

## The odd couple

*America should be much more confident in its dealings with its closest rival.*



*Illustration by Jon Berkeley*

It has become a tedious tradition for Westerners dealing with China to garnish their speeches with wisdom from the Chinese classics. Barack Obama, addressing Chinese and American leaders in July, used not just a banal quotation from Mencius, a Confucian sage, but a punchier one from Yao Ming, a Chinese basketball player: “No matter whether you are new or an old team member, you need time to adjust to one another.” Though it is 30 years since the two countries re-established diplomatic ties severed by the Communist takeover, both sides still badly need to adjust.

The heart of the problem is a profound uncertainty in both countries about where the relationship may lead. In many respects the two countries are in the same bed. Their economies have become interlocked, especially in the past decade. America is the world’s biggest debtor and China its biggest creditor. From climate change to the economic recovery, the world faces problems that demand China and America work in concert.

Prussian blues, chinese reds

Yet relations are dogged by fears of a new cold war, or even a hot one, breaking out. Some Americans in Washington, DC, talk of China as “the new Prussia”. China has engaged in a rapid military build-up that could challenge America as the defender of Asian peace (and Taiwan’s sovereignty). Unannounced, China is building its first aircraft-carrier, yet its generals often refuse even to talk to their American peers.

Underlying the strategic competition is China’s economic rise. Its companies are “colonising” swathes of Africa and Latin America, cosyng up to regimes Westerners shun. Its huge foreign-exchange holdings and its sniffing of bargains mean Chinese investment in the West will grow rapidly in the coming years. And to cap it all, China owns \$800 billion of American government debt—enough to give it power of life and death over the American economy.

Tensions will get worse in the next few years for two reasons. The first is unavoidable: 2012 witnesses important political transitions in the form of elections in Taiwan and America and a Communist Party Congress in China. Second—and more generally—there has been a recalibration of perceived power. There is now talk of a G2 of China and America, implying that their global weights are nearly equal. In fact, as our special report argues, this is a misperception, and a dangerous one.

China's economy is still less than a third the size of America's at market exchange-rates. Its GDP per head is one-fourteenth that of America. The innovation gap between the two countries remains huge. America's defence budget is still six times China's. As for the Treasury bills, dumping them is not an option for China: a tumbling dollar would hurt its own economy (see article). And as American consumers spend less, while Chinese stimulus boosts its domestic spending, the huge and politically troublesome trade imbalances are shrinking. In the meantime, the danger of overegging China's economic expansion abroad is that it will fuel protectionism at a time when American unemployment is painfully high.

In terms of geopolitical power, China has neither the clout nor the inclination to challenge America. Confidently though China's leaders now strut the world stage, they remain preoccupied by simmering discontent at home: there are tens of thousands of protests each year. For all the economic progress, all sorts of tensions—social, cultural, demographic, even religious—haunt the regime and help explain why it resorts to nationalism so often. So it is odd, and wrong, that America's approach towards China is driven by its own insecurities.

To simplify enormously, the danger is that a frightened United States will be too tough on China over the economy, especially trade; and not tough enough on human rights. On money matters, Mr Obama's foolish decision to slap tariffs on Chinese tyres has given dangerous encouragement to protectionists in America. As unemployment there climbs inexorably towards 10%, the pressure will grow for Congress to fuel a self-defeating attack on Chinese exports and the undervalued yuan. This is bad economics: both China and America would lose enormously from a trade war.

If economic freedom is one American value that Mr Obama should not sacrifice on his first visit to China next month, the other is personal freedom. Chinese authoritarianism is not somehow more acceptable because China is a rising power; nor are human rights bargaining chips to be played only when expedient. That Mr Obama needs Chinese help to fix the global economy and on climate-change mitigation does not mean the leader of the free world should stifle criticism of its political system. Avoiding a meeting with the Dalai Lama in Washington this month was an unnecessary sop to his hosts. The Communist Party, keen to bolster its image at home, wants the trip to appear successful as much as Mr Obama does.

Same bed, different dreams—and one is stronger

A more confident approach is a bet on whose sort of system of government will prove ultimately stronger. At the moment China's responses on the climate, the financial crisis and the emerging swine-flu pandemic have won it praise internationally. But they have also borne the hallmarks of an authoritarian system. For instance, on greenery, it is clear that if China had exposed its response to the rigours of democratic debate, it would have acted more slowly: China's system enables it to mobilise huge resources and make politically difficult decisions. But an effective long-term response to climate change needs public understanding of the issues and a legal environment that allows foreign owners of green technologies to transfer them without fear of theft. China lacks both.

Behind China's façade of strength, on stunning display with its parade of tanks and missiles through Beijing on October 1st, lie fretful frailties—also on display that day, when spectators were banned for fear of protests. Social tensions in China are likely to rise, even as it grows richer. Locking up activists, as China has been wont to do recently, is not a lasting solution. Mr Obama should meet some of them in Beijing to find out for himself. If his hosts have a hissy fit, let them.

THE odd couple. **The Economist**, New York, Oct. 22<sup>nd</sup> 2009. Disponível em: <[www.economist.com](http://www.economist.com)>. Acesso em: 28 out. 2009.