

Win-Win and the Middle Kingdom

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For the Global Foundation Belt and Road Task Force

In the mid-19th century the European powers, the United States, Japan were dividing up parts of China, plunging its people into a period of calamity and humiliation that would last 100 years. The same rivalries led to two catastrophic World Wars.

At the start of the 21st Century it is in China and more broadly in Asia that the future configuration of global politics and of the world economy are being decided. Such reversals are frequent in history. In the 5th Century B.C. the western (Greek) historian Thucydides wrote on the collision of totalitarian Sparta with democratic Athens, which led to the defeat of the latter and the long term decline of both.

This period in China's history is known as the era of the "Warring States". It was also a time of conflict and calamity, although it saw the emergence of the philosophies of Laozi (Taoism) and Confucius which have remained as a great solace for millions of people.

Thucydides was writing from the perspective of ancient Greece, one of the philosophical and political foundations of Western culture. He captured an essential premise of the West in his writings: *"The strong do what they have to do and the weak accept what they have to accept."*

In China at the same time Laozi was writing: *"The best people are like water, which benefits all things and does not compete with them."*

That China and its people now stand once again at the centre of the current world order is a given. As recently as 2004, China's economy was less than half that of the United States. Today, in terms of purchasing-power parity, China has left the United States and most other economies behind.

To fathom where the world is going now requires an understanding of China and the process through which its culture and history have converged. The principle of Win-Win often applied by today's Chinese in negotiations and transactions was successfully adapted over generations in the Middle Kingdom when the emperors ruled "all under heaven" or Tianxia.

By appealing to each nation's self interest China achieved its own. As long as respect was shown to the Middle Kingdom, the blessings of Chinese civilization and its wealth could be shared, and harmony would reign. Chinese policies, historically, are based not only on self-interest but on negotiations and compromise. This means there is room for accommodation and solutions which represent a Win-Win. Contested seas or land areas could perhaps be shared or exchanged, certain concessions might be made on rights to exploiting resources.

Today, the world's attention is focused more and more on China's construction of military facilities on contested islands in the South China sea. But this can seriously misread China's real intentions. The true pivot of China is not towards the eastern Pacific but westward.

China's Win-Win formula for the 21st Century is the "One Belt, One Road" (OBOR) initiatives - the revival of ancient land and maritime routes of an earlier age of globalisation. China's vision of the future is the creation of a new Middle Kingdom, centred on Eurasia as the fulcrum of a sphere of influence that encompasses Europe (to include Russia, Baltic states) , Asia (broadly defined to include India, the South Pacific) , the Middle East, and Africa. By this definition Eurasia accounts for more than 70 per cent of the global population, containing much of the world's energy and other natural resources.

This 21st Century Middle Kingdom it has been stated clearly by the Government of China is open to participation by all the countries of the world.

The Belt and Road initiative was first announced by President Xi Jinping in 2013. Many were sceptical of this Chinese move aimed at building up economic connectivity among 65 nations (China plus 64) along the ancient silk road and maritime trade routes. For China, the OBOR initiatives redirect the country's domestic overcapacity and capital for regional infrastructure development to improve trade and ties with Asean, Central Asian and European countries. Investments in Central Asia, Africa and other poor countries of the OBOR are meant to increase global trade, expand globalization. These forces can, as they have done in China, raise millions of people out of poverty and dramatically improve their standard of living.

The fact is that evidence on the ground confirms that OBOR is working. Investments in OBOR countries in 2016 reached 1 trillion USD, to build roads, telecommunications systems, ports, railroads, energy production and distribution facilities. The same level of annual investments for the next several years will transform the OBOR region, creating jobs, business opportunities and social development with benefits for millions of people. The OBOR could be the most important development project in human history, with benefits for the entire world.

China launched and is leading the OBOR development but in the process it has been mindful of the Win-Win principle. The creation of the Asian Infrastructure Investment Bank (AIIB) in 2015 (launched in January 2016) illustrates China's traditional approach to the future. The concept of this new development bank, focused in infrastructure investments in the OBOR countries, was first greeted with derision and hostility. But a score of countries, including in Europe, accurately read the future and joined the AIIB as founding shareholders. The United States and Japan were notable abstainers. At its second annual meeting in May 2017, in

Korea, the bank announced it has now attracted support from 80 shareholding member countries and increased the funds available for projects to 100 billion USD. In respect of its Win-Win philosophy China has shown it is willing to relinquish its controlling share of the Bank to a majority of other partners.

Under its internationalist President Jin Liqun the bank has put into place principles of management and governance based on those of other long-standing development banks including the World Bank. The AIIB Board of Governors has approved operational principles to respect its guiding slogan to be “Lean, clean and green”. The AIIB endorses the Paris climate agreement and pledges to respect its principles in funding infrastructure projects. It operates in a transparent manner and fights corruption. The AIIB is an example of China once again hewing to the Win-Win principle – respecting the self-interest of others to achieve its own.

There are risks to the smooth establishment of the new Silk Roads along the OBOR. Russia, India and Japan could resent China’s growing influence in the OBOR countries. The old nationalist resentments of the past could be revived. Some of the investments in OBOR projects could go bad, or be seen as damaging to the environment, to political and economic stability.

Still, the OBOR is the only vision on offer at the moment which is multilateral, inclusive and supported by substantial will and means. With its return to the centre of the world economy, China is applying the ancient, thoughtful Win-Win philosophy which supported periods of prosperity and peace in the past. Through their long history the people of China learned that Win-Win is preferable to the alternative, and that achieving it is an art perfected over time.

Thucydides had a warning for the leaders of his time which resonates today, when the forces rising in the world threaten the old order, as Athens threatened Sparta.

He wrote: It is a common mistake in going to war to begin at the wrong end, to act first, and wait for disasters to discuss the matter.”

The age of power and the big stick wielded by “the strong” is pitted today against the concept of Win-Win which “benefits all things and does not compete with them”. More than ever, a dialogue of all nations “to discuss the matter” will enable the confrontation to be peacefully reconciled.