IV. Economics

$100 Billion for Death, or for Life?

by Paul Gallagher

Oct. 20—On the same day that China's President Xi Jinping, speaking at the Third Belt and Road Forum, announced approximately the equivalent of $100 billion in new funding for Belt and Road Initiative development projects, U.S. President Joe Biden, according to *Bloomberg News'* informed sources, decided to request $100 billion from Congress in new funding for wars.

The day was Oct. 18. The contrast in policies for improving human living standards, vs. destroying human life, could not be clearer. The targets of Biden's war dollars are, in fact, all members of what is now called the BRICS-11 nations, included China—with more U.S. billions to arm Taiwan independence forces—as well as Russia, and the strongly implied adversary in Israel's war, namely, Iran.

It is estimated that the Belt and Road Initiative (BRI) has, in its first 10 years of operation, created just over $1 trillion worth of investment and construction projects in some 150 countries around the world, with the largest categories of new, physical-economic assets being energy and power, transport, metals, and public utilities including health and education.

On Oct. 18, President Xi announced that the China Development Bank and the Export-Import Bank of China will create new financing facilities for up to 350 billion yuan (ca. $48 billion); and in addition, 80 billion yuan (ca. $11 billion) will be injected into the Silk Road Fund, the official funding facility of the BRI.

On the same day, *Bloomberg News* reported from "people familiar with the matter" that the Biden White House would, likely by the end of the week, send a request to Congress for $100 billion in new money from taxpayers for wars, with a bar to immigration thrown in. Media reports vary as to the relative portions of this total, but it is clear this will be Biden's push to fund the "Ukraine war" against Russia for at least another full year; to meet all of Israel's requests for air defense rockets and other arms and intelligence in making war on Palestinian territories; to fund more arms provision to Taiwan in preparation for war against China; and funds "for the Southern U.S. border security" generally, to prevent current levels of immigration.

The specifics of this breakdown were not clarified Oct. 20, perhaps because for the third week, there was no U.S. House of Representatives Speaker legally qualified to call the House into order to consider legislation for this request.

Drowning in Debt and Funding War

Also on Oct. 18, Treasury Secretary Janet Yellen boasted that "of course" the United States could borrow and throw out another $100 billion (if the House would just come back into session), and that America could afford major "Ukraine" and "Gaza" wars together at once. But on Oct. 20 the *New York Times* reported the U.S. Federal budget deficit for Fiscal Year 2023 (ending Sept. 30) was $2 trillion. Deficits at that level or higher loom for a number of years in the future, while the 10-year Treasury note interest rate offer has reached 5%.

The Federal government paid over $800 billion in interest alone during that fiscal year, when the average interest rate on all Treasuries outstanding was 2.84%; the Treasury is now pumping out shorter-term debt securities at a historically unprecedented rate, all bearing rates at or above 5%. Following two downgrades by ratings agencies, this is the price of the constant pursuit of military dominance of the world. Perhaps the dollar will shortly bear a new motto, *cum pluribus bellum.*

The dramatic contrast between Xi's and Biden's actions call to mind the decade following the 2007-2008 global financial crisis, when the People's Bank of China (PBC) and the U.S. Federal Reserve each created on the order of $14-15 trillion in new currency—potentially new credit. According to PricewaterhouseCoopers studies of the BRI, the PBC issuances eventually created about $10 trillion in new, real economic assets within and outside China, which nation was accordingly responsible for half the world's total economic growth for a decade. The Federal Reserve issuances created dramatic inflation in financial assets followed by general inflation, and little or no real growth.