

افغانستان آزاد – آزاد افغانستان

AA-AA

چو کشور نیاشد تن من مباد
بدین بوم ویر زنده یک تن مباد
همه سر به سر تن به کشتن دهیم
از آن به که کشور به دشمن دهیم

www.afgazad.com

afgazad@gmail.com

European Languages

زبان های اروپایی

<http://www.spiegel.de>

Two Superpowers Take on the World The Rise of 'Chimerica'

By Andreas Lorenz in Beijing

The US and China are already the two most powerful countries in the world. As allies, they would be unstoppable. Is the era of a double superpower taking shape?

When China sneezes, the whole world gets a cold. Bill Clinton recognized this during his term as United States president, speaking of the "potential challenge that a strong China could present to the United States in the future." At the same time, he warned of the risk presented by a "weak China," which could destabilize large regions of Asia.

Now Clinton's successor and fellow Democrat Barack Obama is looking for ways to work more closely with the giant nation, with its 1.3 billion people. Obama believes that cooperation with China is essential in the coming years. "The major challenges of the 21st century, from climate change to nuclear proliferation to economic recovery, are challenges that touch both our nations, and challenges that neither of our nations can solve by acting alone," the US president said during his recent visit to China.

In China, meanwhile, politicians, economists and the military come to much the same conclusion when they brood over how best to interact with that old superpower, the US. "In the 21st century," says the Chinese president and party leader, Hu Jintao, "relations between China and the US are among the most important in the world." There is the perception that, without

American help, it will take a long time for China to achieve the "moderate prosperity for all citizens" that the Communist Party promises its people and uses to justify its rule.

Never have the two countries been more dependent on one another than today. Without the American market and American investments, things wouldn't be looking as good as they do in China. But at the same time, many Americans would be struggling to make ends meet during the current economic downturn without cheap imported Chinese goods. And the American government would no longer be able to function if China's central bank didn't buy so much American debt. Last year, China held US Treasury securities worth around \$800 billion (€570 billion).

The Rise of Chimerica

Former US National Security Advisor Zbigniew Brzezinski sees a geopolitical shift from the Atlantic to the Pacific. He calls China and the US "the Group of Two that could change the world," while economic historian **Niall Ferguson** coined the term "Chimerica" to describe his view that the two countries are so closely joined, they have long since formed "one economy."

One side gives while the other takes: Does that make Chimerica a match made in heaven?

China's newfound economic strength is causing uneasiness in the US. Seeing their country become increasingly dependent on decisions made in a faraway part of the world is an unfamiliar sensation for American businesspeople and politicians. Worse still is watching those decisions be made by communist rulers. The People's Republic has not only overtaken the US as the number one investment destination for foreign money, but Beijing's \$2.3 trillion in foreign currency reserves also give Chinese firms the ability to acquire portions of American companies -- as happened with the computer giant IBM, for example.

Strategic Reassurance

"We feel the hot breath of this economic dragon on our backs," writes Susan Shirk, a professor and former deputy assistant secretary of state under the Clinton administration, in her book "China: Fragile Superpower."

That's why US Deputy Secretary of State James Steinberg coined the phrase "strategic reassurance" to describe his country's relations with China. The idea is as follows: If Washington and its allies welcome China to the international arena as a "prosperous and successful power," then Beijing "must reassure the rest of the world that its development and growing global role will not come at the expense of security and well-being of others," Steinberg explains.

The Pentagon is watching uneasily as China builds up its army and -- in particular -- its navy. The military show held at Tiananmen Square last year to celebrate the 60th anniversary of the founding of the People's Republic of China both impressed and alarmed the entire world.

Naval Ambitions

It's only a matter of time before China launches its first aircraft carrier. The US military and intelligence services are also watching nervously to see if China succeeds in developing an effective anti-ship missile that could compromise American aircraft carriers. According to its own accounts, the Chinese army recently successfully tested a defense system that could destroy intercontinental missiles.

Some harbor suspicions that China's intentions may not be quite as peaceful as the country always claims. Naval ships disguised as fishing boats cruise with increasing frequency through the South China Sea, where China has territorial disputes with Taiwan, Vietnam, Malaysia, Brunei and the Philippines over the tropical Spratly Islands and with Taiwan and Vietnam over the Paracel Islands.

