

Lecture Series: The American State in a Multipolar World

“A New Foreign Policy: Beyond American Exceptionalism”

By Jeffrey D. Sachs

November 15, 2021

Center for the Study of Economy & Society

Cornell University

### Transcript<sup>1</sup>

**Victor Nee:** I would like to welcome our audience around the world to the third lecture of the series on “The American State in a Multipolar World,” sponsored by the Center for the Study of Economy and Society at Cornell University. My name is Victor Nee, Director of the Center.

I am honored and enthralled by the occasion to introduce Jeffrey Sachs, University Professor and Director of the Center for Sustainable Development at Columbia University. In the age of specialization, it is rare to find an economist whose professional interests and publications span a global canvas, addressing the central dilemmas and challenges of the 21st century's world economy and society. *The Economist* magazine lists Professor Sachs as one of the three most influential living economists and for good reason.

Jeffrey Sachs is not an armchair intellectual, he is an action-oriented economist who has served as the Director of the Earth Institute at Columbia University from 2002 to 2016. He has been advisor to three Secretaries-General at the United Nations, countless heads of state, and is the President of the U.N. Sustainable Development Solutions Network.

Professor Sachs played a seminal role in serving as advisor to post-Soviet governments across Eastern and Central Europe in the transition to market economies. His many publications

---

<sup>1</sup> Edited for clarity. The complete lecture is available at: <https://www.youtube.com/watch?v=JY5sQDyNNLI>.

from this period reflect the intractable dilemmas of rapid transition from state socialism and central planning as well as the lost opportunity of the United States to build a constructive relationship with post-Soviet Russia.

Years before this lecture series, Sachs framed the core problems and challenges of sustainable development in a multipolar world. His numerous books and articles have defined and addressed the new era of cross-cutting global networks of trade and super rapid information flow. A development economist, Sachs has argued that the 21st century is the age of sustainable development in which economic, social, and environmental changes are interconnected. His books detail why, in the age of sustainability, interdependence means that local and global politics are inseparable.

It is my great pleasure to turn to Jeffrey Sachs who speaks to us live from Columbia University. Jeff.

**Jeffrey Sachs:** Victor, thank you so much. Thank you for that lovely introduction and greetings to everybody this evening. I'm delighted to be with you.

We are getting perhaps almost an overdose of multipolarity and multilateralism in recent days, because of the COP26 climate conference that just finished - because of the summit, which I am very much hoping can align with the remarks I'm about to make on avoiding a cold war between the U.S. and China. We had the G20 in Rome at the end of October and, of course, the U.N. General Assembly meetings as always at the end of September and the beginning of October. It's been a lot of diplomacy over recent weeks, some positive, some showing the serious limitations of our multilateralism - of the efficacy of our international institutions. We certainly have not yet solved the climate crisis. We haven't even gotten the world on a new trajectory definitively yet, so all of what we're living day-by-day, not to mention a pandemic that has, of course, hit the whole world and disrupted the whole world, I think and I hope reminds us of our extreme interdependence in the world and our extreme vulnerabilities in the world whether it is pandemics or climate or other environmental hazards or political instability in so many places. The very tough confrontational talk - I was thinking of whether there was a stronger word - between the U.S. and China in recent months, almost the flippancy in our media of saying will we have a war with China over Taiwan, for example.

All of this, first of all, frames my remarks, but it also really underpins my main point which is that we must avoid conflict and must recognize how strong our potential gains from cooperation are and how the logic of our so-called confrontation with China now or competition with China is really not logic at all, it's a very dangerous misunderstanding in my view of the real situation that our countries face. And, so that's the main theme that I would like to emphasize this evening and I want to show you some of the reasons for this but I'll start with a classroom classic, the prisoner's dilemma, because after all so much of the nature of the way international relations is understood and interpreted really does fit this canonical notion of the prisoner's dilemma in my view.

We have this dyadic relationship, this two country relationship, of the two most powerful countries in the world, the United States and China. And, in each country there is, let's say a hardline option, pushed by hardliners and there is a de-escalation option and the prisoner's dilemma explains how the rational decision-making on both sides, if done in an independent, non-negotiated matter manner between the two sides can leave us in a quite miserable situation. So the story, put in the context of this two-country competition, is that it is better for both China and the U.S. to live in a world of mutual de-escalation. We don't have then the danger of war. We don't have the extraordinary expenses of an arms race.

