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### III. Asia Will Not Submit

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# Launch of AIIB Marks New Paradigm in Economic Governance

by William C. Jones

Jan. 18—The official launch of the much-anticipated Asian Infrastructure Investment Bank (AIIB) in Beijing on Jan. 16 has appeared as a ray of sunshine on an otherwise stormy, and even terrifying, economic and strategic horizon. Since Jan. 1, 2016, the entirety of the London/Wall Street trans-Atlantic financial system has entered into a new phase shift of accelerating and total collapse, just as Lyndon LaRouche warned in the days immediately prior to the recent Christmas season. This collapse has been accompanied both by increasing demands from the British Monarchy for world-wide population reduction accompanied by murderous austerity policies, as well as an escalation by the British Empire, via their puppet Barack Obama, toward a thermo-nuclear war confrontation with Russia and China.

The world sits at the precipice of hell, with London's Specter of Death prepared to unleash global genocide on a scale never before contemplated in human history. It is within this context that the singular launching of the AIIB should be seen—not as the solution to this crisis, but as a transformative initiative which expands the possibility for

breaking the power of London and Wall Street, and aiding in the creation of a new global economic system.

#### **Bail-Ins and Austerity**

The ongoing disintegration of the European financial system, a disintegration which is escalating day-by-day, has already resulted in the initiation of the “bail-in policy” at the beginning of this year, a policy which will rob holders of European bank accounts of their savings for the benefit of paying the debts of the speculators and gamblers. Under the bail-in, normal citizens can have their savings and deposits seized—without compensation—and then the stolen funds can be used to pay off the speculative financial debts of the very same banks and financial institutions. This is now the law in Europe, as well as in the United States, under the provisions of the Dodd-Frank Act.

The ravages of the last several years of austerity policies, imposed on the countries of Europe by the London-steered International Monetary Fund, have already brought many of those countries to their knees, resulting in both massive unemployment and drastic cuts in essential ser-



Xinhua/Li Xueren

*Chinese President Xi Jinping addresses the opening ceremony of the AIIB in Beijing on Jan. 16.*

vices. Now, as a result of the bail-in policy, the citizens of these same nations are in danger of losing their personal savings as well. The death rate in the most devastated countries in the south of Europe has been rising, as well as the suicide rate. And the collapse of the hospital systems portends the spread of new epidemic diseases, as we have seen recently in Brazil with the zika virus.

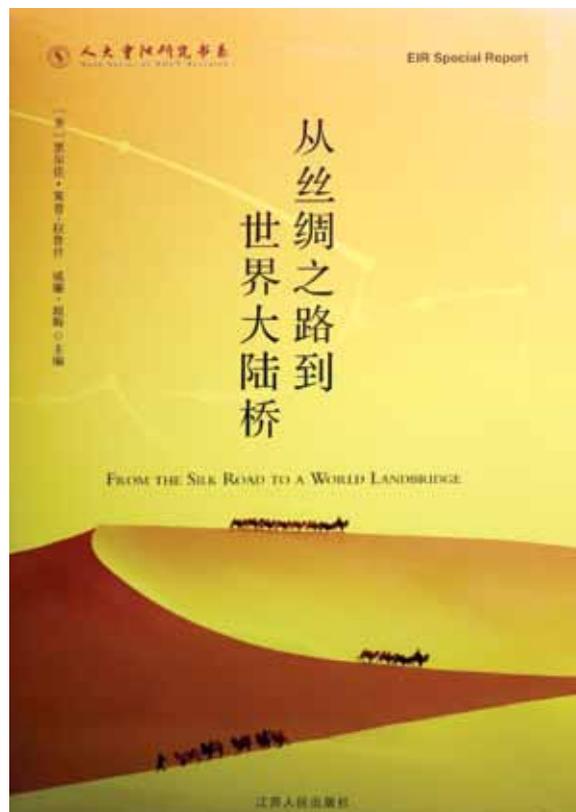
Similarly in the United States, the Obama policy has led to drastic cuts in public spending on needed infrastructure and services. The death toll in many states hard hit by the depression, like West Virginia, is rising rapidly. Conditions there are now being compared to those that prevailed in the early 1930s before the launch of Roosevelt's New Deal.

### The Chinese Initiative

It is in the context of this worsening nightmare that a bright light is beckoning from Asia, largely to be found in the sane economic policies of the nation of China.

Despite the recent “turbulence” in the Chinese financial markets—a turbulence created by errors in judgment from some Chinese leaders who were duped into imitating the West's speculative stock exchange model of finance—the real physical Chinese economy is continuing to grow. China has now become the most important manufacturing country in the world. To ensure the continuation of this tangible physical economic growth, Chinese leaders are now intent on changing the financial “rules of the game,” as these rules have been dictated by the London-New York financial oligarchy up to this time.

