Trade and Power Transition Wars

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Trade and Power Transition Wars

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Introduction: Can Trade Prevent Power Transition Wars?

Can trade prevent power transition wars? For centuries, great powers have struggled against each other for dominance on the international stage. The most violent of these struggles have occurred under the conditions of what is known as a “power transition.” This is when one state’s military and economy approach parity with, or even surpass, those of their previously dominant rivals. In fact, power transitions have been behind some of the most destructive wars in history, including both world wars.

Neither are they a thing of the past. Power transitions have continued to occur since the end of WWII, with varying levels of violence associated with them. The US and the USSR underwent a transition during the Cold War, and despite the fact that the two states never confronted each other directly with military force, there can be no doubt of the potential disaster involved, or that multiple proxy wars and civil conflicts were sparked because of it.

Thus, it seems pertinent to ask oneself, “How do these wars start, and what can be done to prevent them?” Some scholars argue that the time of violent power transitions is behind us. This is because, they claim, the international conditions that we live in today are qualitatively different than those of the past. Due to the rise of international institutions, norms, and the ever-increasing economic ties that bind one nation’s fate to that of all others, violence between the greatest powers involved in this system is simply not worth the international and economic backlashes it would cause. When the cost of war is too high, states will avoid it.

Backing their argument is the case of a power transition that occurred in Europe throughout the 1990s with Germany on one side, and France and the UK on the other. After Germany reunified in 1989, the German economy grew to overtake those of the UK and France, and by 2017 its GDP was about 40% larger than either (“World Economic”). Furthermore, the last two times such a development
had taken place between those three countries, the result had been a devastating world war. Nevertheless, this power transition was entirely peaceful. According to the argument, the reason for this peace was the extensive trade and interdependence between all three countries at the time of the transition.

However, that was not the last power transition to have occurred. Since then another transition has begun between the US and China, and we are right in the middle of it now in 2020. The Chinese economy is fast approaching that of the US in size. Tensions between the US and China have worsened and a trade war has recently ignited under the Trump administration. Meanwhile, public demonstrations in Hong Kong against the Chinese government highlight the cultural differences between China and the current liberal world order that the US leads. In the 1990s, France, Germany and the UK were all major players within that same world order. None of them had any desire to alter or overthrow it, but rather to simply gain influence within it. By contrast, in the words of Lee Kuan Yew, China will insist on “being accepted as China, not as an honorary member of the West” (Allison 220).

Nevertheless, the amount of trade between China and the US is substantial, and while trade wars seem to be an ever-present threat to US-China relations, a deal was made in early 2020 for China to buy $200 billion in American products over the next two years (Lynch). In 2019 China imported $106.6 billion in American products, and the US imported 452.2 billion in Chinese products, which together represent over 13% of America’s total trade (“Foreign Trade”). Thus, if trade truly can be depended on to prevent power transition wars, then it does not matter the cultural or political differences between them, we should still expect peace.

But is that the case? In order to answer this question we will start by more closely examining the power transition theory first described by A.F.K. Organski in his 1958 book, *World Politics*, with an eye toward understanding why power transitions tend to engender conflict in the first place. We will also summarize the work on power transitions done by Graham Allison in his 2017 book *Destined for*
War. We will then move on to the current situation in China to establish that it does indeed check the boxes of a power transition by Organski’s definition, and a potentially violent one at that. Then we will review some of the literature surrounding trade and its impact on the likelihood of war. We will also examine trade data from historical power transition cases, as well as employ a trade policy prediction model to reach an answer to the question: “can trade prevent power transition wars?”
Power Transition Theory

Organski

Abramo F. K. Organski was a professor of political science at the University of Michigan. In his 1958 book *World Politics* he introduced his theory on power transitions. In it, he sought to explain the dynamics behind the rise and fall of great powers since the Industrial Revolution. Below is a summary of his theory.

Before the Industrial Revolution, which occurred roughly in the middle of the 18\(^{th}\) century according to Organski, “the same means of power – territorial consolidation and conquest, skillful alliances, military proficiency, and able political leadership – were available to all nations (306).” This was a time for which balance of power theory was the best explanation of international relations. States would form alliances and make wars on the basis of maintaining their relative strengths over one another.

However, after the industrial revolution, some states began industrializing faster and sooner than others. Thus, it was now possible for a single state to gain a preponderance of power over all the others. Furthermore, this power could be gained through processes internal to the state itself, making it nearly impossible for other states to prevent.

Organski maps out three stages to a nation’s industrialization. The first is the stage of potential power. In this stage the nation has not yet industrialized, and its economy is based mainly on agriculture. The standards of living and productivity are low, and the population size is relatively stable. “Such a nation may be extremely powerful *in a world where no nation is industrial*, but compared to any industrial nation, even a small one, its power is slight… The major part of its power is potential (302).” The potential that Organski references here is based mostly on a nation’s population and geographic size (302).
The second stage of industrialization is the stage of transitional growth in power. During this stage the nation’s power increases as it begins to industrialize. Depending on its potential, this increase in power can be either small or enormous. Either way, the population also grows and becomes more urbanized. Jobs in the service and industry sectors begin to outweigh those in agriculture. Productivity shoots up, as do living standards. The citizens of this nation will begin to take a greater interest in domestic politics, and the government or ruling class will face new challenges as the society changes (303).

The third stage of industrialization is the stage of power maturity. Technological change will continue to occur, but the speed and scale of earlier growth will never again be repeated. Despite its continued growth, a mature nation’s relative international power may often decline as other nation’s around it enter the second stage of industrialization. Governmental institutions are now stronger and more efficient, and the political process is likely to be open to most citizens.

The first nations to enter into stage two of the above process had the opportunity to begin colonizing other regions of the world that were still in the first stage. This provided them the cheap labor and raw materials needed to fuel their continued development, as well as the oversight needed to prevent the colonized region from industrializing into a potential rival. Thus, imperialism became an important source of power for states during the early stages of global industrialization (311).

However, as more and more states began to enter the second and third stages of industrialization, the nature of the international order began to change. Before industrialization, the relationships between states were relatively tenuous. Most nations were led by monarchs or small ruling classes, and as these leaders were unbothered to their subjects’ opinions of them or strong economic ties, they could quickly and easily switch their alliances with other states. Now, however, the ties that bind one nation’s economy and people to those of another are much stronger and durable. With industrialization came new opportunities for international trade. In today’s world, investments in
another nation’s economy and development of new markets present long-term business prospects that can take years to generate returns. Furthermore, the people of nations that are in trade relationships with each other form cultural bonds that they are reluctant to break. Thus, while it is still possible for alliances to change as international conditions evolve, that change is much slower and more unusual than before. Economies must be disentangled and populations antagonized before a contemporary alliance can be broken.

Because of this change, the international order works differently than it did prior to industrialization, or even for some time afterward. A modern state with a preponderance of power can set up an international order among other states, with itself at the head, that can last for generations. “Nations that accept the given distribution of power and wealth and that abide by the same rules of trade, diplomacy, and war can be said to belong to the same international order (316).” As relations within this order become stabilized, each state learns its role within it, and international norms are eventually adopted and perpetuated among them. Within this structure, “nations may jockey for position… and on minor matters they may have considerable freedom… But they cannot and do not switch sides lightly, deserting one international order for the other. Great or small, their whole way of life is geared to the order to which they belong (316).” Nevertheless, these orders, while immensely powerful, can still face challenges from recently industrialized states. These challenges come from power transitions. In reviewing the history of these international orders, Organski gives many examples of power transitions that have occurred in the past.

The first international order was the British Empire. England was the first nation to industrialize, and by doing so it positioned itself to overthrow its long-time rival, France, as the most powerful state in the world. It did exactly this in the Napoleonic wars, and then went on to conquer new territories and create colonies out of them. Its population grew rapidly and its international power became unrivaled as its wealth multiplied. It eventually formed the largest empire in history,
controlling about a quarter of both the world’s total population and land area. France, still a powerful state, was given a spot within this new hierarchy, and began to form its own empire and colonies. “England and France were rivals in many spheres,” Organski claims, “but they played by the same set of rules, and both drew together to protect their common interests when threatened by outsiders (317).”

However, England and France were not the last states to industrialize. England and France’s relative power began to evaporate around the middle of the 19th century as other states underwent their own explosive growths. Two of these states in particular, the US and Germany, had large enough populations that their industrial growth made possible a legitimate challenge to British power.

In the case of the US, population growth boosted by large amounts of immigration overtook the populations of every European state except for Russia by 1880 (Woytinsky 46). However, the US did not seek world leadership, and its territorial expansion across North America presented no immediate threat to British interests. British economic investments in the US were also quite extensive. As such, the US’ growth in power, despite eventually superseding that of England, did not cause a war between the two. Ultimately, the US accepted the British order rather than challenge it. Even after WWII, when the US became the leader of a new world order, Organski argues that that order was more or less an extension of the old British order, following essentially the same rules and benefitting most of the same players (324).

The power transition between England and Germany, however, followed a different path. After Germany unified in 1871, the process of industrialization picked up. By the beginning of the 20th century Germany had formed many of its own colonies and was ready to make a bid for the dominance of Europe. Tensions mounted as both England and Germany strengthened their militaries. A complex web of alliances formed on both sides as each attempted to offset the power of the other. Eventually, a small spark – the assassination of Archduke Franz Ferdinand - dragged all of Europe into a devastating war. By the end of WWI, Germany had lost its empire.
It had not lost, however, its industrial base or the majority of its population. Within one generation, it was ready to make another bid for European dominance under the leadership of Adolf Hitler. By the end of WWII, Nazi Germany was defeated, Europe was diminished, and the US’ preponderance of power was obvious to all the world. So the US took up its current position as the new world leader. The international order it created, however, was in essence borrowed from the British, as mentioned before.

