

## **US vs. China: a dangerous phase has begun**

**China is a formidable adversary whose ultimate strength is not its military hardware but its economic prowess, and whose diplomatic weapon is not saber rattling but great patience.**

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The spats between the United States and China appear to be getting more numerous and more serious. The Chinese objected in strong terms to Washington's latest arms deal with Taiwan and threatened to take sanctions against those firms involved. President Obama recently accused the Chinese of currency manipulation. At Davos, Larry Summers, the director of the White House's National Economic Council, made an oblique attack on China by referring to mercantilist policies.

The disagreement between China and the US at December's Copenhagen climate summit has continued to reverberate. The Chinese government reacted strongly to Google's claims – supported by the US administration – that cyberattacks against it had originated in China and its statement that it would no longer cooperate with government censorship of the Internet. The US has been increasingly critical of China's unwillingness to agree to sanctions against Iran. And finally the Chinese government is accusing the US administration of interference in its internal affairs by insisting on the meeting this week between Barack Obama and the Dalai Lama in Washington.

The issues of contention have come thick and fast. For the most part, however, they are hardly new. The Chinese reaction to the Taiwan arms deal was entirely predictable, the only novelty being the threatened sanctions. Taiwan remains the most important priority for Chinese foreign policy. Their response to the Dalai Lama in Washington is equally predictable.

Obama's and Summers' statements about currency manipulation and mercantilism, respectively, are a little different. True, they are not entirely new; Treasury Secretary Timothy Geithner accused the Chinese of currency manipulation in January 2009. But since Mr. Geithner's ill-judged remark, the US administration has until now chosen to be more discreet.

Google and climate change are relatively new bones of contention. But we should not be surprised by these disputes. China's rise means that it is now involved in areas of the world and on issues where previously it had little or no stake. As China increasingly becomes a global power with interests to promote and defend around the world, it is bound to come into conflict with the United States on a growing number of subjects.

It appears that the US-China relationship is entering a markedly different phase. The key question is whether this will lead to growing acrimony between the two countries to the point where the bilateral relationship between them is seriously harmed or whether the generally positive relations of the past three decades can continue.

There is a further underlying change in their relationship, namely China's rise and America's decline. While neither is new, the latter has only begun to be recognized since the global financial crisis. The expressions of the shift in power between the two are numerous. China has become more self-confident and, in a mild way, more assertive.

This has been most evident in the way in which China has – understandably – expressed concern about the value of the dollar, raised the question of a new special-drawing-rights-based reserve currency, and blamed the global financial crisis on the behavior of Western, especially US, banks; though it can also be seen in a more general, though subtle, shift in Chinese attitudes.

It would be quite wrong, however, to conclude that there has been a major change in the Chinese approach toward the United States. The fundamental Chinese priorities remain as they were defined by Deng Xiaoping. The overwhelming priority is economic growth and lifting tens of millions out of poverty. Creating the most favorable external environment for the pursuit of this objective continues to mean, above all else, a favorable relationship with the United States.

Although the Chinese may play their hand with a little more self-confidence and with a tad more assertiveness, I see no significant evidence that they have abandoned their tried and trusted position. It has worked well for them and continues to do so. Time is on their side, and they can therefore afford to be patient.

But what of the United States? The fact that the US has only just begun to wake up to the fact that it is in decline is a cause for serious concern. It is completely unprepared for what this might mean: that it can no longer deal with others in the way that it has, that it can no longer assume a relationship of superiority in its dealings with China, and that it has to seek a new understanding of China rather than expect the latter to continue to play second fiddle.

This belated awareness of a weakening America has happened too abruptly and too precipitously for its meaning and implications to be properly digested either by policy elites or the American public. Indeed, most are still in denial of the fact. A classic illustration was the widely expressed anger and frustration in media and political circles against President Obama's relatively contrite attitude toward the Chinese during his November visit to China. In fact, Obama was right on two counts: First, the US now has to learn to deal with China on equal terms and, second, it must be mindful of China's role as its creditor.

Put simply: The major concern is not China getting too big for its boots – at least in the short term – but a growing sense of American frustration that its boots are no longer as big as they were or should be, together with an unwillingness or stubborn refusal to understand China on anything other than American terms.

Relations between the two could steadily deteriorate with negative implications for the rest of the world. It will make things more difficult for China and might slow its progress, but the United States could suffer even more.

China must not be confused in the American mind with a Soviet Union Mark 2. It is a very different and far more formidable adversary whose ultimate strength is not its military hardware but its economic prowess, and whose diplomatic weapon is not saber rattling but great patience.

*Martin Jacques is the author of "When China Rules the World: The End of the Western World and the Birth of a New Global Order."*