And so, as we see in the two-by-two matrix of this game, the upper left hand corner has a return notionally of say five. For each country, maybe it's five trillion dollars benefit of being in a world of mutual de-escalation. A world of mutual escalation is marked by the lower right-hand corner and we'll put that as zero return for each country. Of course, the problem comes if one country de-escalates, the other then can make a tactical victory by escalating perhaps then imposing predominant power vis-a-vis the other country and so if China were to de-escalate and the U.S. escalate, what's shown in the lower left-hand corner of this two-by-two matrix is that the United States would get a return of 10 rather than 5 of mutual de-escalation and China would suffer an absolute loss, by virtue of its inferior power status of -5. And similarly, if the U.S. were to de-escalate but China continued, for example, to arm and escalate, the United States might lose its influence in Asia as a result and that would mean a loss of five for the United States and a gain of 10 for China.

Well, this is a very familiar game, and put this way, the problem is well known. That, if China chooses to de-escalate, the United States has the best advantage in escalating. If China

chooses to escalate it certainly behooves the United States to escalate. It turns out that escalation is America's dominant strategy, no matter what China does and since the situation is symmetrical, China would see that its best strategy is to escalate no matter whether the U.S. de-escalates or escalates and as we know now for the last 70 years of thinking about this prisoner's dilemma, both countries end up in the lower right hand quadrant with no gains at all and, therefore, have lost the benefits of avoiding an arms race. Each one says no matter what the other country does, it's better for me to be tough and so both are tough and the loss is experienced by both, who spend a tremendous amount of time and perhaps actually engage in open conflict with the other.

So, as is well-known, the equilibrium, the so-called Nash equilibrium, is the lower right-hand corner and realists in international affairs will tell you, "Well, I believe in peace through strength. This is the only thing we can do. We must be tough. We must be strong. This is the only way. And, China is going to be that way as well, so we certainly should not, in any way, think about de-escalating from our current situation." Clearly, there is a mutual gain waiting to be enjoyed, if both sides would be able to make a move from a hardline position to a more dovish position if you call it that or a position of de-escalation. And, the prisoner's dilemma is a dilemma, because we end up in the non-cooperative lower right-hand quadrant and give up the gains from cooperation.

Now, as I think many know listening this evening, this kind of two-person interaction has been studied in literally thousands and thousands of experiments of all sorts, in all parts of the world. And, the interesting point is that the actual participants in games like the prisoner's dilemma generally are able to find their way to the cooperative outcome, while the theory says that there should be non-cooperation. The puzzle for economists, which after all is a quite strange breed perhaps, is that in practice there is a tremendous amount of cooperation and one way, not surprisingly to get that cooperation is if you have two people play a prisoner's dilemma and they're able to talk with each other before they decide on their moves. So, communication, even what's called cheap talk because it's not binding communication, enables both players to realize and to mutually commit and then to honor their commitment to move to de-escalation.

Well, there are endless theories written about this - that we are evolutionarily primed to be able to cooperate, that cooperative behavior was selected for various reasons. Darwin and *The Descent of Man* written 150 years ago, in fact this year in 1871, speculated on the reasons why

human beings inherited at least the potential for cooperation. It's interesting for me also that John Nash, who developed this game theoretic framework, was not very communicative. Some people say he was on the Asperger's spectrum. Certainly, there was a sense that a game was not a game of communication, a game was taking as given what the other country or the other partner or the other opponent is doing and then choosing one's best strategy taking as given the strategy of the other. But, because human cooperation, and I should say human communication, allows us to mutually understand the advantages of cooperation and, of course, because we are generally in an environment of repeated or so-called iterated plays, where we honor our commitments, because we want to be able to continue to cooperate in the future, the potential for ongoing cooperation is much greater than the naive Prisoner's Dilemma framework allows.

Now, my view is that our strategists in the United States and no doubt strategists in China are too much wedded to the non-communication Prisoner's Dilemma framework. They take as given or they assume the worst of the counterparts and then make decisions or choose strategies based on perhaps the worst assumptions of what the other side is going to do. I think that this is an extraordinarily dangerous and misguided approach to foreign policy, because it's actually possible to talk with the counterpart. Not just talk to talk, endlessly, relentlessly daily with the counterpart and so the fact that I'm speaking just an hour before President Biden, President Xi actually get online for a conversation is probably a good moment for my remarks. But, it really wouldn't hurt the leaders of the two most powerful countries of the world to chat a little bit more than once a year, perhaps. It's not so hard to Zoom these days and I think that this kind of open communication would certainly clarify tremendously many of the perceived challenges that each country faces.