Thus, we can see that a single power transition between Germany and the UK was the driving motor behind two massively destructive European wars. Indeed, the carnage was so comprehensive that they were named “world wars.” WWII in its entirety, however, was the result of two power transitions, not just one. The second was between Japan and the US for dominance in the Pacific.

Japan’s humiliation at the hands of Western imperialists in the middle of the 19th century spurred its leaders to take up the task of modernizing (“The United States and the Opening to Japan”). By the turn of the century, Japan was ready to assert its dominance in the region and did so by defeating both China and Russia in two short wars. Throughout WWI, Japan was allied with England, France and the UK, putting them on the right side of history after Germany’s defeat. For this reason, and because they mostly stayed out of European affairs, Japan managed to avoid directly challenging any major power, despite its industrial growth. It did, however, begin its own campaign of imperialism across Asia and the Pacific, waging wars on less industrialized regions and colonizing them. By the time tensions in Europe were heating back up again in the 1930s, Japan had built a formidable empire. Allied with Germany and spurred by trade wars with the US, Japan eventually impacted the war by attacking Pearl Harbor (Aoi 6). Thus, the power transition between Japan and the US ignited into conflict.

By the end of the war, Japan was occupied, and Germany had been split in two. The only potential challenger to the US’ new order was the Soviet Union. Writing in 1958, Organski claimed that
Russia was in the second stage of industrialization. “The important question, of course, is how much longer will Russia continue to grow before she, too, passes into the stage of power maturity (321)?”

Today, we know the result of the Cold War: Russia’s growth was not enough. The US international order is still dominant, and Russia has more or less joined it – although it seems to enjoy taking on the role of a troublemaker from time to time, as occurred in 2014 when it annexed Crimea. Yet despite the international outcry these actions caused, Russia no longer poses an existential threat to the current world order.

The Cold War wasn’t the only power transition that Organski predicted, however. “After Russia,” he claimed, “the next major challenger will probably be China (321).” Some more recent scholars agree with him. One scholar in particular, Graham Allison, has continued Organski’s study of power transitions.

**Allison**

Graham Allison is an American political scientist and Harvard professor. In 2017 he wrote a book titled *Destined for War*. In it, he harkens all the way back to the Peloponnesian War in Ancient Greece, in which the two great powers of the Age, Athens and Sparta, were drawn into a terrible conflict that neither seemed to want, yet both failed to avoid. The cause of the war, according to the Ancient Greek historian Thucydides, was “the growth in power in Athens, and the alarm this inspired in Sparta (28).” Allison cites this case as an example of a power transition, in which one dominant state faces the challenge of an up-and-coming state, as measured by either economic or military power. Allison records 16 examples of power transitions occurring since the late 15th Century up to today. In Twelve of these cases, the result was war between the two countries involved.
<table>
<thead>
<tr>
<th></th>
<th>Period</th>
<th>Ruling Power</th>
<th>Rising Power</th>
<th>Domain</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Late 15th century</td>
<td>Portugal</td>
<td>Spain</td>
<td>Global empire and trade</td>
<td>No war</td>
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<tr>
<td>2</td>
<td>First half of 16th century</td>
<td>France</td>
<td>Hapsburgs</td>
<td>Land power in Western Europe</td>
<td>War</td>
</tr>
<tr>
<td>3</td>
<td>16th and 17th centuries</td>
<td>Hapsburgs</td>
<td>Ottoman Empire</td>
<td>Land power in Central and Eastern Europe, sea power in the Mediterranean</td>
<td>War</td>
</tr>
<tr>
<td>4</td>
<td>First half of 17th century</td>
<td>Hapsburgs</td>
<td>Sweden</td>
<td>Land and sea power in Northern Europe</td>
<td>War</td>
</tr>
<tr>
<td>5</td>
<td>Mid-to late 17th century</td>
<td>Dutch Republic</td>
<td>England</td>
<td>Global empire, sea power and trade</td>
<td>War</td>
</tr>
<tr>
<td>6</td>
<td>Late 17th to mid-18th centuries</td>
<td>France</td>
<td>Great Britain</td>
<td>Global empire and European land power</td>
<td>War</td>
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<tr>
<td>7</td>
<td>Late 18th and early 19th centuries</td>
<td>United Kingdom</td>
<td>France</td>
<td>Land and sea power in Europe</td>
<td>War</td>
</tr>
<tr>
<td>8</td>
<td>Mid-19th century</td>
<td>United Kingdom</td>
<td>Russia</td>
<td>Global empire, influence in Central Asia and Eastern Mediterranean</td>
<td>War</td>
</tr>
<tr>
<td>9</td>
<td>Mid-19th century</td>
<td>France</td>
<td>Germany</td>
<td>Land power in Europe</td>
<td>War</td>
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<tr>
<td>10</td>
<td>Late 19th and early 20th centuries</td>
<td>China and Russia</td>
<td>Japan</td>
<td>Land and sea power in East Asia</td>
<td>War</td>
</tr>
<tr>
<td>11</td>
<td>Early 20th century</td>
<td>United Kingdom</td>
<td>United States</td>
<td>Global economic dominance and naval supremacy in the Western Hemisphere</td>
<td>No war</td>
</tr>
<tr>
<td>12</td>
<td>Early 20th century</td>
<td>United Kingdom</td>
<td>Germany</td>
<td>Land power in Europe and global sea power</td>
<td>War</td>
</tr>
</tbody>
</table>
Despite the preponderance of war as an outcome of the above transitions, Allison looks to the peaceful cases in order to learn what factors might have contributed to the lack of conflict. He finds several “clues for peace,” among them, the fact that nuclear weapons seem to preclude total conflict between two nuclear-armed countries, that cultural commonalities may soften each state's fear of the other, that international institutions may have a constraining effect upon historically “normal” behaviors, and that the existence of strong economic interdependence between the two countries involved in the transition may alter their strategic thinking away from war.

It is interesting to note that Allison treats the Cold War as an example of a peaceful transition, which is why he claims that nuclear weapons possessed by both sides of the transition can engender peace. However, for the purpose of understanding trade’s impact on power transition wars, we will treat the Cold War as a violent transition. While the US and the USSR never directly fought each other, the tensions involved were perfectly consistent with a violent transition. That along with the large amount of proxy wars that it precipitated make it clear that the Cold War is unlike any of the other peaceful transitions that Allison mentions on his list, which were lacking in almost all forms of hostility, not just direct conflict.

Based off his clues for peace, Allison makes several prescriptions to US policymakers for

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<tr>
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<th>Mid-20th century</th>
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<th>1940s-1980s</th>
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<tbody>
<tr>
<td>13</td>
<td>Soviet Union, France and UK</td>
<td>Germany</td>
<td>Land and sea power in Europe</td>
<td>War</td>
</tr>
<tr>
<td>14</td>
<td>United States</td>
<td>Japan</td>
<td>Sea power and influence in Asia-Pacific region</td>
<td>War</td>
</tr>
<tr>
<td>15</td>
<td>United States</td>
<td>Soviet Union</td>
<td>Global power</td>
<td>No war</td>
</tr>
<tr>
<td>16</td>
<td>United Kingdom and France</td>
<td>Germany</td>
<td>Political influence in Europe</td>
<td>No war</td>
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(41-42)
preventing further escalation. Among these, he advises first and foremost to accept the structural changes going on in the world order. Pessimistic that the US can maintain its current position, Allison calls for a recognition of the reality that we will soon have to face very tough and uncomfortable decisions about our national security needs and our overall role in the world order. “Is 'military primacy' essential for ensuring America's vital national interests?” he asks. “can the US thrive in a world in which China writes the rules?” (217) Next, he advises policymakers to heed the lessons of history and apply them to the current situation. Though no two situations are perfectly comparable to each other, there can be found useful parallels. It is also important for US policymakers to understand the way in which China views and understands these lessons of history as well.

Allison also advises policymakers to abandon their old strategy for handling China, which he calls “engage but hedge” (219). This strategy includes engaging with China economically and in business, but working to hedge china militarily by maintaining military superiority and outmaneuver them geopolitically with alliances throughout East Asia. The flaws in this approach, Allison warns, are that it assumes that as China becomes wealthier and grows its middle class, it will follow the American “script” of eventually becoming a democracy, much as Japan and Germany did after WWII. This path, he claims, was only followed because Japan and Germany were defeated in a hot war and then occupied by American troops and high commanders who initiated massive reforms and even wrote their new constitutions. By contrast, in the words of Lee Kuan Yew, China will insist on “being accepted as China, not as an honorary member of the West” (220).

Finally, Allison tells US policymakers to review all strategic options available. Among these, he lists the option of accommodating to China's expansion, much as Britain did to the US in the late 19th and early 20th centuries, and the option of attempting to undermine their government with calls for political freedoms for the Chinese population. There also exist the possibilities of negotiating for a long peace, both states agreeing to back off of sensitive areas of competition for the time being and give
each other breathing room, or redefining the relationship between the US and China entirely, each
respecting the others core interests, backing out of the other's natural spheres of influence, and uniting
to combat common threats, such as the spread of nuclear weapons into terrorist's hands, or climate change.

Despite listing many of the factors involved, Allison ends the book without making a definite prediction of either peace or war. While he clearly doesn't see conflict as inevitable, the basic assumption of the prescriptions, however, seems to be that sans drastic change, the US and China on the trajectory to war.

