

Conflict and Economic War between the US and China ---Power Transition and the War in East Asia--- How to Avoid Conflicts and How to Establish Collaboration

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1. - Transformation of International Relations and the US-China relations in the Asia-Pacific region

Currently, international relations in the Asia-Pacific region is undergoing a once in a century turning point. The situation is similar to that just before World War I.

The year 2018 was the centenarian anniversary of the end of World War I. World War I was a consequence of the conflicts between an emerging nation (Serbia) and a declining great power (Habsburg) spreading throughout the world. The war continued four years and four months and ended in the collapse of four great empires (Austria-Hungary, Germany, Russia, Ottoman). The contemporary world also exhibits power transitions and conflicts between great powers and emerging powers. War can happen “accidentally” or “inevitably.” There is a possibility that the hegemonic dispute and conflicts could start “inevitably” on the borders of both powers.

This is in reference to the rapid emergence of China in the international stage, which has grown rapidly in the early 21st century. Initially the Chinese government headed west very carefully, avoiding boundary conflicts. Like the Marshall Plan

which the United States performed after the Second World War, China tried to make original investment and infrastructural improvement for emerging countries and is proceeding regional economic development with their grandiose plan, “The Belt and Road Initiative,” historical “silk road” area as the centenaries plan.

Unlike the Soviet Union, China avoids conflicts between Liberal and Communist ideologies and tries to challenge the US in economic competition, using the means of capitalism and globalization.

China, avoiding conflict with the United States and Japan, expanded to the west, in collaboration with the EU (European Union), and it influenced on and is expanding to Southeast Asia, West Asia, Central Asia, the Middle East, Africa and the former Eastern Europe through investment, infrastructure development and financial aid.

<Transformation of Power --- “Thucydides’ Trap”>

From ancient times, it has been argued in history and in international politics that “war is inevitable when power changes. This is called “Thucydides’ Trap.”

That was a lesson in which Thucydides investigated the war between Athens and Sparta as a model of conflict, and he analyzed it rises to the inevitable state of war over power and territory, between the growing/emerging powers and the declining major powers, in these situations it sometimes reaches war.¹⁾

According to G. Allison, in the 8 hours’ secret meeting between Obama and Xi Jinping in June 2013, Obama mentioned this “trap of Thucydides” to avoid war. After that Alison was invited to the National Security Council (NSC) and explained it in the White House.

After talks with Obama, China’s Xi Jinping announced a “new type of international relations”, on the premise of coexistence with the United States rather than a war. In order to avoid conflict with the US, Xi Jinping has decided not to go against Japan and the United States, and directed the “Silk Road Initiative” to the west.

<Collaboration of Energy>

During the talks in November 2017 between President Trump and Xi Jinping, Xi promised to carry out economic cooperation to correct the trade imbalance with 253.5 billion US dollars. The liquefied natural gas business, which invests 83.7 billion dollars

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for energy co-operation like EU and 43 billion dollars for China's Petrochemical Industry Group, such as shale gas development project, power generation and chemical complex, will generate 12,000 workers jobs.

For Central Asia, China invested huge amounts in infrastructure and energy development such as \$5 billion in Kazakhstan, \$3 billion in Kyrgyzstan, and \$70 million in recent years in Afghanistan.

It is said that the Belt and Road Initiative is a spectacular 100-year plan. That is why it is important. Unlike the Soviet Union which competed against the US in military power and ideology during the Cold War period, Chinese economy and military are heading west to avoid the United States, and realizing infrastructure development, such as roads and railway networks toward the emerging and developing countries. Furthermore, China is concentrating on the development and coexistence of energy, learning from the EU towards neighbor countries.

Even though Chinese economic power will not continue for 100 years, the road, railway and energy cooperation that China made, will remain as the result of China's construction. By establishing infrastructure investment in the historical conflict areas, China is setting up a global network plan that will not collapse easily, such as computer network construction, or brain synapse expansion. It is huge project, even though it is a hegemonic one.

To implement these plans, AIIB (Asia Infrastructure Investment Bank) was established, incorporating most of the European countries including the United Kingdom, France, Germany and most EU countries, while making large-scale investment in Central and Eastern Europe where there is a gap in the EU. It thus penetrates from the east to the west in Europe, trying to make Western Europe the ending point of Silk Road Project.