I think, in general, in my experience speaking with senior policymakers and watching their behavior, American policy makers do not assume that there could be cooperative outcomes. They rather assume wrongly, in my view, that Chinese actions are both fixed and hostile. It was interesting that in the lead up to COP26 just a few weeks ago, there was obviously a big debate in the White House between John Kerry, our climate envoy, who is a dove in these matters and obviously believes in the potential for cooperation and the more hardliners in the State Department and in the National Security Council and I thought that one quote of one of the senior officials who went unnamed in the story was especially pertinent. This was denying the potential gains from cooperation by saying they - that is the Chinese - are going to make their

decisions based on their national interest. This is a perfectly nonsensical statement, by the way, because as the Prisoner's Dilemma model shows, the national interest actually depends on the ability to cooperate with the other and it should not be taken as given what the national interest is. It depends on the relations between the two countries. But, if you say they're going to do what they're going to do no matter what we do, you end up in the lower right-hand quadrant of this game with escalation on both sides.

So, this is more or less how our national security doctrines have evolved in recent years. Each of our official documents, certainly during the Trump period, but continuing into the Biden administration take the view that China and Russia are out to shape a world, as it says in 2017, antithetical to U.S. values and interests, that China seeks to displace the United States in the Indo-Pacific region and so forth. But, the idea of the American policy, at least as it is stated in print, is this extraordinary idea that China and Russia are out to shape a world, not just perhaps different from U.S. values and interests, but antithetical to U.S. values and interests. And, this I think is the mindset of our security establishment. Similarly, in 2018, "it is increasingly clear that China and Russia want to shape a world consistent with their authoritarian model gaining veto authority over other nations economic diplomatic and security decisions."

Well, why is this point of view so prevalent these days in Washington? Clearly - well I should say not clearly - in my opinion, it all relates to a kind of neurotic view of China because of China's economic recovery during the past 40 years. There has been a significant rebalancing of the world economy. China is not the impoverished country that it was in 1980. It has become a large, modern, innovative, dynamic economy and this I think is the real source of American policymakers concerns, not China's ambitions but simply China's size and success, which is a quite different matter after all.

So, this is a graph showing the last 200 years, estimates of course, of the share of different regions in the total world economy. The world economy means the sum of the national gross domestic products to create a notion of a world product and then looking at the share of each part of the world in that. Well, back in 1820 the line at the top that you see, if you can see this clearly, a blue line, was at .6 or 60% of the world economy, that is the share of Asia in the world economy back in 1820. It may seem surprising that Asia had 60 of the world economy, but remember Asia had 60 of the world's population. Everybody was poor and so the world economy shares by region were roughly the shares of population of each region. But, if you can see, follow

that line throughout the course of the next two centuries, Asia's share of the world economy diminishes sharply to reach the lowest point in 1950. What does this reflect? This reflects, of course, Britain's, the British empire's colonization of India and the Western increase in control over China, followed by the disarray of China in the first half of the 20th century – warlordism, civil war, and Japan's invasion of China. China had a terrible 130 years, from 1820 to 1950, and China fell precipitously into profound poverty, from having been a sophisticated society albeit an agrarian society, China went into disarray. Massive domestic violence and deaths, repeated invasions from the outside world, and, therefore, essentially the lost opportunity of industrialization before 1950.

If you trace that blue line from 1950 to today, you see like a giant 'U,' Asia's share turns upward. And, in fact, China of course, since 1980 in particular, achieved more than a 30-time increase of GDP, because it doubled essentially every seven or eight years in total economic size. Now, the black line at the top of the middle of the diagram, which starts at about 30 percent and then peaks at about 70 percent, is what I call the North Atlantic region. It's the U.S., Canada, and Europe. And, we became a North Atlantic world in the 19th century with the rise of the European empires and then in the 20th century with the American surge to become the largest economy by far in the world, especially after Europe's two devastating wars, the world economy became a North Atlantic economy. The industrial age was a North Atlantic age and it meant that not only were the North Atlantic economies the industrial economies, but the European imperialism and U.S. imperialism dominated the world at least until the end of World War II.

