

The World Is Facing A New Order

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Once again, the world is facing a new order. When the Soviet Union collapsed, the global supremacy of the United States seemed to be sealed for decades. Today a new, incomparably more dangerous challenger has appeared on the world stage. It is one that threatens to beat the West with its own best weapon: the economy. This one sneaks up behind its opponents, lures and addicts them with its cheap goods, while quietly stashing away cash as currency reserves.

For many, China's rise proves that free trade does not benefit everybody - notwithstanding standard economic theory. At breakneck speed, this new "Orient Express" has emerged from a dark tunnel as the world's factory. It already produces two-thirds of all DVD players and other electronic equipment, not to mention textiles and toys. At the same time, more and more industries and jobs are heading to the Far East.

Wal-Mart is a case in point. The biggest company in the United States, the retail chain posts sales seven times higher than Microsoft's. It employs 1.6 million people - more than Ford, General Motors, General Electric and IBM put together. The fact is, when a company like Wal-Mart turns China into its biggest supplier, American industry has a giant-size problem on its hands.

The rise of China as a global economic power started tentatively, in the slipstream of America's defeat in Vietnam. In 1972, to close down one of America's two Cold War fronts, President Richard Nixon opted to break the ice with China - through ping-pong diplomacy. A few years later, the red rulers introduced their first economic reforms.

China catapulted itself onto the world stage just as the United States was reeling from the impact of Sept. 11, 2001, and focusing on its war on terror. As neo-conservatives were preaching that the hegemonic capitalist power shape the world order through pre-emptive strikes, Beijing had already undercut its dominance. Using a "socialist market economy with Chinese characteristics" - in reality a turbocharged breed of unbridled capitalism under the flexible control of an authoritarian government - the new "red bosses" had already created a pragmatic response to the ideologically paralyzed industrial power of the United States.

At the beginning of the 16th century, the country was surpassed in terms of riches and trading by the Portuguese. The Spaniards rose to power as well. Then came the British and, finally, the Americans. In

1820, China was generating one third of the world's gross domestic product. By 1950, that share had fallen to 5 percent.

The Manchu emperors' primary concern was to cement their control within the country and on the fringes of their empire. Insurrection was brutally suppressed, the island of Taiwan annexed; Tibet was declared a protectorate and the Muslim area of Xinjiang in the West subdued. Around the end of the 18th century, China controlled huge sections of eastern and western Asia. It was the world's largest multi-ethnic state.

Outside its immediate sphere of influence, China banked on the cultural superiority of its civilization. It won over foreign rulers by granting trade privileges: Neighbours from Vietnam to Korea - and even Japan - regularly set off on missions to pay tributes exacted by the sons of heaven.

The Jesuits' scientific knowledge gained them access to the ranks of the imperial bureaucracy: Adam Schall von Bell (a Cologne native who died in 1666) was head of astronomy in Beijing. More than three centuries later, the Chinese are still using the same flexible approach to hosting Western companies and assimilating their technology whenever it serves their own interests. This pragmatism distinguishes China from its warring neighbours, the Japanese, who executed Christians in the 16th century. To this day, notwithstanding its various promises to the Americans, Tokyo still seeks to shield its domestic market from foreign infiltration.

The strategists in Beijing have closely observed the longstanding trade dispute between the Americans and the Japanese. In the tradition of their great military tactician Sun Tzu, they want to avoid a direct confrontation with a powerful opponent such as the U.S. "Heping Jueqi" - this is the motto that the government uses to describe its plans for a fresh "peaceful resurrection" of its former imperial greatness. The meaning of this nebulous phrase is crystallizing rapidly in U.S. and Western minds. In a few short years, China has emerged as the world's manufacturing hub, and its economy is growing unchecked. U.S. companies like Motorola, the megabrewer Anheuser-Busch and General Motors are among its biggest employers.

American expansion in the Pacific began in the mid-19th century, when China's empire in eastern Asia was collapsing. Under the doctrine of Manifest Destiny, covered wagons headed toward the Wild West. After California was won in the war with Mexico (1848), there remained just one more territorial goal for the great United States: the Pacific. The Americans opened Japan to trade, colonized the Philippines and annexed Hawaii.

They arrived in China too late. But that did not stop them from rushing headlong into the fray with their "open door" policies and legions of Christian missionaries. As a result, they were not left out when imperial European powers and Japan divided up China. There was nothing arbitrary about China's first modern-style boycott being directed against the United States in 1905. In Shanghai and Canton, nationalistic students went on a rampage against the influx of American products.

Following the victory over Imperial Japan in 1945 and the downfall of the British Empire, the United States turned much of eastern Asia into a Cold War buffer against communism. The Americans clashed head-on with the Chinese for the first time at the end of 1950 during the Korean War, and suffered their first serious humiliation. When U.S. General Douglas MacArthur ordered his troops to the Yalu River along the border, Mao Zedong, the Great Helmsman, struck. Under cover of darkness, he slipped 180,000 soldiers from the People's Liberation Army across the river. Panic-stricken, the Americans fled as far south as the 38th parallel.

The forced retreat triggered by the only rudimentarily equipped but thoroughly disciplined Chinese - Mao had established the People's Republic just a year earlier - shocked the superpower.

In Washington, President Truman threatened China with nuclear war. MacArthur drew up a list of 26 possible targets in China and North Korea. But things never escalated to that point. Instead, the two opposing forces reached a truce on the 38th parallel.