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# Globalization in Reverse and the Challenge for China's Foreign Policy in the New Era

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President Helga Zepp-LaRouche, distinguished guests, ladies and gentlemen:

It is my great honor to be invited to attend the conference held in such a beautiful place. Today, I will briefly talk about globalization in reverse, China's foreign policy, and the challenges facing China, including the three traps. There are some misconceptions and misjudgments by Western countries toward China's development, which hinder the relations between China and the West. Our host, the Schiller Institute, offers me an opportunity here to explain China's policies and China's initiatives to resolve misunderstandings toward China.

## **I. China's Perception of Globalization in Reverse**

The trend of globalization in reverse is a hot issue in the current international landscape and it has been especially prominent in Western developed countries. Brexit, Donald Trump's election as President of the United States, and the tremendous impact of far right forces on the political ecology of France, Germany, Italy and other major European countries, have reflected the rampant backlash against globalization in Western countries from different angles. In some developing countries, protectionism and nationalism have also emerged to varying degrees in recent years, which shows the trends of reverse globalization, anti-global-



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ization and deglobalization are not limited to the developed world, but are a worldwide phenomenon with varying forms and momentum in different countries and regions.

Globalization in reverse and global trade protectionism are not accidental phenomena; there is a deep background for their rise and they are closely related to some problems of globalization, the most prominent of which is the inequality of social distribution and the uneven development among nations. Unequal social distribution is a weakness inherent in market economy, but economic globalization further

exacerbates the problem. In market economy, the profit of different economic factors varies significantly, among which the difference between capital and other factors of production is most outstanding. The findings of French economist Thomas Piketty in this regard deserve special attention. Piketty believes that if the return on capital is much higher than the economic growth rate over a relatively long period, the risk of wealth distribution differentiation will become considerable.

The problem of uneven development among countries that arises from the process of globalization is equally profound and complex, which has two manifestations: the North-South problem and the East-West problem. For the North-South problem, globalization has not only spawned a group of emerging economies that contribute to the collective rising of developing countries, but has also marginalized a number of others. Such countries not only have limited benefits from globalization, but are also facing increasing risks and pressures. As a result, the gap between them on one hand, and the developed and even emerging countries on the other, is widening further. This situation has exacer-

bated the political and social ecology within these countries and is also one of the key factors in some continued regional conflicts and unrest.

There are complicated reasons for the marginalization of some countries in globalization, both domestically and internationally. On the international front, the biased rules of globalization have forged an international competitive environment that is detrimental to the well-being of these countries. Until recently, globalization has been dominated by developed countries, and relevant rules have accommodated their interests. This situation has improved considerably since the beginning of the 21st Century, with the efforts of developing countries, but there are still many unjust factors in the international order, and the North-South contradiction remains a prominent problem in the development of globalization.

The East-West imbalance mainly manifests itself between emerging and developed economies. The inexorable rise of a large number of developing countries over the past twenty or thirty years, especially major emerging countries, has changed the dominance of Western developed countries in the international balance of power. The world architecture is undergoing changes, changes without precedent in the last centuries, that strongly boost the development of multi-polarization. The uneven development has important positive effects on the progress of human society. However, as the world economy is under downward pressure, such a trend has also worsened the contradiction between developed and emerging countries in the international order. Particularly after the international financial crisis, Western developed countries, including the United States and European countries, have been confronted with many development dilemmas, and the contradictions between developed and emerging countries have also become more prominent.

Developed countries' accusation against the emerging countries of free-riding reflects their intention to justify their own problems, but also has bearing on the difficulties of developing countries in enforcing the rules. It is needless to say that fair play depends not only on the fairness of the rules themselves, but also on whether the fair rules are observed, as well as on the effect of the implementation. As the economic volume of emerging countries grows, the difference in effects of implementing the rules has been increasingly relevant to the international competition and the order of globalization.

To conclude, the current reverse of globalization is

the result of various kinds of problems regarding justice and uneven development in the process of globalization. The reasons for these problems are complicated, involving almost all participants in globalization. The resolution of these problems is not a unilateral responsibility of a particular category of countries, but a common obligation of all participants in globalization.

With regard to the development of globalization, we should transcend the limitation of narrow nationalism and understand it with the idea of the community of shared future for mankind. In his remarks at the General Debate of the 70th session of the UN General Assembly in 2015, President Xi Jinping said: "The greatest ideal is to create a world truly shared by all." Peace, development, equity, justice, democracy and freedom are common values of all mankind and the lofty goals of the United Nations. Yet these goals are far from being achieved, and we must continue our endeavor to meet them." To uphold and promote the universal values of all mankind, advance the community of shared future, and promote the common welfare of all people should be the guiding beliefs of shaping the new globalization.

