

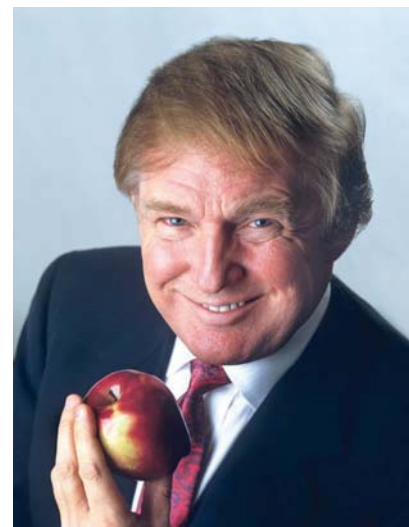
China's World

ISSN 2397-7973 Vol2 Issue2 2017

China's Goal: Hegemony or Global Partnership?



HUAWEI
INSTITUTE





CONTENTS

-November 2017

China's World is a new twice yearly journal. It examines the many issues involved in China's interaction with globalisation. The journal comprises larger articles on this topic and a separate section, China's Business World, a new section. This offers several shorter articles dealing with some of the many elements of the economic and financial aspects of the broader question of China and globalisation.

07 | Editorial
David Armstrong

12 | China's Dream of Great Rejuvenation: Deconstructing its historical myth
Maria Adele Carrai

24 | Confucianism and Politics
Quansheng Zhao

36 | China's "Belt and Road Initiative" – resetting the system
David Scott

54 | The Belt Road Initiative, Britain and Brexit – an Example of Global China
Kerry Brown

68 | Is China Really an Unfair Trader?
Steven Suranovic

86 | Reforming the Global Order: China and the US under President Trump
Suisheng Zhao

108 | China's Banks Invest In One Belt One Road
Sara Hsu

111 | China-Japan Relations Adapt to Geopolitical Change
J. Berkshire Miller

114 | EU-China Economic Relations: trade and investment tensions persist despite climate cooperation
Paul Irwin Crookes

118 | Apple and Foxconn in the Trump Era
Jenny Chan and Mark Selden



David Armstrong
*BSc (Econ), MSc (Econ),
PhD, FRHistS
Editor & Director of Research*

David Armstrong has held senior academic posts at Birmingham, Durham, Exeter and Buckingham Universities. His many publications include books and articles on China's foreign relations as well as international organization. He is a Fellow of the Royal Historical Society. He has previously edited two journals: *The Review of International Studies* and *Diplomacy and Statecraft*.



Ousheng
& Partners

欧笙 OUSHENG & PARTNERS 您的投资专家



英国

200万英镑投资移民项目：无语言要求，无商业背景要求，投资安全。

20万英镑企业家移民项目：投资英企，安全可靠，五年可获永居。



爱尔兰

投资移民项目：100万欧元投资酒店或央行基金，无语言要求，最短三年投资资金返还，可全家移民，24岁以下未婚经济未独立子女可陪同申请，政府认可企业投资项目/央行监管基金投资项目



马耳他

英联邦国家，安全国债移民25万欧元，三个月可得永居，畅游申根国家。



塞浦路斯

含金量极高欧盟护照，200万欧元投资资金，三个月即可获得国籍，可在任意欧盟国家及瑞士、列支敦士登、挪威和冰岛居住、工作、学习和经商。



斯洛文尼亚

欧洲小瑞士，25 – 50万欧元购房移民，欧盟成员国，申根国家，医疗福利完善，高英语普及度，教育体系领先欧洲。明智海外资产配置选择。

贷款移民：北京、上海、广州、深圳、天津地区房产所有者可选择贷款移民，省去现金投资款。详情请咨询欧笙。

咨询电话（限大陆地区）：400-800-5001

中国办公室：+86(0)10 5600 2970/(0)10 5600 2971

地址：北京市朝阳区金台西路2号人民日报社新媒体大厦12层

邮编：100733

英国办公室：+44 (0)20 8099 0999

地址：7-8 Stratford Place, London, W1C 1AY

爱尔兰办公室：+353 (0)153 14840

地址：97 St Stephens Green, Dublin 2

邮箱：info@oushengpartners.com

官网：www.oushengpartners.com

微信：EuroYimin



AUTHORS DETAILS

Jonathan Berkshire Miller

Jonathan is a Senior Visiting Fellow at the Japan Institute of International Affairs in Tokyo. Previously he was an international affairs fellow with the Council on Foreign Relations, based in Tokyo. In his role, he focuses on the US-Japan alliance, the Korean peninsula and other regional geopolitical and security issues. Jonathan is also concurrently a senior fellow with the New York-based EastWest Institute, focusing on US-China security relations. Additionally, he also holds a senior visiting fellowship with the Tokyo-based Asian Forum Japan and is the Director and co-founder of the Ottawa-based Council on International Policy. Jonathan is a regular contributor to several academic journals, magazines and newspapers on Asia-Pacific defense and security issues including *The Economist*, *Foreign Affairs*, *Forbes* and *Newsweek*.

