

Economic Development and the Concept Of “Resistance Economy”

By [Peter Koenig](#)

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***Peter Koenig** is an economist and geopolitical analyst. As a former World Bank staff member, he has thirty years of global experience in the fields environment and water resources; Koenig has earned several publications on various news websites. He is the author of *Implosion – An Economic Thriller about War, Environmental Destruction and Corporate Greed*; he is also co-author of *The World Order and Revolution! – Essays from the Resistance*.*

In an exclusive interview with [Khamenei.ir](http://khamenei.ir), Mr. Koenig enlightens us on his experience with the World Bank and the IMF, plus his own perspective on US domination over the global economy.

The following is **part one** of the interview:

Based on years of working as a staff in the World Bank, does the organization help poor countries to develop?

PK: The World Bank was always dominated by the United States, but in its earlier years and up to the 1980's – the time when neoliberalism and the Washington Consensus – started their merciless ascent, the World Bank financed and carried out some real 'grass-roots' projects, i.e. in rural areas, expanding drinking water and sanitation systems, bringing drinking water to the villages, thereby increasing productivity for local communities, increasing school attendance especially for girls, and reducing intestinal and diarrheal diseases, thereby reducing child mortality and morbidity. In the health sector rural health centers were built; and small-holder agriculture was promoted and funded – all for the benefit of the marginalized rural population. – Of course, the hidden agenda was that these communities would support the central government that provided them with these basic needs services.

These times of social improvement projects have long since gone. Starting in the 1980's so-called 'structural adjustment' loans would gradually replace the poverty alleviation targeted projects described before. The proportions of 'structural adjustment' (SA) type loans – I call them 'blank checks' – to governments have rapidly increased throughout the nineties.

Today these 'blank checks' go under different euphemisms of SAs (which has become a bad term even in the mainstream media – MSM). They are called, 'sector loans', 'program loans, 'budget support' – whatever suits the purpose – all 'blank checks' with the same objective: enslaving the borrowing countries with debt. And that even more so, when the country disposes of natural resources that the West covets to maintain its oligarchy's luxury way of life – and, not to forget – to feed the armament industry.

But this World Bank and IMF 'official' indebtedness does more harm than just increasing the national debt from these Bretton Woods Institutions. These international financial institutions' loans represent a green light for private banking to lend even more money to countries with corrupt leaders. Thus the leverage effect of WB / IMF lending is a multiple of their own lending. Here the question ought to be asked - who is worse, the corruptor or the corruptee? - In my opinion, the one who scrupulously offers money or goods to vulnerable leaders - often leaders the west has put in place as puppets - bears the bulk of the blame.

After all, that's how the west, Europe in particular, has enslaved, plundered and raped Asia, Africa and Latin America for centuries. So, what the World Bank does today is but a modern continuation of colonialism disguised as development assistance.

Today, SA type blank checks account for nearly 90% of the World Bank's lending portfolio. They have become hardly anything else than instruments to buy corrupt government officials with unaccounted for blank checks - loans or credits that increase national debt and increase dependence on the western predatory corporate and finance system. Its neocolonialism at its best - nothing to do with 'development of poor countries'. To the contrary - its debt-dependence for easy exploitation.

How does the international monetary system help the United States to keep its dominance over the global economy?

PK: The current US dollar-based western *fiat* monetary system was specifically designed by the US to dominate the global economy. The Euro was also created by the US, modeled after the dollar, as a fiat currency (*Fiat* money has no backing what-so-ever; it is money with a value established by [government] decree and can be produced at will with a mouse click by private banks, as debt).

Perhaps we have to be reminded at this point, that neither the European Union (EU) or the Euro are products of Europe; they are purely constructs of the United States; ideas fostered and developed during and especially after WWII. Churchill, in his famous 'Speech to the academic youth' held at the University of Zurich in 1946, said: *"There is a remedy which ... would in a few years make all Europe ... free and ... happy. It is to re-create the European family, or as much of it as we can, and to provide it with a structure under which it can dwell in peace, in safety and in freedom. We must build a kind of United States of Europe."* He was then as Cameron is today a mouthpiece for the United States, expressing Washington's ideas as a Trojan horse in Europe.

In 1944 Washington created the so-called Bretton Woods Institutions, the World Bank and the IMF. The WB was to administer the Marshall Plan funds - US\$ 13 billion (in today's terms about US\$ 130 billion) from the US side and for this purpose newly created Kreditanstalt für Wiederaufbau - German Bank for Reconstruction and Development - on the German side. The Marshall Plan funds were the first common development funds for Europe.