We need to inject new impetus into globalization through new initiatives. In this regard, China's Belt and Road Initiative has outstanding significance. The Belt and Road mobilizes both international and domestic resources, coordinates the two civilizations of land and sea, and champions the vision of shared, mutually beneficial and balanced development, providing convenience and conditions for the people along the routes to create value and injecting new impetus into the transformation of globalization.

Certainly the transformation of globalization needs more new driving forces like the Belt and Road Initiative. With concerted efforts, countries can also forge more open channels for cooperation at international, regional and bilateral levels, such as the exploration and construction of the Regional Comprehensive Economic Partnership (RCEP), the Asia-Pacific FTA (FTAAP) and the China-Japan-South Korea FTA, and the promotion of agreements in investment and other areas between China and the United States, and China and Europe, so as to provide more positive energy for globalization.

## **II. China's Foreign Policy in the New Era**

In the 19th National Congress of the Communist Party of China (CPC), Xi Jinping summarized China's world views by arguing that "the world is undergoing

major developments, transformation, and adjustment, but peace and development remain the call of our day.” In this process, Xi emphasized: “Our world is full of both hope and challenges.” On the one hand, the “trends of global multi-polarity, economic globalization, IT application, and cultural diversity are surging forward; changes in the global governance system and the international order are speeding up; countries are becoming increasingly interconnected and interdependent; relative international forces are becoming more balanced; and peace and development remain irreversible trends.” On the other hand, however, “as a world we face growing uncertainties and destabilizing factors. Global economic growth lacks energy; the gap between rich and poor continues to widen; hotspot issues arise often in some regions; and unconventional security threats like terrorism, cyber-insecurity, major infectious diseases, and climate change continue to spread. As human beings we have many common challenges to face.”

Against this background, Xi warned that “no country can address alone the many challenges facing mankind; no country can afford to retreat into self-isolation.” At the same time, he expressed a relatively positive attitude towards the prospects of the world by calling that “we should not give up on our dreams because the reality around us is too complicated; we should not stop pursuing our ideals because they seem out of our reach.”

Xi’s summary of China’s world outlook in the political report delivered at the 19th National Congress of the CPC comprehensively reflects the mainstream views of China on the situation of the world. From the academic point of view, Xi’s evaluation of both opportunities and challenges facing the current world is well-balanced, with a question-orientation and an optimistic tone.

There are two central pillars in terms of the framework of China’s foreign policy: The first one is “to build a community with a shared future for mankind, to build an open, inclusive, clean, and beautiful world that enjoys lasting peace, universal security, and common prosperity.” The second one is to “forge a new form of international relations featuring mutual respect, fairness, justice, and win-win cooperation.”

The basic approach of China’s foreign policy is to develop global partnerships and expand the convergence of interests with other countries. With this approach, “China will promote coordination and cooperation with other major countries and work to build a

framework for major country relations featuring overall stability and balanced development. China will deepen relations with its neighbors in accordance with the principle of amity, sincerity, mutual benefit, and inclusiveness, and the policy of forging friendship and partnership with its neighbors. China will—guided by the principle of upholding justice while pursuing shared interests and the principle of sincerity, real results, affinity, and good faith—work to strengthen solidarity and cooperation with other developing countries.”

### III. China’s Challenge: Properly Handling Three Traps

China is now facing some challenges, including how to cope with the “Thucydides Trap,” the “Kindleberger Trap,” and the Cold War Trap.

The first challenge China now encounters is how to cope with a paradox between two related traps. The paradox was first pointed out by Joseph S. Nye, Professor of Harvard University, although it was referred to as a problem faced by the United States. Nye argued in an article immediately after Donald Trump came to power: “As U.S. President-elect Donald Trump prepares his administration’s policy toward China, he should be wary of two major traps that history has set for him.” One is the “Thucydides Trap,” which refers to the warning by the ancient Greek historian that cataclysmic war can erupt if an established power (like the United States) becomes too fearful of a rising power (like China). “But Trump also has to worry about the “Kindleberger Trap.”

[According to Professor Nye:](#) “Charles Kindleberger, an intellectual architect of the Marshall Plan who later taught at MIT, argued that the disastrous decade of the 1930s was caused when the U.S. replaced Britain as the largest global power but failed to take on Britain’s role in providing global public goods. The result was the collapse of the global system into depression, genocide, and world war.”

