MONEY IN THE BANK: The Case for Joining the AIIB

By Anita Chen

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Stanford Professor Phillip Lipscy said in 2015 QUOTE:

“The heart of the matter is this: Does the United States prefer a world in which China seeks to establish its influence and international prestige by building multilateral development banks or one in which it seeks to do so by building aircraft carriers? “[[1]](#footnote-1)

END QUOTE. Please join us as we affirm that: The United States Federal Government should substantially reform its policies toward the People’s Republic of China.

OBSERVATION 1. DEFINITIONS

Substantial:

“large in amount, size, or number” (*Merriam Webster Online Dict. 2016* <http://www.merriam-webster.com/dictionary/substantial)>

Reform:

“to improve (someone or something) by removing or correcting faults, problems, etc.” (*Merriam Webster Online Dict. 2016* [*http://www.merriam-webster.com/dictionary/reform*](http://www.merriam-webster.com/dictionary/reform)*)*

Policy:

“a high-level overall plan embracing the general goals and acceptable procedures especially of a governmental body” (*Merriam Webster Online Dict. 2016* [*http://www.merriam-webster.com/dictionary/policy)*](http://www.merriam-webster.com/dictionary/policy))

Asian Infrastructure Investment Bank (AIIB)

South China Morning Post, copyright 2016 “Asian Infrastructure Investment Bank (AIIB)” <http://www.scmp.com/topics/asian-infrastructure-investment-bank-aiib>

The Asian Infrastructure Investment Bank (AIIB) is a China-led international financial institution created to offer finance to infrastructure projects as part of China's Silk Road initiative, with a focus on bolstering links across Asia, the Middle East, Africa and Europe.

OBSERVATION 2. INHERENCY. Two key facts about Status Quo policies

FACT 1. China invitation. China invited the US to join AIIB

New York Times 2015 (Jane Perlez, chief diplomatic correspondent in the Beijing bureau of The New York Times) 12 June 2015 “China Creates a World Bank of Its Own, and the U.S. Balks” The New York Times <http://www.nytimes.com/2015/12/05/business/international/china-creates-an-asian-bank-as-the-us-stands-aloof.html?_r=1> (brackets added)

On an October visit to Washington, Mr. Jin was finishing a similar deal with the World Bank. He is not giving up on the United States, even if the chances are remote. “We have a standing invitation” for the United States to join the bank, Mr. Jin [Liqun, the president-designate of the Asian Infrastructure Investment Bank] said, during an appearance at the Brookings Institution. “Anytime you think you are ready, pick up the phone, give me a ring.”

FACT 2. Invitation declined. The US is one of the few nations in the world to refuse China’s invitation

Dr Anders Corr 2016 (PhD in government from Harvard; master’s degree in international relations from Yale) 17 Mar 2016 FORBES magazine “The US-Europe Split On China” <http://www.forbes.com/sites/anderscorr/2016/03/17/the-us-europe-split-on-china/#2699c3bb583e>

The U.K. plan to join the AIIB had an effect beyond Britain. Despite U.S. lobbying of European capitals, a flood of European countries followed the U.K. to join. [Luxembourg](http://www.ft.com/intl/cms/s/0/d33fed8a-d3a1-11e4-a9d3-00144feab7de.html) beat the U.K. by one day to be the first joiner, but kept it secret for two weeks. Other than the U.S. and Japan, Canada is one of the only developed democratic hold outs.

OBSERVATION 2. The PLAN, implemented by Congress, the President and the Secretary of State.

1. The US accepts China’s invitation to join the Asian Infrastructure Investment Bank the day after an Affirmative ballot.
2. We fulfill all member requirements, including investment of capital stock for shares in the voting process.
3. Funding is $13.1 billion from up to 60% cut in Dept of Education K-12 grants.
4. All Affirmative speeches may clarify.

OBSERVATION 3. The ADVANTAGES

ADVANTAGE 1. Moderating China’s rise

1. The Link: Joining AIIB would moderate Chinese behavior

Martin Edwards, Katayon Qahir 2016 (Edwards being Associate Professor of Diplomacy and International Relations, Seton Hall University; Qahir being Diplomacy graduate student, Seton Hall University) US should stop blocking China’s AIIB and join allies in new club, 6 July 2016 The Conversation <http://theconversation.com/us-should-stop-blocking-chinas-aiib-and-join-allies-in-new-club-39406>

Embracing AIIB will help keep US-Chinese relations moving forward by moving beyond the sharp rhetoric of recent weeks. It will also give us a means to smooth over relations with European allies. More importantly, joining the AIIB gives the US a seat at the table, and a way to work with allies to moderate Chinese behavior. What will make the difference in the long term in shaping US relationships with Asia is working with allies to address common challenges. Multilateral diplomacy is not just a means to an end, but an end in itself, and enmeshing China in a network of international organizations, regardless of who created them, provides the best route for deepening cooperation between the US and the People’s Republic of China.

1. The Impact: Reduced risk of war. Moderating China’s behavior through AIIB reduces the risk of war

Prof. Thitinan Pongsudhirak 2015 (Associate Professor at Faculty of Political Science, Chulalongkorn University in Bangkok, Thailand, where he is the Director of the Institute of Security and International Studies) 21 Aug 2015 “Asia-Pacific consequences of global disorder) BANGKOK POST <http://www.bangkokpost.com/print/663632/>

How do we get order without war? We got order from the Second World War, which was an offshoot of the First World War. This is the existential challenge for all of us. The established rules and institutions need to be recalibrated. Why should the IMF always be headed by the French, the World Bank by an American, and the ADB a Japanese? No wonder the Chinese are proposing the Asian Infrastructure Investment Bank (AIIB) which it can spearhead. China wants to have a larger role that current institutional arrangements do not allow. More rules are needed where there have been none. The South China Sea has been working on a rules-based Code of Conduct for years, but the Chinese are unlikely to ever sign up to it. They will keep working on it and keep talking about it, but it won't be a reality. The Mekong River and its dams will be a big problem. One of our paramount dilemmas and questions is, "What do the Chinese want, and how do we handle China?" There has to be some accommodation of China -- accommodation without appeasement. The Japanese and Americans should join the AIIB and allow China to take the lead. The AIIB's development finance can be good for Asia's emerging economies. If we recognise and give some space to the Chinese, perhaps they will back off in other areas, such as the South China Sea. Perhaps China can be enticed to play by the rules if it is given more recognition and respect.

ADVANTAGE 2. Asian Economic & Social Development

US participation promotes environmental, health, and social improvement in Asia

[Raj M. Desai](http://explore.georgetown.edu/people/desair/) 2015 and Prof James Vreeland 2015. (Desai - associate professor of international development at the Edmund A. Walsh School of Foreign Service and in the Dept of Government at Georgetown Univ, [non-resident senior fellow](http://www.brookings.edu/experts/desair.aspx) at the [Brookings Institution](http://www.brookings.edu/). Vreeland - assoc professor of international development at the Edmund A. Walsh School of Foreign Service and in the Dept of Government at Georgetown Univ) 6 April 2015 “How to stop worrying and love the Asian Infrastructure Investment Bank” Washington Post <https://www.washingtonpost.com/blogs/monkey-cage/wp/2015/04/06/how-to-stop-worrying-and-love-the-asian-infrastructure-investment-bank/>

In fact, the developmental logic behind the AIIB is paramount. Asia faces a massive infrastructure gap. The Asian Development Bank (ADB) [estimates](http://www.adb.org/publications/infrastructure-seamless-asia) that Asia will need $8 trillion over the next decade for energy, transportation, telecommunication and water/sanitation. Private investment in infrastructure, according to the ADB, hovers at $13 billion a year, the majority of which is concentrated in low-risk projects. Official development assistance adds another $11 billion a year in financing. If true, this means that the shortfall exceeds $700 billion a year. The United States, as a result, places itself in opposition to regional investments that can expand trade, support financial market development and macroeconomic stability, and improve environmental, health and social conditions.

ADVANTAGE 3. US Business Development

1. The Link: US investors threatened due to non-participation in AIIB

[Raj M. Desai](http://explore.georgetown.edu/people/desair/) 2015 and Prof James Vreeland 2015. (Desai - associate professor of international development at the Edmund A. Walsh School of Foreign Service and in the Dept of Government at Georgetown Univ, [non-resident senior fellow](http://www.brookings.edu/experts/desair.aspx) at the [Brookings Institution](http://www.brookings.edu/). Vreeland - assoc professor of international development at the Edmund A. Walsh School of Foreign Service and in the Dept of Government at Georgetown Univ) 6 April 2015 “How to stop worrying and love the Asian Infrastructure Investment Bank” Washington Post <https://www.washingtonpost.com/blogs/monkey-cage/wp/2015/04/06/how-to-stop-worrying-and-love-the-asian-infrastructure-investment-bank/>

Not only does the United States endanger its own regional influence through its refusal to participate, it also threatens private American investment. Unlike most types of private investment, infrastructure projects tend to have extremely high up-front costs and longer maturities. This leaves infrastructure investors much more [vulnerable](http://dx.doi.org/10.1061/(ASCE)CO.1943-7862.0000347) to sovereign risk, regulatory instability, shifting political winds, and the threat of expropriation. For this reason, multilateral development banks play a critical role in attracting private infrastructure investment to developing countries through “[additionality](http://www.ids.ac.uk/publication/development-finance-institutions-and-infrastructure-a-systematic-review-of-evidence-for-development-additionality),” that is, by contributing their own funding, bringing financing partners into specific deals (through syndications or co-financing), and by using risk [guarantees](http://go.worldbank.org/JWJA2P2H70) and other tools. Importantly, multilateral development banks cannot offer support to investors from non-member countries. Should the AIIB develop its own system of risk insurance and partial guarantees, they will not be available to American investors.

