

China's Congress Stakes Out Path for Silk Road Project

by William Jones

March 9—The annual dual sessions of the Chinese National People's Congress (NPC) and the Chinese People's Political Consultative Committee (CPPCC), held this year in Beijing, are occurring as the Chinese economy finds itself at a crossroads, and the government charts a new course in this period of financial turmoil in the London-New York financial markets. Key elements in the new orientation for the Chinese economy are the building of a Silk Road Economic Belt and a 21st Century Maritime Silk Road, or as the Chinese say, "One Belt, One Road."

Speaking on the direction of policy during 2015 on March 7, Foreign Minister Wang Yi said, "There will be one focus and two main themes." The prime focus will "the all-round development of the 'One Belt, One Road.' ... This will serve to promote infrastructure and connectivity.... One Belt, One Road will win more support and serve to revive the Eurasian continent as a whole."

The NPC is the highest legislative body in China and the CPPCC provides consultation and proposals for NPC consideration.

Reform and Opening Up

The "reform and opening up" initiated by Deng Xiaoping with the establishment of diplomatic relations with the United States in 1979 was premised on employing cheap Chinese labor to produce for the markets of Europe and the United States. With the financial crisis in 2008, the export market went belly-up and Chi-

nese growth rates went from 10%-plus to 7.4% this year, and an estimated 7% next year.

But the changes have not only been a result of the international financial crisis. Already with the "opening up," the Chinese government was intent on upgrading technology and productivity to become a high-tech manufacturing nation. The plan was to raise wages and skills of workers in the manufacturing industry, to push the limits of science and technology to provide the needed upgrade. We have seen the results in the Chinese space program and in Chinese preeminence in the high-speed rail technology.

Premier Li Keqiang underlined the new orientation on March 5, in his Government Work Report on what was accomplished in the past year and the work that is to be done in the present year. He listed reforms to upgrade industries and called for the establishment of a national science platform to coordinate science programs and to spread innovative ideas for raising the level of technology.

He also laid stress on continued modernization of the large agricultural economy. While China is mainly self-sufficient in food production (while still importing huge amounts of grain), the agricultural sector still suffers from backwardness and inefficiencies. While hundreds of millions of Chinese have been raised from poverty in the last few decades, 45% of the population is still engaged in agriculture and many live in poor conditions. While China has a goal of total electrification in 2015, a goal it probably will reach, the small size



Xinhua/Li Xiang

Chinese Foreign Minister Wang Yi (left) gives a press conference during the National Party Congress in Beijing on March 8. The New Silk Road project “should be seen as a symphony with the parts being performed by all the relevant countries,” he said.

of the farms and the temporary flight of millions of rural laborers to the cities to supplement their incomes have left agriculture in something of a confused state. Often when the migrants are in the cities, their farmland remains fallow.

An Economic ‘Symphony’

The “One Belt, One Road” project was introduced at a Beijing conference 20 years ago under the rubric of the “Eurasian Land-Bridge,” a conference at which Helga Zepp-LaRouche, the founder of the Schiller Institute, was a main speaker. It was revived in September 2013 by President Xi Jinping and is now the number one item on China’s foreign policy agenda. While aimed at creating infrastructure in neighboring countries and helping them lift up their populations from poverty, the project also has important diplomatic implications—something of a Chinese version of a “good neighbor policy”—the policy also has important economic implications for China. The creation of a belt of high-speed rail and other rail connections through Central Asia to Europe and a sea-land link through Southeast Asia to the Indian Ocean and the Middle East and Africa will propel the rapid transit of goods and services along this route. New rail lines, roads, and ports will upgrade the economic activity of China and its neighbors.

The actual construction of the Road and Belt will

provide economic opportunities for Chinese industry, and the improved conditions in the neighboring countries will create a greater market for Chinese goods. “The substance of the policy is to achieve communication and connectivity between the countries,” said Commerce Minister Gao Hucheng at a press conference on March 7, “to create a spirit of mutual trust, shared interests, and shared destinies.”

Speaking to reporters, NPC spokeswoman Fu Ying declared: “You must know that over 20 years ago we had a discussion regarding the creating of a Euro-Asian Bridge, but for lack of capital, this remained largely on paper. With the continued development of China since that time, China is now able to contribute to these projects. It will benefit our neighbors and our own develop-

ment. How will this affect the neighborhood? It will build a new cooperative framework, using the present advantages which China now has.”

The project also offers great hope for the world economy. While the financial oligarchy now dominating the EU and the Obama Administration demands increasing austerity in order to maintain payments to the bankrupt financial structures, China is charting a path toward development of the physical economy. It has taken the initiative to create new means of financing needed infrastructural investment, the Asian Infrastructure Investment Bank (AIIB) and the BRICS New Development Bank. The AIIB now has 27 nations prepared to join, including some European countries, according to Chinese Finance Minister Lou Jiwei. The bank is to be set up before the end of 2015.

When asked if the project could be compared to a new Marshall Plan, Wang replied, “‘One Belt and One Road’ is much older than the Marshall Plan and much younger. It embodies the spirit of the ancient Silk Road, and is therefore older, but was born in the age of globalization. It can’t be viewed with a Cold War mentality. Advancing the ‘One Belt, One Road’ will involve wise consultation and joint collaboration. It will create a synergy with other development institutions. To use a musical analogy, ‘One Belt, One Road’ should be seen as a symphony, with the parts being performed by all the relevant countries.”