

ERIC LI

Founder and Managing Partner of Chengwei Capital

Ronnie C. CHAN

We have some very interesting people here, and with that, I will invite Eric first. Eric, you have a background in the West, and you have a background in China, tell us, what does it mean, in today's day and age, for China to be part of the globalized world?

Eric LI

Thank you, Ronnie. I will be brief.

It should not take me to tell you that globalization is in deep trouble; it is not going anywhere, in fact, I think we are also going into a phase of de-globalization, as Professor Blanchard pointed out this morning. Globalization, in the last two or three decades, has had great successes and many beneficiaries; China, obviously, is one of the greatest beneficiaries, but so are the US and much of the developed world, and that is obvious, if you just look at the data and how people live. So why is it in trouble? I think this round of globalization has also had many great failures. In fact, most of the developing countries, in the last 20-30 years of globalization, have not really benefitted as much as they should, at least, the people of many developing countries have not benefitted; poverty persists, and inequality is increasing. China has succeeded in lifting 7-800 million people out of poverty in the last 30 years but, if you take China's number out, the world has gone backwards on poverty alleviation; there are even more poor people after this round of globalization. The same is true in developed countries; in America and Europe inequality is increasing tremendously, that is why there is a backlash. Interestingly, China joined the WTO in 2002, from 2002-2018 Chinese GDP went from 1.4 trillion to 13 trillion, so a huge increase, but the US made just as much money, if you will, in terms of absolute dollar amount, US GDP went from 10 trillion to 20 trillion, obviously, from a higher base, which in absolute dollar amount, the increase is close, yet Chinese median income in the same period went up 7x, whereas the US was stagnant, and declined. Why is that, and what is the problem? Globalization in the last 20-30 years has also shattered many communities in most developed countries; in America people are on opiates, they have lost hope, and in Europe 20-30-year olds are getting on the streets to fight for their pensions, so globalization has had many failures.

Why has globalization failed in so many respects? I would suggest that this last round of globalization has been run on a universal vision of neo-liberal doctrines, which, essentially, has consisted of political liberalization with endless elections that do not produce good leaders, total marketization, privatization of businesses, and a retreat of the state. I will let Mr. Leung speak to Hong Kong, but Hong Kong, as a separate economic entity in China, had very much suffered from the neo-liberal approach to economic development in the last 20-30 years; they have enriched the elites but left so many people behind. I see the current situation in Hong Kong, as very much a Chinese version of *gilets jaunes* in Hong Kong.

What do we do? Do we turn back and say, 'No more globalization' or do we find a new approach? I think the Chinese proposition is that we need to find a new approach to revitalize globalization, but we have to abandon what we have been doing in the last 30 years. The Chinese proposition includes a few main aspects.

First is to dramatically increase interconnectivity among the countries and economies that have been left behind in globalization, and in concrete form, this is the BRI, Belt and Road Initiative, where China has been investing a tremendous amount of money and resources into building infrastructure to connect previously disconnected economies; improving interconnectivity.

Second, is to reject ideological imposition. I always say that, you know, China has engaged globalization in the last 30 years on its own terms, that is why it has been successful. It is important to point out that what China said, 'No', to in the last round of globalization is just as important as what China said, 'Yes', to. China said yes to rely on the market to



allocate resources, but China said no to giving up national sovereignty, to political liberalization, to total marketization, and the retreat of state power. China said no to many things, and therefore, China's proposition for a new round of globalization would be a revitalization of national sovereignty to give different countries their own room and space to pursue their own paths and to choose their own models.

On that basis, third, is that we create a more networked world. It is networked pluralism, as opposed to hegemonically led universalism, and that is, I think, what China's proposition will be. It is still in a nascent stage, but I think the world should be open to it, and work with China on this. Thank you.

Ronnie CHAN

Thank you, Eric.