

# Obama's War on China's AIIB Bank Is Virtual Treason Against U.S.

by Paul Gallagher

April 3—A thousand Atlanticist critics have pronounced President Obama's futile war against the China-initiated Asian Infrastructure Investment Bank (AIIB)—a war he has lost decisively—to be a *geopolitical disaster* for Obama. He's staked U.S. global hegemony and lost, goes this geopolitical jargon.

These criticisms certainly are reflections of a dramatic turn in the world's condition. But they are irrelevant to Obama's actual crime here, which has been against the country unfortunate enough to have him as its President.

China is not trying to take over world hegemony; nor have the nearly 50 nations which—defying Obama's threats—have joined the AIIB, decided to take China's side against a U.S. “unipolar” hegemony.

Rather, these nations are agreeing to join in a potential new era of productivity and technological progress for the planet. Its basis is China's idea to throw all available national credits which can be mobilized, into new platforms and interconnected great projects of economic infrastructure across *at least* all of Eurasia and Africa.

To quote an Indian view of the drama, expressed in *Asia Times* March 30: “This is an action plan whereby China hopes to change the world political and economic landscape through participating in the development of countries along its participating Silk Routes. In a nutshell, geo-economics is forcing geopolitics to the margins.”

China's is an extraordinarily powerful, peaceful idea. The grail of “new economic infrastructure” has for decades been like the global weather: Everybody talks about it constantly, no one funds it. China has done something spectacular about it since the crash of Wall Street; and through the new credit institutions, China has opened up its actions to the world community for collaboration.

Obama, the tragic fool, has said “No!”, when the

United States faces a more existential crisis of economic infrastructure than any other major nation, centered on the intensifying drought in its western states. He has taken the line of Milton's Satan: “Better to reign in Hell than serve in Heaven.”

Especially since Obama has in the same moment thrown the United States into another in the long skein of unauthorized and senseless Bush-Obama wars—joining in the “Saudi coalition's” bombing and invasion of Yemen—his reign is becoming truly hellish for the United States.

## Condemning U.S. to Economic Collapse

What Obama has done is virtual treason against the United States, on two counts.

First, and most importantly, the United States has a desperate need for new water-creation and water-management infrastructure on the scale of the whole Pacific Rim; this need is existential for America as a nation. The United States faces a drought which may destroy and depopulate the most productive region of the United States—California and the Southwest—and against which *no* infrastructure investments are underway, planned, or even intended.

Benjamin Deniston of the LaRouchePAC Science Team, in “Memo for the Next President: New Perspectives on the Western Water Crisis” (*EIR*, April 3, 2015), breaks new ground on the ways out of this developing American tragedy. He shows the folly of simply waiting for the drought to “end”; the latest scientific evidence indicates it is likely to continue and intensify until large, now-productive western regions of the United States—above all, California, one-sixth of the national economy—are uninhabitable desert.

But, as Deniston explained in his April 1 New Paradigm [report](#), the U.S. can only address this crisis by adopting China's approach, which is characterized by their space and lunar program. “They're saying, let's

get out into the Solar System, let's make mankind an active presence, an active force on the level of the Solar System," which is the level on which the world's water system must be understood and addressed. This pathway involves the rapid spread of nuclear desalination multiplexes along U.S. coasts; global water management and diversion; and "ionization-based weather modification ... tapping into atmospheric moisture directly."

In this emergency situation—NASA estimates that California has just one year of reliable water supplies left—the pathway requires collaboration with China. And the United States has Obama, a President who denigrates and insults China at every opportunity, while dreaming of encircling it militarily.

Attacking the advancing drought does not, by any means, exhaust America's emergency infrastructure needs: Under Obama, its annual infrastructure investment has sunk to 1.3% of GDP, a world low among major economies. (Obama and Congress do not even currently have a means in place for maintaining the U.S. highway system, short of granting a massive tax holiday to multinationals holding their cash offshore if they will return some of it for an infrastructure bank.)

But as *EIR* Founding Editor Lyndon LaRouche formulated the direction three years ago, the only real chance of rebuilding U.S. economic productivity "stretches from the Mississippi west across the Pacific to China." The exploitation of breakthroughs in weather sciences, nuclear desalination and fusion power advances, and high-speed rail corridors including linking North America and Eurasia across the Bering Strait, make up the crucial infrastructure frontier for saving the United States as an advanced economy. They all require tackling the problems from a planetary and Solar System standpoint—and doing so in collaboration with China.

Obama's refusal to accept China's AIIB offer—his manifest indifference to the drought-stricken states

FIGURE 1  
**The 50-Year Disappearance of U.S. Infrastructure**  
(Annual Investment as % of GDP)



themselves, except that he wants continued water guarantees for his "fracking revolution," a pure economic waste—make him the enemy of the very survival of the United States. Again, it is virtual treason.

