

# China, America, and “Nationalism”

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“Fire and fury” were expected at the annual CLSA conference in Hong Kong in September. Stephen Bannon was to deliver a frontal assault on China—on Chinese soil—and advance the proposition that the United States and China are, or should be, engaged in an epic struggle for world domination in the twenty-first century, according to the *New York Times*.

Perhaps no one represents the “America First” ethos behind the Trump movement more than the executive director of Breitbart News. In an earlier interview, during his last days as a White House senior official, he told the *American Prospect* that “we’re at economic war with China. . . . One of us is going to be a hegemon in 25 or 30 years. . . .”

In his [keynote address, however, and in subsequent press interviews](#), Bannon said that he had “never been anti-China,” and that we are no longer in the Cold War era. Although the United States and China are in a competitive relationship, they are quite capable of resolving their problems, even in the toughest case at the present time—the North Korean nuclear issue. He also paid rather strong [compliments to the Chinese leadership](#), calling President Xi Jinping a “wise leader” and the world leader that President Trump respects the most.

Seemingly schizophrenic to many, this mindset should not have been a surprise. The “nationalist” movement that is roiling the United States is part

of a paradigm shift that has been sweeping the globe. This is a reaction to the [excesses of ideological “globalism” \(as opposed to economic globalization\)](#) in the past few decades. While globalization simply means a world increasingly interconnected through trade, investment, travel, and information, globalism has hijacked that trend and turned it into an ideology. It envisions a world moving relentlessly toward the adoption of a unified set of rules and standards in economics, politics, international relations, and even morality. National borders would gradually lose relevance and even disappear. Cultural distinctions would give way to universal values. Since the end of the Cold War, the so-called liberal world order, led by America, has essentially been turned into an aspiration for a universal order, at the expense of national sovereignties.

The reaction against such ideological overreach is not limited to the United States or even the West. Even in the country often considered a major beneficiary of globalization—China—an approach based on national interests to foreign and economic policy has been the norm. China has long preferred an international framework in which states interact with each other based on their respective national interests rather than universal ideology. Indeed, a national-interests-based approach to foreign affairs is more likely to ensure continued peace and even cooperation with China, while the globalism of the Western elite is more likely to create tension both between and within nations.

## **The Global Unpopularity of Globalism**

Increasingly, large portions of people, even many majorities, have decided that elites in Western countries—and in many developing countries as well

—have prosecuted this project of globalism at the expense of their own peoples and communities. In America, Wall Street and Silicon Valley reaped the lion's share of the benefits of globalization while the American middle class stagnated and languished.

The situation is the same and worse in many developing countries. The Philippines, after many years of “liberal” leadership, was being turned into a massive haven for drug lords and is teetering toward becoming a narco-state, with its youth poisoned, and its economic development severely crippled. Hungary and Poland, two of the most successful eastern European countries that joined the West after the Cold War, have seen their national priorities suppressed by Brussels' dicta. The EU has nearly prevented them from determining policies that are most fundamental to a sovereign nation, such as immigration and how to run their courts.

Now many of these countries have produced rather strong leaders who (among other things) are seeking to reassert national powers against an over-reaching universal order: the Philippines' Rodrigo Duterte, Hungary's Viktor Orban, India's Narendra Modi, Poland's Law and Justice Party, Egypt's Abdel Fattah el-Sisi, Thailand's Prayut Chan-o-Cha, and, of course, Russia's Vladimir Putin—plus Brexit.

And America produced Donald Trump.

To polemically brand them as nationalists, or populists, is a gross oversimplification. They are nationalistic, and appeal to populism, only in the context of an overly aggressive, one-size-fits-all universal order that has

severely limited the powers of national governments to solve problems for their own peoples under their respective and unique national circumstances.

