

# Americans Must Understand What China Is Really Doing

*The following remarks by Helga Zepp-LaRouche, and the ensuing dialogue, are from the LaRouche PAC Manhattan Meeting on Saturday, Sept. 30, 2017.*

**Helga Zepp-LaRouche:** I am very happy to be able to speak to you. I would like to start with the grave crisis the United States is in because of these hurricanes. On the one side, naturally, it is absolutely terrible for the people who have suffered losses—lives have been lost, property has been lost, lives have been destabilized. But a great crisis can be turned into a great opportunity. The reason why I am saying that is you have President Trump, who said some extraordinary things with respect to Puerto Rico. He said that this has never been seen before—such a degree of devastation—but that this will also be the greatest recovery ever.

The only problem that has to be dealt with is what to do about the debt of Puerto Rico, but he earlier said that public-private partnerships (PPPs) don't function. So therefore, you have now a situation where not only Texas, Florida, and some of the other southern states have been devastated, but what the hurricane did to Puerto Rico is absolutely devastating.

The entirety of what little infrastructure existed there has been wiped out, and despite massive military efforts right now to rebuild, something very fundamental has to be done. This is right now a situation in which—as we have been saying all along—given the abysmal condition of the infrastructure in the

United States, including the situation in New York, the terrible condition of the roads, the absence of a fast train system—you now have a terrible economic collapse, including a collapsing life expectancy. If you ever want to have a parameter for a collapsing society, then it is surely that.

We have said the whole time that given the fact that Congress is what it is—the neo-cons in the Republican Party are what they are—that only a bipartisan coalition implementing the Four Laws of Mr. LaRouche—Glass-Steagall, a national bank, a credit system—would provide the kind of financing necessary for the reconstruction not only of Puerto Rico, but of the entire United States. We have also said all along that, given the strategic environment, the only thing that makes sense is for the United States to take up the offer of President Xi Jinping and join with the New Silk Road. And that the United States should allow Chinese investments in U.S. infrastructure, allowing the Chinese to invest their ap-



*President Donald Trump and President Xi Jinping at the G20 Summit in Hamburg, Germany, July 9, 2017.*

White House/Shealah Craighead

proximately \$1.4 trillion in U.S. Treasury bonds in American infrastructure. That is the case.

Such action is more urgent than ever, because all the signs are mounting that we are faced with a new financial crisis much worse than that of 2008. All of the parameters that warned us in 2007-2008 are warning us again, but they show conditions that are much worse, because the central banks in these almost ten years did absolutely nothing to remove the causes of the crash.

Therefore you have now an absolutely hopeless financial situation in which, almost daily now, someone here or there is warning of the danger of a crash. So it is absolutely urgent.

### **Bannon and Hillary Are Wrong**

Today is the last day of September; that means we have about six weeks until President Trump goes on a tour of Asia, where he will visit several countries. Secretary of State Tillerson is presently in Beijing preparing for Trump's tour. As it looks now, Trump will have a big state visit to China in November in the context of this Asia trip. If you go back to April, when President Trump was meeting with President Xi Jinping in Mar-a-Lago, in a quite significant reversal from what Trump had said during the election campaign, he did not continue China-bashing. Instead he found something which he has repeatedly called a friendship with President Xi. He has said repeatedly that he likes the Chinese, that they are a great people. And indeed, what has developed since Mar-a-Lago is a very important strategic partnership and relationship between President Trump and President Xi.

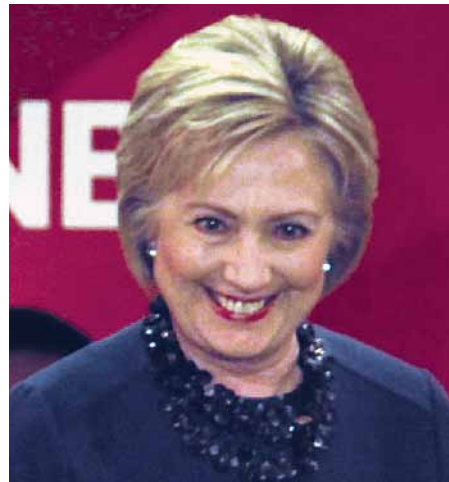
In April, we started a mobilization, demanding that President Trump attend the Belt and Road Forum in May. Well, this fell short of its objective a little bit, but we succeeded in creating an environment in which Trump sent a very important envoy, Matt Pottinger, to the Belt and Road Forum. Out of this whole process developed four strategic dialogues, which are functioning and which have resulted in prospects for potentially resolving major hotspots such as in North Korea.