Clearly, Allison uses the definition of a power transition more loosely than did Organski. Whereas a power transition by Organski’s definition is a state’s sudden growth spurred specifically by its efforts in industrialization, Allison here recognizes many power transitions throughout history that occurred long before the Industrial Revolution. Nevertheless, Allison’s work is easily applicable to the framework that Organski created. He recognizes all of the power transitions that Organski referenced and has the added advantage of being able to write about others that have occurred since 1958. We will later use Allison’s list of power transitions for this reason.

It is also important to note that Organski and Allison invoke different reasons to explain why some power transitions managed to remain peaceful. Allison argues that cultural commonalities, strong economic interdependence, and international institutions may act as mitigating factors to a potential war. Organski, on the other hand, mentions none of these factors, but instead points to whether or not the rising power presents a direct threat to the current order. This has fundamentally to do with whether the rising power seeks to gain a higher position within the current order, or is driven to destroy it and install its own. Nazi Germany was a clear case where the rising power wanted to overthrow the old order, while the US was a clear case in which it did not. While strong economic interdependence and participation in international institutions may signal that a rising state plans to work within the current
order, those factors by themselves are not the cause of peace, but simply correlated with it. This distinction, especially as it concerns the role of economic interdependence, will become important later on.

For now, let’s take a closer look at the current situation between the US and China. Scholarly warnings aside, does it really appear that a power transition is underway between the two? And if there is, does it resemble a potentially peaceful one or not?
China’s Rise

In 2005, Taro Aso, Japan's foreign minister, described China as “a neighbor with one billion people equipped with nuclear bombs and has expanded its military outlays by double digits for 17 years in a row, and it is unclear as to what this is being used for. It is beginning to be a considerable threat (‘Asia-Pacific’).” This military buildup that so worried Taro Aso in 2005 was spurred by an even more impressive economic surge. Since 1979, China had maintained an average annual growth rate of 10%, making it the fastest growing economy in the world. Nor was their growth anywhere close to being finished. Even though the growth rate slowed down after 2007, by 2015, more than 850 million Chinese had been pulled out of extreme poverty (“The World Bank”), and by 2019, China was again pronounced the world's fastest growing economy with an annual growth rate of 6.4% (“India”). It currently boasts the world's second largest economy, trailing only that of the United States.
While this unprecedentedly rapid change has been nothing short of miraculous for the Chinese populous, it has also put them on a collision course with the current international order. Tensions between the United States together with its Asian allies, and China have increased along with China's power and ambition. Deng Xiaoping's foreign policy attitude of “hide your strength and bide your time,” which guided Chinese leadership for several decades, has seemingly been replaced with a more assertive stance (Manning). Spurred by the economic advances of the last several decades, Xi Jinping said in a 2017 speech to the Communist Party, “It is time for us to take center stage in the world and to make a greater contribution to humankind (“Xi Jinping”).”

Nor was this the first sign of trouble. The Obama administration's “Pivot to Asia” strategy in 2012 set forth the goals of "strengthening bilateral security alliances; deepening our working relationships with emerging powers, including with China; engaging with regional multilateral
institutions; expanding trade and investment; forging a broad-based military presence; and advancing democracy and human rights (Clinton, “America’s”).” An article by Hillary Clinton titled America's Pacific Century emphasized the importance of Asia to the US' future, saying "open markets in Asia provide the United States with unprecedented opportunities for investment, trade, and access to cutting-edge technology... Strategically, maintaining peace and security across the Asia-Pacific is increasingly crucial to global progress, whether through defending freedom of navigation in the South China Sea, countering the nuclear proliferation efforts of North Korea, or ensuring transparency in the military activities of the region's key players (Clinton).

However, just as the US is suspicious of what China's “greater contribution to humankind” might entail, the Chinese are not optimistic about the US' real motives for increasing its presence in Asia. They see the pivot as an extension of the US' China containment policy, which involves establishing military, economic and diplomatic ties with countries adjacent to China's borders in order to stymy the expansion of Chinese influence (Ford). Even if Clinton's words about the US' intentions in Asia were to be taken at face value, they would still directly conflict with Chinese interests on a massive scale. China does not want freedom of navigation in the South China Sea, nor western powers meddling in North Korea. And they certainly do not want to be transparent in their military activities. Dai Bingguo, a former Chinese State Councilor, summed up Chinese sentiments nicely when he said to Hillary Clinton, “Why don't you pivot out of here (Clinton, “Hard Choices” 71)?”

China’s development in the past half century certainly fits the second stage of industrialization that Organski describes in his power transition theory: “the stage of transitional growth in power (303).” China, with its tremendous population size, also has more “potential power,” as Organski described it, than any other nation (302). It is also plain that China’s relationship with the US, the current leader of the international order, has been tense over the past few years. All these trends are consistent with those of a power transition.
However, does this power transition show signs of whether it will be violent or peaceful? By Allison’s standards, there is plenty of reason to believe that it will be peaceful. While the cultural commonalities between China and the US are slim, and despite the recent trade war, the amount of trade between the two has been growing rapidly for the last three decades (Barbieri).

China also holds prominent roles in the UN and the G20, and is becoming more adept at operating within them to their own benefit, even winning out over the US’ objectives at times (Olson 54). Allison, has referenced both trade and international institutionalism as being potential mitigators to power transition wars. Thus, if he is correct, there are several reasons to believe that peace will prevail.

However, when looking at the factors that Organski lists as most important to peace, it does not seem likely. According to Organski, trade, economic interdependence, and international institutions are not causal factors. Instead, the important factor is whether China is willing to cooperate with the current world order, merely improving its position within it, or whether it seeks to build its own. Compared to the US during its transition with the UK, and to Germany during its transition with France and the UK in the 1990s, China is not cooperative.

Organski makes the case that the US avoided war with the UK because its growth did not
threaten the UK’s interests. Despite the US’ eventual superiority in size and strength, the UK still firmly dominated Europe, and most of the US’s expansion was done at the expense of the Native Americans, not the British. The US was also focused entirely on controlling the America’s and had no interest in geopolitics elsewhere. Thus, the two never came into conflict. Germany’s rise in the 1990s, also, was done strictly within the confines of the US-led order. Some scholars argue that “if the Americans removed their security blanket from Europe... the Western European states could well return to the destructive power politics that they had just spent the last forty-five years trying to banish from their continent” (Mearsheimer 379), and while this may be true, it does not change the fact that the US does maintain a security blanket over Europe. If anything, it only serves to demonstrate the extent to which the US is capable of containing the region. Clearly, neither of the rising states in the last two peaceful power transitions posed a threat to the international order of their times.

Conversely, China’s rise poses a threat to the US’ interests in Southeast Asia and the Pacific. The US is heavily invested in the region and holds strong alliances with many countries encircling China, such as Japan, South Korea and Taiwan. China, meanwhile, seeks to expand her influence over neighboring countries, and hopes to take control over vital sea lanes in the region. This has even led to a standoff in the South China Sea with the US in 2013, during which an American and a Chinese ship almost collided with each other (Holmes). And while the US’ alliances appear to give it an insurmountable advantage, it might also end up dragging the US into an unwanted conflict with China if relations between any of these countries and China were to worsen. The most likely candidate for such a scenario is Taiwan, which has had volatile relations with China since its split from the mainland in 1949.

China has also begun to play a large role in African politics, even using its investments and influence there to sway African nations to vote with Chinese interests at the 2009 Copenhagen Conference (Olson 54). While the US is not focused on economic investments in Africa as a matter
crucial to the national interest, it is certainly concerned with security in the region (Lyman 2). The confluence of military bases near the Horn of Africa (Zach) represents a microcosm of the overlapping interests that many nations, China and the US included, have in the region, as well as the ways in which they might cause tension or conflict (Zach, also see Oladipo).

Clearly, China’s rise is quite unlike that of Germany in the 1990s, or that of the US in the late 19th and early 20th centuries. The national interests of both the US and China are at a standoff that will not be easily resolved. By Organski’s standards, this power transition shows all the signs of becoming a violent one.
Explaining the Focus on Trade

So, which analysis is correct: Organski’s or Allison’s? In order to make a determination, we are going to look more closely at the impact that trade has on power transitions, as well as on conflict in general (since Allison claims it should engender peace). We will review the most common opinions on this matter from international relations scholars, and then look at patterns of trade between states that were involved in power transitions in the past.

It is important to note that we will not be directly covering the topic of international institutions and their potential for mitigating power transition wars, despite the fact that Allison lists them as a factor for peace alongside trade. The reason for this is threefold. First, it is much harder to quantify the level of investment that a state may put into international institutions than it is to measure trade data between countries. Graphs of trade data can be easily compared with other graphs of trade data, whereas a state’s participation in international institutions essentially amounts to a complex web of relationships with every other state participating in them as well, which is difficult to compare directly to other cases.

Second, the theoretical impact of trade as a mitigating factor to war is much better understood than that of institutions. While the loss of a trading partner can have immediate and measurable impacts on a nation’s economy, the enforcement mechanism of institutions has been shown to have more to do with “reputational costs” rather than direct punitive measures taken by the institution itself (Martin 338). Studies have found that a state with common memberships in multiple international institutions and organizations may face a heightened cost associated with disobeying mandates from those institutions (Mitchell 721-737). However, “such a finding leaves wide open the exact nature of such influences (Martin 338).” Furthermore, “It is fair to say that many of these studies assert rather than document actual reputational damage as the unseen but presumably operative mechanism likely to account
for cooperative state behavior. While quite reasonable in many cases, ‘reputation’ is difficult to observe empirically (Martin 338).” Thus, showing a causal link between a state’s participation in international institutions and peace, even if that state’s participation could be quantified, is not straightforward.

