as other great powers within the Western-led institutions since its interests are not fully met, as has been the case with UNSC coinciding with its principle of non-interference or that its infrastructure demands are not properly funded. In addition to this, China is also not fully accommodated in global financial institutional institutions as its limited voice does not allow it to be entirely part of the decision making process, having therefore its interests therefore undermined. It is already acknowledged that the U.S. will continue to maintain its influence over the rules and norms of international institutions which serve its needs. The influence that China receives from SCO and AIIB only serve its regional interests, with no intention of rivalling the Bretton Woods institutions. Even if a counter-hegemonic challenge would be planned by China, it would not be able to have the institutions, which are under the dominance of the U.S. replaced as the identity of this current incumbent has been already distributed across great powers with its norms and values appealing both to the masses and the elites.<sup>61</sup>

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<sup>58</sup> Michael S. Chase S., *China's Incomplete Military Transformation: Assessing the Weakness of the People's Liberation Army (PLA)*. (California: RAND, 2015), 60.

<sup>59</sup> Claire Taylor and Tim Youngs, "China's Military Posture," *House of Commons* (February 2008): 23 – 28.

<sup>60</sup> Office of the Secretary of Defense, "Annual Report to Congress: Military and Security Developments Involving the People's Republic of China 2018," (2018): 12 – 118.

<sup>61</sup> Allan Bentley et al., "The Distribution of Identity and the Future of the International Order: China's Hegemonic Prospects," *International Organization* 2018, 1 – 31, <https://doi.org/doi:10.1017/S0020818318000267>.

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**4.3. The extent of China's satisfaction with the Western-dominated system**

With the rapid increase in China's power resources, the question remains whether it is satisfied with the current international system and whether the U.S., as the dominant power, is flexible enough to adjust to the necessary changes in the hierarchical power structure to accommodate China's rise to ensure its satisfaction. It goes without saying that China is satisfied with the current world order as it largely benefits from the Bretton Woods institutions which have been the main contributors to its economic growth and have given it the opportunity to be part of the broader community.<sup>62</sup> Besides being advantaged in terms of economic growth and political status China's satisfaction of the U.S. led order is shown by its will to "socialize itself in the existing system"<sup>63</sup> being involved in other institutions which reflects its acceptance of the rules and norms of the present system. According to Steve Chan (2004) this can be seen as an "indicator of satisfaction with the world system". Chan argues that states that are war-prone "reduce their membership in IGOs"<sup>64</sup> or do not join them as much as other countries do, whereas satisfied states are more likely to be part of IGOs. When reviewing China's historical participation in international organizations, it becomes clear that it more interested being part of international institutions instead of building its own international institutions that are based on its own rules. It has been estimated that from 67 IGOs worldwide China's participation was at 61% ranking at number 10, whereas the U.S. was at 67% ranking at number 6.<sup>65</sup> This level of participation, which is not radically different when compared to that of the U.S., shows China's tendency to be involved in the international community instead of leaving it. With China's high level of involvement in IGOs, it can be said that it accepts the dominant U.S. led world system, respecting its "norms, rules and regulations"<sup>66</sup>. If China were a revolutionary revisionist state, such as Athens or Germany, it would not engage or reconcile with the incumbent system, instead it would reject and overthrow it.<sup>67</sup>

Nevertheless, China cannot be seen as a status quo country as it is not fully satisfied with its status in the system and wants to improve it in accordance with its rise. For this reason, China fits the category of a reformist revisionist, such as Germany in the "post-Cold War", as it does not want to overthrow the

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<sup>62</sup> Jin Kai, *Rising China in a Changing World: Power Transitions and Global Leadership*, 83.

<sup>63</sup> T.V. Paul, *Accommodating Rising Powers: Past, Present, and Future* (New York: Cambridge University Press, 2016): 205.

<sup>64</sup> Steve Chan, "Can't Get No Satisfaction?: The Recognition of Revisionist States," *International Relations of the Asia-Pacific* 4 (2004): 218. <https://doi.org/10.1093/irap/4.2.207>.

<sup>65</sup> Wang Lin, "Comparative Studies of All States' Participation in International Organizations." *World Economics and Politics* 11, (2006): 51

<sup>66</sup> Jin Kai, *Rising China in a Changing World: Power Transitions and Global Leadership*, 1.

<sup>67</sup> Buzan, Barry, "China in International Society: Is 'Peaceful Rise' Possible?" *The Chinese Journal of International Politics*, 3, 2010, 5-36. <https://doi.org/doi:10.1093/cjip/pop014>.

