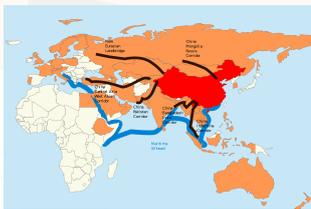


How 'Operation China Threat' demonised the Belt and Road Initiative

A special report from the *Australian Alert Service*

The *Australian Alert Service* presents our four part series “How ‘Operation China Threat’ demonised the Belt and Road Initiative”, first published in May-June 2022, which documents the methods and motivation of the disinformation campaign against China’s BRI in Australia and around the world. It is combined in this pamphlet with other, related AAS articles.

From mid-2017 the Australian public was targeted in an intense propaganda campaign, led by national security and intelligence agencies acting in collusion with the mainstream media, which successfully demonised China and the BRI. The distortion of the public perception of the Belt and Road Initiative was one part of a wider strategy to maintain Anglo-American primacy in the Asia-Pacific region—through the continued projection of US-UK military power, and through the City of London and Wall Street-controlled global financial architecture.



Part 1: Why nations welcomed the BRI

Prior to the anti-China propaganda campaign, the benefits of the BRI were widely recognised in Australia. The BRI was considered a welcome vehicle to address numerous regional challenges, which included a massive infrastructure deficit and demographic changes which demanded urgent job creation to maintain regional stability.



Part 2: Five Eyes dictate Australia's foreign policy shift

From mid-2017, the Australian public was targeted by an intense propaganda campaign which successfully demonised China and the BRI. This operation, which was conducted by national security and intelligence agencies in collusion with hawkish politicians and the mainstream media, poisoned the Australia-China relationship and implemented a shadow foreign policy agenda in Australia, which served US-UK geopolitical interests ahead of our own.



Part 3: BRI threatens Anglo-American financial control

Under the BRI, China revived the tradition of the American System nation-builders like Alexander Hamilton and Abraham Lincoln, who advocated the use of public credit to finance large-scale infrastructure development. China’s public investment approach is a threat to the post-WWII order that has enriched London and Wall Street banks and corporations, by enabling decades of looting and financial repression of developing nations.



Part 4: The final blow against Australian participation in the BRI

Neoconservative, anti-China, pro-war political organisations and figures in the USA, UK and Australia opportunistically exploited the chaotic circumstances experienced at the start of the COVID-19 crisis in early 2020 to ramp up their agenda to sabotage and derail the BRI; an agenda that they had been explicitly pursuing for at least three years.



Geopolitical elites fabricated BRI 'debt-trap'

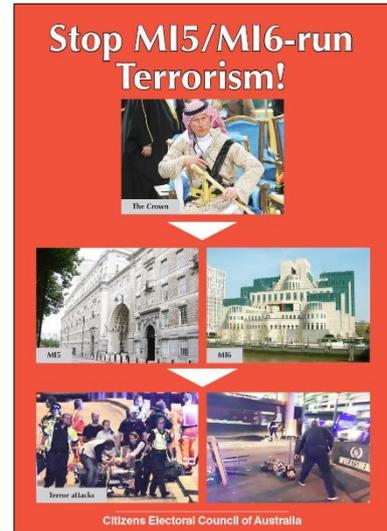
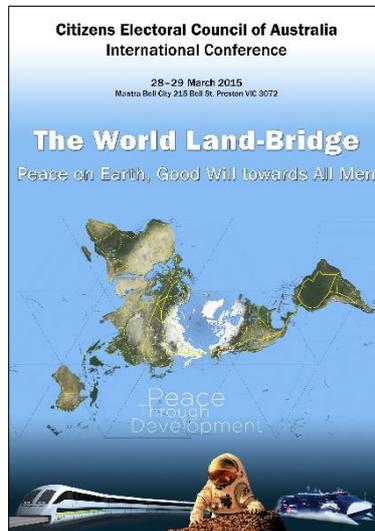
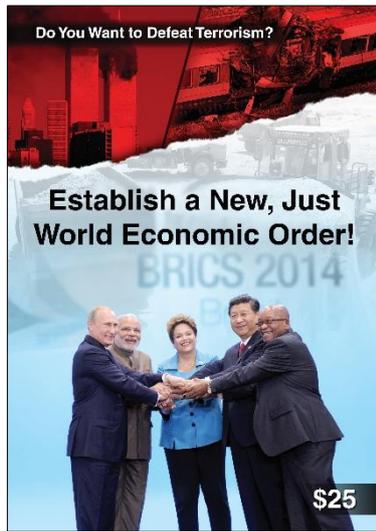
Baseless allegations of China’s “debt-trap diplomacy”, a policy which China purportedly pursues through the BRI, were fabricated and promoted by “national security” apparatchiks, and proponents of British geopolitical theories that define international relations as a zero-sum game, in which the progress of one nation can only come at the expense of others.



Belt and Road opposition is a century-old 'Great Game'

The demonisation of inter-country infrastructure projects is not a new phenomenon. For over a century, BRI-predecessor projects proposed by countries as diverse as America, Japan, Russia and European nations, were targeted for derailment by the same Anglo-American power structures that are viciously fighting the BRI today.

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— the late British MP Michael Meacher, March 2015

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How ‘Operation China Threat’ demonised the BRI

Part 1: Why nations welcomed the BRI

By Melissa Harrison

The slandering of the Belt and Road Initiative, as an alleged “debt-trap” and tool of China’s so-called “predatory economics”, has been so effective that most of the Australian public accepts these allegations as fact. Yet only a few short years ago, many Australian parliamentarians were enthusiastic about the opportunities presented by the Belt and Road Initiative (BRI), particularly for Australian companies and the resources sector. However, the Australian public was targeted in an intense propaganda campaign, led by national security and intelligence agencies acting in collusion with the mainstream media, which successfully demonised China and the BRI. This clandestine operation implemented a shadow foreign policy agenda in Australia and destroyed Australia-China relations, serving US-UK geopolitical goals ahead of Australia’s own national interest.

The Belt and Road Initiative, formerly known as One Belt One Road, is a vast trans-continental infrastructure project aimed at modernising overland and maritime trade routes and developing national economic potential. The trade routes connect the continents of Asia, Europe and Africa through the construction of ports, railways, airports, roads and energy supply infrastructure. The “Belt” is the overland Silk Road Economic Belt, which is situated along the ancient Silk Road routes, linking China, Central Asia, Russia, the Middle East and Europe. The “Road” is the 21st Century Maritime Silk Road, which links China, Southeast Asia, India, the Pacific and Africa by sea.

The BRI was first proposed by Chinese President Xi Jinping in 2013, and has been in part capitalised with US\$40 billion through the government-funded Silk Road Fund. By mid-2016, 56 countries along the BRI had signed Memorandums of Understanding with China for cooperation and exchange in the areas of science, technology, space, energy and ecology. As of 2019, the World Bank has estimated total BRI investment of US\$575 billion in 70 BRI corridor nations, 71 per cent of which was allocated to energy and transportation projects.

Local growth and regional stability

On 11 January 2017, the EU-ASEAN Business Council, which represents European business within the ASEAN (the Association of Southeast Asian Nations) region, stated that the BRI was “well recognised as a welcome stimulus to global growth” and as a vehicle to help countries “face the challenges of poor physical and social infrastructure”. The Council acknowledged the significant infrastructure gaps in countries situated along the BRI, including for the provision of clean water, energy, sanitation, health and education.

However, the potential of the BRI could impact more than infrastructure and trade routes. The Business Council asserted that the BRI and “international cooperation” were key to both local growth and “reducing long-term risks”—referring to forthcoming demographic changes which could cause regional instability. The Council described a “massive and urgent” need to create hundreds of millions of jobs to absorb a dramatic surge in working population in Asia and the Middle East between 2015 and 2030, describing the situation as “perhaps the greatest short-term job creation challenge in world history”. If this need for economic security was not addressed, “a growing jobs gap could lead to political fragility, the rise of new fanatical movements and new economic

and conflict-driven refugee crises that would dwarf what the world, especially Europe, has faced recently”. The Council acknowledged that lack of employment was a contributing factor to instability in the lead-up to the Arab Spring. Notably, as the Citizens Party has documented, the Chinese government identified that poverty was a significant risk factor for radicalisation and extremism in its Western province of Xinjiang, which had resulted in a series of deadly terrorist attacks in 1997-2017. Addressing education and employment needs was a primary focus of China’s successful counter-terrorism response.

The EU-ASEAN Business Council acknowledged the link between infrastructure and the sustainable creation of jobs, noting the wider implications for regional stability: “Better infrastructure ... is critical for creating employment, not only in construction but also to foster more efficient trade and higher productivity ... Applying a more urgent attitude towards infrastructure and job creation in emerging markets may be the best way to preserve the global trading system, promote stability and avoid a tsunami of economic emigration far greater than what Europe is facing today.” The Council asserted that the BRI “deserve[d] more appreciation and support on the global stage”.

An alternative financing system

On 14-15 May 2017, the first Belt and Road Forum for International Cooperation convened. It was attended by 29 foreign heads of state, government representatives from more than 130 countries, and representatives of 70 international organisations.

The Leaders Roundtable, which was Chaired by Chinese President Xi Jinping, culminated in a Joint Communiqué which was co-signed by the leaders of a diverse group of nations, including Argentina, Belarus, Chile, the Czech Republic, Kazakhstan, Kenya, Kyrgyzstan, Laos, the Philippines, Russia, Switzerland, Turkey, Uzbekistan, Vietnam, Cambodia, Ethiopia, Fiji, Greece, Hungary, Italy, Malaysia, Mongolia, Myanmar, Pakistan, Poland, Serbia, Spain and Sri Lanka.

In the Joint Communiqué, these nations welcomed the BRI as a way to “enhance connectivity between Asia and Europe, which is also open to other regions such as Africa and South America ... By providing important opportunities for countries to deepen cooperation, it has achieved positive outcomes and has future potential to deliver more benefits as an important international initiative.” The co-signers described their vision for the future of the BRI as their “joint endeavour”, which could “provide new opportunities and impetus for international cooperation”. The leaders reiterated that “promoting peace, mutually-beneficial cooperation, and honoring the purposes and principles of the UN Charter and international law are our shared responsibilities”. Their common goal was to “improv[e] people’s quality of life”, and their common aspiration was to create “a prosperous and peaceful community with shared future for mankind”.

Under the BRI, participants could “build synergies in development strategies among participating countries”; “promote partnerships among Europe, Asia, South America, Africa and other regions”; conduct “in-depth consultation on macroeconomic issues by optimising the existing multilateral and bilateral cooperation and dialogue mechanisms”; promote “practical cooperation on roads, railways, ports, maritime and inland water transport, aviation, energy pipelines,

electricity, fibre optic including trans-oceanic cable, telecommunications and information and communication technology”.

The Joint Communiqué emphasised that the “least developed countries, landlocked developing countries, small island developing states and middle-income countries deserve special attention to remove bottlenecks of development and achieve effective connectivity”—in stark contradiction to the existing arrangements under Anglo-American domination, where small nations are only valued as military bases for the continued projection of US or UK power.

Under the BRI, China has revived the tradition of the American System nation-builders like Alexander Hamilton and Abraham Lincoln, who advocated the use of public credit to finance large-scale infrastructure development. Similarly, in the Joint Communiqué nations agreed to cooperative measures which included “[j]ointly working on a long-term, stable and sustainable financing system” and “enhancing financial infrastructure connectivity, by exploring new models and platforms of investment and financing” and “encouraging development-oriented financial institutions to play an active role and strengthen cooperation with multilateral development institutions”. This declaration would have deeply alarmed the US and UK as the main beneficiaries of the existing global financial system. Previously, needy nations were expected to borrow funds from the US-controlled International Monetary Fund and the World Bank, conditional upon economic reforms such as deregulation and privatisation, which exposed them to being looted by City of London and Wall Street banks and corporations. Now, under the BRI, nations were cooperating to develop an alternative economic approach.

Private enterprise benefits

Although in the Joint Communiqué leaders emphasised that they would ensure “that the government performs its proper role” (another red flag to the City of London and Wall Street “free market” privateers), they recognised “the role of the market and that of business as key players” in the BRI.

The commercial opportunities presented by the BRI were lauded enthusiastically by “Big Four” global accounting firm PricewaterhouseCoopers (PwC), in a report authored the following month. PwC’s Growth Markets Centre published a June 2017 report, titled *Repaving the ancient Silk Routes*, on “[r]ealising opportunities along the Belt and Road”. PwC observed that as of March 2017, over 100 countries and international bodies were participating in the BRI; 50 cooperative agreements had been signed between various governments; and more than 20 countries were already cooperating on industrial projects. PwC acknowledged that the BRI could “enhance geopolitical relations”—for large countries, the BRI could enhance relationships; for smaller nations, the BRI was a “defining feature of bilateral ties with China” and a “crucial trigger for trade and investment”. PwC recognised the immense scale of the global infrastructure deficit, noting that “China’s significant funding and its willingness to venture into the risky and volatile market environments of developing countries have been welcomed by most countries in need.”

PwC’s 2017 assessment of the BRI is starkly different to the suspicion and “debt-trap” paranoia prevalent today: “The ancient silk routes acted as arteries of trade and the conduits of knowledge between East and West. In reviving and expanding these routes, the B&R initiative has the potential not only to develop much-needed infrastructure and promote international trade, but also to facilitate the economic journey of more than 60 countries which lie along the six different economic corridors. The tangible and intangible ecosystems

within each infrastructure programme offer the potential to impact the lives of over two-thirds of the world’s population by creating thousands of new jobs, whilst simultaneously enhancing the skilling and the capability of local enterprises.”

