

# Thoughts on Global Governance

— From the G20 Summits Onwards

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## EXECUTIVE SUMMARY

Since the end of the 20th century, the global configuration of powers and international relations have undergone great transformations and change with the escalation of globalization, multicultural development and the spread of information within societies as its salient features. Global power shifts and fragmentation are ever more evident, with geopolitical conflicts, economic crises, food security, environmental degradation and climate change finding expression across the world. Against such mega trends, no country can distance itself from global issues. The only option remains global coordination in tackling such issues. The importance of global governance both in theory and in practice is obvious. The outbreak of financial crisis in 2008 and the subsequent economic chaos has promoted the G20 to the position of the primary platform of global economic governance, thus replacing G7 and G8+5 (China, India, Brazil, South Africa and Mexico). The crisis has also provided impetus and opportunities for new momentum in the evolution of global governance, which currently faces a wide array of challenges and difficulties. It is vitally important for China to meet these challenges by taking advantages of the opportunities to further integrate itself into the system of

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global governance and play a constructive leadership role, so as to realize its transformation from a great country to a great power that bases its own interests on the interests of the international community as a whole.

## INTRODUCTION

One summer evening in 2009 at the German Central Bank headquarters in Frankfurt, Sherpas for G20 from China, the U.S., the UK, Germany and France were having a quiet dinner. The menu was simple with cod and steak as the main courses, but the conversation was deadly serious, concerning the fate of G8 and G8+5. It ended, after heated discussions, with a preliminary consensus among the five to replace G8 and G8+5 with G20 as the main forum for global economic governance. The consensus was subsequently taken on board in the leaders' statement in the G20 summit in Pittsburg, thus signaling the shift from Western dominance to the sharing of powers in the global governance structure with new emerging countries such as China. No less importantly, it also indicated that China was acquiring institutional rights in world finance and economy, in addition to its political rights represented by its permanent seat on the United Nations Security Council.

The 2008 financial crisis that originated in the United States was a watershed event in global governance. It certainly exposed in its fullness the inherent defects of the system in preventing and managing the world economic crisis. The adequacy of its representation was called into question, because it was believed to have acted on behalf of the West. This has exacerbated the questioning of the global governance system and a crisis of belief. As a result, G20, the BRICs and the BASIC countries have emerged and the reform of the IMF and the World Bank is on the agenda, which has added to the practice of global governance reform.

The idea and practice of global governance has come a long way, from the League of Nations in the early 20th century to the Yalta system of political arrangement after WWII, the Bretton Woods economic and financial system and GATT, from the

Versailles-Washington treaties to the UN Charter and the UN plus its specialized agencies, from the world dominated by the U.S. and former USSR to the one where G7 tried to manage its economic and financial affairs. In sum, global governance in the past has been shaped by great power rivalries. American scholar Joseph Nye pointed out that, in the last three decades, globalization has been the most important phenomenon of human progress. Economic globalization has been a driving force in promoting international trade and development, contact between civilizations, and people-to-people exchanges on a large scale. However, globalization has also contributed to economic crises, food and energy crises, geopolitical conflicts, ecological deterioration and cross-border crimes, involving all countries and regions with an ever increasing complexity and severity that makes it imperative for the international community to respond effectively. Global governance, both its theories and practices, has become and will be on the political agenda of mankind throughout the 21st century.

The idea of global governance can be traced to the word “international” coined by the British philosopher, political thinker and legalist, Jeremy Bentham, and possibly dates back even further to Dutch politician and “father of international law,” Hugo Grotius. The two exerted great influence on the development of modern theories of international relations and international law with their thoughts on regulating inter-state relations through bodies of international treaties and laws. International Communism and the First Communist International were also born against such a backdrop.

Global governance, in the sense of the word today, took shape at the end of the Cold War with the establishment of the Global Governance Commission and its report. The book entitled *Governance without Government: The Order and Evolution of World Politics* by James N. Rosenau was the first to introduce the theory of global governance systematically.

An important change brought about by globalization is the shift in focus of human social development from the rule-by-government of nation states to regional and global governance. According to Rosenau, after the Cold War, we witnessed the unprecedented

and simultaneous development of global political, economic and cultural integration and fragmentation. Against this backdrop, the position of political authority has undergone a fundamental transformation, whereby the governance of human social life has moved from a focus on government-rule of states towards multiple-level governance within which governance at global level is the most prominent.<sup>1</sup> For instance, the turbulence in the Middle East that broke out in 2011 has led to high tensions in Tunisia, Egypt, Libya and Syria, a stark demonstration of the fading political authority and strongman-rule under globalization. Major powers have engaged one another in a fight for the control of global order and its rules of governance especially during the Libya and Syria crises. The key issues are whether to uphold the Treaty of Westphalia as the cornerstone of modern international relations or to promote neo-interventionism as the core global security governance, as well as whether to preserve non-interference in internal affairs as a major international rule or rather promote “responsibility to protect.”

