

31 marzo 2010

China and Google: Implications for US-China Relations

Axel Berkofsky^(*)

Smelling Conspiracy

For the Chinese public (at least judging by the quality and tenor of the reporting on the Google case in the Chinese press in recent weeks), Google's decision to no longer accept Chinese censorship has been "coordinated" with the US government. The Chinese press (subject to Beijing's censorship and supervision) was in recent weeks awash with stories suspecting a conspiracy with Google and the White House jointly deciding to publicly "humiliate" China. Parts of the Chinese press and the country's Internet community went as far as maintaining that the White House "ordered" Google to leave China "interfering" in China's internal affairs humiliating China.

Nothing of course could be further away from the truth as Google is hardly a Chinese-style state-owned enterprise receiving orders from a central government on where and how to operate at home and abroad. Put simply, Google's management did not check with the White House before announcing its decision to no longer subject itself to Chinese censorship even if this is being perceived differently (and wrongly) in China.

To be sure, the fact China's Internet community's harsh criticism directed at Google and the US government went uncensored is somehow ironic proving that verbal attacks towards foreign governments and companies is acceptable while challenging the Communist Party's authority in Internet chat-rooms is not. Currently, more than 50.000 so-called "Internet policemen" are seeking to control Internet users and chat-rooms in China shutting down chat-rooms and blocking websites.

Censoring the Internet (and not only in China but according to the Financial Times in 39 other non-democratic and democratic countries too) runs counter to the very idea of the Internet of making information accessible globally. That message from outside was due to arrive in China sooner or later even if Google accepted censorship and control over its operations in China far too long as far as critical observers inside and outside China are concerned.

Strained Relations

To be sure, US-China relations were strained well before the Google case hit the headlines, due to Washington's recent approval of arms sales to Taiwan and US President Obama's meeting with the Dalai-Lama in the White House in February. Allowing US companies to sell arms to Taiwan and receiving a what China refers to as "separatist" continuing to question China's territorial integrity, was nothing less than US "interference" in what Beijing calls "internal affairs". In both cases, Beijing asked the US ambassador in Beijing to "explain" his government's decisions, of course "standard procedure" in international diplomacy and hardly anything to get excited about, now or in the future.

Unless some "dramatic" happens on the bilateral US-China agenda in the months ahead, Beijing asking Beijing-based US officials to explain decisions Beijing is unhappy is probably as far as it will go.

In other words, while China will continue to reserve its right to complain about US China policies, Washington will continue to formulate and implement them, sometimes regardless of China's opinion on them.

(*) Axel Berkofsky, Senior Associate Research Fellow, ISPI

China Retaliating?

How exactly could Beijing retaliate over Google, arms sales and meetings with the Dalai-Lama if it chooses to? Economically? Politically? As regards economics and business-to put it bluntly-the US market is yet far too important for Chinese companies to get “orders” from Beijing to sell less to the US or produce for US companies operating in China. To be sure, analysts increasingly argue that Beijing is actively pursuing an economic so-called “decoupling strategy” aimed at making China less dependent on the US economy and market. The “coupling” to the West which enabled China to enjoy high-speed economic growth for the 20 years, the argument goes, might be coming to an end with Beijing undertaking efforts to make itself less dependent on US consumers obliged to spend less and save ore in the years ahead. Realistically, however, “decoupling” the Chinese economy from the West in general and the US in particular remains a very distant goal as long as China produces and assembles for the West and the US as much as it currently does. There is wide agreement amongst economists that China will in the years ahead not nearly consume and spend enough internally to make the economy less dependent on Western markets and willingness to import Chinese-made products and services.

Joseph Nye (writing in PacNet on March 25) is of course right that China holding enormous amounts of dollar-based US Treasury bonds is not source of power either, due to what Nye (and many others) calls «symmetrical economic US-China interdependence». «If China dumped its dollars on world markets», Nye writes, «it could bring the US economy to its knees, but in doing so it would bring itself to its ankles. China would not only lose the value of its dollar reserves, but would suffer major unemployment. When interdependence is balanced, it does not constitute a source of power».

Beijing’s possibilities (and admittedly willingness too) to put political pressure on Washington after its approval to sell arms to Taiwan, the Obama-Dalai-Lama meeting in Washington and now Google’s decision to no longer accept censorship too are very limited, if at all existent.

Postponing or cancelling high-level official encounters (as China has done with Japan or the European Union in the past) remains Beijing’s “favourite” instrument to express discontent about European and US China policies, but so far there are no indications that Beijing is planning to jeopardize political ties and high-level over the Google case.

More Important Issues

Maybe not yet US-China business as usual, but US-China ties are very unlikely to suffer out of proportion over Google, arms sales to Taiwan or the Obama-Dalai-Lama meeting.

The Google case has created a good share of headlines and a lot of speculation on how it will and will not affect overall US-China relations, but there are other more important and potentially much more controversial issues on the US-China agenda in the months ahead: The Chinese currency (undervalued, as far as Washington is concerned), the ever growing trade deficit in China’s favor, intellectual property rights violations in China, disagreements over policies and sanctions towards Iran, North Korea, Burma and other what Washington refers to as “rogue” or “failing” states.

These issues and not a single company’s decision not to play by Beijing’s rules will feature on top of the US-China agenda in the months and years ahead.

La ricerca ISPI analizza le dinamiche politiche, strategiche ed economiche del sistema internazionale con il duplice obiettivo di informare e di orientare le scelte di policy.

I risultati della ricerca vengono divulgati attraverso pubblicazioni ed eventi, focalizzati su tematiche di particolare interesse per l’Italia e le sue relazioni internazionali.

ISPI
Palazzo Clerici
Via Clerici, 5
I - 20121 Milano
www.ispionline.it

© ISPI 2010