Their support among their own people is derived from the latter's desire to get some power back, in order to determine their nations' own destinies. President Duterte's aggressive campaign against drug crimes, for example, has been condemned by many global opinion leaders but enjoys significant support among the long-suffering Filipino people, even after recent declines. The leaders of Poland and Hungary have likewise faced tremendous pressure from the EU over their efforts to secure their national borders. Even Nobel Peace Prize winner Aung Sang Su Ki, who used to be the darling of universal values advocates, is under attack from her former fans for her efforts to deal with violent and complex ethnic issues on the ground in her country.

In an increasing number of developed and developing countries alike, the conventional, "globalist" political establishment is simply no longer able to solve their societies' problems. Hence their opposition, "nationalists," are on the march. "Nationalist" parties have recently won a clear majority of votes in Austria's national election. Even the mighty Angela Merkel, coroneted by the establishment as the new leader of the free world after Trump's election, saw her party receive the lowest level of voter support in 70 years in the most recent election, while Alternative for Germany (AfD) has surged to a historic high.

In the United States, Trump's election has begun a sustained period of division. The intensity of the attacks on Trump from virtually all quarters of the American political and media establishment has been rare in recent memory—even [Jimmy Carter](#) agreed. Just this month, two elder Republican

leaders, former President George W. Bush and Senator John McCain, weighed in. Bush echoed the long-held views of many American intellectual elites that the United States is a nation of ideas—a credo polity defined only by its ideology, and divergence from the American creed is “[blasphemy](#)”. McCain consigned the nationalist sentiments underlying the Trump movement to the “[ash heap of history](#)”. Such language is troubling, to say the least. The last great power that defined itself as a state of ideas and rejected the central role of shared national history and community in its foundation was the Soviet Union. Are American globalists attempting to turn America from a nation-state into an ideological state—one that could follow the footsteps of the USSR?

## **China Will Not Abandon Its National Interests**

China is a rather unique case in that it never succumbed to the universal order of globalism. Although opening up to the world, especially in trade and economic activity, it has been able to retain its political autonomy to implement policies based on its own circumstances. China has always engaged with globalization on its own terms. In its long negotiation to accede to the WTO, the Chinese government won hard-fought concessions that enabled it to expand employment for its people. Technology transfers were required in exchange for market access, all for the long-term welfare of its national economy. As [President Xi has said](#), China would not “swallow the bitter fruits of harming its national interests” to satisfy the demands of some world order.

Furthermore, China has long advocated allowing such an approach for all other countries. Letting different countries pursue their own development

paths has been a steadfast motto of China's worldview. This is why the kind of intense nationalistic populism that is sweeping America and many other countries is not happening in China—because there is no such need.

Over the past thirty years, China has transformed itself from a poor agrarian country into the second largest economy in the world, precisely through the intelligent pursuit of its national interests in a globalizing context. China became the largest economy by purchasing power parity and, in the process, lifted 700 million people out of poverty. Yes, the divide between rich and poor has expanded dramatically. But even the poorest are better off compared to where they were ten or twenty years ago. This is starkly different from what has happened in the United States, where the top earners took virtually all of the wealth created by globalization and the middle and bottom are mostly worse off.

### **China and the United States: Competitors Can Cooperate**

Just as Bannon said, the United States and China are competitors. This is obvious. In fact, almost all countries are rivals of each other to some degree—the United States and Russia, Germany and the United States, India and China. In addition to the economic competition that exists between almost all nations, cultural and civilizational differences combined with geopolitical contentions create the potential for conflicts.

But, at the same time, China and the United States have more in common than it appears.

Mr. Bannon would be mistaken if he made America's rivalry with China the defining struggle of his and Mr. Trump's political enterprise. At this

moment, the American nation is much more at risk of being subsumed by the Frankenstein universal order of its own making than is China. In the past quarter century, after the end of the Cold War, the globalist agenda has turned America from a victorious superpower into a nation mired in constant and endless warfare abroad and economic polarization, political decay, and social unraveling at home.

Trump's America and China, and many other would-be competitor nations, have a common interest in moderating the excesses of globalism and reconfiguring the world order to make it more conducive to the interests of nations and communities. In this pursuit, China is arguably the most successful, and a potential ally.