This shift in directionality began with the launch in September 2013 by China's new president, Xi Jinping, of the *Silk Road Economic Belt* and the *Twenty-first Century Maritime Silk Road*. These two projects,



The cover of EIR's New Silk Road report, now translated into Chinese. Available for \$35 at [store.larouchepub.com](http://store.larouchepub.com).

dubbed “The Belt and Road,” represent a massive infrastructure investment plan for Central, South and Southeast Asia, which will provide the impetus for developing the economies of these nations and eliminating poverty entirely. China has a proven record in this field, having lifted hundreds of millions of people out of poverty within only two decades.

Hard on the heels of the launch of the Belt and Road, President Xi Jinping, in October 2013, proposed the creation of an Asian Infrastructure Investment Bank, which would bring together the capital of the various nations in the region to assist in that endeavor. While China had significant funds for realizing the Belt and Road itself, the creation of the AIIB transforms

this initiative from a “Chinese project” to one of regional cooperation among a broad array of nations. The AIIB brings the countries of the region together, and aids them in financing their own infrastructure and creating a new type of financial structure, one in which the Asian nations, for the first time, become key players.

The initiation of the AIIB gives a clear indication of what direction China wishes to give the world. The AIIB is solely focused on infrastructural investment. Up until now the British Empire-controlled World Bank and Asian Development Bank, together with the International Monetary Fund, have played the dominant role in controlling “infrastructural investment” in Asia. The agenda of these institutions has been nothing short of Imperial genocide and enforced backwardness. They have used their power to stop large scale economic development and, instead, to fund “sustainable” energy projects, social engineering programs, micro-credits for small village co-ops, and population reduction programs.

The AIIB, on the other hand, is to be solely focused on infrastructure investment,—transport, water, and power—the only real long-term solution for reducing world poverty. As Jin Lique, elected the first president of



Xinhua/Hou Jiansen

*Jin Liqun, President of the AIIB, has emphasized that infrastructure development is the key to reducing poverty.*

the AIIB, said at his press conference on Jan. 17 following the launch, “Infrastructure is key for broad-based economic development and for poverty reduction.”

### **How the AIIB Will Work**

Investment will focus on the development of infrastructure and other productive sectors in Asia, including energy and power, transportation and telecommunications, rural infrastructure and agricultural development, water supply and sanitation, environmental protection, urban development, and logistics. There are now 57 founding members of the bank, which, because of the great interest accruing to it, has also garnered support from many countries outside of Asia. While the biggest contributors are China, Russia, and India, Germany represents the biggest contributor among the non-Asian bank members.

The president of the bank will hold office for five years and may run for another term. The new president, Jin Liqun, has underlined that bank personnel will be chosen on the basis of merit, and the bank will be run in a strict manner aiming for profitable investment in infrastructure, which will also take full consideration of the economic effects of such investment. Lou Jiwei, China’s Finance Minister, was elected as chairman of the bank’s board of supervisors.

President Xi Jinping, who had initiated the project, gave the opening address at the launch of the bank. Speaking to the delegates, Xi underlined the overall significance of the founding of the bank as a new model

of economic governance: “The founding and opening of the AIIB also means a great deal to the reform of the global economic governance system. It is consistent with the evolving trend of the global economic landscape and will help make the global economic governance system more just, equitable and effective.”

The new bank, Xi continued, “will serve to channel more resources, particularly private investment, into infrastructure projects to promote regional connectivity and economic integration. It will bring along a better investment environment and more job opportunities and trigger greater medium- to long-term development potential on the part of developing members in Asia. This, in turn, will give impetus to economic growth in Asia and the wider world.”

President Xi also announced in his speech that China would be contributing an additional \$50 million to the capital of the bank for projects in less developed countries.

China’s Premier Li Keqiang also addressed the delegates to the conference: “The aim of China initiating the AIIB is to widen financing channels, expand general needs and improve supply so as to bring along the common development in the region, and promote world economic recovery with its own achievements.” The Premier called on the AIIB to integrate the China-proposed Belt and Road initiative with each country’s development strategies, promote international cooperation on production capacity, and innovate more modes of realizing a diverse and inclusive cooperation.

The first projects of the AIIB will be announced before the end of the year, Jin Liqun told reporters. In addition, Mr. Jin said that the loans would be issued in dollars, although other currencies would be accepted for investment in the bank’s capital, giving the lie to the propaganda that AIIB was an attempt by China to “internationalize” its currency, the RMB.

Membership in the bank is still open to other countries that might wish to join, including the United States and Japan, which have declined to become members. Initial attempts by the Obama Administration to pressure countries not to join the AIIB proved totally fruitless. South Korea, with which the United States has, like Japan, a defense treaty, is the fifth largest stakeholder in the AIIB. And even the Philippines, which has folded completely before U.S. attempts to bring U.S. troops back to the country, also felt obliged not to miss the boat and recently applied for membership in the bank.