

Europe's false alibi in the G2

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No. 9 / 13 May 2011

For the first time since 2008, Washington is talking with Beijing from a position of relative strength - not weakness. This is not due to any substantial improvement in the US economic situation: the debt problem is still there, with the dilemmas it also poses for the country that has most heavily invested in US Treasury bonds over the past few years, precisely China. But President Obama is in better shape politically than he has been since he took office, and the United States is psychologically more solid. In the short term at least, Osama Bin Ladin's elimination has changed the prevailing mood, both for the United States and for its 21st century challenger.

China knows this. The communist/capitalist leadership group knows that the death of the Al-Qa'ida chief in Pakistan has changed something for Beijing too. It applauded Bin Ladin's demise (after all, China has its own domestic war against Islamist terrorism) yet it fears for the future of Pakistan, a traditional ally in its competition with India. But there is something more. China is concerned that Bin Ladin's death may allow Washington to more rapidly shake off the sands of Afghanistan in order to devote its attention to the real priorities of this century: those in Asia, from the Indian Ocean to East Asia. In other words, no longer the broader Middle East but the broader East, with China at the centre. This strategic rebalancing by the United States would, more rapidly than expected, close the window of opportunity from which Beijing has been benefiting since 2001 - a decade in which the United States, up to its neck in economic bubbles and two Middle Eastern wars, has left an enormous amount of room for the Middle Kingdom to make its comeback.

China is not in the ideal situation to cope with this sudden acceleration. It is in the midst of a Confucian election campaign (involving the succession from one generation of leaders to the next), it is keeping a close watch on the indirect impact of the Arab spring (however it ends), and above all, it fears the political and social effects of inflation - and inflation is there. All these factors help to explain the domestic political crackdown of the past few months; which in fact has become sufficiently harsh to move the US Administration to raise the issue of



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human rights more explicitly than usual in the course of the recent bilateral US-China Strategic and Economic Dialogue, May 10-11, in Washington.

There are several difficulties in the economic sphere, too. It is true that China weathered the financial meltdown well, indeed much better than the Western economies; but it is also true that Beijing must come to grips with a necessary review of its own development model. One phase is over: The phase of globalization prior to 2008, with all of its benefits for the growth strategy of the past few decades, is running out of steam. And the US is going to put more pressure on China to rebalance its economy.

In foreign relations, China has shelved – in part, at least – the ‘low-profile’ policy suggested by Deng Xiaoping, the author of the country’s economic miracle. In its place, it has opted for greater assertiveness, especially in the South China Sea, combined with a rising defence budget. The Navy’s expansion is one of the signs of this readjustment, yet its results are not clear. For the time being, the United States’ traditional Asian allies are increasingly anxious and in search of reassurance. In an East Asia temporarily deprived of Japan, the United States is seen as a crucial Pacific power even more today than in the past.

Washington’s explicit (and Beijing’s implicit) assumption is that the Chinese Army’s participation at the table of bilateral dialogue -- the most important new development in this round -- will be able to reduce the rate of mutual ‘misunderstandings’: in fact, an agreement was reached, in Washington, to hold bilateral consultations on the Asia-Pacific region. This is an important development, if we use the handling of the Korean nuclear crisis as our yardstick, but it does not eliminate the divergence in the two countries’ interests on Asian security.

Can a more confident (yet still economically fragile) United States and a more anxious China (in the midst of transition) spawn a stable and effective ‘G2’? For now the answer is negative. This, because even if the factors are inverted compared to some months ago, the result does not change: The real situation is even closer to a kind of ‘G0’, a dangerous void of world leadership, than to a US-China ‘condominium’, capable of governing an increasingly complex world – possibly as the hard core of a G20 that has already shown its limitations. One has but to think of all the talk about reforming the monetary system, none of which has produced tangible results.

None of this leads us to suggest that the United States and China are preparing for the cold war of the future. In his new book entitled "On China," Henry Kissinger explains the risks, but also the ways of avoiding a scenario that would be catastrophic, for future generations.

The concept of a ‘G2’ has always worried Europe, which feels left out of the "most important bilateral relationship in the world" (as the Obama administration initially defined it, much to the Europeans’ resentment); but it also risks being used as an excuse by a Europe that is incapable of shouldering its international responsibilities. After a new round of the US-China Strategic and Economic Dialogue and when the Greek crisis is hitting the headlines again, Europe would be well advised to put paid to that alibi.