Leaders looking to restore national sovereignty will find China to be supportive of many of their goals. China would no doubt [support other countries' efforts to regain control of their national borders](#) and determine their own immigration policies, for instance. The Chinese have for decades been the staunchest defender of cultural integrity, embodied in nation states. China is the only major world power to provide strong moral and material support to President Duterte's anti-drug campaign. At the [Universal Periodic Review undertaken by the UN Human Rights Council](#) in May 2017, China was the only country that stood by Manila while others condemned it.

For many years, China has been virtually alone in rejecting universal values imposed from the outside. The same proponents of these universal values are now condemning Trump on a daily basis, using nearly identical language to that which they have used to condemn China for a long time. These same

voices cheered President Xi at Davos, but the Chinese are not so blind. [They know the difference](#) between the globalist agenda and the Chinese agenda.

Many Americans may be too quick to assume that China is on the opposite side when it comes to economic issues, especially on trade. But even here, although their interests necessarily differ, their outlooks are converging. Given its own development experience, China would certainly favor an international economic system that allows room for different countries to implement trade policies appropriate to their national needs. The trade deal China is pursuing with Asian countries, the Regional Comprehensive Economic Partnership (RCEP), is markedly different from the Trans-Pacific Partnership (TPP), which was championed by Obama and terminated by Trump, in that particular respect. The former envisions different standards for different countries while the latter sought to apply universal standards.

Mr. Trump and many of his supporters have blamed China for America's job losses. But this is overly simplistic. Parts of the United States benefited tremendously from globalization. The problem has been America's own inability to distribute these gains equitably and in ways beneficial to its long-term national interests. How can they blame Chinese leaders for doing their job in looking after their own national interests? If they can find the wisdom to sit down and negotiate with the Chinese, the Trump administration may just find a counterparty who is receptive to the notion that America, too, has its own interests and needs. And China should contribute to fixing the trade imbalances between them. Given appropriate trade-offs, China would probably be willing to impose export restraint and further open its markets for American goods and services.



Wang Yang, China's Vice Premier in charge from the Chinese side of the U.S. China Strategic and Economic Dialogue, put it best [in a speech delivered in Washington](#) in July 2017, "We understand that quite a few Americans support 'Buy American, Hire American,' just as in China there is also voice for 'Buy Chinese, Hire Chinese.' But it is important that both sides come to realize with cool heads that given the depth of our business cooperation, neither Chinese nor Americans can do without goods from the other country. We both have a stake in the robust, balanced and healthy development of our business ties."

Indeed, bilateralism between the United States and China, both strong and sovereign powers, may be the most constructive way forward. Acting on its own national interests [to rebalance its economic relationship with the United States](#), according to Vice Premier Wang, China imported 400,000 tons of LNG from the U.S. just in the first five months of 2017, from zero in the same period last year. It has also jettisoned a long-standing ban on American beef. For the longer term, China is implementing structural changes such as reducing the number of industries restricted to foreign participation from 180 six years ago to the current 63. Consumptions and services are both up significantly as a share of China's GDP growth. All these speak to a more balanced trade with the United States in the medium to long term, and all these are being carried out in China's own national interests.

Thus it would be wise for America's current leaders to dial down the paranoia about a growing China. The Chinese want to reclaim their preminent position in Asia, commensurate to China's size and history. But they certainly do not harbor any ambition of becoming some sort of global

hegemon, which is not in China's civilizational DNA. The Chinese built its Great Wall to keep "barbarians" out, not to invade them. In the last 100 years, [China has only relinquished territorial claims; it has never expanded them](#). When the People's Republic of China was founded, all of the 16 countries that shared land borders with China had territorial disputes with it. Now, all but two (India and Bhutan) have been resolved through bilateral negotiations, not through global-multilateral schemes.

