China's New Role in Global Governance

Shaping the Emerging World Order

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Abstract: Since China rejoined the global economy four decades ago, it has adopted a peaceful development strategy that is deeply rooted in the peaceful DNA of the Chinese civilization. Benefiting from comprehensive engagement with other countries, China has bolstered its contribution to globalization and the global governance system with its own robust economic growth, more active participation in such key mechanisms as the Group of Twenty (G20), and a “China model” that provides valuable lessons for other nations on their social and economic development. Now that the global governance system is under serious challenge due to sudden withdrawal of many of the United States’ global commitments by the Trump administration, China is in a good position to shoulder more responsibilities while fostering a new type of major-power relationship with the United States.

Keywords: Global governance system; peace and development; new type major-power relations; “China model”.

The world is undergoing rapid changes, ushering in a new era of globalization and global governance, as well as a transitional period from the old

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world order in crisis to a new, emerging one which will give developing countries and emerging powers a bigger voice, compatible with the changed global political and economic landscape. This article discusses how the world order will evolve and what new role China is likely to play in that fundamental transformation and in improving global governance.

End of Pax Americana

President Xi Jinping of China said, "From the historical perspective, humankind is now going through an era of great developments, tremendous transformation and fundamental readjustments." American strategists Dr. Kissinger and Mr. Brzezinski echoed Xi's apt comment with similar remarks; Kissinger said that "the present international system has undergone unprecedented transformation not seen in the last four centuries," and Brzezinski indicated that "the center of global power has moved from both sides of Atlantic to the Far East."

The end of Pax Americana, or the American Century, is in sight as a result of the Great Convergence, the hallmark of the 2nd half of the 20th century and the first two decades of the new century. The Convergence between the center (U.S.-led Western countries) and periphery (all other countries) in a global system formed since the "long 19th century" has been the most prominent feature of international relations in the years following World War II. One indication is that the aggregate GDP of advanced economies has dropped from 64 percent of the world total in 1980 to around 40 percent at present, showing that the balance of economic power is shifting in favor of emerging markets and developing countries. It is necessary for the global governance architecture to be reformed accordingly, but the pace has been slow (as usual) in adjusting to the changed economic landscape, and voices from various quarters calling for reform to the governance system are getting louder.

It is recognized universally that the current world order is in crisis and a new one is just on the horizon. The confusions and vicissitudes being witnessed today are the harbinger of a prolonged transition wherein tremendous upheavals and increasing uncertainty may be with us for several decades to come (these may be referred to as political and economic "new normals"), even though the big trend toward a fairer and more just world order is no doubt obvious. One case in point is the increasing political

radicalization in the United States and European countries, both a consequence and a driving force of the rising populism that is breaking down political, economic and social cohesion in afflicted countries.

Four Challenges to Global Governance

The arrival of a prolonged transition leading to a more balanced world order has brought us greater uncertainty and more turbulence, which makes many countries feel uneasy about the present and unsure of the future. With regard to the many regional and global entanglements as well as hot issues coming one on the heel of another, there are four major challenges that warrant out attention.

Firstly, the United States, being the leading power in the existing world order and global governance, has upended itself and become the most troubling uncertainty in the world today. Over the past two decades, the United States has been showing unhappiness with the evolving international balance of power in favor of developing nations represented by China which is coupled with the parallel process of reshaping global governance, as it believes that globalization and global governance has deviated from the set course of "Americanization." The United States therefore has become more inward-looking and less inclined to continue providing "global commons," and intends to change and remake governance rules in order to maintain its hegemonic position and high moral

ground in world affairs while continuing to garner the most benefits from globalization.

The Trump Administration, as demonstrated in the "America First" policy to gain as much immediate benefit as possible, has negated many advances the world has achieved in the last round of globalization starting from the 1950s. Not only is it initiating renegotiation on current bilateral and multilateral trade agreements, but it is also retreating from past commitments to collective management of global issues such as

climate change. The world order is thus in crisis of losing its salience of providing a basic structure and parameters for world peace and economic

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growth, driving global governance into more fragmentation and “auto-piloting” — “a world in disarray” as suggested by Richard Haass in his latest book.