1. The Impact: US business growth. Joining AIIB would increase US business opportunities

Elizabeth C. Economy 2015 (Senior Fellow and Director for Asia Studies at the Council on Foreign Relations.; expert on Chinese domestic and foreign policy and U.S.-China relations) 21 March 2015 “The AIIB Debacle: What Washington Should Do Now”The Diplomat <http://thediplomat.com/2015/03/the-aiib-debacle-what-washington-should-do-now/>

Option two, which [I—along with virtually every other China analyst](http://www.nytimes.com/roomfordebate/2014/10/20/a-chinese-rival-to-the-world-bank/a-chance-to-introduce-social-and-environmental-protections) outside the U.S. government—supported back in October is that the United States join the AIIB. There are several reasons why this is a good idea. It would allow the United States a seat inside the tent where it could be both a positive force for best governance practices and an internal critic if things go awry. It also would likely help ensure that U.S. companies have fair access to the bidding opportunities that will arise from the AIIB’s investment financing.

ADVANTAGE 4. US/China relations

1. The Link: Reversing US policy on AIIB is urgently needed to improve US/China relations

[Scott Kennedy](http://www.chinafile.com/contributors/scott-kennedy) *2015 (Deputy Director of the Freeman Chair in China Studies, Center for Strategic and International Studies) FOREIGN POLICY 26 Mar 2015 Washington’s Big China Screw-Up* <http://foreignpolicy.com/2015/03/26/washingtons-big-china-screw-up-aiib-asia-infrastructure-investment-bank-china-containment-chinafile/>

Is the rise of China a risk or an opportunity? Washington is clearly fixated on the threat – all but ignoring the benefits that are likely to come with the emergence of a consumer-led Chinese economy. This shouldn’t be so surprising. History tells us that dominant powers always have trouble with rising powers. Washington is bristling over China’s ascendancy. China, with the baggage of 150 years of a perceived sense of deep humiliation by the West, doesn’t take kindly to that reaction. The AIIB folly only deepens concerns over an increasingly troubled relationship. A rethink by Washington is urgently needed.

1. The Impact: Every major world problem. We need improved US/China relations to solve major world problems

*US­China Smart Power Commission 2009 (chaired by former US Defense Secretary William Cohen and Maurice R. Greenberg), March 2009, "Smart Power in US­China Relations," CENTER FOR STRATEGIC AND INTERNATIONAL STUDIES* [*http://csis.org/files/media/csis/pubs/090309\_mcgiffert\_uschinasmartpower\_web.pdf*](http://csis.org/files/media/csis/pubs/090309_mcgiffert_uschinasmartpower_web.pdf)

The evolution of Sino­US relations over the next months, years, and decades has the potential to have a greater impact on global security and prosperity than any other bilateral or multilateral arrangement. In this sense, many analysts consider the US­China diplomatic relationship to be the most influential in the world. Without question, strong and stable US alliances provide the foundation for the protection and promotion of US and global interests. Yet within that broad framework, the trajectory of US­China relations will determine the success, or failure, of efforts to address the toughest global challenges: global financial stability, energy security and climate change, nonproliferation, and terrorism, among other pressing issues. Shepherding that trajectory in the most constructive direction possible must therefore be a priority for Washington and Beijing. Virtually no major global challenge can be met without US­China cooperation.

2A EVIDENCE: Join the AIIB

DEFINITIONS

AIIB and what it does

Conor Gaffey 2015 (Researcher based abroad for Newsweek) 9 June 2015 CHINA TO WIELD VETO OVER 57-MEMBER AIIB INFRASTRUCTURE BANK Newsweek <http://europe.newsweek.com/china-wield-veto-over-57-member-aiib-infrastructure-bank-328469?rx=us>

The Asian Infrastructure Investment Bank (AIIB), which has 57 founding members including key US allies such as the UK and Australia, will be based in Beijing and will focus on providing funding for infrastructure projects in developing Asian countries.

INHERENCY

Former US Secretary of State: “We screwed up” not joining AIIB

David R. Sands 2015 (holds a master's degree from the Fletcher School of Law and Diplomacy at Tufts University) 1 April 2015 “Democratic titans say Obama ‘screwed up’ and gave rise to China’s new bank” The Washington Times <http://www.washingtontimes.com/news/2015/apr/1/efforts-to-head-off-china-development-bank-called-/>

The Chinese head of the secretariat of the proposed Asian Infrastructure Investment [Bank](http://www.washingtontimes.com/topics/world-bank/) ([AIIB](http://www.washingtontimes.com/topics/aiib/)) told an organizing conference meeting in Kazakhstan this week that 46 countries have applied to join the [AIIB](http://www.washingtontimes.com/topics/aiib/), including Britain, Germany, France, South Korea, India, Israel, Taiwan and Australia. Of the world’s major economies, only the U.S. and Japan are still on the outside looking in. “The bottom line, I think, is that we screwed it up,” former Secretary of State Madeleine Albright, in a sharp critique of the [administration](http://www.washingtontimes.com/topics/barack-obama/)’s handling of the issue Tuesday at the Center for Strategic and International Studies. “We should not have done it this way.”

A/T “World Bank and Asian Development Bank solve” -- Current financial institutions insufficient

[Raj M. Desai](http://explore.georgetown.edu/people/desair/) 2015 and Prof James Vreeland 2015. (Desai - associate professor of international development at the Edmund A. Walsh School of Foreign Service and in the Dept of Government at Georgetown Univ, [non-resident senior fellow](http://www.brookings.edu/experts/desair.aspx) at the [Brookings Institution](http://www.brookings.edu/). Vreeland - assoc professor of international development at the Edmund A. Walsh School of Foreign Service and in the Dept of Government at Georgetown Univ) 6 April 2015 “How to stop worrying and love the Asian Infrastructure Investment Bank” Washington Post <https://www.washingtonpost.com/blogs/monkey-cage/wp/2015/04/06/how-to-stop-worrying-and-love-the-asian-infrastructure-investment-bank/>

Were the current group of international financial institutions capable of plugging the gap, it is unlikely that the AIIB would gather worldwide support. But existing institutions cannot hope to fill this hole. The ADB and the World Bank have a combined capital base of less than $400 billion, which must support a wide variety of lending programs beyond infrastructure. Moreover, there is little chance that bilateral donors — including the biggest bilateral donor, the U.S. government — will increase its funding for foreign aid in the current political climate.

A/T “World Bank and Asian Development Bank are enough”-- AIIB is a Chinese response to underrepresentation at the World Bank

Wharton School of Business 2015 (University of Pennsylvania) 16 April 2015 “China’s AIIB Recasts Development Finance — and U.S. Influence” Warton School of Business <http://knowledge.wharton.upenn.edu/article/chinas-aiib-recasts-regional-development-finance-and-u-s-global-influence/> (brackets added)

China has been seeking for years to gain a bigger role in existing institutions such as the International Monetary Fund, the World Bank and the Asian Development Bank (ADB). China has only a 4.2% stake in the World Bank while the U.S. has a 15.8% stake and Japan has a 6.8% stake. The U.S. and Japan have 15.6% and 15.7% stakes, respectively, in the ADB [Asian Development Bank], while China’s is just 6.5%. Customarily, a Japanese official chairs the ADB — Japan’s central bank governor, Haruhiko Kuroda, was president of the ADB before returning to Tokyo, when he was succeeded by a finance ministry official, Takehiko Nakao. “It is kind of strange that China is so underrepresented at the IMF and World Bank,” [Franklin] Allen [a Wharton professor of finance] says. “It is not surprising that China is doing this.”

ADVOCACY/SOLVENCY

The whole world would be better off if the US joins AIIB

[Raj M. Desai](http://explore.georgetown.edu/people/desair/) 2015 and Prof James Vreeland 2015. (Desai - associate professor of international development at the Edmund A. Walsh School of Foreign Service and in the Dept of Government at Georgetown Univ, [non-resident senior fellow](http://www.brookings.edu/experts/desair.aspx) at the [Brookings Institution](http://www.brookings.edu/). Vreeland - assoc professor of international development at the Edmund A. Walsh School of Foreign Service and in the Dept of Government at Georgetown Univ) 6 April 2015 “How to stop worrying and love the Asian Infrastructure Investment Bank” Washington Post <https://www.washingtonpost.com/blogs/monkey-cage/wp/2015/04/06/how-to-stop-worrying-and-love-the-asian-infrastructure-investment-bank/>

Asia, the United States — and for that matter, the whole world — would be better off if the United States were to participate in the AIIB. What better way to encourage the Chinese to implement a transparent regime that adopts global best practices in financing infrastructure than to be a voting member? If anything, China’s move towards [multilateralism](http://www.nytimes.com/2015/04/06/opinion/china-steps-back.html?ref=opinion&_r=1) should be welcomed. Rather than rebuke others for joining, the U.S. should consider doing the same.