PwC asserted that “whilst driven by China, the B&R initiative’s success lies in the hands of multiple stakeholders, and foreign companies are a vitally important group as they can contribute with financing, skills and capabilities to support China and the countries along the route to realise the full potential of the B&R dream. Foreign companies [including BP and Caterpillar] are already accepting offers to get involved”. PwC’s report excitedly concluded: “The B&R initiative is a vast and ambitious programme, which foreign companies ought not to ignore as a purely Asian affair, but instead embrace. It is possibly the largest transcontinental infrastructure programme the world has ever known and it is only just beginning!”

The strategic savaging of the BRI

As the Citizens Party has documented, until recently Australian politicians from both major parties openly regarded the BRI as a positive opportunity for Australian businesses, and recognised the contribution it could make to regional development.

What changed? Weeks after the pivotal May 2017 Belt and Road International Forum, wherein the Joint Communiqué was signed, the Australian public was struck with the first volley of a relentless anti-China propaganda campaign. In the years since, this campaign has escalated to such a fever-pitch that there is a definite danger of war. In this propaganda operation, Australia’s national security and intelligence agencies colluded with the media and hawkish politicians to convince the public that so-called “Chinese influence” was an imminent and pervasive threat to Australia’s national security and way of life. This clandestine operation successfully poisoned Australia-China relations; damaged exporters and trade relationships; ushered in a series of controversial national security laws; and, importantly, derailed any prospect of Australia’s participation in the Belt and Road Initiative. At the same time, the BRI was defamed as a tool of China’s “debt-trap diplomacy”, a baseless accusation which was fabricated and promoted by the national security establishment.¹ This narrative was also promoted by proponents of old British geopolitical concepts, who consider international relations to be a zero-sum game—in stark contrast to the 2017 Joint Communiqué of the BRI International Leaders Forum, in which co-signatories affirmed their responsibilities to promote peace and “mutually-beneficial cooperation”.

As this series will document, parallel to the beginning of the anti-China propaganda operation in Australia, a series of pivotal US and UK national security and defence policy documents were published. Key strategic objectives identified in these documents reveal a coordinated campaign, effectively an “Operation China Threat”, which was waged against Australians by our own domestic intelligence agencies, and served the geopolitical interests of foreign powers. The distortion of the public perception of the Belt and Road Initiative was one part of a wider strategy to maintain Anglo-American primacy in the Asia-Pacific region—through the continued projection of US-UK military power, and through the City of London and Wall Street-controlled global financial architecture.

Next: Part 2 — ‘Five Eyes’ dictates Australia’s foreign policy shift

1. ‘Geopolitical strategists fabricated BRI ‘debt-trap diplomacy’ narrative’, AAS, 11 May 2022.

How ‘Operation China Threat’ demonised the Belt and Road Initiative

Part Two: Five Eyes dictates Australia’s foreign policy shift

By Melissa Harrison

Until recently, China’s Belt and Road Initiative (BRI), a vast trans-continental infrastructure project aimed at modernising overland and maritime trade routes, was widely regarded as a welcome vehicle for economic growth in the Asia-Pacific region. This included Australian politicians from both major parties, who openly recognised the BRI as a positive opportunity for Australian companies and for regional development.

However, the Australian public was targeted by an intense propaganda campaign which successfully demonised China and the BRI. This operation, which escalated several weeks after the first Belt and Road Forum for International Cooperation convened in May 2017, was conducted by national security and intelligence agencies in collusion with hawkish politicians and the mainstream media.¹ Australia’s intelligence agencies operate functionally as branches of their British and US counterparts under the umbrella of the Five Eyes intelligence alliance, which includes Australia, the US, UK, Canada and New Zealand. It is no surprise, therefore, that the propaganda campaign which has poisoned the Australia-China relationship also implemented a shadow foreign policy agenda in Australia, which served US-UK geopolitical interests ahead of our own. In addition, Australian officials have publicly confirmed their continued subservience to the US and UK, by parroting hostile Anglo-American policy towards China and committing to increased military interoperability, which endangers the security of our entire region.

Prior to 2017, polling indicated that the Australian public overwhelmingly viewed China as an economic partner, not a security threat.² However, from mid-2017 onwards, there was a sudden shift in attitude towards China from key politicians and bureaucrats. A coordinated propaganda campaign convinced the Australian public that so-called “Chinese influence” was a threat to Australia’s national security and way of life. At the same time, a parallel series of pivotal meetings and strategy documents committed Australia to deeper military and intelligence cooperation with the US and UK, two nations which have determined that China and the BRI are competitive threats to their dominance in the Asia-Pacific.

It is widely recognised that the pivotal turning point of the sudden shift against China was the ABC’s 5 June 2017 flagship program, *Power and Influence*, which sensationally alleged that a pervasive “Chinese influence” operation was interfering in Australia’s domestic politics. On 22 October 2017, the ABC again fueled the anti-China narrative, when, for the first time, it reported on the Belt and Road Initiative as a national security concern. The ABC cited “senior national security figures” who warned of “serious ‘strategic’ consequences if Australia formally sign[ed] up” to the BRI.

The following month, the Turnbull government’s Foreign Policy White Paper described the BRI in a geostrategic context and was hawkish towards China. The White Paper emphasised that the US alliance was “central to Australia’s approach in the Indo-Pacific” and foreshadowed deepened cooperation, including through defence initiatives. The same month, Australia joined the US, Japan and India in the first meeting of the resurrected Quadrilateral Security Dialogue (the Quad), an initiative aimed at countering China.

1. China Narrative Part Four: ASIO’s disinformation campaign, AAS, 28 June 2021.

2. Andrew Chubb, “The Securitisation of ‘China Influence’ in Australia”, *Journal of Contemporary China*, 21 Mar. 2022.



AUKMIN and AUSMIN meetings in 2017. Top: Then-UK Foreign Secretary Boris Johnson, Foreign and Defence Ministers Julie Bishop and Marise Payne with UK Defence Secretary Sir Michael Fallon. Above: Bishop and Payne are joined by US Secretary of State Rex Tillerson, and Secretary of Defence James Mattis. Photos: DFAT/Linda Roche; US Embassy

US targets Australia

On 5 June 2017, the same date that *Power and Influence* aired, the annual Australia-United States Ministerial Consultations (AUSMIN) convened in Sydney, wherein Australian Foreign Minister Julie Bishop and Defence Minister Marise Payne hosted their US counterparts, US Secretary of State Rex Tillerson and Secretary of Defence James Mattis. At AUSMIN, Australia and the US committed to expanding their defence and security cooperation, strengthening military interoperability, and pursuing a closer collaboration on defence technology and capability development. Both countries “underlined their shared, deepening commitment to the security, stability and prosperity of the Indo-Pacific region” and emphasised the importance of “adhering to the rules-based order”, with veiled remarks clearly aimed at China.

Several months later, in December 2017, the Trump Administration’s National Security Strategy (NSS) was published. Starkly different to the welcoming and cooperative attitude towards China which characterised its previous iteration only two years earlier, the 2017 NSS identified China as a national security threat, which challenged “American power, influence, and interests, attempting to erode American security and prosperity”, accusations which were also levelled at Russia.

The NSS claimed that China sought to “displace the United States in the Indo-Pacific region, expand the reaches of its state-driven economic model, and reorder the region in its favor”, framing China’s infrastructure investment as a geopolitical strategy. The NSS alleged that China targeted the developing world for infrastructure projects in order to “expand influence and gain competitive advantages against the United States”. China sought to “pull the region into its orbit through state-led investments and loans. ... China presents its ambitions as mutually beneficial, but Chinese dominance risks diminishing the sovereignty of many states in the Indo-Pacific.”

Notably, the NSS identified that sustaining “favorable balances of power” in the region would require “strong commitment and close cooperation with allies and partners”, including Australia, because these allies “magnify US power and extend US influence”. The USA planned to engage “like-minded states to defend against economic aggression”, (i.e. China’s BRI) which allegedly threatened their “common prosperity and security”—evidently, the USA achieved this objective in Australia. Similarly, following the publication of the NSS, a successive series of US national security and defence policy documents referred to China’s “predatory economics” and identified the BRI as a national security threat. This included the January 2018 Summary of the US National Defence Strategy, which claimed that China was leveraging “predatory economics to coerce neighboring countries to reorder the Indo-Pacific region to their advantage”.

The following month, the then-classified *US Strategic Framework for the Indo-Pacific*, which provided guidance for applying the 2017 NSS, was approved for implementation across US government agencies. The Framework included an instruction to communicate “the strings attached to China’s ‘Belt and Road Initiative’” and to “puncture the narrative that Chinese regional domination is inevitable”. The Framework asserted that a loss of US preeminence in the Indo-Pacific would “weaken our ability to achieve US interests globally”. A top US interest in the region was to preserve “US economic, diplomatic, and military access to the most populous region of the world and more than one-third of the global economy”.

The Framework identified that strong US alliances were key to “advancing our vital interests”. A key objective was to strengthen the “capabilities and will” of allies, including Australia, to contribute to the US Indo-Pacific Strategy. The Framework determined that the USA should counter “Chinese predatory economic practices that freeze out foreign competition, undermine US economic competitiveness and abet the Chinese Communist Party’s aspiration to dominate the 21st century economy”.

Shortly after the Framework was approved for implementation, there was a wave of well-publicised allegations of China’s “predatory economics” from key members of the US national security and defence establishment, who slandered the BRI as a tool of China’s “debt-trap diplomacy”.³

A sanitised version of the Framework was declassified and published on 5 January 2021, shortly before the incoming Biden Administration took office, presumably to ensure the continuity of the USA’s hostile anti-China course.

As the anti-China propaganda campaign escalated to a warmongering fever pitch, the BRI has been used as justification for Australia’s ever-increasing military interoperability with the USA. After the 2019 AUSMIN summit in Sydney, US Secretary of State Mike Pompeo told the 5 August 2019 *Australian* that the US-Australia alliance was entering a new era, where a “determined effort” was required for the countries to “band together” on China. Pompeo declared that the time was right “because the challenge China presents to us in the region is upon us, whether that is the militarisation of the South China Sea or their Belt and Road Initiative”. Ominously, Pompeo did not rule out Australia hosting US missiles.

Pompeo claimed that Australia could “always rely on” the USA. The *Australian* reported that Pompeo “urged Australia not to fear economic retribution from Beijing—

Australia’s largest trading partner—merely because Canberra supported fair trade and respect for sovereignty”. However, when China responded to the Australian government’s hostility with trade sanctions which badly damaged our exporters, the USA did not have our back. Instead, US companies swooped in to take advantage of the resulting gaps in the market. Notably, thanks to the Australian government, this fulfilled one of the priority actions identified in the US 2017 National Security Strategy, which was to create new markets for American exporters.

UK targets Australia

Similarly, Australia was targeted by the UK government as a tool to fulfil its own strategic objectives in relation to China. As the Citizens Party has documented, the UK intends to use Australia as its “colonial bridgehead” in order to promote British trade in the Asia-Pacific region, as part of a British “informal financial empire”. (*AAS*, 10 Oct. 2018.) Using the networks of the British Commonwealth and the Five Eyes intelligence alliance, the UK is establishing new trade agreements in order to expand control over financial flows into the region. The UK has identified the Asia-Pacific, which is projected to experience enormous growth over the next decade, as vital for UK economic interests and for influencing the future credibility of the “rules-based international order”.

Post Brexit, the UK has pursued an expansionist “Global Britain” strategy, which revived the old imperial concept of British maritime power as a key component of its aim to dominate global free trade. This includes projection of naval power through provocative “freedom of navigation” exercises in the South China Sea, aimed at confronting China.

In July 2017, one month after the AUSMIN summit and the airing of *Power and Influence*, Australian foreign and defence ministers met their UK counterparts in Sydney for the annual Australia-United Kingdom Ministerial Consultations (AUKMIN). At a 27 July 2017 joint press conference, Australian Foreign Minister Julie Bishop and Defence Minister Marise Payne joined UK Foreign Secretary Boris Johnson and Defence Secretary Michael Fallon, where all praised the closeness of the Australia-UK relationship and announced a “shared dedication” to the “rules-based international order”.

A joint “Future cooperation” strategy was published, in which Australia and the UK committed to support the “renewal of the Commonwealth”. The strategy emphasised further development and intensifying of intelligence sharing under the Five Eyes spying alliance. The countries committed to greater military interoperability, including in joint military exercises in the region, and “harmonising our military capability and equipment cooptation”. The following day, the inaugural UK-Australia Defence Industry and Capability Dialogue convened, as an ongoing initiative to support bilateral defence industry cooperation.

AUKMIN foreshadowed Anglo-American expectations that Australia would play a leading role in increased hostility towards China. Then-Foreign Secretary Boris Johnson announced that the UK would deploy new aircraft carriers to conduct freedom of navigation exercises in the South China Sea, which the 27 July 2017 *Guardian* reported was intended to “test Beijing”. Foreign Minister Julie Bishop described the South China Sea as one of the pressing “challenges” of the Asia-Pacific region, stating that the ministers had a long discussion about the Pacific and “the opportunities for deeper British engagement in our part of the world ... we also see the United Kingdom as being a natural partner with us in the development and security of the Pacific”.

UK Defence Secretary Michael Fallon affirmed that the

3. “Geopolitical strategists fabricated BRI ‘debt-trap diplomacy’ narrative”, *AAS*, 11 May 2022.

UK and Australia had agreed to “re-forge” their defence partnership to “meet the new challenges of our time”. The countries agreed to “build on our membership of the Five Eyes community and our growing cooperation on defence capabilities to explore developing a strategic partnership in anti-submarine warfare”. Ominously, Fallon asserted that there was a need for NATO’s activities to expand beyond its European borders, adding that the UK believed that Australia, “as an Enhanced Partner in NATO, can play a pivotal part in enhancing NATO’s understanding of the challenges that we share in the Indo-Pacific region”.