The IMF was to 'regulate' the convertible currencies of Europe, Canada, Australia, New Zealand and Japan, then tied to the US-dollar via the gold-standard established by the IMF at the order of the FED, i.e. US\$ 35 per troy-ounce of gold. In fact, the IMF was to watch over adherence to the gold standard to strengthen the link or dependence of other currencies to the dollar.

When in 1971 Nixon abandoned the 'gold standard' - the US dollar became de facto the

reference currency for the world, meaning the main reserve currency for nations around the globe. This was a smart but Machiavellian move giving the FED basically unlimited power to print dollars as they pleased. Simultaneously, Father Busch (George H. W.), a friend of the House of Saud, made sure that Saudi Arabia remained at the head of OPEC and would not allow hydrocarbons to be traded in other currencies than the US dollar. As compensation the US would militarily protect Saudi Arabia - which was followed by the implantation of several military bases.

As a result of all hydrocarbons being traded in US-dollars, the demand for US-dollars increased further, almost exponentially - leaving virtually unlimited space to produce dollars as required for US-instigated wars and conflicts, for funding lie- and slander propaganda and for financing proxy wars around the globe. That every dollar created meant new US debt was irrelevant for at least two reasons, (i) the entire world would carry the debt, as their reserve coffers were filled with dollars, and (ii) the US debt was never meant to be paid back. As Alan Greenspan, former chief of the FED once answered a journalist's question on how the US was ever able to repay their debt - Greenspan said, 'we never will pay our debt, since we can just print new money'. This confirms the pyramid principle of the dollar based monetary system: *You create dollars as debt which bears interest which you pay by new debt.*

One of the most flagrant of such cases is Greece, now strangled into misery by a fraudulent monetary system. Other fraudulent uses of the dollar denominated pyramid or 'Ponzi' scheme, are 'sanctions' dished out on countries that do not submit to the tyrannical dominance of the empire, or the confiscation of assets abroad, the blockage of foreign currency accounts abroad - and-so-on. All this is possible, because the world is based on the fraudulent dollar which dominates all international trade. With these hundreds of trillions of dollars floating the globe, it is of course possible to manipulate any currency, including gold. This is best done through the Basle-based BIS (Bank for International Settlement), which is entirely private, dominated by Rothschild and Co, as is the FED, also entirely privately owned.

The good news is that this is changing rapidly. BREXIT is hope for change, not only for the UK and Europe, but for the world at large. BREXIT is a conscious decision of a majority of UK citizens that they have enough of the corrupt monetary and economic system that reigns the world and of which the European Union is a mere puppet. According to different polls, a considerable majority of the people throughout Europe, regardless of the member countries they belong to, are fed-up with the EU, its Euro monetary policy and its impositions of laws and regulations which are gradually but surely depriving European nations of their sovereignty.

Of course Washington is surprised and don't like this new BREXIT revelation one bit. Obama is sending Kerry to talk to Cameron on how to avoid or prevent BREXIT. Kerry has already said to the press, there are many ways of avoiding or circumventing the UK leaving the EU. An obvious one is that the referendum is not binding and has to be approved by the British Parliament - which could decide that BREXIT is not good for the UK and not good for Europe. I believe, such a decision could cause a revolt in Britain. A subtler way would be extending the 'exit negotiations' for the allowed 24 months (or more by mutual agreement), time enough for launching a new referendum for which according to BBC already 2.3 million signatures have been collected.

Whatever may happen – and I don't doubt one bit in Washington's capability to strong-arm a country or an entire people into doing what Washington wants – a signal has been set; a signal that says 'yes we can' to others who are weary of external domination. People are also aware of the Washington – Brussels incited 2007 / 2008 – and counting – crisis in Europe, to save the dollar from declining against the Euro and being gradually replaced by the Euro as world reserve currency. Suffocating Greece, the denominated culprit for its 'high' debt of at that time about 109% of GDP, was a mere farce, an outrageous manipulation of the truth. Greece, a strategically located Mediterranean European NATO country, with barely 2% of the Eurozone's GDP, had a debt ratio totally manageable without outside interference. Accusing it for the EU crisis was and still is an outright lie. The EU has demonstrated that it has no sense of solidarity towards fellow member countries, and therefore is not really a 'union', but rather a predatory association of a bunch of corporate-finance dominated nations. Such a 'union' is by definition not sustainable – and less so its common currency the euro. Through the infamous troika (ECB, EC and IMF), the finance and corporate elite can do whatever they want with Europe. Especially targeted are the strategic southern countries bordering the Mediterranean Sea. – But BREXIT was a wakeup call. Awareness is growing. A momentum, I trust, that cannot be stopped.