Secondly, the deeply divisive factor of the widening gap between rich and poor, or the imbalance between market efficiency and social justice, continues unabated in the era of globalization, tearing apart social fabric of many countries including the major advanced nations, renewing the classic capitalist phenomenon of “class divide” or “class struggle.”

As predicted by Karl Marx in *Das Capital* and further corroborated by many modern-day economists such as Thomas Piketty of France in his 2015 book *Capital in the 21st Century*, the fundamental contradiction between capital and labor remains the hardest nut to crack, as shown by numerous data that the rate of capital gains always outstrips that of GDP, giving capital owners a much bigger share of wealth created by globalization. As most would agree, when a market is left to its own devices with unchecked free movement of capital, capital will inevitably seek most profits in total disregard to other considerations such as social justice and environmental protection. That is one of the major sources of rising populism and the anti-globalization movement worldwide.

Thirdly, increasing global uncertainty has brought about ever more entanglements and complexity in relations between and among major powers which, if not handled properly, could lead to geopolitical conflicts and confrontations, thus affecting the course of an emerging world order as well as that of globalization. Traditional thinking on international relations that maintaining balance of power and increasing economic interdependence would help prevent major power conflicts was shattered by the two world wars during the first half of the 20th century. Today, geopolitical entanglements and differences between and among major powers are in abundance like a calm sea with turbulent currents underneath. What needs to be done urgently is for major powers to consult in earnest and work together to build a consensus on what the future world should be like for the common good of mankind: by smoothing out those geopolitical entanglements, conflict and confrontation that would certainly pull the world into an abyss of catastrophe may hopefully be prevented.

As such, the big question that requires an answer today is whether it is possible to find a way to diffuse tension and build a brand new relationship between and among major powers in addition to the traditional instrument

of maintaining balance of power and economic interdependence in the toolbox of global governance. The most outstanding and overarching challenge of all is surely the "Thucydides Trap" between the rising and incumbent powers; specifically, what kind of collective security arrangement do we need to agree to for the lasting peace that all desire? The United States and China are the two *de facto* countries in "the First Tier" of global power echelon economically, politically and militarily, and it is of utter importance for both countries to make up their minds and have the right appreciation of each other and correct approach to maintaining cooperation, to avoid falling into the Thucydides Trap of inevitable confrontation. This is not about the so-called "G2" or "G2+," but about the duty of two great nations for the future of the world and the emerging world order. The recent summits and high-level dialogues between the United States and China, including President Trump's state visit to China, have given us much hope for the future so desired.

A stable and cooperative China-U.S. relationship is key to global peace and development.

For world peace to last after more than 70 years, the indispensable collective security arrangement has to be based on a global partnership of cooperation rather than a system relying solely on bilateral military alliances with the United States at its core. We are not quite there yet, but it is clear that the world cannot afford a bifurcated and conflicted approach to global security arrangement.

Fourthly, on a higher philosophical level, the challenge is rather about civilizations and their relationships. Will mankind go into civilization clash or fusion? Will the future world become one civilization conquering another or peaceful co-existence between and among civilizations? If we look deeper, most sources of conflicts, frictions or turmoil can be traced to an insufficient understanding among civilizations or a lack of exchange and dialogue among them.

The U.S.-led Western civilization as proclaimed by America versus other civilizations has become the nexus of Western logic and narrative by which political discourse is conducted. Harvard Professor Grand Allison, following Huntington's prediction about the inevitable clash of civilizations, reached the same conclusion that there are two self-claimed "best" civilizations in the world today. He indicated that the United States believes

strongly that the U.S.-led Western civilization continues to be “the beacon on the hill” and its political system — liberal democracy — is the supreme model for every other country to follow. On the other hand, China pronounces that the Chinese civilization is unique and uninterrupted in the history of over 5,000 years. Yet there cannot be two “number ones.” So the Thucydides Trap is a clear and present danger.

