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## I. Critical September Days

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# How We Will Create a New Financial Architecture

by David Christie, [LaRouche PAC](#) Policy Committee

Aug. 23—The Berlin Wall was not demolished as the result of the success of an election campaign. Nor was it a referendum which brought hundreds of thousands into the streets to ultimately smash through concrete and rebar—to see their family and friends they had been partitioned from for decades. The Berlin Wall came down for the reasons that Lyndon LaRouche had identified in his speech at the Kempinski Hotel in Berlin a little over a year before the wall fell—the intellectual, cultural and economic mortar of that society could no longer sustain and nourish its population.

The state of society within the trans-Atlantic community is far worse today than that of Germany in 1989. The structural integrity of our own wall degenerated long ago, and either it will come down by financial collapse and world war, or we will embrace what is on the other side: the growing New Paradigm spreading throughout Eurasia. At the core of this new paradigm is the “New Silk Road” concept, put forward by Lyndon LaRouche and his wife Helga Zepp-LaRouche 25 years ago, as well as the extraordinary space program that is coming into increasing focus around China’s declared mission to land on the far side of the moon by 2018.

However, there is no way this new paradigm can be realized without a new financial architecture to facilitate its growth. From his call for

the creation of an “International Development Bank” in 1975, to his more recent proposal for the convening of a “New Bretton Woods Conference,” Lyndon LaRouche has repeatedly proven that the creation of a new global “financial architecture” is a prerequisite for the development of a new world-wide physical economy to replace the dead and rotting British Empire. Now, the Chinese Government, recognizing the likelihood of an imminent collapse of the trans-Atlantic financial system, has announced that the issue of a new financial architecture will be a core agenda item at the upcoming G-20 Summit in Hangzhou, China, September 4-5.

In recent discussions that Lyndon and Helga LaRouche have conducted with associates, Mrs. LaRouche has made it clear that, at the present moment, there is no sign from either the European Union or the United States



*An illustration of China’s Mars lander and rover released Aug. 23, 2016 by the Chinese State Administration of Science, Technology, and Industry for National Defense.*

Xinhua

that they are willing to agree to the Chinese agenda of a new financial architecture. Hence, the question—now before the citizens of Europe and the United States—is whether they will show the same foresight and courage as the Germans of 1989 and seize upon this great moment to provide leadership.

## G-20 and New Financial Architecture

According to an Aug. 15 press briefing from the Chinese Ministry of Foreign Affairs, President Xi Jinping intends to take personal leadership in guiding the upcoming G-20 Summit in Hangzhou, chairing over 10 different activities, and overseeing five of the key agenda topics, such as:

- “enhancing policy coordination and breaking a new path for growth”;
- “more effective and efficient global economic and financial governance”;
- “robust international trade and investment”;
- “inclusive and interconnected development”;
- “other critical issues affecting the global economy.”

Xi Jinping’s intention is that the G-20 will “transform itself from a crisis response mechanism, into a long-acting governance mechanism.” The title of the G-20 summit is “Toward an Innovative, Invigorated, Interconnected and Inclusive World Economy,” which will undoubtedly send the British Monarchy into apoplectic fits, not to mention the fact that Russian President Vladimir Putin and Egyptian President Abdel Fattah el-Sisi will be the guests of honor.

As Helga Zepp-LaRouche emphasized, the very clear and singular purpose of this G-20 meeting is to force the new financial architecture on to the agenda. This was emphasized in the same Aug. 15 press briefing by Vice Minister of Finance Zhu Guangyao, who stated:

The G-20 Hangzhou Summit is of great significance for the strong, sustainable, and balanced growth of global economy. As the current world



Chinese Vice Minister of Finance Zhu Guangyao

economy is complicated and changeable, the international community is paying high attention to the summit, and expects the summit to play a greater role in promoting global economic growth, safeguarding international financial stability, and dealing with risks and challenges. Since the beginning of this year, the financial channels of the G-20 have carried out cooperation and achieved positive progress in such areas as the global economic situation, the framework for strong, sustainable, and balanced growth, as well as investment and infrastructure, international financial architecture, and financial sector reform. . .

From the leadership of the nations representing the new paradigm, to the top criminals of Wall Street and the City of London, there is an almost universal recognition that the trans-Atlantic system is bankrupt. Even Lord Jacob Rothschild, in a publication for his investment house, admitted:

The six months under review have seen central bankers continuing what is surely the greatest experiment in monetary policy in the history of the world. We are therefore in uncharted waters and it is impossible to predict the unintended consequences of very low interest rates, with some 30 percent of global government debt at negative yields, combined with quantitative easing on a massive scale.

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**... the real ticking time bomb in this global Ponzi scheme is the immense market in financial derivatives...**

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In a similar tone, *Wall Street on Parade* quotes analysts who describe the activity of the central banks as the largest Ponzi Scheme ever conceived. This was after the Swiss National Bank reported that it is holding \$120 billion in stocks in its portfolio; it is only one of many central banks who can now print unlimited amounts of fresh money—money which carries the implicit backing of taxpayers—if stock investments (i.e., gambling bets) go bad and threaten the system. Meanwhile, the central

banks are playing a pivotal role in driving stock markets up through the roof, increasing the disconnect of the financial markets from the real economy.

