

---

## I. Strategy Today

---

# A New Financial Architecture and A Classical-Cultural Renaissance Are Urgently Needed

by Helga Zepp-LaRouche

*Helga Zepp-LaRouche delivered the following keynote address, “A New Financial Architecture and a Classical-Cultural Renaissance Are Urgently Needed,” to an October 13 video-conference on “The BRICS Summit: Alternatives for a World in Crisis,” held with simultaneous meetings in Guatemala City, Mexico City, and Lima, Peru. The gatherings in those three cities were linked live by Google Hangouts on Air, and a panel discussion followed Mrs. Zepp-LaRouche’s remarks, with Dr. Mario Roberto Morales (Professor at San Carlos University, Guatemala), Dr. Horacio Sanchez Barcenas (Vice President of the National Federation of Economists, Mexico), and Luis Vasquez Medina (EIR, Peru). The event was sponsored by the Center for Latin American Studies of the Department of Political Science of San Carlos University, the Schiller Institute, and Executive Intelligence Review. Mrs. Zepp-LaRouche had pre-taped her address on Oct. 6.*

Good day. Thank you so much for inviting me to address your conference. The world is in a very, very dangerous situation. Everybody who watches the strategic developments every day can see how the confrontation between the United States and Russia is increasing. Just a few days ago, the official coordinator for the cooperation with Russia of the German government said on the



EIRNS/Stuart Lewis

Helga Zepp-LaRouche

Second Channel of German TV, that a direct military confrontation between the United States and Russia can no longer be excluded. Now, it’s not that this is something new, but the fact that a representative of the German government said it, is new. What he referred to was the complete breakdown of negotiations between Russia and the United States over the Syria crisis. And there is the immediate danger of an escalation if the policies of such people as General Petraeus or Sen. John McCain were implemented.

And I think everybody knows that if it came to war between Russia and the United States, it would be a global war, and it would lead to the annihilation of all of mankind, in all likelihood.

Now, there is a second danger to civilization which could also lead in the end to a nuclear war, and that is that we are about to face a total collapse of the trans-Atlantic financial system, much, much worse than 2008. The IMF has named Deutsche Bank as *the* bank with the most risk in the whole global financial system, and it depends on what will be the outcome of both the IMF/World Bank annual meeting in Washington right now, where the CEO of Deutsche Bank, John Cryan, went; but, also at the same time, to negotiate with the Department of Justice to reduce the fine of \$14 billion which the DOJ had fined Deutsche Bank for criminal manipulations before the secondary mortgage crisis in

2007-2008, from \$14 billion to only \$5 billion, because \$14 billion would mean de facto the insolvency of Deutsche Bank.

Now, the German daily *Die Welt* said what Cryan is doing is a “chicken game”; that Deutsche Bank has \$42 trillion worth in outstanding derivatives, and that is enough, if Deutsche Bank goes bankrupt, to bring down the entire financial system. And according to the old wisdom, if you have enough debt, you can impose the conditions of how this debt will be renegotiated; but *Die Welt* basically said, this is a chicken game which nobody would survive.

Now, Deutsche Bank is maybe the worst case, but by far not the only one. Deutsche Bank, as I said, has \$42 trillion in outstanding derivatives: that is about 12 times the entire GDP of the German economy per year, and it’s still about 3 to 4 times the GDP of the entire European Union. Therefore, it is obvious that if Deutsche Bank collapses, neither the bail-in law—which is by now law in the entire European Union—nor the bail-out would be sufficient to solve the problem. And if you look at the engagement of these derivatives with the banks which are counterparty to Deutsche Bank, it involves the entire too-big-to-fail banking system of the trans-Atlantic system; and if Deutsche Bank goes without state intervention (and that is obviously not the solution either) it could be like a super-nova, basically evaporating in a very brief time.

### **There Is a Remedy**

A similar situation is true for the Italian banks, and for the British banks after the Brexit—and one should not overlook that all of these banks have large fines to pay for crimes. Deutsche Bank had to pay because they manipulated and cheated the customers in the real-estate market in the United States. Wells Fargo just had a hearing in the U.S. Congress because they set up 2 million fraudulent, fictitious bank accounts to steal. Then you have HongShang Banking Corporation, which is openly laundering the entire drug money of the Mexican drug mafia. They all were involved in the LIBOR manipulation, which caused the three-digit billion



*Alexander Hamilton's First Bank of the United States (1797-1811).*

CC/David8

losses for the customers.

We are for sure heading towards an October crisis. This is not going to be a crisis after the U.S. election: This is now. And all the means of the central banks: quantitative easing they have been doing since 2008; negative interest rates, which kills the savings of the population; and now they’re talking about “helicopter money,” which is really the last straw. All of these tools do not function any more.

