



THE WORLD URGENTLY NEEDS A NEW FINANCIAL ARCHITECTURE—AND A NEW PARADIGM OF THINKING

August 24, 2016—China's President Xi Jinping has made it clear that he intends to keep the focus of the upcoming G-20 heads of state summit in Hangzhou on the urgent need for a new global financial and economic architecture. In fact, the entire dynamic of the world has already shifted to Asia, where long strides are being taken to put that new financial architecture in place. The official China media, joined by top Russian analysts, have made clear that any such new and viable system must include the United States--and this means that the U.S. must ultimately abandon its delusions about ruling over a unipolar world that no longer exists and never should have existed in the first place.

One particularly insightful call by Andrey Kortunov, director general of the Russian International Affairs Council, appeared on Tuesday in Xinhua, in which he warned that, "The longer those reforms are postponed, the higher the risk of new crises and instability in the world economy."

There is widespread belief that Europe is on the very edge of financial blowout, with severe global implications. Bloomberg reported Tuesday that Deutsche Bank, Barclays and Credit Suisse combined are sitting on \$102.5 billion in "Level 3" assets that are illiquid and could not be dumped on short notice in a crisis. The Economist has headlined its Aug. 20-26 issue "Nightmare on Main Street," warning about the blowout of the \$26 trillion U.S. housing market, with a mountain of derivatives and other non-bank securitized gambling paper built up once again on top.

Kortunov concluded by urging that "Both Russia and China should consistently seek common ground with Washington, and avoid crises, without making concessions on matters of principle."

A second Xinhua commentary assailed the "overreliance on monetary policy" and the focus on "markets" as opposed to "nations"--at the expense of policies aiming for real physical economic growth, based on technological innovation. "China will use the con-

ference to spur dialogue among developed and developing countries around the potential to foster growth through reforms and innovation," Xinhua announced.

The foundations for such a new global financial and economic architecture have been well-established, through the growing integration of Eurasia, through cooperation among the Eurasian Economic Union, the Shanghai Cooperation Organization, and ASEAN. China's One Belt, One Road initiative, based on Lyndon and Helga LaRouche's original mid-1990s concept of the Eurasian Landbridge, is the principle upon which this Eurasian development is premised.

At a Kazakh-Polish business forum in Warsaw, Poland on Tuesday, Kazakh President Nursultan Nazarbayev called for a trilateral agreement between Russia, Poland and Kazakhstan, to build up transport corridors through the Caucasus region, as another piece of the overall Eurasian transport/development corridors. The new emerging cooperation between Russia, Turkey, Iran and India, accelerated this past week by a string of diplomatic meetings, has a similar focus, centered on the North-South Corridor, running up from the Persian Gulf through Russia into Europe, with spirals into both the Black Sea and Caspian Sea regions.

Such "win-win" ideas demand nothing less than a new paradigm in thinking--an abandoning of the old, dead British imperial concepts of divide-and-conquer geopolitics, concepts that brought the world a century of two world wars and a 50-year Cold War.

In the United States and Europe, the bankruptcy of the entire financial and monetary system is so advanced that the only remaining solution is the immediate reinstatement of Glass Steagall full bank separation in the United States and the passing of identical laws in Europe. Glass-Steagall is but the first, indispensable step towards the kind of new financial and economic architecture that Xi Jinping is going to put on the table at Hangzhou on Sept. 4-5.