

Enormous West Virginia-China Energy Deal Is a ‘Win-Win’ Economic Paradigm for the U.S.A.

by Timothy Rush

It gives us jobs, and it gives us hope. It gives us real life. ...

I would say to all of y’all, who may be doubters, don’t get on the wrong side of it, because really and truly, it’s a’comin,’ it’s a’comin’.

—West Virginia Governor Jim Justice,
at a Charleston, W.V. press conference,
Nov. 13, 2017

The largest single component of the \$250 billion in Chinese investments in the U.S.A. announced during President Trump’s historic “state visit-plus” to Beijing Nov. 8-10 was a stunning \$83.7 billion investment by China Energy in liquefied natural gas storage, power generation, petrochemical production, and industrial processing in the state of West Virginia. The amount, to be invested over a 20-year sequence of projects, is substantially more than the state’s 2016 GDP of \$73.4 billion. China Energy, a part state-owned, part-private company, is the product of the recent merger between the Shenhua Group, China’s largest coal producer, and Guodian Group, its largest energy producer. The China-West Virginia deal was signed in the presence of President Trump and President Xi Jinping.

West Virginia’s impoverished condition makes it one of the three states with absolute population loss (Illinois and Maine are the others), falling life expectancy, high drug use and death

rates, and high unemployment. The deal is designed, on the part of both the Trump administration and the leadership of China, to demonstrate the benefits of U.S. collaboration with China’s vast Belt and Road Initiative, the New Silk Road framework now involving 80 countries and trillions of dollars of investments.

The deal rests on use of West Virginia’s plentiful natural gas, a problematic source of energy extracted by shale fracking. But as Governor Jim Justice emphasized in his Nov. 13 Charleston press conference, the investments are not based on extraction of natural resources, but on “moving up the value chain. ... The



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West Virginia Governor Jim Justice, announcing on Nov. 13, 2017, the \$83.7 billion investment by the China Energy Investment Corporation in West Virginia.



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West Virginia Commerce Secretary Woody Thrasher, who signed the deal in Beijing, speaking at the press conference with Gov. Justice.



Presidents Trump and Xi witnessed West Virginia Secretary of Commerce Woody Thrasher and China Energy President Ling Wen sign an MOU between China Energy and the state of West Virginia, as part of the U.S.-China Business Exchange trade mission.

first thing we're going to do in every shape or fashion, is create manufacturing," he stressed. State Commerce Secretary Woody Thrasher, who signed the deal in Beijing, stated this is "the exact opposite" of U.S. companies going to China to invest in factories there, and then buy the finished goods back. "These are Chinese dollars invested through Shenhua Corp. to build bricks and mortar facilities within West Virginia that will use our raw resources, convert those raw resources into value-added finished products, which in turn are purchased back from us ... This is the best thing that could possibly happen." He estimated the investments could result in 100,000 new skilled jobs in West Virginia.

The West Virginia University (WVU) Energy Institute [provides](#) more detail and links on this initiative.

Last-Minute Drama

Governor Justice and Secretary Thrasher outlined the dramatic sequence of events just before the

deal was signed, at their Nov. 13 press conference. Though there had been a 15-year collaboration between Shenhua and WVU's Energy Institute, it was a trip the Governor asked Thrasher to make to Japan and China in March of this year, under the injunction, "Go find jobs for West Virginians," which set the gears in motion. But even one week before the Nov. 9 signing, after the exchange of several delegations back and forth, the plan was close to an impasse, and the Chinese delegation had moved on to Texas. The Governor drew on a strong personal friendship with the President—what he called his "Trump card," intersecting the manifest

desire of both U.S. and Chinese officials to announce major projects during the President's trip to China. In one day, the West Virginia deal was moved "to the top of the list." While Gov. Justice's dramatic announcement in August at a Trump rally in Huntington, West Virginia, that he was switching his party affiliation from Democrat to Republican, got big national press



Presidents Xi and Trump share a joke.



John F. Kennedy Presidential Library and Museum.

Senator John F. Kennedy during his May 1960 presidential campaign in West Virginia.



John F. Kennedy Presidential Library and Museum

JFK during a campaign stop in Chesapeake, WV, April 13, 1960.

play-up, the \$83.7 billion energy and manufacturing deal with China got almost zero national press attention. This is consistent with the media pattern of misleading or non-coverage of the Trump trip to Asia as a whole.

American System Thinking: Lincoln, FDR and JFK

Governor Justice, who built the state's largest agricultural enterprise to add to the large coal operations developed by his father, is "all in" on the deal, as he phrased it. He reflects West Virginia's identity as a producer state, in hardscrabble, mountainous conditions. He stressed elements which hark back to the "American System" of Alexander Hamilton and Henry C. Carey. In his press conference, he repeatedly emphasized that he had put labor and business interests together; that "Democrat," "Republi-

can" and "Independent" labels were not important. In answer to a question about whether some parts of the state would benefit more than others from the investments, he made clear that the whole state, and in fact the whole Mid-Atlantic region, would benefit. He estimated the deal could boost

state revenue by \$1 billion a year, a 20% increase from the current \$4.6 billion. "That could go all over our state, education, our veterans, our disabled... it can be distributed everywhere."

The deal taps a special historical legacy of the state. West Virginia was founded in 1863 by Pres. Lincoln, in recognition of the area's stand against slavery (it had previously been part of Virginia). During the New Deal, the state benefited hugely from the road-building and other infrastructure efforts of the FDR Administration. In 1960, Kennedy famously "found his voice" in the campaign for West

Virginia's May primary. His victory there was a decisive step in his rise to nomination and election. There is a touching display in the lower level of the rotunda of the State Capitol (a beautiful building completed in the Great Depression), commemorating Kennedy's special involvement with the state. To this day, pictures of Lincoln, Roosevelt, and Kennedy, abound on the office walls of state legislators, Democrat and Republican alike.

In 2013 and 2014, a LaRouche PAC initiative spurred resolutions in the West Virginia state legislature calling on Congress to re-enact Franklin Roosevelt's Glass-Steagall banking law. Close to half of the 100 members of the House of Delegates, on a bipartisan basis, became co-sponsors.

The area which most galvanized Kennedy's shock at the extent of Appalachian poverty was McDow-



John F. Kennedy Presidential Library and Museum

JFK campaigning in West Virginia, 1960.

ell County, a center of coal-production in the southern part of the state. But bad as things were then, today they are much worse. Seventy percent of the children live in a household without a working adult. The county's population has fallen from 71,000, third

largest in the state, to 21,000. Life expectancy is the lowest in the United States for men and the second-lowest for women. This is the human devastation so powerfully addressed in the China-West Virginia deal.