US has everything to gain and nothing to lose by joining AIIB

Phillip Y. Lipscy 2015 (Assistant Professor, Department of Political Science, Stanford University) Why the United States Should Support China's Asian Infrastructure Investment Bank, 6 July 2016, Foreign Affairs <https://www.foreignaffairs.com/articles/china/2015-05-07/whos-afraid-aiib>

The AIIB is highly unlikely to undermine existing aid organizations, and the creation of the AIIB conveys very little information about China’s broader international intentions. On balance, the United States and Japan have more to gain from joining the AIIB and shaping its future than seeking to exert influence as bystanders.

US should join AIIB to fulfill Asia Pivot

Leland Lazarus 2016 (MA candidate at The Fletcher School, Tufts University) 2 March 2016 “Why the U.S. Should Embrace the AIIB” The Diplomat <http://thediplomat.com/2016/03/why-the-u-s-should-embrace-the-aiib/>

Finally, if the U.S. continues to dig in its heels about the AIIB, it may miss out on an important chance to put teeth behind its Asian rebalance strategy. Tobias Harris of the Sasakawa Peace Foundation [believes](http://spfusa.org/research/asian-infrastructure-investment-bank-china-as-responsible-stakeholder/) that U.S. opposition to the AIIB was a knee-jerk reaction to China’s growing influence in Asia, and missed an opportunity to help China with technical assistance to improve the bank.

US should join AIIB: The only possible negative consequences would fall on China

Robert Keatley 2015 (former editor of the Asian Wall Street Journal and the South China Morning Post of Hong Kong) 18 April 2015 “China's AIIB Challenge: How Should America Respond?” The National Interest <http://nationalinterest.org/feature/americas-big-strategic-blunder-not-joining-chinas-aiib-12666>

If the United States works to remain engaged in Asia, it will; even a successful AIIB will not let China displace it. So Washington’s best course could be to join up if possible. If a Republican Congress blocks the effort, the administration should work with the AIIB directly, as well as through friendly members and agencies like the World Bank and ADB, to keep it on the promised “lean, clean and green” course. If the new bank succeeds, Asia will benefit significantly. And if it degenerates into another corrupt organization designed to extract resources for Chinese industry, Beijing will suffer the political consequences.

How much does the plan cost? Card #1: Japan cost $3 billion and it’s proportional to a country’s GDP

Bloomberg News 2015 (journalist Maiko Takahashi) 14 Apr 2015 “Japan Estimates Potential AIIB Membership Would Cost $3 Billion” <http://www.bloomberg.com/news/articles/2015-04-14/japan-estimates-potential-aiib-membership-would-cost-3-billion-i8gua3bi>

Japan’s initial contribution would be $1.5 billion, before doubling when the AIIB raises capital levels, according to the estimate from Tokyo, which is calculated on the size of each member’s gross domestic product. It would be the second-largest stakeholder with 14.7 percent, behind China on 28.5 percent, the document shows.

How much does the plan cost? Card #2: US GDP is $17.9 trillion, Japan is $4.1 trillion. US GDP is 4.37 times larger than Japan, so we’d have to pay 4.37 x $3 billion or $13.1 billion

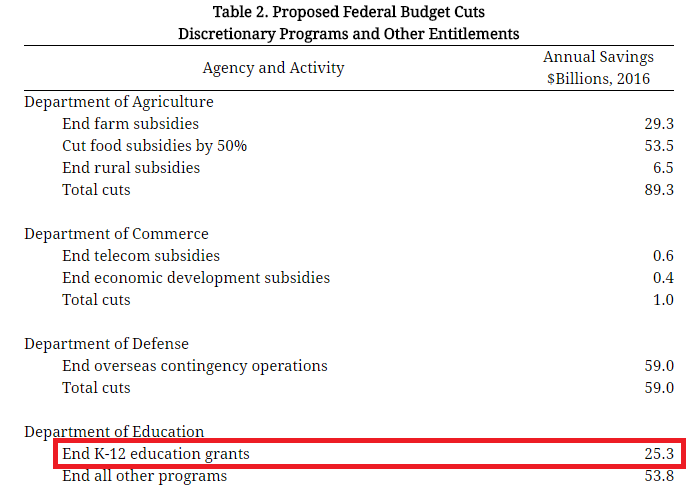
World Bank 2015. GDP (current US$) World Bank national accounts data, and OECD National Accounts data files. (These are lines from a chart with data from all other countries omitted) <http://data.worldbank.org/indicator/NY.GDP.MKTP.CD>

1960 (million) 2015 (million)

Japan 44,307.34 4,123,257.61  
United States 543,300.00 17,946,996.00

Where’s the funding coming from? Dept of Education K-12 grants budget = $25.3 billion/year

Chris Edwards 2016 (MA in economics; Director of tax policy studies at Cato Institute; was a member of the [Fiscal Future Commission](http://www.napawash.org/publications-reports/choosing-the-nations-fiscal-future/) of the National Academy of Sciences ) 4 Apr 2016 “A Plan to Cut Federal Government Spending” <https://www.downsizinggovernment.org/plan-to-cut-federal-spending>



A/T “China will veto anything they disapprove of”-- China Offered to Relinquish Veto Power

Wharton School of Business 2016 (University of Pennsylvania) 16 April 2015 “China’s AIIB Recasts Development Finance — and U.S. Influence” Warton School of Business <http://knowledge.wharton.upenn.edu/article/chinas-aiib-recasts-regional-development-finance-and-u-s-global-influence/>

To assuage such concerns, China offered to forego veto power at the AIIB, in a move that helped win over major European countries, according to a March 23 report by The Asian Wall Street Journal. That would be a change from IMF practice, where the U.S. holds the right to nix big decisions despite holding less than 20% of voting shares, a structure that has long raised complaints.

A/T “China will veto anything they disapprove of”-- China has no intention to exercise veto power

China Daily 2016 (China’s most widely circulated English newspaper, with branches in the UK, US, and Nepal) 27 January 2016 “AIIB Chief rules out China veto power” China Daily <http://www.chinadaily.com.cn/business/2016-01/27/content_23265846.htm> [Text in brackets added for clarity]

China has no intention of exercising its veto power over the newly established 57-member Asian Infrastructure Investment Bank, according to the lender's president. This is despite the fact that the country has this right because of its economic size, [AIIB president] Jin Liqun said. “There are still many countries on the waiting list, and when the new members join, China’s voting power will be reduced. Such de facto veto power will be lost gradually,” Jin said.

A/T “China will veto anything they disapprove of” - China will not change organizational structure to retain power

China Daily 2016 (China’s most widely circulated English newspaper, with branches in the UK, US, and Nepal) 27 January 2016 “AIIB Chief rules out China veto power” China Daily <http://www.chinadaily.com.cn/business/2016-01/27/content_23265846.html> [Text in brackets added for clarity]

China, the largest AIIB shareholder, now holds 26.6 percent of the voting power, [AIIB president Liqun] Jin said. “We will not increase the special majority to keep China’s veto power in the future,” he said. Jin said this is a major contrast to older institutions such as the World Bank, in which the United States has maintained its veto power by amending the articles of agreement. This increased the special majority when its voting power was reduced after new members joined. Jin said that when China put forward the idea of setting up the AIIB, many doubts and concerns were expressed, but the bank has now become accepted by many countries. China doesn’t plan to exercise veto power at the Beijing-led Asian Infrastructure Investment Bank, a departure from practices at institutions like the World Bank, where the United States has presiding influence on major policy decisions.

A/T “China will veto anything they disapprove of”-- China will not have veto power over AIIB

Asia Times 2016 (leading global newspaper focusing on Asian issues and events) 27 January 2016 “China to abstain from veto power at Asian Infrastructure Investment Bank” UPI <http://www.upi.com/Top_News/World-News/2016/01/26/China-to-abstain-from-veto-power-at-Asian-Infrastructure-Investment-Bank/6201453866336/>

China doesn’t plan to exercise veto power at the Beijing-led Asian Infrastructure Investment Bank, a departure from practices at institutions like the World Bank, where the United States has presiding influence on major policy decisions. AIIB president Jin Liqun said the power of the vote would be shared among the 57-member countries, state-owned [China Daily reported](http://www.chinadaily.com.cn/bizchina/2016-01/27/content_23265846.htm) Wednesday, local time. “There are still many countries on the waiting list, and when the new members join, China’s voting power will be reduced. Such de facto veto power will be lost gradually,” Jin said at the World Economic Forum in Davos last week. The bank would instead retain a “fixed” special majority that are two-thirds of the number of members and equal to 75 percent of the voting power. China currently holds less than 30 percent of voting or veto power.