When that philosophical logic guides offensive realism in formulating their global strategy, the U.S.-led Western nations tend to characterize different civilizations into a hierarchical order with their own on the top and all others as inferior and therefore necessary to conquer or co-opt into their own. If that sense of civilization superiority cannot be overcome, their foreign policy will always be misguided, and what is termed as regime change and color revolution will not stop. This explains the chaotic world today: a result of that Western logic.

What Global Governance Means to China

China’s development and its diplomacy are closely tuned into globalization and global governance, especially after China joined the World Trade Organization (WTO) in 2001. It is therefore important to assess what globalization and global governance means to China and its diplomacy. At the critical juncture of China’s economic development in the late 1970s, Mr. Deng Xiaoping took an unprecedented, innovative and revolutionary step to move China onto the path of modernization by embracing globalization and global governance with a firm Chinese footprint. The past four decades have proven that China has made the right choice, not only in the interest of China but also of the world as a whole.

Globalization has offered China a new and feasible route to become an economically well-developed and globally powerful nation once again. It also offers a historical opportunity for China to regain the status of a major power by persisting in peaceful development. That is definitively different from what has been done by other major powers in history: conquests, plunder, colonization and aggression. The strategic orientation of China as a rising power toward peaceful development has had a profound impact on the success of globalization and global governance as we see it today. This is the background we need to remember when talking about China’s development and its diplomatic trajectory.

China's decision to rejoin the global governance system was not predicated at the end of Cold War. The process started much earlier as China was one of the founding fathers of the United Nations system set up at the end of World War II, even though the People's Republic only reoccupied its lawful seat in the United Nations in 1971. Admittedly, the last round of globalization would not have been so comprehensive and profound if China had opted to remain outside.

China's reentry into the global governance system has provided lasting momentum for globalization.

During this historical period, the relationship between China and the rest of the world has undergone a fundamental change from isolation to be one of increasing interdependence whereby the world needs China and China needs the world as well. China's diplomacy and its role in global governance have to be viewed within such a broad context.

Today, China has become the second largest global economy, the largest trading partner for more than 120 countries and regions, and the biggest manufacturing country, often referred to as the world's manufacturing hub. And since the 2008 financial crisis, China has also become a core member of the Group of Twenty (G20), the new primary platform in global economic governance, making indispensable contributions in stabilizing the world's financial market and rolling back the financial crisis on a scale never seen before, in particular during the first three summits in late 2008 and 2009. Subsequently, China has moved on to play a leadership role in G20 affairs, shaping the global governance architecture in a more balanced and fair fashion along the way. The most illustrative example is China's chairmanship of the G20 in 2016 and the shining report card produced at the G20 Hangzhou Summit in September that same year.

China's Peaceful Development Strategy

Some Western powers talk often about the rapid rise of China in modern times with great anxiety, even resentment or fear. China prefers to refer to its rapid industrialization and rise as "China's development." These are not pure and simple terminological differences. They actually represent rather

different worldviews as well as their strategic assessment of the evolving world order. No matter how China's development or rise is defined, be it national rejuvenation, economic miracle or great power rise, it is all about what a new China will look like. The key then is to examine closely the cultural and civilizational DNA of China that guides China on its way to becoming a global major power. Will China, like other previous major powers, eventually become a hegemonic power? Or will it be a country which, as it grows stronger, becomes more determined to safeguard world peace and promote global economic growth by maintaining a global governance system as agreed to and accepted by the international community as a whole?

Here, the core concept of peaceful development underpinning China's development and its diplomacy should be the prism through which China's rise is to be viewed and understood. As the term "peaceful development" suggests, peace and development are the two essential pillars in China's national and global strategy. China has understood from its own experience, especially during the long years from the Opium War in 1840 up to the founding of the People's Republic in 1949, that without economic growth as well as sovereignty and national security, there would be no foundation at all on which China can become a respected nation with full sovereignty and territorial integrity.

