Could tariffs lead to 'Thucydides Trap'?

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The trade conflict heating up between China and the US can be dangerous, leading the two nations to slip into a "Thucydides Trap", Harvard professor Graham Allison said in an interview with China Daily on Tuesday.  
To avoid it, the two nations should first recognize how dangerous falling into the trap might be and then find a new form of great-power relations to avoid it, said the author of Destined for War: Can America and China Escape Thucydides's Trap? (Houghton Mifflin Harcourt, 2015).  
Allison said a tariff war between the world's largest economy and its next largest could do serious damage to both. But economic damage from a trade war is not the most significant risk posed by current trends, he said.  
In his book he coined the catchphrase "Thucydides Trap", which is the notion that when a rising power challenges an established one, conflict may ensue.  
He outlines that in the past 500 years, there were 16 cases in which a rising power threatened to topple a ruling power from its position of predominance. Twelve of those cases led to war.  
"In this process of tit-for-tat, (trade conflicts) could escalate into more and more dangerous territory," Allison said, explaining that in the lens of this dynamic, misperceptions are magnified, miscalculations multiplied and risks of escalation amplified.  
"If we study history, the case of Japan, which was rising in the 1930s, rivaling the US, which was the predominant power in the western Pacific and maintained an open-door policy," said Allison.  
"As Japan grew stronger, the US said no, you have to stop this expansion. So initially, the US imposed economic tariffs, and then an embargo on exports of high-grade scrap iron and aviation fuel to Japan. And finally, in 1940, an embargo on oil, which the Japanese believed would strangle them slowly," Allison said.  
"Under those conditions, they concluded that it was better to attack America.  
"So, I'm really worried about the trade conflict, for the way that it could be escalated as well as the economic impact in the meantime," he said. "But even worse than the economic impact would be if it should become part of the fuel that produces fire."  
Allison said that over the past four decades, the US viewed China as a "partner" or "strategic partner."  
But the Trump administration and Washington now publicly call China a "strategic rival" or "adversary", which shows a fundamental shift in the way Washington thinks about China and how the US should relate to it.  
"That (shift) in this Thucydides dynamic, makes it even more dangerous," Allison said.  
"In this dynamic, we should ask the question President Xi asked, which is how to escape the 'Thucydides Trap', that's the right question to ask," Allison said.  
"The first step to escaping the 'Thucydides Trap' is to recognize the trap and how dangerous it is if we slip into the trap," Allison suggested.  
"Then secondly, is how can we find a way to escape the trap; President Xi's idea is we should have a new form of great-power relations, I think this is a great idea.  
"Now we have to construct all the elements of the new form," Allison said.

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