

GLOBAL VIEWS



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LI XING AND FRANCISCO LEANDRO

Constructive endeavors

By seeking to build trust and peace around the world, China is emerging as a global peace-maker and stability-creator

For a long time, the United States-led West has been struggling to find out what kind of global power China is. Is China a destructive or constructive power for the current US-led international order? Is China a status-quo or a revisionist power, a force for continuity or a force for change? Will China use its military and economic weight to advance its own interest at the cost of abandoning the defined international rules? How to interpret the impact of China's rise not only in terms of its hard power, such as economy, technology, trade, and finance, etc., but also in terms of its soft power, such as ideas, norms, culture, thought, value system, and scholarship, etc.? How can the West understand the kind of international leadership role that China is playing, and how can the West better comprehend the historical and cultural fabrics that underpin Chinese foreign policies and behaviors?

Today, Washington firmly believes that: "the PRC is the only competitor with both the intent to reshape the international order and, increasingly, the economic, diplomatic, military, and technological power to do it." According to its newly published National Security Strategy, "Beijing has ambitions to create an enhanced sphere of influence in the Indo-Pacific and to become the world's leading power. It is using its technological capacity and increasing influence over international institutions to create more permissive conditions for its own authoritarian model, and to mold global technology use and norms to privilege its interests and values."

Therefore, China is portrayed as a "systemic rival" to the US-defined rule-based international order both in terms of turning the country into a global economic and technological competitor as well as a global security challenger, and in terms of translating its economic success into a political and ideological contending force, promoting alternative models of development and governance. Chinese cultural influence, ideological impact and the diffusion of Chinese ideas and norms that have been unleashed by its economic rise are increasingly carrying

weight in international relations and politics. However, the image of China as a global security threat imposed by western mainstream media cannot convince the world, especially the Global South. On the contrary, the latest events concerning global peace and security have largely advanced recognition of China as a global broker in the two of the most pressing armed conflicts: between Hamas and Israel and between Russia and Ukraine. In recent weeks, there has been an immense Chinese diplomatic push to bring together the different Palestine factions, namely Hamas and Fatah, to create the conditions to progress the recognition of the Palestine State, and therefore to advance the two-state solution. China has always advocated the two-state solution to end the conflict and bring peace to the region. Furthermore, we are also observing China's persistent efforts to build bridges with Ukraine and Russia. These diplomatic endeavors in promoting dialogue and stability are seen as China's major diplomatic achievement and a sign of China's growing influence in global affairs.

Last year, China played a significant role in brokering a historic agreement between Iran and Saudi Arabia, leading to the two countries agreeing to re-establish diplomatic relations and reopen their respective embassies. This agreement marked a significant step toward reducing tensions in the Persian Gulf and potentially paving the way for resolving conflicts in the region, such as the ongoing war in Yemen.

How to understand these diplomatic successes that China has achieved? What are Beijing's peace-making principles in the capacity of being an honest broker? Why are these principles agreeable to international contending forces and national factions?

First, China has been putting forward the Five Principles of Peaceful Coexistence, and those principles are not only part of the diplomatic rhetoric, but also are gaining status as a foundation stone in the context of the international order. More and more, China's international engagement is being perceived as a constructive power, one that sees the world in a different manner, and therefore advances its branding images as a force for change in a positive way. Therefore, it is important to notice China's specific historical and cultural characteristics as a constructive civilizational power, understanding the necessary room for different political cultures and histories and trajectories.

Second, China has moved from the usual diplomatic chatter to be an active and equidistant partner, capable of being heard and diffusing tense situations. Quite opposite to other major powers that are fueling conflicts, China has made a clear commitment to peace and development. China has been waiting for the right moment to take decisive diplomatic action, while advocating peaceful development. Indeed, instead of being a "systemic rival", China's international engagement is characterized by innovative ways to deal with conflicts, adopting the constructive model of inclusive advancement, to gather overlapping interests. Perhaps, rather than being a "systemic rival", China is acting as a global player outside of the Western box.

Third, China does not adopt the conventional style of other great powers, which take sides in line with their interests or values, without considering the root cause of the conflicts and the intertwined network of interests involved. China's diplomatic position is one of balance and respect for both sides, which reflects its own political culture, and it aims to contribute to defusing tensions, creating new peaceful pathways, and setting the course for development. Again, perhaps, instead of a "competitor with both the intent to reshape the international order", China is taking steps to adapt the world to the new conditions, with the intent of being a decisive cooperative contributor, of creating new governance conditions for the international system, and of bringing about peaceful and stable conditions for all.

