

THE BELT AND ROAD INITIATIVE

A New Trajectory for Mankind

by William Jones

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June 30—When China’s President, Xi Jinping, announced the Silk Road Economic Belt project in September 2013, it took the world by surprise. But it didn’t come totally out of the blue. Anyone closely following events in the region would have known that there were a number of strands that had been coming together since the collapse of the Soviet Union, which converged in the concept so eloquently enunciated by President Xi in his speech at Kazakhstan’s Nazarbayev University in September 2013. There, he presented his idea of the Silk Road Economic Belt, and then one month later, he announced the 21st Century Maritime Silk Road.

After the breakup of the Soviet Union there was a great deal of discussion—and urgency—about the need to develop independent transportation grids connecting the newly independent, but landlocked, Central Asian countries to Asia and to Europe. Chinese scholars who were tasked with issues of economic and social development in China, were already considering the possibility of extending transportation infrastructure to the central and western regions of China, which had been left out of the rapid development occurring in the coastal regions. This grid could then branch out into Central and South Asia.

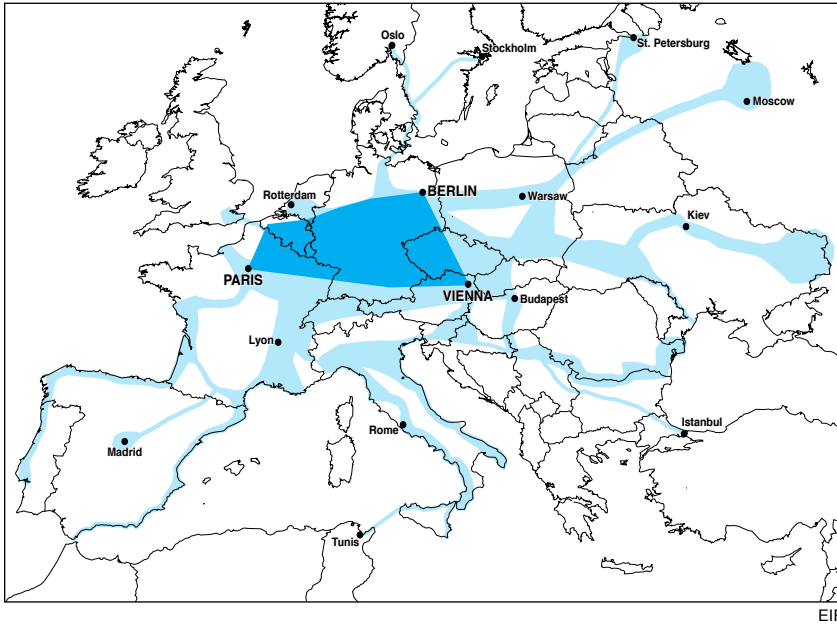
On September 12, 1990, the Northern Xinjiang Railway connected with the Tuxi Railway of the former USSR, marking the completion of the 11,000 kilometer New Euro-Asian Continental Bridge. Five years later, on September 8, 1995, railway experts from the seven countries concerned signed an agreement for opening the Alataw Pass-Druzhba international bridge.



China President Xi Jinping, after delivering his speech in Astana, Kazakhstan, Sept. 7 2013. Kazakhstan President Nursultan Nazarbayev is on the right.

Internationally this perspective was already being proposed by the political forces in Europe and the United States around economist Lyndon LaRouche. With German reunification after 1989, LaRouche and his wife, Helga Zepp-LaRouche, proposed creating an integrated productive entity in the region formed by the triangle of Paris, Vienna, and Berlin. After the collapse of the Soviet Union, this “productive triangle” concept was expanded to encompass the land-locked Central Asian nations that had emerged from the Soviet Union. They and Russia would be integrated through the construction of several trunk lines of high-speed and other rail lines, which would stretch from Rotterdam to the Pacific Coast.

These ideas were proposed to Chinese scholars by the Schiller Institute toward the beginning of the 1990s. All of these various strands came together in May 1996,



The LaRouche-proposed industrial triangle in Europe.

in a major symposium held in Beijing under the auspices of China's Ministry of Science and Technology, titled International Symposium on Economic Development of the Regions along the Euro-Asia Continental Bridge.

