$\{121, 112\}$

Upper bound

Always use $1->1->1->\ldots$ for "larger" subtree and $1->2->1->2\ldots$ for "smaller" subtree, so that the alternating paths $1->2->1->2\ldots$ that you create can be as short as possible. E.g. if you have a long path with some short hairs, the long path would be $1->1->1->\ldots$ and only the hairs would need color 2 in a coordinated manner.

Hence $O(\log n)$

Lower bound

It is clear that, in a general case, we cannot use only 1 of the 2 labels, so both labels will need to be used. Therefore, trivial solution where each node outputs the same label wouldn't work here.

It is rather easy to see that a deterministic setting there is no fast algorithm since, looking at a regular tree, at some level x, labels of the nodes at this level will **uniquely** determine labels of their parents => we have $\Omega(logn)$.

We can argue that randomness does not help here. Let's assume the opposite. Then there is a node v somewhere in the middle of a large rooted tree G s.t. the output of v depends on the random bits in its constant neighbourhood C. In particular, the output of v is not completely determined by unique ids of nodes in C and the tree structure. Then, if we look at the set X of nodes s.t. they are at the distance of d from v and all nodes in X are descendents of v. Given that d is large enough, the number of label-2 nodes in X has to change whenever v changes its label. Thus, no matter what's the distribution of labels in set X, if their random bits are independent of the random bits of v, with probability v0 we will have a mismatch somewhere in the tree.

Hence $\Omega(\log n)$

Thus, we have $\Theta(\log n)$