Many a scholar believes that global governance is, by its nature, an option available when a state lacks the capability to deal with emerging global problems. The international community is, therefore, seeking solutions to global issues with binding international rules. “Management of transnational issues through voluntary international cooperation has come to be referred as Global Governance.”<sup>2</sup>

## 1. G20 HAS

### OPENED UP A NEW VISTA IN GLOBAL GOVERNANCE

The financial crisis has fully demonstrated the inadequacy of the global governance structure that was set up in the immediate aftermath of WWII, as we are undergoing unprecedented changes in the world’s political, economic, diplomatic and military landscape. We need to come up with new ideas on global governance and roadmaps to match.

Crisis breeds change. The first G20 summit in November 2008 saw China and other emerging countries sitting at the “head table” in global governance. With two summits, 2009 was a milestone

year for G20. At the London summit, a \$1.1tr rescue package was unveiled to boost world economic recovery and growth, acting as a signal to raise market confidence that G20 members were committed to tackling the crisis head-on. The Pittsburg summit in September affirmed the primary role of G20 in global governance, institutionalizing the important position of G20 legally. This marked a major breakthrough in global economic governance, raising the curtain on a new era of world order that is more representative, more legitimate and more just.

From 2010 to 2012, the G20 mechanism was formalized and many important consensuses were reached, such as IMF quota-reallocation, quantifiable macro-economic targets, global development cooperation and stimulating world economic growth. G20's role in rule-making, priority-setting and macro-guidance was thus firmly established.

In a little more than four years, G20 has shown its worthiness and has grown into the single most important global economic organization due to a combination of the following factors:

- (1) Fast expansion of globalization. The global reallocation of resources and production factors has made the world economy more integrated and interdependent. Meanwhile, geopolitical conflicts and global issues, such as the economic crisis, food security, the environment and climate change, have pitted national interests against global common interests. Faced with financial calamity, G7/8 found it impossible to coordinate a world economic response, forcing it to seek a more representative and inclusive institutional arrangement. It is therefore no historic coincidence that G20 emerged as the best option, one that is not divided along ideological lines, is fairly balanced in its representation and supported by major international financial and development institutions.
- (2) Shift of power among major countries and between developed and emerging economies. The fast pace of globalization has brought about a power shift "from west to east and from north to south," triggering critical rethinking, redesigning and rebuilding of global governance. For a long period of time, G7 countries were the top global powers in

terms of their total GDP and trade volume. Yet from 1999 to 2008, G7's GDP and trade volume plummeted from 67% and 51% respectively of the world total to 53% and 42%, while the shares of emerging economies in G20 rose from 14% and 13% to 23% and 21%. This shift accelerated after the outbreak of the financial crisis. While major Western economies experienced negative growth, China, India, Brazil and other emerging markets were the first to recover and became the engines of world economic growth. For the last five years, the BRICS countries led by China, which make up 40% of the world population, accounted for more than 50% of world growth. Their combined GDP rose to 25% of global GDP, making the group an important power for economic growth as well as the evolution of the new international order.

Between 2003 and 2008, G8 invited China, India, Brazil, South Africa and Mexico to participate in an annual dialogue between developed and developing countries. In addition, with such a power shift in mind, the representation of emerging economies in the IMF and World Bank began to increase and within the World Trade Organization, a real multilateral negotiation mechanism started to take shape. These events were precursors to the institutionalization of the G20 summit.

- (3) The 2008 financial crisis proved to be a catalyst for the quickened pace of global governance reform. The unprecedented magnitude and scale of the crisis, which spread like wildfire across the world, dealt G7 and Bretton Woods institutions a heavy blow and stunned the U.S. and Europe. There was thus a sense of urgency in seeking new cooperation arrangements to coordinate the macro-economic policies of major economies in order to save the world from the disastrous consequences of the crisis. G20's centrality in global governance is therefore in line with world trends. G20's membership covers almost all major economies and international financial centers, constituting 85% of world GDP, 80% of world trade and 2/3 of the world population, reflecting real world power distributions. Since its inception,

G20 has played a proactive role in encouraging major economies to have better macro economic dialogue and coordination. The experience G20 has accumulated over the years has laid a solid foundation for its institutionalization at summit level.

Major power politics. The institutionalization of the G20 summit put question marks over the viability of the traditional global governance structure and called for a reexamination of the governance model. Furthermore, it is a creative attempt in power rebalancing, economic rebalancing and the rebalancing of responsibility in the globalization process. The Obama Administration's support for G20's institutionalization at summit level and the putting of a timely end to G8+5 is a carefully considered move, which reflects the U.S. strategy to squeeze Europe and maintain the supremacy of the U.S. dollar in the international monetary system as the financial crisis unfolds. France, Germany and other European countries are being swept along with current that they lack the power to resist, and might be used to mold a mechanism of G8 plus X to include emerging economies into the fold of global governance. For emerging economies, G20 provides a direct route to the center of global economic decision-making. They are only too happy to go along with this!

## 2. CHALLENGES FACED

### BY A G20-CENTERED GLOBAL GOVERNANCE

G20 serves as a forum in which powers big and small interact and cooperate with each other to explore ways to solve the deep-rooted problems in the world economic imbalance. It has motivated the IMF, World Bank and WTO to engage in new reform. A historic opportunity to build a better global governance structure that is more just, effective and equality-based has emerged. Should G20 continue to perform well in managing global economic governance, its influence could very well spill over to climate change, environment and social issues, thus planting deeper the seeds of global governance reform.

