

US and allies' opposition to AIIB misplaced

By Hugh White

Recently in Australia it became clear just how hard the US had been pushing its Asian allies not to join the new Asia Infrastructure Investment Bank (AIIB). It was reported that Australian Prime Minister Tony Abbott overturned his government's earlier decision to become a founding partner of the bank, after he and other ministers had been directly lobbied by US President Barack Obama, Secretary of State John Kerry and Japanese Prime Minister Shinzo Abe.

They convinced him that the AIIB would undermine US regional leadership by enhancing China's economic and political influence in Asia. But it makes no sense for the US and its allies to oppose China's initiative to establish the AIIB. Their opposition is clearly contrary to their economic interests, and will do nothing to bolster US political and strategic leadership in Asia either.

They are right to recognize that the AIIB will enhance China's regional leadership, but they are wrong to think that is a good reason to oppose it. Nonetheless some of the questions that have been raised about the new bank's governance arrangements do warrant careful attention, because it will be in everyone's interest for the bank to work as effectively and transparently as possible. Moreover careful attention to these issues will give China a chance to reassure its neighbors that it intends to use its growing power in Asia in a responsible way.

The need for an effective new mechanism to fund infrastructure in Asia is very clear. The region cannot achieve its economic potential without truly massive investments on an unprecedented scale, and the investments will need to be delivered very quickly if growth is

not to be held back. Getting this right is not just important for Asia, because the whole world, including the US, will depend on Asia's growth as a key driver of global prosperity in coming decades.

It is equally clear that existing international financial institutions like the World Bank and the Asian Development Bank are not capable of meeting this challenge. Their financial resources are too small, their processes and systems are too slow and bureaucratized, and their governance arrangements are outdated. So it is in everyone's interest that a new, better funded and more efficient funding institution should be established to meet the infrastructure challenge in Asia.

There is every reason why China should take the leading role in establishing this new bank. It has by far the greatest financial resources to contribute to the development of Asia's infrastructure. It has a vital interest in Asia's economic growth for its own economic well-being, and thus a compelling interest in making the AIIB work.

Also China has far more experience than any other country today in the rapid and effective development of infrastructure. Indeed China's achievement in recent decades in creating the infrastructure need to sustain rapid economic growth is probably unmatched in history. That earns it a lot of expertise to offer other countries in Asia as they

strive to follow China's trajectory.

But the AIIB is inevitably about a lot more than economics. The sheer sums of money involved inevitably carry important international implications, and major infrastructure projects have the capacity to shape political and even strategic relationships.

Americans understand this very well. When they look back over the decades since institutions like the World Bank were established after WWII, they can see how the primary US role in their management and policies has helped strengthen US global leadership. That is why they worry China's leading role in the AIIB will strengthen the country's political and strategic position in the region, at the expense of the US.

However, most Asian countries have ignored Washington's concerns. They have welcomed

needs to stop trying to preserve the old model of uncontested leadership in Asia, and recognize that China will inevitably play a larger regional leadership role as its wealth and power grow. The US will have to accommodate itself to that if it wants to remain an important regional player, as it should. By opposing sensible ideas like the AIIB, the US is simply living in the past and dealing itself out of Asia's future.

However, the fact that the AIIB does carry such weighty political and strate-

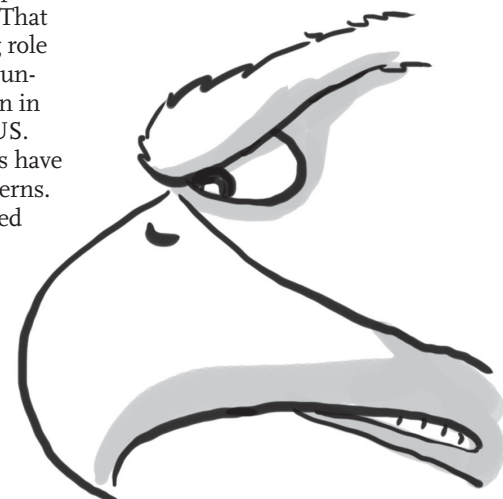


Illustration: Liu Rui/GT

China's initiative, and many of them signed up as founding members of the AIIB in Beijing in late October. As a result Washington has been left looking shortsighted, obstructive and, worst of all, irrelevant.

This is bad news not just for the US, but for everyone who wants to see the US play a strong and valued role on the continent in the Asian Century.

For that to happen Washington

gic implications makes it all the more important that Beijing should be very careful to make sure the new bank's governance and management arrangements genuinely meet the interests and needs of all its members. That way the AIIB will not become simply a potent new symbol of China's growing power, but a welcome demonstration of the way it plans to use that power for the benefits of all.

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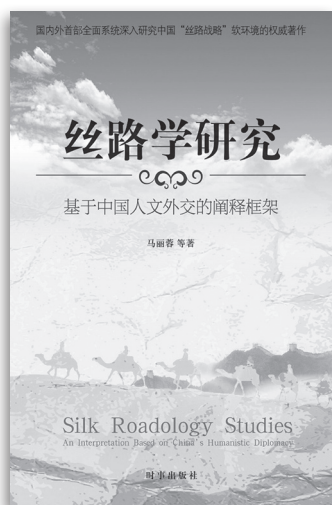
New Silk Road highlights potential of Beijing's humanistic diplomacy

Covering about 8,000 kilometers and a series of trade and cultural transmissions, the Silk Road was an interconnected network connecting Asia with the Mediterranean world, as well as North and Northeast Africa and Europe.

Recently, China updated this term to the "new Silk Road" and launched a corresponding strategy, which includes the establishment of the Silk Road economic belt as well as the Maritime Silk Road, which is known as the "one belt, one road" strategy.

This strategy has received an active response from many countries along the road and once again made the Silk Road a global focus. Studies on the topic have surged and a new discipline called "Silk Roadology" has emerged.

Ma Lirong, professor and deputy director of the Middle



Ma Lirong, *Silk Roadology Studies: An Interpretation Based on China's Humanistic Diplomacy, Current Affairs* Press, September 2014

East Studies Institute under Shanghai International Studies University, recently published

a book, *Silk Roadology Studies: An Interpretation Based on China's Humanistic Diplomacy*, in

which she discusses this newly emerged discipline from the perspective of the humanities.

Ma highlights the importance of humanistic diplomacy, saying that the essence of international exchange is the communication and contests between different humanistic values because humanistic diplomacy is the most direct and common means of communication. Hence, the Silk Road, in Ma's eyes, is not only a public good, but also a cultural route.

Currently, problems, including unclear strategic intentions, a distorted national image and a lack of capability in providing public goods, confine China in carrying out its new Silk Road strategy.

Unlike Western powers such

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as the US or the UK, who control global media discourse and have an advantage due to the wide use of English, China is just an emerging country without media discourse control or a heritage of colonization on the global stage.

Against such backdrop, Ma points out that humanistic diplomacy can help China in creating a healthy soft environment for the carrying out of its new Silk Road strategy.

Guided by humanistic diplomacy, the relationships between China and countries along the road will be more like partnerships instead of alliances, which seems much less threatening and more easily understood.

Actually, since China put

forward the new Silk Road strategy, external misunderstandings

and suspicions have become increasingly rampant. Some Western analysts claimed that the new Silk Road strategy represents China's "ambitious" goal of economic expansion. In such a case, Ma's points unconventionally shift the focus of the strategy from economics to cultural communication.

Nonetheless, the building of the "one belt, one road" is a grand strategy and its implementation process calls for detailed plans and research. Therefore, it remains to be seen whether humanistic diplomacy can really play a substantive role.

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