Mark Selden

Mark Selden is a Senior Research Associate in the East Asia Program at Cornell University, a Research Fellow at the Asian/Pacific/American Studies Institute at New York University, and an Editor of the *Asia-Pacific Journal*. He researches the modern and contemporary geopolitics, political economy and history of China, Japan and the Asia Pacific. His books include: *China in Revolution: The Yen'an Way Revisited*; *The Political Economy of Chinese Development*; *Chinese Village, Socialist State*; *Chinese Society: Change, Conflict and Resistance*; *The Resurgence of East Asia: 500, 150 and 50 Year Perspectives*; and, *The Cambridge History of Communism*. His homepage is www.markselden.info/

Paul Irwin Crookes

Paul Irwin Crookes is Senior Lecturer in the International Relations of China and Director of Graduate Studies for the School of Interdisciplinary Area Studies at the University of Oxford. Paul gained his master's and PhD degrees from the Centre of International Studies at the University of Cambridge and holds a BSc (Economics) from the London School of Economics. He embarked on his academic career after working for 20 years in the international IT industry and has particular research interests in EU-China relations, East Asian security, China's innovation capabilities, and the development of international regimes as part of the evolution of global governance.

Sara Hsu

Sara Hsu is an Assistant Professor of Economics at the State University of New York at New Paltz and Research Director at the Asia Financial Risk Think Tank in Hong Kong. Dr. Hsu specializes in Chinese economic development, informal finance, and shadow banking. She has published one of the only English language books on the topic of Chinese informal finance, *Informal Finance in China: American and Chinese Perspectives*, as well as one of the only Chinese language books on Chinese shadow banking. She has also published a number of articles and books on the topics of sustainable development, financial crises, and trade.

Vol 2 Issue 2 2017

China's World



HUAWEN
INSTITUTE

Huawen Institute Presents
www.huawen.ac.uk

HEAD OFFICE

China's World

7-8 Stratford Place, London W1C 1AY

TEL: 020 8099 0999

info@huawen.ac.uk

customservices@huawen.ac.uk

david.armstrong@huawen.ac.uk

ADVERTISING:

ads@huawen.ac.uk

PR&MARKETING:

marketing@huawen.ac.uk

pr@huawen.ac.uk

SUBSCRIBE:

subscribe@huawen.ac.uk

PLEASE FOLLOW US ON:



website QR code



subs QR code

Executive Editor: David Armstrong

Authors

Maria Adele Carrai

Quansheng Zhao

David Scott

Kerry Brown

Steven Suranovic

Suisheng Zhao

Sara Hsu

J. Berkshire Miller

Paul Crookes

Jenny Chan

Mark Selden

Design Team

Quanshan Chu

Jing Gong

Xiaojuan Wang

ISSN 2397-7973

Jenny Chan

Jenny Chan (Ph.D. 2014) is an Assistant Professor of Sociology in the Department of Applied Social Sciences at the Hong Kong Polytechnic University. Prior to joining the PolyU, she was a Lecturer of Sociology and Contemporary China Studies at the School of Interdisciplinary Area Studies, and a Junior Research Fellow of Kellogg College, University of Oxford. She serves as an elected Board Member of the International Sociological Association's Research Committee on Labor Movements (2014-2018), an Editor of the *Global Labour Journal* (2015-2018) and a Contributing Editor of the *Asia-Pacific Journal* (2015-present).

Kerry Brown

Kerry Brown is Professor of Chinese Studies and Director of the Lau China Institute at King's College, London and Associate Fellow on the Asia Programme at Chatham House. Prior to this he was the Professor of Chinese Politics and Director of the China Studies Centre at the University of Sydney. He led the Europe China Research and Advice Network (ECRAN) funded by the European Union from 2011 to 2014. His most recent book is 'China's World: What Does China Want?' published by I B Tauris in August.

Quansheng Zhao

Quansheng Zhao is Professor of international relations at American University's School of International Service in Washington, DC, and Chair of AU's Asian Studies Research Council. A specialist in international relations and comparative politics focusing on East Asia, Dr. Zhao is the author of *Interpreting Chinese Foreign Policy* (Oxford University Press, winner of the Best Academic Book Award by the Ministry of Culture of the Republic of Korea), and *Japanese Policymaking* (Oxford University Press/Praeger, selected as "Outstanding Academic Book" by Choice).