However, G20 has waded into deep water with world economic



malaise being transferred from the emergency room to the outpatient department. The team spirit in “caring for others in the same boat as themselves” is being replaced by attempt to “push others out of the boat.” The Middle East is in the midst of more turmoil. Nonproliferation of nuclear weapons, cyber insecurity, climate change and public health pose a growing challenge to global cooperation. Flaws in the structure of G20 that prevent it from effectively dealing with these challenges tell us a lot about the predicament in which global governance finds itself.

- (1) Randomness of agenda. Beguiled by its seeming omnipotence and authority, G20’s agenda has been flooded with all kinds of issues, political, economic and social. At the same time, it has to focus on macroeconomic management issues such as the debt ceiling and quantitative easing, and has to take into account the communiqués of the meetings, as well as choosing issues that can easily be agreed upon.
- (2) Hollowness of agenda. The biggest bottleneck for G20 is that it lacks the permanent structural support of a secretariat and the enforcement power of relevant international treaties. It did attempt to devise a framework for mutual assessment, but didn’t get much support in the form of accountability.
- (3) Fragmentation of interests. There are various small groupings within G20, issue-driven “menu-type” alliances, i.e., “QE group,” “Austerity Group,” and “Stimulus Group.” This fragmentation has diluted the authority and effectiveness of G20.
- (4) Non-state-actors. These players resort to dialogue, monitoring and assessment, alternative summits, etc. to influence the discussions and decision-making of G20.<sup>3</sup> On the other hand, G20 has tried to establish links with civil society through official documents and proactive cooperation, reinforcing the legitimacy of G20. The multiplicity of dialogue partners demonstrates the plurality and multiple levels of global governance, but also adds to its difficulties in coordinating different interest groups.
- (5) Western countries are unwilling to share more power with emerging economies and give up their vested interests. Their



attitude towards global governance has become ambiguous as seen by their slower actions, in addition to the lack of enforcement mechanism, meaning that G20 has often found itself in unenviable situations where “discussion with no action, decision with no implementation” has become the norm rather than the exception. The reallocation of shares in the IMF remains uncompleted and trade and currency wars have raised their ugly heads.

American scholar Ian Bremmer warned that the greatest danger for the world today is “G-zero,” i.e., no country or group of countries are able or willing to implement a global economic agenda. In the “G-zero” leaderless, disorderly world, every country pursues policies that only benefit itself, making it impossible to formulate and even less implement common rules on important issues like trade, markets and currency.

In sum, the G20 summit mechanism has ushered us into a totally new era of multiple world economic development models, in which G20’s legitimacy, justness and fair representation are recognized, its ideas about mobilizing global efforts to meet global challenges have taken root, its cooperative spirit has found concrete expression in joint actions to overcome the crisis, the G20-led world financial and economic reforms are underway, and emerging economies have gained representation and the right to participate in world economic decision-making. All is good. But we have to remind ourselves that G20 alone is not proof enough that the global governance structure has undergone a fundamental change, that the position of emerging economies is now unshakable and that the new global governance system is in place. The fact remains that G7 is still active in international economic affairs, and has not been replaced by G20 as promised by G20 leaders. The IMF, World Bank and WTO still control the rule-making and the implementation of these rules in finance, trade and development. The U.S. and the EU, though hit hard by the crises, could rise from the ashes like a phoenix to reclaim the lead in world economic growth. In the post-crisis era, members of G20 will be embroiled in a quagmire of issues, including representation, controls, decision-making mechanisms, enforcement regimes and relations with other international bodies. The fights

will grow uglier and more difficult. The curtain of the great show of global governance in the 21st century has just been raised!

### 3. PROACTIVE PARTICIPATION IN GLOBAL GOVERNANCE REFORM TO PROMOTE THE ESTABLISHMENT OF A NEW INTERNATIONAL ORDER

As far as China is concerned, the G20 summit is more an opportunity than a challenge. The G20 summit mechanism has given China the chance to be part of global macroeconomic coordination decision-making and helped China attain substantive progress in international financial system reform, diffuse many difficult issues in the multilateral economic field and engage in better global developmental cooperation.

G20 with its summit arrangements is conducive for China to manage and improve its relations with major powers while accruing diplomatic resources. It benefits China by further tapping into the world market and resources to safeguard and expand its development interests. It also benefits China to merge into the historic big picture of the rise of all emerging economies, and the rebalance and reallocation of global political and economic powers. For China, G20 and the UN Security Council will become two “important wheels,” which, by reinforcing each other’s role, will help to promote China’s international standing and influence.

