

A Crucial Meeting for the World

by William Jones

April 2—The meeting between U.S. President Donald Trump and Chinese President Xi Jinping will be a watershed moment for the U.S.-China relationship and a critical event that could determine the direction of world history. While *any* meeting between the heads of these two indispensable nations would have global implications, this particular meeting is especially crucial.



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President Donald Trump



Xinhua/Wang Ye

China President Xi Jinping

The newly elected U.S. President has charted a new course for the U.S. economy, rejecting many of the shibboleths of the traditional “free market” ideology, which have proven disastrous over the decades for many countries—including the United States. He is moving toward returning to the “American System” economics of Alexander Hamilton and Henry Clay, which would involve protection for many U.S. industries which have disappeared, thanks to the avarice of our U.S. industrial and financial layers who sought to reap benefit from the labor of underpaid workers in Third World countries, which has left the American workforce and industries in a condition of absolute devastation.

China, which has successfully utilized the “dictates” of the free market system by entering that system as a low-wage producer, has, through a conscientious government policy of systematically investing in science and technology, moved from its original status of being a low-wage manufacturing center to a higher niche of production capability and skill level in the world economy. Through that policy, China has succeeded in developing its economy, becoming the veritable engine of world economic growth, and has raised over 700 million Chinese out of poverty.

China’s development of the Belt and Road Initiative

in 2013 now promises to lift millions of people in other Third World countries out of poverty as the result of a policy of infrastructure investment. China has also taken the initiative for the creation of new international banking institutions, like the Asian Infrastructure Investment Bank (AIIB) and the BRICs countries New Development Bank, which are solely

geared to realizing that investment.

The question facing the two leaders is, *how do these two policies fit together*. China was concerned about some of the statements made by presidential candidate Trump during the presidential campaign, in which he seemed to blame China for the U.S. economic predicament, and also accepted a phone call from the leader of Taiwan. China was also concerned about the appointment of a couple of outright “China-bashers” like Peter Navarro and Robert Lighthizer to the Trump cabinet, in positions affecting international trade.

This created a great deal of trepidation among the Chinese with regard to the upcoming policies of the new President. Much of this trepidation has since been alleviated by the phone call between President Trump and President Xi in February, in which President Trump reiterated support for the One China policy, that is, recognizing the People’s Republic of China as the sole representative of the Chinese people, and expressed a willingness to establish a good working relationship with China on all levels.

More recently, President Trump sent his Secretary of State, Rex Tillerson, to China to meet with his counterparts. There Tillerson surprised his Chinese hosts by using the exact terms that China has insisted must char-

acterize the U.S.-China relationship, namely that it be a relationship with “no conflict, no confrontation, mutual respect and win-win cooperation.” Until Tillerson’s statement, no U.S. official has ever uttered these words to Chinese leaders.

The fact that the two leaders mutually decided to hold such a summit at a very early stage in the new administration indicates that they both realized that having a mutual understanding of each other’s goals and intentions was absolutely crucial and both were obviously confident that such a meeting would be successful.

It is perhaps too soon to expect any resolution of the key issues on which the two sides have differing views, whether it be on the issue of trade policy, or the North Korea nuclear program, which has become the pretext for the United States to place THAAD missiles in South Korea, which China views as a threat to them as well, or the South China Sea, where Chinese territorial claims have received push-back from the United States. Given the fact that the new Administration does not even have all of its cabinet appointees in place in order to review and come up with policy recommendations in these matters, there will probably be no definitive resolution on these matters. These will, of course, be on the agenda of discussion, discussions which President Trump has characterized as difficult.

Will Xi and Trump Work Together on U.S. Infrastructure?

But what can be accomplished in the meeting, which is so crucial to the resolution of any of these issues, is a greater understanding of each other’s positions and outlooks. President Trump has often shown himself to be a gracious host in these circumstances, and holding the meeting at one of his homes in Mar-a-Lago, Florida, away from the craziness of the nation’s capital, would also be conducive to a more personal and intimate discussion. And when met with the appropriate respect due to a Chinese leader, President Xi often shows a great deal of magnanimity in dealing with foreign leaders, even with those with which he is not totally in agreement.

It is also not entirely out of the question that the two leaders, with very different personalities, might even develop a warm relationship. One cannot also exclude the possibility of some surprises coming out of the encounter which might point the way out of some of the problem areas. While President Trump, who has made it one of the hallmarks of his Administration to make changes in trade policy which would benefit U.S. industry, will make greater use of tariffs and taxes in order to keep

some production in the United States and to attract other production. This could possibly have an effect on some Chinese export products to the United States.

But if such a policy were not solely directed toward Chinese products, and is not of such a draconian nature as some of the Chinese “hawks” in the Administration may want to impose, this could be acceptable to China if they received something in return. If China were allowed to buy more U.S. high-tech products, this would also go a long way to eliminate the trade deficit with China.

China also invests heavily in the United States, and President Trump has called for a one trillion dollar investment in the failing U.S. infrastructure. China is presently the greatest producer of infrastructure in the world. In addition, they have expressed, in official statements and in numerous articles, their interest in investing in U.S. infrastructure.

While direct Chinese ownership of strategic infrastructure like railroads or telecommunications might be frowned upon, less strategic areas might be opened up for Chinese investment. Creating a national infrastructure fund or bank in which China could invest at an equal or higher rate of return than they are getting from their extensive holdings of Treasury bills, might also be a means of helping President Trump in realizing his infrastructure promise.

If this were combined with the implementation of Glass-Steagall legislation, this Chinese investment would also provide the basis for stabilizing the U.S. banking system, and it also could reorient to the longer term investment in the U.S. infrastructure program.

A closer relationship between the United States and China, particularly on these economic issues, would go a long way in helping them deal with the other issues that are on the table. U.S.-China cooperation would also help solidify the gains made by China’s Belt and Road Initiative. A U.S. development program, especially in the realm of high-speed rail, could turn the New Silk Road project of China into a veritable World Landbridge, as has been proposed by Lyndon and Helga LaRouche. Both President Trump and President Xi are leaders who are clearly focused on the need for increased economic development based on the expansion of infrastructure, and this is what could unite them policy-wise. The United States should accept President Xi’s invitation to join the Belt and Road Initiative. If the two leaders can find the wisdom to work together on this issue, then the “American Dream” will converge with the “Chinese Dream” and will create a new paradigm of global development for the entire world.