### Sabotaging New Credit Institutions

The second count against Obama: America has the world's reserve currency and over \$12 trillion of U.S. Treasury debt is publicly held around the world. This means that by the unconquerable "American System," national banking methods of Treasury Secretary Alexander Hamilton, the United States could add a scope of national credit to the new development banks for infrastructure, rivaling or exceeding China's.

This would still be nowhere near enough to meet the needs for new infrastructure investment, deferred for decades since Lyndon and Helga Zepp-LaRouche laid them out during the "opportunity of 1989," when the Berlin Wall came down. Asia's needs have been repeatedly cited in the debate over the AIIB. Australia's *The Age* newspaper wrote March 31: "To reach its economic potential Asia needs to invest about \$1 trillion each year over the next decade on infrastructure of all kinds. Existing outfits like the World Bank and the Asian Development Bank have neither the money nor the expertise to begin to meet this challenge. China alone has the money needed to get things moving and the expertise, built up through its extraor-

dinary achievements in developing its own infrastructure over the past decade. No country in history has ever built so much, so quickly.”

The AIIB alone, assuming its targeted initial capital equivalent to \$100 billion and its operation by the end of 2015, is reliably estimated to be able to generate over \$1 trillion in credit for infrastructure development, outside China. A U.S. Hamiltonian credit institution, pitching in, could double or triple the AIIB’s credit capacity.

The same national banking institution by which the United States would participate in the AIIB, and transform it, is the institution by which national credit would be generated for new water, power, high-speed transport, storm-protection, and communications infrastructure within the United States.

Rejecting China’s offer, Obama is rejecting the huge contribution the United States could make to the Eurasian Land-Bridges—and rejecting the hopes for saving the U.S. economy at the same time.

## What Obama Rejects

The Chinese government’s “Vision and Action Plan” for the Silk Road Economic Belt and Road, issued March 30, sketches the same Eurasian routes and corridors for combined modern infrastructure building, as does *EIR*’s Special Report, *The Silk Road Becomes the Eurasian Land-Bridge*, published in December 2014. The Chinese government publication *Beijing Review* has said that its view of the “Economic Road and Belt” policy is “identical” to that of Helga Zepp-LaRouche; she has been promoting this Eurasian Land-Bridge policy since 1989.

China’s “Action Plan” stated, “The Belt and Road run through the continents of Asia, Europe, and Africa, connecting the vibrant East Asia economic circle at one end, and the developed European economic circle at the other, and encompassing countries with huge potential for economic development in between. The Silk Road Economic Belt focuses on bringing together China, Central Asia, Russia, and Europe (the Baltic); linking China with the Persian Gulf and Mediterranean Sea through Central Asia and West Asia; and connecting China with Southeast Asia, South Asia and the Indian Ocean. . . . On land, the initiative will focus on jointly building a new Eurasian Land Bridge and developing China-Mongolia-Russia, China-Central Asia-West Asia, and China-Indochina Peninsula economic corridors. . . .” [See preceding ar-

ticle.]

Javier Solana, former Secretary General of the European Union, analyzed the Action Plan on April 2: “Backed by \$3.8 trillion in currency reserves, China has provided infrastructure investment in exchange for commodities, thereby becoming the world’s largest provider of financing for developing countries, with the China Development Bank already offering more loans than the World Bank.

“In implementing its so-called one belt, one road strategy, China will pursue investments affecting some 60 countries—including in Central Asia, where its portfolio already contains projects worth more than \$50 billion. The maritime route will include the Indian Ocean, the South China Sea, and the Mediterranean. Together, they will form not just a road, but a network to facilitate the transfer of goods and ideas across Eurasia. Europe’s role in this initiative is already emerging with the Greek port of Piraeus, operated partly by the Chinese state-owned naval company COSCO, set to be a stop on the maritime route. The Piraeus port will be connected to the rest of Europe by Chinese-financed infrastructure in the Balkans and Hungary, consolidating China’s position as the European Union’s main commercial partner.”

The AIIB’s Director, Jin Liqun, has hired a thoroughly experienced international staff and has begun planning the participation of the many major nations in the Bank; it is quite possible the United States will soon be both the nation with the greatest need, and the *only* major nation not participating. China is making strong overtures to South America now.

One aspect of AIIB operation indicated in *Asia Times* points to a large additional source of infrastructure credit. Companies involved in the infrastructure projects will be enabled to float bonds in China denominated in its yuan currency, with the AIIB giving an interest guarantee. This represents an orderly way that the very large reservoir of Chinese savings—estimated at roughly \$8 trillion equivalent—could be tapped for infrastructure credit *outside China*, through the new credit banks.

But to tackle the vastness of the investment needs of the largely collapsed world economy, the new credit institutions must have the United States taking part. The United States, then, must dump Obama, the obstinate loser scorning economic recovery and progress.