Thirdly, we assume that trade is a large part of what incentivizes states to participate in international institutions, or indeed to care about “reputational costs,” to begin with. Thus, by treating trade as the primary potential factor to peace, we are hopefully accounting for some of the effects of international institutions as well. We are certainly not claiming that international institutions have no impact whatsoever on international conflict by themselves, simply that due to the difficulties described above, they will not be a focus of our limited investigations in this paper.
Literature Review of Trade’s Impact on War

Mearsheimer

The common view on trade within the realist or neorealist realms of thought is that it is not a strong factor in whether or not states, especially great power states, go to war. Organski’s opinion is one such case: he claims that while trade may flourish among states who share allegiances to the same international order, he says absolutely nothing about its potential in dissuading rising states from challenging that order (Organski 314). Given his comprehensive examination on the overall subject, we must assume that his omission on this matter means that he did not believe trade could prevent a power transition war.

Another prominent neorealist who covers the topic of great power wars is John Mearsheimer. In his 2001 book, The Tragedy of Great Power Politics, he makes the case for offensive realism and challenges the idea that the western world has achieved the conditions for lasting peace since the Cold War. The basic thrust of offensive realism is that states must act preemptively in an aggressive manner against other states in order to survive. He applies his theory to multiple case studies in European history, and shows that most current European leaders themselves believe that “if the Americans removed their security blanket from Europe... the Western European states could well return to the destructive power politics that they had just spent the last forty-five years trying to banish from their continent” (379).

Mearsheimer also comments on the recent rise of China through the lens of offensive realism. Mearsheimer claims that “A wealthy China would not be a status quo power, but an aggressive state determined to achieve regional hegemony. This is not because a rich China would have wicked motives, but because the best way for any state to maximize its prospects for survival is to be the
hegemon in its region of the world. Although it is certainly in China's interest to be the hegemon in Northeast Asia, it is clearly not in America's interest to have that happen” (402). This warning was written in 2001, and since then China has definitely become what Mearsheimer would qualify as “wealthy.”

Much like as with Organski, we must assume that Mearsheimer’s lack of mention about trade as a potential mitigator to offensive realism means that he did not believe it could prevent it. This is especially true given the fact that Mearsheimer was writing in 2001, a time with vastly higher levels of international trade than existed in 1958, when Organski published his book.

**Keohane and Nye**

Robert Keohane and Joseph Nye are two prominent neoliberalists, and in fact are often credited with being the founders of neoliberalism. In their 1977 book, *Power and Interdependence*, they propose that the increased level of political, economic and cultural interactions between various countries has begun to limit the importance of traditional military power. Because of these connections, the fates of various countries have become ever more intertwined, making the true costs of conflict much greater. This phenomenon they call “complex interdependence (Nye 23).”

The ideas of Keohane and Nye are actually very similar to those of Organski when he claimed that “industrialization has greatly increased the economic relations among advanced nations and has created new kinds of mutual economic dependence (Organski 314),” and that “under such circumstances, a nation is not likely to make and break alliances lightly (315).” Keohane and Nye also recognize the change in international economic conditions when they refer to “this century’s many technological and economic changes (Nye 39).” However, they also find that “neoclassical economic analysis was developed not as a faithful description of reality, but as a simplified explanation… Quite
deliberately, economic theorists have abstracted away from politics (38-39).” Thus, because “a departure from perfect competition *always* introduces political factors into the analysis (39),” it is the political relationships between states that they emphasize rather than the economic ones.

One other crucial difference is that Keohane and Nye do not recognize the international orders that Organski refers to constantly in *World Politics*. While they do address the topic of “international regimes,” as well as regime change, their definition of an international regime is “the sets of governing arrangements that affect relationships of interdependence (Nye 19).” This is quite different from the international orders that Organski refers to, in which one state’s preponderance of power allows it to form a series of alliances and colonies that dominate large regions of the world. As such, while Keohane and Nye posit that complex interdependence decreases the utility of military power *within* a regime (Nye 23), they do not directly address the impact it has on power transition wars by Organski’s definition.

**Lairson and Skidmore**

Thomas Lairson and David Skidmore take the idea of complex interdependence further in their book, *International Political Economy*. In it, they draw a clear distinction between the mercantilist form of trade that dominated the world economy from the 15th Century to approximately the late 19th Century, and the system that has emerged since WWII, which is based much more heavily on free trade and globalization. The mercantilist form of trade they call “shallow and simple interdependence” and they date is as having occurred from 1814 to 1914. (Lairson 368 [2017]). They say that “economic interdependence in 1814 was based on trade embedded in mercantilist and protectionist behaviors and norms. This meant the effects of economic interdependence were small but did not reinforce the emerging thinking regarding the need for managing the security relations of Europe… Overall, interdependence in 1814 was mixed though successful in limiting the use of military force among the
great powers” (Lairson 365 [2017]).

After 1914, the world economy moved into a new stage of “extensive and shallow interdependence,” which “the potentially pacifying incentives from interdependence conflicted dramatically with those of imperialism, nationalism, and international security, and as such, frequently were incorporated into the incentives of these conflict-oriented systems…nationalistic and highly competitive assumptions about trade reinforced similar views about security” (Lairson 365-368 [2017]).” In this way, they argue, trade actually heightened the risk of conflict during this period.

The next period, beginning approximately around the 70s and continuing today, is the stage of “complex, deep, distributed interdependence” (Lairson 368 [2017]). “The global system of 2014 presents a substantially distinct, even qualitatively different, system of interdependence. Not only are economic relationships bound together into complex, deep, and widely distributed systems of interdependence, but equally important, systems of global institutions relating both to economy and security are framed around strong recognition of the mutual gains from cooperation. For those nations most closely connected to the existing global order, these systems create powerful and even compelling incentives to attenuate the use or threats to use military force to achieve the aims of states” (367 [2017]). To exemplify this dramatic change, Lairson and Skidmore provide graphs showing the increase in international trade since 1950.
They compare this growth in trade to growth in GDP, showing that “the rate of growth of trade is obviously greater than that of overall world product (GDP)” (117 [2003]). The result is that “the United States has become more dependent on the export of goods and services but even more so on the import of goods produced abroad. Similar trends exist for most other advanced nations” (118).

In essence, Lairson and Skidmore recognize the same trends of complex interdependence that Keohane and Nye described, except that they see economic interdependence as the defining factor rather than political relations and international institutions (although they do not deny they play a part). They claim, “The most important reason for expecting the persistence of international economic cooperation in the future stems from the growing dependence of national economies on one another for essential goods, services, and raw materials” (Lairson 452 [2003]).

Summary of Literature Review

We can divide the authors in this literature into two camps: those that see trade as a mitigating factor to power transition wars, and those that don’t. Mearsheimer never once mentions trade in his argument for offensive realism, therefore we must assume that he falls in the latter group. Organski
argues that increased economic interdependence may increase stability within a given international order by tying states closer together, however, he never mentions that trade could deter rising powers from challenging an international order. Therefore, he too falls into the latter group. Keohane, Nye, Lairson and Skidmore all argue that the rise of complex interdependence can prevent wars, but only Lairson and Skidmore claim that this complex interdependence is largely based on trade. Therefore, we will treat Keohane and Nye as neutral on this particular question, while Lairson and Nye clearly think that trade is a mitigating factor to war.

Thus, we can create two opposing camps on this issue. In order to test each, we will move on to directly investigating the impact of trade on power transitions by looking at bilateral trade data between every group of states to have been involved in a power transition in recent history. We will look for any pattern that may support one side over the other. If we find that power transition wars occur when trade is low, and do not when it is high, then we can assume that trade has a strong effect. However, if we find that high amounts of trade are common directly prior to power transition wars, we can assume that it must have no, or very little, effect. This is especially true if that pattern holds after the 1970s, when Lairson and Skidmore claimed their economic version of complex interdependence began.
Power Transitions and Trade Data

The Correlates of War Project is an academic study of the history of warfare that was started at the University of Michigan. It has collected data on many different types of variables within international relations from every year since 1816. These data sets include lists of civil and interstate wars, national capabilities (such as population size and military power) of each state over time, alliances and trade figures expressing the amount of bilateral trade between every two countries per year, as well as each country's total amount of imports and exports each year. The trade data compiled by this project only extend back to 1870.

The charts below use the Correlates of War bilateral trade data to show the amount of trade going on throughout the period of each power transition between every two states that have been involved in a power transition since 1870 (Barbieri). The specific details of each transition, included the time period of and the states involved in each, are taken from Graham Allison’s list of the 16 power transitions to have occurred since the 15th Century. In cases where Graham Allison judged more than two states to have been on one side of the transition (such as WWII), bilateral trade between every pair of opposing states has been shown.

The data for total amount of imports and exports of these same states and periods has been gathered as well. The bilateral trade data has then been measured as a percentage of each state's total trade at the time. This is to get a better understanding of not only the amount of trade existing between states, but also the importance of that trade to each state overall. For each state that faced multiple opposing states during a transition, the different percentage of imports coming from each opposing state are combined to show the total percentage coming from all opposing states.

Each power transition has been given a title naming the states involved in the transition and the
years during which it took place. There is also a brief introduction of the history surrounding each transition before the graphs are shown and analyzed. The graphs for bilateral trade depict the amount of trade measured in millions of 2014 U.S. dollars on the vertical axes. The graphs where the bilateral trade is measured as a percentage of each state’s total imports, the numbers on the horizontal axes represent that percentage. The horizontal axes for all graphs show the year of the data points. Where data points have been left blank, the Correlates of War project was missing data for that year.