Speaking at the conference were leading Chinese scholars, including Professor Ma Hong, who had written a major book on the subject of Eurasian transportation; Academician Mikhail Titarenko of the Russian Academy of Sciences, Russia's now-deceased premier expert on Chinese affairs and culture; and Helga Zepp-LaRouche, President of the Schiller Institute. A major address was given by Song Jian, the Chinese Minister of Science and Technology.

It was clear at this early stage that the idea had already been gestating in Chinese scientific and political layers. With the financial blowout in 1997, in which China played the major role in preventing the Asian economies from going belly-up, and the subsequent 2008 crisis, which still looms over us, the land-bridge idea was put on the back burner, but was not entirely abandoned. And it was no doubt the unique circumstances of China's internal and external

developments during the first decade of this century, that convinced President Xi that this project had to be placed at the top of China's foreign policy agenda.

First, it corresponded well with the overall economic situation. China had become the second largest economy in the world, and the technological advances it had made, particularly in a number of fields such as high-speed rail, had astonished the world. It also possessed the financial means of initiating a program of such a magnitude as the Belt and Road Initiative.

Second, that initiative was the ideal platform for a good-neighbor policy. The rise of China, the largest country in the region by far, had created some concerns among its smaller neighbors. But a China which showed itself willing to

help them move forward on the road to progress, could not be seen as anything but an important benefactor.

And third, it converged nicely with China's "Go West" policy. Developing China's western regions thus became more than a social and moral imperative. With new rail connections established to Central Asia and further on to Europe, these western regions would become central to the development of this great project,



Helga Zepp-LaRouche was a keynote speaker at the 1996 conference on development, in Beijing, China.

with cities such as Chongqing, Chengdu, Xian, and Lanzhou now becoming major transit hubs for Belt and Road traffic.

More important, with the Belt and Road, China has reinvigorated the Silk Road spirit, the spirit that imbued the ancient Silk Road, with its highly consequential exchange of both goods and ideas. This was a period in which there was a tremendous exchange of goods—silk, spices, jade, and gold. But there was also a rich transmission of ideas and cultures, of art styles, and music. It was indeed one of the first attempts to create an international dialogue of cultures, a transmission of different philosophies and outlooks, each enriching the others in a glorious intellectual interplay.

Important centers of intellectual activity appeared along the Silk Road in such cities as Samarkand, Bukhara, and Alexandria. Developments in thought in Greece and Magna Graecia (Sicily), influenced by ancient Egypt, were also transmitted along the Silk Road. A true dialogue of cultures had begun, one that would provide the basis for the Great Renaissance of the 15th Century.

Another aspect of the Belt and Road agenda has to do with China's growing role on the global stage. Given the tremendous turbulence characterizing the world picture in the last decade—the economic crisis in Europe and the United States, the continual deterioration of the conditions in the developing countries, and the spread of international terrorism, inflamed by the numerous military interventions by the United States and NATO into Middle Eastern and North African countries—the Belt and Road represents a beacon of hope in an otherwise uncertain world.

It has already created a sense of optimism, not only in Asia, but also in Africa and Latin America. The unprecedented success of the Asian Infrastructure Investment Bank, which has mobilized the majority of the world's population behind it, has engendered a feeling that the world can now go forward, after many years of economic stagnation. The adherence of the BRICS group of nations to the Belt and Road perspective has largely brought the great majority of the world's population behind the initiative.



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China's Three Gorges dam.

A Dirigist Model

The enthusiasm for the Belt and Road has been enhanced by the fact that it was China which put forward the proposal. China remains one of the few developing countries that have succeeded, during the post-Cold War period, in moving in the direction of becoming a moderately prosperous nation. And such a development by the largest country in the world in population, demonstrated clearly for other developing nations that they too could move from poverty to prosperity. While countries such as Japan and South Korea had become Asian tigers in the period of the Cold War, they did so to a large extent with the assistance of the United States, and in a climate in which they were seen as bulwarks against communism.