To answer the many questions raised at the beginning of this article, the recent diplomatic engagements of China since last year have taught the world an important lesson: That Chinese diplomacy has an important (perhaps different from the usual) role to play, in the context of an emerging international order, as a cooperative global contributor.

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Great exaggerations

Talk of a recession and overcapacity flies in the face of pursuit of sustainability

I visited six cities in China in 12 days last month. It was the efficient and affordable high-speed rail system that made my hectic itinerary feasible, and even comfortable. During my conversations with economists and investment managers in Shanghai, Beijing and other cities, there was much talk of "Chinese overcapacity" and a "recession". I was surprised by these terms.

Never in my career in finance or academia have I seen 5 percent GDP growth characterized as a "recession". A fundamental principle of sustainable development is that it is only natural that as an economy grows, its rate of growth must moderate. If any variable experiences continuous growth at a constant or increasing rate, such a variable will explode and overwhelm other important forces, undermining the stability of any dynamical system. Explosive growth in anything is inherently unsustainable and must come at the expense of hidden costs such as uncontrolled pollution, eroded family formation and neglected cultural achievements. Proper accounting for the environmental and human costs using cost-benefit analysis often reveals that low-quality growth does not advance people's well-being. Furthermore, 5 percent growth of a very large economy is a more powerful driver of global prosperity than 10 percent growth of a much smaller economy. Since China is now one of the world's largest economies, even its current moderate growth represents a massive impetus for global economic activity. The use of the term "recession" by some ill-informed commentators is an indication of the delusions that can be induced by fixating on the rate of growth rather than the absolute level and the quality of growth.

For anyone concerned with sustainable development, the term "overcapacity" also seems rather strange. According to the 2024 United Nations Sustainable Development Goals Progress Report, only 17 percent of the SDGs are on track to be achieved. More than 700 million people live in extreme poverty around the world. They need access to clean water, sanitation infrastructure, clean energy generation, schools, clinics, connectivity for trade and basic material goods. Many crave freedom from armed conflict and the destruc-

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tion brought about by war and climatic disasters. To such people, manufacturing capacity that facilitates rebuilding homes, building railways, digging wells, providing solar electricity or making bandages at large scale and at low cost must surely seem like a gift from heaven. Faced with such dire needs for so many people, all such capacity is essential. How odd the word "overcapacity" must seem to such people! China's investment in advanced manufacturing and infrastructure capabilities are an essential foundation for the path to common prosperity for the developing world. The hard work today is to ensure that such capabilities can be utilized for global development and mutual benefit, by reducing institutional, tariff, cultural, language and financing obstacles.

China's fostering of the Global Development Initiative, combined with its domestic priority for high-quality development can form a confluence of strategies to advance common prosperity for the world. The Global Development Initiative, proposed as an initiative to accelerate implementation of the SDGs, is committed to promoting common prosperity around the world. At the same time, the resolution adopted at the third plenary session of the 20th Central Committee of the Communist Party of China continues China's fostering of high-quality economic development, innovation and ecological conservation. As China shifts its domestic focus to advanced clean energy generation, storage, mobility and related upstream and downstream industrial ecosystems in precision manufacturing, intelligent technology and digital manage-

ment, it can better allocate its own human, natural and financial capital by ceding its dominant position in labor-intensive manufacturing industries such as furniture, home appliances, light electronics and internal combustion automobiles to emerging markets in the Global South. Efficient and productive resource allocation requires discernment in the choice of both domestic and foreign investment.

A simple lesson of trade theory is that global gains from trade arise mostly from comparative advantage rather than absolute advantage. This means that even if labor-intensive manufacturing in a Global South emerging market is initially more expensive than in China, it is still more productive to shift capital to the emerging market for this type of activity. Developing a quality workforce in China implies freeing it from tasks where productivity has already been maximized. In the context of Chinese demographic change and capital needs for advanced manufacturing, the opportunity cost of deploying resources in labor-intensive sectors is very high because it is measured in the lost high-technology production that would otherwise have been supported. Chinese outward investment in value-added manufacturing in emerging markets is thus essential to its own high-quality growth strategy as well as to appropriate industrial development in the Global South. Foreign trade structural reform, combined with further opening-up of inward and outward investment simultaneously facilitates the goals of both domestic high-quality development and the Global Development Initiative.

As Mark Twain said: "Reports of my death have been greatly exaggerated." Similarly, talk of "recession" and "Chinese overcapacity" is greatly exaggerated. What some call a "recession" is a timely moderation and reorientation toward pursuing progress while ensuring sustainability and stability. What some call "overcapacity" is a hard-earned capability awaiting deployment in universally beneficial and inclusive economic globalization.

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