After World War II, Europe of course lost its empires over a period of 30 or 40 years and the newly independent countries and, notably, the People's Republic of China and also India and other countries of Asia, the notable rapid growth, recovery of Japan the growth of Korea, Taiwan, Singapore, Hong Kong, and so forth, meant that the North Atlantic share of the world economy consequently diminished as Asia recovered a normal place in the world economy. Not a superlative place, not overtaking the per capita income of the North Atlantic, but beginning to narrow a large gap in per capita income that it opened up during the 130 years from 1820 to 1950. Well, roughly around 2020 you could say that the total Western world, if you add in the European Union, the United States, Canada, Australia, and New Zealand, was overtaken by the East Eight by East Asia alone – China, Japan, Korea, and ASEAN countries. This is rather extraordinary that the East Asian world now is a larger economy than not only the North Atlantic

world, but the North Atlantic plus Oceania. And, if we look at China and the U.S. alone using purchasing power parity, that is defining the U.S. and China economy at world prices, China overtook the United States in absolute size roughly around 2014 and now is a considerably larger economy in absolute scale.

It's important to remember, please, that China is four times more populous than the United States: 1.4 billion people compared to 330 million in the United States. So, even though China is in absolute scale a larger economy, China continues to be only about one-third of the per capita income level of the United States measured at international prices and measured at market prices, even less than that, roughly about a fifth of the U.S. GDP. So, China is still a developing country, considerably poorer per capita than the United States and Europe. But, being a country of 1.4 billion people it is a very large economy – indeed, the single largest economy in the world measured at international prices and number two, measured at market prices and market exchange rates. I should add that China has become a very innovative economy as well. Starting roughly at the beginning of the 21st century, China began to invest heavily in science and technology graduating hundreds of thousands of PhDs each year and the results are very exciting and I put that in a positive note, China has become a highly innovative economy with many cutting-edge technologies. This scares the wits out of the United States, but I rather think this is a benefit for the world because China's innovations will play a significant role or should and can play a significant role in human well-being. I've worked for many years in Africa and have watched China's anti-malarial medicine, artemisinin, save the lives of vast numbers in Africa millions and millions of lives. That's an example of, in that case, a Nobel prize winning innovation from China with huge global benefits. Another huge benefit is that China developed very low-cost production systems for photovoltaics, for wind turbines, for large distance power transmission, and for 5G. So, many countries are the beneficiaries of these technological advances.

Of course, unfortunately in Washington it's not seen that way. It's seen as absolutely terrifying that what is supposed to be the American-led world, “the American century,” American dominance, and American primacy is threatened by this interloper and it's viewed as illegitimate, but most importantly as dangerous. I should say right at the beginning I'm not very concerned about China replacing the U.S. as a hegemonic or dominant power of the world. I don't think there will be one and one reason for that is what I'm showing you here.



These are the proportions of different regions in global population, not in global income and the line that is upward sloping is Africa's rapid population growth. Africa now has about 1.4 billion people including Sub-Saharan and northern Africa so about the same size as India and China, but it's on a path to double in the next 20 or 25 years and it is on a path to basically triple to reach more than four billion people by the end of the century, if current fertility patterns were to continue as projected. But, China, mind you, is on a path that's the East Asian line, the blue line, China's on a path of a rapid decline of population. Not only the one child policy, but the continuation of low fertility rates even after the lifting of the one child policy, and it's estimated that China's population which is today 1.4 billion will be about 1 billion by the end of the 21st century. And, the age, it will be quite old. China probably will have a median age of perhaps 55 or 57 years. My view is that these will be tremendous social challenges. China has a tremendous amount of catching up to do, still massive social challenges of an aging and declining population and none of it adds up, to me, as remotely being hegemonic in prospect.

But, I should say that the American mindset of our policymakers is quite different and one notable study, which frankly terrified me when I first read it six years ago, by a former colleague of mine at the Kennedy School at Harvard, Robert Blackwill, said that China's growth is a danger because America seeks preeminent power over its rivals - that we demand systemic primacy. In other words, the world really is a zero-sum game. There is no room for China to succeed and it seems to me that the lesson is, if China's to be smaller than the United States, it has to be much poorer than the U.S., because it's a bigger population. But, that seems to be the logic of the Washington establishment and Blackwill reached the conclusion that Washington needs a new grand strategy towards China that centers on balancing the rise of Chinese power rather than continuing to assist in its ascendancy.