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current system but rather alter it to accommodate its rise.<sup>68</sup> It dissatisfaction stems from the lack of inclusiveness and the frequent exclusive privileges granted to the U.S. in the Western– led institutions. Since over time China’s wealth has grown over time it has desired “more autonomy and a louder voice”<sup>69</sup>. The establishment of the SCO and AIIB has shown that China wants in its reformist approach to have new institutions, values, and norms which can facilitate its growth in an order that is more sustainable and fair. Both the SCO and AIIB do not want to challenge other institutions as the former does not to want to become a rivalling geopolitical block to NATO seeking partnerships and not alignment with other countries<sup>70</sup> whereas the later wants multilateral and bilateral collaboration with organizations to address regional development challenges.<sup>71</sup> In essence, China’s aspires to a liberal partnership order supporting liberal ideas such as cooperation, openness, multilateralism, rule– based institutions and equality.

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<sup>68</sup> Suisheng, Zhao, “China as a Rising Power Versus the US– led World Order,” *Rising Powers Quarterly* 1, iss. 1. (2016): 13 – 21.

<sup>69</sup> Xinbo, Wu, “China in search of a liberal partnership order,” 1002.

<sup>70</sup> Stephen Aris, “The Shanghai Cooperation Organisation: ‘Tackling the Three Evils’. A Regional Response to Non– traditional Security Challenger or an Anti– Western Bloc,” *Europe– Asia Studies* 61. No. 3, 457– 482, <https://doi.org/10.1080/09668130902753309>.

<sup>71</sup> “Asian Infrastructure Investment Bank: Articles of Agreement,” open for signature 29 June 2015. Filed and Recorder with the Asian Infrastructure Investment Bank (2015): 2, <https://www.aiib.org/en/about-aiib/basic-documents/download/articles-of-agreement/basic-document-english-bank-articles-of-agreement.pdf>.

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## **5. Conclusion**

In conclusion, when looking at past power transitions that have been violent or peaceful in nature, it becomes clear that the U.S. and China are not headed for war. Past power transition wars have revolved around power parity and the satisfaction of a rising great power. The Peloponnesian War between Sparta and Athens has shown us how the increase in relative power combined with the desire of a great power to change the existing status quo can make war inevitable. The chances of war only increase in the case of the inflexibility of a dominant power not wanting to accommodate a challenger in its order out of fear for its survival. The application of the “Thucydides Trap” across multiple historical cases, as seen in the 20th century with the U.K and Germany, has revealed the same pattern of behaviour between a rising power and an incumbent. When applying this logic in the context of our current order the deterministic nature of the “Thucydides Trap” is proven wrong. It is evident that our world is different from past eras as peace can be maintained through stronger abilities to constrain the behaviour of states from ever engaging in warfare. The rationale behind the few peaceful power transitions has been effectively utilized in the 21st century with more durable military alliance systems, a more deeply interlinked and interconnected world and a supranational body, since two potential will not go to war since they have common interests and shared institutional rules and norms. Today it is highly unlikely for a war to occur from power parity, as has been the case of U.K. and Germany, as these constraints would undermine their economic stability and political status.

From past power transitions it is further evident that power parity is a contributor to violent power transitions. Nevertheless, China’s increase in relative and ideational power does not pose a threat to the dominant position of the U.S. Regardless of China’s rapid industrialization, due to its economic reforms which allowed better means of resource allocation, its aging population and decentralized government are slowing its economic growth rate, whereas the American economy shows signs recovery, most likely continuing to be higher than China’s economy in the near future. As for their military power, the U.S. continues to benefit from its alliance system and great military spending, while China is not part of any counter-alliance and is limited in terms of ineffective military personnel, despite its modernization efforts, to uphold its national interests. Even if China had the ability to threaten the U.S. it does not want to engage in war over regional issues such as Taiwan and South China Sea given its non-expansionist objectives which focus on its territorial security. In terms of its ideational power. China’s voice continues to be limited under the Western– led order, with the U.S. continuing to benefit from its exceptionalism. The purpose of the SCO and AIIB is not to rival the existing system but to support Asia’s regional security and developmental needs which are not effectively met by the West. Even in the case that China



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were to build an institution that would rival the current order it would not find appeal amongst the elites and masses, as the ideology of the U.S. has already been distributed and legitimized.

Lastly, past power transitions have revealed us the necessity of accommodating a great power in the current order to avoid a potential conflict. While China remains largely satisfied with the current order, when considering its benefits and high level of involvement in IGOs, it is seeking for reforms which can allow it to grow. If the U.S. continues not to effectively engage China in the existing system and to oppose the creation of its institutions, this rising power will be dissatisfied and potentially become a revisionist state. Despite all signs showing that the economic, military and political power of the U.S. will remain intact and, when rivaled, that war is unlikely, turning China into an enemy could undermine its overall influence. It is therefore necessary for the U.S. to be flexible and facilitate an environment that can accommodate China's peaceful rise in the existing system. Both actors need to form a relationship which respects the core interests of the other and can create a stronger Sino-US cooperation in areas of mutual interest.

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