

China's Silk Road Diplomacy: Lifeline for U.S. Economy

by William Jones

Oct. 11—The recent trips by China's President Xi Jinping to Central and Southeast Asia and Premier Li Keqiang to Southeast Asia, have served to illuminate aspects of what has been called China's "Grand Strategy" in confronting the international financial crisis. The revival of this two-pronged "Silk Road diplomacy," encompassing the creation of an economic belt stretching eastward through Central Asia to Europe and beyond, and southward, on a Maritime Silk Road to Southeast and South Asia, is an attempt to bring development to China's regional neighbors, and to fend off, as much as possible, the effects of the global financial blow-out.

Focused on utilizing China's economic strength to build the needed infrastructure, roads, railroads, and power generation in the overall region, the diplomacy also creates an essential trajectory toward development in a world otherwise characterized by growing economic chaos. As the Chinese themselves realize, this is, at best, something of a holding action. The reality is, that only a change in the international financial system, through a global Glass-Steagall policy, would place the world economy firmly on this path.

But the potential created by the Chinese policy represents an auspicious development in the Asia-Pacific region, from which any sane U.S. administration (unlike our present one) might benefit.

Addressing the APEC Summit

President Xi began his comments at the Asia-Pacific Economic Cooperation (APEC) summit Oct. 8 by noting

the seriousness of the world financial situation. "The world economy is still in the throes of a deep readjustment," Xi said. "While there are signs of recovery, the economy is still faced with fundamental instability, uneven development, and sluggish motion. . . . The major structural problems of the developed countries are far from resolved and . . . reviving the world economy will be a lengthy, and by no means smooth, process."

While noting the difficulty that China itself is having in its own readjustment after the loss of much of its export market, Xi nevertheless expressed confidence that the Chinese economy has retained a certain vibrancy. In spite of the slowdown, China has a more than 7% growth rate, which is far better than the rest of the world. He pointed to the relative success of the last quarter's results, which were primarily based on an increase in domestic consumption, rather than on the traditional export market; he further noted the shift by China toward higher quality products, the advancement of the skills of its labor, and the progress of the urbanization drive, thereby increasing investment and consumption.

The Chinese President called for greater coordination among the APEC countries, and the creation of a network of "connectivity" region to bolster the construction of "economic corridors" in various sub-regions. He called for investment and financing partnerships among the APEC nations, which would involve governments, the private sector, and international institutions, and in which the more developed nations should make a greater effort in helping the less developed ones.

Xi also called for the establishment of a development bank to help finance the needed infrastructural projects.

Development, the New Name for Peace

The Chinese diplomatic initiative is aimed at maintaining peace and stability in the region. Reflecting that important political principle expressed so eloquently by Pope Paul VI in the 1970s, that “the new name for peace is development,” China understands that the various tensions over the numerous maritime border disputes, disputes which have been seriously exacerbated by the Obama “pivot” to Asia, can only be dealt with in a climate in which the various nations are working together for their common benefit. China, which still has the means to finance great projects, is taking the lead in the infrastructural development. And it is felt that such projects, which will benefit their neighbors, will also create the climate in which any disputes can be resolved peacefully.

In his speech to the APEC Summit, Xi stressed the absolute necessity of maintaining peace in this all-important region: “I mentioned this year at the Boao Forum and on other occasions that peace is like air and sunlight. You benefit from it without noticing it, but when it’s gone, difficulty sets in. Without peace, development has no basis, like a tree without its roots. Harmony in the family is the basis for success in any undertaking. China is a member of the Asian family, we want to get along with all the members of the family, to provide mutual help and protection, and hope that each member can treasure the aspect of peace and stability, and that we can together promote the building of a lasting peace and the common flourishing of a harmonious Asia-Pacific region.”

Of particular concern for China is the U.S. attempt to create the so-called Trans-Pacific Partnership (TPP), a free-trade agreement that sets a very high bar for the degree of “liberalization” required of those countries wishing to join, criteria which China and some countries in Southeast Asia do not meet. The TPP is an obvious ploy by the Obama Administration to organize the *other*



Chinese President Xi Jinping addressing the APEC Summit Oct. 8, 2013.

countries of Asia against China. While the TPP does not openly exclude China, the general feeling that this author picked up after discussions in Beijing recently, is that no one really believes that China would be invited to join, even if it wanted to—which it doesn’t.

