

As the World Order Collapses, Solutions Are Needed, Not Propaganda!

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

Sept. 24—So many crises in the trans-Atlantic world are coming to a head that it is almost overwhelming: The financial sector faces an imminent new collapse—yet governments remain silent and do nothing. President Obama, with his veto of the Justice Against Sponsors of Terrorism (JASTA) bill, has sided with Saudi Arabia against the victims of the 9/11 attacks, and thus exposed himself to possible impeachment. Tensions between the United States and Europe, and within the European Union (EU), are escalating and reaching the breaking point. The hawks in the United States—with the “unintentional” attack on the Syrian Army at Deir al-Zour and allegations of Russian and Syrian responsibility for the attack on the aid convoy in Aleppo, with no evidence provided—have sought to sabotage the peace efforts by U.S. Secretary of State John Kerry and Russian Foreign Minister Sergey Lavrov, thus risking a major war with Russia.

In the face of these dramatic developments, is there still a chance for a peaceful resolution of these crises?

Yes, there is. But it demands a dramatic turnaround in thinking. European governments and important forces in the United States must take up the concept that China and the other BRICS nations presented in the context of the latest G-20 Summit, in Hangzhou, namely, a win-win mode of cooperation among all nations globally to solve the common problems of mankind: the immediate implementation of a new financial architecture and a reorientation of the world economy on the basis of scientific and technological innovation. In short, the old geopolitical premises must be thrown overboard and the general welfare of all mankind must be taken up as the point of departure for solving each individual crisis.

Most Europeans have absolutely no idea of the level of outrage over

Obama’s veto of JASTA, the bill passed by both houses of Congress without debate, to permit the relatives of the victims of 9/11 to sue the Saudi government for its support of the terrorists. The families want justice for those they have lost, and see it as a betrayal that Presidents Bush and Obama have covered up this monstrous crime.

Not only did 3,000 people lose their lives then, but now, 15 years after the attack, according to *Newsweek*,¹ approximately 400,000 people—first responders, firemen, policemen, and people who found themselves within a one-and-a-half mile radius of the World Trade Center—are suffering from 70 different varieties of cancer, acute respiratory distress, diseases of the digestive tract, panic attacks and post-traumatic stress disorder, and other illnesses. In short, their lives have been severely impaired or shortened. The overwhelming majority of members of the House of Representatives and the Senate have vowed to override Obama’s veto this week. Family members and survivors of the attack have condemned Obama’s alignment with the Saudi regime

1. “9/11’s Second Wave: Cancer and Other Diseases Linked to the 2001 Attacks are Surging,” by Leah McGrath Goodman, *Newsweek*, Sept. 7, 2016.



Deir al-Zour, where a U.S.-led strike killed up to 80 Syrian government soldiers.



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The headquarters of some European Banks towering far too high for the level of their risky assets.

in the harshest terms, and announced an escalation of their campaign for justice.

The Derivatives Risk

Meanwhile, it is common knowledge that the whole trans-Atlantic banking system is on the edge of a new collapse, a systemic crisis which can no longer be papered over with “instruments” like those used in 2008, because these mechanisms—such as quantitative easing, negative interest rates, and helicopter money—are no longer effective.

Thomas Hoenig, vice-president of the Federal Deposit Insurance Corporation (FDIC), released figures on Sept. 20 showing that Deutsche Bank is the riskiest bank in the world. For 42 trillion euros in immediately outstanding derivatives contracts—about three times as much as the total GDP of the Eurozone—it had a leverage ratio (core capital in relation to its total balance sheet) of 2.68% as of June 30. Its ratio of capital reserve to assets (loans) is thus worse than Lehman Brothers’ shortly before the 2008 collapse. The FDIC considers outstanding derivatives contracts—a field in which Deutsche Bank is the inglorious world champion—as the greatest systemic risk, against which that bank has virtually no “cushion” in the event of a crisis.

International financial media have noted that the government of Chancellor Angela Merkel is silent about Deutsche Bank’s situation, and according to *Bloomberg*, the subject was not even raised at a closed-door session of the Bundestag Finance Committee with Finance Minister Schäuble. But according to the FDIC, something like a dozen more “too big to fail” banks (supposedly too big to be *allowed* to fail) are not in

much better shape. If any one of these banks goes bankrupt, the whole trans-Atlantic financial system will implode, because all of the large and middle-sized banks active in the investment business are greatly undercapitalized.

The \$14 billion fine imposed on Deutsche Bank by the U.S. Justice Department for its illegal transactions in the U.S. real estate market between 2005 and 2007 would bring the bank to the point of near ruin,

given the mere \$19 billion in its capital base: Its stock has fallen from 150 euro a share in 2007 to only 9.35 euro a share on September 15, 2016.

Meanwhile, within the EU, Bundesbank head Jens Weidmann and Italian Prime Minister Matteo Renzi are quarreling over whether the accumulation of bad loans in the Italian banks or the derivatives risk of the banks in Germany are the root of the problem. At the same time, European Central Bank (ECB) head Mario Draghi and German Finance Minister Wolfgang Schäuble are blaming each other for the crisis, the one hammering the negative interest rates of the ECB and the other Germany’s austerity policy.

