

The Trans-Atlantic System Is Finished: The Solution Lies with Russia and China

by Helga Zepp-LaRouche, Chair of the German political party [Civil Rights Movement Solidarity](#)

Feb. 12—To put it succinctly, the financial system of Europe and the United States is already dead, but has not yet been buried. The banking crash is occurring in stages, and the famous tool kit of the central banks has proven worthless, or only worsens the disaster. It is high time to finish off the casino economy and to implement a Grand Design for the reconstruction of the world economy, especially of Southwest Asia and Africa! The best approach to accomplish this is collaboration with China's New Silk Road policy.

Wailing and chattering of teeth can be heard among the financial elites: "The world can't afford another financial crash," wrote the deputy editor of the *Daily Telegraph* Allister Heath Feb. 11, "It could destroy capitalism as we know it." According to Heath, a new bank bailout with taxpayer money would lead to such an explosion of anger that it would threaten the survival of free trade and lead to calls for wage and price controls; punitive, ultra-progressive taxes—a war against the City of London; and arbitrary jail sentences. The sorry truth is that governments can only hope that the central banks will be able to gain some time, he writes.

Guardian economics writer Larry Elliott no longer has such a hope; he sees confidence fading in the possibility of the central banks stopping the collapse of the banking sector. On Feb. 12 Elliott quoted the chief economist of Saxo Bank, Steen Jakobsen: "This week may go down in financial history as the week when central bank planning died—the 2016 version of the fall of the Berlin Wall."

Nor was that the only death this week: "This could go down in history as the death of Abe-nomics," commented Neil Mellor of the Bank of New York Mellon. He was referencing the boomerang effect of the attempt by the Abe government in Japan to halt the deflationary spiral with more quantitative easing—namely, money printing—and negative interest rates, an attempt which only accelerated the collapse.

But even the bail-in *Wunderwaffe* (miracle weapon), which entails the expropriation of the banks' depositors and creditors as carried out in Cyprus, is also turning against those who seek to employ it. Out of fear that the bail-in policy will lead to a run on the banks, a chorus of voices has arisen in Italy demanding that, for God's sake, such measures, which have already been partially put into effect, be frozen.

Deutsche Bank, whose stock has fallen from a high of 177 euros to 13 now, and which has lost 40% of its value since the beginning of 2016 alone, was unable to stop its collapse despite mass layoffs, the closing of hundreds of branches, and pulling out from ten coun-



President Franklin Delano Roosevelt took control over the banks upon assuming office on March 4, 1933. Here, the *New York Times* headline on that day.

tries; it finally resorted to the desperate measure of buying back its own stock. This comes down to applying palliative medicine, which in the short term relieves the suffering of the patient, but clearly lets those around him know his condition. The Swiss bank Credit Suisse lost 24% in value in three days, which so alarmed the Swiss Bank Oversight Commission Finma that it is now demanding that Credit Suisse report on a daily basis its risk positions at market value to the authorities in the capital city of Bern.

The European banks are sitting on an estimated one trillion euros of bad loans, while the process of deleveraging has long since begun, in particular among shale oil and gas companies, in a kind of chain reaction among derivatives contracts such as we saw, for example, in the secondary mortgage crisis in the United States in 2007. A new crash, vastly more dramatic and final than the collapse of Lehman Brothers and AIG in September 2008, is possible at any time. The resulting collapse into chaos would lead with almost absolute certainty to civil war in the United States and Europe, and would bring with it the immediate danger of a strategic confrontation pitting NATO against Russia and China.

Allister Heath, however, was far from the truth when he claimed that governments can do nothing, and must wait for the central banks to gain time. Franklin D. Roosevelt, when he came to power in 1933, showed where the solution lies. The immediate enactment of the Glass-Steagall banking separation system, the writing off of toxic debts, the establishment of a Pecora Commission to investigate the bankers' criminal machinations, and the creation of a new credit system to finance investments in well-defined projects for the real economy—this package of measures also holds the only potential for preventing collapse into chaos and war today.

It is obvious that the policy of the European Union, as well as of the “five presidents”—Mario Draghi (European Central Bank), Jean-Claude Juncker (European



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Russian Prime Minister Dimitri Medvedev warned Feb. 12 that the deployment of ground troops into Syria by the U.S., NATO, Saudi Arabia, or Turkey would immediately lock in an escalation to world war. Medvedev is shown here in 2013 with Mark Weinberger, Global Chairman and CEO of Ernst & Young, one of the Big Four audit firms.

Commission), Jeroen Dijsselbloem (Eurogroup), Martin Schulz (European Parliament), and Donald Tusk (Euro Summit)—is diametrically opposed to this program. They, as well as German Finance Minister Wolfgang Schäuble, hope to “consummate the currency and economic union,” or, like the central bank chairmen of Germany and France, Jens Weidmann and François Villeroy de Galhau, call for the creation a European finance ministry. Behind this plan stands nothing but the intention to stick to the already totally bankrupt monetarist, neo-liberal policy, and to cement the dictatorship of the banks, which is directly responsible for the crisis just described.

Locking in World War

No less dramatic than the danger of a meltdown of the financial system is the danger of a thermonuclear world war. Russian Prime Minister Dimitri Medvedev warned specifically of this acute possibility in an interview with the German business daily *Handelsblatt* in the Feb. 12 English edition, in the context of the Munich Security Conference. The deployment of ground troops into Syria (by the United States, NATO, or the British proxies Saudi Arabia and Turkey), would immediately lead to an escalation to a world war, Medvedev stressed.