The most interesting point of Nye’s argument lies with a dilemma the United States may face when it tries to cope with the two traps. On the one hand, according to Nye, the main problem of the Thucydides Trap for the United States comes mainly from “a China that seems too strong rather than too weak.” On the other hand, the problem of the Kindleberger Trap may emerge because of “a China that seems too weak rather than too strong” to help provide global public goods. President Trump is therefore facing a paradox, if only because he

“must worry about a China that is simultaneously too weak and too strong. To achieve his objectives, he must avoid the Kindleberger trap as well as the Thucydides trap. But, above all, he must avoid the miscalculations, misperceptions, and rash judgments that plague human history.” (Joseph S. Nye, “The Kindleberger Trap,” March 1, 2017, Project Syndicate)

Unfortunately, the paradox faced by the United States seems to apply more or less to China as well. In a period when the Trump Administration pursues the “putting America first” strategy and prepares to reduce the United States’ contribution to providing international public goods, the pressure of the Kindleberger Trap on China grows inevitably. If China refuses or hesitates to take more responsibilities in providing global public goods, it is almost certain to hear stronger criticism that China continues to free-ride rather than contribute to the existing international order. If China does the opposite, that is, to take more international responsibilities which fit in with China’s rapidly growing national strength, as it has done, it is also unavoidable to hear the accusation that China is in search of regional and even global hegemony.

Reading the accusation about China made in the [National Security Strategy](#) of the United States of America delivered in December 2017 helps understand how serious the dilemma faced by China may become. This document, referred to by President Trump as “an America First National Security Strategy,” argues that the increasing competitions in the world “require the United States to rethink the policies of the past two decades—policies based on the assumption that engagement with rivals and their inclusion in international institutions and global commerce would turn them into benign actors and trustworthy partners.” It concludes: “For the most part, this premise turned out to be false.” It argues that the reason is the United States faces “three main sets of challengers—the revisionist powers of China and Russia, the rogue states of Iran and North Korea, and transnational threat organizations, particularly jihadist terrorist groups.”

It points out in particular that “China and Russia challenge American power, influence, and interests, attempting to erode American security and prosperity. They are determined to make economies less free and less fair,” etc. In such a circumstance, China has to do more in order to overcome the Kindleberger Trap. At the same time, China is supposed to do less in order to reduce the danger of the Thucydides Trap. China has to

strike a balance between the needs of doing more and the pressure of doing less in providing international public goods. That is the dilemma faced by China when it simultaneously faces the Kindleberger Trap and the Thucydides Trap.

In addition to the challenges resulting from the above-mentioned two traps, China also faces a third trap, the Cold War Trap, in current international circumstances. The Cold War Trap is concerned with both the Thucydides Trap and the potential conflicts in terms of the ideological difference between China and the West. As correctly pointed out by Joseph S. Nye, with respect to the so-called Thucydides Trap between China and the United States, “there is nothing inevitable” because the effects of the trap are often exaggerated. In other words, it is possible for the two powers to avoid open conflicts if only because both sides know very clearly that costs of such conflicts are too high to afford.

However, in spite of this kind of possible positive prospect in evading open military conflicts, China and the United States will still face the danger of being involved in a cold war trap if both sides fail to address two sets of issues: One is to raise mutual strategic confidence, the other is to curb mutual contradictions in the ideological field. Past and current experiences suggest that neither of them is easy to substantiate. For both political and strategic reasons, mutual trust and mutual confidence are always something insufficient in Sino-U.S. relations in the past decades. With regard to the ideological factor, the negative reactions of the United States and some major European countries to China after the 19th National Congress of the CPC cast a strong shadow in this respect.

The texts of the National Security Strategy of the United States of America reveal the situation. Although it claims that “It is a strategy of principled realism that is guided by outcomes, not ideology,” this claim is nevertheless misleading if one thinks that the America First National Security Strategy of the United States places values and ideology on the back burner. On the contrary, this document clearly lists the ideological factor as one of the four vital national interests that the United States “must protect in this competitive world.”

The Trump Administration makes a systematic and quite coherent explanation about this stand by saying that “we will advance American influence because a world that supports American interests and reflects our values makes America more secure and prosperous. We will compete and lead in multilateral organizations so

that American interests and principles are protected. America's commitment to liberty, democracy, and the rule of law serves as an inspiration for those living under tyranny." Based on this analysis, this document takes a rather harsh attitude towards China when talking about bilateral discrepancies not only in the economic and security fields, but also in the ideological realm.

For instance, the document asserts that "China and Russia want to shape a world antithetical to U.S. values and interests," and that "these are fundamentally political contests between those who favor repressive systems and those who favor free societies." European countries such as Germany and France also made some negative comments on China over the international order, approaches to global governance, and other issues.

The negative attitudes of Western countries in gen-

eral, and of the United States in particular, suggest that pessimistic trends are on the rise in relations between China and major Western powers. This situation is of course not good for promoting peace, stability, and prosperity in the world. Therefore, concerned parties should make joint efforts to prevent these trends from further development, although it is not easy to stop, let alone reverse the trends. At least for China, this situation is obviously disappointing and more or less out of expectation. The gap between China's expectations and the response of the West suggests that something must have gone wrong with mutual perceptions between China and the West. It also implies that none of those negative trends is inevitable. To prevent the situation from further deteriorating, there should be efforts to strengthen mutual understanding and minimize misperceptions on both sides.