Defence Minister Marise Payne stated that the importance of strengthened military cooperation and interoperability between Australia and the UK “remain[ed] unparalleled”. Forthcoming “strong periods of military modernisation” would “ensure we’re best positioned to meet the emerging threats to security both here and further afield”.

The officials enthusiastically referred to a pending post-Brexit UK-Australia free trade deal. Notably, Johnson asserted that the UK’s increased military presence in the region and the free trade deal were closely interlinked. According to Johnson, one of the most important aspects of AUKMIN was the demonstration that Australia and the UK shared a “deep-seated belief in free trade”. Johnson declared that the countries should “promote this view of the world”, suggesting that this should include “some of our friends in the United States who aren’t necessarily these days so committed to that ideal”.

In addition, officials promoted the reinvigoration of the Five Power Defence Arrangements, a Cold War-era consultative defence alliance between Britain and its former colonial nations of Australia, Malaysia, New Zealand and Singapore, which would now be repurposed to “take our engagement in that piece of regional architecture forward”, according to Payne. The 2017 AUKMIN meeting, like its AUSMIN counterpart, foreshadowed the 2021 formation of the AUKUS trilateral security pact between Australia, the US and the UK. As the Citizens Party has asserted, Australia’s act of joining AUKUS was “the act of a frightened, insecure Anglo-American colony, not the sovereign Asia-Pacific nation we purport to be”. (AAS, 17 Nov. 2021.)

UK flags deepening of Five Eyes alliance

Although overarching UK national security and defence policy towards China and the “Indo-Pacific” was not officially updated until after the finalisation of a long-delayed Brexit, a number of prominent UK think tanks laid the groundwork for an increasingly hostile UK policy towards China. This included the neoconservative Henry Jackson Society (HJS), which authored a May 2018 report, *Global Britain in the Indo-Pacific*. This report defined the BRI in geopolitical terms as a “Chinese grand strategy”, in which Beijing seeks control over vital sea lanes whilst also developing a “vast complementary land-based strategy”. HJS declared that the BRI was “as much a contest over the future of the type of global order as it is over the physical sea lanes”; insisting that Britain must therefore go to the Indo-Pacific by sea. According to HJS, the BRI presented “Global Britain” with “opportunities and risks—as “one of the financing capitals of the world, London should engage in BRI—but with one eye on the geopolitical repercussions of our engagement.”

HJS identified that as a “Major non-NATO ally (MNNA), a member of the Commonwealth, the Five Powers Defence Arrangements (FPDA), and the Five Eyes intelligence network, Australia presents the UK with many future opportunities for evolving bilateral security ties. ... Australia is in many ways a useful ‘node of access’ for the UK, as it is developing close

relations with a number of key UK allies and partners, including the US, Japan, and France.”

Notably, HJS openly referred to the anti-China propaganda campaign in Australia, stating that Australia “has an extreme example of Chinese domestic interference in its domestic system, which could serve as a ‘lessons-learnt’ for British policymakers, particularly with regard to the weaponisation of Australians of Chinese descent.”

The HJS report foreshadowed themes presented in UK national security and defence strategy documents which were published several months after Brexit was formalised in December 2020. The UK’s March 2021 integrated strategic review, its first since 2015, was titled *Global Britain in a competitive age*. The review highlighted the growing importance of the Indo-Pacific region for the UK’s national security and economic prosperity.

Although the UK intended to pursue a bilateral trade and investment relationship, China was described as a “systemic competitor” and the “biggest state-based threat” to the UK’s economic security. The BRI was identified as a vehicle for China’s ambition to “project its influence on the global stage”. The review stated that “China’s growing international stature is by far the most significant geopolitical factor in the world today, with major implications for British values and interests and for the structure and shape of the international order.”

The review asserted that the “fact that China is an authoritarian state, with different values to ours, presents challenges for the UK and our allies”. The review committed to deepened partnerships with members of the Commonwealth, particularly Australia, Canada and New Zealand. The UK would “continue to work bilaterally with all three across foreign policy and security issues, intelligence, law enforcement and defence”. The UK also intended to work with the USA through their “unique and highly valued Five Eyes partnership”. The review stated that the UK had increased Five Eyes cooperation and would “seek to strengthen policy cooperation further on a range of issues”, including free trade agreements with each Five Eyes partner.

In the same month, the UK Ministry of Defence published its *Defence in a competitive age* command paper, its response to the integrated review, which asserted that the Indo-Pacific region was critical to the UK’s economy, security and “global ambition to support open societies”. The paper outlined the UK’s intent to increase its military presence and deepen defence industrial relationships in the region. This included the expansion of the British Defence Attaché and Advisor network, and the establishment of a new British Defence Staff in Canberra to “coordinate Defence activity across the region”.

The paper highlighted the Five Eyes spying alliance as “fundamental to our approach” in the region and foreshadowed an unprecedented incursion of the intelligence sector into Australia’s foreign and defence policy. The Five Eyes was described as “a group of like-minded allies with a shared view of the threats, the challenges and the opportunities. It is also the pre-eminent global intelligence sharing arrangement. But it is much more than that. For Defence it is the basis for collaboration on strategic analysis, capability development, interoperability, burden-sharing and operational co-ordination. We will continue to engage as a Five Eyes community at all levels, from Defence Ministers down, to ensure we deliver on all that the group has to offer. Our partnerships with Canada, Australia and New Zealand will be at the heart of our tilt to the Indo-Pacific as we work to support them to tackle the security challenges in the region.”

Next: Part 3—BRI threatens the money power

How ‘Operation China Threat’ demonised the Belt and Road Initiative

Part Three: BRI threatens Anglo-American financial control

By Melissa Harrison

The actual “threat” China’s Belt and Road Initiative represents comes down to this: the Anglo-Americans have blocked China from having an equitable say in existing global economic institutions, so China has forged ahead with its own economic agreements that are reshaping the world economy. China’s public investment approach, of using state-owned banks to develop infrastructure and industries, is a threat to the post-WWII system that has enforced the Anglo-American “free market” approach of demanding private investment to enrich London and Wall Street banks and corporations. Ironically, China’s approach, far from being a threat to the USA, revives the policies that developed the USA into the strongest economy in the world.

Towards the end of World War II, US President Franklin Delano Roosevelt (FDR) and British Prime Minister Winston Churchill clashed over Britain’s desire to cling to colonial “18th-century methods”. Instead, FDR wanted to uplift colonial nations all over the world through national development programs. For example, America’s own “Belt and Road” policy, titled “Our Job in the Pacific” (1944), proposed collaboration with China on major infrastructure projects; an industrialised China was envisioned as the linchpin for ending colonialism and supporting development throughout Asia. However, Churchill got wind of FDR’s plan. The British then initiated political intrigues and a “regime change” operation which ousted the policy’s main proponent, US Vice President Henry Wallace, and ultimately derailed the project.

FDR and Churchill also clashed over the post-war global economic order. Churchill wanted to maintain and expand the oppressive British imperial “free trade” system, which was controlled by private financial interests and structured to enable the wholesale looting of the resources and wealth of smaller nations. Instead, Roosevelt advocated for a financial system based on the so-called American System of using national banking to foster economic development, in the tradition of great American nationalists such as President Abraham Lincoln.¹

At the July 1944 United Nations Monetary and Financial Conference (better known as the Bretton Woods Conference), delegates from 44 nations met to determine the structure of the post-war international financial system. Roosevelt intended to revolutionise the global economy by creating an international financial architecture which enabled all nations to collaborate in economic development, stripping power from the financial oligarchy of Wall Street and the City of London.

The two major Bretton Woods institutions which were originally intended to support global development were the International Monetary Fund (IMF) and the International Bank for Reconstruction and Development (now named the World Bank). However, after Roosevelt’s untimely death in April 1945, these institutions were subverted by the same financial powers that Roosevelt had sought to constrain. His successor, Harry S Truman, who was in office as a result of the British regime-change operation against former Vice President Henry Wallace, reversed much of Roosevelt’s foreign and economic policy. For example, Truman appointees to the World Bank assumed power over the disbursement of loans and over-

threw the original Bretton Woods lending principles; ousted directors that were loyal to Roosevelt’s vision; brought in Wall Street bankers to oversee operations; and turned the institution into a geopolitical tool, all under public urging from Wall Street bankers.²

Instead of functioning as vehicles to support international economic development and thereby end the imperialist model of global finance, the IMF and World Bank were turned into looting mechanisms for the City of London and Wall Street, actively preventing national development to maintain the status quo of a neocolonial “informal financial empire” centred in London. These institutions are at the core of the much-vaunted “rules-based order”, in which the Anglo-American powers write the “rules”.

Today, the USA is the largest shareholder of the World Bank, which gives it veto power over lending decisions. Similarly, the International Monetary Fund’s (IMF) weighted voting system gives the USA, its largest shareholder, veto powers over major policy decisions. The leaders of the IMF and World Bank are nominated by the USA and Europe, and the organisations are structured so that wealthy nations have a disproportionately larger voting power and representation than poorer nations. For example, on 26 November 2020 Al Jazeera reported that a British person’s vote in the IMF was worth 41 times more than a Bangladeshi person’s vote—despite the UK having 67 million people and Bangladesh 164 million.

If developing nations want to access finance from the IMF and World Bank, this is conditional upon the country implementing economic reforms such as austerity policies, or deregulation and privatisation, which renders them vulnerable to looting from Wall Street and London banks and corporations. In addition, IMF funds do not always go to much-needed development projects, but are instead used to bail out foreign creditors. For example, the 17 July 2020 *Guardian* reported that the IMF was accused of “effectively bailing out private lenders to some of the world’s poorest nations”, when \$11.3 billion of COVID-19 bailout cash went to pay private sector interests.

Countries struggling to pay their debts may have to access debt restructuring from the “Paris Club” of lenders (established 1956), an organisation primarily composed of rich Western nations. To access Paris Club assistance, countries must have already implemented World Bank/IMF-approved economic reforms. The Paris Club’s website states that there is currently \$612 billion in debt owed to its creditor members; however, the details and conditions of agreements are not published.

In 2006, at the Paris Club’s 50th anniversary celebrations hosted by the French Treasury, the European Network on Debt and Development (Eurodad) distributed the *Civil Society Statement on the Paris Club at 50: Illegitimate and Unsustainable*, an open letter signed by over forty non-profit organisations from all over the world. The letter denounced the Paris Club as “a cartel of official creditors whose role is to maximise overall returns on their loans. During its five decade-long tenure the Club has proven to be a highly efficient tool for the smooth restructuring and for the effective recuperation of loans extended through aid agencies and—most importantly—export credit agencies.” The Paris Club privileges creditors’ interests, who “act as judge in their own case”; moreover, “decisions

1. The history of the struggle over the post-war financial order has been extensively documented in the Citizens Party’s “What is NATO?” series, AAS, 18 & 25 May, 1 June, Almanac this issue (2022).

2. Stuart Rosenblatt, ‘Our Luck Stopped Here’: How Trumanism Overturned Roosevelt’s World’, *EUR*, 16 August 2002

are taken on the basis of unanimity, granting full veto power to the one member sticking to the least favourable terms”.

The Paris Club’s terms are “derived from internal (and highly secretive) calculations”. The organisation “has done little to guarantee a fair and transparent setting or sustainable outcomes for debt crisis resolution. This ‘non-institution’, as it conveniently likes to call itself, is a blatant example of non-democratic rules and processes. ... Compared with domestic insolvency laws and procedures in Paris Club member countries, the Club is a mediaeval institution. Compared with systems governed by constitutional law, international debt management negotiations lack an impartial body to oversee the process, ensure both parties voices are heard, and reach a judgment to which the two parties are bound.” The letter denounced the “manifest arbitrariness of its concrete practice, which tries to hide geopolitically-driven decisions behind the seemingly ‘technical’ country-by-country tailored approach”, which “proves the lack of credibility characterising this entity.”

The letter correctly identified that the machinations of the IMF and World Bank kept developing nations drowning in debt and unable to develop, in the model of traditional British imperialism: “For at least the past 30 years much of the developing world has been crushed under a mass of foreign debts that—amongst other injustices and distortions—has put a stranglehold on its growth and poverty-reducing opportunities. This continued crisis, contrary to creditor governments’ overemphasised claims, has never been dealt with systematically. Rather, wealthy nations have imposed—through the IMF, World Bank and the Paris Club—a protracted state of unsustainability and emergency. As a consequence, a permanent exit from the debt trap has been *consistently and willingly impeded*, keeping debtor countries in a state of effective domination and dependence.” (Emphasis added.)

Alternative threatens international monetary order

Through the Belt and Road Initiative and institutions such as the Asia Infrastructure Investment Bank, China has revived, ironically, the American System of using public credit to finance large-scale infrastructure development, in the spirit of visionaries such as Roosevelt and Lincoln. For over a century, BRI-predecessor schemes proposed by other countries, including America, Japan, Russia, and European nations, were sabotaged and derailed by the same Anglo-American power structures which have targeted the BRI today. (AAS, 1 June 2022)

In late 2015 the China-initiated US\$100 billion Asia Infrastructure Investment Bank (AIIB) was established, and was intended to address the immense infrastructure needs of the region. Unlike the IMF and the World Bank, AIIB loans do not have conditional “strings attached”, such as austerity or privatisation reforms.