The world needs China in addressing such global issues as global economic imbalance, the stability of the international financial system, bridging the developmental gap between North and South, and tackling climate change. In return, China needs the world for maintaining international trade, ensuring the safety of its overseas assets and securing its supply of resources from abroad. Never before have China’s interests been so intertwined with those of the world as they are today. The rise of China will be the core factor that affects international relations and the strategic environment for us all in the first part of the 21st century, as it will impact hugely on the global governance system. China is already a big power politically, economically and culturally and has entered the core

of global governance, geopolitical and geo-economic decision-making of the major powers. Thus, China is a factor that all countries have to consider while formulating their national foreign policy and international strategy. The fast pace of China's progress, the acquisition of its institutional rights that have surpassed the expectations of others, and its unstoppable forward momentum have enabled China to have a profound impact on the strategic inner parts of the global governance structure established and dominated by the West. This is a huge challenge for the structured and inclusive transformation of global governance.

As the then-Foreign Minister Yang Jiechi pointed out, the international multilateral system of the 21st century should expand its representation, improve its fairness and enhance its efficacy. China is a participant, builder and contributor of this international system. We will be more proactively taking part in the management of global affairs and play our part in transforming the system in a more legitimate and more just fashion.

"Rise or sink, we are together." It has become the common will of all countries to work together to meet global challenges through global governance reform. As the most populous developing country, China takes its responsibility to safeguard the common interests of mankind seriously. China's future growth will be more dependent than ever upon the acquisition and reallocation of resources, capital, markets and information. For China, a great deal more challenges lie ahead. China has no option but to seize the historic window of opportunity to engage in the transformation of global governance with a forward-thinking strategy, so as to promote a better international order that is fair, just and legitimate. The CCP's 18th National Congress report clearly states that China needs to take part in the capacity-building of global governance, actively promote global governance, deepen cooperation with emerging economies and put emphasis on regional governance. This is the roadmap for us to follow.

### **(1) Cooperation Is a Must in Tackling Global Challenges**

Global challenges need global solutions and global participation. Difficulties in the form of fragmentation, multiplicity of actors and

uncoordinated actions are holding back the mobilization of global forces in doing precisely that.

Global governance is the process by which governments, international organizations and citizens of all countries consult and cooperate with one another to enhance common well-being, so that the international order for maintaining security, peace and development can be established and improved. This includes global rules and regulations in dealing with international political, economic, social, cultural and other issues.<sup>4</sup>

Sovereigns, international organizations, NGOs, enterprises and individuals all have different requests and capabilities in global governance. As the most important players, sovereign countries are concerned first and foremost with preserving their own power more effectively, defending their national sovereignty and safeguarding their major economic interests. International organizations and NGOs are predominately seeking global peace, common development, the protection of the environment and nuclear nonproliferation. Transnational corporations, on the other hand, are driven by profits. Conducting meaningful dialogues and coordination among different players, which are driven by various and sometimes conflicting interests, is proving to be extremely difficult.

The revolution in information technology and in particular, the rapid spread of the Internet has reinforced the features of “a flat world” of globalization. It also helps in the cultivation of a vibrant civil society. This is certainly useful in pooling together wisdom and knowledge from every corner of the world, but also poses a great challenge to national sovereignty. Various new “opinion leaders,” who are uncontrolled and in different guises, have increased the complexity of players and voices in global governance. As areas of authority and their control system on the global stage become more pluralistic and intense, it is more difficult for any one of them to lead the process, David H. Krugman noted in 2004.<sup>5</sup>

## **(2) Courage Is Needed to Lead the Global Governance Reform**

The focus of global governance is now on economic and financial reform, nuclear nonproliferation, responsibility to

protect and climate change. None of these tasks are easy, because they all affect China's basic interests. Take the monetary system for example. "Whoever controls the world monetary system controls capital and therefore the world itself."<sup>6</sup> At present, the imbalance in the international monetary system is getting worse with the contradiction between the dominant position of the U.S. dollar and the increasingly pluralistic world economy. The U.S.' abuse of its credibility through many rounds of QE, in which it tried to print its way out of recession, has brought about excesses in liquidities and financial bubbles all over the world. This "exploitation of the poor by the rich" has led to the outbreak of financial crisis and dramatic ups-and-downs in the global economy. The Western model of economic governance was almost shattered by the crisis, but the West still enjoy the advantage of international rule-making and the right to explain these rules. By this means, they monopolize the process of globalization and control the distribution of interests through which they can transfer crisis to the countries at the lower end of capital and the commodity chain.<sup>7</sup> In general, there is still a lack of rights for emerging economies as in the past. The U.S. alone is blocking the transfer of shares to developing countries in the IMF and World Bank pending approval from the U.S. Congress.

As China and other emerging markets merge into the global economy, it can be foreseen that the West will try every means possible to prevent them from benefiting from globalization. To cite only a few examples. The West will use export controls on high-tech goods, trade barriers, currency-rate-formation mechanisms and various governance platforms to undercut the competitiveness of these countries and pressure them to take up more "responsibilities," and also squeeze their market share of international resources. For China, one has to add the ongoing smear campaign with claims of the "China threat" and "state capitalism" ringing in your ears, making China's external environment for its economic growth much more complex and difficult.