A major plan of infrastructure development and investment in China is causing conflicts and problems in several parts owing to its aggressive force in the maritime area. However, compared with domination and diplomacy by Western European historical colonial policy and invasion and conflicts in colonies, it might be said that due to the current limitation of the 21st century, when considering local infrastructure development and energy development, it might be said that it has produced many results as well.

In the publication memorial lecture in February, Graham Allison mentioned that "A

country like China which has shown such a rapid growth is historically unprecedented”, and drew the seesaw of (PPP based) GDP statistics: in 2004 China's was only one-fifth that of the United States, but in 2014 it became equivalent to the United States' PPP based GDP, and in 2034 it will surpass to the United States' nominal GDP. Under these circumstances, he said, “Thucydides' Trap”, might happen, that is “There is a possibility that a US - China war may occur”²⁾. Qi Junhua of China, who attended the panel with Alison, insisted that “Xi Jinping will probably avoid the trap of war against the United States”. While she considered that still preparation is required, she concluded that the idea of the “Chinese Dream,” and “Strategic Opportunity” could become a reality; in this situation there is still a possibility of war.

2. <Cooperation and Competition between China and Russia - Shanghai Cooperation Organization (SCO) >

The Chinese “Belt and Road Initiative” was proposed by Xi Jinping in 2013, based on the contents of a speech in Nazarbayev University in Kazakhstan and the Indian Parliament. It is the Great Idea of the infrastructure development of both sea and land, and network construction³⁾.

As shown in the map generally, the “Silk-Road” goes from China's Xi'an through Urumqi, Central Asia, Kyrgyzstan, Kazakhstan, from Dushanbe through Uzbekistan, Turkmenistan, through the Middle East through most of Eastern Europe and connecting with Moscow, leading to the Netherlands and the UK. It is the land route. The other “Belt” is the maritime route, from Fuzhou to South China Sea, Indonesia, Jakarta, Sri Lanka, Kenya and Nairobi, through the Bosphorus, to Greece, Italy and the Netherlands. It is a big infrastructure investment plan that surrounds half the earth.

The AIIB is working to reform the system for borrowing countries against the “Washington Consensus” like IMF or World Bank. (It is so called, lending subject to institutional reform to implement democracy, liberalism, rule of law, etc.) It is regarded as a joint development plan based on a win-win relationship. However, the Chinese brute force port buying system have caused problems in several countries.

Russia has also cooperated with China militarily, industrially, and in the field of energy. In response to the whole regional plan of China, Russia also launched the Eurasian Union Concept in case.

Russian economic collaboration starts from Vladivostok, collaborated with China, South Korea, and Mongolia, as an axis of SCO (Shanghai Cooperation Organization). They cooperated with Central Eurasia and Islamic countries as well, and the “Eurasian Union” was established in May 2015. According to Putin’s proposal, it is collaborating with China’s Silk Road concept. The “Eurasian Economic Union” was established in June 2016, insisting the “Great Eurasia Economic Partnership” and trying to compete with TPP by incorporating China and India⁴).

Although Russia’s plan is well organized in terms of military power and political strategy, it is poor in economic collaboration, considering that the current Russian GDP is almost the same as Korea’s GDP, based on the IMF data from 2017. Therefore, the “Eurasian Economic Union” is not necessarily close collaboration on economic and financial aspects. Rather, it looks like a reorganization of the Soviet economic sphere in the Soviet era, appears as complementary in energy and military power as usual; the Chinese Belt and Road Initiative is much more foresighted than Eurasian Economic Union in this respect. China was already surpassing Russia in 2017

3. China’s Economic Growth and its Historical Strength

Economic growth in China during this period is remarkable.

The table is a comparison of GDP in 2010 and 2017. In 2010, when China surpassed Japan, there was little difference in economic power between Japan and China. However, only seven years later in 2017, China has grown to nearly triple Japan, and it came close to two-thirds of the United States in 2017. Furthermore, the US and China’s GDP is increasing, but Japan’s GDP is diminishing.

In PPP-based GDP, China surpassed the US in 2014, but only 7 years later, China has over 4 trillion dollars more than the US; the difference between China and the US is almost the same as Germany’s GDP in 2017! It is more than 4.2 times more than that of Japan. (Figure PPP base GDP) (IMF, World Economic Outlook Databases, 20017: 2018.10)

Furthermore, looking at the economic growth rate, the growth rate of China, which is said to stagnate, is 6.85% along with India’ 6.8%, while the developed countries’ GDP growth rate is 1.6 – 2.4% in the UK, the US, and Germany.