The AIIB was declared a “threat to global economic governance” in a 31 March 2015 article authored by Dr Paola Subacchi, director of international economic research at Britain’s Chatham House. Subacchi’s article, which was published in *Foreign Policy*, the journal of the New York Council on Foreign Relations (CFR), acknowledged the power imbalances of the IMF and the World Bank, which were “seen as an extension of US economic and geopolitical influence”. Revealingly, Subacchi identified the AIIB’s alternative economic approach to investment, which operated outside the framework of the incumbent financial system, as a primary concern: “the AIIB could present a risk of establishing *divergent investment standards* ... Can the rest of the world—not only the United States—afford to leave China to *set up its own standards on both trade and investment*? The concern here is not on the quality of these standards ... It is on maintaining a



harmonised, consistent, and multilateral framework of rules and standards that help integrate, rather than fragment, the world economy.” (Emphasis added.) The Obama Administration attempted to persuade allies to boycott the AIIB, but in a rare show of independence, Australia defied Washington and joined as a founding member.

When the first Belt and Road Forum for International Cooperation convened in May 2017, a Joint Communiqué was signed by leaders of a diverse group of nations, including China, Argentina, Belarus, Chile, the Czech Republic, Kazakhstan, Kenya, Kyrgyzstan, Laos, the Philippines, Russia, Switzerland, Turkey, Uzbekistan, Vietnam, Cambodia, Ethiopia, Fiji, Greece, Hungary, Italy, Malaysia, Mongolia, Myanmar, Pakistan, Poland, Serbia, Spain and Sri Lanka.

Leaders agreed to cooperatively work on “exploring new models and platforms of investment and financing” and “encouraging development-oriented financial institutions to play an active role and strengthen cooperation with multilateral development institutions”—a threat to the hegemony of the IMF and World Bank. Although the leaders recognised the “role of the market and that of business as key players” in the BRI, they would ensure “that the government performs its proper role”—a statement which would have deeply alarmed the “free market” privateers of Wall Street and London.

The BRI was initially widely welcomed as a positive opportunity for development in the Asia-Pacific region, including by Australian parliamentarians from both major parties. However, China’s model of using public credit to finance infrastructure threatened the geopolitical power of the USA and UK, as the primary beneficiaries of the existing free market-based global financial system. Key US-UK policy documents reveal the preoccupation with maintaining the “free market” status quo. For example, in the 2017 US National Security Strategy (NSS), which was published around six months after the Joint Communiqué, it was claimed that China sought to “displace the United States in the Indo-Pacific region” by expanding “the reaches of its *state-driven economic model*”, aiming to “pull the region into its orbit through *state-led* investments and loans”. (Emphasis added.) In the formerly classified *US Strategic Framework for the Indo-Pacific*, which provided guidance for applying the 2017 NSS, one of the key “Desired End States” was that “Free markets are the mainstream of Asia”.

Similarly, in May 2018 the influential British think tank, the Henry Jackson Society (HJS), published a forerunner to changing British foreign policy towards China in its report, *Global Britain in the Indo-Pacific*. HJS admitted that British power and influence depended upon the so-called “rules-based international system”, which included the US-UK dominated IMF and World Bank, institutions which HJS claimed were “developed along Adam Smith’s liberal-capitalist principles”—the free-market ideology which enabled decades of looting by City of London and Wall Street. HJS stated that China seemed

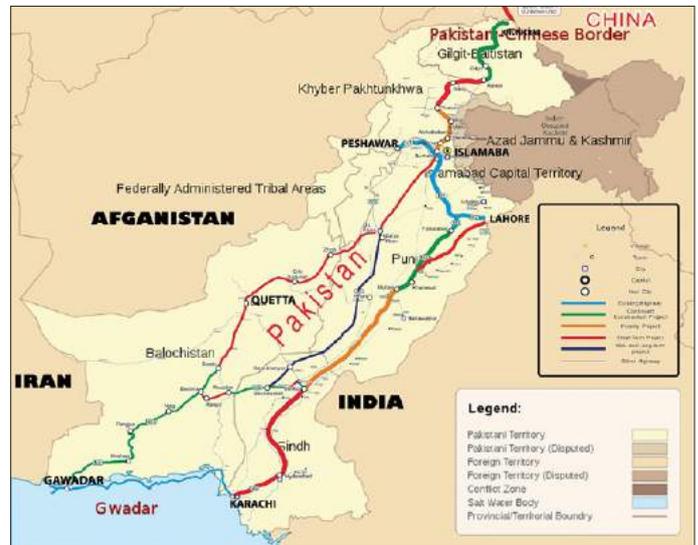
to the most likely country to be able to radically change the rules-based international order “in a way contrary to British interests”, by offering an alternative economic approach to financing. HJS admitted that “Chinese alternatives would not be favourable to British interests”.

The stark contrast between IMF/World Bank/Paris Club-dominated financing and China’s approach can be seen in the example of Pakistan, as documented by the Belt and Road Institute in Sweden (BRIX).³ From the 1980s, Pakistan was impacted by Anglo-American geopolitical manoeuvring, which destabilised the region and halted economic development. Consequently, Pakistan became increasingly dependent on US, British and Saudi financing, and on World Bank and IMF loans. The Paris Club became Pakistan’s biggest creditors, and both the Paris Club and the IMF interfered in the country’s domestic fiscal policies with debt restructuring programs and onerous loan conditions. These conditions included a domestic fiscal deficit limit of 4.2 per cent, which meant that any government-funded infrastructure investment was impossible; additionally, Pakistan was ordered to slash \$1.6 billion from their development plans. BRIX documented that: “It is evident, like in every other case of IMF/World Bank ‘bail-out packages’, that the debt grows bigger, and the economy declines further after these measures are taken. ... Pakistan’s growing foreign debt is a direct result of its giant trade deficit, due to the IMF model. ... Pakistan’s foreign debt is expected to surpass US\$95 billion this year [2020], and debt servicing is projected to reach US\$31 billion by 2022-23. In the current fiscal year, Pakistan will pay US\$4.2 billion to these foreign creditors.” By contrast, debt servicing of the BRI-associated China-Pakistan Economic Corridor (CPEC), a project which aims to improve the lives of people in Pakistan and surrounding nations by improving regional connectivity through major infrastructure projects, amounted to less than US\$80 million in repayments.

A major focus of CPEC development financing is Pakistan’s energy sector, which experiences chronic shortages and energy insecurity, as key to resolving the country’s economic crises. By contrast, previous attempts to connect Pakistan to cheap energy sources and develop its petrochemical and nuclear industries were derailed by the USA, Britain and Saudi Arabia. Additionally, Anglo-American government pressure and financial maneuverings forced an increasingly indebted Pakistan to borrow even more from British, Gulf and Western banks to pay onerous gas contracts.

In March 2021, the CFR commissioned a task force to investigate the BRI, culminating in a March 2021 report, *China’s Belt and Road: Implications for the United States*, which announced that the BRI posed a significant challenge to US commercial and political interests. However, the report admitted that “Although the United States long ago identified an interest in promoting infrastructure, trade, and connectivity throughout Asia and repeatedly invoked the imagery of the Silk Road, it has not met the inherent needs of the region. Its own lending to and investment in many BRI countries was limited and is now declining. Despite enjoying a leading role in the World Bank and regional development banks, the United States has watched those institutions move away from backing significant infrastructure projects.” The report acknowledged that BRI countries “appreciate the speed at which China can move from planning to construction” and China’s “willingness to build what host countries want *rather than telling them what they should do*”. (Emphasis added.)

3. “China ‘Debt Trap’ allegations found baseless!”, Belt and Road Institute in Sweden (BRIX), (brixsweden.org), 22 June 2020.



Pakistan is benefitting immensely from the China Pakistan Economic Corridor (CPEC), and debt servicing on this project is very low compared with Pakistan’s debts to members of the Paris Club. Photo: Wikimedia

The task force admitted that the USA, which is committed to free-market ideology, could not match China’s level of funding, which is based on an alternative model of using public credit to finance infrastructure.

The task force demanded that the USA work with allies to “reenergise the World Bank so that it can offer a better alternative to BRI”; however, these infrastructure projects would be restricted by Western-imposed financial and environmental conditions. The report noted that China had refused to join the Paris Club of lenders, and demanded that the USA should work to bring China into it, placing China under Western debt restructuring rules. The CFR’s suggestion appears aimed at reducing the amount of China’s lending—the report complains that because China is not part of the Paris Club, its banks are not subject to lending caps.

Additionally, the report demands that the USA should insist China “live up to its pledges for a green belt and road”, including by “denying financing or insurance to projects likely to have significant adverse environmental effects” and “adopting binding standards for what constitutes a green BRI investment”.

So-called “greening” the BRI is a potential backdoor for maintaining the status quo of repressing the development of smaller nations, as it is impossible to build a heavy manufacturing industry or industrialised economy by relying on intermittent “renewable” energy. In addition, London and Wall Street speculators dominate so-called “green” finance. In a 20 January 2020 interview with Bloomberg, Philipp Hildebrand, vice-chair of US\$10 trillion multinational investment firm BlackRock, said “climate risk” presented the “opportunity” for “a major shift ... a fundamental re-shaping of finance that will entail significant reallocation of capital”, of which BlackRock is a key participant. Similarly, the City of London, as the global centre for “green finance”, has led the pressure to constrain BRI projects within a green framework, in a way that funnels money into green investment products. In 2018, the City of London’s Green Finance Initiative collaborated with the Green Finance Committee of China Society for Finance and Banking to launch the Green Investment Principles (GIP) for the Belt and Road Initiative. The GIP’s members, which include the world’s major financial institutions, are focused on “the promotion of the goals of the Paris Agreement and the United Nations 2030 Agenda for Sustainable Development *via promotion of green*

investment among institutions that invest and operate in the Belt & Road (B&R) region.” (Emphasis added.)

The GIP mirrors the demands of the central banker-directed Task Force on Climate-related Financial Disclosures (TCFD), which aims to force companies to align with net-zero goals by influencing investment against “carbon-inten-sive” industries (which are essential for any nation that wants to develop its manufacturing industries). The GIP emulates the TCFD’s agenda (numerous GIP signatories were closely involved in the development of the TCFD), and a number of its principles are aimed at the “financialisation” of BRI in-frastructure projects. For example, GIP Principle Five, *Utilising green financial instruments*, commits signatories to more actively utilise green bonds, green asset-backed securities, emission rights-based financing, green investment funds, and green insurance.

BRI ‘competitors’ enforce the old imperial system

On 21 April 2022 the Atlantic Council, an influential policy think tank which receives funding from the US and UK governments, published an article by its GeoEconomics Cen-tre, titled “The North-South divide is growing. Can a new Bretton Woods help?” The article displayed a map showing that most of the countries which either voted against, or ab-stained from voting on, the recent United Nations resolution suspending Russia from the UN Human Rights Council, were also participants in the BRI. The Atlantic Council claimed that this highlighted a “growing rift” between the Global North and Global South.

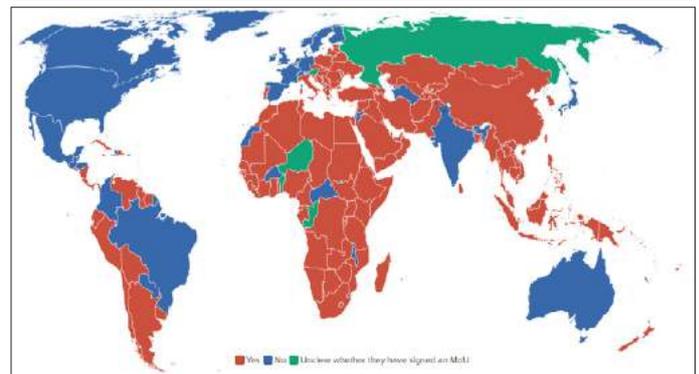
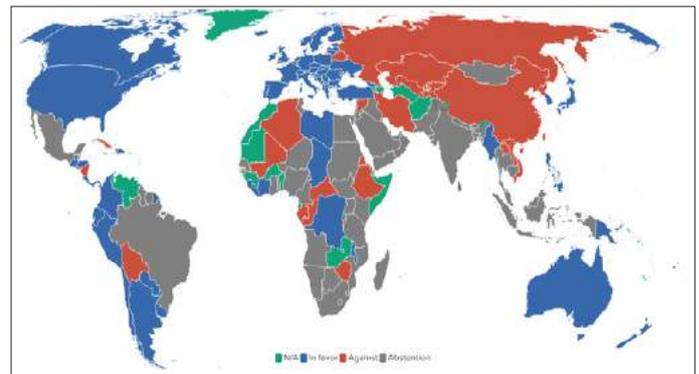
The article referenced the Atlantic Council’s recently announced Bretton Woods 2.0 Project, which aims to modernise Bretton Woods institutions by reimagining “the governance of international finance for the modern global economy”, which is clearly aimed at rivalling the BRI. However, it is evident that this “reimagining” does not mean a genuine intention to relinquish power. An 11 April article by the same author, which acknowledged the power imbalances of the World Bank and the IMF, asserted that “the full democratisation of BWIs [Bretton Woods Institutions] is not realistic—at least in the near future”.

Other Western alternatives to the BRI demonstrate a similar intention to keep the status quo. For example, in April 2022, the CityAM, the City of London’s propaganda organ, reported that the IMF was plotting the launch of a fund to rival the BRI, the Resilience and Sustainability Trust (RST), claimed to be “the West’s answer to the China-led Belt and Road Initiative”. However, the RST’s funding is a measly US\$45 billion, and financing is conditional upon the same IMF monetary reforms. Moreover, RST funding is narrowly geared towards the specific areas of pandemic preparedness and climate change initiatives. RST loans are projected to be conditional on climate-related “reform measures”, examples of which include: increased excises on coal, natural gas and petroleum products; phasing out agricultural subsidies which “encourage emissions-intensive farming”; the implementation of “carbon pricing policies” which will likely punish heavy industry; and removing fuel and electricity subsidies.