The TPP, however, is meeting some difficulties from some of the other Asian countries because of the draconian nature of its conditions. While the U.S. was hoping it would be in force by the end of the year, Malaysia, which is deemed one of the key targets for TPP, made very clear that it would not be rushed into some arbitrary end-

of-year timetable. Resistance to the TPP’s demands from the population could well quash the deal entirely. And the fact that China is prepared to engage in the construction of the great infrastructure projects that these countries so desperately need, carries far more weight than the vapid promises of the Obama Administration.

The absence at the APEC event of the U.S. President, who remained in the White House in the midst of the ongoing government crisis, no doubt aided the Chinese President in setting a more serious tone at this APEC event than had been the case on previous occasions. Although Obama’s stand-in, Secretary of State John Kerry, did a certain amount of carping about the TPP, it never reached the level of disturbing the serious issues that had been placed on the agenda by President Xi.

It is indicative of the mood, that Chinese Premier Li, who is following up Xi’s successful visit to the region with a series of bilateral meetings, was asked to address the Thai parliament, the first foreigner to do so in ten years.

A Proper U.S. Response

No doubt the Chinese initiatives will soon be met with warning signals from Washington about the Chinese “hegemon,” or cries for more attention to be paid to the Asia-Pacific. The Administration may even dust off the sundry, rather dilapidated, schemes for the U.S.-promoted New Silk Road, which were primarily aimed at putting Central Asian oil revenues into the coffers of



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President Xi has committed China to investing in the economic and industrial power of its Asian neighbors. Its advanced industries, like this railcar factory, are leading the way.

the multinational oil companies, and limiting Chinese and Russian influence in Central Asia.

But contrary to the mainstream media, what is happening in the Asia-Pacific is not some sinister Chinese plot aimed at undermining the United States. Chinese leaders have no desire to replace the the U.S. role on the world political stage, nor even of limiting the influence of the United States in the region. They just wish that the U.S. would stop being such an arrogant bully, stirring up discontent in the neighborhood. As President Xi's comments indicated, there is great concern about the global financial situation, and about how it is being handled by the governments of the developed countries, particularly the United States.

But there is no Chinese *Schadenfreude* over the situation that Europe and the United States is now facing. The Chinese leadership is keenly aware that the world is inalterably interconnected, and, as Chinese Ambassador to the United States Cui Tiankai noted recently in a speech to students at Johns Hopkins School of International Studies, in referring to the new type of "major relationship" that is being mooted between China and the United States in dealing with the economic crisis, "Here there are no 100% winners or 100% losers. If we fail, we fail together. If we win, we win together."

The developments in Asia clearly indicate a serious commitment on China's part to address the global eco-

nomics crisis by investing in infrastructure projects throughout the Asia-Pacific region—even at a certain cost to itself.

If the United States were to dump its current President, who has shown himself intent on bankrupting the nation on behalf of the Queen of England and her Wall Street minions, this republic could again become that beacon of hope that it was meant to be, and could itself begin developing the thermuclear NAWAPA XXI project of bringing water from the Arctic rivers of Alaska to the parched regions of the American West and linking the development of that section of our nation to the fate of the Asia-Pacific through a Bering Strait tunnel.¹

This was sharply underlined by Lyndon LaRouche in reply to a question on the Chinese project from this author at a LaRouchePAC webcast on Oct. 11. "If we increase the productive powers of labor in China, by doing things to facilitate the in-

crement of their intentions [of raising the technological level of production in China], that will be a great help," LaRouche said. "It also will be a way, because of China's importance, because of the very size of its population, its needs, its role in the Pacific. All of these considerations, which go into South and Southeast Asia and so forth, mean that the success of China would mean success for neighboring countries to the north—Japan included, if Japan could get back on its feet, as it had been before—and Russia. Those regions in Asia, depend upon China's success. And then you go to the south, and you find a similar effect.

"So therefore, what I have envisaged, and what my associates have immediately envisaged, is that this area, the development of the trans-Pacific area, reaching from the Mississippi River, across deep into Asia, is the hope for the future of mankind."

The realization of LaRouche's vision by a sane U.S. President would transform the Pacific Ocean region into what its name implies, a Sea of Peace—a peace based on development, which would radiate throughout the world.

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1. See "[The Nuclear NAWAPA XXI & The New Economy](#)" at larouchepac.com.