There is a remedy, and that is, you have to implement immediately the Glass-Steagall banking separation law, exactly what Franklin D. Roosevelt did in 1933. Lyndon LaRouche has enlarged that conception to say, we need Glass-Steagall, that is, you have to write off the speculative part of the banks; but then you have a lack of liquidity and therefore, you have to have a credit system in the tradition of Alexander Hamilton, which issues new, large credits for productive investments. But you also have to increase the productivity of the economy, and you have to have a science driver; and the best way for that is international space cooperation and vanguard technologies which go along with that.

We also need what Roosevelt did at the time: a Pecora Commission. Pecora was the New York State Attorney, who investigated the CEOs of the Wall Street banks under oath at the time, to then send many of them to jail. And as a leading banker contact told us, if you don’t do that, you cannot reinstate the confidence in the banks, because people have completely lost confidence

in the system, which is obviously more criminal than not.

There is good reason that this can be done. Because in the United States, both parties, the Republicans and the Democrats, have the Glass-Steagall Act in their platforms; and despite the fact that Hillary Clinton is not for Glass-Steagall, it is important that in times of crisis, such provisions are there. And there is a renewed optimism that you can mobilize the Congress, even if normally people have little hope that the Congress will do something useful. They just did by voting up the JASTA bill overriding the veto of President Obama in respect of the ability of the families of the victims of September 11th, to sue the Saudi government.

This is a tremendous victory, because what was victorious in this situation was a sense for justice: That it was completely unjust that the victims of the September 11th terrorist attack would not have the ability, and the families in particular would not have the ability, to bring the criminals responsible for that terrorist act to court. And that has now occurred, and there is a tremendous sense that you can move, once people are united for a good plan, and once they act together.

Now, there is an equal yearning for justice concerning the banking system. The banking system which has provided unbelievable profits for a few; where bankers who provably are criminal can get away with bonuses of hundreds of millions of dollars, while the people they are looting, more and more of them become completely impoverished.

The other important aspect about this is that the alternative financial system is already in place. Since 2013, when President Xi Jinping announced the New Silk Road, there has been an unbelievable development, in the tradition of the ancient Silk Road of 2,000 years ago during the Han Dynasty, which at that time was an immense exchange, not only of goods, but of culture, of ideas, and most importantly of technologies, of the ability to produce silk, to make porcelain, and other such vanguard technologies of that time; the idea



Xinhua/Zhu Xiang

*First direct cargo train leaving Zhengzhou for Europe, July 18, 2013. Zhengzhou is the capital of China's Henan Province.*

is now that the same kind of exchange has been occurring for three years among the nations of the New Silk Road, but with modern technologies.

This is the largest infrastructure plan in all of human history: It's about twelve times larger than the Marshall Plan which helped to reconstruct Europe after the Second World War, in terms of actual buying power. It right now encompasses \$1.4 trillion; it already involves 43% of the world economy, and 4.4 billion people. Seventy countries are cooperating around it. It is the only long-term development strategy in the world right now, under the leadership of China. As a matter of fact, it's the only strategic plan to overcome this present geopolitical confrontation I mentioned in the beginning, because it is based on the idea of a "win-win cooperation" of all countries on this planet.

### **What Really is the New Silk Road?**

Very important, in respect to the financial crisis, these countries have started to set up an alternative financial system. They have started the Asian Infrastructure Investment Bank (AIIB), where immediately about 70 countries wanted to be founding members, despite enormous pressure from the United States not to do so. Even close allies of the United States, like Great Britain, Japan, South Korea, Germany, France, and Canada,

all wanted to be founding members of this new bank, which has a starting capital of \$100 billion, which can be expanded, and will be. They also have created the New Development Bank, that is the bank of the BRICS countries; the New Silk Road Fund of \$40 billion; the Maritime Silk Road Fund; the Shanghai Cooperation Organization has created a new bank; and they have created something called the Contingency Reserve Arrangement which began as a pool of \$100 billion, helping the BRICS countries and other developing countries to fend off manipulative speculative attacks like those of George Soros and other speculators.

It is very important that this idea of the New Silk Road is expanding with an unbelievable speed, and many countries, not only in Asia, but also in, for example, Eastern and Central Europe, are picking up on it. There is now a cooperation between China and Greece, Serbia, Hungary, the Czech Republic and even Poland, all working on high-speed trains and infrastructure cooperation. And the idea is to extend this kind of a New Silk Road into the Middle East and into Africa; to address the very, very dramatic situation there, to reconstruct the Middle East after the war, and to develop Africa, and also to end the refugee crisis, which is one of the largest humanitarian crises in the world ever; to create conditions where Africa and Southwest Asia are being industrialized so that people do not want to leave their homes, but rather, to help to build up their nations.