Another so-called BRI alternative is the Blue Dot Network (BDN), which is an initiative of the governments of the USA, Australia and Japan. BDN purports to “help mobilise private sector investment”, by establishing an OECD-developed global certification framework for infrastructure projects. However, it appears that the BDN is less concerned with meeting the infrastructure needs of developing

nations, than creating a mafia-like framework to compete with China’s public financing by ensuring that projects outside the BDN will find it difficult to access Western financial institutions. According to the OECD, project developers can “be confident that a project that satisfies Blue Dot Network requirements will meet the *expectations of major financing institutions* ... the Blue Dot Network aims to establish a *level playing field* for project developers and contractors globally”. (Emphasis added.) A 12 June 2021 article by the Atlantic Council gave the game away, writing that the BDN was the “hidden key to the G7’s infrastructure ambitions”. The BDN “will brand and certify infrastructure projects to distinguish those that are transparent, accountable, and secure from those that are not”.

In June 2021, US President Joe Biden and G7 leaders announced the launch of the “Build Back Better World (B3W)” project, a “bold new global infrastructure initiative ... led by major democracies” which purported to “help narrow the US\$40+ trillion infrastructure need in the developing world”. However, it is unclear how much funding is actually committed, or how useful B3W projects will actually be. B3W nations “will coordinate in mobilising private-sector capital in four areas of focus—climate, health and health security, digital technology, and gender equity and equality”. As pointed out by the 10 February 2022 *Diplomat*, the B3W is unlikely to be able to compete with the BRI in Southeast Asia. The *Diplomat* observed that “recent polls indicate that many ASEAN residents support China’s activities, a sign they might be less enticed by aspirational soliloquies about democracy and more concerned with building usable roads, bridges and airports. By comparison, the B3W is less attractive. Many low-and middle-income countries prefer Beijing’s state-backed loans over higher-cost and shorter-term private funding from Western financiers. The US and other G7 countries often impose what feels like onerous conditions that delay project implementation ... B3W relies on unreliable private funding. It is difficult to convince private firms in developed G7 countries to invest in the developing world, which they view as high risk and low reward.”



The Atlantic Council’s maps showing the “North-South divide” between the countries that sanctioned Russia (top) and the countries that are doing BRI deals with China (above).

How ‘Operation China Threat’ demonised the Belt and Road Initiative

Part Four: The final blow against Australian participation in the BRI

By Melissa Harrison

This AAS series has documented the methods and motivation of the disinformation campaign against China’s BRI in Australia and around the world. This final instalment exposes how neoconservative, anti-China, pro-war political organisations and figures in the USA, UK and Australia exploited the chaotic circumstances experienced at the start of the COVID-19 crisis in early 2020 to ramp up their agenda to derail BRI that they had been explicitly pursuing for at least three years. Their planning had even anticipated, back in 2017, China’s trade retaliation against Australia, which wasn’t implemented until mid-2020. What this demonstrates is that the hysteria and hostility that has defined the Australia-China relationship since 2020 has had virtually nothing to do with COVID-19, but is an opportunistic feature of the existing USA-UK agenda to sabotage the BRI.

Despite the anti-China propaganda campaign which was levelled at the Australian public from mid-2017, Australian politicians from both major parties publicly acknowledged China’s Belt and Road Initiative (BRI) as a positive opportunity. As late as June 2019, Prime Minister Scott Morrison stated that Australia welcomed the BRI’s contribution to infrastructure development in the Asia-Pacific region.

However, within the period of a few short weeks in early 2020, a coordinated political and media campaign aimed to deal the final blow to any prospect of Australian participation in the BRI. “Operation China Threat”, an intense propaganda campaign levelled at the Australian public from mid-2017, escalated to a new and vicious height. The Australian government, in subservience to UK and US geopolitical agendas, inflicted unprecedented damage on Australia’s relationship with China. The ensuing devastation to affected Australian export industries was a fait accompli: the result of a deliberate, albeit unofficial, strategy of hostility towards China. This shadowy foreign policy agenda was exposed by veteran journalist Max Suich in the 17-19 April 2021 *Australian Financial Review*. Suich revealed that in a secretive September 2017 meeting at the Lowy Institute in Sydney, senior foreign affairs and intelligence officials communicated that Australia would now have to choose between the USA and China.

According to Suich, the meeting heard the new relationship with China would be defined by “Push Back and Call Out”. It was hoped that Australia could influence both the USA and other regional neighbours to “show a united front against China’s intimidation” so that China would “face being ganged up on”. A senior DFAT official claimed that China and Australia “were in a battle of ideas” and Australia had to make it clear we would not trade our “democratic liberties” for the benefits of Chinese trade.

An intelligence official asserted that Australia had to “call out” China, to alert the Chinese government that Australia “understood their plan for subversion to gain political sway over Australia and displace our alliance with the US”. Suich raised questions over this strategy: “Why tip off China that we had counter-intelligence on their trail in Australia? Why, if our government and institutions are forewarned, can’t they resist this subversion themselves? We must, it was said, make clear publicly that we would never accept the kind of deal President Xi had with his citizens: material benefits and rising

FINANCIAL REVIEW

China confrontation: what were we thinking?

Australia's policy U-turn on China came after the intelligence community identified alarming Chinese designs on corrupting our political system. But were they the right responses?

The 2021 *Australian Financial Review* headline for veteran journalist Max Suich’s series of reports that revealed that the trade tensions with China were not due to the pandemic, but had been expected since 2017.

living standards in exchange for political compliance. If we accepted this deal we might be living in peace but under China’s coercive power. Again, why disclose such elemental fears to China?” The answer is evident: China’s so-called subversion of Australia was not seriously considered to be a real threat, but “calling out” alleged foreign interference was essential to the “Operation China Threat” campaign.

Suich wrote that “the burden of Australian policy since has followed the course they outlined: the US alliance would be explicitly valued at a price that we would have to accept—trade retribution and hostility from China”. The Lowy Institute meeting took place in the second half of 2017, when the anti-China propaganda campaign escalated in Australia. At the same time, the US and UK ramped up their own hostility towards China, while demanding greater cooperation and military interoperability from Australia. (Part Two: Five Eyes dictates Australia’s foreign policy shift).

The second Belt and Road Forum for International Cooperation was held in Beijing on 25-27 April 2019. According to the 4 June *Atlantic*, several weeks earlier, the US State Department had pressed diplomats from about a dozen allied nations to sign a joint statement criticising the BRI, which was refused. Doubtless this refusal alarmed the USA, as it indicated a repeat of the Obama Administration’s failed attempts to persuade allies to boycott the China-led Asia Infrastructure Investment Bank in 2015. (Even usually subservient Australia defied Washington to participate in the AIIB).

Up until late 2019 the Australian government had largely characterised itself as “neutral” towards the BRI and expressed general support for the initiative. However, this would soon change. On 5 August 2019, US Secretary of State and former CIA director, Mike Pompeo, told *The Australian* that the US-Australia alliance was entering a new era. A “determined effort” was required for Australia and the USA to “band together” on China, which included the “challenge” of the BRI.

Exploiting COVID-19

Soon after the onset of the COVID-19 crisis in early 2020, there was a massive and coordinated Western media campaign which aimed to shift public opinion against China. Hawkish politicians, establishment journalists and intelligence officials forcefully pushed similar narratives about China’s response to Covid-19 and demanded specific retaliatory actions from the West. These narratives were: China deceived the world about COVID-19 and was an unreliable trading partner; the world would change post-pandemic, there must be a reset of the relationship with China (no more “business as usual”); supply chains must be restructured away from China; and critical infrastructure must be protected from China’s purported threats. Public polling in the USA, UK and Australia specifically assessed the impact of these particular narratives.

In early-mid January, the tone of Western mainstream reporting on COVID-19 was largely one of concerned neutrality; for example, reporting focused on travel restrictions, evacuating citizens from China and there were positive reports about China's swift building of new hospitals. However, in late January, the tone began to change.

There were widespread allegations of China's untrustworthiness. China was accused of suppressing information about the virus, and silencing whistleblowers and critics. The UK's 24 January *Daily Mail*, along with the conservative *Washington Times* and US propaganda organ Radio Free Asia, were the first to suggest that COVID-19 was connected with the Wuhan Institute of Virology, the first volley in the provocative "lab leak theory". On 15 February, *Foreign Policy*, the journal of the influential New York Council on Foreign Relations, published "How China's Incompetence Endangered the World", an article which questioned the credibility of the Chinese government's official data, claiming that it blundered "through continued cover-ups, lies, and repression that have already failed to stop the virus and may well be fanning the flames of its spread. ... Beijing wasted the most critical resource to fight it: trust". CNBC on 13 February cited an anonymous White House senior official who claimed that the USA did "not have high confidence in the information coming out of China". Anonymous intelligence officials were the source of numerous allegations against China; for example, the 2 April *New York Times* cited anonymous intelligence sources who claimed that the CIA had warned the White House that China's data was unreliable.

The narrative of China's general untrustworthiness was extended to China's role as a business partner and supplier. In March and April, there were a plethora of unproven reports from mainstream media alleging that China had sent numerous Western countries defective Personal Protective Equipment (PPE) or faulty coronavirus tests. Countries were reportedly rejecting "Chinese-made equipment" (BBC, 30 Mar.), and China was alleged to have a "quality control problem" (*LA Times*, 10 Apr.). According to the ABC on 1 April, the Australian Border Force (ABF) had "intercepted several deliveries of personal protective equipment (PPE) that have been found to be counterfeit or otherwise faulty". China was simultaneously alleged to be bullying Western nations over desperately needed medical equipment, and to be hoarding PPE supplies. A 2 April *New York Times* headline claimed: "The World Needs Masks. China Makes Them, but Has Been Hoarding Them". These claims were amplified by notorious China hawks such as White House trade advisor Peter Navarro, who "accused Beijing of sending low-quality and even counterfeit coronavirus antibody testing kits to the United States and of 'profiteering' from the pandemic and selling 'fake tests and counterfeit tests'" (*Guardian*, 28 Apr.).

In March, there was an emerging narrative that post-pandemic, everything would change, there could be no "business as usual" with China. On 7 March the president and CEO of the Atlantic Council, Frederick Kempe, announced that "Coronavirus is already changing the world" and declared that the USA and Europe "should take this moment as a wake-up call to pay far more attention to addressing non-military national security threats, including their excessive dependence on China for crucial supply chains". In a 3 April article for the *Wall Street Journal*, former US Secretary of State Henry Kissinger announced that "The Coronavirus Pandemic Will Forever Alter the World Order". The USA had to protect its citizens while "starting the urgent work of planning for a new epoch". Kissinger emphasised that the crisis "must not crowd out the urgent task of launching a parallel enterprise for the

transition to the post-coronavirus order".

The Trump Administration pushed to "rip global supply chains from China" (Reuters, 4 May). On 14 May, *Foreign Policy* reported that the Trump Administration was "using the coronavirus pandemic to more aggressively push its economic decoupling agenda. ... Before the pandemic struck, the Trump administration was in the midst of drafting a

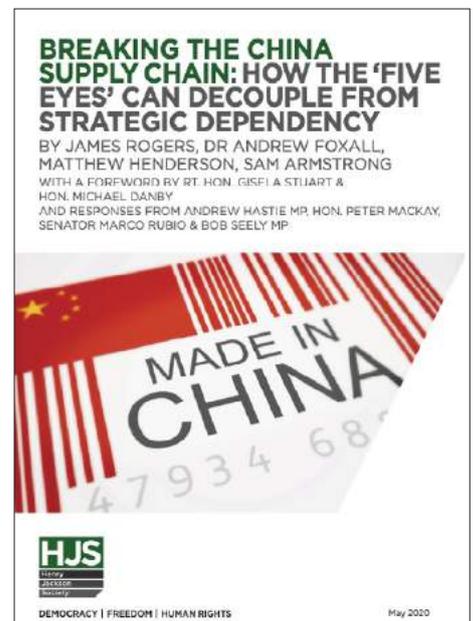
first-ever Economic National Security Strategy, reflecting the administration's increasingly blurred lines between economics and national security". On 29 April, Pompeo proposed the "Economic Prosperity Network", a (now defunct) coalition between the USA, Australia, India, Japan, New Zealand, South Korea and Vietnam which was intended to entice companies away from China and "move the global economy forward" by restructuring "supply chains to prevent something like this [trade disruption] from ever happening again".

There was a similar campaign in the UK, where the same narratives were promoted rapid-fire from numerous sources. In the 5 April London *Times*, British imperial historian and Kissinger biographer Niall Ferguson falsely implied that China had deliberately spread COVID-19 by allowing international flights to continue after domestic travel restrictions were put in place. Although Ferguson's allegation was later discredited, it was widely used to blame China for deliberately instigating a pandemic.

On the same day, neoconservative British think tank the Henry Jackson Society (HJS) published a report demanding that China pay trillions of dollars in compensation and damages to the "free world", because China had engaged in "repeated blunders, lies and disinformation" in its management of Covid-19. HJS mirrored Ferguson's allegations, claiming that China had deliberately spread the virus by allowing people to leave Wuhan despite knowledge of human-to-human transmission.

Again on the same day, the British *Daily Mail* reported that the "startling new theory" of COVID-19 originating from a Wuhan lab leak (which the *Daily Mail* itself had instigated back in January) was "no longer being discounted", according to an anonymous source from COBRA, the British Cabinet Office Briefing Rooms, i.e. Boris Johnson's government.