What should China do? The network that has been woven over the long years of globalization is so deeply rooted that it is impossible to break it down and start again from scratch. The costs

would simply be too steep and operationally no practical solutions can be found. “The bastions are always broken down from the inside,” as the old saying goes. Moreover, China’s opening-up and reform coincides with the progress of globalization and China is a beneficiary of globalization by growing within the existing system. As China’s strength and international standing keeps growing, it is of strategic importance for China to keep a low profile and take a proactive attitude to seizing the hard-to-come-by opportunities offered by the international community as it reacts to the financial crisis with a determination for reform never seen before. China should move ahead to overcome difficulties and shoulder the role and responsibility of a leader in shaping the course of action in global governance reform from within.

(a) It is first and foremost an issue of ideas and values in global governance. The idea of building a world of harmony based on Chinese philosophy put forward by Chinese leaders has aroused attention the world over. China needs to weave the ideas of harmony and inclusiveness into the fabric of global governance. Concepts like “good governance” and “benevolence” were espoused by our ancient philosophers. We can now “adopt old ideas in new contexts” and “put foreign ideas to domestic use.” China should have enough wisdom and broad-mindedness to learn from others the best in human civilization to promote an inclusive multilateralism that will benefit all in our joint efforts to deal with issues related to climate change, public health, humanitarianism and energy security. Rule-led governance is important. China attaches importance to abiding by rules and keeping one’s promises, and should play a leadership role in shaping and formulating international rules and maintaining the integrity of the rule-based system. We must adhere to the principles of differentiation and justice, put emphasis on interdependence, mutual benefit and win-win outcomes. With regard to sensitive issues like the responsibility to protect, China need not shy away from them. Active participation in discussions is the right way to exert influence. Participation does not mean giving up on principles. Only leadership can shape the future of reform.



(b) The United Nations and G20 are governance platforms that China can use to build up a united front through “menu-type-cooperation,” “agenda-item-alliance,” etc. The developed countries are not a monolithic bloc. There are such subgroups within the group as the QE group and austerity group. Consequently, major breakthroughs are possible in key areas like reforming the global monetary system, financial supervision, trade and investment protectionism, global poverty reduction and climate change with as much cooperation as can be possibly attained. China is a developing country. This position should be firmly held and conceptualized to seek a common identity with other developing countries in terms of similar historical experiences, value systems and development modes to reshape the global governance structure and reap institutional benefits together.

(c) Regional integration of the economy and finance as the cornerstone of global governance reform. For China, the success of global governance reform lies in its neighborhood. China’s trade with its neighboring countries has reached \$1.2tr and two-way people-to-people exchanges exceeded 35 million in 2012. China should further promote bilateral and multilateral FTAs to yield greater benefits for both China and its neighbors and with a view to forming an economic ring in the long term. The positive momentum generated in the region will be a strategic asset to aid China’s efforts to move reforms at the global level at a faster pace.

(d) International finance and reform of the global monetary system. China should adopt a positive and steady approach in the reform of the international monetary system. It is advisable to convince the U.S. and Europe that it is also in their interest to place RMB in the future currency basket of the IMF’s SDR, as the first step in the internationalization of China’s currency. RMB does not count much in the total volume of the world and therefore its inclusion in the SDR basket will not impact the current system. China should move ahead with RMB internationalization, but at a comfortable and steady pace so as to increase China’s ability to influence the world economy and international finance, reduce the risks of exchange rate fluctuations and further promote cross-border trade.



### **(3) Orderly and Steady Cultivation of Social Participation**

“A third force” represented by NGOs has come to the fore in global governance today and been active in areas ranging from disarmament and arms control to humanitarian relief, environment and animal protection, from poverty reduction to public health services. They are less constrained by national sovereignty and serve as a compliment to what is lacking in the international system that has sovereign states at its core. With “market failure” and “government failure” as their strong arguments, they are very much involved in international rule-making, creating media pressure on and supervision over governments, intergovernmental organizations and transnational corporations. The treaty that prohibits the use of personnel mines and the idea of “sustainable development,” which were thought up by NGOs, are examples of what these organizations are capable of.

At present, there are not too many NGOs from China that are active on the world stage. This has a negative impact on China’s image abroad and the lack of a Chinese voice in global governance is acutely felt. This situation has much to do with the Chinese tradition.

Western scholars view NGOs as representatives of global civil society and their extensive participation in global governance could fill in the gap left by less capable sovereign states. This can also serve to promote cooperation between the state system and civil society.

Either for the purpose of global governance or in building a harmonious society, China needs to proceed from its current domestic situation, and strengthen cooperation with such NGOs as World Economic Forum which are politically neutral and enjoy much influence, while at the same time creating conditions for the orderly, smooth creation of its own NGOs that can play meaningful roles in various fields of global governance and be of real global influence. The global governance practice and the diffusion of power internationally have once again reminded us of the necessity to view NGOs and their application from the high vantage point of reforms that need to be carried out in diplomatic institutions. What can be done first is, to establish a number of NGOs and volunteer

groups in some key areas of global governance, taking into account prevailing international practices and on the basis of China's present conditions, enabling them to play useful roles in the framework of public diplomacy.

