

① “New Cold War”

Chinese Economic Growth: High

US Perception's of China: Competitive/Threat

The “New Cold War” scenario is characterized by low US economic growth, a strong Chinese economy, and growing nationalism in both China and the US. The scenario begins with the election of George W. Bush as President of the United States. Upon inauguration, Bush launches an ambitious National Missile Defense (NMD), and an Asian Theater Missile Defense (TMD) system. Tensions with China begin to rise. At the same time, we see growing US public – and later political – opposition to globalization (“Backlash of Seattle”). Coupled with growing world energy prices – in response to a global campaign to curb climate change - the anti-globalization campaign precipitates a dramatic slowdown in US economic growth and overall loss of relative global power. The global economy, particularly China, remains calm and stays the course.

In China, at the 16th Chinese Communist Party Congress in 2002, a “left oriented” group of leaders are elected, thereby further legitimizing the CCP politically while keeping economic reforms moving ahead. This scenario foresees little political reform in China over the next ten years; China’s economic growth, however, remains dynamic. Driven by high military spending, effective conversion of state industries, and a growing economic partnership with Europe (seminal event is purchase of Airbus aircraft), China’s economy becomes the largest in the world by 2004. China is prepared to weather the energy crisis as it successfully diversified its energy sources (most importantly a successful Three Gorges Dam project and China-Russia pipeline) in the early 00s.

Back in the United States, growing resentment over Chinese trade practices spills over to other issue areas. US leaders are told to “get tough on China”. Tensions in the Taiwan Strait explode in a skirmish, and a limited “info-war” breaks out between the two countries. Taiwan’s political identity continues to grow, yet there is greater economic cooperation between Beijing and Taipei. North and South Korea continue to improve relations, however, unification is stalled by US-China tensions. Emerging new balance of power in Asia between China, Russia, and North Korea on one side, and the United States, South Korea, Japan, and Taiwan on the other.