ADVANTAGES

Moderating China’s Rise

US should support AIIB because it will help encourage China’s peaceful rise

Prof. Phillip Y. Lipscy 2015 (Assistant Professor, Dept of Political Science, Stanford Univ) Why the United States Should Support China's Asian Infrastructure Investment Bank, 6 July 2016, Foreign Affairs <https://www.foreignaffairs.com/articles/china/2015-05-07/whos-afraid-aiib>

“The heart of the matter is this: Does the United States prefer a world in which China seeks to establish its influence and international prestige by building multilateral development banks or one in which it seeks to do so by building aircraft carriers? Pushing back against the former sends the troubling message that the United States is concerned about not just the means but the ends of China’s rise. The AIIB provides an opportunity to acknowledge and applaud China’s emergence as a builder of multilateral institutions and a contributor to global public goods.”

US membership moderates Chinese influence, moves them toward more cooperative behavior

Leland Lazarus 2016 (MA candidate at The Fletcher School, Tufts University) 2 March 2016 “Why the U.S. Should Embrace the AIIB” The Diplomat <http://thediplomat.com/2016/03/why-the-u-s-should-embrace-the-aiib/>

Despite all its misgivings about the AIIB, the United States should join the bank to ensure its financial influence in Asia. First, it would limit China’s voting power in the bank by coordinating with like-minded developing member countries such as Great Britain, Australia, and New Zealand, thus prodding China toward pursuing cooperative behavior. Second, the U.S. could help raise the AIIB’s quality of governance, credit and banking culture and environmental and social standards.

Non-participation will leave AIIB as a vehicle solely for Chinese foreign aid

*Phillip Y. Lipscy 2015 (Assistant Professor, Department of Political Science, Stanford University) Why the United States Should Support China's Asian Infrastructure Investment Bank, 6 July 2016, Foreign Affairs* [*https://www.foreignaffairs.com/articles/china/2015-05-07/whos-afraid-aiib*](https://www.foreignaffairs.com/articles/china/2015-05-07/whos-afraid-aiib)

The structural advantages that China enjoys in the AIIB will be beneficial only insofar as other members take the institution seriously and provide funding, skilled staff, and coordination. If the institution is perceived as being unfair or nontransparent, it will become nothing more than a shell organization through which China disburses bilateral foreign aid.

Joining AIIB means the US can shape its role and effectiveness from the inside

Phillip Y. Lipscy 2015 (Assistant Professor, Department of Political Science, Stanford University) Why the United States Should Support China's Asian Infrastructure Investment Bank, 6 July 2016, Foreign Affairs <https://www.foreignaffairs.com/articles/china/2015-05-07/whos-afraid-aiib>

When China first proposed creating the Asian Infrastructure Investment Bank (AIIB) in 2013, it generated considerable anxiety in Washington and many other capitals. Many pundits and policymakers view the AIIB as a bid to undermine or replace the international architecture designed by the United States and its allies since the end of World War II. Although several U.S. allies, including Australia, Germany, and the United Kingdom, have declared their intention to join the AIIB, others, including Japan, have expressed ambivalence. For its part, the United States has made it clear that it will seek to influence the institution from the outside. But it would be a mistake to shun or undermine the AIIB. Rather, it should be welcomed. Both the United States and Japan have far more to gain by joining the AIIB and shaping its future than remaining on the sidelines.

US Concerns Addressed with AIIB Governance Structure

Leland Lazarus 2016 (MA candidate at The Fletcher School, Tufts University) 2 March 2016 “Why the U.S. Should Embrace the AIIB” The Diplomat <http://thediplomat.com/2016/03/why-the-u-s-should-embrace-the-aiib/>

So far the United States has been ambivalent about the AIIB, and several scholars suggest that U.S. officials harbor the same doubts about the bank. Specifically, U.S. officials and academics criticize the bank for two reasons: 1) Its voting structure gives China a disproportionate voting share, which means it can effectively manipulate the bank to further its own economic and strategic goals in the region; 2) The AIIB will not follow the same high standards as existing financial institutions when deciding which projects to fund, forgoing important criteria like environmental protection, human rights, and anti-corruption. Does the AIIB’s legal structure really give China so much power and influence? Not necessarily. External and internal pressure will cause the AIIB to act independently and give itself powers in order to safeguard its independence from China, and U.S. involvement will expedite that process.

Global stability is worsening and Chinese aggression is a growing risk

Agence France Press. The Guardian. 2015. (Agence France Press is a French news agency.) THE GUARDIAN (British newspaper) “Russia and China pose largest security threats, says US military report” 01 JULY 2015. <http://www.theguardian.com/us-news/2015/jul/01/russia-china-us-mlitary-national-security>

America’s new military strategy singles out states like [China](http://www.theguardian.com/world/china) and [Russia](http://www.theguardian.com/world/russia) as aggressive and threatening to US security interests, while warning of growing technological challenges and worsening global stability. A somber report released Wednesday by General Martin Dempsey, the chairman of the joint chiefs of staff, warns of a “low but growing” probability of the US fighting a war with a major power, with “immense” consequences.

Asian Economic & Social Development

Link: AIIB effective with US membership

Robert Keatley 2015 (former editor of the Asian Wall Street Journal and the South China Morning Post of Hong Kong) 18 April 2015 “China's AIIB Challenge: How Should America Respond?” The National Interest <http://nationalinterest.org/feature/americas-big-strategic-blunder-not-joining-chinas-aiib-12666>

Whatever American officials do about the bank eventually, they could well relax a bit. If it does operate on promised terms, the AIIB should be a useful contributor to Asia’s economic development. But it cannot possibly dominate the Asian financial arena, nor replace other institutions. According to the ADB, Asia needs $800 billion annually for a decade to meet its infrastructure needs, a vast sum far beyond the combined capabilities of all international agencies. (The ADB, for example, has provided only $13 billion annually in recent times though it hopes to do more.) Huge amounts of national and private capital are also needed, and no single government or institution can provide it alone. If the United States works to remain engaged in Asia, it will; even a successful AIIB will not let China displace it. So Washington’s best course could be to join up if possible. If a Republican Congress blocks the effort, the administration should work with the AIIB directly, as well as through friendly members and agencies like the World Bank and ADB, to keep it on the promised “lean, clean and green” course. If the new bank succeeds, Asia will benefit significantly. And if it degenerates into another corrupt organization designed to extract resources for Chinese industry, Beijing will suffer the political consequences.

Joining AIIB would increase US influence and make AIIB more effective at delivering trade and development benefits

*Véronique Salze-Lozac’h 2015 (senior director of economic development and chief economist for The Asia Foundation) “To Be or Not To Be Part of AIIB”, 6 July 2016 Asia Foundation* [*http://asiafoundation.org/2015/07/22/to-be-or-not-to-be-part-of-aiib/*](http://asiafoundation.org/2015/07/22/to-be-or-not-to-be-part-of-aiib/)

As mentioned before, signatory nations will have an opportunity to influence AIIB governance and operations. Nations deciding to stay out of the AIIB, like Japan and the U.S., will have no way to express their concerns or to influence the development of requirements, criteria, and rules of governance. By joining, Japan and the U.S. would also be able to push for good coordination with the other multilateral development organizations. Finally, on the inside, they would be in a better position to ensure that the AIIB brings truly effective benefits to regional development and regional trade, and to observe carefully how the AIIB affects the Trans-Pacific Partnership (TPP) and its members’ economies.

Global advantage of AIIB achieved

Prof. Joseph E. Stiglitz 2015 (Professor at Columbia University and a Nobel Laureate in Economics) 13 June 2015 “Why America Doesn’t Welcome China’s New Infrastructure Bank” Huffington Post <http://www.huffingtonpost.com/joseph-e-stiglitz/america-china-investment-bank_b_7055222.html>

China itself is a testament to the extent to which infrastructure investment can contribute to development. Last month, I visited formerly remote areas of the country that are now prosperous as a result of the connectivity — and thus the freer flow of people, goods, and ideas — that such investments have delivered. The AIIB would bring similar benefits to other parts of Asia, which deepens the irony of U.S. opposition. President Barack Obama’s administration is championing the virtues of trade; but, in developing countries, lack of infrastructure is a far more serious barrier to trade than tariffs. There is a further major global advantage to a fund like the AIIB: right now, the world suffers from insufficient aggregate demand. Financial markets have proven unequal to the task of recycling savings from places where incomes exceed consumption to places where investment is needed. When he was chair of the U.S. Federal Reserve, Ben Bernanke mistakenly described the problem as a “[global saving glut](http://www.federalreserve.gov/boarddocs/speeches/2005/200503102/).” But in a world with such huge infrastructure needs, the problem is not a surplus of savings or a deficiency of good investment opportunities. The problem is a financial system that has excelled at enabling market manipulation, speculation, and insider trading, but has failed at its core task: intermediating savings and investment on a global scale. That is why the AIIB could bring a small but badly needed boost to global aggregate demand.