**Japan, China and Russia - 1880-1915**

In the late 19th century, Japan was an up and coming imperial power. Spurred by new technologies from the West and driven to claim more international recognition, Japan fought two wars with both China and Russia, both previously established powers, in quick succession. War between China and Japan broke out in 1894-1895, and between Russia and Japan in 1904-1905. To the shock of their opponents, Japan won both wars, solidifying its status as an industrial power in the East Asian region.

(Missing data for 1894)
In this first graph of Chinese imports coming from Japan, we see that there is continuous growth in trade throughout the period of the transition. With that being said, however, the trade starts off being rather negligible at 4.8 million.

Here we see again a steady rise in trade between the Chinese and Japanese throughout the period of the transition. While there is a small dip in 1895 during the fighting, trade doesn't seem to have been impacted at all in the long run.

(Missing data for 1880-86, and 1905)
Russian imports from Japan are either unreported or negligibly small throughout the period of the transition, never going above 5 million. It is curious that there is a sudden spike around 1915, but that was well after the 1905 Russo-Japanese war. There was almost no trade between Russia and Japan during the period of the transition.

(Missing data for 1880-86, and 1908)

Japanese imports from Russia are similarly low, never reaching more than 2 million until 1915, well after the war.
Above is the percentage of Japanese imports that came from either China or Russia during the transition. While the Russian imports hardly contribute to this graph, the Chinese imports remain steady at around 15 percent, at some points even reaching close to 25%. This shows that a large percentage of Japan’s imports came from an opposing state even while that state was at war with Japan.
The two graphs above show the percentage of Chinese and Russian imports that came from Japan. For China that percentage started at 5%, but then grew to almost 35% by the end of the transition. For Russia it remained below 2% throughout the transition, except for a sudden rise up to 7% in 1915.

Throughout this power transition, it seems that trade neither impacted nor was impacted by war between the trading countries. Japan and Russia started out with very low levels of trade and remained so during the transition. China and Japan, on the other hand, started off with low levels of trade which then grew smoothly throughout the transition and the outbreak of war with hardly a pause. This is true despite the fact that throughout the period, roughly 15% of Japan's total imports were coming from China. This is an interesting case that appears to show trade and war being totally unrelated to each other. However, this does not necessarily contradict Lairson and Skidmore's hypothesis, seeing as at this time they posits that the interdependence would have been “extensive and shallow” (Lairson 368 [2017]) – not yet enough to dissuade either state from war.
The UK and the US - 1885-1920

This power transition occurred between the US and the UK at the end of the 19th and beginning of the 20th centuries. This is also one of the curious cases in which peace prevailed. The US was becoming more dominant in the Western Hemisphere and rather than challenge its rise, Britain decided to leave it be and content itself with controlling other regions.

(Missing data from 1914-1919)

Here we see that US imports from the UK remained steady, even showing slight growth, throughout the transition. Considering the transition was peaceful, this is not unsurprising. There is a lack of data during WWI, but the beginnings of a sharp increase in trade right afterward.
The same pattern repeats for UK imports from the US. It is interesting to note that trade between the US and the UK was much greater than that between Japan, Russia and China during the same period. Both the US and UK were fully industrialized by this point, whereas Japan had only recently industrialized, and China was mostly undeveloped and Russia was not trading heavily with Japan.
Throughout the transition between the US and the UK, we can see that levels of trade between the two countries were high and steadily growing. UK imports from the US were about four times higher than their counterparts from the UK, but the percentage of imports between the two countries remained high – at about 25% for UK imports, and mainly between 15 and 20% for US imports. This high level of trade could be a factor in explaining why the transition was peaceful, however, according to Lairson and Skidmore, interdependence at this point should not have been complex enough to prevent a war (Lairson 366 [2017]). Especially given the previous case where growing trade failed to prevent the Sino-Japanese War, it seems that there must be another explanation for why there was no conflict.

France, Germany, Britain and Russia – 1895-1925

This power transition took place in Europe at the beginning of the 20th century. Germany had
just been pulled together out of other smaller countries but was in a precarious geopolitical position. As Germany grew, the established European powers, France, Britain and Russia, formed alliances against it. As the tangle of alliances grew to include almost all of Europe, the situation become unstable, and war was ignited when the otherwise irrelevant assassination of Archduke Franz Ferdinand set off a chain of events that dragged the rest of Europe into the first “world war.”

(Missing data from 1914-1918)

Except for two notable dips in 1901 and 1909, this graph shows a steady growth in imports from Germany to France. Data is missing for the years of the war itself. Afterward, trade levels returned almost to previous levels, except without the upward trajectory that had existed before the war.
The same pattern repeats for German imports from France, except that levels were even more erratic after the war.

The same pattern repeats for UK imports coming from Germany, except that after the war, levels returned to near zero and then grew steadily from there.
The same pattern repeats for German imports from the UK.

Except for an isolated drop in 1908, and a much slower growth rate after the war, the same pattern repeats for German imports from Russia.
The same pattern and slow growth rate after the war repeat for Russian imports from Germany.

This graph shows us that the percentage of German imports that came from opposing states in the buildup to the power transition was remarkably high. While it did decrease slightly from 1898-
1913, it only dipped below 25% once that entire time. This is a similar percentage of imports that occurred between the US and the UK during their transition.
The three charts above show that the percentages of imports for France, the UK and Russia that came from Germany were all very high, and steadily rising until data was lost at the beginning of the war. This is especially true of Russia, which had almost 50% of its imports coming from Germany from 1910-1913.

The buildup to this transition was a period in which total levels of imports for all the states involved were steadily rising. In fact, it seems that even right before the outbreak of war, trade was still growing. It was not until WWI ended that we see an immediate dip in trade between Germany and the other three states involved (although with the missing data from 1914 to 1918, it is also likely that this dip actually began at the outbreak of the war rather than the end).

This is an interesting case, especially compared to WWII, which we will examine next, and which saw falling levels of trade in the buildup to conflict. Another interesting comparison is that of the sudden drop in trade present here, and the absence of any comparable drop between Japan and China in 1894. Perhaps the relative brevity of the Sino-Japanese War could explain this. However, it certainly seems that at least up until WWI, Lairson and Skidmore are correct that the extensive and shallow
interdependence he ascribes to this period was not sufficient to engender peace, considering that even rising levels of trade didn’t prevent war. However, this case also undermines the idea that it was high levels of trade that prevented the US and the UK from going to war during their transition, because similar levels of trade are found in this transition, and yet it resulted in a war.

The UK, France, the USSR and Germany - 1925-1945

During the buildup to WWII, Europe was in economic decline. The Great Depression had just struck the world community and many countries responded with isolationist trade policies. The Nazi movement took over German politics and soon began seeking to expand German territory, eventually forcing France and the UK to declare war. France was rapidly conquered by the German blitzkrieg, and subsequently occupied, and the UK faced near disaster at Dunkirk. The tide seemed to be in the Nazis favor when Hitler broke his non-aggression pact with Stalin and invaded Russia as well in 1941. It was later that year when Japan attacked Pearl Harbor, provoking the US to join the war. In 1942 the Allies invaded North Africa, and in 1943 the Nazis faced a stunning defeat at Stalingrad. By 1943, Italy, Germany’s ally, had surrendered too, and by the second half of 1944, after the successful invasion of D-Day, Germany found itself facing a war on two fronts. On May 7, 1945, Germany surrendered unconditionally to the Allied forces and was split in two – the East controlled by Russia, the west controlled by the US and Europe.
Even prior to the war, we see that German imports from the UK were in decline. In 1939, France and the UK formed the Blockade of Germany, cutting of all trade from the two countries, creating the total loss of trade that year (“World War 2”).

UK imports from Germany followed a similar pattern.
German imports from France show a similar trajectory to those from the UK: steady decline until a sudden drop in 1939 due to the blockade.

French imports from Germany, however, are a very interesting case. There were hardly any imports from Germany at all until after the war had already started. This is due to the fact that France
was conquered by Germany almost immediately after the war began, and since that point was under German occupation. Although the data given by the Correlates of War offer no information as to whether these German imports were headed to the occupied zones in northern France or not, it can readily be assumed that they were supplies intended to bolster the German forces stationed there ("Germans"). This is further supported by the fact that these imports peaked in 1943, when German forces were amassing in northern France to repel any potential invasion from the UK. The imports in 1944 were likely lower than in 1943 only because of the success of the D-Day invasion half-way through the year. Although monthly import data is not available, it would likely show increasing imports up until June, and then diminishing after that imports as the Allies pushed the Nazi forces out of France. By 1945, the Nazis were in full retreat and imports to France had completely stopped.

![German Imports from Russia](image)

(Missing data from 1941-1945)

German imports from Russia followed a slow decline except for a sudden spike in 1940. This is due to a commercial agreement between the two countries to exchange raw material from Russia for
weapons technology and manufacturing machinery from Germany (Gutenberg). However, trade was completely stopped when Hitler betrayed his alliance with Stalin in 1941, although in the above graph the data points are missing.