In the following week, it was reported that British spy agencies MI5 and MI6 had urged the British government to "be more assertive" against China and impose "tighter control of strategic industries". The intelligence agencies said that post-coronavirus, the UK needed to reassess its relationship with China. Anonymous MI6 sources echoed the CIA, claiming that China's pandemic reporting data could not be trusted (*Guardian*, 12 Apr.). The former head of MI6, Sir John



The Henry Jackson Society report, featuring Australian Liberal MP Andrew Hastie, which pushed economic "decoupling" from China, after the HJS had demanded China pay trillions in pandemic reparations.

Sawers, declared without evidence that China had concealed the origin of COVID-19 and should answer for its deceit. Sawers referred to the “deep anger” of Americans, who believed that the virus was “inflicted on us all by China”. Sawers demanded that the West must do more to stop China buying up strategic technology (Reuters, 15, 16 April). On 16 April, British Foreign Secretary Dominic Raab told a London press conference that there was “no doubt” that “we can’t have business as usual after this crisis”.

In March and April, numerous polls in the USA, UK and Australia specifically assessed the effectiveness of the narratives which were consistently pushed in Western media. The 8 April *Washington Post* cited polling which demonstrated that COVID-19 was turning Americans against China, stating “everyone senses [the US-China relationship] will never be the same.” In the UK, the Henry Jackson Society reported polling indicated that 63 per cent of the British public supported “adopting an American-style tougher trade approach with China”.

In Australia the Lowy Institute conducted a March 2020 poll which asked leading questions specifically addressing the anti-China media narratives, which found an “unprecedented shift” in the public’s thinking. In 2018, 82 per cent of Australians viewed China as an economic partner rather than as a security threat. In 2020, this fell to 55 per cent. Similarly, in 2018 only 12 per cent of Australians viewed China as a security threat; this rose to 41 per cent in 2020. When asked what they thought of “China’s handling of the coronavirus outbreak”, 68 per cent of Australians said they felt less favourable towards “China’s system of government”. In the past two years, “Australians’ trust and warmth towards China have reached record lows.” In 2020, 94 per cent of Australians agreed that the government should work “to find other markets for Australia to reduce our economic dependence on China”.

Australia pays the piper

In April, the “lab leak theory” exploded in Western mainstream media, backed by supporting commentary from “anonymous” intelligence officials. This theory was amplified by hawkish politicians, who accused China of covering up the virus and thereby costing the world valuable response time. The World Health Organisation (WHO) was also accused of being unduly influenced by China and complicit in the cover-up. The UK government instigated the calls for an “investigation”, which was calculated to be insulting and provocative to China. In a 16 April press conference, UK Foreign Minister Dominic Raab stated that there “absolutely needs to be a very, very deep dive after the event and review of the lessons, including of the outbreak of the virus. I don’t think we can flinch from that at all ... we’ll have to ask the hard questions about how it came about and about how it could’ve been stopped earlier”.

The following day, Raab’s calls were echoed by US President Donald Trump, who announced that the US would halt funding to the WHO pending the outcome of a full-scale investigation into whether the coronavirus escaped from a laboratory in Wuhan, China. On the same day, Australian Home Affairs Minister Peter Dutton called for China to reveal more information about the source of the virus, using an appearance on *Nine’s Today Show* to echo the US-UK demands for a “reset” in the way the world interacted with China.

Also on the 17 April, a 57-page strategy document was sent to US Republican election candidates by the National Republican Senatorial Committee, which advised candidates to deflect all media questions about the COVID-19 crisis by aggressively blaming China. The memo, which was leaked



Chinese Ambassador Cheng Jingye giving his interview with AFR reporter Andrew Tillet, who reported the Ambassador’s remarks as threats, whereas Cheng had expressed his desire that trade would not be affected. Photo: Screenshot

and published by *Politico* on 24 April, ensured candidates would stay on-message by outlining the same narratives already heavily promoted by Western media, including pushing the lab leak theory. Candidates were instructed to assert that China caused the pandemic by covering it up, lying and hoarding medical supplies; and were to demand that supply chains must be restructured away from China. Importantly, a key instruction was that candidates should demand an investigation to find out “how China was able to keep this pandemic hidden”. The document was authored by the political consulting firm of Brett O’Donnell, a famed Republican campaign strategist who formerly advised Mike Pompeo, John McCain, Mitt Romney, and the Bush-Cheney Administration.

Several days later, Australia dutifully followed suit. Foreign Minister Marise Payne called for a global inquiry into the origins of COVID-19 that should be conducted independent of the WHO (which she implied was compromised). Shortly thereafter, the ABC on 22 April reported that Prime Minister Scott Morrison had announced that he wanted to build an international coalition to give the WHO, or a new world health oversight body, powers equivalent to United Nations weapons inspectors to enter a country and undertake investigations. In a Tweet on the same day, Morrison said that he had “just got off the phone” with Trump, where they talked about “the World Health Organisation and working together to improve the transparency ... Australia and the US are the best of mates and we’ll continue to align our efforts”.

China’s outraged response to Australia’s call for a global inquiry into the pandemic’s origins was ridiculed as an over-reaction in Australian mainstream media. However, Professor James Laurenceson, Director of the Australia-China Relations Institute at the University of Technology Sydney, observed in his 2 April 2021 paper “Demystifying Australia-China Trade Tensions” that Australia’s action confirmed China’s “long-held suspicion that Canberra was strengthening its alignment with Washington to attack China”. This suspicion was based on the historical precedents of Australia’s role as the leading aggressor in other Western campaigns against China, such as its vilification of Chinese telecommunications company, Huawei. The 2 May *Guardian* noted that China saw Australia “as frontrunning—yet again in Beijing’s eyes—on an issue deliberately constructed to isolate, condemn and humiliate China”; China “contends the inquiry is a political witch-hunt, engineered by Washington”.

Amidst the furore, China’s Ambassador to Australia, Cheng Jingye, conducted a 26 April interview with the *Australian Financial Review’s* Andrew Tillet. Tillet’s leading questions repeatedly pushed Cheng for comment as to whether there would be economic consequences or trade boycotts from China in retaliation for Australia’s calls for the pandemic investigation. Cheng warned that “frustrated, dismayed and disappointed” Chinese citizens would likely think twice about

buying Australian products, sending their children to Australian universities or travelling to Australia. Cheng's comments were instantly seized upon by establishment journalists and hawkish politicians as evidence of China's "economic coercion"—it was alleged that, through Cheng, China had publicly threatened Australia with retaliatory trade boycotts. The full transcript of the interview reveals that Tillett declined to publish Cheng's statement that he hoped there would not be a boycott—evidently this did not fit the desired narrative.

Despite Chinese media's warnings that the Australia-China relationship may be broken beyond repair, the vicious media frenzy and provocative commentary from hawkish politicians only escalated. China's inevitable reaction to Australia's strategy of deliberate aggression had been foreseen by the high-level participants of the secretive September 2017 Lowy meeting. The suffering of Australian exporters, which were decimated by China's subsequent trade sanctions, made useful media fodder for allegations of China's "economic coercion". Yet while Australia's allies have publicly cheered on Australia's hostility towards China, their support stops at rhetoric—when China levied trade sanctions against Australian exporters, US and other Western companies swooped in to take advantage of resulting gaps in the China market.

On the heels of pronouncing China's "economic coercion", establishment journalists then attacked members of Australia's business community, who had decried the China-Australia confrontation as a "blame game". Rabid anti-China journalist Peter Hartcher declared that it was a matter of the "money or our sovereignty: China leaves us no choice" (*Sydney Morning Herald*, 1 May). Hartcher attacked Australia's "craven" business leaders who should not be allowed to "sell out the national interest". Similarly, fellow anti-China journalist Chris Uhlmann declared that Australia could not "return to business as usual with China", attacking the business sector for "agreeing to stay mute about the origin of a disease that has killed thousands, impoverished millions, threatened billions and cost trillions" in exchange for "rivers of gold" from China (*SMH*, 29 April). Peter Jennings, head of notorious, US State Department-funded, anti-China propaganda machine the Australian Strategic Policy Institute (ASPI), demanded that businesses diversify away from China, and said they "should stop whining about how hard that is and understand that protecting the national interest is key to their own long term survival." (*Guardian*, 1 May).

Victoria hysteria

A concurrent media campaign derailed any prospect of Australia participating in the Belt and Road Initiative. Previously, the Victorian State Government had signed a Memorandum of Understanding (2018) and Framework Agreement (2019) with the BRI, which was projected to contribute to job growth and infrastructure development in the state. In a 13 May parliamentary inquiry, Victoria's Treasurer, Tim Pallas, accused the federal government of "vilifying" China in its push for the global pandemic inquiry, and emphatically stated that Victoria would not reconsider its BRI agreement.

On 14 May, the Henry Jackson Society published a report, *Breaking the China Supply Chain: How the 'Five Eyes' can Decouple from Strategic Dependency*, which alleged that Five Eyes nations were dangerously dependent on China for strategically critical imports. The report featured essays from notorious China-hawks from Five Eyes nations, including Australian Liberal MP Andrew Hastie. Hastie's essay referred to "thinly disguised threats of economic coercion" from Ambassador Cheng and claimed that Australia's "strategic dependency on critical imports [from China] makes us vulnerable to



US Secretary of State Mike Pompeo appearing on Sky News Australia, where he issued his threat that the US would cut off intelligence sharing unless Victoria scrapped its BRI deal with China. Photo: Screenshot

not only economic coercion, but also supply chain warfare".

The following week, the front page of the 21 May *Australian* juxtaposed two "exclusives". One reported that "Australia is more bound to China than our allies" and featured the HJS report and Hastie's commentary. The other article blasted Victoria's decision to sign up to the BRI and questioned the loyalties and motives of Victorian Treasurer Tim Pallas and Premier Daniel Andrews. The "co-operation principles" of the upcoming investment roadmap, which was due to be formalised mid-year, were framed in a sinister light.

On 24 May, US Secretary of State Mike Pompeo was interviewed on Australia's Sky News, where he warned that BRI projects built up the Chinese government's "capacity to do harm". Pompeo threatened that Australia could be cut off from the Five Eyes intelligence-sharing partnership over Victoria's BRI agreement.

Following this, there was a vicious media campaign which demonised Victoria's BRI agreement. It was evidently highly effective—Google Trends shows a massive spike in searches for "Belt and Road" in Australia during May 2020. If Australians weren't sufficiently concerned about the BRI before, they were now. Despite Morrison's positive regard of the BRI a year prior, on 11 June he declared that Victoria's BRI agreement was inconsistent with Australia's foreign policy and against Australia's national interest, demanding the Victorian government scrap the deal.

In September, *Australia's Foreign Relations (State and Territory Arrangements) Bill 2020* was introduced, and the Act was passed in December. This McCarthyite law allowed the federal government to veto trade, academic, and cultural exchange agreements that universities, and state and local governments had with other countries, if they were deemed contrary to federal foreign policy interests.

In April 2021, Foreign Minister Marise Payne used the veto powers to cancel Victoria's two BRI agreements. This was intended as a calculated insult towards China. In a 21 April Tweet, Professor James Laurenceson observed: "Let's be clear what has been cancelled: a non-legally binding MOU that didn't commit the VIC state government to do anything, let alone the national government. There was an option to just let it lapse and not approve new agreements. A choice was made to send a message to [China]."

End note: By May 2022, the Morrison government had escalated tensions to the point of defence Minister Peter Dutton openly talking about "preparing for war"—rhetoric that actually contributed to the Australian people voting them out in the May federal election. Yet while the government has changed, the policy of opposing participation in the BRI hasn't, because that policy was dictated by our US-UK allies, to which, so far at least, the Albanese government is equally subservient.

Geopolitical strategists fabricated BRI ‘debt-trap diplomacy’ narrative

By Melissa Harrison

As the Citizens Party has reported, the recent political war-mongering over the Solomon Islands’ security deal with China has escalated to dangerous levels. In a 21 April 2022 editorial, the *Australian* claimed that China had obtained a geopolitical stranglehold over the Solomon Islands through the Belt and Road Initiative, insultingly accusing Prime Minister Manasseh Sogavare of “becoming Beijing’s pawn” and “betraying the freedom and sovereignty of [the] Solomon Islands and its people”. The *Australian* claimed that China sought to “consolidate the hold it has gained over Solomon Islands and to suborn other similarly corrupt and vulnerable Pacific Island states into falling for Beijing’s self-serving debt-trap diplomacy”.

Australians should be aware that allegations of China’s “debt-trap diplomacy”, which are now being used to agitate for war, are completely baseless. Rather, the debt-trap narrative was fabricated and promoted by “national security” apparatchiks, and proponents of British geopolitical theories that define international relations as a zero-sum game, in which the progress of one nation can only come at the expense of others. Their agenda is to distort the perception of China’s infrastructure vision, so it isn’t viewed as a positive contribution to global economic development that can help raise billions from poverty—as it was initially greeted by Australia and many other countries—but entirely in geopolitical terms, as motivated solely by China’s alleged ulterior motive of dominating the world.

Origin of ‘debt trap’

After years of relentless promotion, the concept of China’s “debt-trap diplomacy” has been so successfully embedded in the public consciousness that it is reported as self-evident. The term “debt-trap diplomacy” is credited to an Indian academic, Professor Brahma Chellaney, who coined the phrase in a 23 January 2017 article for *Project Syndicate*. Chellaney claimed that through the Belt and Road Initiative (BRI), China malevolently extends large loans to developing nations to support strategically located infrastructure projects, with the ultimate aim of ensnaring countries in a debt-trap, rendering them “vulnerable to China’s influence” and “neocolonial designs”.