And there is more good news. Dollar-denominated reserves around the world, close to 90% about 20 years ago, have dropped to below 60% today, fluctuating, of course, depending on the manipulated value of the dollar. When it drops to below 50%, a more rapid shift by reserves into other currencies, including the Chinese Yuan, may take place. The Yuan is now formally admitted as one of the five IMF reserve currencies making up the basket of currencies determining the value of the IMF's Special Drawing Rights (SDR).

In addition, a couple of years ago China and Russia have abandoned the western banking 'order' of trading hydrocarbons in US dollars, using their own currencies. Other SCO (Shanghai Cooperation Organization) countries have joined this trend. Russia and China have also largely detached themselves from the US-dollar monetary and international transfer system, SWIFT, using their own, the *China International Payment System - CIPS* .

When the world demand for dollars falls below a critical point around the globe, a trend that has started, then the US-dollar system and by extension the US economy is truly on the ropes.

Part 2 of the Interview

<http://english.khamenei.ir/news/4024/Economy-of-Resistance-liberates-Iran-from-sanctions-former> Jul 19, 2016

The 'Economy of Resistance', an economy mainly based on self-reliance is an excellent idea. Not only does it help liberate Iran from the foreign imposed sanctions, but it also helps propel own domestic capacities, create labor, added value in the country and ultimately Iran may develop exports far above what they would be in a globalized western and WTO (World Trade Organization) controlled world trade.

Whistle-blowers reporting the corruption inside the World Bank have been under pressure for their efforts. How can we believe the Panama Papers "leaks"?

PK: In short, the Panama Papers are a farce, if there ever was one. They are blown out of proportion by western media to point accusing fingers on politicians who are disliked by

Washington, to slander them – this is precisely what these ‘leaked’ papers were supposed to do. They were largely successful in meeting their objective.

The Papers were released by the International Coalition of Investigative Journalists (ICIJ), an organization in the hands of western secret services. This is revealed by looking at the parent organization of ICIJ, the Center for Public Integrity (CFPI) which is funded by such eminent establishment figures like the Rockefellers, Carnegie Foundations, the George Soros Foundation, as well as Paul Volker, former chairman of the FED and many other prominent figures from the world of corporate finance with links to the CIA, NSA, Mossad and others. Many of the sponsors are members of such semi-secret organizations as the Trilateral Commission, The Bilderberger Society and the Council on Foreign Relations (CFR).

The Law firm, Mossack Fonseca, which apparently released the so-called Panama Papers to the ICIJ, containing information of off-shore holdings by prominent political figures, may or may not be part of the deal. They claim the information was stolen. In any case, from first sight it is obvious that the powerful western elite who concocted this ‘leak’ had a very specific purpose, namely to mud-racking and slandering politicians disliked by Washington with lie-propaganda.

Prominently appears of course Mr. Putin, even though he is not mentioned personally, he is immediately linked to others who are on the Panama Papers list – thus by implication putting guilt on him. Any clear thinking person would, of course know, that Mr. Putin or his associates – even if they had money to hide for which there has never been proof – they would most certainly not use Panama as an off-shore place for hiding. Panama is Washington’s most watched spot in the US ‘backyard’, as Obama likes to call Latin America, where you can’t even flush a toilette without the White House knowing it.

Besides, none of the figures accused of hiding money is a prominent American. How come? – It is widely known that more US corporate and individual money – amounts can be estimated in trillions – is hidden in the Caribbean than in the rest of the world combined, including Switzerland. – No matter how wrong or distorted, once the information is out on the mainstream propaganda trail – CNN, BBC, CNBC *et al* – there is no truth that can stop it. This is modern propaganda technique taught at most Ivy League Universities. Once people are impregnated by a lie, it is virtually impossible to replace it by the truth.

What are the counter measures independent countries can adopt to neutralize US dominance over global markets?

PK: As explained in the question above, *why does the US dominate the international monetary system?* – this trend is gradually reversing. Countries which do not want to bend to US-imposed rules, like Russia, Iran, Venezuela, Syria, North Korea and many others, are at best systematically financially and economically ‘sanctioned’. If that doesn’t do the trick, then ‘regime change’ is of the order – which has many models – direct assassination (the internet is full with leaders that were killed by the CIA and other secret service forces) by Obama’s personally approved drone program which are extra-judiciary killings (of which – hilariously! – Obama just accused North Korea to justify further sanctions), military invasions, bombings, by US and NATO (Europe) forces, or by proxies, like funding and arming Saudi Arabia to wipe out Yemen, killing tens of thousands of civilians, most of them women and children, just to take control of one of the most strategically located Persian Gulf country.