Japan's GDP growth rate, which is enjoying an economic recovery, was 1.7% in 2017, better than in 2016, which was only 0.999%. (IMF: World Economic Outlook Database, 2017: 2018.10)

Kasit Piromya, Former Foreign Minister of Thailand, one of the friendliest countries to Japan, came to Japan to have a lecture in the fall of 2017. However even such a person said, "Japan's age has gone out, and Japan has no money to help us"⁵⁾. Abenomics were reprocessing Japanese yen by the Bank of Japan and depreciation of yen made a boom for Japanese economy inside, but seeing from foreign countries in Asia, even many historically friendly countries had strictly analyzed the remarkable decline in Japan, after being surpassed by China and experiencing the Tohoku natural disaster, namely after Abenomics.

<Angus Maddison statistics>

According to the famous Angus Maddison's long ranged "World Economic Statistics (AD 0 to 2030)", from AD 0, of the ancient times, to 1820, of the modern age, India and China's GDP before the West's modernization, was the top of the world; the sum of the two Big Power's GDP from ancient time to the start of modernization accounted for 50 to 60% of world GDP, but they drastically declined because of colonization and division of states.

In the modern age, using military, technology, and economic power, Europe and the US occupied 60% of the world economy. Hegemony of Europe and the US was only started at the early to the end of the nineteenth century to the twentieth century. The European and American modernization led all over the world from 19-20th century, and their value are 99% of the World Orders, but it is only continued 200 years. Asian centuries continued 1800 years!

As far as these economic statistics by Angus Maddison is concerned, Euro-American centuries are so short period, comparing the Asian age. Why Asia was defeated, and why Europe, Anglo-Saxon succeeded to get rules in the 20th and 21st centuries. Investigating such a long period World GDP of each 200 countries using Mega Computer, Angus Maddison discovered in the statistics that "America was almost none GDP" before the colonization in 1800⁶⁾.

4. The Crisis of Nuclear War in North Korea

“The Trap of Thucydides” in North Korea

Just before the US and China Trade War started, there was no remarkable confrontation between China and the US for a long time. China has made remarkable growth in infrastructure, energy, investment, education and research in all areas and influenced Europe, North America, Asia, Africa and all the world. During this time, the nuclear missile threat of North Korea appeared in Northeast Asia.

Unlike the surrounding countries like China, South Korea, and Russia, Japan and the Abe Government has used any means to actively promote their own national interests and to support the military diplomacy of the US, under the Trump Government.

Japan's influence diminished, and on the contrary, China's influence expanded over the Korean Peninsula. This situation caused instability in Northeast Asia. So, the tension related over Japan's boundary were rising tension in Northern islands, Takeshima, and Senkaku islands in 2010-2012. Unlike China, however, the Abe government didn't make enough effort to ease tensions in neighboring borders.

When drawing a circle of 1,300 kilometers from North Korea's Pyongyang, almost 196 kilometers of South Korea · Seoul, Beijing, Shanghai and Vladivostok in Russia, and most of the Japanese archipelagos is included, excluding Hokkaido and Okinawa.

In the unlikely event that the nuclear hoard of North Korea exploded, these areas will surely be contaminated with radioactivity. (Map 1,300 km from North Korea)⁷⁾

The agricultural areas of the Japanese archipelago and Kansai, Shikoku, Kyushu, will receive immeasurable blows.

Thirty years after the accident in Chernobyl, it was reported that in the Norwegian reindeer, 1000 to 2000 km away, was detected a radiation 2000 times more than the safety standard⁸⁾. Radiation leakage was measured even in Sweden, 1000-2000 km away at the time of the Chernobyl accident, and investigated whether nuclear plants in the country leaked, which is said to have led to the first report of the Chernobyl accident.

Given the circumstances such as the fact that 78% of the reindeer meat at that time was disposed of⁹⁾, the question of what would happen if nuclear accident

occurred once or twice in Northeast Asia should seriously be considered

Under these circumstances, amid the threat of the of North Korean ICBM buildup, the US virtually abandoned the idea of preemptive strike and Kim Jong-un's assassination plan and submitted a request for dialogue in March 2017. Immediately following this, in April 2017, dialogue between South Korea and North Korea, and China and North Korea were realized shortly one after another. The transformation from nuclear war to dialogue had taken place. In these circumstances, Japan was placed outside of the series of actions.

