



China in the G20: a Balancer and a Responsible Contributor by Wang Yong

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The upcoming G20 Summit in Cannes will undoubtedly attract the world's attention, as many look to see whether the G20 can play a positive role in the global economic recovery. And while searching for an effective solution to the crisis, the world will also focus on China, asking whether it might become a responsible 'leadership state' in an emerging global governance structure like the G20. The answer, it seems, is that based on its own interests, China is choosing to become a responsible contributor to global governance and wants to become part of the solution to the current global crisis.

China has maintained a rapid growth rate and played a major role in stabilizing the global economy since the 2008 global financial crisis – and it wants to remain the biggest engine of growth and the 'stabilizer' to the global economy into the future. This could be China's most important commitment to the world at such a critical time, but Beijing must also be careful not to risk the stability of its domestic economy. And while becoming a stabilizer for the global economy would clearly increase China's weight in the G20, the world cannot expect China to assume a particularly substantial leadership role in the G20.

In the eyes of Chinese leaders and the public, China is not ready to take on such a role. The country is limited in its strength and knowledge, and by its status as a developing nation. China's economy is experiencing high-speed growth, but it still faces internal social problems and difficulties with efficiency and fair distribution in its economy. Consequently, it is hard to imagine that Chinese leaders would have the legitimacy and support to help finance foreign economies.

China also believes that the global economy is a fundamentally unbalanced system, characterized by the disproportionate and unchecked role of the US dollar as the main reserve currency and the worsening of European sovereign debt. It also views reforms aimed at strengthening the international monetary system and the EU's internal reform efforts as imperative to establishing conditions for stable, strong, and balanced growth. And as for China itself, Beijing must work hard to transition from an export-driven model to one based on domestic demand.

In the meantime, the world should be paying more attention to the development interests of developing countries, in order to increase their representation in international economic institutions and to reduce the risks arising from the global market – especially the volatility of commodity prices.

Achieving this goal will benefit China as well, as it is the world's largest trading nation and needs a stable international market.

Still, China supports the objectives France has set for the upcoming G20 Summit and welcomes the leading role Europe will play. China identifies itself with Europe's long-term goals of stabilizing and reforming the international financial system. China also hopes to stabilize the European economy, which would not only help its own exports to the region, but would also help balance US power and influence in international affairs. Equally, both China and Europe support reforms to the international currency system, stabilizing commodity prices and resisting protectionism. But China wants Europe to carry out a more thorough reform to protect the safety of relief funds and to further open its markets – it would be unrealistic to expect China and Europe to be fully consistent on all objectives.

The global economy would undoubtedly benefit from greater consensus building through effective global governance, but the G20 is lagging behind in effectively dealing with these challenges. Consensus is absent among key players, which only further highlights the difficulties of coordination and cooperation within the G20. In the end, China will likely play a 'balancer' role between the US and the EU, something which could ensure the protection of China's own interests. But as its cooperation with France and Europe is strengthening, China does not want to overly complicate its relationship with the US either.

There is little doubt that China hopes to develop a greater platform for contributing to international governance, through which it can safeguard its interests. China would like to see reforms to the current system of global governance, including a reduced dependence on the US dollar as a reserve currency and reforming the IMF to make it more representative. Beijing's policy is clear: it does not want to overthrow the current system of global governance; it wants to reform it. In this way, China will ultimately play the role of 'responsible contributor' – and this role is only set to strengthen as China grows into the future.

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