So, all of this is to say that China's rise, though still far behind the United States and Europe in per capita terms, because of China's absolute size and because of China's growing technological preeminence, is viewed as a threat to the United States mainly in my view, because the United States has a zero-sum view of the world. Or American policy makers and strategists do, that the United States must remain on top. The notion of Cornell's seminar series that we have a multipolar world is not accepted. We have must have a world according to U.S. strategy in which the U.S. is the dominant power. And, the U.S. is in the business right now of trying to maintain its preeminence in dangerous ways.

One way is this recent announcement by the Secretary-general of NATO, that NATO will expand its focus to counter China's rise. I find this wrong-headed in every way. NATO in my mind is, in any event, an anachronism. It was a military alliance to counter a country that no longer exists, the Soviet Union. But, it is looking for a new mission and apparently the United States views NATO's new mission as a kind of expeditionary force to protect American primacy in the world, which in my opinion, is not of fundamental interest for Europe and I would say not of fundamental interest for the United States, but rather the kind of logic that will get us to the lower right-hand quadrant of the Prisoner's Dilemma.

It's worth asking which of our countries is actually the more belligerent, the less trustworthy, the more unilateral, and I would argue that the United States is far more unilateral than China. So, our attribution to China of ill motives vis-a-vis the United States is more perhaps psychological projection than it is reality. I'll give you a few examples.

The United States simply stopped ratifying U.N. treaties, actually decades ago. It's almost a truism in the United States Senate that if the world wants it, the U.S. should not accept it. Because, after all, the U.S. needs to be the have the primacy, not simply the cooperation with the rest of the world. So most of the U.N. treaties of recent decades remain unsigned by the United States, while China has signed almost all of these treaties or perhaps all of these treaties on this particular page. I should be more clear about that in this slide, but the United States has not. Of course, the United States has been engaged in rampant and I would say reckless destructive and failed military and CIA interventions all over the world for the last 76 years, since 1945. Whereas China has been engaged since 1980 in not one overseas war at all. So, since 1980, which was the end of China's temporary incursion into Vietnam, China has not been engaged in one overseas conflict whereas the United States went to war in Central America, it went to war in the Middle East, it went to war in Africa, it went to war in the Arabian Peninsula, it went to war in Syria, Libya - countless wars, trillions of dollars spent, 800 overseas military bases, and we're the ones that say that China is the hostile power. So, simply stepping back and asking, "Is it really true that China is implacably opposed to cooperation with the United States?" I see no evidence whatsoever of that.

If one looks at it from the China perspective and asks, "Is it possible to cooperate with the United States?" One would be given some pause to be sure given the extreme unilateralism of U.S. foreign policy over the last 40 years. Rejecting U.N. treaties, walking out of U.N.

organizations, and engaging in military and covert conflicts - not so covert, but ostensibly covert operations - contrary to the U.N. charter. And, of course, the U.S. military presence is throughout the world whereas China has one overseas small military base, a naval station in Djibouti in the Horn of Africa, whereas the U.S. dots the world. So we make all sorts of claims about China's aggression in the South China Sea, but China has a different view, which is that the United States surrounds China in the South China Sea, and China's actions in my view are mostly defensive actions to protect its sea lanes which are essential for China's lifeline, in fact, against the potential strangulation by a hostile United States. And, the U.S. also is the country that engages in non-stop unilateral sanctions against other countries, again, in violation of the U.N. charter. And, so my point of all of this is not simply railing against the U.S., but to express my extreme displeasure and doubt at claims made in the United States that China is somehow implacably opposed to U.S. interests and unwilling to cooperate. I personally see no evidence about it at all.

Let me conclude by talking about four different alternative visions of our current global scene. When I was a graduate student, a long time ago in the 1970s, we were reading this wonderful book by the economic historian Charles Kindleberger, who wrote a history of the Great Depression, where he argued that the Great Depression was as deep as it was, because there was no hegemonic power in the 1930s to overcome the Great Depression. Britain was no longer the global hegemon, because of World War I. The United States was not yet ready to accept the global responsibility as it would after World War II, so Kindleberger bemoaned the fact that there was no dominant global power and therefore crises would deepen.