It is to be noted that some Western NGOs, with financial support from their governments or intergovernmental organizations and based on the Western political model, are politicizing global governance by interfering at will in other countries' internal affairs, thus becoming tentacles of the Western governments in the implementation of their economic, trade and security policies. Some NGOs have gone so far as to be involved in regime-change in other countries. Human Rights Watch, the NGO that views itself as the sole guardian of human rights, is an example of such an organization that uses the West's human rights' criteria as the sole ones by which to judge developing countries, making a political and ideological issue out of human rights. There are yet more NGOs that plan and implement "color revolutions" and "peaceful revolutions" in other countries. We need to be vigilant to such NGOs that are nothing than "wolves-in-sheep's clothing," expose their true colors and put them under strict control.

#### **(4) Be Proactive in Agenda-setting and Rule-making in Global Governance**

Ever since China joined the IMF, World Bank and WTO, it has been getting closer with the world at large year after year. But the fact remains that China's ability to set or change agendas and to make or readjust rules is still limited, even if China is now part and parcel of the inner ring in decision-making. In other words, China often remains in the group of "the governed," which is not in keeping with its economic and political standing in the world today. Take China's membership of the WTO for instance. On the whole, this has been beneficial to China for it has provided China with a much better and fairer economic environment at a relatively low cost. The end result has been the fast growth of China's economy and China's deeper involvement in the globalization process. But the question is: why has China constantly been a victim of countervailing duty and anti-subsidy cases launched by Western

countries? The answer is self-evident. China does not have enough power in international rule-making and governance.

For China to escape from this trap of unfair treatment, it is of key importance to be an integral part of the ongoing global governance reform, so that China can exercise its rights in making these rules through revising and readjusting international rules and standards.

Over the last few years, China has achieved various successes in this regard. Let us look back to the end of 2009 when the COP 15 Global Climate Change Conference took place in Copenhagen, Denmark. The BASIC countries, with China as its representative and adhering to the principle of “common but differentiated responsibility,” engaged in heated debates with developed countries on such key issues as emission reduction targets, finance and technological support. In the end, they agreed on the Copenhagen Accord that safeguarded the interests of developing countries including China by maintaining the mandate of the “Bali Roadmap” and “dual-track” negotiation mechanism. Before and around the G20 London and Pittsburg summits, in unity with developing countries, China called for and won reforms in the governance structures of both the IMF and World Bank, in terms of share and quota changes, so that the voting power of developing countries as a group improved. The European Union led the climate change movement by putting in place a carbon exchange mechanism. It was resisted and fought against at the outset, but with the issue heating up quickly, other countries followed suit and started to coordinate policies with the EU, who had set the rules in this important field. These examples show that in international rule-making, the only way is to push on. Without active participation, China’s room for maneuver is very much limited.

China’s proactive and leadership role in global governance is in accord with the alignment of both its domestic and international considerations. From the international perspective, with favorable rules and standards, China’s external environment will be fairer, more just and more suited to its social and economic development, and its concept of peaceful development will be more readily accepted. From the domestic perspective, the imbalance in China’s

economic structure with its dependence on exports and resource intensity cannot be sustained and is not compatible with the total capacity of sustainable growth worldwide. It is quite clear that there is a high degree of convergence between addressing global governance problems and tackling the bottlenecks China faces in its own development. The global governance issues of environmental degradation, eco-destruction, energy security, etc. are identical to the ones that constitute challenges for China. Global governance inherently calls for updating growth models and reducing frictions on a timely basis. China should continue the policy of opening-up and reform and put forward its own ideas and matching roadmaps on key global governance issues to the international agenda, so as to lead them to fruition in terms of favorable new rules. In global governance debates and negotiations, it is without question that China's voice should be heard loud and clear.

#### **(5) Improving China' Cultural Attractiveness Is Essential to Its Success in Global Governance**

Joseph Nye said that a country's overall strength should not only encompass the hard power of economy, science and technology and military, but also soft power like the attractiveness of its culture and ideology. One does not negate the other. Can it be said that whoever commands the greatest attractiveness in its culture commands leadership in global governance?

For the last few years, China has quickened its pace in terms of cultural exchange with other countries, with Confucian Schools and Cultural China as its signature symbols. However, China's cultural soft power is relatively weak internationally. Why is this? China, with its rich history of cultural heritage, should have a great deal of advantages. The critical thing is to translate cultural heritage into effective assets. Global governance is all about rule-making in economic, financial, security and other fields and their implementation. But deep down what really counts is culture and its attractiveness, which includes ideas on governance and strategy. Whoever has the most powerful cultural attraction will certainly win out in governance strategy and ideas, which puts it in a better position in negotiations and attaining institutional rights.

How can China display the charm of its philosophy and cultural advantage in global governance?

(a) It is necessary to systemize those ideas of universal appeal, such as harmonious world, mutual benefit and win-win outcomes, inclusiveness and tolerance, benevolence and goodness, and make them the heart and soul of China's soft power and strategies in diplomacy and cultural exchange. The traditional ideas of "unity and oneness," "do not do to others what you do not wish others to do to you" are readily applicable in global governance. China will stand high if those core ideas of Chinese culture are well understood by other peoples. The following principles that are imbued with the best of Chinese culture could well break down the ideological divisions reinforced by the West and build up the united front needed to find global solutions.

