CHAPTER EIGHT


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Introduction

Tip O’Neil, a former U.S. representative, once said that all politics is local politics. This famous remark underlines the unique role of state and local politics in American politics, and is also widely well known in American politics studies. Since this remark is targeted specifically for federal American politics, it is not appropriate to be used to describe the role of a local government in a single state; however, there seems to be an iron law that is neglected where the importance of local politics will undoubtedly be highlighted when the federal or central government is inclined to decentralize its power in an era where the possibilities of hegemonic war within the international system is being reduced. The declining possibility of war among great powers since 1980s makes it possible that international trade and investment rapidly increase, and decentralization has become an important matter in many countries’ domestic politics. Therefore, in the wave of decentralization, the importance of local politics is rising in international and domestic politics; China is not an exception.

It seems to us that central governments are currently standing in a paradox of up or down position, which means that on one hand, they have to decentralize downward authority, and on the other hand, are forced to transfer their authority upward to global or regional institutions in attempt to address more and more global public issues. This is a big challenge for nation states in globalization. If, as O’Neil says, all politics is local politics, then we can also make a point that all local politics is global politics, especially where globalization is occurring rapidly. Obviously, it is hard to completely understand any state’s domestic politics change without exploring the interaction between domestic and international politics. The relationship between China and the world has experienced unprecedented change since 1978; changes have occurred on both levels of domestic politics and in the international
system. Two apparent phenomenon make our research quite demanding, the first is that international norms and rules that China has engaged in over the last decades are producing regulatory effects on China’s domestic change; second is that local China politics has dramatically evolved into global politics with the extension of the reform policy. The simultaneous phenomenon, the local effects of globalization and the local provinces’ internationalization, defined as glocalization in this chapter, have emerged before in Chinese politics, however, there are lacking points in current Chinese politics and foreign relations research. This chapter attempts to explore China local provinces’ internationalization and its implications on China’s diplomatic transformation over the last three decades. It develops an integrated domestic politics and international relations theory to analyze the role of local factors in Chinese foreign relations in the context of globalization. The first three sections explores the role of international institutions, policy-setting and central-local fiscal relations in the course of local provinces’ internationalization; the fourth section discusses the general political consequences of local China’s internationalization and glocal linkage; the fifth section highlights the implications of China’s glocal linkage and intergovernmental competition to Chinese foreign relations.

I. **Context of China’s Glocalization: Engaging Global Market System**

Since 1978, China’s reform policies are consistently planned as a whole in coordinating domestic and international politics. The reform strategy is designed to engage international system and global institutions in order to facilitate domestic political and economic transition from classic socialist planning system to socialist market system. However, it is quite evident that current international institutions have resistance. Firstly, international institutions have liberalism embedded within them, and most of developed industrialized countries’ domestic political and economic system (such as rule of law, democracy, and market mechanism) fit together well. Secondly, since many regulatory institutions are more or less dominated by initiating great powers, they can produce distributive consequences domestically once developing countries participate in them. Thirdly, international institutions, which have multilateralism embedded in them and a common will, are entrusted with legitimacy.\(^1\) For the above mentioned, the initial

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