

such a common bloc and a currency to back it up in terms of its physical economic capabilities.

Third is: nations that are part of this salvaging of the physical economies by breaking with the sinking *Titanic*, have to establish national currencies with fixed exchange rates—not a floating exchange rate, which opens the door to speculation with the dollar—and to defend that with exchange controls. Use that to establish Hamiltonian credit issued toward productive activities of exactly the sort that Lyndon LaRouche was just describing.

The need for such a complete wall between the speculative economy and the productive economy is at the heart of a Glass-Steagall type of arrangement. With that in place as a building block or a starting point, we then have the requirement of those three RIC [Russia, India, China] nations which, remember, were the start of the BRIC after the RIC, and then the BRICS [Brazil, Russia, India, China, South Africa]. They should expand by lending capital for productive activities for third-world development, the developing sector. Most nations of the developing sector will be very happy to join such an arrangement because they're being literally killed by the policies of the sinking, self-destructing, trans-Atlantic financial system.

It's extremely important, as a fifth point: for this type of a new arrangement to be offered to the United States and to the nations of Europe. This is what Lyndon LaRouche had always proposed: a Four-Power Agreement of Russia, India, China, and the United States. Where around proposals such as the Belt and Road Ini-

tiative of China, the offer is made to the United States and to Europe to join that activity which of course will benefit, not Wall Street, not the City of London, but it will benefit the population and the industry of that entire region. It's not such a huge change for the United States. It means only going back to the principles of Alexander Hamilton on which our American System of political economy was in fact founded.

Finally, and sixth: we propose that this new orientation, this approach of East-West cooperation for win-win development be applied to Ukraine; the hardest problem perhaps on the planet. Ukraine has been destroyed by 30 years of liberal economic policies, not just by the war. What this has meant is a collapse of its population by a third, a collapse of its labor force, a collapse of its manufacturing labor force by 25%. And this, in an economy which had been one of the most advanced industrial developed, with high technology, aerospace and other capabilities, nuclear energy and so on. And of course, the famous black earth, providing for agricultural capabilities.

These all must be rebuilt, and it must be rebuilt with joint cooperation between East and West. And in that fashion, Ukraine will become not the trigger for a potential thermonuclear war, but a reorganization around a Westphalian principle of the benefit of the other, being the basis for resolving the problems of the entire planet. We must take on the Ukraine challenge, not because it is easy, but because it is hard.

Thank you.

Prof. Justin Yifu Lin

China's Belt and Road Initiative: The Rationale and Likely Impacts

This is an edited transcript of the remarks of Justin Yifu Lin to the Second Panel of the Schiller Institute's April 9, 2022 conference, "For a Conference to Establish a New Security and Development Architecture for all Nations." Professor Lin is the Dean of the Institute of New Structural Economics, the Dean of the Institute of South-South Cooperation and Development, and the honorary Dean of the School of National Development at Peking University.



Justin Yifu Lin

Schiller Institute

This is a very timely conference, in a very challenging time of the world. I'm honored to be part of the panel and to share with you my own understanding about why China proposed the Belt and Road initiative, and what's the likely impact this new initiative will bring to the world.

The reason why China proposed the Belt and Road initiative, I think is because China wants to be a responsible stakeholder in the world.

Currently China is the second largest economy in the world, measured by market exchange rate. But if we measure by purchasing power parity, China is the largest economy in the world. China is also the largest trading country in the world, which is the reason why China will be a high-income country.

Like other major countries in the world, China should make a contribution to the development of the world, to the development of other countries; like the other developed countries, the U.S., the European countries, Japan, they all do the same.

Certainly, one way for China to make a contribution is through the existing global development cooperation architecture, that is, to join the IMF, the World Bank, and to increase China's contribution. That was initially what China intended to do.

So, in 2009, at the time, President Hu Jintao, reached an agreement with President Obama for China to increase its contribution to the IMF, to the World Bank, and certainly for China to increase its voting power in those institutions. There was an agreement, but unfortunately, the agreement was blocked by the U.S. Congress, so it could not be implemented.

Even if China could increase its contribution through the existing framework, without a vote, it may be questionable, because after the Second World War, the other countries contributed generously—\$4.6 trillion U.S. dollars, measured by 2007 U.S. dollar purchasing power—to help the developing countries to achieve their development. But so far, among about 200 developing economies in the world, only two have moved from low income to high income. One was South Korea, the other one was Taiwan China.

And in the 1960s, there were 101 middle-income economies in the world. By the time of 2008, when I became the chief economist and senior vice-president of the World Bank, only 13 of them had moved from middle income to high income, and among those 13, eight were European countries, surrounding Western Europe. There was Portugal, Spain, and the Greeks. Their income gap with the other countries was very small to begin with. Of the producing countries, the other five were Japan, and of course, more East Asian dragons, like Korea, Taiwan, Hong Kong, and Singapore. So from this statistic we can see, even with the generous support from the advanced countries, most developing countries in Latin America, in South Asia, in Africa, were trapped in low-income or middle-income status. They did not improve much.