(b) Be mindful of the differences in resources and economic growth models of each country.

(c) Respect plurality in human civilizations and the need for global concern and perspective for the common well-being of humankind.

(d) Cultural attraction and viability should also be kept up with the times. In addition to traditional symbols like operas, calligraphy, the Palace Museum and the Great Wall, Chinese culture needs to reflect the social and economic progress we witness today. In other words, contemporary Chinese culture's unique attraction should be disseminated in its interaction with other cultures. For this important mission, over 50 million overseas Chinese can play the irreplaceable role of bridging the gap between China and other countries. They should be the attentive ears of the Chinese government.

(e) The ability to spread its culture in the outside world is indispensable for China in extending its cultural soft power. China's ability to disseminate its ideas and thoughts has been improving over the years, but the assessment that "the West is more powerful than the East" in terms of China's ability to project her soft power has not changed. Western media represented by AP, Reuters, and Agence-de-France controls 80% of the daily international news flow and 90% of news resources. In terms of the global internet,

80% of the Internet and over 95% of the services are provided by the U.S. The U.S. and the Europeans still control international public opinion. To narrow the gap, China needs to hugely increase its efforts by transforming the way it thinks about and manages media, inject more capital to build up cross-board media platforms and create a number of media groups that have global reach and influence. In this regard, Chinese overseas media should be encouraged to play a bigger role, as they enjoy the intrinsic advantage of having roots in the countries where they operate.

#### 4. HARMONIOUS AND STABLE CHINA-U.S. RELATIONS ARE OF CRITICAL IMPORTANCE TO GLOBAL GOVERNANCE

Global governance means governance by major powers. Therefore, the relationship among big powers is the key. It is in China's interests to promote and build a new type of big power configuration that is stable and in its favor. With such a relationship in place, China will have more strategic manageability and room for maneuver. This is of course conducive to better interaction among major powers in the framework of global governance.

- (1) The new type of great power relationship requires the outdated view of great power rivalry for spheres of influence and the inevitable conflict between existing and emerging powers to be changed. This relationship calls for dialogue and cooperation to expand common interests and reduce suspicions and vicious competition. Big powers need to avoid strategic quagmire and rivalry during this period of "one-up-one-down" and join hands in building a community of nations who are bent on peaceful development through cooperation and coordination. The importance of such a relationship cannot be overemphasized for both China and the world as a whole, because it is a road that has not been traversed before. To embark on such a road shows that China as a great nation has a historic vision and worldview of working with other nations in peace and prosperity. It also demonstrates that China has full confidence in its peaceful development concept and the moral integrity to maintain



healthy and stable relations with other big powers.

- (2) It is imperative to manage the China-U.S. relationship well for the establishment of a new type of power relations. It is also the key for the success of global governance reform.

(a) The U.S. is the only power that is capable of creating a negative external environment for China. It is therefore of great importance to China's continuous peaceful development and strategic window of opportunity that China should try to maintain long-lasting, stable relations with the U.S. The balance of power is shifting in China's favor, but the overall strength of America in economic, science-and-technology, military and cultural fields remains. The U.S., as the dominant power and builder of the existing international system, will for a long time to come have institutionalized rights and influence that China does not possess. The initiative by China to build a new type of relationship between China and the U.S. calls for enhanced cooperation and coordination and a win-win outcome in global governance between the two countries, which China believes will be conducive for the U.S. to adopt a positive, cooperative and pragmatic approach towards China.

(b) As Obama starts his second term, China needs to concretize and systemize the concept of a new relationship by supporting both officials and academics to come up with realistic policy proposals.

The focus is of course on China's neighborhood. A good neighborhood makes a better world. The dialogue between China and the U.S. on the Asia-Pacific should be enhanced to make this area a "special zone" and get the ball rolling by establishing the new relations first in the Asia-Pacific region. Snowballing is what we expect will happen when enough positive momentum is gathered and when the U.S. government and all walks of life in American society start to accept this concept.

(c) There are structural differences between China and the U.S. with regard to ideology, social systems and geopolitics. The debate on China never stops in the U.S. Brzezinski recently noted that the U.S. has accepted the rise of Chinese power. With common challenges faced by both nations, it is beneficial for the two to cooperate with each other. The reality tells us that on many an



issue, the U.S. cannot divorce itself from China's helping hand. The DPRK's and Iranian nuclear problems, the Syrian crisis and other such issues all require China to play a mediating role. China is essential in establishing peace in Northeast Asia. By the same token, the U.S. needs China in tackling global challenges like counter-terrorism efforts, nonproliferation, poverty-reduction, climate change and energy security. Faced with continuing recession, President Obama set his priority on job creation and economic growth, and here again China can be of help. On the other hand, there are still some strong voices of neo-conservatism in the U.S., as represented by Professor Mearsheimer of Chicago University, who has claimed that the peaceful rise of China is impossible. They predict that the U.S. and China will engage in tense security competition and believe that war between the two is inevitable, as the aspiring power tries to surpass the existing superpower.

