

How US can cope with a new, multipolar world order: a discussion with professor Jeffrey Sachs

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I recently had a chat with US economist and Columbia University professor Jeffrey Sachs, asking him a handful of questions on some hot current issues like who blew up the Nord Stream pipeline, whether or not the world is currently shifting to a multipolar order, how China has such a low inflation rate, and the intense anti-China environment across the Western sphere.

Q: Do you believe that we're truly heading into a new multipolar paradigm, and what do you think that might look like?

A: Well, the world is changing, and it's changing very fast from ... not just a unipolar world with the US role as a so-called hegemon, but really from a North Atlantic-led world of the last two centuries to a world where economy, finance, power are much more spread around the world. The industrial era began in England ... but after two disastrous world wars and a Great Depression, the global leadership of the North Atlantic shifted from Western Europe and Britain to the United States.

So the US has been the dominant power since 1945. But with independence of India, the end of empire across Africa, the restoration of real sovereignty of China, starting with the formation of the People's Republic in 1949 and with the economics that has followed that, the world economy has rebalanced, the spread of technology has become far more equal. China, of course, has become one of the lead economies and centers of innovation of the world.

All of this means we're moving to a multipolar world. None of it means that the United States likes it or accepts it



JEFFREY SACHS

US economist and Columbia University professor

right now. So psychologically, the US is having a very hard time and it's trying to hold on to its dominance, but that's just not possible in a world of diverse talents, skills, innovation, economy, when the US is just 4 percent of the world population.

Q: Can the US and the collective West continue to succeed in a more multipolar world? Do you think the fear held by many in the West is warranted?

A: You know, as an economist, I'm a believer in a win-win world. I don't believe that globalization or the rise of China, or the rise of India, or the rise of Africa in any way diminishes the opportunities for well-being in the United States or Europe. Indeed, I think it enhances those possibilities. In any event, we need cooperation to

face challenges like human-induced climate change.

I know that international relations realists sometimes think that China's rise is detrimental to the United States. It's not one region's gain necessarily at the expense of the other. Everybody can benefit from the advancement of know-how and technology and scientific understanding.

Q: China and the US have gone through a really rough patch in terms of relations recently, from Pelosi's provocative visit to Taiwan, to Balloongate, to Yellow Peril 2.0 in the media. Why is it that the US seems so anti-China at the moment, and what would it take for relations to improve?

A: I think almost all of this is the result of China's success. The US strategists and politicians didn't want a peer or a rival competitor, and then China showed up on the scenes as a large, successful economy that for 40 years plus since 1980 has been one of the most dynamic parts of the world economy and now at the cutting edge of many leading technologies.

And I think the United States political class resents this, is fearful of it. This geo-strategists who think in terms of zero-sum struggles think that China's advance is to the detriment of the United States. But most of this is a reaction to China's success, and I think that it needs to be overcome through systematic dialog, negotiation, hammering out solutions where there are real differences, not the shouting, the finger-pointing, the kind of hysteria.

Of course, there's a lot of prejudice built in as well. You mentioned Yellow Peril 2.0. Well, there is some feeling

— wrong — in the United States that if China is advanced, they must have cheated to do it. How could they be a competitor with us after all?! This is pretty ingrained and is wrong. I say to these people: "Get a passport, go take a visit, go learn something, read some history, understand the long sweep of history."

Q: As an economist with a lot of international experience, how would you summarize China's reform and opening-up over the past 40-odd years? And do you agree with the idea that China has witnessed an economic miracle without precedent?

A: China has been the most successful, sustained 40-year economic development and growth of any large economy in history. What's happened in the period since 1980 is extraordinary and extraordinarily positive. China went from being a society with most people living in poverty — the numbers depend on definitions, but 60 percent poor, some estimate 80 percent poor — to ending poverty in its extreme form by 2020.

Well, that's a phenomenal achievement. And it reflects a mixed economic system, both market and state, private and public.

I've been visiting China frequently ever since 1981, and what has happened is absolutely extraordinary, hugely beneficial for China and beneficial for the whole world.

Q: China's inflation is currently 1 percent, while the US is sitting around 6 and the UK is about 10.4 percent. How has China done that?

A: Well, the inflation that is being experienced in the US and Europe is the result of

dislocations that came from COVID and from the Ukraine war, and from the sanctions that were imposed by the US and Europe in the wake of the war, and from the policy choices that were made in response to these shocks, especially in the year 2020, when the pandemic broke out, the central banks of the United States and Europe issued a lot of credit, a massive expansion of the money supply, and that turned into inflation by 2022.

And the disruptions of the global supply chains, first from COVID itself, but then from the war and the geopolitical tensions with China and the sanctions regimes, when combined with the money expansion, boosted the inflation. China didn't do the same thing. China didn't make this massive monetary expansion in 2020 the way the Federal Reserve did. And China is not experiencing the same disruptions that came from the sanctions regimes, which have in some sense boomeranged on the sanctioning countries because it's disrupted their own supply chains.

Q: What happened to Nord Stream?

A: Well, Nord Stream was a project that the United States opposed from its inception. The US said, well, this makes Europe follow Russia's geopolitics and so forth. I think this was not the right approach.

But it all leads me to believe that the most likely scenario of Nord Stream is the US blew it up because the US hated the project. The US warned that in the event of a "Russian invasion," the pipeline would end. President Biden himself said that on tape on February 7, 2022, and when the reporter asked: "But, Mr President, that's an international project. How can you say it will end?" he said: "Believe