AIIB will make a noticeable difference in improving living standards in Asia

James Corbett 2015 (Independent researcher and writer based in Japan) 25 March 2015 China’s AIIB: What You Need to Know The Corbett Report <https://www.corbettreport.com/chinas-aiib-what-you-need-to-know/> [transportation misspelled in original text]

As a development bank, the AIIB will fund infrastructure development and invest in projects to contribute to the economic development of the Asian region. A 2009 report from the Asian Development Bank estimated that between $8 and $13 trillion of investment would be needed through the course of this decade to keep Asia on its economic development path. Many of China’s neighbors, allies and trading partners in Asia need massive investment in basic infrastructure like reliable electricity, access to clean water, sanitation facilities and transportion. The AIIB, with its $50 billion in registered capital, will obviously only be a drop in the bucket in providing such investment, but it is expected to make a noticeable difference in the region.

Infrastructure investment promotes economic development

Joseph E. Stiglitz 2015 (Professor at Columbia University and a Nobel Laureate in Economics) 13 June 2015 “Why America Doesn’t Welcome China’s New Infrastructure Bank” Huffington Post <http://www.huffingtonpost.com/joseph-e-stiglitz/america-china-investment-bank_b_7055222.html>

China itself is a testament to the extent to which infrastructure investment can contribute to development. Last month, I visited formerly remote areas of the country that are now prosperous as a result of the connectivity — and thus the freer flow of people, goods, and ideas — that such investments have delivered.

AIIB mobilizes global trade

Joseph E. Stiglitz 2015 (Professor at Columbia University and a Nobel Laureate in Economics) 13 June 2015 “Why America Doesn’t Welcome China’s New Infrastructure Bank” Huffington Post <http://www.huffingtonpost.com/joseph-e-stiglitz/america-china-investment-bank_b_7055222.html>

China itself is a testament to the extent to which infrastructure investment can contribute to development. Last month, I visited formerly remote areas of the country that are now prosperous as a result of the connectivity — and thus the freer flow of people, goods, and ideas — that such investments have delivered. The AIIB would bring similar benefits to other parts of Asia, which deepens the irony of U.S. opposition. President Barack Obama’s administration is championing the virtues of trade; but, in developing countries, lack of infrastructure is a far more serious barrier to trade than tariffs.

US refusal to join AIIB undermines economic development in Asia

Joseph E. Stiglitz 2015 (Professor at Columbia University and a Nobel Laureate in Economics) 13 June 2015 “Why America Doesn’t Welcome China’s New Infrastructure Bank” Huffington Post <http://www.huffingtonpost.com/joseph-e-stiglitz/america-china-investment-bank_b_7055222.html>

In fact, America’s opposition to the AIIB is inconsistent with its stated economic priorities in Asia. Sadly, it seems to be another case of America’s insecurity about its global influence trumping its idealistic rhetoric — this time possibly undermining an important opportunity to strengthen Asia’s developing economies.

Rapid Asian infrastructure development is needed and AIIB can do it

Phillip Y. Lipscy 2015 (Assistant Professor, Dept of Political Science, Stanford Univ) Why the United States Should Support China's Asian Infrastructure Investment Bank, 6 July 2016, Foreign Affairs <https://www.foreignaffairs.com/articles/china/2015-05-07/whos-afraid-aiib>

The details remain vague, but the AIIB is meant to be a multilateral development institution that will focus on infrastructure needs in Asia. There is no question that this is a deserving cause. Asia’s large population, rapid growth, and integration with the global economy all generate demand for better infrastructure. A report by the Asian Development Bank (ADB) estimates the region needs about $750 billion annually in infrastructure- related financing. Citing historical underinvestment, McKinsey & Company, a global management consulting firm based in New York City, proclaims a “$1 trillion infrastructure opportunity” in Asia. Although precise estimates vary from one report to another, the broad point is uncontroversial: Asia needs more infrastructure, and international financing can help.

U.S. Business & Investment Growth

US should join AIIB to ensure US businesses benefit

Leland Lazarus 2016 (MA candidate at The Fletcher School, Tufts University) 2 March 2016 “Why the U.S. Should Embrace the AIIB” The Diplomat <http://thediplomat.com/2016/03/why-the-u-s-should-embrace-the-aiib/>

Despite all its misgivings about the AIIB, the United States should join the bank to ensure its financial influence in Asia. First, it would limit China’s voting power in the bank by coordinating with like-minded developing member countries such as Great Britain, Australia, and New Zealand, thus prodding China toward pursuing cooperative behavior. Second, the U.S. could help raise the AIIB’s quality of governance, credit and banking culture and environmental and social standards. Third, the U.S. could better integrate the AIIB with existing major multilateral development banks, such as the World Bank and Asian Development Bank, in the form of co-financing and joint project preparation and supervision. Fourth, the U.S. would be in a good position as a reliable partner in Asia’s infrastructure building and economic development. And fifth, it would ensure that American businesses will be well informed about infrastructure projects financed by AIIB.

AIIB will bring more benefit than harm to the US, especially in economic development

Phillip Y. Lipscy 2015 (Assistant Professor, Department of Political Science, Stanford University) Why the United States Should Support China's Asian Infrastructure Investment Bank, 6 July 2016, Foreign Affairs <https://www.foreignaffairs.com/articles/china/2015-05-07/whos-afraid-aiib>

Multilateral international institutions are fundamentally cooperative arrangements, premised on mutual benefits. On net, the activities of the AIIB are much more likely to bring benefits rather than costs to the United States as well as the broader international community. The most obvious of these is the positive spillover of economic development. China itself is testament to the importance of infrastructure investment for growth. Better infrastructure in Asia will mean more economic activity and business opportunities not only for Chinese firms but also for American, European, and Japanese firms. For sure, some infrastructure can be designed to bring disproportionate benefits to specific countries: for example, roads and pipelines that direct traffic toward China. However, in an age of interconnected markets and global supply chains, it is practically impossible to limit positive spillover effects to a single country.

US rejection cuts off American businesses from investments in Asian infrastructure

[Raj M. Desai](http://explore.georgetown.edu/people/desair/) 2015 and Prof James Vreeland 2015. (Desai - associate professor of international development at the Edmund A. Walsh School of Foreign Service and in the Dept of Government at Georgetown Univ, [non-resident senior fellow](http://www.brookings.edu/experts/desair.aspx) at the [Brookings Institution](http://www.brookings.edu/). Vreeland - assoc professor of international development at the Edmund A. Walsh School of Foreign Service and in the Dept of Government at Georgetown Univ) 6 April 2015 “How to stop worrying and love the Asian Infrastructure Investment Bank” Washington Post <https://www.washingtonpost.com/blogs/monkey-cage/wp/2015/04/06/how-to-stop-worrying-and-love-the-asian-infrastructure-investment-bank/>

By refusing to participate in this new institution, the United States gives up a vital role in shaping the Asian regional development agenda. And by goading other bilateral and multilateral donors to resist the AIIB, the U.S. government may end up cutting American investors off from the potential benefits of private investment in Asian infrastructure.

US/China Relations

Opposing AIIB fuels Chinese suspicions against the US

David R. Sands 2015 (holds a master's degree from the Fletcher School of Law and Diplomacy at Tufts University) 18 March 2015 “Diplomatic disaster: Obama humiliated by allies’ rush to join China’s new bank” Washington Times <http://www.washingtontimes.com/news/2015/mar/18/obama-humiliated-as-allies-join-chinas-asian-infra/>

But private analysts say that credibility and influence have taken major hits from the rush to join the Asian Infrastructure Investment [Bank](http://www.washingtontimes.com/topics/world-bank/). C. Fred Bergsten, a senior fellow at the [Washington](http://www.washingtontimes.com/topics/washington/)-based Peterson Institute for International Economics, wrote this week that the [Obama administration](http://www.washingtontimes.com/topics/barack-obama/) made a huge mistake by trying to undermine the bank, not only failing to persuade allies to stay out but also strengthening the voices in [Beijing](http://www.washingtontimes.com/topics/beijing/) who argue that the U.S. is trying to keep [China](http://www.washingtontimes.com/topics/china/) down.

Refusing to join AIIB hurts US/China relations

[Stephen Roach](http://www.chinafile.com/contributors/stephen-s-roach) *2015 (Senior Fellow, Jackson Institute of Global Affairs) FOREIGN POLICY 26 Mar 2015 Washington’s Big China Screw-Up* <http://foreignpolicy.com/2015/03/26/washingtons-big-china-screw-up-aiib-asia-infrastructure-investment-bank-china-containment-chinafile/>

Although joining the AIIB was not an option since Congress would not have allocated the funds, the U.S. could have adopted the posture of a friendly outside voice. Instead, it discouraged others from joining in the hope the initiative would collapse or leave China with a small coalition of the willing. They argued that the bank would not follow international best practices, but in reality it appears the U.S. opposed the AIIB simply because it was a Chinese initiative, full stop. Such knee-jerk antagonism gives life to arguments that the U.S. opposes China’s rise and is bent on containing it.

US criticism of AIIB confirms Chinese suspicion that we’re trying to limit them

Wharton School of Business 2015 (Univ. of Pennsylvania) 16 April 2015 “China’s AIIB Recasts Development Finance — and U.S. Influence” Warton School of Business <http://knowledge.wharton.upenn.edu/article/chinas-aiib-recasts-regional-development-finance-and-u-s-global-influence/> (first brackets in original; second brackets added)

“The probable explanation would be that U.S. did not want China to have such a very powerful instrument for foreign policy such as AIIB. Staying out and recommending allies to stay out — Japan, South Korea, Australia and European countries — in China’s eyes, that confirmed that [the U.S.] wants to limit the rise of China,” says [Pieter] Bottelier, who is now a senior professor of China studies at the School of Advanced International Studies at Johns Hopkins University in Baltimore.