This is certainly one interpretation of our current world scene. China is not the hegemon but the United States no longer is the hegemonic power in Kindleberger's terms, and perhaps the world is adrift in part, because there is no dominant force in the world - one view. A second view, of course, famous with Henry Kissinger is that we do live in a multipolar world and we should find stability in the balance of power and Kissinger's notion of this, of course, is the Metternich-Bismarckian world of Europe in the 19th century, the century of relative peace, although there were a lot of wars actually, between the end of the Napoleonic wars and the outbreak of World War I. And Kissinger believed that one could maintain a balance of power. Realism would say everybody arms, but that doesn't mean war, because a balance of power prevents aggressive action by any one of the protagonists.

I'm very skeptical of this theory, because I don't believe that we live in a static world and with change as rapid as it is and with the chance of miscalculation as large as it is, I don't believe in balance of power as the source of non-conflict. I'm more pessimistic about a balance of power, because I believe that grave accidents or misunderstandings can cause a disaster like World War I or the near end of the world at the Cuban missile crisis and so the balance of power theory leaves me extremely worried.

A third interpretation of our current scene is by Graham Allison, of course, at the Kennedy School of Government who analogizes China's rise with the rise of Athens after the Persian wars and therefore the competition between Sparta and Athens that eventually led in 431 BC to the outbreak of the Peloponnesian Wars. And, so since Thucydides was the chronicler of the Peloponnesian Wars, Allison has called this through the Thucydides trap. "Are we destined for war?" he asks, because the rising power of China will provoke a conflict with the United States. Well, this is also a possibility but I would argue certainly not a destiny.

So, my modest contribution to this list is to suggest that what we need is global cooperation theory. We have to understand in our highly interdependent world with common vulnerabilities - massive common vulnerabilities, not only to arms races and nuclear conflict, but to climate change, destruction of biodiversity, pandemics, and the like and global financial crises and the like - that we should be aiming for global cooperation to move us from the lower right-hand quadrant to the upper left-hand quadrant of cooperation. A lot of my work tries to emphasize and, in a way, quantify, or even qualify I should say, the nature of this cooperation which I think is pervasive. But, one essential overriding reason for the need for this cooperation is what President John F. Kennedy said in his inaugural address, when he said the world is very different now, for man holds in his mortal hands the power to abolish all forms of human poverty and all forms of human life, referring to the risk of thermonuclear war. We can't have a Bismarckian balance of power, which ended up failing because of accidents of history. We can't afford accidents. We can't have a Thucydides trap war between the U.S. and China. It's unthinkable, or if you're going to do any thinking, do it ahead of time, because no one will be left after the war in the nuclear age period. We need a new kind of foreign policy, but more than that in a world of all of the common threats that we face this is even more the case, President Kennedy couldn't know that we could destroy all forms of human life also through

environmental devastation. And so the need to focus on the cooperative side is paramount in our time.

I like to emphasize and I'll close quickly with this that we need a global doctrine of subsidiarity. This is the idea that we face collective challenges at all scales - in our families, in our neighborhoods, in our cities, in our states, in our nations, in our regions, and globally - and subsidiarity says solve the collective action problems at the lowest level possible. Schools can be run locally, but climate change needs to be solved globally and other global crises need to be solved at the global scale. And once we recognize the crucial role of cooperation then I think we can break free of various naive ideas, either a naive nationalism or even a naive globalism. We need to solve problems at different levels by virtue of the nature of the problems that we are confronting.

In terms of critical areas for global cooperation, ending poverty, protecting the environment from human assault, resisting spiraling inequality, managing large-scale demographic change such as mass urbanization and aging, and, of course, maintaining peace are all paramount areas for global cooperation. These sustainable development goals are areas needing global cooperation for their achievement and avoiding a new divided world. So, I'll just end by saying I believe that our paramount foreign policy challenge is strengthening multilateralism, making the U.N. system more effective than it is, and that requires many measures and many steps, but it especially requires the cooperation of the leading powers and the recognition of global shared values. And, I will stop there and turn it back over to you Victor.

**Victor Nee:** Thank you very much for this extremely incisive and clear argument against a new cold war and for global cooperation. We have time for a few questions. This lecture ends at 6:00 pm and we have now about seven minutes.

The first question poses the problem: there has been a significant centralization of power in China under Xi Jinping. At the same time, we are seeing polarization in the United States and a lack of unity among Western nations. How do these trends affect foreign policy calculations on both sides?