However, the real ticking time bomb in this global Ponzi scheme is the immense market in financial derivatives, as LaRouche has noted in his recent intervention around Deutsche Bank, an institution which has a derivatives portfolio the size of the *entire world GDP*.

As the leadership of China takes responsibility for putting the new financial architecture on the agenda for the G-20 Hangzhou Summit, they have simultaneously made a significant intervention into exposing this global derivatives crisis. According to hints in the *Wall Street Journal*, it was at the request of China that a recent report was issued by the Bank of International Settlements, which warns that there are no mechanisms in place at this time which can prevent a blow-out of the \$600 trillion-plus, over-the-counter global financial derivatives bubble, should any one major party default on a derivatives contract.

*Business Insider*, in what can only be described as an almost painful understatement, was forced to admit that the results of that survey “are slightly terrifying,” because if the derivatives clearing-houses fail to handle a crisis, then derivatives become “unexploded nuclear bombs nestling deep in the financial system.” The *Wall Street Journal* further notes that China has placed the safety of central clearing houses “high on the agenda” of the upcoming G-20 summit.

As Helga Zepp-LaRouche has noted, there is presently nobody in the leadership of the European Union or the United States who intends to agree on the reality of this financial crisis, or on placing the urgent need for a new financial architecture on the agenda for the upcoming G-20 meeting. Think back to the G-7 summit earlier this year, when Japanese Prime Minister Shinzo Abe had said that the world economy faced the risk of another 2008 “Lehman shock” if appropriate action were not taken.

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### **Deutsche Bank's derivatives portfolio is as big as the entire world GDP.**

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However, due to the intervention of President Barack Obama and other stooges of the British Monarchy in the G-7 “leadership,” a falsified rosy picture was presented instead.

In fact, according to *Bloomberg News*, Japan had intended to insert the danger of a collapse into the final communique. According to *Bloomberg*, a copy of the Japanese draft which it had obtained stated, “We recognize the risk of the global economy exceeding the normal economic cycle and falling into a crisis, if we did not take appropriate policy responses in a timely manner.”

Furthermore, Abe insisted that the crisis could not be dealt with simply through monetary policy. At the T-20 Summit (Think-20) at the end of July, China's Vice Minister of Foreign Affairs Li Baodong made a similar point:

Problems have not been solved, and new challenges are emerging. It's hard to boost the economy if you only rely on fiscal policy and monetary policy. You cannot ignore the impacts that the Brexit referendum, Turkey's political instability, and recent terrorism activities in France and Germany have had on the world economy.



Xinhua/Li Xueren

*Chinese President Xi Jinping and his wife Peng Liyuan in a highly symbolic stroll on April 24, 2015 in Bandung, Indonesia, with African and Asian leaders as they commemorate the 60th anniversary of the historic 1955 Bandung Conference, which founded the Non-Aligned Movement.*



Everyone has high expectations for the upcoming G-20 Summit in Hangzhou—we're all hoping that the G-20 can play a leading role, and direct a clear and bright path forward amidst the chaos of the international situation, and that it can reinvigorate the world's sluggish economy.

China, which hosted the T-20 event, made a very clear and unmistakable policy statement by inviting Helga Zepp-LaRouche and *EIR* Washington Bureau Chief Bill Jones, to attend that summit meeting. Mrs. LaRouche spoke on the first panel, and titled her remarks, "The New Silk Road Becomes the World Silk Road." In that panel, she pointedly described the early danger of a global financial collapse, and she counterposed to the unfolding crisis the need for a global Glass-Steagall policy, the principles of which would then become the start of any new financial architecture. [She stated](#),

An uncontrolled collapse of the financial system of the trans-Atlantic sector would threaten to throw many parts of the world into chaos with unpredictable consequences. The so-called "tool-box" of financial instruments, which was decided upon after the 2008 crisis instead of implementing true reforms, has been used up. The consequent "unorthodox monetary instruments," such as quantitative easing, negative interest rates, and helicopter money, have in large part produced the opposite of the intended effect.

The fact that the reintroduction of the FDR Glass-Steagall banking separation law has been adopted in the election platforms of both the Democratic and Republican parties in the United States, and the fact that there is a growing discussion in several European countries about reducing the future risk of the financial system by introducing Glass-Steagall criteria in Europe as well, create a very favorable precondition for agreeing upon a global [Glass-Steagall Act](#) at the upcoming G-20 summit.

What Mrs. LaRouche proposes is the crucial first step toward the beginning of a new financial architecture, without which the Global Silk Road is impossible—and vice versa. Their many-sided international

diplomatic activity makes it clear that the leading nations of Russia, China and India know that it is time to act. Now we need the sane institutions within Europe,—especially within Germany as Lyndon LaRouche has identified,— and the institution of the Presidency within the United States, to act, and act fast.