![Russian Imports from Germany](image)

(Missing data from 1942-1944)

In this graph we see a discrepancy between the historical record and what the Correlates of War data show. Due to the German-Soviet Commercial Agreement, we know that Germany supplied the USSR with weapons, equipment, naval gear, tanks, explosives, and various other combat supplies and technologies in 1940 (Gutenberg). Perhaps it is the case that the USSR did not count these as official imports. Whatever the reason for the discrepancy, it can be assumed that the missing data points would have shown the same value as 1941: no trade at all.
(Missing data for 1942-1944)
In the four graphs above, we see that the percentage of imports for each state coming from opposing states in the power transition began anywhere between 4 and 20%, but then began falling as
the conflict got closer. By 1941, all trade between Germany and the Allies had ceased (except for the case of France, which was under occupation).

This transition began during a time when imports for all the countries involved were either flat or falling. In fact, this is the first case where we don't see evidence of imports growing over time. The two exceptions to this are a brief spike in German imports from Russia right before Hitler marched on the Eastern front, and a large spike in French imports from Germany after the war began. Of course, since France was quickly conquered and occupied, becoming in effect German territory, this is not surprising. Before this, however, French imports from Germany had been almost nonexistent for at least 15 years.

The beginning of this transition occurred toward the end of the Great Depression, which is reflected in the declining imports between each country seen even before the outbreak of the war. Whether or not the associated drop in trade played a causal factor in WWII is hard to say. It is certainly the case that poor economic conditions in Germany were a key factor in the rise of Nazism, and it may be claimed that they increased the chances for war by heightening international tensions, regardless of the political situation in any particular country (Johnston). However, that higher trade would have prevented a violent transition from occurring is unclear.

**Japan and the US - 1930-1945**

While Germany began strengthening itself in the 1930s, Japan had already been doing so for years. Emboldened by its victories against Russia and China at the turn of the century, Japan had been expanding its territories throughout Southeast Asia, following the Western style of imperialism that they themselves had once been forced to defend against. These actions made Japan unpopular in international circles (Jones).
The US responded by putting various embargoes and trade restrictions on Japan, including the Export Control Act in 1940, which targeted war materials sent to Japan such as oil and steel (Aoi 6). This presented an existential threat to the island nation, which was highly dependent on imports, and was receiving approximately a third of all its imports from the US at that time (Barbieri). These actions pushed Japan closer to Nazi Germany, and an alliance was formalized in the Tripartite Act later that year.

In 1941, determined to scare the US out of the West Pacific, Japan enacted a devastating surprise attack at the US’ Pearl Harbor naval base in Hawaii. Instead of being cowed, the US was spurred from a state of passivity into launching a massive campaign against Japan in the Pacific theater, as well as sending troops into Europe to fight alongside the Allies against the Nazis. The resultant war between the US and Japan for control of the Pacific was remarkably brutal. After the Battle of Midway, the US gained the upper hand and began steadily pushing the Japanese forces back, island by island. In early August 1945, in the span of three days, the US dropped two atomic bombs on Hiroshima and Nagasaki, forcing Japan’s unconditional surrender.
Here we see Japanese imports from the US going through several peaks and dips prior to the attack on Pearl Harbor in 1941, after which they stopped completely.

US imports from Japan also stopped in 1941, although were already declining somewhat since the 1930s.
Prior to the outbreak of war, the trading situation between the US and Japan was tense. Japan was highly dependent on imports and had been involved in wars with China for control of Manchuria. Japan’s actions during these wars made it increasingly unpopular in the international community, and eventually led to trade embargoes from the US (Jones). This made Japan’s position more precarious, eventually culminating in the Pearl Harbor attack (“Japan, China, the United States”).

The graphs above reflect the same story in trade levels. Imports to the US from Japan became more volatile as the tensions grew. However, considering that the percentage of US imports that came from Japan never went above 10%, this was not a major problem for the US economy. Japan, on the other hand, had nearly a third of its imports coming from the US up until the declaration of war, and furthermore, they were an island nation almost entirely dependent on imports to begin with. This heightened the importance to Japan of any volatility in trading levels with the US. The greatest instance of this volatility was a one-year dip of approximately 100 million USD from 1937 to 1938, the result of a “moral embargo” in which the Department of State informed American companies that it was “strongly opposed” to any airplane equipment materials being sold to the Japanese, as they had been employing airplanes in their attacks on Chinese civilian populations (Peace and War).
The US and the USSR - 1945-1995

After WWII, Russia and the US split Europe in two, each controlling their sphere. This set the stage for a geopolitical power struggle that would continue for the next four decades between the two nations. Since both acquired nuclear warheads either before or shortly after the end of WWII, direct attacks on one another were out of the question. Nevertheless, there could be no doubt that the two countries were in a massive struggle with each other that would impact other countries all the way around the world, from Asia and Europe to Africa and South America.

![Graph of US Imports from Russia](image)

(Missing data from 1945-1947)

Here we see that immediately after WWII, US imports from the USSR had nearly flatlines, and did not pick up until 1974. After that, however, they grew slowly until 1992, when they skyrocketed.
The same is true of Russian imports from the US, except that their growth since 1974 accelerated much faster. The US economy at this time was performing much better than that of the USSR. Thus, trade mostly flowed from the US to the USSR, not vice-versa.
In the graphs above we can see throughout the transition, the percentage of US imports coming from the USSR was inconsequential. After 1945, the percentage drops to about a fifth of a percent, and even by 1995 has only gone back up to slightly over half a percent. The percentage of Russian imports coming from the US, however, was higher. Immediately after 1945, the percentage flatlines, but then spikes in 1957. This is due to Nikita Khrushchev’s denouncement of Stalin in 1956, which delegitimized his Stalinist rivals, allowing him to negotiate an easing of trade restrictions with the US (Gibney). Throughout the 1960s, that percentage dropped again as tensions returned to US-USSR relations due to the Cuban Missile Crisis in 1962. In 1970 we see a rise in the percentage of Russian imports coming from the US to approximately 5%. This rise coincides with the emergence, previously mentioned, of Lairson and Skidmore’s increase of global trade vis-à-vis global GDP (Lairson 117 [2003]). Imports stayed at about 5% through to the end of the power transition.

In the case of the Cold War, we see imports for both Russia and the US rising rapidly from the mid 70s onward, congruent with the massive increase in globalization during that period. Although exact dates are not given, this is likely the beginning of the “complex interdependence” that Lairson and Skidmore reference as a deterrent to war.
The Cold War seems to say very little about the role that trade has to play in power transitions. This is exacerbated by the ambiguity of whether one could consider the Cold War to be a peaceful power transition or not. Allison classifies this power transition as peaceful, and while it is true that the US and the USSR never directly fought one another, this was due to the dynamic of mutually assured destruction rather than the absence of hostilities. And even despite the nuclear deterrence, there were many proxy wars and a few close misses with full-fledged nuclear exchange. As such, the Cold War is a special case that requires more consideration than what Allison afforded it. Rather than claim it was an example of a peaceful transition, it makes more sense to treat it as a violent one. However, the diplomatic situation was quite dynamic, which must also be taken into account. Ultimately, we can see a connection between poor relations during the power transition and low amounts of bilateral trade. From the end of WWII until the 70s, when tensions were at their highest, trade was almost nonexistent between the two states. However, beginning with the 70s we see a massive increase in bilateral trade. This increase, however, does not line up with a significant change in the percentage of bilateral imports between them compared to each state’s total imports. This is because the total amount of trade each country was engaged in was also growing rapidly during this time (Barbieri). Thus, to claim that such growing bilateral trade is directly caused by the warming of US-USSR relations is premature. It is just as likely that such growth was simply carried along by the total, global rise in trade going on at that time.

Germany, the UK and France - 1990-2014

This power transition occurred in Europe during the 1990s when the German economy overtook those of France and the UK. However, unlike any other transition before it, this one hardly registered in international circles. This is especially interesting given the fact that the last two times the German economy grew so quickly in comparison to the rest of Europe, the result was a world war. Thus, this
particular transition is the best supporting example to Lairson and Skidmore’s claim of the pacifying effects of complex interdependence.
The four graphs above are all nearly identical. They all show that imports between Germany and France, and Germany and the UK, were steadily growing throughout the period of the power
transition. There is also a slight acceleration in the growth of trade levels around 2000-2002. This is the same time that the Eurozone came into full effect with many European states adopting the Euro as their currency, further integrating their economies. Though the UK did not join the Eurozone, it still saw an acceleration in trade growth with Germany during this time.

The only dip common to all of them was in 2009. This dip was due to the 2008 Financial Crisis and subsequent recession (Hart). Despite its severity, imports recovered to their previous levels within a few years.
The three graphs above show that the percentage of imports that France and the UK were receiving from Germany, and vice-versa, were anywhere from 10-20% throughout the period of the transition. The percentage of German imports coming from France and the UK slowly declined, but
there were no large or sudden changes year to year. This is consistent with the stable relations the three states enjoyed throughout the period. The European Union came into existence in 1993, and in 1999 the Eurozone was established, further integrating the economies of each state.

Trade during this power transition shows an upward trend for all three countries involved, similarly to WWI. However, this power transition never created conflict. In fact, it was remarkably uneventful. A peaceful power transition on a continent that had previously seen two massively destructive world wars is a powerful demonstration that something fundamental must have changed about international relations between WWII and the 90s.