As a matter of fact, just now, Secretary of State Tillerson said in Beijing that there are two or three back



wikipedia/Gage Skidmore

*Steve Bannon*



CC/Andrew Dallos

*Hillary Clinton*

channels to North Korea. At the same time, a North Korean delegation was in Moscow, and Moscow signaled its readiness to work toward a political and diplomatic solution, which obviously would involve Russia, China, and the United States. So, this thing is working, and I would suggest that we go on an equal or even bigger mobilization than we did in April when we tried to get President Trump to the Beijing Belt and Road Forum.

We should somehow use this crisis in the United States to get across the concept that what is needed right now is the immediate implementation of Glass-Steagall and the Four Laws of Mr. LaRouche—but in combination with the concept of this strategic alliance between the United States and China, whereby the United States becomes part of the World Land-Bridge.

Now, there are some problems. One is Mr. Steve Bannon, who may have some merits, but his policy toward China is wrong. He just practically declared war on China, saying China is the biggest problem, the biggest threat. They are stealing American technology, he says, just to incorporate it and become a competitor. I don't know if he's just badly informed, or if he is ideologically so much in the geopolitical game that he can't see what is actually going on; I can't say for sure.

But obviously, the Obama-Hillary faction of the establishment, along with the neo-cons in the Republican Party, are all against an alliance of the United States with Russia and China, because that would end their geopolitical game and their aim to get a unipolar world, which they have been very explicit on trying to achieve. Now you have, in addition to that, the Bannon factor trying to work on Trump to try to pit him against China.

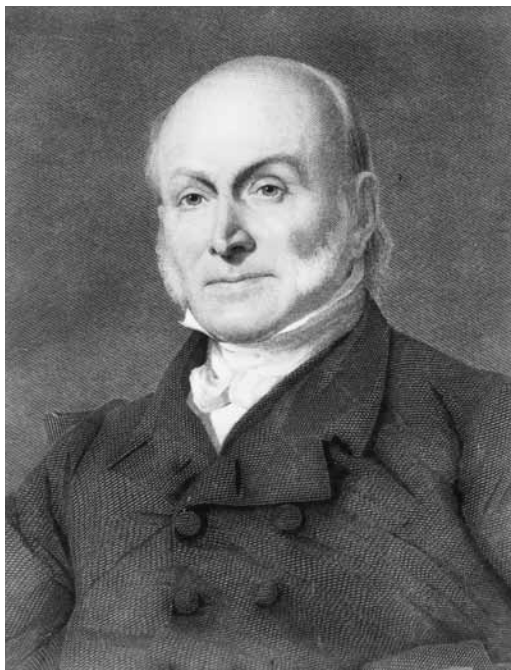
I think this is strategic, and we absolutely have to counter it, because the perception in the West of what China is actually doing is absolutely wrong.

### **A New Form of Relations Among States**

Let me again throw in my authority, so to speak. I am not claiming to be an expert on China, but I can say that a lot of my life story has been interwoven with being—not involved,—but being privileged to see the gigantic rise of China. I was in China for the first time in 1971, during the Cultural Revolution, and I have visited many times since 1996, when we had already worked out the proposal for a Eurasian Land-Bridge, a New Silk Road idea. So I can say that what has happened in China—and people in the United States must really know about this—is the biggest economic miracle in history—a bigger economic miracle than that of the postwar reconstruction of Germany. China has now begun to export its own, gigantic economic miracle of the last thirty years.