The upcoming October referendum in Italy (which can lead to new elections and an electoral victory for the Eurosceptic Five Star party); the upcoming referendum in Hungary on EU refugee policy; elections in Austria this year, and in France and Germany next year; the collapse of the major political parties and rise of populist to extreme-right parties in several European countries; the huge failure of the EU in the face of the refugee crisis: All of these factors, added to the Brexit and the inability of the European elite to correct its own policies, make the survival of the Eurozone, and of the EU itself, more than doubtful.

Glass-Steagall Now

And what are the governments doing? Instead of acknowledging the failure of their policies, shutting down the banks’ casino economy by introducing a [Glass-Steagall](#) banking separation system, and finally implementing a policy to defend the general welfare of their peoples—they are redecorating, attempting to present



<http://www.gwadarport.gov.pk>

The Port of Gwadar, a warm-water, deep-sea port situated on the Arabian Sea in Pakistan, features prominently in the China–Pakistan Economic Corridor plan, and is a crucial link between the ambitious land and sea Silk Road projects.



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Construction of units 5 and 6 of the Fuqing nuclear power plant in April 2015, which will serve as demonstration units for China's new Hualong One reactor design. China National Nuclear Corporation's new reactor design sets the groundwork for China to export its nuclear technology.

new window dressing of their image. On Sept. 16 they bombastically announced a “Bratislava Road Map” and evoked the “spirit of Bratislava,” a PR maneuver immediately foiled by Italian Prime Minister Renzi and Hungarian Prime Minister Viktor Orbán, who showed it was all just empty talk.

In contrast, the most important initiative toward a potential solution for these global crises was given impetus by Chinese Prime Minister Li Keqiang at the United Nations General Assembly, now meeting at UN headquarters in New York. Building on the Hangzhou program, Li and the head of the UN Development Pro-

gram signed the first Memorandum of Understanding for UN cooperation with China’s Silk Road initiative. Li also reported to a forum of sixteen leading UN institutions on China’s newly released plan to promote the worldwide realization of the UN Agenda 2030, on Sept. 19. An important component of this plan is the industrialization of Africa and other developing countries, and the establishment of a new financial architecture.

This perspective, which China had already presented at the G-20 Summit, offers an approach to solving the crises before us. Only if the European countries and the United States adopt the solutions implemented in 1933 by Franklin D. Roosevelt for overcoming the financial and economic crisis at that time—solutions implicitly represented today by the Chinese proposals—can an escalation toward a global financial blow-out, and from the new Cold War to a thermonuclear world war, be prevented.

A new global Glass-Steagall law must write off the bad debts and derivatives in an orderly fashion. A credit system must be established which exclusively finances investments in innovation and the real

economy, doing away with the casino economy based on maximizing profits. The expansion of the New Silk Road into the World Land-Bridge, a program in which more than 70 nations are already participating, is a very concrete option for overcoming geopolitics and putting win-win collaboration for the common aims of mankind on the agenda.

The realization of this perspective, in light of the crises sketched here, may appear to be an unreachable qualitative leap. Only if a sufficient number of forces can bring themselves into a totally new paradigm of thinking, does Mankind have a chance.

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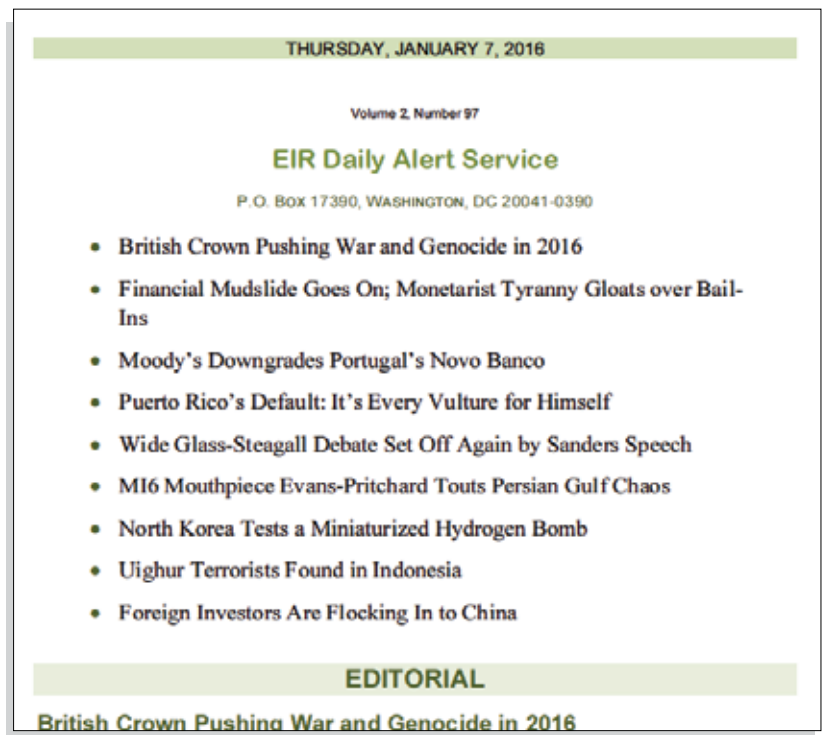
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