Summary of Trade Data

Overall, this trade data shows that on the surface there is hardly any relationship between bilateral trade levels and the result of a power transition being either peaceful or violent. There are cases where trade falls before a conflict and rises before a conflict. There are cases where trade drops when a conflict begins, and cases where it continues uninterrupted. In the two cases where peace prevailed, trade was high during the entire transition, seemingly in support of Lairson and Skidmore’s theory. However, one of these cases occurred during a period which, according to them, trade should not have been sufficient to prevent a war, and in which it failed to prevent others. However, considering the time frame of Lairson and Skidmore’s complex interdependence, their theory is not disproven by this data. The one case beginning after the 1970s was peaceful, as they would expect. One could argue that the second half of the Cold War transition took place during that same period, and yet was still a hostile transition. However, this does not immediately disprove the impact of trade since the 1970s considering that the Cold War had started long before that, and that US-Soviet relations also improved since the peak tensions of the 1960s.
The patterns in this data show that both Lairson and Skidmore’s theory, as well as Organski’s theory of power transitions, are viable explanations for the peace of the European transition in the 1990s. This still, however, does not solve the problem of whether or not trade had anything to do with it. This is an important question, as explained before, because of the current power transition currently underway between the US and China. In order to test the impact that trade – specifically, trade since the rise of economic interdependence – has on power transitions, we will have to find a new method.
Conaway’s Method for Predicting Trade Policies

Is there another way to test Lairson and Skidmore’s claim of economic interdependence? If the nature of international trade has changed in such a way that it could alter states’ calculus of war in favor of peace, as Lairson and Skidmore claim, then we would expect the perceived benefits of that trade to be much higher than before. Therefore, we would also expect to see states adopting more open, liberal trade policies with each other than they used to. This gives us one way to test Lairson and Skidmore’s claim: by examining the method by which states choose their trade policies, and then comparing those methods from before and after the rise of economic interdependence to see if there has been a change.

In his 1994 master’s thesis, “A Modified Theory of Hegemonic Stability,” Vernon Conaway seeks to “present a testable, parsimonious, and quantitative theory of hegemonic stability that is able to explain and predict the trade policies of each of the major actors in the international economic system from 1870 to 1986” (Conaway 1). Conaway makes the case that the trade policies of various countries from 1870-1986 can be accurately predicted given both an understanding of that country's security concerns at the time, as well as their economic status compared to other states.

First, we will examine the details of Conaway’s thesis, looking to see if it does in fact work as a predictive model, as well as if it would be a good method for testing Lairson and Skidmore’s theory. Second, we will summarize Conaway’s results for predicting various states’ trade policies from 1870 to 1986. Finally, we will apply his model to states’ trade policies since 1986 to see if it is still predictive. If we find that trade policies are more open and liberal than would be expected given Conaway’s method, then we can assume that Lairson and Skidmore are correct: the growth in economic interdependence since the 1970s has fundamentally altered the ways state’s interact with each other, leading them seek out the benefits of greater trade, thus increasing the incentives to maintain peace. If there is no change, however, then we can assume that increased economic interdependence has not
greatly altered the way states interact with each other – at least, not to a sufficient degree to change the course of a power transition.

**Conaway’s Model**

Conaway bases his model on the hegemonic stability theory described by David Lake in his 1993 book *Leadership, Hegemony, and the International Economy*. The assumptions behind Lake’s theory include the idea that states are unitary actors, as well as the most important actor in the international system, that the international system is anarchic, leading states to focus primarily on their own security and wellbeing, that survival is the primary goal of states, superseding all other goals when necessary, that states act rationally to securing the best result for themselves, and that states seek power to aid them in pursuing these results (Conaway 16-17).

Borrowing from Lake’s theory, Conaway splits states up into four different categories: free riders, spoilers, supporters, and hegemonic leaders (Conaway 23). These categories are determined by two variables: a state’s percentage of world trade, and its relative labor productivity. The percentage of world trade is easily found by dividing the sum of a particular country’s imports and exports by the sum of the imports and exports of the entire world at that time. The relative labor productivity is taken by finding the labor productivity of a particular country and comparing it to the average labor productivity of all advanced states in the international system at that time. Based on this comparison, the state would receive a score, with a score of one representing the international average. Scores below one represent a lower than average labor productivity, and vice-versa.

If a state had a lower percentage of world trade than 5, it is classified as a free rider. This meant that according to Conaway’s model, it would seek to protect its industries at home by imposing tariffs, but also acting to liberalize trading to other countries, since it would have some industries where it was
dominant and could compete internationally. Thus, it's trade policies would reflect this.

If a state has a percentage of world trade above 5%, but has a relative labor productivity less than one, then it is classified as a spoiler. A spoiler's trade interests would be very similar to that of a free rider, attempting to protect industries at home while opening up to foreign markets.

If a state has a percentage of world trade between 5 and 15 percent, and a relative labor productivity above one, then it is classified as a supporter. A supporter has a large enough economy that they gain more from opening their markets than they would from protectionism against other large markets. Thus, while they would prefer to protect their industries, the cost of doing so (facing retaliatory trade barriers from their trading partners) is not worth the cost, and thus they will support more open trade policies. In this sense they are “paying” to help maintain the world order. However, while they do support liberalization, they will attempt to pass off as much of the cost of that liberalization as possible to other states, especially if one is a hegemon.

If a state has a greater percentage of world trade than 15% and a relative labor productivity above one, then it is classified as a hegemon. This means that it is primarily responsible for maintaining the current world order, will have policies consistent with free trade, and will generally work to get other states in the system to open up to free trade as well, even if against their interests.

The trade policy behaviors of supporters and hegemons can be further influenced by the different types of international economic structures that emerge. There are three different types of structures that Conaway describes: hegemony, unilateral supportership, and multilateral supportership (Conaway 33). A hegemony describes an international economic structure in which there is a hegemon. Under these conditions, “to establish and maintain a liberal international regime, the Hegemon must either impose sanctions or offer rewards to get each state’s compliance with universal free trade. The Hegemon must also bear the costs of regulating the international economy (33).”
Under the conditions of a unilateral supportership, in which there are no hegemons and only one supporter, “trade barriers will be built and any attempt to move back toward an open international economy will be limited in scope because of the Supporter’s inability to unilaterally lead the economy (Lake, 1984:158)” (Conaway 36). This is the case unless the supporter recently declined from the position of a hegemon, in which case “its ability to maintain the liberal economic regime that is had set up during its hegemony is… enhanced by the fact that it had already paid the costs of negotiating the regime” (Conaway 37).

Under the conditions of a multilateral supportership, the group of supporters “have a high incentive to collaborate through the creation or maintenance of liberal economic regimes” (Conaway 39). This process is made easier once again if one of the supporters was previously a hegemon, lowering the cost of maintaining the regime. However, under a multilateral supportership, “the incentive to cheat still exists and therefore makes the universal trade equilibrium, if accomplished unstable. Especially as the number of Supporters within the structure grows, it becomes harder to detect and punish cheating by any individual Supporter and each Supporter will not find it in its interest to continue a policy of free trade if it feels that any of the other Supporters are cheating on the regime (Lake, 1984: 156)” (Conaway 40-41).

The explanation for these expected behaviors is given by the model of a prisoner’s dilemma. Conaway explains, “Even though the international economic infrastructure is not a pure public good, individual states do have a motivation to free ride on the costs paid by others (Lake, 1988:35). As the number of states that benefit from this public good increases, the optimal contribution for each of these states tends toward zero (Coynbeare, 1984:6). Thus, the international economic infrastructure is a quasi-public good because the hegemon largely pays to create and maintain the infrastructure while allowing others to participate at little or no cost. The result is that a prisoner’s dilemma emerges for the provision of free trade” (Conaway 28-29). “Thus, the prisoner’s dilemma can be used to illustrate the
trade preferences for each of the different types of states that make up the international economic structure. The trade preferences for each type of state do not vary with the different types of structures” (Conaway 31).

Finally, Conaway adds a few modifications to Lake’s theory. This includes the caveat that a state will always follow its interests in terms of trade policy unless its security interests are opposed to it, because states are primarily concerned with survival. One example in which a state's security and trade interests aren't aligned is when one state (perhaps a spoiler or supporter) is dependent on another state (perhaps a hegemon) for security. Under these conditions, the first state is much more susceptible to pressure from the protecting state and will thus defer its trading policies to match the interests of its protector.

While the above is a simplification of Conaway’s method, it is sufficiently detailed for our purposes here. Conaway then goes on to apply his model to different states at different times and under different conditions to show its accuracy in predicting trade policies. We will look at a few of these examples here.

**Summary of Conaway’s Findings**

The first example is from the period of 1870-1890, examining the behavior of the UK, the US, France and Germany. According to their percentages of world trade and relative labor productivities during this time, the UK was a hegemon, the US was a supporter, while France and Germany were both spoilers. Since none of these states were dependent on any other for their own security, they were all free to mold their trade policies after their own interests.

The UK benefitted the most from the international trade system, and thus bore the brunt of the costs to maintain it. This is reflected in their low levels of tariffs and minimized inspection procedures
for imports. Throughout this period, various other states, such as the US, which were not paying the costs of maintaining liberal trade, began to catch up to the UK economically. For instance, from 1870 to 1890, the US percentage of world trade jumped from 8.8% to 9.7%, while the UK in the same period dropped from 24% to 18.5%. The UK's imports also remained firmly larger than its exports during the same period, as other states in the system began imposing protectionist measures against it. The UK thus became a “dumping ground” for the rest of the world's surpluses (Conaway 48). Nevertheless, even with other countries catching up, it was still in the UK’s interest to maintain the system and acted as predicted according to the model. The United States, as a supporter, was able to pass off most of the costs of liberalization to the UK, and thus managed to open up to foreign markets while also protecting their own, often with tariffs of up to 47% (51). It too, acted according to the model, eating away at the hegemon's economy while reaping the rewards of a more liberal system. So far, the trade policies of each of the states examined in this period follow exactly what would be expected according to Conaway’s model.