China now has a very large middle section of the society—good income, good living standard; it has lifted more than 700 million people out of poverty. President Xi has just said that the Chinese government is going to use the Internet to help to lift the remaining 40 million or so people still in poverty in rural areas, by organizing e-commerce for people in these rural areas to be able to sell their produce, their agricultural products. This is typical of the Chinese, that they would come up with something like that. The idea is to eliminate poverty in China by the year 2020.

Now China has developed a new model of foreign policy, and it is really important that Americans familiarize themselves with that, because it is not that China is taking over like Bannon is saying—that China is somehow threatening to take the position of the United States. Some of you may remember that a couple of months ago, at a meeting in New York at which the Chinese Ambassador in Washington, Cui Tiankai, gave a presentation, he said that there were sixteen examples in history in which a country surpassed the then dominant



Library of Congress

*John Quincy Adams*

power: that in twelve cases it led to war, and in four cases, the rising power just replaced the old dominant power.

Ambassador Cui said that China wants neither a future like one of the twelve cases in which war ensued, nor a future like that of the other four cases, because what China is offering is a completely new model of relations among states.

I want to go through this because I think it is absolutely key. China is proposing a new model for major powers, based on absolute respect for the sovereignty of the other states—including the principle of non-interference, the principle of the acceptance of another social model, and a win-win cooperation between the

two of them. Now that is obviously what the relationship between the United States and China should become. An aspect of this new Chinese model is a new relationship with the neighbors of China. This is already in effect with the ASEAN countries, with the Shanghai Cooperation Organization; it's operational in the South China Sea, where countries that are neighbors recognize the benefits of mutual economic cooperation rather than geopolitical confrontation.

The third aspect, which is in one sense the most important, is that China has developed a completely new model for relationships with the developing countries. This is most visible on the African continent. The Belt and Road Initiative, the New Silk Road, is open-ended; that's the good thing. It has completely changed the character of the African continent, because the Chinese have built a railroad from Djibouti to Addis Ababa; they are now building railroads from Kenya and Mozambique all the way to Rwanda. They have built many industrial parks, hydroelectric power plants, and irrigation systems. Now they are planning to have the largest infrastructure program ever—the Transaqua program—which will transform the entire continent of Africa for sure.

This is a new model of relations, and it is not based on geopolitics. It embodies the idea of an alliance of perfectly sovereign nation-states; it is actually what John Quincy Adams had proposed when he was Presi-

dent of the United States—that the United States should work toward an alliance of such sovereign states. This is very important. One expression of the spirit of common development for the common good, is to have an international banking system devoted to investments in the real economy. Banks like the Asian Infrastructure Investment Bank (AIIB), the New Development Bank of the BRICS, the Maritime Silk Road Fund, the Silk Road Fund, and similar institutions—together, these are already a parallel financial system.

So if the United States were to end the casino economy (as we call it), go for Glass-Steagall, write off the non-payable outstanding contracts, write off the casino part of the economy, and go to a Hamiltonian system of banking—that would perfectly fit in with the already existing New Paradigm of the New Silk Road. This is not just an option; I think it is the only way we can get out of this mess.

### **Revolt of the Deliberately Forgotten**

Then look at the rest of the so-called Western alliance. We have just had an election in Germany that has completely shattered the existing political configuration. Earlier, in the Brexit, the British people voted against the EU, against a neo-liberal economic system that makes the rich richer while the poor become poorer—the gap between rich and poor widens.

That spirit continued with the election of President Trump, or rather, the defeat of Hillary Clinton. It continued with the “No” vote in the Italian referendum last December, a vote against a measure that aimed to change the constitution to make it more suitable for the banking system, and this was rejected by the Italian people.

Then there is the German election. If you thought Germany was a stable country, well that is down the river. The SPD, the Social Democracy, had the worst result since Bismarck. Merkel’s CDU lost and are now at a miserable level, a little bit more than 30 percent. And Merkel really only received about 29 percent, if you count all the votes.