Chellaney proclaimed that Sri Lanka was “Exhibit A” of China’s debt-trap diplomacy. According to Chellaney, China had loaned Sri Lanka a large sum to build the strategically located Hambantota Port, knowing that Sri Lanka would be unable to repay the debt. China then seized the port in exchange for debt relief, intending to use it to host Chinese naval vessels.

However, Chellaney’s “debt-trap diplomacy” allegations have since been thoroughly discredited by numerous academic researchers (*AAS*, 22 May 2019). In the specific example of Sri Lanka, the Hambantota Port project, which predates the BRI by several years, was not a Chinese proposition, but was solicited by the Sri Lankan government after requests for funding from the United States and India were rebuffed. The port project was a commercial venture awarded to a Chinese firm, which experienced myriad troubles because of Sri Lankan governance and funding issues. Sri Lanka’s debt distress was not caused by Chinese loans, but by structural problems in the economy and the government’s excessive borrowing from Western capital and the International Monetary Fund (IMF). There was also no debt-for-asset swap! Rather, a Chinese company leased the Hambantota Port for

99 years for \$1.1 billion, and Sri Lanka used this money to pay off debts. Additionally, the Sri Lankan government has dismissed security concerns over the port, where it hosts its own southern naval command; the final lease agreement forbids military activity without government invitation.

Although Chellaney’s debt-trap allegations were baseless, accusations of China’s “predatory lending practises” spread rapidly throughout Western mainstream media, think tanks, and national security and intelligence circles. (Notably, the 21 April 2022 *Australian* claimed that PM Sogavare had “failed to learn the lessons of countries such as Sri Lanka”.) China’s “predatory economics”, allegedly implemented through debt-laden infrastructure projects, was denounced by senior figures in Washington such as then-US Secretary of State Rex Tillerson, and was framed as a national security threat in the December 2017 US National Security Strategy.

As observed by Subhashini Abeyasinghe, Sri Lankan economist and Research Director of the Colombo-based Verité Research, before the port episode “Sri Lanka could sink into the Indian Ocean and most of the Western world wouldn’t notice”.¹ Now, however, Sri Lanka was Washington’s poster child for denunciations of China’s “debt-trap diplomacy”, and is still widely used in Western mainstream media as a cautionary tale against nations joining the BRI.

National security establishment

It is no accident that the contrived Chinese “debt-trap diplomacy” narrative was rapidly embraced and promoted as fact by the US national security and defence establishment, because national security-associated sources fabricated the allegations.

The term’s originator, Chellaney, is a geostrategist and Emeritus Professor of Strategic Studies specialising in international security and arms control issues at the New Delhi-based (and substantially foreign-funded) think tank, the Centre for Policy Research. Chellaney has held appointments at a number of prominent Anglo-American institutions, including Harvard University, the Brookings Institution, Johns Hopkins University, the Australian National University, and the International Centre for the Study of Radicalisation at King’s College in London.

Revealingly, Chellaney’s January 2017 article was published in *Project Syndicate*, “in partnership” with the Australian Strategic Policy Institute (ASPI), for which Chellaney is a long-time contributor. ASPI is an Australian government-funded defence think tank, which also receives significant funding from foreign governments, including the US State Department and the British government. ASPI has poisoned the Australia-China relationship through its promotion of deliberate anti-China disinformation and dangerous



Professor Brahma Chellaney coined the phrase “debt trap diplomacy” in an article he wrote in partnership with the Australian Strategic Policy Institute. Photo: Screenshot

1. Deborah Brautigam and Meg Rithmire, “The Chinese ‘Debt Trap’ Is A Myth”, *The Atlantic*, (theatlantic.com) 6 February 2021

warmongering. In mid-2021, the US Department of the Air Force's *Journal of Indo-Pacific Affairs* included a hostile anti-China contribution by General Kenneth S. Wilsbach of the US Indo-Pacific Command, in which Wilsbach asserted that Chellaney had coined the "debt-trap diplomacy term" for ASPI.

Debtbook Diplomacy

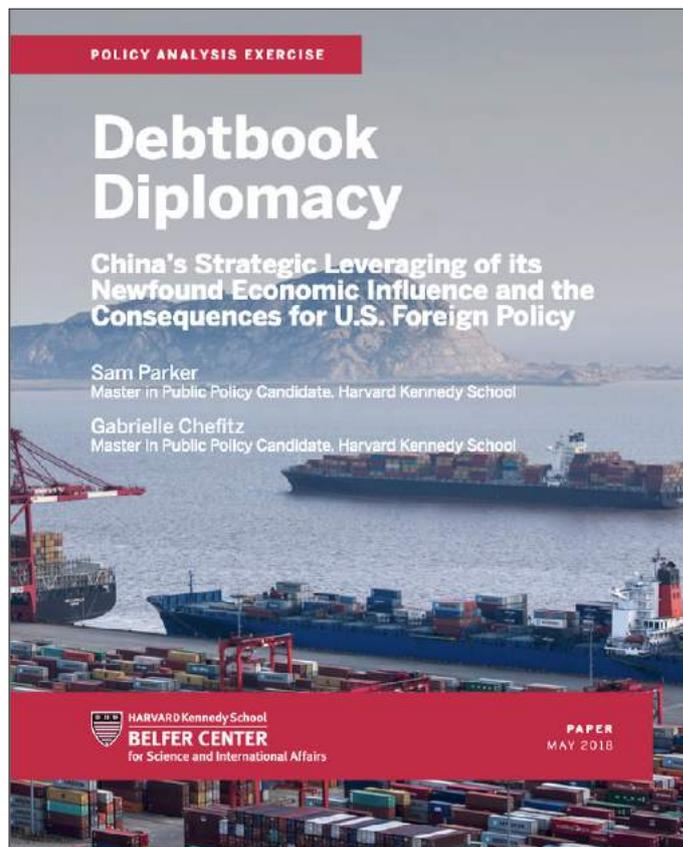
In early 2018, the Chellaney/ASPI-instigated debt-trap allegations intensified. The 14 May 2018 *Australian Financial Review* sensationally announced a "Secret US warning of China 'debt trap' on Australia's doorstep", reporting that it had obtained a copy of an unclassified report produced by "Harvard University researchers", which had been "presented to the US State Department".

The report, *Debtbook Diplomacy: China's Strategic Leverage of its Newfound Economic Influence and the Consequences for US Foreign Policy*, repeated the Sri Lankan debt-trap narrative and predominantly referenced Western mainstream media sources for its allegations against China. *Debtbook Diplomacy* warned that China had saddled Australia's Southeast Asian and Pacific Islander neighbours with unrepayable infrastructure loans, which "[gave] Beijing crucial economic leverage to gain strategic and military power". The report listed sixteen nations which were identified as vulnerable to China's "economic coercion"; however, the authors acknowledged that their "Country Vulnerability Assessment" scores were "not scientific".

Western media sensationally promoted *Debtbook Diplomacy* as academic proof of China's predation; however, notably, the report was authored by two second-year Master in Public Policy students, Sam Parker and Gabrielle Chefitz. The year-long "Policy Analysis Exercise" was conducted out of Harvard Kennedy School's Belfer Center; the report's March 2018 publication date indicated that the project was initiated shortly after the Chellaney/ASPI "debt-trap diplomacy" accusations surfaced.

Although *Debtbook Diplomacy* was authored by students, the influence of the national security and defence establishment was evident. According to the *AFR*, the report "emerged out of an earlier classified version written confidentially last year [2017] for United States Pacific Command (PACOM)", under the US Department of Defence. The report's primary author, Sam Parker, was temporarily deployed to PACOM in 2017 as an academic fellow, where he conducted research on "anticipating and countering Chinese efforts to displace US influence in South Asia and Oceania", according to his bio in *Debtbook Diplomacy*. Prior to this, Parker served at the US Department of Homeland Security as the Special Assistant to the Assistant Secretary for Public Affairs. The report's co-author, Gabrielle Chefitz, previously worked as a Research Assistant for the Washington Institute for Near East Policy, a neo-conservative think tank which includes former US Secretary of State Henry Kissinger, former CIA Director James Woolsey, and former Assistant Secretary of Defence Richard Perle (known as "the Prince of Darkness") on its Board of Advisors.

Debtbook Diplomacy asserts that "Since World War II, the US has enjoyed effectively unchallenged economic and military dominance in the Pacific, buttressed by a strong alliance system and an unparalleled basing network to support American power projection. But China's rise is upending that favorable landscape. ... China's loans undermine the US's ability to use its own economic assistance to promote US security objectives." If Southeast Asian and Pacific Island countries "were to turn to China", this "could undermine US strategic denial and exclusive [military] basing rights, eroding US advantage in any future US-China conflict."



The originally secret report that spread a geopolitical interpretation of the BRI to hype it as a threat, which it isn't, except to US unipolar dominance.

Notably, the report reveals the nub of the tension, which is that the USA's Wall Street-dominated economy cannot match China's state bank-led economy. It admits that the US and its allies "cannot offer public-private investment at anywhere the scale of Chinese BRI funding", observing that "[o]n a macro level, the US lacks the will and the resources to remotely challenge the massive scale of Chinese BRI investment".

Debt-trap allegations escalate

The "secret" *Debtbook Diplomacy* report (which is now publicly available on the Belfer Center's website) preceded an escalation of attacks against the Belt and Road Initiative from the US national security and defence establishment and senior figures in the Trump Administration.

For example, on 4 October 2018, US Vice President Mike Pence claimed that China was using "debt-trap diplomacy" to "expand its influence" by "offering hundreds of billions of dollars in infrastructure loans to governments". Pence repeated the Sri Lankan debt-trap narrative and claimed, without evidence, that the port "may soon become a forward military base for China's growing blue-water navy".

The same month, US Secretary of State Mike Pompeo accused China of "predatory economic activity", and asserted that China bribed senior leaders in countries "in exchange for infrastructure projects that will harm the people of that nation".

At the 13 December 2018 presentation of the Trump Administration's New Africa Strategy, US National Security Advisor John Bolton claimed that China unleashed "the strategic use of debt to hold states in Africa captive to Beijing's wishes and demands. ... Such predatory actions are sub-components of broader Chinese strategic initiatives, including 'One Belt, One Road'—a plan to develop a series of trade routes leading to and from China with the ultimate goal of advancing Chinese global dominance." Bolton alleged that China's activities significantly threatened US national security, and he outrageously threatened African nations that if they took

action which was “counter to US interests”, they would not receive American foreign aid. Aid would only be given where it “advance[d] US interests”.

British imperial schemers behind ‘debt-trap’ allegations

Significantly, *Debtbook Diplomacy* was a project of Harvard Kennedy School’s prestigious Belfer Center for Science and International Affairs. The Belfer Center’s board is stacked with highly influential figures who have held senior policy-making positions in the US government, particularly in defence, national security and intelligence. Numerous board members are concurrently appointed to positions in prominent think tanks, or in influential institutions such as the Council on Foreign Relations, the Trilateral Commission or the Bilderberg Group.

Belfer’s board members and alumni include prominent China-hawks who have been instrumental in shaping Anglo-American foreign policy towards China. For example, former Belfer senior fellow Kurt Campbell was the key architect of the Obama Administration’s “pivot to Asia”. In 2021, the Biden Administration appointed Campbell to Deputy Assistant to the President and Coordinator for Indo-Pacific Affairs in the National Security Council. Notably, Professor Brahma Chellaney, originator of the “debt-trap diplomacy” narrative, is an alumnus of the Belfer Center.

According to the 14 May 2018 *AFR*, *Debtbook Diplomacy* was written under the supervision of former US Assistant Secretary of Defence, Professor Graham Allison, the founding dean of Harvard Kennedy School and a Belfer Center board member, who teaches Central Challenges in American National Security, Strategy and the Press. *Debtbook Diplomacy* appeared to closely reflect Allison’s own opinions—the *AFR* reported that Allison said China has a portfolio of “economic warfare”, including “cheque book” diplomacy, bribery and trade leverage. “The Chinese have been smart about this for a long time”, he said. “Economic balance of power will become more powerful than the military balance of power.”

Notably, Allison has been a protégé of geopolitician and former US Secretary of State Henry Kissinger for over fifty years; in addition, the Belfer Center itself is effusive in its praise of Kissinger and has hosted numerous events in his honour. Belfer alumni and board members who are influential contributors to Anglo-American China policy, are associates or former students of Kissinger. In an 11 July 2017 interview with Kissinger at the Harvard Club in New York, which took place when Allison was supervising *Debtbook Diplomacy*, Kissinger described the Belt and Road Initiative (which he referred to as One Belt One Road) as a “huge notion”, which was the “projection of China across Eurasia”.

It is evident that Kissinger views the Belt and Road Initiative within the geopolitical doctrine of Halford Mackinder (1861-1947), a British geographer considered to be the father of so-called “geopolitics”. In 1904 Mackinder declared that Eastern Europe, Central Asia and Russia, also called the “Eurasian Heartland”, were the “pivot area” of world geopolitics; asserting that whoever controlled the Heartland would command the world.² Kissinger was highly influenced by Mackinder’s Heartland theory, warning in his 1994 book *Diplomacy* that: “Geopolitically, America is an Island off the shore of a large landmass of Eurasia, where resources and population far exceed the United States. The domination by a single power of either of Eurasia’s two principle spheres—Europe or Asia—remains a good definition of strategic danger to



Harvard Kennedy School dean Professor Graham Allison interviewing his mentor Henry Kissinger. Photo: Screenshot

America.... For such a grouping would have the capability to outstrip America economically, and the end, militarily.” The Citizens Party has documented the Mackinder doctrine’s influence over the United States’ modern “Indo-Pacific Strategy” (*AAS*, 20 January 2021). Kissinger was himself effectively a British agent while in the US government, confessing later that as an American national security advisor under the Nixon and Ford Administrations, he “kept the British Foreign Office better informed and more closely engaged than I did the American State Department”.