Ironically, like China, they used a dirigist or Hamiltonian model for their development. As the United States did, after the American Revolution, under the economic direction of Treasury Secretary Alexander Hamilton, they understood that only with the government providing overall direction to the economy could their industries develop. Through a wise tax and credit

policy, the government could ensure that the country's immersion in the world market did not lead to it being reduced for all eternity to the level of a low-wage producer of goods for the more prosperous nations.

In China's case this involved not only tight control over the unleashed forces of "the market," but also a conscious attempt to leap-frog from the low-wage production that characterized China in the early days of reform and opening-up, to higher-value production—the conscious striving for cutting-edge technologies, including the determined development of an ambitious Chinese space program, which served as a science-driver for the Chinese economy.

Countries in Africa and Latin America gained valuable lessons from the Chinese experience, and were therefore very open to working with China in advancing their own prospects. Infrastructure investment, and an emphasis on developing science and technology, was proving to be the road to success. And China has made it a priority to utilize the success of its development model to benefit its neighbors, both near and far. Investment in infrastructure—in particular in transportation infrastructure—creates the network for the functioning of industrial production and flourishing trade relationships, increasing overall productivity through access to wider markets for both agriculture and industry, and quicker turnaround and less travel time for people and goods in the urban centers.

China is keen on promoting science and technology in the Belt and Road countries. By June 2016, China had signed memoranda of understanding for scientific and technological cooperation in the areas of space, energy, and ecology with fifty-six countries along the Belt and Road. In addition, China has also established thirty-eight science and technology centers in the form of industrial parks, joint laboratories, international technology transfer centers, and industrial cooperation and incubation centers. China also intends to bring 150,000 science and technology personnel from Belt and Road countries to China, within the next three to five years, for exchanges or training, and expects to receive more than five thousand young scientists during that same period.



CCTV video
Mission commander Zhai Zhigang conducting a spacewalk outside China's Shenzhou VII spacecraft, 215 miles above the Earth, on Sept. 27, 2008.

The same approach is also used in the Chinese manned space program. China has opened up the program to cooperation with all countries. Similar to what the United States had done during the latter days of the Cold War, China is prepared to help other countries advance in the development of space technology. U.S.-Soviet cooperation in space during the Cold War helped to reduce tensions and the lack of trust between the two nations. Today, however, the U.S. Congress has placed restrictions on cooperation between NASA and the China National Space Authority in the vital area of manned space exploration. As a result, the Chinese space program is the only one that has put out a welcome mat for *all* nations, including the United States.

Overcoming a Cold War Mindset

The Belt and Road Initiative represents much more than simply a needed development program. It is a key element in a new model of governance in the world. The era in which politics was determined by a single power is really at an end. While the United States still remains militarily the most powerful country in the world, new nations have come forward and taken their places in the world arena, China being the most striking example. But Russia under Vladimir Putin has also fought its way back from the destruction of the post-Soviet malaise, the "shock therapy" imposed on it from the West, and the associated dismantling of key scientific and industrial structures. And despite its problems, India has become a key player in world politics.

Since the Cold War is at an end (except in the minds

of some policy-wonks in Washington, who still view the world through the Cold War prism), there is no need for a “leader of the free world.” And creating a straw man, in the form of a resurgent Russia or a rising China, to justify such a need, will not succeed in mobilizing people against a non-existent threat.

The real threats that face the world today are international terrorism, the refugee crisis, increased poverty, and financial instability. To face these challenges, cooperation with Russia and China is absolutely essential. This was made clear by the Russian intervention in Syria, which has led to the near eradication of ISIS in that country.

After World War II, U.S. President Franklin Roosevelt was determined that the world would no longer be ruled by means of conflict among nations. The creation of the United Nations was his attempt to bring *all* nations together in one body to find common ground and work out their differences, in order to prevent disputes from leading to war. The UN remains to this day a key tool for maintaining world peace and preventing the outbreak of another war between major powers. It has also been responsible for putting a damper on lesser conflicts through its extensive peace-keeping operations, to which China has become the greatest contributor.