Building a strong and industrialized economy is thus the prerequisite to safeguarding one's sovereignty and development interests. In the era of globalization and economic interdependence, peaceful and cooperative development is the only way by which China will be able to achieve economic and political development. Any engagement in war or military conflicts will ruin China's environment for peaceful development. That understanding of history and China's cultural DNA for peace has been guiding China's development and its diplomacy all along.

We need to look no further than at the recent history where China's economic boom coincided with the fast expansion of globalization, especially global free trade and investment. It was possible for China to integrate into globalization and global governance

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foreseeable future.

given its determined approach of peaceful development — one that has proven to be positive for and beneficial to both China and the rest of the world.

China is the world's most populous developing country with a population accounting for almost 20 percent of the world's total. Without pulling a majority of people out of poverty, there would have been no economic development and prosperity for China, and vice versa. The choice for peaceful development was not easily made; it did have its roots in China's cultural heritage for peace and harmony and its arduous pursuit for broad international cooperation at the very beginning of the People's Republic. One may remember the Bandung Conference held in 1955 in Indonesia that brought together a large number of poor countries from Asia, Africa and Latin America, most of which had just achieved their political independence from long years of colonial rule. The leaders in attendance, including China's late Premier Zhou Enlai, proposed a set of foreign policies on behalf of the emerging nation-states aimed at peaceful co-existence and peaceful development with Western countries. Unfortunately, the ensuing Cold War dashed any hope therein.

Basic Tenets of China's Cultural DNA

China views its relations with the outside world, including its relationship with other major political, economic or military powers like the United States, through the prism of its cultural traditions and values. The proposition that China's cultural DNA has always been the anchor and guide for China in its domestic and global governance is predicated on the fact that all cultures, or civilizations for that matter, provide underlying value systems, assumptions, beliefs, and ways of thinking for the societies in which they develop.

Often, this cultural DNA reflects the founding fathers' predilections about human development. Over time, these core psychological instincts become deeply embedded, forming the cultural norms of different societies and beginning to guide just about everything that goes on, including a society's responses to external challenges. Cultures "prescribe institutions and behavior patterns to guide humans in the paths which are right in a particular society." Hence, as they are exhibited by leaders and peoples

whose identities are defined by particular cultural DNAs, China's development strategy and foreign policy necessarily reflect particular cultural inclinations, demonstrating a unique cultural DNA — peace and harmony are certainly among the key concepts.

There are four fundamental concepts that form the cultural DNA of China — integrity and connectivity; tolerance and inclusiveness; harmony and peace; and a holistic approach to world affairs. They are entwined with one another to form an integral whole. These basic tenets of China's cultural DNA are visibly displayed in China's development strategy and diplomacy and will shape its new role in global governance.

China's development and international strategy is rooted in its peaceful cultural DNA.

The history of modern China and its deeper involvement and nascent leadership role in global governance, especially since 2008, has shown that China is and will continue to be an important player in global governance and in shaping the emerging world order for the betterment of mankind. The future is bright and the road is long, but we are confident that mankind has enough wisdom to build "a community of shared destiny" as proposed by President Xi Jinping.

China's Role in Global Governance

In the past decade, China has started to enjoy greater global attention and influence, in particular since 2008 when the West, represented by the Group of Seven (G7), or the "rich men's club," was unable to cope with the financial crisis with the existing governance system. The G20 has a better and more balanced representation between advanced and developing countries and thus captured the attention of the world in performing the heavy lifting needed to tackle a global challenge so pervasive and shocking that only a "united front" of all systemically important countries would be capable of managing. China was naturally called upon to play an essential role in the context of the G20 to provide leadership and guidance together with other major economies for managing the dire consequences of the global financial and economic crises, an immediate and pressing challenge to the whole

world. That is why the year 2008 is often cited as a turning point for China in its deep involvement in global governance. Similarly, 2001 is also a key year, China joining the WTO is the critical moment for China's participation in global governance and globalization.