In Mackinder’s terms, Kissinger told Allison that the BRI was “a concept for the organisation of Eurasia with China as the leading power. ... When the theory of geopolitics was first developed by Mackinder, he wrote about Central Asia being the heartland of geostrategic thinking. In a way that’s what this is. It’s an assertion that the world will have to redefine itself.”

Kissinger acknowledged that there was a danger that US-China military escalation in the South China Sea could one day “get out of hand”, but stated that he was not worried about that. Rather, Kissinger was “worried about the One Belt One Road. But there’s no way we can stop it, because it’s not a military plan. It is a plan that tries to create infrastructure projects all over Central Asia, high-speed railways to the Europe ... it organically links these territories.”

Given Allison’s oversight role, it is not surprising that the student authors of *Debtbook Diplomacy* reflected such British geopolitical concepts in their report. For example, the report asserts that “debtbook diplomacy” is “by itself neither an economic tool nor a strategic end. Rather, it is an increasingly valuable technique deployed by China to leverage accumulated debt to advance its existing strategic goals. Three strategic targets for debtbook diplomacy would be: filling out a ‘String of Pearls’ to project power across vital South Asian trading routes; undermining US-led regional opposition to Beijing’s contested South China Sea claims; and supporting the PLAN’s [People’s Liberation Army Navy] efforts to break out of the First Island Chain into the blue-water Pacific.”

It is clear from this examination of the debt-trap narrative that the fear of those pushing this view is not actually of China projecting its power all over the world; rather, they fear that by China cultivating good relations with many other countries, the USA would start to be constrained in its ongoing ability to project military power globally, including against China. With its power diminished in this way, the USA would no longer be able to enforce the neoconservative Wolfowitz doctrine that it must stop the rise of any possible military or economic rival—spelling the end of the Anglo-American empire and unipolar world order. While this is the ultimate nightmare to the neocons controlling US and UK foreign policy, to most of the rest of the world—who are weighing up China’s approach of win-win cooperative economic development against the Anglo-American powers’ never-ending regime change wars and “rules-based order” enforcement of the Wall Street-City of London system of economic looting—it is an increasingly welcome development.

2. “Xinjiang: China’s western frontier in the heart of Eurasia, Part 1”, *AAS*, 18 November 2020



Belt and Road opposition is a century-old ‘Great Game’

By Melissa Harrison

The current opposition to China’s Belt and Road Initiative (BRI), a vast transcontinental infrastructure project aimed at fostering national development and modernising land and sea trade routes, has been cultivated and propagandised by key elements of the Anglo-American establishment. However, the demonising of inter-country infrastructure projects is not a new phenomenon. For over a century, BRI-predecessor projects proposed by countries as diverse as America, Japan, Russia and European nations, were targeted for derailment by the same Anglo-American power structures that are viciously fighting the BRI today.

In the 19th century, the British Empire battled the Russian Empire for control over the strategically-important and resource-rich region of central Eurasia. For over a century, the British manoeuvred for dominance of Eurasia through military and intelligence operations, which became known as the “Great Game”.

British imperial schemer Halford Mackinder’s geopolitical theories were highly influential on successive Anglo-American geopoliticians and strategists; even today, the BRI has been framed in Mackinderite terms. For example, Henry Kissinger, an American geopolitician and national security advisor under the Nixon and Ford Administrations, warned in his book *Diplomacy* (1994) that: “Geopolitically, America is an Island off the shore of a large landmass of Eurasia, where resources and population far exceed the United States. The domination by a single power of either of Eurasia’s two principal spheres—Europe or Asia—remains a good definition of strategic danger to America.... For such a grouping would have the capability to outstrip America economically, and in the end, militarily.”

Kissinger, who admitted that as Secretary of State he “kept the British Foreign Office better informed and more closely engaged” than his own US State Department, framed the BRI in Mackinderite terms in an 11 July 2017 interview at the Harvard Club in New York. Kissinger described the Belt and Road Initiative as a “huge notion”, which was the “projection of China across Eurasia”. Kissinger asserted that the BRI was “a concept for the organisation of Eurasia with China as the leading power. ... When the theory of geopolitics was first developed by Mackinder, he wrote about Central Asia being the heartland of geostrategic thinking. In a way that’s what this is. It’s an assertion that the world will have to redefine itself”.

British imperial (and later Anglo-American) opposition to transcontinental infrastructure projects—in the context of geopolitical “balance of power” concepts and because modernised overland trade routes threatened to supplant Britain’s economic supremacy as a maritime trade power—goes back over a century.

19th century: America and continental Europe

The majority of Australians would be unaware that China’s Belt and Road Initiative, which has been much maligned in Australia, is rooted in the nation-building tradition of American nationalists such as Henry C. Carey, who was economic advisor to American President Abraham Lincoln. Lincoln himself championed government-funded infrastructure projects such as the first American Transcontinental Railroad, which was completed in 1869, four years after Lincoln’s assassination.

Carey was a staunch champion of nations cooperating on

infrastructure projects, with the aim of industrialising other countries and uplifting their citizens. Carey was fiercely opposed to British imperialism, instead envisioning the industrial transformation of Russia and China with extensive railway networks, and wanted to support Germany to become an industrial superpower and America’s partner in global development.

Lincoln’s Transcontinental Railroad served as the model for similar infrastructure projects in Europe and the Middle East. Russian policy makers, directly influenced by Carey’s circle of American nationalists, commenced construction of the Trans-Siberian Railroad in the 1880s. Russian Finance Minister Sergei Yulevich Witte, who led the Trans-Siberian Railroad project, was one of a number of strategic thinkers in Europe who envisioned a continental coalition of European nations collaborating on global economic development, including with the United States, with the overarching aim of ending the geopolitical machinations of the British Empire. Similarly inspired, the father of modern China, Sun Yat-Sen, was deeply influenced by the American System and strongly opposed British imperial policies. Sun proposed a national rail system to integrate all of China, which would then also connect China to Eurasia, linking up Russia, Central Asia, India, Europe and Africa. (*AAS*, 18 Nov. 2020)

The Trans-Siberian Railroad, and other rail projects such as Germany’s plans to build a Berlin-to-Baghdad Railway, deeply alarmed the British Empire, which was then motivated to instigate operations which led to the physical implementation of Mackinder’s geopolitical doctrine—World War I.

1940s: America

In the wake of close America-China engineering and infrastructure project collaboration which had occurred prior to World War II, in 1944 US Vice President Henry Wallace authored America’s own “Belt and Road” proposal, titled “Our Job in the Pacific”. Wallace travelled to China in July 1944 to present his proposal, which was America’s policy for collaboration with China to industrialise the nation with major infrastructure projects, including the modernisation of China’s agriculture. President Franklin Roosevelt and Wallace envisioned post-war China being the linchpin of ending colonialism and fostering development and industrialisation in Asia, and for lifting up former colonial nations worldwide. Towards the end of the war, FDR and British Prime Minister Winston Churchill clashed over the need for Britain to cease its colonial “18th-century methods”, and over the post-war financial order. Churchill intended to maintain the British imperial system which was controlled by private financial interests, but Roosevelt advocated for a financial system based on the American System of national banking which supported economic development. (*AAS*, 20 May 2020)

In 1943 a copy of Wallace’s plan was obtained by later-famed children’s author Roald Dahl, who was then a military attaché at the British Embassy in Washington and had been dispatched to spy on Wallace. Churchill read Wallace’s plan with deep shock and alarm. The British initiated a regime-change operation, which involved Churchill, the British ambassador to the USA and the head of MI6 pushing to have Wallace replaced as Roosevelt’s running mate in 1944, which derailed the America-China infrastructure project.

After Roosevelt's untimely death the following year, Wallace's replacement, Harry Truman, took a very different approach.¹

1970s-1990s: Japan

In the late 19th century, Japan was introduced to the Hamiltonian American System. This influence directly contributed to Japan's dramatic and rapid transformation into a modern industrialised nation. Building on Japan's experience, in the late 1970s the Mitsubishi Global Infrastructure Fund proposed that G7 nations should participate in a \$500 billion (\$2.5 trillion in today's terms) proposal to collaborate to build international infrastructure projects, including a "new Silk Road" across Eurasia. Although the proposal received strong support from leading figures of Japanese industry, it was rejected by the financial establishment of the City of London and Wall Street.²

From the mid-1980s to the early 1990s, Japan again attempted to use its industrial know-how to uplift African nations. Japan's methods were in sharp contrast to those of the IMF and World Bank, which refused to fund infrastructure and heavy industry projects, instead keeping African countries on a drip-feed of aid with no hope of gaining economic independence. Instead, Japan proposed intensive development of infrastructure, industry, health, education and technical training, conducted both in Africa and in Japan. However, Japan's program for the industrial development of African nations directly threatened the neocolonial Anglo-American financial system's looting of Africa's resources and exploitation of cheap African labour. The proponents of the program identified that past interventions from the IMF, in forced privatisations and deregulation in the tradition of the "free trade" system, had reduced African nations to a raw materials supplier.

Reminiscent of the current allegations against China's BRI, there was a wave of "yellow peril" hysteria throughout Europe and the USA. Japan's aim to assist with the development of Africa was demonised as the first volley in Japan's grand plan to take over the entire world. Accusations included "debt-trap" allegations, which have been recycled for today's slandering of the BRI. These attacks on Japan are the more extraordinary given that all along it was a close US ally. In the wake of these and other attacks, Japan was forced to reduce aid to Africa and Japan's role in economic assistance gradually waned.

1990s: China

In the 1990s China revived the concept of a "New Silk Road" or "Eurasian Land-Bridge", proposing transcontinental rail and transportation projects, including a New Euro-Asia Continental Bridge. At a historic conference in 1996, themed "Economic Development of the Regions along the New Euro-Asia Continental Bridge", leading specialists from Iran, Russia, China and Eurasian nations met to discuss proposals for international cooperation on infrastructure projects, including in transportation, industry and agriculture. Sir Leon Brittan, the former UK Home Secretary under Margaret Thatcher and then-European Union commissioner for foreign relations, attempted to disrupt the conference, threatening retaliation if China dared to operate outside of the existing global financial architecture, or dared to stray from the financial policies of incumbent international institutions such as the IMF or the World Bank. (AAS, 18 Nov. 2020)

BRI demonisation is the Empire striking back

According to the OECD, 90 per cent of global trade still goes by sea, and maritime trade volumes are expected to triple by 2050. Although Britain's commitment to free trade and neoliberal policies has decimated the UK's physical shipping industry, London is still the global centre for maritime financial services, which includes insurance, ship broking, law services, education, finance and accounting; the UK has a 25 per cent share of the overall global market. However, Britain has been gradually losing market share as other maritime centres, including in Asia, build their capabilities.

In May 2018, neoconservative British think tank the Henry Jackson Society (HJS) authored a report, *Global Britain in the Indo-Pacific*, which was the forerunner of official UK policy towards China, which is increasingly hostile.

HJS framed China's BRI in geopolitical terms, espousing one of Mackinder's contemporaries, American geopolitician and naval strategist Alfred Thayer Mahan. HJS claimed that the projected economic growth in Asia and subsequent increase in maritime trade meant that "a new Mahanian era is upon us". New security alliances in the Asia-Pacific, namely the Quad (a security alliance between India, Japan, USA and Australia, which is aimed at containing China), meant that a "sort of Great Game 2.0 is in development". HJS acknowledged that if "the Indo-Pacific is indeed a new Great Game, the stakes are impressive"—the region is projected to dominate global economic growth over the next few decades. HJS posited that although the BRI would admittedly bring the price of land-transported goods down in the long term, it was allegedly unclear that there would be any short-term effect (HJS sneered at China's state-backed BRI-funding institutions, which it claimed were "famously inefficient"). HJS demanded that a Global Britain "must go to Asia and it must go by sea", because "the future of global trade, global geopolitics, and global power are trending toward Asia and the UK must go there or risk being left behind".

Under the BRI, China has revived the American System's Hamiltonian tradition of using public credit to finance large-scale infrastructure projects, outside of the incumbent global financial system, of which the USA and UK are the main beneficiaries. HJS admitted that "British influence and power depend[s]" upon the so-called "rules-based international system. ... *Chinese alternatives would not be favourable to British interests*". According to HJS, the economic part of the rules-based international system includes US-UK dominated post-Bretton Woods institutions such as the International Monetary Fund (IMF), World Bank and World Trade Organisation, which HJS claimed were "developed along Adam Smith's liberal-capitalist principles"—the free-market ideology which has enabled decades of looting by City of London and Wall Street banks and corporations. HJS stated that "China seems to be the most likely—and the ablest—to radically change [the rules-based international order] in a way contrary to British interests", i.e., by offering developing nations an alternative economic approach. Previously, nations were forced to implement neoliberal reforms such as deregulation and privatisation, which exposed them to City of London and Wall Street looting, if they wanted to access finance from the IMF and World Bank.

China's adoption of the American System, with the aim of supporting international cooperation to develop modern trade routes under the BRI, is a dire threat to the "informal financial empire" centred in the City of London and Wall Street. It is no surprise that the same Anglo-American interests which attacked the BRI's predecessors are now driving the demonisation of the Belt and Road Initiative.

1. David Shavin, "When the United States offered a 'Belt and Road' to China", *EIR*, 16 Aug. 2018. (Republished, *Australian Almanacs* 25 May, 1 June.)

2. Michael Billington, "Japan Got the 'China Treatment' When It Tried to Launch Development in Africa", *EIR*, 31 July 2020.