Institutions that have been in operation a long time often have difficulty in changing the way they think and work. In that sense, China had to exert great efforts to gain recognition for the new status which it had effectively attained in the global arena through its economic development. While it did succeed in joining the World Trade Organization in 2001, it did so only after lengthy negotiations, and the country had to make major changes in its economic policy because of pressure from the United States and Japan in particular.

China also achieved Permanent Normal Trade Relations status with the United States at about the same time, but again, only after an uphill battle to overcome the resistance by many Republicans in the U.S. Congress to awarding China that status. Even then, Congress created the U.S.-China Congressional-Executive Commission on China (CECC) as a watchdog to monitor Chinese adherence to trade agreements and China’s performance in areas such as human rights and religious freedom—as if China were some recalcitrant child who needed watching. To this day, the CECC remains an instrument of anti-China agitation within the U.S. Congress.

Achieving its legitimate voting rights in the Interna-

tional Monetary Fund (IMF)—rights corresponding to its growing role in the world economy—has also been a fight, with foot-dragging by the U.S. Senate, which has been unwilling to let China assume its legitimate role. Because of this innate bureaucratic conservatism in the international institutions, and the fact that all too many people in the Western political establishments, particularly in the United States, were still stuck in the Cold War paradigm, China’s initiation of the Belt and Road struck at the root of the problem by charting an independent course for world development and creating the institutions to implement that course.

Toward a New, Just World Economic Order

While China had the financial capability to initiate the Belt and Road with its own financial institutions—the China Development Bank, the Export-Import Bank, and others—China’s initiative in establishing the Asian Infrastructure Investment Bank (AIIB) in October 2014 represented a new direction for the world economy and a major boost for developing countries’ role in it.

By the beginning of this century, it was clear that the world financial structure—and the international financial institutions (IFIs) at its center—were in a state of total breakdown. Global world debt had soared, taking it far beyond any possibility for the world economy to pay it off. The iron-clad commitment of the IFIs to hold all debt as sacred has led to the imposition of massive austerity in the debtor countries, including the United States, where most of the fifty states are in a state of bankruptcy.

While such institutions as the World Bank and the Asian Development Bank were originally tasked with investing in infrastructure, particularly in the developing sector, much of their funding has been side-tracked to other concerns, euphemistically mislabeled “poverty alleviation,” leaving several trillion dollars of infrastructure deficit in Asia alone.

But the creation of the AIIB was more than complementary to the lending of the other institutions. Its laser-like focus on infrastructure investment once again underlined the crucial role of infrastructure investment in alleviating poverty. While the \$100 billion capital of the AIIB (it began with a commitment of \$50 billion) was not a large amount compared to the need or to the funding capabilities of other international financial organizations, the example that it set, put the world on a different trajectory. Consequently, we soon saw a renewed interest in infrastructure investment by the World Bank and the Asian Development Bank.



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Indira Gandhi at the National Press Club in Washington, D.C.



Coordinacion de Material Grafico

Mexico President José López Portillo at a rally in support of nationalization of the banks, Sept. 3, 1982.

Here again there were major attempts to prevent countries from joining the AIIB. The Obama administration pressured countries, and individual firms, not to support the new China-initiated bank, stating that it was worried about a trend of constant accommodation of China. This pressure had little effect. When Great Britain, with whom the United States is mooted to have a special relationship, decided to join the AIIB in 2015, it was clear that this pressure was totally ineffective. It was also a clear signal that there was a keen awareness of the growing need for such an institution, and a clear support for the policy that China was pursuing in that respect. It was also a recognition that business as usual, within the confines of the traditional New York-London financial structures, was no longer an option.

In fact, there is a growing recognition throughout the world that the post-Bretton Woods structure is effectively at an end. The tremendous expansion of world debt, both corporate and private, including the debt incurred in the rarefied world of derivatives and over-the-counter trading, is calculated to be around two quadrillion dollars, that is, \$2,000 trillion. World gross domestic product (GDP), on the other hand, is valued at around \$70 trillion. Obviously, world production can never eradicate such a tremendous amount of debt. Only a thorough revamping of the international financial system, including massive write-offs of much of the mainly fictitious debt, would take us to a point at which the world economy could begin to generate the credit needed for rebuilding world infrastructure.