This has led to a situation in which the SPD has rejected a continuation of the grand coalition, and the other parties are now trying to put together an alliance among the CDU/CSU, the FDP, and the Greens. But that is a very rocky road, because there are many opposing views on Russia, on the migrants, on the refugee crisis, on the power of the European Central Bank. So this may not lead to any big result in the near future, and the effort may even go into the beginning of next year; nobody knows if they will be able to form a government.

The most shocking aspect of the election results is that the right-wing populist party, the Alternative for Germany (AfD), received 12.5 percent and is now the third-largest force in Germany. In Saxony in East Germany, it became number one; it is now the strongest party in Saxony. In all the other new states formed from the so-called German “Democratic” Republic, the eastern states, they became the second-largest party. In that party—I’m not saying that all the people who voted for it are racists or Nazis—but you have some really evil Nazi types in leading positions. Two-thirds of those who voted for the AfD did so, not because they like the AfD, but because they wanted to teach the other parties a lesson. Nevertheless, if you look at the fact that in the east of Germany, the AfD is now number one and number two—well, what does that mean?

It means that the entire post fall-of-the-Wall political structure of Germany has just disintegrated. There is a great divide between East and West. In the West they want to form a so-called Jamaica coalition, which would include the CDU, CSU, FDP, and Greens, but these parties are not represented in the East. That is a big shock. Why did the AfD get so many votes in the East? I really think it is important to understand that it is essentially the same phenomenon that led to the defeat of Hillary Clinton.

### **In the Interest of the Other**

What is the problem of this collapsing paradigm? When the Soviet Union collapsed, the neo-cons in the United States, together with the British, decided to impose shock therapy. They decided to smash Russia, to not allow Russia to remain a superpower, but to turn Russia into a raw materials producing, Third World country. They implemented the shock therapy in Russia which in three years—from 1991 to 1994—diminished the industrial capacity of Russia to one-third its previous size.

The British and the U.S. neo-cons applied the same policy to the eastern part of Germany, which led to complete devastation—privatization, and depopulation of towns. Young women would go to the West; you had towns that had only old people. Naturally, a lot of economic anxieties went with it. It was that effect of the neo-liberal shock therapy applied to East Germany that people sensed very much as an injustice; they felt sidelined. So you have cities in East Germany that are very nice looking now because historic buildings have been restored, but if you look behind these nice facades, you see a lot of misery and a lot of disappointment. That is



U.S. Navy

USNS Comfort hospital ship was deployed to Puerto Rico.

why the refugee crisis hit so badly; that is why people in the East felt so much more threatened by the incoming refugees. They felt that these refugees would get things of which they were deprived.

I am saying this to remind you that it's not just the United States that is in a terrible economic situation, but the entire liberal paradigm that has resulted in all of these dramatic changes is what is still at work. I have said many times—I said it after the Brexit, I said it after the Trump vote—that this injustice will cause similar earthquakes until the injustice is remedied and replaced by a New Paradigm.

So, I think we are at an absolute crossroads, where the principles which were at the core of the American System, especially with respect to foreign policy as expressed by John Quincy Adams, are so important. This goes back even further in history to the principles of the Peace of Westphalia—that foreign policy has to be in the interest of the other, and this must be the basis for any dealings with other countries.

Right now with President Trump, you have a possibility that the United States may go back to this policy. President Trump is trying his best; he's doing it, but he's being disoriented because you have a lot of faction fights in the administration, and it's not a settled question. But *everything* depends upon the United States joining hands with Russia and China at this point, and if these three countries were to get together, there is absolutely nothing, no problem, which could not be solved.

Let's use the time between now and November to get

this kind of mobilization in the United States and internationally, to get our countries on the course of joining with the New Silk Road and the new paradigm. The new paradigm is the idea that you put mankind first, the interests of humanity first, and then national interests—and that you stop thinking in geopolitical terms altogether. I'm absolutely convinced—and this has been the basis of the Schiller Institute, from the time of its founding—that if we do not change our foreign policy to such an approach, then the danger of the elimination of mankind through thermo-nuclear war is very high as a risk.

We have right now an incredible moment of history, and I want you to really grasp this moment, and let's

move mountains.