This phenomenon of "co-ownership of global governance" between the West and East saw first light in 2003, when France, as the chair of the G7/G8, for the first time invited the heads of state or government from five major developing countries — China, India, Brazil, South Africa and Mexico — to participate in consultation during their summit discussion of global economic and financial affairs at Evian. It sent a signal that the global governance architecture had begun to shift, albeit quite subtly at the very beginning, to include some developing countries, even if their participation was brief and only on the sideline. Yet developing countries still did not have a comparable voice or influence in the core decision-making process of global economic governance.

It was not just about China, but rather, about the sharing of global economic power and governance of the world economy by all countries, big or small, rich or poor, as equal members of the international community. That arrangement was dubbed "8+5" and continued right up to the eve of the 2008 global financial crisis. As the first wave of the crisis hit, major economies including the United States, the UK, the EU, China and others put their heads together to discuss what to do and what institutions to rely upon to mobilize resources and the whole international community to arrest the onslaught of the crisis. A few Western nations proposed to utilize the existing model of "8+5" or a modified version of "8+x." China, India, Brazil and other major developing countries disagreed with that proposal because they felt it was not balanced to have enough leg-room for them. So the "8+5" formula was ruled out.

The G20 mechanism was not picked at random as mentioned above. It had been created in 1999 after the Asian financial crisis in 1997/1998 as a forum for discussion of global economic and financial affairs among financial ministers and governors of the central banks of 19 countries plus the EU. But it was not designed as a decision-making or even coordinating body. The elevation of the G20 to the summit level and tasking of the G20 to make economic decisions in the face of the financial crisis was both an improvised response and a long-term solution to global governance deficiency and a world in disarray. There was indeed a glaring hole to fill in the

governance structure. Developing and emerging economies have an urgent need to have a platform upon which they can have their voices heard on important economic and financial issues affecting the world.

China took the G20 and its new role in global governance seriously and positively, not only because it was the only institution available at that time that was fairly composed with a balanced mix of both developed and developing nations, but also because it reflected the beginning of a new era in global governance, a transition from “Western-led or U.S.-led global economic governance” to “co-governance by both the West and East,” a transition that had

China is playing a bigger role in such key global governance mechanisms as the G20.

started in the late 20th century and continued apace in the first two decades of the 21st century. This is the process through which China's role in global economic governance has been strengthened, and a new and more proactive role is awaiting China. It is certainly not something that was pursued willingly and intentionally by the U.S.-led Western nations. Rather, it was because they knew when the financial crisis broke out that without the proactive participation of China, India, Brazil and other developing and emerging economies, there would be no possibility of rolling back the financial crisis and global economic growth would simply stall. It was indeed a turning point for China and a wake-up call for the West in global governance, regardless of whether it was termed as “reform.”

The United States at that time favored the idea of turning the G20 into the key platform for global economic governance and supported China in playing a bigger role. The United States, with a realistic strategic assessment of the financial crisis and devastation thereafter, came to the conclusion that it was in its strategic interest to have China play a secondary role within the system created and led by itself. Otherwise, the concern was that China might choose to stay outside the system and after growing stronger, it might try to overturn the current system and lead a global effort to create a new system.

In addition, the economic and financial relationship between the United States and China had become so intertwined that it was critical for China to extend a helping hand to save the American financial market from a total meltdown. As China had the largest amount of foreign reserves

which were mostly invested in American treasury bonds, the United States needed China's cooperation to avoid a total collapse of its financial system. In fact, in late 2008, then President G. W. Bush sent his Treasury Secretary to China to seek assurance from the Chinese government in this regard.

Of course, China understood clearly that it was so closely tied into the U.S.-led financial system that should the system fail, China would be among the first to suffer the dire consequences. This increasingly important inter-dependent economic and financial relationship, combined with a more complicated political and military relationship between China and the United States, has become a hallmark of the new era that calls for the establishment of a new major-power relationship between the two countries.

The U.S. needs and supports China's secondary role in global economic governance.