In addition, the needs of the developing sector have been totally disregarded in this post-Bretton Woods era. Without the recent intervention by China, countries in Africa would have plunged into chaos. A similar situation exists in Latin America where, in the 1960s and 1970s, countries like Argentina and Brazil appeared to be about to take off on the road to development. When Nixon took the dollar off the gold standard in August 1971, effectively ending the Bretton Woods arrangement—creating major inflation and disrupting the terms of trade with these countries—many of them went from a condition of relative affluence into a condition of absolute penury.

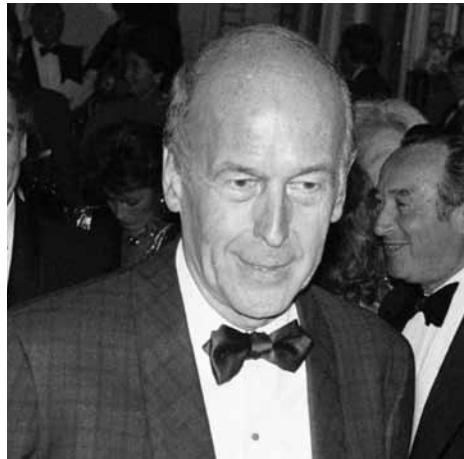
Flailing of a Dying Order

In 1975, economist and statesman Lyndon LaRouche called for the creation of an International Development Bank (IDB) as a means of financing major “great projects” in Third World countries, which would allow them to move onto a real development path. LaRouche’s IDB proposal received a positive response from leading figures in the developing world. It led to the call for creation of a New World Economic Order, which was raised by the developing countries at the UN General Assembly in 1976. But the United States and Britain, and their London-New York financial backers, were not prepared to listen. Secretary of State Henry Kissinger, in particular, made a direct intervention to use the power of the U.S. government to prevent any such “new world order” from taking shape.



Bundesarchiv

Former German Chancellor Helmut Schmidt.



CC/Roland Godefroy

Former French President Valéry Giscard d'Estaing.

Attempts were also made in the 1970s, again on the urging of LaRouche—who was working directly with Mexico’s President José López Portillo and India’s Indira Gandhi for the purpose—to create among Third World countries a debtors’ cartel which would be capable of negotiating with the major banks and the creditor nations from a position of relative strength. But the lack of solidarity on the part of some key developing nations made it impossible.

In Europe in the late 1970s, there were also efforts by German Chancellor Helmut Schmidt and French President Valéry Giscard d’Estaing to bring together an East-West, North-South arrangement that could create the basis for a development policy in Africa and Asia. The combination of the free traders in the Reagan administration and Great Britain’s Margaret Thatcher prevented that from happening. Then a series of “terrorist” attacks and assassinations targeted the key figures in this policy, including Dresdner Bank chief Jürgen Ponto and German industrialist Hanns Martin Schleyer.

When the Asia financial crisis hit in 1997, the idea of creating an Asian Monetary Fund, independent from the IMF and its notorious conditionalities, was proposed by Japan’s Eisuke Sakakibara. Such a fund would be constituted at \$100 billion, simply to support Asian currencies that had been under massive attack by foreign speculators such as George Soros’ Quantum Fund. Japan, as the major creditor of Thailand and of the other Southeast Asian countries hit by the speculation, had a clear interest in the plan. Opposition to this proposal by the IMF prevented it from ever getting off the ground, although the Chiang Mai Initiative, a network of bilat-

eral swap arrangements set up by the ASEAN+3, which resulted from that discussion, remains intact to this day.

This crisis made it clear to everyone that another major financial blowout was highly probable, and that the Group of Seven (G7), which had previously served as the political steering committee of the world economy, was no longer sufficient to accomplish that task. Developing sector countries, and particularly China, had to be

brought in, if any solutions were to be forthcoming. This led the Clinton Administration—which was also aware of the concerns of LaRouche on the matter—to bring together a broader group of nations, the G22 (later the G20) in Washington, to deal with the ongoing crisis.