**Dennis Speed:** Right now we have a situation in which Puerto Rico has been devastated, and Haiti is about to receive, assuming this all works, perhaps \$30 billion from the Chinese, to rebuild Haiti—I think \$4.7 billion for the city of Port-au-Prince. Now, if you look at a map and you look at the Caribbean, these two populations, which have been some of the most oppressed—Haiti being the poorest in the Western Hemisphere—could be the basis of the kind of collaboration between the United States and China.

But there is a problem, and here's what I want you to address: The people who have been activists on these things for many years, are basically really mad. They're all enraged because of the racism and the other things that they've experienced. And so, when it comes to the moment of opportunity, what they will often do is introduce another list of denunciations, whether it's of Trump or whoever, instead of realizing that the opportunity to change all this is right in front of them.

Can say something on the issue of the poetic mentality, and about being able to get beyond the rage, to see an opportunity and to calmly grasp it and to move history ahead?

### **Bitterness Is Denial of Self-Worth**

**Zepp-LaRouche:** I think only in moments of extraordinary crisis can you really change history, because when everything is calm and steady then people

don't feel compelled to even consider that they should change something. But when you have real tragedy striking, or an absolute disaster, then you can change. We saw this in Texas, you're seeing it in Puerto Rico. We saw it, for example, in 1945 in Germany, when people started to realize that you had to go for fundamental values, to make sure that catastrophes cannot happen again—only then do you find people willing to change. I want to quote Albert Einstein, who said, you can never solve a problem with the method of thinking which caused the problem.

Puerto Rico should never have been in such a poor condition, and we saw what the Obama administration did in terms of putting debt on the state, creating a control board, imposing austerity. Puerto Rico is part of the United States! And people should be proud that this is a moment to change it.

Now, people have forgotten what a crash program is, and I can see this in Germany. When they repair a highway or some train, it takes them months and years, and they're so slow, it's almost like manual work. When the Chinese build something, they're doing it at an absolutely unbelievable speed. And Mr. Bannon is so wrong when he says the Chinese need to steal American technology to incorporate into their own economy. Maybe this was true in the early part of its industrialization, but China has moved—for a long time now—to a completely different idea. It wants to be number one in terms of technologies; it employs the concept of leap-frogging. It puts total emphasis on the excellence of the education of its young people.

They're building railroads in half a year! I was in Lanzhou, in Dunhuang, two years ago, and I saw how they were building a railroad from Lanzhou all the way to Xinjiang in half a year. How did they do it? They didn't continuously construct it, one piece after the other, but they built it in many places at the same time. That approach Americans can do, absolutely, but it's just that they have forgotten that kind of crash program.

We have lived through the paradigm of the last 50 years, one that we have identified many times, beginning with the assassination of John F. Kennedy and the cover-up of the assassination. People have forgotten what it means to be an American. In a similar way, the Germans have forgotten what the German method of effectiveness was, because their minds have been taken over by the green ideology, to the point that nothing functions any more, in the economy or otherwise.

People have to recover their sense of vision. Imagine that the crash program can be done like the Apollo



NASA

*Mission Operations Control Room on July 24, 1969, celebrating the successful conclusion of the Apollo 11 lunar landing mission, reflecting American optimism of the time.*

program or the Tennessee Valley Authority program of FDR, the New Deal. Americans have reference points in your history where that has been done. And I think what is necessary is to evoke, in this moment of crisis, love for your fellow citizens and love for mankind. We are at a watershed, where an old epoch is just ending, an old epoch which was associated with the paradigm of imperialism, colonialism, geopolitics, and world wars. That epoch is potentially coming to an end, *if* we get the United States and the European nations to join hands in the Belt and Road Initiative and apply the American System to the present situation—which is really what the Chinese are doing.

As to the subjective factor: Don't go about your business as usual. Just feel a tremendous love for humanity, that we cannot tolerate that mankind should remain in its present miserable condition. You have an opium epidemic, you have a drug epidemic, you have all these problems, and the only way you can solve it is by rising above it and feeling a tremendous compassion. And then you will not tolerate the present condition, but you will have a tremendous desire to change it.