And so, if China joined the existing architecture, by increasing more money support to it, the result is very likely to be similar. Why the other countries' generosity provided so much money, but did not get the result of development, of reducing poverty and alleviating hunger, I think was because most of the support from the advanced countries today were used in the humanitarian area, like education and health. Certainly, no one can say those areas were not important. For in a transparent democracy, no one can argue against those as important. However, those kinds of support could not create jobs, could not contribute to the growth, because they were not targetting the bottom line of job creation, the bottom line of growth in the developing countries today.

According to the Chinese experience, we have one saying: "If you want to get rich, if a country wants to get rich, build roads first," improve infrastructure first. Because if you can improve infrastructure, then you can adopt modern technology. And if you improve infrastructure, you can have industrial growth.

That was the reason why, in 2013, President Xi Jinping, when he visited Kazakhstan in September he proposed the Silk Road Economic Belt initiative. And in October that same year, he participated in the ASEAN summit in Indonesia, and he proposed the 21st Century Maritime Silk Road, to use infrastructure connectivity as a way for the global development cooperation to improve the infrastructure in the developing countries, as a way to help the development in the developing countries.

And for this purpose, China set up the Asian Infrastructure Investment Bank (AIIB). It had 57 founding member countries, and now it has 104 member countries. In terms of member countries, it is next only to the World Bank, so it is now the second largest multilateral development institution.

So far, also, 147 countries and 32 international organizations have signed cooperation agreements with China, to implement this Belt and Road Initiative. I think it's well received, because every country sees the needs of relieving the infrastructure bottlenecks for the development in their countries. And if this initiative can be implemented, I argue it is going to be changing the world.

We all know, the 193 member countries of the UN reached an agreement on the 2030 Agenda, that is, the Sustainable Development Goals (SDGs). We all know there are 17 goals, and every goal is very important: Zero poverty, zero hunger, good health, and so on. They are all desirable, but how do you achieve that? Goal number 8, decent jobs, will be essential. If you give

decent jobs to the people, they will have income, certainly they will not be poor, they will buy food, they will not be hungry, they will take care of themselves, they will have good health.

But how to deliver decent jobs to the people? You need to have industrialization; you need to have technological innovation. But to make industrialization possible, technological innovation, adopting the most modern technology possible, you need to have infrastructure. That's Goal number 9 of the SDG. And the

Belt and Road Initiative will allow countries to improve their infrastructure, allowing them to have modernization, industrialization, and bring decent jobs to their people, and with decent jobs, as I said, then they will have no hunger, no poverty, and good health.

So, I think, if we work together to use the Belt and Road Initiative as a new global development cooperation framework, a world free of poverty will be possible. Let me stop here.

Thank you very much.

Saeed Naqvi Media Role and Responsibility

This is an edited transcript of the remarks of Saeed Naqvi to the Economy Panel of the Schiller Institute's April 9, 2022 conference, "For a Conference to Establish a New Security and Development Architecture for all Nations." Mr. Naqvi is an Indian journalist, TV commentator, and interviewer.



Schiller Institute

Saeed Naqvi

I'm both embarrassed and flattered by being in the company of this august galaxy of professors and scholars, because we journalists are everything by starts, and nothing long. We are, within the course of one revolving Moon, chimers, fiddlers, text men, and buffoons. But, I qualify to intervene and take part in this very, very important conference because while my scholar friends have been working and poring over documents, I have travelled to 110 countries either with my cameraman or with my notepad and my pencil. So, that qualifies me, I think, to some extent, though not entirely.

I'm an Indian journalist. Time was when we thought we had something resembling a liberal press. Let me begin with something slightly different. Aeschylus, the Greek tragedian, the master of Greek tragedy in 400 B.C. or so, was also a warrior; in those days, people had these various definitions. And he said something, he said: "When war breaks out, the first casualty is the truth." I don't think this is rocket science that I'm revealing to you. My good friend, the late Phillip Knightley, wrote a book, a masterly catalogue of war correspondence, called *The First Casualty*—the "first casualty" being the truth.

Let me begin my narrative with the collapse of the Soviet Union, when the first imprimatur of a successful system on a defeated system was the Operation Desert Storm. People don't realize it. It was a much more important operation, in terms of the information order, than even the occupation of Iraq which took place in 2003. Why? Because, my friend Peter Arnett, from the terrace of the Al-Rashid Hotel in Baghdad, inaugurated something that you and I and generations had never seen. He

brought a war live into our drawing rooms via CNN. I remember that Dick Cheney, who was then Defense Secretary—he became Vice President later for the occupation of Iraq—he said, "Oh, I've been seeing the war is going very well. I've just seen it on CNN." And then Hosni Mubarak—it became an advertisement for CNN—"Oh, the war is going well. I've seen it on CNN."

Now, that war had the following effect: It pulverized Saddam Hussein. The victorious West had put its imprimatur, not only on the victory over the Soviet Union, but generally: "Now we are here. We are the sole superpower, and this is our imprimatur." That one telecast of Peter Arnett's divided the world into two sets of audiences: The victorious West, and the pulverized, defeated, humiliated Muslim world, again—where we stood in India is still a toss-up. And many societies, that is—it's a little googly I'm tossing at you.

Now, this went on: You had the two Intifadas and then the Bosnian war. In the Bosnian war, Europe said,