The G20 would effectively take over the role played earlier by the G7 as the main body responsible for oversight of the world economy. The G20 has also begun to play a major role in coordinating the responses of nations to major crises and—as we have seen in the recent G20 Hangzhou Summit, chaired by China last year—in attempting to formulate a clear policy of world development, with poverty elimination at its core.

Righteousness Over Advantage

Many in the West portray the rise of China on the world stage as an attempt to usurp the role of the United States as world “hegemon.” Such views are ignorant of the reality. First, the role of the United States as the world leader, while always exaggerated, has lost much of its relevance.

Beginning with the first Iraq War, which plunged the Middle East into turmoil and chaos, the United States began to lose its credibility as an effective leader, with many countries feeling that U.S. actions since then have caused more harm than good. The world itself has changed in the last two decades.

The rise of China and the increasing demands of the developing sector to be allowed to fully develop their economies and to have a role in world politics, can no longer be suppressed. China’s response to its own rise has been far from that of becoming a regional bully, as

some in the West try to portray it. Working diligently through regional and other international institutions, China has offered its assistance to provide the means for its neighbors to partake in its development drive. The Belt and Road Initiative provides the overall conceptual framework for bringing together the development programs of all the countries in the region.

The Belt and Road is much more than a framework of economic cooperation. It is an alternative philosophy for the interaction of nations, indeed, a new dialogue of cultures. While the Silk Road spirit imbues the spirit of the Belt and Road, it also contains an element that is characteristically Chinese and stems from Confucius, particularly Confucius' saying, "The superior man is aware of righteousness, the inferior man is aware of advantage." The Belt and Road Initiative, at the deepest level is, concerned with the question of righteousness in economic affairs, characterized by President Xi's continual emphasis on its feature of win-win cooperation.

In this respect, the Belt and Road represents the kernel of what Helga Zepp-LaRouche characterizes as "the new paradigm" of international relations. The benefit accrues to all who partake, and all are invited to partake. While there has been a regional concentration in the formulation of the actual projects, the reverberations are universal. The railroad projects in Kenya and Ethiopia, and the envisioned bi-oceanic railroad in Latin America, have long broken the regional strictures of the original vision, expanding it to a world land-bridge. The enthusiastic reception of the Belt and Road by many of the European nations, as well as the recent consolidation of the Belt and Road in the perspective of the United Nations, have established it as the vision of what the world must achieve.

The old paradigm lingers on as an element of practical policy, particularly (but not only) in the United States, where we have also seen the keen desire of the American people for a change of paradigm. They will begin to realize how the Belt and Road infrastructure



Statue of Confucius in Houston, Texas.

Wikipedia

development model can also bring back the prosperity that the country once enjoyed under wise political leadership such as that of President Franklin Roosevelt.

If President Trump seeks a foolproof method for reviving the U.S. economy, he should take the lessons of China to heart, and accept the hand of cooperation and friendship that is offered by China, to extend the Belt and Road to the North American continent. That would launch cooperation among nations on infrastructure projects of mutual benefit. It would foster science and technology to develop new energy resources, especially nuclear fusion, to propel tomorrow's growth. It would mean participating in a mutually beneficial dialogue of cultures, in which the greatest achievements of one culture can be exhibited and learned

from by the other, enriching each with a new sense of beauty and respect.

In this way, while we will no doubt encounter more turbulence and setbacks as the Belt and Road moves forward, we can still expect that the alleged advantages of the zero-sum game will quickly pale before the tremendous prosperity engendered by the more righteous spirit of the Belt and Road Initiative.

The wise path for President Trump would be to bring the Belt and Road to the United States and work with China to bring development to the war-torn Middle East. If there were unity on the overarching goal in the Middle East, on the part of the outside powers—particularly among the United States, China, and Russia—it could provide a solid basis for achieving a lasting peace. It is only with a program of comprehensive economic development that any of these conflicts can ultimately be resolved. The Belt and Road represents that solution.

Steering this ship through the sometimes choppy waters will require skill, diplomacy, and a great deal of patience on the part of China and her collaborators. But the progress already achieved by the Belt and Road Initiative indicates that it will meet with success. On its success lies the greatest hope of mankind to eliminate poverty forever.