US hostility to AIIB will increase uncooperative Chinese behavior

David R. Sands 2015 (master's degree from Fletcher School of Law and Diplomacy at Tufts University) 18 March 2015 “Diplomatic disaster: Obama humiliated by allies’ rush to join China’s new bank” Washington Times <http://www.washingtontimes.com/news/2015/mar/18/obama-humiliated-as-allies-join-chinas-asian-infra/>

But private analysts say that credibility and influence have taken major hits from the rush to join the Asian Infrastructure Investment [Bank](http://www.washingtontimes.com/topics/world-bank/). C. Fred Bergsten, a senior fellow at the [Washington](http://www.washingtontimes.com/topics/washington/)-based Peterson Institute for International Economics, wrote this week that the [Obama administration](http://www.washingtontimes.com/topics/barack-obama/) made a huge mistake by trying to undermine the bank, not only failing to persuade allies to stay out but also strengthening the voices in [Beijing](http://www.washingtontimes.com/topics/beijing/) who argue that the U.S. is trying to keep [China](http://www.washingtontimes.com/topics/china/) down. “The U.S. hostility reinforces the Chinese view that U.S. strategy is to contain and suppress it,” he wrote “so increasing rather than decreasing the prospect of uncooperative Chinese behavior.”

Pollution / Climate Change / Environmental Advantages

Link: Spending on transportation will quadruple in the next 20 years

Paolo Mauro 2015 (senior fellow at the Peterson Institute for International Economics) Why America Should Join the AIIB 6 July 2016 Project Syndicate <https://www.project-syndicate.org/commentary/us-should-join-aiib-by-paolo-mauro-2015-06?barrier=true>

The need for infrastructure investment in Asia’s emerging economies is vast. Generally, as a country’s household income rises, the share of spending on food declines, while spending on transportation rises sharply. And most developing countries in Asia have reached an economic stage at which large segments of their populations will soon be able to afford cars and plane travel for the first time. According to research I conducted with my colleague, Tomas Hellebrandt, average household income in Asia’s emerging economies will double over the next two decades; in the meantime, spending on transportation will quadruple. The choices being made now regarding what kind of infrastructure to build – subway systems or roads; green energy or coal power – will have a major impact on the world’s ability to keep climate change in check.

As a member state, US will shape Asia’s environmental future

Paolo Mauro 2015 (senior fellow at the Peterson Institute for International Economics) Why America Should Join the AIIB 6 July 2016 Project Syndicate <https://www.project-syndicate.org/commentary/us-should-join-aiib-by-paolo-mauro-2015-06?barrier=true>

The United States, along with Canada and Japan, has been conspicuously absent from the discussions regarding the establishment of the Asian Infrastructure Investment Bank (AIIB). A total of 57 countries – from Europe, Asia, and Latin America – have joined the Chinese-led effort to spend $100 billion on roads, rail lines, bridges, and harbors throughout the region. But President Barack Obama’s administration has remained reluctant to join – much to the bewilderment of China’s government. Continuing to maintain that stance would be a mistake. The US has an opportunity to influence the AIIB’s design without looking like it is reversing course. In exchange for participating in the institution, the Obama administration could and should insist that the AIIB focus on financing infrastructure projects that reduce carbon-dioxide emissions and meet the highest environmental standards.

US joining the AIIB ensures high environmental and labor standards

Elizabeth C. Economy 2014 (C.V. Starr Senior Fellow and Director for Asia Studies at the Council on Foreign Relations. She is an expert on Chinese domestic and foreign policy and U.S.-China relations and author of the award-winning book, [The River Runs Black: The Environmental Challenge to China’s Future](http://www.cfr.org/publication/6920/river_runs_black.html). Her post appears courtesy of [CFR.org](http://www.cfr.org/?cid=otr-partner_site-thediplomat) and [Forbes Asia](http://www.forbes.com/forbesasia/)) 20 October 2014 “A Chance to Introduce Social and Environmental Protections” The New York Times <http://www.nytimes.com/roomfordebate/2014/10/20/a-chinese-rival-to-the-world-bank/a-chance-to-introduce-social-and-environmental-protections>

Chinese officials [have referenced](http://english.boaoforum.org/iciatfc/14175.jhtml) their desire to address environmental and other governance issues through the A.I.I.B. The strength of their commitment, however, remains uncertain. Beijing has not made such concerns a priority in its overseas investment practices in the past, although [growing demand](http://www.nytimes.com/2014/09/15/opinion/chinas-environmental-awakening.html) for better environmental protection, labor and governance practices at home and abroad is pushing Chinese officials to take these issues more seriously. Prioritizing these issues within the A.I.I.B. can help ensure that bidding for investment projects is transparent and open only to firms that operate with high corporate social responsibility standards. The bank could establish an independent auditing process that insists that broader health, social welfare and environmental considerations are fully addressed. Such measures, however, are only likely to be adopted with guidance from other countries with much stronger corporate social responsibility histories than that of China, such as Singapore, Australia and South Korea — not to mention the United States.

Environmental concerns addressed in AIIB

Martin Edwards, Katayon Qahir 2016 (Edwards being Associate Professor of Diplomacy and International Relations, Seton Hall University; Qahir being Diplomacy graduate student, Seton Hall University) US should stop blocking China’s AIIB and join allies in new club, 6 July 2016 The Conversation <http://theconversation.com/us-should-stop-blocking-chinas-aiib-and-join-allies-in-new-club-39406>

Rather than push back on AIIB, the US should welcome the participation of many countries. It will fall to China to figure out how to reconcile this diverse membership. This will ensure that fighting climate change and improving environmental standards will not be sacrificed in favor of growth at any cost.

Environmental concerns addressed in multilateral framework

Joseph E. Stiglitz 2015 (Professor at Columbia University and a Nobel Laureate in Economics) 13 June 2015 “Why America Doesn’t Welcome China’s New Infrastructure Bank” Huffington Post <http://www.huffingtonpost.com/joseph-e-stiglitz/america-china-investment-bank_b_7055222.html>

That said, U.S. opposition to the AIIB is harder to fathom, given that infrastructure policy is much less subject to the influence of ideology and special interests than other policymaking areas, such as those dominated by the U.S. at the World Bank. Moreover, the need for environmental and social safeguards in infrastructure investment is more likely to be addressed effectively within a multilateral framework.

DISADVANTAGE RESPONES

A/T “AIIB undermines existing institutions” – IMF & World Bank will cooperate with AIIB

Véronique Salze-Lozac’h 2015 (senior director of economic development and chief economist for The Asia Foundation) To Be or Not To Be Part of AIIB, 6 July 2016 Asia Foundation <http://asiafoundation.org/2015/07/22/to-be-or-not-to-be-part-of-aiib/>

The Asian-led AIIB also represents a new, distinctively Asian development tool, bringing regional know-how and expertise to the problem of matching the supply of infrastructure to specific regional needs. This newcomer development actor may also provide opportunities for collaboration with existing multilateral agencies. IMF chief Christine Lagarde, speaking at the opening of the China Development Forum in Beijing earlier this year, said that the IMF and the World Bank would be “delighted” to cooperate with the AIIB.

A/T “Replacing World Bank and Asian Development Bank” - Banks are unique and not in competition

Martin Edwards, Katayon Qahir 2016 (Edwards being Associate Professor of Diplomacy and International Relations, Seton Hall University; Qahir being Diplomacy graduate student, Seton Hall University) US should stop blocking China’s AIIB and join allies in new club, 6 July 2016 The Conversation <http://theconversation.com/us-should-stop-blocking-chinas-aiib-and-join-allies-in-new-club-39406>

The AIIB might undercut the World Bank and the Asian Development Bank, the argument goes, as countries might prefer the promise of cheap money from Beijing without the strings the other lenders attach. But questioning Chinese governance of the bank not only reminds our allies of our shortcomings in IMF reform, it also overlooks the surest route to reforming the AIIB. Cooperation is always more difficult in large groups with divergent preferences than smaller ones. The growing list of AIIB members (including South Korea, Norway and Denmark) means that the Chinese will have to accommodate those countries concerned about safeguards. Rather than push back on AIIB, the US should welcome the participation of many countries. It will fall to China to figure out how to reconcile this diverse membership. This will ensure that fighting climate change and improving environmental standards will not be sacrificed in favor of growth at any cost. For years, Washington has sought to encourage China to be a “responsible stakeholder” in the global economy. The AIIB demonstrates that China seeks to embrace this challenge, and the fact that it is doing so multilaterally rather than bilaterally should not be overlooked. The US has helped to support regional development banks in Africa and Europe, so a new one in Asia should not be the threat that it is made out to be. The need for infrastructure in emerging Asian economies is so acute that the two banks need not be in competition.

