Exercise Economics

A CHALLENGE TO PESSIMISM

Asian Investment Bank Will Finance Great Projects

by Helga Zepp-LaRouche

Oct. 24—There is an unmistakable indicator that provides information about whether a government is making good policy or not: If the majority of the population is happy and optimistic about the future, the government would appear to be fulfilling its mission to serve the common good. Should the vast majority of people, however, be pessimistic about the possibility of change and a better future, then this government is obviously pursuing a bad policy. By this standard, the governments of China and India, for example, have an excellent policy, and the governments of Europe an abysmal one. In Germany, around 90% of people believe that "Man kann ja sowieso nichts machen" ("You cannot do anything anyway.")

This vague feeling of powerlessness comes from diverse causes, of which here only one should be singled out, and this is the (consciously or unconsciously) perceived discrepancy between the public statements of politicians about their intentions and the evaluation of any particular policy, and the entirely personal experience of the impact of this policy on the victims themselves.

Confucius once gave the following answer to a prince, on the question of what the Master expects when someone exercises power in the government:

Certainly the rectification of concepts. If the concepts are not correct, the words do not agree;

if not the words, then the deeds do not come about; if not the deeds, then neither morality nor art flourish; if morality and art do not thrive, the penalties do not apply; without the penalties, the people do not know where hand and foot must be set. Therefore the superior man makes certain that he can translate his ideas into words in all circumstances, and that he can convert his words, at all costs, to action. The superior man does not tolerate any disorder in his words. Everything depends on this.

—Confucius, Lun Yu (3.13)

The Asian Infrastructure Investment Bank

A very good example of this problem of concepts not jibing with actions, is the reaction of the U.S. administration to the signing of an agreement on Oct. 24, establishing the Asian Infrastructure Investment Bank (AIIB), by 21 Asian nations (Bangladesh, Brunei, China, India, Cambodia, Kazakhstan, Kuwait, Laos, Malaysia, Mongolia, Myanmar, Nepal, Oman, Pakistan, Philippines, Qatar, Singapore, Sri Lanka, Thailand, Uzbekistan, and Vietnam). After U.S. Secretary of State John Kerry, during the UN General Assembly and during his recent Asia trip, applied maximum pressure to convince the governments of Asia not to participate in the AIIB, U.S. Treasury Secretary Jacob Lew declared: "The critical question is, 'Do they follow the

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Chinese Finance Minister Lou Jiwei addresses the opening ceremony of the meeting establishing an Asian Infrastructure Investment Bank, Beijing, Oct. 24, 2014. The AIIB will mainly fund projects of the New Silk Road and the Maritime Silk Road.

same kinds of practices that are working to help economies grow and to maintain strong and stable foundations?"

In reality, it has less to do with growing economies than with the fact that the AIIB, as well as three other newly established banks—the New Development Bank of the BRICS countries, a development bank of the Shanghai Cooperation Organization (SCO), and a Bank of the South Asian Association for Regional Cooperation (SAARC)—are in practice escaping the so-called "Washington Consensus." These new banks no longer participate in the casino economy, and instead they are only granting credits for investments in the real economy. The AIIB will mainly fund projects of the New Silk Road and the maritime Silk Road.

Chinese President Xi Jinping made the point at the founding ceremony: "In China we have a saying: If you want to be rich, first build a road." And I think that's a very vivid description of the great importance that infrastructure has for economic development. This is precisely the principle which China has applied in the unprecedented economic development in their own country, in which it was possible to create, in three decades, an economic leap which took the industrialized nations several centuries. China has not only constructed a network of superbly built highways, of

which the U.S. and Europe can only dream, it is now even the world leader in the construction of high-speed railways, and has also for some years made the leap to an innovation society which trains thousands of students in high-technology fields, while the U.S. and Europe train only a relative handful.

China, which initiated the plan for the AIIB, is at pains to emphasis the bank's openness to non-Asian nations. According to *China Daily* on June 30, Wei Jianguo, vice-chairman and secretary-general of the China Center for International Economic Exchange, "said the

multilateral bank aimed to attract more than 30 nations. He emphasized that the AIIB is an open and inclusive platform that welcomes not just nations from Asia, but others as well, including the United States and European countries."