Steven Suranovic

Steven Suranovic teaches micro and international economics at The George Washington University where he is the Director of the Global Bachelor's program. His research focuses on trade policy, market fairness and ethics, and behavioral economics. He has published "A Moderate Compromise: Policy Choice in an Era of Globalization" with Palgrave Macmillan. He has visited China frequently and recently taught at Fudan University in Shanghai.

David Scott

David Scott is a regular continuing presenter on China-related security issues at the NATO Defense College in Rome. A prolific writer (www.d-scott.com/publications), Indo-Pacific maritime geopolitics, and the roles of China and India in the international system remain his research speciality. With regards to China-related research, Scott is the author of a trilogy of books entitled *China and the international system, 1840-1949: Power, presence and perceptions in a 'Century of Humiliation'* (2008), *'China stands up': The PRC and the modern international system* (2007) and *'The Chinese Century'? The challenge to global order* (2008).

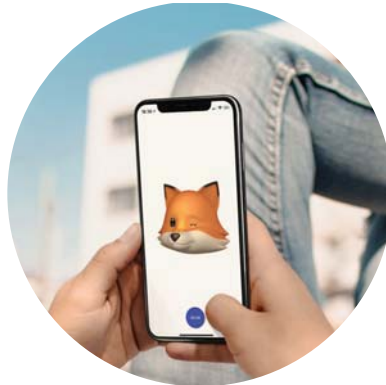
Maria Adele Carrai

Maria Adele Carrai is a Postdoctoral Fellow at the Princeton-Harvard China and the World Program (2017-18) and recipient of a Marie Curie Fellowship [PEGASUS]² at KU Leuven (2017-20). Her research focuses on China's legal history and how it affects the country's foreign policy.

Suisheng Zhao

Suisheng Zhao is Professor and Director of the Center for China-US Cooperation at Josef Korbel School of International Studies, University of Denver and Editor of the *Journal of Contemporary China*.





Apple and Foxconn in the Trump Era

Jenny Chan and Mark Selden

“Designed by Apple in California, Assembled in the USA” — is a recent company slogan. But few Apple products have been assembled, still less built, in the US in recent decades. In 2013 Apple began building small numbers of its Mac Pro computers through partnering with Flextronics in Austin, Texas. However, the operation is small and is likely at best to remain so.¹ In common with many other American firms whose products are produced by low-wage workers overseas, Apple has faced heavy criticism from the President Donald Trump administration and demands that it create jobs in the US.

During the 2016 election campaign Trump not only warned that he would slap huge tariffs on goods imported from China but directly

targeted Apple as a company that needed to produce its products in the US. “We’re going to get Apple to build their damn computers and things in this country, instead of in other countries,” he said at Liberty University in Virginia in January 2016.² Trump’s repeated campaign accusations that “China is raping the US economy” ignore, among other things, the fact that top American multinationals such as Apple are reaping big gains in international trade, that American consumers are the beneficiaries of low prices on imports, and that China is the second largest purchaser of U.S. treasury bonds that prop up the value of the dollar, even as its trade surplus with the US remains very large. “China,” as Stephanie Luce and Edna Bonacich have convincingly argued, “is not the only country to which the United

¹ Dan Zehr, 2013, “Apple Confirms Mac Pro Production Has Started in Austin,” *Statesman*, 18 December, <http://www.statesman.com/business/apple-confirms-mac-pro-production-has-started-austin/QICi2lly9wCP3M0JgM8KI/>; Eric Slivka, 2014, “Tim Cook Visits Mac Pro Factory ‘Loaded with American Manufacturing Expertise’ in Austin,” *MacRumors*, 6 June. <https://www.macrumors.com/2014/06/06/cook-visits-mac-pro-factory/>



States and other countries of the Global North are losing jobs.... The demonization of China implies that it is the primary source of U.S. job loss, which is false.”³

Behind the “Made in China” label is a vast network of global brands and their suppliers. In China alone, according to information provided by an Apple University researcher, in 2016 Apple has more than 2,000 large and small suppliers, including first-tier and sub-tier suppliers of parts and components, materials and equipment.⁴ Apple’s interactive map of global suppliers shows that 346 big suppliers were located in China, more than those in Japan (126), the United States (69), Taiwan (41), Korea (28), Malaysia (23), Thailand (19), the Philippines (19), and Vietnam (18) combined.⁵ If, as these data suggest, China is a big winner in globalized electronics production, “in the age of globalization,” Sean Starrs highlights the fact that “it is more important to investigate who ultimately profits from the production and sale of goods and services rather than where their production or sale is geographically located.”⁶ When the calculation of the value of the products is credited entirely to China,

² C-Span, 2016, “Presidential Candidate Donald Trump at Liberty University — Road to the White House Campaign 2016,” A 50-minute Speech, 18 January. <https://www.c-span.org/video/?403331-1/donald-trump-remarks-liberty-university>

³ Stephanie Luce and Edna Bonacich, 2009, “China and the U.S. Labor Movement,” *China and the Transformation of Global Capitalism*, edited by Ho-fung Hung, Baltimore, MD: The Johns Hopkins University Press, pp. 153-54.