With this as a lesson, the author investigates, it is time to "Institutionalize the Dialogue System" that is put on East Asia, following the European CSCE (later OSCE) formed in the middle of the Cold War, and urgent consideration.

5. Arctic Ocean Passage - New Conception of Sphere of Power¹⁰⁾

Finally, the author wished to investigate the concept of the Arctic Ocean Passage - a New Conception of Sphere of Power, that is progressing as a result of globalization and climate change, and the crisis of Economic and International Order by developed countries, but there is no longer a margin. It will be written as another opportunity.

Conclusion and Recommendation : Institutionalization of Security in East Asia

As we have seen, the role of China in international relations has dramatically changed in the last 18 years or even the last 10 years in the 21st century. This rapid change is not only difficult for neighboring countries to deal with, but is a lot for China as well.

Chinese IT penetration rate is only 57.7, or 0.8 billion people (Clara online China internet report, 2018.8.24).

It is said that Chinese IT technology has already exceeded the United States, as represented by the case of the landing of the backside of the moon, the incident of Huawei's infringement of the intellectual property rights, and the development of 5 G technology and so on during 2018-2019. In the International Association in Boston, in December 2018, an American military researcher informed that China is selling its military IT technology to Russia, and are doing simulations, using 300 drones attack enemies. (ASEEES Conference, on December 7, 2018, Boston)

It is an important issue for the international community how to go out with such a neighboring country, China that will overtake not only the nominal GDP and Trade of the US for the next 10 years, but also IT technology is already surpassing the US technology.

The author analyzed that China has experienced a humiliating defeat or exclusion and division after both world wars in the 20th century. It is not believed that China is progressing merely by strengthening military capabilities at this point. It seems that Japan and the US are rather fearing China and try to form a surrounding net. Of concern to all countries and governments, if they grasp the extreme hegemony, the monopolization of power begins. That is why monitoring and check by the international community will be necessary.

The leak of radium and cesium by an accidental North Korean nuclear explosion would be harmful for the people. North Korean arms buildup is a devastating blow to East Asian countries including dangers such as nuclear exposure, refugee outflow, destabilization and destruction of East Asia. Especially the spread of plutonium and radiation due to nuclear explosion will irreparably contaminate this rich agricultural and industrial area, rich natural ocean. Nuclear war in East Asia cannot be solved with a surface-to-air missile. War needs to be avoided by the wisdom of the people of this area.

Keeping company with the China in Northeast Asia is also not easy.

For the Chinese leadership, it is an extremely difficult task of how to continue stability and prosperity without war and conflicts against the threats and fears of the 1.3 billion population and the largest economic power in the world. What is necessary is continuous dialogue and mutual trust, and institutionalization of security.

However, it is extremely difficult in the modern world of the 21st century, even if the system is different like the OSCE (the European Security Cooperation Organization), like CSCE (European Security Cooperation Council). This had worked in Europe during the Cold War era, when the world was divided in two, however, it is important to create an environment that allows discussion to avoid crisis for the same table.

It is important for institutionalization of dialogue place including North Korea by as many countries as possible among the six party talks.

<To Avoid War in East Asia>

For the world and northeast Asia, the most important thing is to stabilize the Asia-Pacific region, promote East Asian peace and prosperity, promote economic development, and fight against war. This is the greatest common matter of interest including Russia, China, both Korea and Japan.

However, in the contemporary world, there is a possibility that war might happen in East Asia, especially concerning North Korea. Gerald Curtis, an American Republican expert said, “not North Korea, but America will start a war¹⁰⁾.

Dr. Kasit Piromya, former Foreign Minister of Thailand who served as Ambassador of the Soviet Union, the US and the EU, mentioned very important words on North Korea's problem in November 2017. He said, “We should resume negotiations with North Korea. North Korea's nuclear preservation needs to be temporarily admitted, and a buffer zone should be set up between North Korea and South Korea and the United Nations PKO needs to be put in. From South Korea, the US military withdraws, after which we return to the joint statement of the Six-Party Talks in 2005 and resume the dialogue; this is what we should do.”¹¹⁾ He said that he offered this to South Korea, and South Korea did it in the spring of 2018!

Not only the governments of these countries, but also the NGO organizations that build cooperative relationships with enterprises, universities, civil societies, media, international organizations will co-operate.

The Japan Sea (East China Sea), is the boundary line between the emerging power and developed power, the boundary of economic and military power of China -North Korean, and Japan-South Korea-the US.