There is no limit of Washington's imagination to subdue nations and entire populations around the world, always with the ultimate objective of *full spectrum dominance*. It is estimated that between 10 and 15 million people were killed around the world since 9/11 through US / NATO direct invasions, wars and conflicts carried out by proxy (mercenary) forces and US / Brussels instigated civil wars. No wonder people and sovereign nations want to get out from under this oppressive western bulldozer that not only aims at controlling the world militarily, but also by its US-dollar based western *fiat* pyramid or Ponzi-style monetary system - to which the euro also belongs, as it was modeled according to the dollar. A pyramid scheme is the creation of money through interest-bearing debt by private banks, with debt repayment through new loans and so on until the system collapses in itself.

Russia and China have already developed their own internal monetary and transfer system, the *China International Payment System - CIPS*, gradually being extended to the members of the SCO, BRICS (unfortunately for now without the 'B') and the Eurasian Economic Union (EEU). Together they are accounting for about half of the world population and one third of the world GDP. If I am not wrong, Iran is currently in the process of being integrated in the SCO. This would certainly be one way out of the US dominated monetary system. As Mr. Putin recently declared, the 'sanctions' were one of the best things that happened to Russia since the fall of the Berlin Wall. It allowed a massive development of Russia's own agriculture and industry, i.e. loosening Russia from western dependence. Russia is rapidly achieving food self-sufficiency.

In addition, China is promoting the new Silk Road, all the way from Shanghai through Eastern China, Russia, Central Asia, Eastern and Central Europe - and President Xi Jinping offered Madame Merkel in March 2014 to become the western most link of the Silk Road. She had not reacted at that time. But the writing is on the wall, loud and clearly- the economic future for Europe is with the East, Russia, Central and Eastern Asia and China. The potential for joint development investments, trading and research is enormous, by far outweighing the treacherous and deceptive machinations with the west.

Iran's leader has introduced "Economy of Resistance" as the breakthrough to counter US economic aggression. The "Economy of Resistance" doctrine is intended to make the Iranian economy resistant to all external economic shocks in the long term, including Western sanctions and global financial crises by utilizing the domestic capabilities. What's your take in this regard?

PK: The '*Economy of Resistance*', an economy mainly based on self-reliance is an excellent idea. Not only does it help liberate Iran from the foreign imposed sanctions, but it also helps propel own domestic capacities, create labor, added value in the country and ultimately Iran may develop exports far above what they would be in a globalized western and WTO (World Trade Organization) controlled world trade. A resistance economy is what Mr. Putin applies, as I explained before, by intensifying development of local agriculture and industries, depending less on imports and, of course, shedding Russia from the impact of totally illegal sanctions.

Resistance Economy is to a large extent synonymous with a concept called 'import substitution', promoting and developing local capacities over imports. Once goods and services formerly imported are available locally, they offer great advantages to national economies, in this case the Iranian economy. For example, instead of exporting crude hydrocarbons, building up a petro-chemical industry, creating jobs, technologies and added value in the country - and perhaps most important, Resistance Economy, substituting

imports by local production, is a blow to the nefarious US-corporate driven globalization.

The neoliberal argument that Iran's economy should be restructured to focus on 'comparative advantages' of Iran with imports for everything else, can easily be nullified. This is clearly a neocon argument favoring globalization and making a country vulnerable to economic 'sanctions' of all kinds. 'Comparative advantages' is hardly anything inherently available in a country, but can be planned and built, especially in times of crisis - as is the case for countries being punished with illegal 'sanctions' due to a monetary system totally dominated by the West. This has been proven time and again.

One of the first cases was China; she kept her borders closed until she could declare food, medical and education self-sufficiency - which was the case in the 1980s, when China opened her borders and started exporting food grains. One of the most recent cases, as mentioned before, is Russia, producing for local markets and for export to likeminded countries with whom they are associated, mainly China, the SCO and the BRICS. At the same time de-dollarizing their monetary and international transfer system frees them from illegal and wanton punishments from the west. Iran becoming a member of the SCO is on the right track.

As Ayatollah Khamenei said, *"The Resistance Economy is an inspiring pattern of the Islamic economic system and a good chance to make an economic epic."*

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