Multilateral diplomacy can be useful. But strong sovereign states that pursue rational policies based on long-term national interests can be conducive to peace as well. Multilateralism, when pursued with a globalist outlook, often exacerbates conflict. In the South China Sea, for example, decisions by some over-reaching international court intensified confrontation, while bilateral negotiations between China and the Philippines have led to agreements. President Trump may be right on one thing: the United States is expending too many resources to sustain the current world order. The U.S. military [is so over-stretched that it found it difficult to deal with natural disasters](#) that have struck its own soil. Perhaps it is high time for America to pivot to solving its own myriad problems and let other sovereign nations deal with theirs.

## **Reforming International Institutions**

The greatest risk for these newly powerful nationalistic leaders is that, in their quest to reclaim national powers, they take the world backwards into the rules of the jungle, forsaking long-term peace for short-term gain. That would be a tragic betrayal of the people who put them in power. Increasing interconnectedness is a secular trend driven by technology and economics,

and it will continue. Globalism is the ideological excess. The goal should be to reformulate the structures and contours of globalization to benefit more people rather than to reverse it.

If today's "nationalist" leaders want to contribute to a better future, they need to move beyond reactionary protests and begin generating a positive agenda. One place to start could be reforming antiquated global economic institutions. Many of them are failing at their missions to promote development because of draconian rules to standardize the world. Adherence to rigid doctrines of "free trade" and free capital flow, for example, did not bring promised developments for a vast majority of developing countries in the past twenty years. Within the EU, a single currency and uniform labor rules have crippled the abilities of countries like Greece, Italy, and Bulgaria to adjust their economies in response to changing environments, and the consequences have been dire for these countries. The World Bank now seems to exist mainly to serve its own bureaucrats and universalist ideologues. Its cumbersome, abstract rules and the resulting paralysis have been failing many developing countries. If such institutions cannot be effectively reformed, new ones should be started. China led such an effort two years ago with the establishment of the Asian Infrastructure Investment Bank (AIIB), against strong resistance from the Obama administration.

And it goes beyond economics. The International Criminal Court (ICC) has often put abstract principles above realities on the ground. Its selective pursuit of alleged war criminals has in many cases [prolonged violent conflicts](#), particularly in Africa

The leaders of the world's "nationalist" movements must make it clear that they are not seeking to reverse globalization, but to advance a new version of it. Mutual support between them and China may become a new norm. On a visit to China last year, Hungarian Prime Minister Orbán, while promoting the building of railway links to increase the flow of goods between China and central Europe, [said the following](#): "We need to see eye to eye without asking the other side to change themselves. . . . The West (should not believe that it) represents a superior ideal and expects other parts of the world to adopt international doctrines reflecting that. . . . China's political system is up to the Chinese, while Hungary's is up to Hungarians. . . . Nobody has the right to interfere as a self-appointed judge."

President Trump has called his foreign policy outlook "principled realism." In his recent speech to the United Nations General Assembly, his words echoed what China has always advocated: "strong, sovereign nations let diverse countries with different values, different cultures and different dreams not just coexist but work side by side on the basis of mutual respect."

Competition is unavoidable when nations pursue their "permanent interests." But in war everyone loses. President Xi has proposed building a new "community of shared destinies". A good example is the recent rapprochement between China and the Philippines under the leadership of President Duterte, putting aside territorial disputes in the South China Sea and pursuing common interests in trade and investments. Some commentators have judged this as China subordinating the Philippines. Not so. President Duterte [stood his own ground](#) with his country's giant neighbor. In exchange for cooperating in the South China Sea, the

Philippines has secured from China unprecedented multibillion-dollar development assistance in addition to support for the anti-drug campaign.

Western opinion leaders have treated such successes of Chinese diplomacy with derision, but the results of the last several decades speak for themselves. The world's newly empowered "nationalists" can usher in a new and stronger international order, in which China can be an important partner. They should work toward an international order that allows room for nations to pursue their own development paths, to defend their own interests, and—on that basis—cooperate to preserve the global commons. The message to the world's nationalists and would-be nationalists: China is your example, and potentially your ally, not your enemy.

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