

FT Swamp Notes **China**

China's German Shepherd diplomacy

The US should not lower its guard, but to interpret Beijing's every move as nihilistic would be naive



Newspapers in Tehran feature on their front-page news about the China-brokered deal between Iran and Saudi Arabia to restore ties
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Edward Luce YESTERDAY

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Wolf Warrior 2, sequel to *Wolf Warrior*, was China's highest ever grossing movie soon after its 2017 release. These lurid blockbusters coincided with the new and more ebullient phase of Chinese diplomacy. Wolf warrior diplomacy became its natural moniker.

I thought of those films this week after China brokered a rapprochement between Saudi Arabia and Iran, a deal that Washington's foreign policy community rightly bemoaned would have been beyond America's reach. In [his statement on the deal](#), which took almost everyone by surprise — including, apparently, Israel's Mossad — Jake Sullivan, America's national security adviser, acknowledged that point while also welcoming any steps to reduce instability in the Middle East. Though Sullivan was speaking the truth, I have to commend him for doing so in these hyperventilating times.

Contrary to the cartoonishly hawkish consensus expressed by the House select

committee on China, Beijing is not seeking America's "submission". Nor is it China's declared goal to snuff out America's "fundamental freedoms". These are overhyped conclusions drawn from a selective ransacking of Xi Jinping's statements — and most recently those by Qin Gang, China's wolf warrior-ish new foreign minister.

To be sure, China wants to make the world safe for autocrats, which chiefly means China. It is also in a deadly serious great power competition with the US. The challenge posed by China demands the highest-level strategic thinking from America. But China has no universalist "autocracy versus democracy" framing to match America's. No doubt, it makes life simpler to invert our worldview into China's. But it would be a disservice to America's ability to operate effectively in the world to project ourselves on to them. For an all-too-rare evaluation of our tendency to reach first for the most Manichean conclusions, and how they threaten to become self-fulfilling, I commend this [excellent piece in the National Interest by Paul Heer](#).

Which brings me back to the Saudi-Iran deal. I have been struggling to come up with a downside. The context is that Mohammed bin Salman, Saudi Arabia's crown prince, requested Xi Jinping to broker it during the Chinese leader's state visit to the kingdom late last year. He did not ask Joe Biden to be the mediator because the US has no ability to talk to Iran. China, meanwhile, is sufficiently even-handed between Riyadh and Tehran to perform that role, and is now powerful enough to act as an implicit guarantor. Since China relies heavily on the Middle East for its energy, and America no longer does, it makes sense that it should cease to be a free rider on Pax Americana. China, in other words, has a larger stake in the security of the Strait of Hormuz than America.

The deal also has its ironies. The basis of US foreign policy is to pivot to the Indo-Pacific at just the moment when China is extending its reach to every continent. If you see the world one way, that could mean a US-China fight to the death for global primacy. If you want to shape the world another way, you could see this as a welcome chance for burden-sharing. How we respond to China is a choice that in turn will shape China's behaviour. At no point should the US lower its guard or fall for Beijing's happy-clappy talk about the "community of the shared future of mankind" and "inter-civilisational exchanges" (for a good summary of China's formal positions [read this thread](#)). That would be naive. A rational US stance would be to mistrust and verify, to paraphrase Ronald Reagan. But to interpret China's every move as that of America's nihilistic doppelgänger is to fall prey to a more dangerous form of naïveté. Sometimes a wolf warrior can play the role of German shepherd.

As for the films, their plots are up there with the worst B-movies Hollywood has to

offer. To cut a long story short, they are about a renegade PLA special forces soldier who eventually kills a comically evil former Navy Seal mercenary called Tom Cat. It involves drug gangs and lots of violence. Doubtless it had Chinese audiences on their feet. Having suffered through many *Rambo* movies, we can all relate. I will not hold my breath for the Chinese version of *Lassie* in which a Chinese canine brokers world peace. But I very much hope that Mike Gallagher, the chair of the House China committee, will quit his cartoon habit and study a little bit of history. After all, his work takes him to Washington not Los Angeles.

Brooke, since you're based in New York, I'm curious to know whether the financial and business world has a China view that is meaningfully different from that of the foreign policy community. US big business used to play the role of "peace faction" in DC. Nowadays that voice seems notable by its absence — doubtless influenced by China's policy of enforced technology transfers.

Recommended reading

My column this week looks at the toxic affinity between Vladimir Putin and the Maga cultural right and argues that the [US presidential election next year may be Putin's best hope](#) of winning in Ukraine.

- The FT's coverage of the SVB and related bank collapses over the last week has been objectively world-beating. There are too many colleagues to mention so let me highlight an outside contributor, Sheila Bair, former chair of the FDIC, whose [op-ed on the bailout was right on the money](#).

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Do also watch — or listen to — this [Deep State Radio podcast](#) with my colleague Martin Wolf on his excellent new book, *The Crisis of Democratic Capitalism*.

- Finally, I want to offer a clarification to my last full Swamp Notes, ["Vladimir Putin is much more broke than we think"](#). On reflection I was unfairly harsh in accusing the IMF of credulity about the Russian GDP numbers, which I am now persuaded are plausible. My apologies for
- what was an error of judgment. Admitting that does not come naturally!

Brooke Masters responds

Ed, based on my conversations with corporate executives, I think they have very mixed feelings about China. Its sheer size and the growth of its middle class make it a market that everyone wants to sell to, and the financial services sector in particular has been excited about the recent opening to foreign providers.

But companies are wary of getting caught on the hop as they were when the US imposed sanctions on Russia. Those that suffered supply chain snarls when China shut down for Covid are especially mindful of the dangers. The long-term solution for many companies may be to set China up as a self-contained unit, supplying local customers. There are still some strong pro-engagement voices, but most corporate executives are keeping their heads down and their options open.

Rana Foroohar will return next week.

Your feedback

And now a word from our Swampians . . .

In response to [“Why Biden is wise to reduce the deficit”](#):

“Rana Foroohar’s description of what could bring about a crisis of monetary insolvency in the US should be a starting point for a wider debate. Future debt levels in relation to debt service paying capabilities should be a central point to overall future economic policymaking. Either policymakers do it or worldwide markets will. Overall US fiscal and monetary policy must be evaluated in terms of what might happen in a future stress test, which will surely come. The way to keep dollar-denominated securities central to the global monetary reserve system is to keep them somewhat scarce and paying an interest stream of useful value to the holders. Second-most productive economy in the world won’t cut it.” — *Paul A. Myers, Corona del Mar, California*

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