

Viewpoint

The Fading Red Label

Are China and the U.S. on the verge of a new cold war?

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ALL'S WELL THAT ENDS WELL? IN THEIR FIRST SERIOUS foreign policy test, the neophyte Bushies have met the Chinese challenge over Hainan with deftness and aplomb—tough on the basics, creative on the fine line between “regret” and “apology.” The troops are home; the spy plane that was almost decapitated by a hotshot Chinese pilot will follow—after the Chinese have taken apart every radar, sensor and computer inside. But this was neither the beginning nor the end of the great U.S.-Chinese duel that will dominate 21st century diplomacy as did the Soviet-American contest in the 20th. For the past decade or so, Beijing has been telling Washington: “The Western Pacific is our lake, move over.” Not in so many words, of course, but the signal has become shriller after the collision in the South China Sea.

Is it commies vs. capitalists, as during the 40 Years War with the Soviet Union, a.k.a. the cold war? There may be some of that, but it's hardly the main story in post-Mao China. The “capitalist-roaders” have won the day, and communism is but the fading red label on a gerontocratic regime locked in a desperate battle with the market forces it had itself unleashed in the era of Deng Xiaoping. The regime's message to the people is not about Mao and Marx but about money vs. might: enrich yourselves, but leave the driving to us.

The main story consists of two parts. One is domestic. At home, a familiar drama is unfolding. It is propelled by the “contradictions,” to recall the Marxian vernacular, between a frozen power structure and the uncontrollable dynamics of an ever-freer market. History warns that revolution lurks within these “contradictions,” but history also reminds us how beleaguered regimes have traditionally dealt with the volcano inside. The classic prescription is to “busy giddy minds with foreign quarrels,” as Shakespeare's Henry IV told his successor. It is hyper-nationalism and xenophobia that fuses regime and people, rich and poor, losers and winners in one Great National Whole. Jingoism is the traditional antidote against discontent and revolt, and the Chinese have been made to lap from this fount aplenty. Remember the week-long war of the aroused masses against the U.S. diplomatic compound in Beijing after the accidental bombing of the Chinese embassy in Belgrade?

Which takes us to the second, the foreign-political part of the story. That tale is driven by another familiar dynamic. Let's call it “First rich, then rowdy.” The best example is Wilhelmine Germany (along with late-19th century Japan). After unification in 1871, the Second Reich turned into the

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economic powerhouse of Europe, overtaking the established players like France and Britain in all those growth categories (like steel and energy) that fed into military power.

Assets bred ambition, and soon Wilhelm II's Germany was clamoring for colonies, a blue-water navy, "a place in the sun." Her Majesty's Britain was not amused, and neither were Russia and France. Armament begat counter-armament, alliances spawned counter-alliances. Domestically, too, the Reich resembled contemporary China. Having unleashed irrepressible economic growth, the Kaiser and his aristocracy found themselves in the same deadly dilemma as Deng's heirs today: How to keep power away from the rising middle classes? The answer: nationalism and chauvinism, which exacerbated diplomatic conflicts with Berlin's neighbors.

So let's push the analogy to its conclusion: Will the drama end in war between the upstart and the status quo powers, as it did in Europe in 1914 and in the Pacific in 1941, when Japan attacked Pearl Harbor? Luckily, history knows similar dynamics but no determinism. Look how Washington and Beijing resolved the Hainan incident. Both knew that matters must not get out of hand, that neither player could be forced to slink away in humiliation. Add two numbers: China's \$80 billion trade surplus with the U.S. and 54,000 Chinese students in America. Nobody else in the world will grant China such lavish access to wealth and knowledge, and Beijing knows it.

Add finally two words: nuclear weapons. When the powers of Europe marched off to war in 1914, when Japan attacked in 1941, none of them knew what would await them in 1918 or 1945—a world destroyed. Today the Chinese know, and so do the Americans; they can look into the crystal with DVD clarity. Great fear breeds great caution, hence the kind of wariness that made both sides stop at the very top of the slippery slope that opened before them in Hainan. All's well that ends well? By no means. China will keep pressing, and the U.S. will keep pressing back. Crises will recur—perhaps all the way to a new cold war. But remember how the first one ended: with a whimper, not with a bang. Cold wars don't turn hot in the shadow of the bomb. ■

Bush passed his first big test, but it won't be the last

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