### **Age of Destruction to Age of Reconstruction**

The world is at a *punctum saliens*, and the discussion process within the various international forums during the month of September will be critical to determining which way it goes. Manhattan will be the central battle-ground for the question of the new financial architecture, as it is the home to both Wall Street and Alexander Hamilton, mortal foes since 1789. New York is also where the United Nations General Assembly will be held, starting on Sept. 13 and continuing until the end of the month, when heads of state will assemble to address each other, and the world.

However, much of what will be discussed there will be determined in the weeks before, at the various international forums that are also occurring in the month of September, starting with the Eastern Economic Forum in Vladivostok. Notably, Japanese Prime Minister Shinzo Abe and South Korean President Park Geun-hye will be in attendance there, in addition to President Xi Jinping and President Vladimir Putin.

At that Vladivostok forum, there will be a discussion of cooperation in large-scale infrastructure and other energy and resource investment opportunities, which will be an essential component to soothing tensions in an area manipulated by British geopolitics. The recent decision by Barack Obama to deploy the THAAD missile system into South Korea, has upset the strategic balance as part of Obama's war drive against the leading nations of Eurasia, Russia and China. Japan has historically been an asset of the British Monarchy and their geopolitical agenda, but with a series of recent moves by Abe, there appears to be the potential for Japan to shift toward cooperation with its Eurasian partners.

After the Eastern Economic Forum in Vladivostok, there is the ASEAN (Association of Southeast Asian Nations) summit, with participation of many other heads of state as well, which will convene amidst important ongoing dialogues between China and the Southeast Asian nations, especially as concerns the South China

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Sea. All this will culminate with the crucial intervention made by the Chinese and their partners, to get the new financial architecture on the agenda at the G-20. The BRICS nations' heads of state will also meet on the sidelines of the G-20 summit. And from there, some heads of state will go to Manhattan, for the United Nations General Assembly which starts Sept. 13.

As the diplomatic staffs, foreign ministers, and some heads of state come to New York, they will arrive on the heels of an historic intervention by the members of the Schiller Institute and the Foundation for the Revival of Classical Culture, an intervention centered around performances of Mozart's *Requiem* and selected "Negro Spirituals" in honor of the victims of Sept. 11, both deceased and living, including those in other nations who have become the ongoing targets of the implications of 9/11. The horror of that day has not ended, since the wars that were launched based on the lies about who was responsible for 9/11 have not ended—from Afghanistan, to Iraq, to Libya and to Syria, with many other wars in between.

Last September, Vladimir Putin called for the creation of an international coalition to defeat terrorism, like the coalition which defeated the Nazis in World War II. That call was silently rejected by Barack Obama and

others in the trans-Atlantic region who are under the control of the British Monarchy, those who instead would use terrorism for their geopolitical aims of breaking up the New Silk Road, led by China, Russia and India. Since last September, economic projects like the International North-South Transport Corridor have been initiated. Putin's brilliant diplomatic maneuvers have led to Turkey's joining the fight against terrorism in Syria. Egyptian President Al-Sisi has even hinted at a potential by Putin in negotiating a peace between Israel and Palestine.

Simultaneously, China has conducted crucial diplomatic work in the Middle East, illustrated by Xi Jinping's tour there earlier this year. India is also playing an important role, such as in Syria, where India's Deputy Foreign Minister Mubashir Javed Akbar recently met President Assad in Damascus, offering help to Syria. "The age of destruction should give way to the age of reconstruction," he said.

This age of reconstruction can only occur within the new financial architecture that China is fighting for. At present, there is no sign from the European Union or the United States that they will accept China's proposal,—which is why you, as a citizen, must act. History and walls are not moved by electoral politics and referendums; they are moved by ideas and by courage.

## The New Silk Road Becomes the World Land-Bridge

**The BRICS countries have a strategy to prevent war and economic catastrophe. It's time for the rest of the world to join!**

This 374-page report is a road-map to the New World Economic Order that Lyndon and Helga LaRouche have championed for over 20 years.

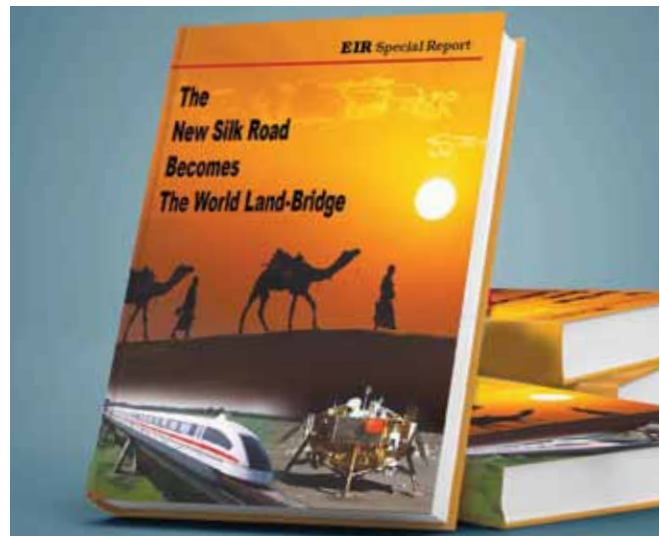
**Includes:**

**Introduction** by Helga Zepp-LaRouche, "The New Silk Road Leads to the Future of Mankind!"

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