

China's Economy and Globalization: A Look into the Future

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After the corona crisis, may the world be facing a monumental paradigm shift of power towards a more balanced civilization – more social justice and equity? The global almost total lockdown, chosen by most governments around the globe in response to mastering the Covid-19 crisis, devastated the world economy, as we know it – and hundreds of millions of lives. Was it necessary? Will there be a time when those responsible for this universal, scientifically unnecessary lockdown be held accountable?

The last six months, governments around the world have almost unilaterally committed an auto-destruction of their socioeconomic fabric and collectively of the global economy. It may never return to the “normal” of the times before COVID. That, *per se*, may not be a bad omen, though, as our pre-corona existence – especially in the west – was everything else but an ethical “normal”.

Pre-Corona Globalization and Economic Development

Neoliberal economics have “normalized” greed, inequity, exploitation of people and depletion of resources. This was largely possible due to an ever more reckless ultra-capitalist globalization and privatization of everything – goods, services and assets through international corporatism and globalized private banking.

Global finance was – and still is to some extent – dominated by a fiat US-dollar system aiming at total control of the world's riches towards a global economic and resources hegemony, enforced by sanctions and confiscation of assets, coercing dissenting nations under the dictate of the United States and her western allies. The countries that did not cave in – Cuba, Venezuela, Iran, Syria, Yemen, North Korea – and not least, of course, China and Russia are relentlessly assailed.

The corona pandemic temporarily slowed western pressure on China and Russia, as it brought about an abrupt stop to world economic activities, causing a melt-down of assets, plunging stock markets by over 30 percent, creating untold bankruptcies, unemployment and human misery unrecorded in past history. The calamity may be far surpassing the Credit Crisis of 1772, the Great Depression (1929 – 1933) and the Financial Crisis of 2007 – 2009, possibly by orders of magnitude, once the dust settles and a more accurate accounting can take place. This may take months, if not years.

Estimates from the International Labor Office (ILO) now predict unemployment and underemployment may reach up to 2.0 billion people, worldwide, more than half of the globe's total workforce, many of them living in precarious conditions well before the corona outbreak. The World Food Program (WFP) fears that hundreds of millions of people may be

affected by famine and tens of millions may die. This is a somber base from which to look forward into – let's hope – a brighter future.

The silver lining of this dark corona cloud is that the dollar hegemony is coming to an end, and instead the world is presented with a wide-open window of new opportunities to stitch a social fabric that fits all or most of humanity – forging a new social contract towards creating a common future for mankind.

Salient features under globalization as we know it

Economic development under unfettered globalized capitalism has in the past 70 years ravaged the globe and in the Global South has drastically increased inequality, injustice among peoples and nations. The Washington Consensus (1989) has given free reign for forging unequitable trade agreements which often undermined and even annihilated national sovereignties of poorer countries, for example, driving local farmers off their land by forcing subsidized western agricultural crops into their countries.

Globalization under the neoliberal concept has also brought privatization of everything, but especially of social services and infrastructure, destroying the peoples' accumulated asset base – shuffling social capital from the bottom to the top, to the western private banking sector and a few oligarchs, thereby destroying the little and often flimsy social safety nets poorer nations may have established – safety nets which would come in handy now with Covid-caused poverty skyrocketing. CNBC reports that America's billionaires added US\$ 434 billion to their fortunes during the 3 months of U.S. lockdown between mid-March and mid-May 2020.

China's 1949 Revolution initiated by Chairman Mao presented a new concept of economic and social development, one that still holds as of today. After western devastation of China, it started wisely in building strength by seeking self-sufficiency in education, health and nutrition – and in eradicating poverty. The Chinese society worked and keeps working in a flux of constant creation – with natural ups and downs and trials and errors – but steadily advancing, learning – and succeeding which, in turn, motivates new creation, new achievements.

After reaching this first objective of basic autonomy, China opened her gates to the world to continue the harmonious flow of creating relationships for trade and investments, educational and cultural exchange and gradually moving into research and cutting-edge science to share with the world. It is the contrary of what the west is used to. It is cooperation instead of competition. A concept hardly understood in the profit-driven capitalist west.

The idea of cooperation in economic development coupled with an endless flow of creation – avoiding conflicts and moving forward, a solid Tao principle – has grown China to where she stands today – becoming the world's second largest economy, after starting practically from zero only 70 years ago. China is a vivid example of socialist success. Or, as the Chinese would say, *"socialism with Chinese characteristics"*. A nation that never seeks conflicts or invasions of other countries, but strives for partnerships and peaceful cohabitation. This worries the west, especially the self-declared US empire.

On 7 September 2013, Visionary President Xi Jinping re-initiated the ancient 2100-year-old

Silk Road at Kazakhstan's Nazarbayev University. Adjusted to the 21st Century, it is called the Belt and Road Initiative (BRI), but it is based on the same old principles building bridges between peoples, exchanging goods, research, education, knowledge, cultural wisdom, peacefully, harmoniously and 'win-win' style.

In his inauguration speech, President Xi spoke about "People-to-People Friendship and Creating a better Future". But he went further, pointing to the history of exchanges under the Ancient Silk Road among people from different creeds and cultures,

"they had proven that countries with differences in race, belief and cultural background can absolutely share peace and development as long as they persist in unity and mutual trust, equality and mutual benefit, mutual tolerance and learning from each other, as well as cooperation and win-win outcomes."