For the United States in that time frame to be supportive of China to play a bigger and new role in G20, there was another reason not much discussed. The United States saw the rapid rise of the Euro as a threat to the dominant world currency position of the U.S. Dollar. By 2007/2008, the Euro was close to about 20 percent of the world's total reserve currencies, which was considered a

critical threshold by the United States as posing a potential danger to replace the dollar as the world's major reserve currency. It needs no elaboration here because it was secondary in American strategic thinking about China.

“China Model” Shaping the Emerging World Order

In discussions about the emerging world order, the term “China Model” has appeared very often in the last decade, usually in association with its success impacting and influencing the future course of the emerging order as China gains both “hard power” and “soft power.”

To be specific, there are two developments that have left a large footprint on global governance both as it is and as it will be. On the one hand, it is a fact that the 2008 financial crisis put a big question mark on the viability of American neo-liberalism as the guiding economic principle for global economic governance. Credibility of neo-liberal economic policy has been under fire for some years. On the other hand, China has been growing

remarkably, riding on the wave of globalization — proving itself to be nothing less than an economic miracle.

Many countries, in particular developing ones, have begun to wonder whether the “China model” is an alternative to neo-liberalism. Should there be a Beijing Consensus rather than Washington Consensus as suggested by Joshua Cooper Ramos? That has been the case although Chinese leaders keep emphasizing that China has no intention to export the “China model,” because the success of China in its domestic governance shows without any doubt that the development path China has taken with guarantees from its political system has proven to be the right “recipe” for under-developed countries to catch up with more advanced countries by engaging deeply in globalization.

Amazingly, China not only provides a role model in economic growth but also demonstrates its resilient capability to maintain a good balance between market efficiency and social justice by great achievements in poverty reduction in the last few decades. The latter is even more remarkable given the rising populism and anti-globalization dynamics resulting from a widening gap between rich and poor in many countries, including advanced economies such as the United States and European countries.

In addition, the last decade, in particular the past five years, has seen China starting to develop and contribute to the “global commons” by way of creative and innovative ideas and plans in global governance. The Belt and Road Initiative (BRI) is just one shining example. It transcends ideological, economic and cultural differences to provide a new platform for cross-cultural exchanges and economic cooperation which will, when successfully implemented, benefit participating countries and regions through better political consultation, infrastructure improvement, expanding trade, diversifying currency uses and deeper understanding of different cultures.

Furthermore, China’s contribution to global governance is open and inclusive in nature. Apart from the above-mentioned BRI, China has also been committed to building global partnerships of cooperation and creating

The strength of the “China model” can be seen both in China’s lasting economic growth and in its social resilience to rapid changes.

a new collective security framework. In January 2017, President Xi Jinping delivered a series of eye-opening speeches at the UN Headquarters and the Davos annual meeting of the World Economic Forum, appealing to all nations to work toward building a community of nations with “shared destiny,” which in reality provides an answer for our collective efforts to overcome the most troubling fault line in globalization, as well as an ideal to guide us toward a better future for mankind in the new era of globalization.

It is certainly no exaggeration to suggest that the China model, if there is indeed such a model, will serve the world well both in theory and practice of global governance, for China's experiences in its own economic success and its readiness to share those experiences and its economic benefits with other countries, especially developing ones, will undoubtedly open a new chapter in the history of mankind. The emerging world order, then, will be shaped by such positive interactions among nations with a shared destiny to live in long-lasting peace and prosperity.

Some Western powers have been anxious for the last two decades over the fact that China is growing stronger year by year and puts forward ever more proposals aimed at better global governance. They wonder whether China will continue to be cooperative within the existing global governance system or try to overturn the system and create a new one. As a matter of fact, there is nothing to worry about, as China has been a big beneficiary of the current system and global governance architecture. It therefore has neither desire nor interest in “turning the table” on the existing global governance system. That is also one of the considerations with which China has proposed to establish a new major-power relationship with the United States. We have every reason to believe that China's greater and deeper involvement in global governance will help shape an emerging world order in the interest of the international community as a whole.