

Chinese President at Davos Calls For Reform of Global Governance

by William Jones

Jan. 22—While a great deal of attention has been focused this past week on the inauguration of the new U.S. president, Donald Trump, perhaps the most important event that actually occurred was at the World Economic Forum at Davos, where President Xi Jinping gave two extremely important speeches regarding the present world economic crisis.

While President Xi, in his speeches, emphasized his theme that the world has to become a “community of a shared future,” the media tried to portray the Chinese President as simply a promoter of “globalization,” as this concept has generally been understood prior to the launch of the Belt and Road policy. What the media failed to realize is that what President Xi was presenting was indeed something quite new and exciting.

While President Xi spoke warmly about the importance of “economic globalization,” he was not characterizing that system by which “supranational institutions” have subordinated entire nations to their dictate, by eliminating, in many cases, the power of the sovereign governments to determine their own policy. Nor was his concept of “economic globalization” a defense of that system in which the uncontrolled movement of finance capital from country to country and region to region could proceed unimpeded, in its unending search for maximum profit, often at the cost of the lives, the well-being, and the health of their “host countries.”

The world-wide reaction to “globalization” has been a reaction against this type of system. The concept of “economic globalization” that President Xi was calling for in his “community of a shared future,” is actually a unique vision that is inclusive, cooperative, and compassionate. We might even designate it “globalization with Chinese characteristics.”



World Economic Forum/Manuel Lopez

People's Republic of China President Xi Jinping, speaking at the World Economic Forum in Davos, Switzerland, Jan. 17, 2017.

To American opponents of the destructive, lunatic, British-imperial policies of Obama, Bush, and Cheney, President Xi's “globalization with Chinese characteristics” is so utterly different from what they have known as “globalization” under these past U.S. administrations, that it seems to be its direct opposite.

For the Chinese President, “economic globalization” is the process by which world civilization has developed through the ages, gradually creating that worldwide division of labor which now forms the basis for the conditions of life of every individual today.

“From the historical perspective,” Xi said, “economic globalization resulted from growing social pro-

ductivity, and is a natural outcome of scientific and technological progress, not something created by any individuals or any countries. Economic globalization has powered global growth and facilitated movement of goods and capital, advances in science, technology, and civilization, and interactions among peoples.”

At the same time, he clearly indicated that the world can no longer accept certain aspects that have accompanied this development: “But we should also recognize that economic globalization is a double-edged sword,” President Xi said. “When the global economy is under downward pressure, it is hard to make the ‘cake’ of the global economy bigger. It may even shrink, which will strain the relations between growth and distribution, between capital and labor, and between efficiency and equity. Both developed and developing countries have felt the pinch. Voices against globalization have laid bare the pitfalls in the process of economic globalization that we need to take seriously.”

More importantly, President Xi pointed to one of the major problems facing the economic system today: the untrammelled “right” of finance capital to pursue *its* interests in an uncontrolled manner, leading to the major financial crisis in 2008. “The international financial crisis is another example,” Xi said. “It is not an inevitable outcome of economic globalization; rather, it is the consequence of the excessive chasing of profit by financial capital and the grave failure of financial regulation.”

The key concept in President Xi’s understanding of “economic globalization” is development. “Development is ultimately for the people. To achieve more balanced development and ensure that the people have equal access to opportunities and share in the benefits of development, it is crucial to have a sound development philosophy and model, and make development equitable, effective, and balanced,” Xi said.

President Xi also underlined the fact that each nation has the right to choose its own path of development, and not have one imposed upon it from the outside. “Sovereign equality is the most important norm governing state-to-state relations over the past centuries, and is the cardinal principle observed by the United Nations and all other international organizations. The essence of sovereign equality is that the sovereignty and dignity of all countries, whether big or small, strong or weak, rich or poor, must be respected, allowing no interference in their internal affairs, and they have the

right to independently choose their social system and development path.”

The Westphalian Principle

In his speech, Xi made reference to the Peace of Westphalia, which has become a template for later international conventions, including the Geneva Convention, the UN Charter, and the Five Principles of Peaceful Coexistence adopted by Third World Nations at the Bandung conference in 1955. The Treaty of Westphalia had resolved the religious wars in Europe, wars which merged into a single, devastating Thirty Years’ War on the European continent. It is grounded on the concept of the “good of the other.” As the treaty clearly states: “And this peace and amity shall be observed and cultivated with such a sincerity and zeal, that each party shall endeavor to procure the benefit, honor, and advantage of the other.”