A/T “Replacing/weakening Asian Development Bank” - AIIB has different priorities than ADB

Véronique Salze-Lozac’h 2015 (senior director of economic development and chief economist for The Asia Foundation) “To Be or Not To Be Part of AIIB”, 6 July 2016 Asia Foundation <http://asiafoundation.org/2015/07/22/to-be-or-not-to-be-part-of-aiib/>

AIIB will differ from an organization like the Asian Development Bank by focusing on building infrastructure rather than prioritizing poverty reduction*.*

A/T “Lending and environmental standards are too lenient” - Environmental Concerns Addressed

Wharton School of Business 2015 (University of Pennsylvania) 16 April 2015 “China’s AIIB Recasts Development Finance — and U.S. Influence” Warton School of Business <http://knowledge.wharton.upenn.edu/article/chinas-aiib-recasts-regional-development-finance-and-u-s-global-influence/> [brackets added]

But U.S. officials worry that China may provide money to some countries with dictatorships or may ignore environmental issues and lend the money, said a China expert who declined to be named. “Initially, there was concern because people thought it will be mainly an organization controlled by China, with many developing countries as members.” Now, however, it looks like a lot of European countries will be members as well. So the standards will be set according to the agreement of all these countries, says Biswas [Rajiv Biswas chief Asia Pacific economist at IHS Economics.] “The chances are high that the standards will be set high.”

A/T “China threat” - China threat perception is a mistake. Turn: Joining AIIB helps balance against Russia

Wharton School of Business 2015 (University of Pennsylvania) 16 April 2015 “China’s AIIB Recasts Development Finance — and U.S. Influence” Warton School of Business <http://knowledge.wharton.upenn.edu/article/chinas-aiib-recasts-regional-development-finance-and-u-s-global-influence/> [brackets added]

In opting to back the AIIB, Britain and other major Western nations were not joining a “gold rush” but were acting on the premise that the American approach was mistaken, [Johns Hopkins Univ. Professor Pieter] Bottelier adds. “Europeans want to do more business with China and they do not have security concerns about China,” says [Franklin] Allen [head of the Brevan Howard Center in the Imperial College In London]. “I think that they realized that China is not a threat to them at all, so they are better off to join. In fact, they would like to balance the Russians with the Chinese, so they are quite willing to do this.”

A/T “AIIB hurts US influence”-- AIIB will not challenge US hegemony or the global financial order

Dingding Chen 2015 (assistant professor of Government and Public Administration at the University of Macau, Non-Resident Fellow at the Global Public Policy Institute (GPPi) Berlin, Germany. He is also the Founding Director of Intellisia Institute, a newly established independent think tank focusing on international affairs in China.) 22 March 2015 “AIIB: Not a US Loss, Not a Chinese Win” The Diplomat <http://thediplomat.com/2015/03/aiib-not-a-us-loss-not-a-chinese-win/>

While many might be tempted to view China’s AIIB move as a [direct threat to the U.S.-led global financial order](http://www.nytimes.com/2015/03/20/world/asia/hostility-from-us-as-china-lures-allies-to-new-bank.html?_r=0), in reality the AIIB’s goals are much more limited. It is very important for the U.S. not to view the AIIB as a new signal of strategic rivalry between China and the U.S.; such a distorted view would assign unnecessary strategic significance to the AIIB which is in reality is first and foremost about development. It is about funding more roads, railroads, airports, and pipelines for many developing countries in Asia. If the U.S. becomes hypersensitive to China’s every effort in global governance, then it is possible that the U.S. might reach the wrong conclusion that China indeed is trying to overthrow U.S. hegemony and start taking countermeasures to curb China’s rising influence. That would be a tragedy. In actuality, [China cannot and will not challenge U.S. hegemony](http://thediplomat.com/2015/01/relax-china-wont-challenge-us-hegemony/).

A/T “AIIB will waste money on ghost cities, like in China”-- Ghost cities are a myth, cities fill in eventually

Wayne Sheppard 2015 (the author of "Ghost Cities of China" -- a book which chronicles the two and a half years he spent researching the country's urbanization movement; ethnographic journalist who currently writes for the South China Morning Post.) 22 April 2015 “The myth of China’s ghost cities” Reuters <http://blogs.reuters.com/great-debate/2015/04/21/the-myth-of-chinas-ghost-cities/>

Some of China’s most notorious ghost cities saw phenomenal population growth in recent years, according to a [report](https://research.standardchartered.com/configuration/row%20documents/china_property__mystery_of_ghost_cities_23_05_14_13_12.pdf) by Standard Chartered. In just a two year period from 2012 to 2014, Zhengdong New District’s occupancy rate rose doubled, while Dantu’s quadrupled and Changzhou’s Wujin district increased to 50 percent from 20 percent. Though there is still an excess of vacancies in these places, when urban areas of high-density housing are even half full there’s still a large number of people living there — more than enough for the place to socially and economically function as a city. It generally takes at least a decade for China’s new urban developments to start breaking the inertia of stagnation. But once they do, they tend to keep growing, eventually blending in with the broader urban landscape and losing their “ghost city” label.

A/T “Chinese development failed in Africa”—Problems in Africa were due to lax African standards

International Centre for Trade and Sustainable Development 2013 (independent non-profit organisation based in Switzerland. Article written by Hannah Edinger, Head of Research & Strategy at Frontier Advisory and Ron Sandrey, who is an Associate at the Trade Law Centre of Southern Africa) 9 September 2013 “Is China bad for Africa’s industrialisation?” International Centre for Trade and Sustainable Development International Centre for Trade and Sustainable Development 2013 (independent non-profit organisation based in Switzerland. Article written by Hannah Edinger, Head of Research & Strategy at Frontier Advisory and Ron Sandrey, who is an Associate at the Trade Law Centre of Southern Africa) 9 September 2013 “Is China bad for Africa’s industrialisation?” International Centre for Trade and Sustainable Development <http://www.ictsd.org/downloads/bridges-africa-review/2-6.pdf>

Looking East, developing Asia's share in global manufacturing value added displayed a different trend, rising from 13 percent to 24 percent from 2000 to 2008. China has been at the forefront of this development. Thus, it is important to understand what has driven the region's success and what has contributed to Africa's relative failure. In China, in particular, a constructive policy package that opened markets and implemented favourable trade and exchange rate policies, together with a sound and stable government that provided an enabling environment to attract investment and secure property rights, were crucial building blocks that contributed to an export-driven strategy mainly targeted toward the US. Africa has failed to emulate this success largely because it has lacked an enabling policy environment. Despite significant tariff preferences into markets, such as the US under the African Growth and Opportunity Act (AGOA), Africa's manufactures are not competitive. Deficient infrastructure has led to higher production and transaction costs. Poor leadership, governance, weak institutions and rent-seeking activities have also detracted from diversification opportunities into value-added sectors.

A/T “China should not be trusted”-- AIIB criticisms become self-fulfilling prophecy and stifle poverty reduction

Prashanth Parameswaran 2014 ( Associate Editor at The Diplomat based in Washington, D.C., writes mostly on Southeast Asia, Asian security affairs and U.S. foreign policy in the Asia-Pacific; PhD candidate at the Fletcher School of Law and Diplomacy at Tufts Univ.) 16 Oct 2014 “The Truth About China’s ‘Big, Bad’ Infrastructure Bank” THE DIPLOMAT <http://thediplomat.com/2014/10/the-truth-about-chinas-big-bad-infrastructure-bank/>

Of course, it may well be that at the upcoming Asia-Pacific Economic Cooperation meeting that Beijing is hosting this November or thereafter, we receive more details about the AIIB that confirm that it is a big bad infrastructure bank out to undermine the Bretton Woods institutions and destroy the environment. Or the whole idea could end up being a giant flop. But given emerging Asia’s vast infrastructure needs, and given that China is at least affording member countries the opportunity to jointly shape the AIIB and holding out the prospect of cooperating with other banks, is it so difficult to understand why countries in the region are willing to give it a shot? And by prematurely casting the still unborn AIIB into some superpower rivalry drama, are we not creating a self-fulfilling prophecy and stifling potential cooperation that could help lift millions out of poverty?

A/T “Partnering with China is dangerous” -- Poses little risk to US, provides accountability for China

Phillip Y. Lipscy 2015 (Assistant Professor, Department of Political Science, Stanford University) Why the United States Should Support China's Asian Infrastructure Investment Bank, 6 July 2016, Foreign Affairs <https://www.foreignaffairs.com/articles/china/2015-05-07/whos-afraid-aiib>

The institution may very well give China more influence over development in Asia, but it will be a more transparent and accountable way of exerting influence than through bilateral economic or military pressure. The AIIB may or may not ultimately succeed, but it poses very little risk to U.S. and Japanese interests, since it enters a crowded, competitive field of multilateral development agencies. The United States thus has every incentive to encourage, not discourage, Chinese foreign policy initiatives such as the AIIB.

A/T “Partnering with China is dangerous”-- AIIB decreases chance of military conflicts

Mark Bird 2015 (European markets reporter, working from London and covering financial and economic issues) 31 March 2015 “China's new development bank is becoming a massive embarrassment for Obama” Business Insider <http://www.businessinsider.com/us-allies-joining-asian-infrastructure-investment-bank-aiib-embarrassment-2015-3> (Note: Barclays is a British [multinational](https://en.wikipedia.org/wiki/Multinational_corporation) banking and [financial services](https://en.wikipedia.org/wiki/Financial_services) company headquartered in London.)

