
Economics Briefs

Attacks on Georgieva over China Could Make Fanatic Carney Head of the IMF

Reports from *Bloomberg News*, the *South China Morning Post*, and the UK *Business Standard* have it that U.S. Treasury Secretary Janet Yellen has refused calls from IMF Managing Director Kristalina Georgieva in order to show disapproval of Georgieva's "pro-China" handling of a World Bank ranking of countries for investment several years ago. The *Washington Post* attacked Georgieva in a Sept. 26 editorial for supposedly favoring China in the World Bank's 2018 "Doing Business Index"; and anti-China Senators of both parties have asked Yellen to take some action.

Georgieva was Executive Director of the World Bank at the time, and denies doing anything more than asking the team preparing the Index to check their data. China was essentially neutral in Georgieva's election as head of the IMF the following year; her support came mainly from European countries.

If the cutoff of telephone communication indicates coming pressure from the Treasury for Georgieva to resign, it could lead to much worse green fanaticism at the IMF. A leading candidate to head the IMF in summer 2019—when Georgieva was elected—was Mark Carney, the most influential and most climate-fanatic of central bankers as head of the Bank of England for seven years, and now the UN's Special Envoy on Climate Action and Finance, as well as a leader of the World Economic Forum. At that time, French officials headed the search for a new

Managing Director of the IMF, and the UK and France were seriously fighting over Brexit. London's *The Guardian* reported that Carney was removed from the short list by French Foreign Minister Jean-Yves Le Drian.

Giving Carney another shot might result in his heading the IMF, just about the only major global monetary or climate post he had not held over the past decade. Given Carney's known "climate warrior" conduct toward banks and corporations of all sizes, and his public demands that African countries give up economic development in order to receive "carbon credit" payments from multinationals, that would be virtually the same as making Prince Charles the IMF Managing Director.

China Handles Evergrande Crisis Without a Bailout

From its first publication of a notice about the China Evergrande bankruptcy threat, *EIR* has noted that the People's Bank of China (PBOC) and the bank regulators in Beijing were doing what had never been done, but should have been done, when big, speculative financial corporations threaten to fail. They were notifying Evergrande's major bondholders to prepare for a large haircut, and compelling the company to direct its funds to fulfilling its contractual commitments to households and to the Chinese economy—in this case, completing construction of housing in which households had already invested.

On Sept. 23, this became very clear when Evergrande, clearly under direc-

tion of the regulators, did not make an \$83 million interest payment on dollar bonds to international investors, but did channel funds toward accelerated completion of certain housing projects. Some financial websites like Zero Hedge referred to this as "step-by-step nationalization" of the company with an implicit pledge of credit for housing construction purposes only; but that is beside the point. The PBOC and regulators are taking an approach consistent with putting people first, and pursuing restructuring agreements for a large "haircut" on its debt with bondholders.

An article on Sept. 24 in *Asia Times* said: "Far from a Lehman moment, the Evergrande crisis was a preemptive popping of a bubble—the sort of action that U.S. authorities might have been wise to take in 2004 before the collapse of the U.S. housing market nearly took down the global banking system."

Energy Prices Hit Dutch Food Production

Spiking European gas and electricity prices are forcing Dutch greenhouses to limit output or go dark, *Bloomberg News* [reported](#) Oct. 1. The Netherlands is second only to the United States for food exports by value, primarily thanks to 25,000 acres of greenhouses. Its exports of vegetables such as cucumbers, tomatoes and bell peppers, and flowers, from greenhouses were \$10.7 billion in 2020. In these categories only Spain exports more, and it, too, will have food output cut by shortages of energy and carbon dioxide.

Europe's Life Expectancy Falls Due to COVID; Study Ignores Starvation Elsewhere

Reuters reported that the University of Oxford has looked into life expectancy and found a decline unprecedented since World War II. The university's own article on the study is headlined, "COVID-19 Has Caused the Biggest Decrease in Life Expectancy since World War II." The full study is titled: "Quantifying Impacts of the COVID-19 Pandemic Through Life-Expectancy Losses: A Population-Level Study of 29 Countries."