All the more important is the agreement for a ceasefire that Russian Foreign Minister Sergei Lavrov, U.S. Secretary of State John Kerry, and representatives of seventeen other governments negotiated on the side-

lines of the Munich Conference on Feb. 12, to go into effect within a week. The combat against ISIS and al-Nusra should continue, however. Now, the real role that Saudi Arabia and Turkey are playing will become evident—should the groups they support violate the ceasefire, those groups will be placed on the terrorist list.

It is undeniable that it was only the Russian military intervention into Syria that created the potential for a diplomatic solution, not only because it strengthened the Syrian army, but also because of the offensive to retake Aleppo, without which the supply lines for ISIS and al-Nusra could not have been broken. The former head of the NATO Military Committee, General Harald Kujat, among others, has emphasized this, but it has obviously not been understood by German Chancellor Angela Merkel or by German Left party spokeswoman Sahra Wagenknecht.

However, whether the agreement for a ceasefire holds, and will lead to the beginnings of a real solution for Syria and all of the Near and Middle East—and thereby also of the refugee crisis, depends very much on whether a comprehensive solution, addressing all aspects of the problem, is put on the agenda.

Only if we first succeed in forcing the United States and Russia to collaborate—and Europe has leverage for that at hand—and the United States gives up its confrontation policy against Russia and China, can world peace be secured. But in addition, it is also essential to implement an economic reconstruction program for the entire region, to reconstruct not only the nations that have been destroyed by war—such as Iraq, Syria, Libya, Yemen, and Afghanistan, but also to develop industrially and agriculturally the entirety of Southwest Asia and Africa.

The only realistic perspective for accomplishing this is the extension of China's New Silk Road program to the region, as the Schiller Institute has proposed for years, and as Chinese President Xi Jinping put it on the agenda during this recent visit to Saudi Arabia, Egypt, and Iran. Were Germany, France, Italy, and other Euro-



Chinese President Xi Jinping and Egyptian President Abdel-Fattah el-Sisi review the planners and builders of tomorrow at the presidential palace in Cairo, Jan. 21, 2016. Xinhua

pean countries to now declare their intention to cooperate with China and Russia in the economic development of Southwest Asia and Africa, then not only can the dangers of war and terrorism be overcome, but also the refugee crisis can thereby be solved, by developing the economies of the countries from which people are now fleeing due to war and hunger, so that they will have a future there. Such a humanist solution—for the simultaneous overcoming of the war danger and the refugee crisis—is also the only chance Europe has to escape its own economic doom. There is a way out only if the immediate write-off of unpayable debts is put on the agenda—whatever it may be called, a Jubilee, or a debt conference in the tradition of the London Conference of 1953, or Glass-Steagall—and we then return to a credit policy which promotes the real economy, such as the one successfully implemented during the German economic miracle after World War II.

We have a limited window of opportunity to seize the available solution, the offer by China for win-win collaboration to expand the New Silk Road into the World Land-Bridge—for a truly new paradigm of cooperation to achieve the common aims of mankind.

The governments of Europe will be judged by whether they are slaves of the banks and are thus responsible for the demise of all, or whether they realize a vision for the future of mankind.

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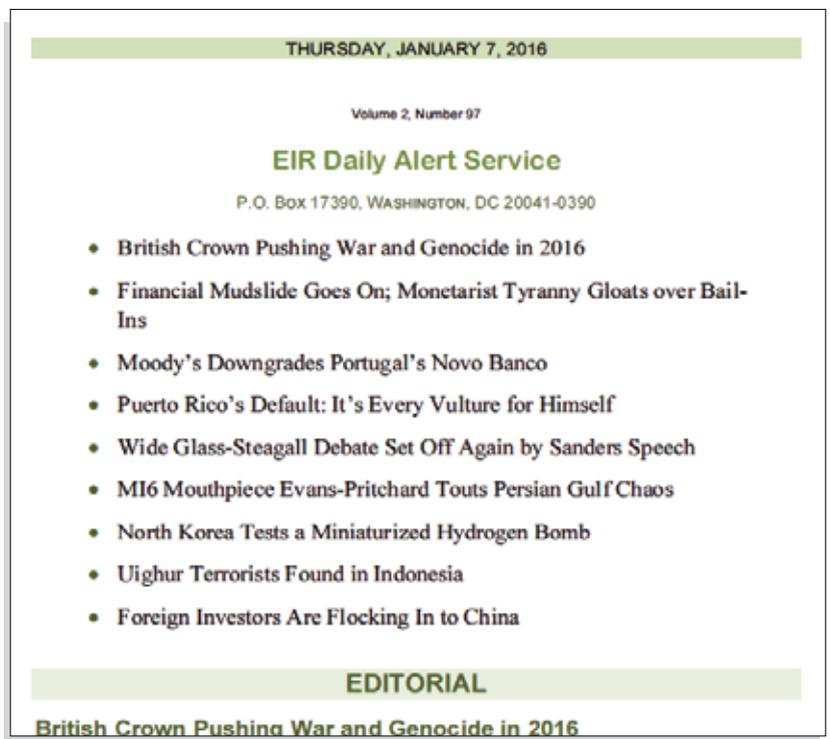
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