This is the corner stone for the development endeavor of the 21st century. It signals a globalization under different terms – a globalization under equals. And, yes, a New Social Contract. Partner countries are invited, not coerced, to participate in this mammoth enterprise to span the world with land and maritime routes, for trade, for joint research and scientific exchanges, leading to an endless flow of ideas for new technologies but also of social sciences to enhance peaceful human interactions. A case in point may be the new China-Cuba collaboration in health science that emerged from the corona crisis.

Globalization under a new normal

China will play a major role in the new emerging world order – not a One World Order, as a small western elite envisions, but a new paradigm built on partnership, on equality on building bridges, instead of walls, avoiding and resolving conflicts peacefully and without violence. Call it a new Social Contract to span the world for all those who are interested in participating. The corona crisis is gradually bringing an awakening for a new consciousness, one that we always had but got buried in the rush of things – greed, power, comfort and also neglect for the less privileged and destitute.

China may be a guiding light for the realization of this new paradigm. Why? – Because China experienced in her 70 years of Revolution what the corona-devastated world needs today to rebuild and to restart with a new set of values towards a better equilibrium of access to goods, services and resources, while maintaining a healthy environment.

What propelled China forward, was the simple principle of *local production for local markets and local consumption with a local currency through a public banking system managed by a sovereign central bank working for the good of the people (not for shareholders), gearing towards an equitable development and self-sufficiency for all*. This does not preclude private sector participation at all. But the State sets rules and parameters within which private interests may move. That's why China is "*A socialist nation with Chinese characteristics*."

Prospects for a new concept of globalization

China's economy is strong. Despite a practical standstill of about two months, China has almost recovered, while the west is still struggling to find common denominators for collaboration and for revamping their economies. The IMF had originally predicted a global GDP decline of 3% for 2020, and a slight growth for 2021. In the meantime, the IMF adjusted

the decline to 5.5 %; still way too little, since the world hasn't even seen the tip of the iceberg yet of this global mammoth socioeconomic disaster. For China the IMF foresees a modest growth of 1.1% in 2020. Both figures are likely underestimates. Given the massive wipe-out of much of the global economy, 2020 negative GDP for the world may be as high as 10% to 15% when the chips are down and counted.

On the other hand, China having recovered rather quickly and with a public banking sector destined to address the economy's weak spots, 2020 growth might be in the order of 3% to 3.5%. But as a leading economist from the International Monetary Institute (IMI) of Beijing's Renmin University says – *"we are talking about quality growth"*, meaning, growth will focus on the social dimension of people's needs.

China will forge ahead with the socioeconomic development program of the century – the BRI and expand her partner and associate members, already more than 160 today. Due to the corona catastrophe, foreign debt has been rising almost in reverse proportion as GDP has declined. President Xi has pledged 2 billion dollars to fight the virus. Additional debt relief especially to the poorer debt-strangled Belt and Road partners, might facilitate progress towards a better-connected world.

A new kind of globalization will rise from the ashes of the corona crisis. Restoring **individual countries sovereignty**, as well as their monetary, financial and economic autonomy and without a debt stranglehold preventing them from prospering, is crucial for becoming **equal partners** in a new globalized world. BRI is the new vehicle promoting self-assured partners that do not have to fear "sanctions" for wanting to preserve their sovereignty.

The west, especially Washington may not like this "game changer" approach. Therefore, China may not be spared in the foreseeable future from western bashing and aggressions. The reasons are NOT corona guilt or mismanagement, or unfair trade, reasons Washington likes to propagandize. These false accusations are meant to denigrate China to break or weaken the world's trust in China's economy and in particular her strong and gold backed currency, the yuan.

China's central bank (People's Bank of China – PBC) has just launched a trial run in a number of cities, including Shenzhen, Suzhou, Chengdu, and Xiong'an of her new crypto-currency, the **e-RMB** (*Ren Min Bi*, meaning People's Money), or Yuan.

Eventually the new cyber money will be rolled out internationally for trade, commodity pricing – and even as a safe and stable reserve currency. The digital blockchain money assures the users total security, no interference from outside. It is a protection from "sanctions" and arbitrary confiscation. This will add a new dimension to China's economic strength. Not only will her economy soon outrank that of the United States, but the yuan may also shortly become the key reserve currency in the world.

Look at the huge continent of Eurasia which is also connected to Africa. To serve this enormous landmass no seas have to be crossed. Its easy trading, friendly relations, no conflicts, because equal partners strive for the real meaning of trade, no losers, only win-win. Then there are the countries of the Shanghai Cooperation Organization (SCO), which in addition to China include also Russia, India and Pakistan – and soon also Iran, with Malaysia and Mongolia in observation status waiting in the wings.

China is also boosting trade among the ASEAN+3 countries (Association of

Southeast Asian Nations – Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam; plus 3 = Japan, South Korea and China). Monetary transactions will take place in local currencies, not the US dollar. They will be using CIPS (Cross-Border Interbank Payment System), avoiding the dollar controlled SWIFT payment scheme.

SCO and ASEAN+3 account for about half the world population and for one third of the globe's economic output. It is a formidable market and most of it on this huge landmass called Eurasia. No need for the belligerent west.

This new form of non-aggressive and non-invasive globalization may make example and evoke reflection. Perhaps it may serve others, Europe for instance – as a vehicle to recover from the colossal corona collapse. Imagine a globalized world among equals – a community seeking a common future for mankind.

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