American statesman Lyndon H. LaRouche, Jr., gave a perfectly precise statement of the 21st-century version of the Westphalian system in a private discussion with associates on Jan. 21. “What we want, clearly, is security for governments, and the rights of governments to negotiate their own proposed plan of actions,” he said. No one can possibly know all the issues and all their solutions in advance, Mr. LaRouche indicated. “Therefore, you’ve got to open the gates, because you’re creating a new system, a system which has not existed as such heretofore, and therefore the gates have to be opened to allow this question to be laid out. That every nation has a right to make a proposal towards the contract among the nations. And the point is, that if you get into that thing, you may get into an argument—but you can solve the argument by finding a solution.”

Four decades of Russia-China negotiations, which took those two nations all the way from armed border conflicts in 1969, to an unparalleled, still-deepening strategic alliance today, illustrate these principles outlined by Mr. LaRouche.

While nations, in working together to resolve the problems facing mankind, will inevitably have differences over policy—whether it be a question of territorial disputes, trade disputes, or other matters—such issues can only be settled through negotiations in an attempt to achieve a mutually beneficial result, which the Chinese call a “win-win” situation.

While China and the United States, with the new

orientation of the Trump Administration, will no doubt both be making adjustments in their trade arrangements, the media speculation about a trade war between the United States and China is highly exaggerated. The economic ties between these two great nations and their importance in the world economy does require, as the Chinese President has said, the creation of a “new relationship between major powers.”

And as President Xi emphasized in his Davos comments, “There are no winners in a trade war.” If President Trump is sincere in following through on his promises to rebuild the U.S. economy, building infrastructure and creating jobs, China could well become his most important ally. Chinese investment in the United States has already created, according to the Rhodium Group’s estimate, over 27,000 jobs.

Jack Ma, the CEO of Alibaba, indicated in his discussion with Trump, that creating a new e-link to Chinese consumers for American products, could lead to the employment by U.S. firms of one million more workers here. Chinese expertise in infrastructure development, in particular in high-speed rail, could be of great assistance in revamping our failing transportation grid, putting U.S. workers back to work, building a modern railroad system. While all elements of Hamiltonian economics—tariffs, taxes, and credit issuance—will no doubt also be on the table, there is no reason that the United States and China can’t come to a win-win agreement. And U.S. industry, which still maintains a highly qualified labor force, can produce high-quality products that can be of use to China in its own development.

And both countries have a clear interest in getting control over an international financial system which for so long has been totally out of control, resulting in more than one major financial crisis in the last twenty years. Governments must decide their own national policies, and not the board of directors at some mega-investment bank. A new form of global governance is indeed on the agenda. President Trump has promised Glass-Steagall reform here in the United States, in



Chinese businessman Jack Ma (right), met then President-elect Donald Trump Jan. 9, prior to Ma’s appearance Jan. 18 at the World Economic Forum. Ma stated at the Forum that the United States wasted \$14 trillion over the last 30 years by overly focusing on war and Wall Street, instead of building the economy.

order to protect the savings, the pensions, and the very existence of U.S. citizens from the depredations of the Wall Street speculators. The same must be done internationally as well.

As President Xi said in his speech at Davos: “The global financial market needs to be more resilient against risks, but the global financial governance mechanism fails to meet the new requirement, and is thus unable to effectively resolve problems such as frequent international financial market volatility and the build-up of asset bubbles. As the Chinese saying goes,” Xi continued, “people with petty shrewdness attend to trivial matters, while people with vision attend to governance of institutions. There is a growing call from the international community for reforming the global economic governance system, which is a pressing task for us. Only when it adapts to new dynamics in the international economic architecture, can the global governance system sustain global growth.”

It seems that the crying need for a “new international economic architecture” which will benefit all the countries of the world, could well be the focus around which these two major countries can form a new relationship, in order to see that such an architecture becomes a reality for all mankind. And it will require “vision” from both countries’ leaders to bring this to fruition.