**Jeffrey Sachs:** That's a really superb question. I think that these trends are, first of all, not inevitable and in part are, let's say, endogenous to global dynamics. Part of the more

centralization of power in China is the determination not to let the United States or the West or NATO undermine Chinese unity, which I think is probably the paramount interest of Chinese statecraft. So, when the United States puts the emphasis in our bilateral relations of China on issues like Hong Kong or Taiwan or Xinjiang, the response in China is an extraordinarily defensive response, saying those are attempts by the West to divide us. And in Taiwan, this really has become very dangerous, almost a flash point in the last year or two, even leading President Biden to, I don't know whether it was improvised, stated accurately, but he invented a new doctrine a couple of weeks ago saying that the United States would defend Taiwan against Chinese aggression, which the United States had never said before.

This is a complicated topic but just to say that the nature of Chinese domestic politics is affected by the geopolitical environment. The divisions in the United States are a different matter. They're not caused by the outside world in the same way, though they may lead us to take foreign policy actions in response to domestic politics. The divisions in the United States are - well it's a long, complicated subject, but I believe that it relates to mainly the underlying changes of the U.S. economy to a more education-based and skill-based and service-based economy over the last 50 years that is leading to a tremendous widening of income inequality in the United States and that has not been addressed through proper public policies.

So, we are coming apart at the seams, I believe, geographically, culturally, but perhaps most importantly across an educational gradient in the us and it's quite dangerous for us, not so much of what China might do to take advantage - I'm not worried about that - but, just our own internal divisions are so serious now that we are not functioning properly as a country internally irrespective of the international scene. And, it is not an accident that the U.S. has suffered now more than 760,000 deaths from COVID. These were overwhelmingly unnecessary deaths, but to my mind, a sign of the disarray of U.S. society not caused at all by the international scene other than a virus that passes international boundaries, but caused by our own internal divisions, which are consequently extremely serious in their implication for us.

**Victor Nee:** Thank you. We have time, I think, for one more question. And, that question is, “The demonization of China creates a lose-lose policy. How can we prevent policy makers from pursuing this strategy?”

**Jeffrey Sachs:** I think that demonization is the right word for what we read in even our mainstream media, much less other much less reputable outlets as well. It has become a commonplace in the U.S. media that China is an enemy. Just as it is commonplace in our diplomatic documents, that China is trying to design a world that is antithetical to U.S. interests. Of course, from a substantive point of view, the right way to think about these issues in my view is to try to see the world from the perspective of the other party. That's what I tried to do briefly in my remarks to understand China's perspective from a perspective of China's history, China's perspective from the perspective of viewing U.S. behavior, and so forth, in which case, in my view, China is far less of a threat and far more of an opportunity for cooperation. And, therefore demonization is dangerous and wrong-headed.

So, how do we change this in the U.S.? I think universities have a big role to play. It is our job to think as clearly as possible, but also many of us have ongoing long-standing work programs with Chinese scholar, with Chinese universities, and so forth. We create many of the sinews of cooperation. I am repeatedly in touch with my former students or my colleagues on joint research projects and so forth and, of course, I've traveled to China pre-COVID typically two or three times a year for nearly 40 years. And, so it is the human connections that I think are extremely important, but also raising our voices to not slip into a mindless mindset and that I think is our big danger. We should not be complacent or even viewing this as maybe silly. The situation has become dangerous, not because of China's aggression but because of a mindset and this I think creates the risks of self-fulfilling crisis.

I don't want Taiwan to be a flashpoint. I want to emphasize that we support the one China policy. I don't want to hear the President of the United States talk about war in Taiwan and what the United States would do. All of this strikes me as completely wrong-headed and provocative and especially understanding China's interest not to be dismembered as it was in the 19th and 20th centuries and to understand China's historical perspective on these issues I think can take us quite far towards a far more productive relationship.

**Victor Nee:** Well, thank you very much, and we've run out of time. And certainly, the last point is well taken. The Republic of China has in its constitution that it is a province of China and the People's Republic of China has it in its constitution that Taiwan is a province of China. And the

United States, in recognizing China, agreed to a One China policy. And, that is also the position of the United Nations. So, formally speaking, there should be basic agreement on the issue that *could* lead to the outbreak of war.

Anyway, thank you so much and we are very grateful to your taking the time to speak to this audience.

**Jeffrey Sachs:** It's been a privilege and an honor and great to be with you, Victor. Thank you so much.