In order not to cause a disturbance, the subject of each country and people's communication is seriously important under such rapid change in Northeast Asia. We need continuous analysis, to construct mutual dialogue with past enemies, and to draw Asian regional collaboration by the people. It is an urgent task for IR researchers as well.

Notes

- 1) Graham Allison, *Destined for War, Can America and China escape the Thucydides' Trap?* Houghton Mifflin Harcourt, 2017.
- 2) Graham Allison's lecture, in Tokyo, February 9, 2018.
- 3) About the Belt and Road Initiative, see the following articles: Noriyoshi Ebara, “Chinese

- Silkroad Policy FTA Construction as Foreign Openness Policy in the 21st Century”, *International Trade and Investment*, 2014, No.96., Asei Ito, “Chinese “One Belt One Road” concept and reality: Is it Grand Design, or only mishmash?”, Special Volume, “The Belt and Road Initiative” Economic effects *East Asia*, 2015. Also see below articles: Kumiko Haba “Power Shift and AIIB · Silk Road Concept - European and China Collaboration» No. 100 Memorial Special Issue “WTO Waiting for Change, FTA Expanding and Deepening” *International Trade and Investment*, Research Institute (ITI) October 2015, Kumiko Haba “China’s strategy toward Europe - Relationship with the European Union strengthened by the BREXIT: UK exit from the EU, pushing forward to AIIB & Belt and Road Initiative”, *Economist*, September13, 2016
- 4) “Russia President Putin promotes Great Russian Economic Concept” *Mainichi Shimbun*, June 18, 2016. <https://mainichi.jp/articles/20160618/k00/00e/020/205000c> <https://mainichi.jp/articles/20160618/k00/00e/020/205000c>
 - 5) Kasit Piromya, Past Foreign Minister of Thailand, “ Role of ASEAN and Relationship with EU and Japan” Aoyama Gakuin University, Open Lecture, “Talk with Ambassadors” November 11, 2017.
 - 6) Angus Maddison, *A World Economy, A Millennium Perspective*, and “ The West and the Rest o f the World Economy, 1500-2030 ”, 2005, Masahiro Kawai, Asian Development Bank Institute 作図。 Angus Maddison, *A World Economy, A Millennium Perspective*, and “ The West and the Rest of the World Economy, 1500-2030 ”, 2005, Masahiro Kawai, former President, Asian Development Bank Institute, made important graphs using by Angus Maddison’s data.
 - 7) Yongbyon nuclear facilities, mainly in the 1,300 km area in diameters. Drawing from 1000km range from North Korea., <https://japonyol.net/editor/article/striking-distance.html> <https://japonyol.net/editor/article/striking-distance.html>
 - 8) “Soaring radioactivity concentration of reindeer meat, Norway” *AFP BB News*, 2014 October 10. Oslo / Norway. [http:// www.afpbb.com/articles/-/3028573](http://www.afpbb.com/articles/-/3028573) [http:// www.afpbb.com/articles/-/3028573](http://www.afpbb.com/articles/-/3028573)
 - 9) “Chernobyl nuclear accident that was discovered two days after its occurrence in Sweden”, http://blog.goo.ne.jp/yoshi_swe/e/9522cc95b6c61f7094f315eed776e2fd “, *Sweden Now*, 2011 April 2, http://blog.goo.ne.jp/yoshi_swe/e/9522cc95b6c61f7094f315eed776e2fd <http://www.rri.kyoto-u.ac.jp/NSRG/Chernobyl/saigai/Grod-J.html> Dmitro M. Grozinski “Outline of accident effects in Ukraine” Ukrainian Academy of Sciences · Cell Biology Genetic Engineering Institute (Ukraine), Kyoto University Nuclear Furnace Factory <http://www.rri.kyoto-u.ac.jp/NSRG/Chernobyl/saigai/Grod-J.html>
 - 10) Gerald Curtis, Panel Discussion, at the International Conference of the NEASE NET, Aoyama Gakuin University, November 2017 .
 - 11) Kasit Piromya, Past Minister of Foreign Affairs, Thailand, ASEAN and Thailand Role and Relation with Japan.at Aoyama Gakuin University, 2017. 11.
- * This paper is based on the presentation in the Japan-Russia Far East Academic Symposium by Japan-Russia Academic Exchange meeting in Vladivostok, Russia 2017,

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