

FOR six decades now, Taiwan has been where the simmering distrust between China and America most risks boiling over. In 1986 Deng Xiaoping called it the “one obstacle in Sino-US relations”. So there was something almost ritualistic about the Chinese government’s protestations this week that it was shocked, shocked and angered by America’s decision to sell Taiwan \$6 billion-worth of weaponry. Under the Taiwan Relations Act, passed in 1979, all American administrations must help arm Taiwan so that it can defend itself. And China, which has never renounced what it says is its right to “reunify” Taiwan by force, feels just as bound to protest when arms deals go through. After a squall briefly roils the waters, relations revert to their usual choppy but unthreatening passage.

With luck, this will happen again. But the squalls are increasing in number, and the world’s most important bilateral relationship is getting stormy. If it goes wrong, historians will no doubt heap much of the blame on China’s aggression; but they will also measure Barack Obama on this issue, perhaps more than any other.

The China ascendancy

As if to highlight the underlying dangers, China has this time gone further than the usual blood-and-thunder warnings and suspension of military contacts (see [article](#)). It has threatened sanctions against American firms and the withdrawal of co-operation on international issues. Those threats, if carried out, would damage China’s interests seriously, so its use of them suggests that it hopes it can persuade Mr Obama to buckle—if not on this sale then perhaps on Taiwan’s mooted future purchases of advanced jet-fighters. But the unusual ferocity of the Chinese regime’s response also points to three dangerous undercurrents.

The first is the failure of China’s Taiwan policy. Under the presidency of Ma Ying-jeou, Taiwan’s relations with the mainland have been better than ever before. Travel, trade and tourist links have strengthened. A free-trade agreement is under negotiation. Yet there is little sign of progress towards China’s main goal of “peaceful reunification”. Most Taiwanese want both economic co-operation and de facto independence. A similar failure haunts policy in Tibet, where our correspondent, on a rarely permitted trip to the region, found the attempt to buy Tibetans’ loyalty through the fruits of development apparently futile (see [article](#)). As talks between China and the emissaries of the Dalai Lama ended in the usual stalemate this week, China warned Mr Obama against his planned meeting with Tibet’s exiled spiritual leader.

Again, nothing new in that. There is, however, a new self-confidence these days in China's familiar harangues about anything it deems sovereign. That is the second trend: China, after its successful passage through the financial crisis of late 2008, is more assertive and less tolerant of being thwarted—and not just over its “internal affairs”. From its perceived position of growing economic strength, China has been throwing its weight around. It played a central and largely unhelpful role at the climate-change talks in Copenhagen; it looks as if it will wreck a big-power consensus over Iran's nuclear programme; it has picked fights in territorial disputes with India, Japan and Vietnam. At gatherings of all sorts, Chinese officials now want to have their say, and expect to be heeded.

This suggests a dangerous third trend. As China has opened its economy since 1978, it has been frantically engaged in catching up with the rich West. That has led to the idea, even among many Chinese, that it would gradually become more “Western”. The slump in the West, however, has undermined that assumption. Many Chinese now feel they have little to learn from the rich world. On the contrary, a “Beijing consensus” has been gaining ground, extolling the virtues of decisive authoritarianism over shilly-shallying democratic debate. In the margins of international conferences such as the recent Davos forum, even American officials mutter despairingly about their own “dysfunctional” political system.

A swing not a seesaw

Two dangers arise from this loss of Western self-confidence. One is of trying to placate China. The delay in Mr Obama's meeting with the Dalai Lama in order to smooth his visit to China in November gave too much ground, as well as turning an issue of principle into a bargaining chip. America needs to stand firmer. Beefing up the deterrent capacity of Taiwan, which China continues to threaten with hundreds of missiles, is in the interests of peace. Mr Obama should therefore proceed with the arms sales and European governments should back him. If American companies, such as Boeing, lose Chinese custom for political reasons, European firms should not be allowed to supplant them.

On the other hand the West should not be panicked into unnecessary confrontation. Rather than ganging up on China in an effort to “contain” it, the West would do better to get China to take up its share of the burden of global governance. Too often China wants the power due a global giant while shrugging off the responsibilities, saying that it is still a poor country. It must

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be encouraged to play its part—for instance, on climate change, on Iran and by allowing its currency to appreciate. As the world's largest exporter, China's own self-interest lies in a harmonious world order and robust trading system.

It is in the economic field that perhaps the biggest danger lies. Already the Obama administration has shown itself too ready to resort to trade sanctions against China. If China now does the same using a political pretext, while the cheapness of its currency keeps its trade surplus large, it is easy to imagine a clamour in Congress for retaliation met by a further Chinese nationalist backlash. That is why the administration and China's government need to work together to pre-empt trouble.

Some see confrontation as inevitable when a rising power elbows its way to the top table. But America and China are not just rivals for global influence, they are also mutually dependent economies with everything to gain from co-operation. Nobody will prosper if disagreements become conflicts.

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