

Geopolitics, Currency and Trade Wars: Why The Risk of World War Is Rising

By [Washington's Blog](#)

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Region: [Asia](#)

Theme: [Global Economy](#), [US NATO War Agenda](#)

Can We Avoid the “Thucydides Trap” with China?

[Top economic advisers](#) are forecasting war and unrest.

They give the [following reasons](#) for their forecast:

- Countries start wars to distract their populations from lousy economies
- Currency and trade wars end up turning into shooting wars
- The U.S. is still seeking to secure oil supplies, and the U.S. doesn't like any country to leave the dollar standard

Additionally, the American policy of [using the military to contain China's growing economic influence](#) - and of considering [economic rivalry to be a basis for war](#) - is creating a tinderbox.

As the New York Times [noted](#) in 2011:

For a superpower, dealing with the fast rise of a rich, brash competitor has always been an iffy thing.

Just ask ... Thucydides, the Athenian historian whose tome on the Peloponnesian War has ruined many a college freshman's weekend. The line they had to remember for the test was his conclusion: **“What made war inevitable was the growth of Athenian power and the fear which this caused in Sparta.”**

So while no official would dare say so publicly as President Hu Jintao bounced from the White House to meetings with business leaders to factories in Chicago last week, his visit, from both sides' points of view, was all about managing China's rise and defusing the fears that it triggers. Both Mr. Hu and President Obama seemed desperate to avoid what Graham Allison of Harvard University has labeled **“the Thucydides Trap”** - that deadly combination of calculation and emotion that, over the years, can turn healthy rivalry into antagonism or worse.

Indeed, Allison [writes](#):

The defining question about global order in the decades ahead will be: can China and the US escape Thucydides's trap?

China is certainly aware of this potential dynamic for world war ... and is eager to avoid it. As Xinhua [noted](#) last July:

Greek historian Thucydides described the situation between Athens and Sparta as a combination of "rise" and "fear," which inevitably resulted in war about 2,400 years ago. Over the past 500 years, when a rising power has challenged a ruling power, war has often followed, reinforcing the concept of "The Thucydides Trap."

In the 21st century, however, China and the U.S. could and must avoid falling into this trap, especially against the backdrop of ever-deepening economic globalization and interdependence.

"The Thucydides Trap" offers a worthy caution, but it is not a tragedy that can not be avoided.

The 21st century will not necessarily mark the rise of China alongside the fall of the U.S., rather, through joint efforts, the two sides can see the great rejuvenation of the Chinese nation, U.S. recovery and a developing world, simultaneously.

And the China Post [made](#) a similar point last June.

Obviously, the [dispute between China and Japan](#) over oil-rich islands - with the U.S. backing Japan - is a complicated one. Indeed, Japan is threatening to seize [another 280 islands](#) whose claim is disputed.

Given that [China passed Japan as the world's second biggest economy](#) in 2010, Thucydides's trap could very well apply to Japan's fear and hatred of China's economic growth.

And China's threat to ["take back" an island occupied by another close U.S. ally - the Philippines](#) - could be another potential flashpoint in Chinese-U.S. relations.

It seems like the U.S. and China are drifting towards war over the long-term, as proxy disputes with Japan, the Philippines and other countries cannot remain cool forever without accident or incident.

Hopefully, cooler heads will prevail on all sides ...

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