But according to the Sept. 24 statement of David Beasley, Executive Director of the UN's World Food Program, since the start of 2020 the entire world has suffered 4.7 million deaths from COVID, and 16.7 million from starvation. "This year 20 million may die from hunger." Most of these 17 million have not died in Europe or in the United States, but in the underdeveloped countries of Africa; Southwest, Southeast, and South Asia; and South America. These nations do not maintain such comprehensive and accurate death registers that Oxford researchers can easily study them. Therefore, the actual drop in worldwide life expectancy from pandemic, war and famine over the past 18 months may be larger than one year of life, and its biggest cause is famine and war.

Malthusian 'Great Reset' Policy Is Breaking Down Advanced Economies

The policy of U.S. and European governments since the September 2019 "repo crisis" and the March 2020 spread of the COVID pandemic has been dictated by the biggest central

banks and by City of London, Wall Street, and Frankfurt banks and investment funds. That policy has been to combine hyperinflationary money-printing for those banks and new government debt for "pandemic relief" programs; with incentives and pressure for the "shift of trillions" into a "green finance" wind and solar investment bubble. Despite economic collapse and large-scale unemployment, that policy has excluded investment in new productive infrastructure and productive employment.

European economies have been hit this summer and early fall by a doubling of the price of natural gas, which is still rising fast, despite increasing purchases from Russia's Gazprom. It passed \$26/million BTU at Amsterdam Sept. 27, rising another 11% for the day. The spiking price is shutting down supplies of CO₂ which slaughterhouses and food processors need, among others; and shutting down fertilizer plants. The natural gas price in Asia (from LNG) is even higher. In the UK, the natural gas price has quadrupled in 2021. The retail suppliers of power and energy are shutting down. Wholesale and retail gasoline/petrol stations are shutting down; BP, for example, acknowledged that 370 of its 1,200 sites in Britain were closed because they were out of fuel over this weekend. Britain and some other European countries which have closed down coal power plants are now trying to reopen them.

In the United States, nationwide freight transportation is breaking down. Well over 100 container ships, from the large to the huge, have now been waiting off the West Coast ports for up to a month, unable to unload. Once finally in port, turn-around time for one of these ships now averages six days. The third stage of blockage is in the railyards around the ports, where the average storage time for containers unloaded from the ships ranges from 6 to 16 days, depending on the port. This is usually just the

delay before a short-distance rail transport to a "railhead" or warehousing center for truck loading, since the great majority of freight still moves long distance by truck. Bloomberg on Sept. 26 quoted a Hapag-Lloyd shipping executive that this breakdown condition will last "at least through the end of the year."

The international shortage of semiconductor chips is projected to last at least until the end of 2022, and is still worsening. U.S. new car sales have dropped from a recent normal of 16-17 million/year, to 12 million projected in 2021 due to the lack of chips for new cars. There is also a corresponding sharp inflation in the price of used cars.

Bitcoin: UK Chancellor Wants Britons' Deposits in the Central Bank

A report in London's *Daily Mail* updates the thinking of Chancellor of the Exchequer Rishi Sunak, about a central bank digital currency (CBDC) of the Bank of England. Sources in the Treasury told the *Mail* that "Bitcoin" would pull commercial bank accounts into the Bank of England and "would allow the Bank to give the economy a boost in times of crisis by paying the 'Bitcoins' directly into people's bank accounts."

This means that in Sunak's plan, the digital accounts would be liabilities of the central bank, tending to make the Bank of England a deposit monopolist and threaten the existence of commercial banks. The *Mail* reports that "There are also fears the introduction of Bitcoin would lead to higher loan and mortgage rates as millions of people switched cash to central bank digital currency, eating into the amount of money High Street banks have on deposit to lend to borrowers."