Chinese warships also now patrol along the Somali coast to protect Chinese ships carrying raw materials from pirates. American experts have never before located so many Chinese submarines making such long patrols so far from the mainland as they have in recent months.

'We Need America to Strike a Balance'

On two occasions, Chinese fishing boats have stopped an American spy ship near China's Hainan Submarine Base. Feelings of mistrust were further fueled by a Chinese general's announcement that Beijing will need permanent naval bases in the Pacific in the future.

Singapore's "minister mentor," Lee Kuan Yew, a wily veteran of Asian politics, summed up the situation: "The size of China makes it impossible for the rest of Asia, including Japan and India, to match it in weight and capacity in about 20 to 30 years. So we need America to strike a balance."

Lee's warning in the face of China's growing economic and military strength expressed what many Asians are thinking, namely that the US needs to remain a counterbalance to an ever more powerful China.

In China, though, Lee's comments drew anger. And Chinese politicians have their own reasons for being skeptical. They suspect the US of having a single goal in mind -- impeding China's "peaceable advancement" and forcing it to accept Western values like democracy.

Keeping the Yuan Down

Beijing checks all messages from the US carefully for signs that they serve the goal of "keeping China down." Is this why, for example Washington is pushing so insistently for the Chinese yuan to be revalued? American economists say the Chinese government keeps the exchange rate on its currency, also called the renminbi, so low expressly for the purpose of artificially increasing the price of American imports and making Chinese exports especially cheap -- and that this costs the US a great number of jobs.

Beijing responds that the accusation is unfair, since many American companies also manufacture their products in Chinese factories. If prices rose because of a stronger yuan, those companies would suffer as well.

But in the US, calls to protect domestic businesses against Chinese competitors are growing louder. Some economists now extol the advantages of protective tariffs, where before they preached free trade. China "follows a mercantilist policy, keeping its trade surplus artificially high," writes Nobel Prize winning economist Paul Krugman. "In today's depressed world, that policy is, to put it bluntly, predatory." The US, for its part, has slapped high tariffs on imported car tires and steel pipes, in a bid to protect domestic industry from cheap Chinese imports.

China "won't give in to any form of pressure" about revaluing the yuan, Chinese Prime Minister Wen Jiabao stated coolly at the beginning of the year. Communist Party leaders don't deny, though, that China's undervalued currency hands them advantages in international trade. But they feel justified in using these advantages.

The "American elite" has "no idea" what fatal consequences a revaluation of the yuan could have, says political commentator Liang Jing, adding that it would lead to a collapse in Chinese exports and "cause a worsening in domestic income distribution."

Desire for a Stronger Voice

What that means in plain language is that Chinese factories would need to lay off many workers and the divide between rich and poor would quickly grow wider -- potentially plunging the country into social unrest.

And if the Chinese government were to start allowing money to flow freely across its borders, something Washington is also pushing for, it would mean an "unprecedented exodus" of capital from the country, the commentator says.

When Zhou Xiaochuan, head of the People's Bank of China, called for the US dollar to be replaced in the long term as the world's reserve currency, he wasn't just contributing to

discussions about the global financial crisis. He was also sending a signal: Beijing politicians plan to have a stronger voice in bodies such as the International Monetary Fund. They don't want to leave the playing field completely to China's rival on the other side of the Pacific.

Above all, China wants to prevent the US from printing too much money to stimulate its economy. Inflation would cause the dollars China has invested in the US to melt away like ice in the sun.

Marriage of Convenience

With fears over the balance of power in the Pacific, an impending trade war, the dispute over the yuan, American armament supplies to Taiwan, and a possible meeting between US President Obama and the Dalai Lama, who is detested in Beijing, it looks like the US and China have some hard times ahead of them.

What will happen to "Chimerica," that economic marriage of convenience? The sense that it would be better to dissolve the forced union sooner rather than later is growing within China's Communist Party. Financial managers within the party are already exchanging long-term US Treasury securities for more short-term securities.

Sooner or later, Chimerica will come to an end. The real question is whether the former partners will be able to live peacefully with one another -- or if the divorce proceedings will turn acrimonious.