⁴ Jenny Chan and Mark Selden’s joint interview with Joshua Cohen, Apple University faculty member and Distinguished Senior Fellow at the School of Law, the Department of Philosophy, and the Department of Political Science of the UC Berkeley, on 9 August 2016.



the picture is distorted and misrepresented. It is necessary to point out as we have stressed, for example, that the largest share of the profits is retained *not* by Chinese corporations but by American, Japanese, Korean, European and Taiwanese corporations that designed and manufactured the most sophisticated parts of the iPhone and other Apple products outside



China.⁷

Nevertheless, when right-wing politics are spreading wide and far, the Trump effect can be seen in many realms. Two days after Trump's "America First" themed inauguration speech, Apple's top supplier Foxconn on 22 January 2017 announced plans for a US\$7

⁵ Evertiq, 2016, "Top 9: Apple and Partners," 31 March. <http://evertiq.com/news/39035>

⁶ Sean Starrs, 2015, "China's Rise is Designed in America, Assembled in China," *China's World* 2(2), pp. 11-23. <http://www.chinasworld.co.uk/>

billion investment in the US to manufacture displays for televisions. CEO Terry Gou's provisional and qualified remarks were made in the wake of Foxconn's acquisition of Sharp, a manufacturer of displays, in the context of Japanese entrepreneur Son Masayoshi's call for new investment in the US by a consortium of firms at a time when the Trump adminis-



tration was floating plans to slap high tariffs on imports, particularly those from China.⁸ At its annual shareholders meeting in June, Gou gave a few more details concerning “Wisconsin, Ohio, Michigan, Pennsylvania and North Carolina as possible locations,” with a prospective budget of “more than US\$10 billion.”⁹ In July, Wisconsin Assembly speaker Robin

Vos confirmed that Foxconn “is considering bringing 10,000 jobs to southeastern Wisconsin.”¹⁰ President Trump hailed Foxconn in a White House media event hailed plans for Wisconsin to provide an extraordinary US\$3 billion subsidy for the company to make a US\$10 billion investment in the state to produce flat screen panels. The 20 million square feet Foxconn Wisconsin plant, located in the

Village of Mount Pleasant in Racine County, is scheduled to open in 2020.¹¹

For all the media hype surrounding President

For all the media hype surrounding President Trump’s claims of bringing industrial jobs back to the US after their flight since the 1980s, there is scant prospect of the return of industrial jobs from China or elsewhere.

Trump’s claims of bringing industrial jobs back to the US after their flight since the 1980s, there is scant prospect of the return of industrial jobs from China or elsewhere. This is particularly

true with respect to stable, well-paying jobs which would reward Trump’s working class base. With industrial wages in China and Mexico a fraction of those in the US, and with the shift from industrial to service jobs as the foundation of the US economy, and with robotization on the horizon, there will be no significant return of industrial manufacture and assembly jobs. ■

⁷ Wayne M. Morrison, 2017, “China-U.S. Trade Issues,” Congressional Research Service, pp. 11-15. <file:///C:/Users/wlchan/Downloads/nps65-022317-18.pdf>

⁸ Reuters, 2017, “Foxconn CEO Says Investment for Display Plant in US Would Exceed \$7 Billion,” 22 January. <http://www.cnbc.com/2017/01/22/foxconn-ceo-says-investment-for-display-plant-in-us-would-exceed-7-billion.html>

⁹ Jess Macy Yu and J.R. Wu, 2017, “Foxconn Plans U.S. Display Making Plant for Over \$10 Billion, Scouting for Location,” *Reuters*, 22 June. <https://www.reuters.com/article/us-foxconn-strategy-idUSKBN19D0AH>

¹⁰ Patrick Marley and Jason Stein, 2017, “Foxconn Considering Bringing 10,000 Jobs to Southeastern Wisconsin, Assembly Speaker Says,” *Journal Sentinel*, 5 July. <http://www.jsonline.com/story/money/business/2017/07/05/foxconn-considering-bringing-10-000-jobs-southeastern-wisconsin-assembly-speaker-says/453704001/>

¹¹ Rick Romell and Rick Barrett, 2017, “Foxconn Confirms Racine County Site for Sprawling Factory Complex,” *Milwaukee Journal Sentinel*, 4 October. <http://www.jsonline.com/story/money/2017/10/04/foxconn-confirms-racine-county-site-sprawling-factory-complex/731331001/>