Another example of this model's accuracy has to do with the Great Depression. After WWI, both the US and the UK were in supporter roles, and thus had the economic incentive to return to a liberal world trade because of the relative strengths of their economies. France and Germany, however, were in the position of being spoilers. Congruent with this, they both instituted strong protectionist policies. Thus, immediately after WWI, it was the US and the UK that absorbed the costs of liberal trade. However, from 1930-1939, the UK declined in its position to join Germany and France as a spoiler, based on falling relative labor productivity. This coincided with the UK adopting protectionist measures. The US was unable to support liberal trade by itself, and the result was that all the states in the system began closing off their markets to each other, and world trade dropped precipitously. The UK's Smoot-Hawley Tariff of 1930 placed taxes on imports of up to 55.3% (Conaway 88). This drop in world trade due to the UK's fall from a supporter to a spoiler coincided with the Great Depression, and
was likely a causal factor (81).

Conaway uses many other examples to show the accuracy of his model. In fact, up until WWII, there were no examples of any state acting against its own economic interests as Conaway describes them. This is because there was no case in which one state's national security was dependent on the goodwill of another state during this time. It also shows the accuracy of the four classifications Conaway uses in order to predict a state's foreign trade policy.

Let us look also at an example where a state acted against its own economic interests in deference to another state whose goodwill it was dependent on for national security. A good example of this is Japan. In the period after WWII, once Japan had regained its sovereignty from the US, Japan's position within the trade hierarchy was as a spoiler. Accordingly, Japan should have been fighting to protect its domestic markets, but in actuality, it deviated from these economic interests. Tariffs were reduced by 20% on agriculture, mining and manufacturing products in 1972, and import restrictions were reduced by 18% in 1975 (Conaway 133).

The reason for Japan's deviation is that during this period it was almost entirely dependent on the United States for protection. Japan had neither a standing army nor nuclear weapons in a world that had just become nuclear, and an Asia troubled by the Cold War. Japan's security interests thus overrode its economic interests in deferral to the economic interests of the US.

After 1978, both Japan and the US took on the role of supporters. The US leadership in liberalization declined somewhat as it pushed some of the costs of the liberal order onto other supporters. Japan in response took on some of those costs, lowering tariffs even further on 125 products in the Tokyo Round GATT agreements (Conaway 140). Japan became less protectionist, and also began pressuring other states to lower their tariffs as well, to spread out the costs of liberalization. This is perfectly consistent with its new role as a supporter, which was also now in alignment with its security interests.
These examples show both the accuracy of Lake’s four categories in predicting state trade policy, and also accounts for the cases where trade policy deviates from those expectations as security interests (tied to a foreign protector) supersede economic interests for a given state, which Conaway predicted. However, Conaway's model only accounts for state behavior up until 1986, after which his examinations ended.

**Extending the Model**

We will now apply his model from 1986 up to the present day. As explained previously, if Conaway’s model is still accurate in predicting states’ trade policies during this period, it would imply that Lairson and Skidmore’s theory of economic interdependence, specifically its impact on war, is mistaken. Meanwhile, if we see trade policies that are more liberal than predicted, their theory is confirmed.

Let us examine the case of China since the 80s. Up until 1995, China's percentage of world trade was 3%, relegating it to free rider status, and by 2014, that percentage had grown to 12.4% (“International Trade”). This, along with China's very low relative labor productivity (“OECD”), put it into spoiler status. As expected according to the Conaway model, China should be highly protectionist and also attempt to take advantage of the states that are supporters in the liberal order, essentially dumping their exports and surpluses there. The trade deficit between the US and China in 2017 was approximately $375.2 billion (Scott). China has even engaged in currency manipulation, giving their exports a large advantage over foreign products (Navarro 15). In the case of China, it seems that Conaway's model is correct; China’s status as a free rider in the international economy has led it to seek open markets abroad, but to protect its domestic markets from foreign imports, while attempting to free ride on the cost of maintaining open international trade.
Let’s take a look at the US over this same period. In 1990, the US made up approximately 22.5% percent of total world trade (“World Trade Summary”). This, along with higher than average productivity (Cobet 51), made the US a hegemon in Conaway’s model. While the US maintained its higher than average productivity (“OECD” 49), it’s percentage of world trade fell to just under 15% in 2005 and continued to fall until reaching approximately 12.5% in 2015 (“World Trade Summary”). This means that the US changed categories from a hegemon to a supporter in 2005. According to Conaway’s model, this means that we should expect to see the US, as a supporter, begin to attempt passing off more of the burden of maintaining a liberal economic order onto other supporters in the system in the years since.

This does not immediately happen. The US, while still a hegemon, joined the North American Free Trade Agreement in 1994, representing its commitment to pay the costs of maintaining global free trade. Even after falling into the category of a supporter, the US still joined free trade agreements such as the United States-Korea Free Trade Agreement in 2007, which rolled back tariffs on 95% of goods between the two countries (Holodny), and planned to enter the Trans-Pacific Partnership (TPP) in 2016. However, by 2017, the US began pulling out of these agreements under the Trump administration. The TPP was never ratified, the Trump administration revised the United States-Korea Free Trade Agreement in 2018, heightening tariffs on several South Korean export products (Tankersley), and NAFTA was renegotiated in January of 2020 (it is now called the United States-Mexico-Canada Agreement). Furthermore, these actions cannot just be attributed to the whims of Donald Trump. Even prior to the actions taken under the Trump administration, Bernie Sanders ran for the US presidency on a popular platform dedicated to increasing protectionism, ending trade deals they considered to be unfair, and reviving American workers. Clearly there was merit to the argument of increased protectionism found on both ends of the political spectrum.

Thus, we do see the expected withdrawal from free trade as the US moved from the role of a
hegemon to that of a supporter. However, the resultant change in US trade policy took about 10 years to take effect. This delay is explained in Conaway’s description of state behaviors under the conditions of a multilateral supportership, which is what the international economic structure became in 2005. The cost of maintaining the regime were lower due to the US’ previous position as a hegemon, and the fact that it had already paid the cost of creating the regime in the first place. This explains the long delay in a change of US trade policy since becoming a supporter: the costs of maintaining the regime were still very slight. However, as time went on, more and more states became supporters (Silver, see also “World Trade Summary”). As Conaway pointed out, “as the number of Supporters within the structure grows, it becomes harder to detect and punish cheating by any individual Supporter and each Supporter will not find it in its interest to continue a policy of free trade if it feels that any of the other Supporters are cheating on the regime (Lake, 1984: 156)” (40-41). This explains the US eventual withdrawal from supporting free trade.

This claim is substantiated by much of the rhetoric behind the Trump administration’s withdrawal from many past trade agreements, referring to them as a “bad deal” (Mason), “unacceptable, “horrible” (Holodny), and “it was pillage” (Lynch). Though flowerful, Trump’s rhetoric supports the idea that the US is withdrawing from international free trade largely because other countries are perceived as cheating the system. Furthermore, Peter Navarro, the trade adviser to the Trump administration, makes plain his perception of manipulative Chinese trade practices in his 2011 book Death by China. From currency manipulation to undermining Western labor laws (and thus the labor market), Navarro claims that China is acting in a cutthroat, mercantilist way regarding its trade with the rest of the world, and that Western powers should no longer put up with it.
Conclusion

In conclusion, we can see that Conaway’s model continues to explain the trade policies of both China and the US from 1986, after the rise of economic interdependence, all the way to the present. Both states act in exactly the way the model would predict. Since the model has been shown to be predictive for state trade policies beginning in 1870 all the way to the present, it is clear that the method in which states choose their trade policies has not altered. This points to Lairson and Skidmore’s argument for the pacifying impact of economic interdependence being mistaken. While it is certainly true that trade and interdependence massively increased during the 1970s, and has continued to do so since, trade policies have not become more liberal or open as a result. More trade has not fundamentally changed the way states interact with each other.

What does this mean for the current power transition between the US and China? It certainly does not mean that direct war is inevitable. There are still several potential mitigating factors, among them the case that Keohane and Nye make for complex interdependence and international institutionalism. Since this paper did not directly attempt to test Keohane and Nye’s claim, we can say nothing definitive about it here.

Furthermore, if hostilities did arise between the US and China, they are unlikely to result in direct conflict. This power transition war, if it occurs, is much more likely to resemble the Cold War rather than WWII. Due to both the US and China being nuclear powers, any hostilities would likely result in contests for influence over intermediate states. The likely candidates for this tug-of-war are the most obvious candidates: Taiwan, Vietnam, Korea, islands in the South China Sea, and perhaps even Japan. All countries adjacent to, or even nearby, China will inexorably feel the inward pull toward China’s influence as the country continues to grow and modernize. Proxy wars may even break out between the two. Currently the issues of the reunification of Taiwan, control over the South China Sea,
and the political situation in Hong Kong seem to be the most likely causes of such an outcome.

Furthermore, as discussed previously, China’s ambitions do not stop at the South China Sea. Expansions into African markets open the door to the possibility of struggles for influence taking place in other regions as well.

Based on Organski’s power transition theory, China’s rise resembles that of a likely hostile challenger to the current world leader. Further noting the absence of many of the factors that Allison references as potential pacifiers, and especially given that international trade, one of these listed factors, was shown to be ineffective by Conaway’s model, the results of this paper show that the current power transition between the US and China is unlikely to resemble the peaceful transitions of the US and the UK, or of Germany, France and the UK in the 1990s. Given the above caveats about the likely nature of coming hostilities, this paper claims that transition struggle is likely to break out between the US and China, if it is not already underway.
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