As time passes, there needs to be new perspectives and new thinking to address both old and new tough issues in China-U.S. relations. "In the end, a balance has to be found between different national strategies, there has to be a reasonable delineation of national interests, and maintenance of a 'tense but workable' relationship between the U.S. and China,"<sup>8</sup> as noted by one Chinese scholar. In February 2012, then-Vice President Xi Jinping of China said during his trip to the U.S. that the China-U.S. relationship is one of the world's most important, vibrant relationships with the greatest potential. He also indicated that there is enough space in the vast Pacific for both China and the U.S.

Common interests are what tie China and the U.S. together on the road to developing stable bilateral relations. What are these ever-expanding common interests? Just what is new about this new type of great power relations? To counter the arguments of neo-conservatism, we need to find satisfactory answers to these questions. The present-day China-U.S. relations are so entwined that they affect every policy we pursue. Our policies towards each other not only affect our own two countries, but also have bearings globally, be it of a positive or negative nature. It is therefore necessary for us to rise above our bilateral relationship in order to have better cooperation and coordination in global governance.

In other words, China-U.S. relations probably need to be “de-China-U.S.-nized,” meaning focusing more on global issues and making global governance a fertile “test field” in which to grow the fruits of global governance. As the most populous developing and the biggest developed countries respectively, China and the U.S. should be the drivers of global governance as it enters a new era of reform and rejuvenation. The two countries must cooperate and coordinate their communication and actions to bring about the new international order. Through joint efforts in leading global governance reform or restructuring, China and the U.S. can build up a partnership, a mode of co-existence that is based on mutual respect and trust, on mutual benefit and comfort, for the purpose of maintaining and promoting world peace, development and prosperity.

(d) While focusing on building the new relationship with the U.S., China should also place importance on pursuing the same type of relations with Europe. EU countries have a complex mentality with regard to China. They wish to deepen their cooperation with China, but they still cling to the idea that they are somewhat superior to China. China needs to proactively pursue a policy of continuing comprehensive cooperation with the EU to increase political consultation and people-to-people exchanges and urge it to discard its erroneous policies of the arms embargo, etc. in order for the EU to be an important part of China’s new-type of relations with big powers.

(e) To continue to prioritize relations with BRICS countries and handle China’s relations with Japan carefully. Proceeding from the perspective of building the new-type of big power relations, both BRICS and Shanghai Cooperation Organization are advantageous platforms that China should use to promote its cooperation with developing countries. China should explore new and consolidate existing cooperation mechanisms between BRICS countries, and with the BRICS Development Bank being put in place, BRICS has become the real strategic anchor for China on key international issues and global governance.

Japan is an important and close neighbor of China, yet both historic entanglements and current conflicts mar the relations

between the two nations. This is a fact that China can't ignore in building new relationships with big powers. Since Premier Abe took office, Japan has been turning increasingly to the right, making handling China-Japan relations a historic test for both countries. China should try its best to keep its relationship with Japan as steady as possible, but at the same time be prepared for tough choices down the road. What is needed for China is keep both options open and be ready to create favorable conditions for the long-term stability and prosperity of the Asia-Pacific region.

### CONCLUSIONS

China already stands at the center of the world today. China should look straight in the eyes of the challenges of global governance and its reform and be ready for it to create a favorable and comfortable external environment for China's continuous economic growth and social progress. China will adhere to the road of socialism with Chinese characteristics, to the policy of opening-up and reform, and to peaceful development. Greater courage and wisdom is called for to be totally involved in the historic mission of global governance reform more deeply and extensively. China should also proceed from the concept of the community of nations and the spirit of "rowing in the same direction" to overcome obstacles in global governance reform, and be a model in formulating theories and engaging in practices of global governance. The opportunity is right before us as the international community braces itself for the overhaul of the global governance structure as a result of the unprecedented financial crisis. If we can seize this historic moment and go forward with our heads high and our feet firmly on the ground, China's age-old dream of the rejuvenation of this great nation will finally be realized.

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<sup>2</sup> Hakan Altınay, "Global Governance, A Work in Progress," Yale Global, 26/01/2010.

<sup>3</sup> Peter I. Hajnal, "The G20 and the Civil Society," translated by Ting Xu, *International Review*, Vol.2, 2011, p. 16.

<sup>4</sup> Keping Yu, "An Introduction to Global Governance", *Marxism & Reality*, Vol. 1, 2002, p. 30.

<sup>5</sup> David H. Krugman & Anthony McGrew, *Governing Globalization: Power, Authority and Global Governance*, Social Sciences Academic Press, 2004, p. 92.

<sup>6</sup> Wang Xiangsui, "Recognize the Currency Politics China Can Defeat," *Global Times*, February 18, 2013.

<sup>7</sup> Liu Youfa, "The Eight Challenges to the Global Governance," *People's Daily (Overseas)*, January 19, 2013.

<sup>8</sup> Yuan Peng, "The Strategic Thinking of the Sino-U.S. Relations Development, Contemporary International Relations," Anniversary Special Edition, 2010, p. 83.