Financial Crash and Ebola

The trans-Atlantic financial system now faces a mega-crash, which will make the 2008 collapse of Lehman Brothers and AIG look like "peanuts." Ironically, the Bank for International Settlements (BIS), the central bank of central banks in Basel, Switzerland, warned of a new crash, caused by the abundant cheap money and the bubbles and excesses it generated. Former BIS chief economist William White regards the situation as even more fragile than it was in 2007, in view of the (roughly 50%) increase in global debt.

At the moment, every indication is that, as a result of the European Central Bank's stress tests for European banks, the so-called TBTF banks, "Too Big To Fail," will become even bigger, because they are to be given the opportunity to take over commercial and regional banks, as well as savings banks that do not pass the stress test. This means the further extension of the current criminal financial system, with the same means

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of printing money, brutal austerity policies, and redistribution of wealth from the poor to the rich, resulting in even more disasters threatening mankind. The total disintegration of the trans-Atlantic financial system is inevitable.

Back in 1974, just three years after Nixon had paved the way for today's casino company through the abolition of fixed exchange rates and the detachment of the dollar from the gold reserve standard, Lyndon La-Rouche had initiated a scientific task force which concluded that the "conditionalities" policy of the IMF and the World Bank toward developing countries, which was already emerging at that time, would lead in the medium term to a biological holocaust. LaRouche warned that they could not dramatically lower the standard of living of entire continents with impunity, without propagating the spread of old and new diseases that would threaten the existence of all humanity at some point.

LaRouche has reiterated these warnings over and over again in the decades since, including in hearings before the U.S. Congress. And the World Health Organization (WHO) in 2001, published a forecast that a time window of about ten years remained in which to take effective measures against the spread of old and new epidemics and the emergence of antibiotic-resistant pathogens. But as is well known, development programs to liberate the countries of the Third World from poverty were not undertaken, nor did governments and pharmaceutical companies invest funds in the research required to understand the risk of a biological holocaust, through a deeper understanding of the question of life in the biosphere in general, as well as what Vladimir Vernadsky called the biogeochemical interactions of different organisms.

If there is to be any hope of stemming the Ebola pandemic and preventing it from spreading over the globe, an international steering committee must be immediately established that will coordinate all existing capabilities—military defense against biological warfare, as well as disease control. There must be an airlift of medical personnel, equipment and food for the West African countries, which must exceed the scope of the airlift for West Berlin after the Second World War, given the dimensions of the current disaster

Using a combination of airlift and deployment of hospital ships from all countries that have them, about

10,000 hospital beds at the necessary Level 4 for trauma care must be provided on site as soon as possible. And all the scientific resources of private industry, universities, and the military must be pulled together internationally to develop a crash program, in the style of the Manhattan Project, to develop vaccines and safely test them.

Lifeboats on the Titanic

To prevent the combination of a global spread of Ebola, and the crash of the trans-Atlantic financial system—not to speak of the spread of IS terrorism, not only in the Middle East, but its impact on the entire strategic situation—from leading tochaos and a new, this time, thermonuclear world war, then we need a fundamental paradigm shift.

Against this background, the AIIB and the other new banks in Asia do not represent competition to the IMF, World Bank, or Asian Development Bank (ADB), but rather they are in a sense the lifeboats, at the point when the trans-Atlantic *Titanic* sinks. We have to stop letting the politicians mumble their empty slogans, when we know that they are lying or just trying to promote the geopolitical interests of the financial oligarchy through some clever PR trick, as was the case in the example cited from Jacob Lew.

Confucius is right: If the concepts don't match the words, the deeds do not come about, and neither morality nor art will prosper.

As for the favorite phrase of the Germans—"You cannot do anything anyway"—the following applies:

First, it certainly *is* possible to change things. We can see to it that Germany cooperates with the BRICS countries in the development of the New Silk Road, and helps to overcome the conditions of poverty which are the cause of the outbreak of the threatening pandemic. And second, if we stay with the pessimistic view, then it becomes a self-fulfilling prophecy, because then, perhaps sometime soon, there will actually be no one left who can still do anything at all.

The first step must be to admit the failure of the policies of the IMF, World Bank, and the financial oligarchy, and also our own inner intellectual corruption, which has brought so many of us to stand on the sidelines and watch the goings-on of this criminal system for so long—and, in some cases, to be its beneficiaries.

Translated from German by Daniel Platt