The AIIB is a part of the wider "new Silk Road" initiative by China to deepen trade and investment both in the rest of Asia and the wider world. According to Barclays, it could actually be a positive thing for the region's stability: We believe through the building of interdependent relationships based on shared economic interests, this New Silk Road plan should deepen political linkages, improve mutual understanding and foster long-term stability in the region. The agreement to set up the AIIB by countries that have territorial disputes with China suggests potentially lower geopolitical risks and lower probability for s conflicts, in our view.

A/T “China will use AIIB to advance her own policies” -- AIIB is doing legitimate projects in poor countries

Washington Post 2016 (written by Simon Denyer, W.Post bureau chief in China.) 23 June 2016 “Asia’s new infrastructure bank is out to prove it’s not China’s pawn” Washington Post <https://www.washingtonpost.com/world/asia_pacific/asias-new-infrastructure-bank-is-out-to-prove-its-not-chinas-pawn/2016/06/23/fb3972d4-3912-11e6-b5b9-8d46463d0c86_story.html>

It was an idea born in Beijing and, at least initially, greeted with some suspicion in Washington. But this weekend, the new Asian Infrastructure Investment Bank (AIIB) holds its first annual meeting to finally prove to doubters that it is neither China’s pawn nor about to undercut and shoulder aside the World Bank. [Fifty-seven countries](http://euweb.aiib.org/html/aboutus/introduction/Membership/?show=0) have signed on to the AIIB, with [Canada](https://ca.finance.yahoo.com/blogs/insight/what-the-asian-international-investment-bank-means-163911983.html) and [Romania](http://gbtimes.com/business/romania-seeks-join-asian-infrastructure-investment-bank) the latest reported to express an interest in joining. On Friday, the bank’s new board of governors is meeting to consider the first four projects proposed by the bank’s staff: building roads in [Pakistan](http://www.aiib.org/html/2016/PROJECTS_0426/101.html) and [Tajikistan](http://www.aiib.org/html/2016/PROJECTS_0509/106.html), redeveloping a slum in [Indonesia](http://www.aiib.org/html/2016/PROJECTS_0601/114.html) and supplying electricity to 2.5 million people in rural [Bangladesh](http://www.aiib.org/html/2016/PROJECTS_0516/112.html).

A/T “China will use AIIB to advance her own policies”-- AIIB seeking growth instead of political influence

Washington Post 2016 (Simon Denyer is The Post’s bureau chief in China. He served previously as bureau chief in India and as a Reuters bureau chief in Washington, India and Pakistan.) 23 June 2016 “Asia’s new infrastructure bank is out to prove it’s not China’s pawn” Washington Post <https://www.washingtonpost.com/world/asia_pacific/asias-new-infrastructure-bank-is-out-to-prove-its-not-chinas-pawn/2016/06/23/fb3972d4-3912-11e6-b5b9-8d46463d0c86_story.html>

Paul Haenle, director of the Carnegie-Tsinghua Center in Beijing, said the bank’s collaborative approach could help assuage concerns about the quality of projects and environmental standards. But “there are still concerns about the lack of requirements for countries to institute political and economic reforms in return for loans,” he added. He also welcomed the inclusion of expert advisers from nonmember countries, including the United States, as well as a provision that borrowers can turn to nonmember as well as member nations as they purchase materials. That “provides some evidence that the bank primarily seeks to be an engine for efficient growth more than a tool for spreading political influence,” Haenle said.

A/T “China will make biased decisions” -- China has less voting power than they should

Washington Post 2016 (Simon Denyer is The Post’s bureau chief in China )23 June 2016 “Asia’s new infrastructure bank is out to prove it’s not China’s pawn” Washington Post <https://www.washingtonpost.com/world/asia_pacific/asias-new-infrastructure-bank-is-out-to-prove-its-not-chinas-pawn/2016/06/23/fb3972d4-3912-11e6-b5b9-8d46463d0c86_story.html> [ brackets added ]

China supplied about 30 percent of the $100 billion initial operating capital and has [26 percent](http://english.gov.cn/news/top_news/2015/06/29/content_281475136908926.htm) of the voting power. Among the other big investors are India, which has a 7.5 percent vote share; Russia with 5.9 percent; followed by Germany and South Korea. In most cases, a simple majority of votes is all that is required to reach a decision, although rare cases require a “supermajority” of 75 percent, officials say, giving China limited veto power. Of the 11 governors around the table Friday, only one is from China. “The bank is answerable to all of its 57 founding members,” [one of the bank’s five vice presidents, Britain’s Daniel] Alexander said. “China is an important voice, among many voices, around the table.

A/T “China will make biased decisions”-- China’s Voting Power Insufficient to Override International Community

Leland Lazarus 2016 (MA candidate at The Fletcher School, Tufts University) 2 March 2016 “Why the U.S. Should Embrace the AIIB” The Diplomat <http://thediplomat.com/2016/03/why-the-u-s-should-embrace-the-aiib/>

While China has a 30 percent weighted voting share, its influence in the AIIB can be checked by international pressure. In many ways, China has already altered the AIIB due to pressure from the international community. The AIIB Founding Members were able to use their collective bargaining power to [revise the bank’s Articles of Agreement](http://thediplomat.com/2015/07/how-the-international-community-changed-chinas-asian-infrastructure-investment-bank/) and “enmesh China in a network of international norms and standards.” This forced China to become more flexible and alter the AIIB rules. Suspicion and opposition by the United States and Japan also checked China’s ambitions with the AIIB. The evidence suggests that the AIIB’s member states can “make China play by the rules.”

A/T “China will make biased decisions”-- AIIB establishes legal basis to sue China for biased decisions

Leland Lazarus 2016 (MA candidate at The Fletcher School, Tufts University) 2 March 2016 “Why the U.S. Should Embrace the AIIB” The Diplomat <http://thediplomat.com/2016/03/why-the-u-s-should-embrace-the-aiib/> [Italics in original text]

The AIIB’s Articles of Agreement specifically confer on it an “international character,” as stipulated in Article 31. It cannot receive special outside funds that may jeopardize its independence, and its member states must “refrain from all attempts to influence (the bank’s employees) in the discharge of their duties.” This can provide a legal basis for a member state to bring a claim against China if it is ever seen as influencing AIIB officials.Additionally, Article 2, Section IV gives the AIIB flexibility in its functions, stating that it can “undertake such other activities and provide such other services (to) further these functions.” This clause gives the AIIB leeway to grant itself implied powers in the future for the sake of functionalism; if it needs to form subsidiary bodies or has to take some sort of emergency action, it can do so *independently*.

A/T “AIIB corruption / lack of accountability”—Self-correcting, existing mechanisms will solve.

Phillip Y. Lipscy 2015 (Assistant Professor, Department of Political Science, Stanford University) Why the United States Should Support China's Asian Infrastructure Investment Bank, 6 July 2016, Foreign Affairs <https://www.foreignaffairs.com/articles/china/2015-05-07/whos-afraid-aiib>

First, to remain relevant, aid organizations must be accountable to their stakeholders. If the AIIB is seen as being overly dominated by China, other members will turn their attention elsewhere, depriving the organization of resources, attention, and skilled staff. There is no plausible scenario under which the AIIB could supplant existing organizations such as the World Bank and ADB unless the organization suitably reflects the concerns and interests of the broader international community.

A/T “China influence/corruption/manipulation” – Very difficult for China to overtly manipulate AIIB

Prof. Phillip Y. Lipscy 2015 (Assistant Professor, Department of Political Science, Stanford University) “Who's Afraid of the AIIB: Why the United States Should Support China's Asian Infrastructure Investment Bank”, 7 May 2015 Foreign Affairs <https://www.foreignaffairs.com/articles/china/2015-05-07/whos-afraid-aiib>

Multilateralism will also make it more difficult for China to overtly manipulate projects funded by the AIIB. An important reason the United States established multilateral institutions after the end of World War II was to reassure its allies that their voices would be heard and that the United States would not seek unilateral domination. Multilateralism not only enhances but also constrains the ability of powerful states to get what they want.

A/T “AIIB corruption / China manipulation” - US joining would add transparency and accountability

Leland Lazarus 2016 (MA candidate at The Fletcher School, Tufts University) 2 March 2016 “Why the U.S. Should Embrace the AIIB” The Diplomat <http://thediplomat.com/2016/03/why-the-u-s-should-embrace-the-aiib/>

It is still uncertain which standards the bank will use, since the AIIB has yet to choose which projects it will fund. For example, the bank still has not decided whether it should approve coal-fired power plants, projects that are shunned by existing institutions. However, recent changes in the AIIB’s governance structure may suggest that China is amenable to change. Originally, the Chinese did not want a board of directors to be in charge of projects because they thought a board would just slow down the project with superfluous oversight. After consulting with the British, however, the Chinese changed their minds and added the board. This suggests that, if the U.S. joins the AIIB, it can persuade the bank to adopt higher standards and transparency, just as the British persuaded the bank to form a board of directors.

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