All of this is not just business. The Silk Road is by no means only infrastructure in the narrow sense, connecting A to B through trains and ships, but it is also not just a replacement of American imperialism by Chinese imperialism, which is what some media are trying to insinuate. The New Silk Road, put on the agenda by China, is truly a completely different model of cooperation among states. It is based on dialogue, partnership, and cooperation; and China does not want to be a new hegemon, but wants to have cooperation with all coun-



*Imaginary portrait of Confucius, illustrating the frontispiece of the book Confucius Sinarum Philosophus, Paris, 1687. The linear perspective is a feature of European art.*

tries based on a “win-win” mutual benefit, where each country has its own advantage.

China has said many times—as a matter of fact, Xi Jinping has used the formulation that what is needed is a “community of shared destiny.” Now, this is what the Schiller Institute has promoted for 25 years, when we proposed the Eurasian Land-Bridge when the Soviet Union collapsed, and expanded it in the 25 years since, that the Silk Road must become the World Land-Bridge. We always have said that we need a completely new paradigm based on “win-win cooperation”; and that is exactly what is now being pushed by China.

Now people always have suspicions: “what is the real aim of China?” But I have come to the absolute conclusion, that China *means* exactly what

they’re saying; that the world must not be run on the basis of a zero-sum game, but on the idea of a harmony of all nations.

Now, 2016 is the 2,567th birthday of Confucius, and you have right now a total revival of Confucian philosophy, in all of China, in all schools, universities, cities; and there is right now a two-and-a-half-thousand-year-old history of Confucian tradition in China, with the very short exception of the ten years of the Cultural Revolution. And that has shaped the Chinese mind to a very large extent—the Confucian idea that the world should be organized in a harmonious way, by allowing the harmonious development of all nations, of all families, of all individuals; and that a country cannot do well, if its neighbors are not doing well. The idea of Confucius, that politics must be based on love, now that is associated with the idea that politics has only one aim, and that is the happiness of people, an idea which used to belong the American Declaration of Independence, and an idea which is also very well known in the history of European humanism.

Confucius also taught that people have to have a lifelong learning, and that they should perfect themselves

without limit, and that the highest ideal of man is the *chun tzu*, the wise man who perfects himself in the highest degree. And out of this comes the idea that the sage king is morally much more attractive than the hegemon. This is the same idea as Plato's "philosopher king," that only the wisest and most moral people should rule.

### Classical Culture

Now, while the hegemon rules by forcing the underlings into submission, the wise king and the wise leadership elevate the people through inspiration. At the recent G20 meeting in Hangzhou, which occurred for the first time under the leadership of China, they have made a wonderful proposal to place the whole world economy on the basis of innovation, and to share whatever scientific and technological breakthroughs are made, immediately, with all other nations, but especially the developing nations, so that their development is not held up.

Since then, they have announced scientific and technological cooperation among the countries along the New Silk Road; they have opened up science and technology parks, and huge exchanges of scientists and youth, in order to spread these ideas in the quickest possible way. All of these policies are a reflection of the Confucian philosophy.

If you study it more closely, you will realize there is a tremendous affinity between Confucian thinking and European humanism. They are much closer and much more related than most people are aware. While in China, a Confucian Renaissance is fully underway, it is the West which is in urgent need of such a cultural renaissance.

The Western world has plunged into a terrible moral degeneracy and decadence: If you look at the drug addiction, for example—well, the case of Mexico, for example, is famous: The drug lords have taken over much of the country. But in the United States, drug addiction is the most important cause for the rising suicide rate which has quadrupled since 2001, since Bush came into office; suicides in all age groups. If you look at the violence in the United States, but also in other Western parts, you have the police violence, you have the school shootings, you have pornography, and you have the total brutalization of behavior, which almost is a breakdown of civilized relations among people. I don't want to go into this more deeply, because you all know it.



*Scholars at an Abbasid library. Illustration for the Maqamat of al-Hariri by Yahya Ibn Mahmud al-Wasiti, Baghdad, 1237 AD.*

So we need urgently, if you want to save humanity, we need a Renaissance of Classical culture. We have to go back to an image of Man which emphasizes that which separates Man from all other living species, and that is the creativity of the mind of the human being. The problem with popular culture is that it *de-emphasizes* this creativity. Pop music, for example, if young people go to discos, it almost always goes along with drug consumption, with something which destroys the creative faculties of the mind.

We need a Classical culture which emphasizes the beauty of the best traditions of Greece: for example, Greek architecture, Greek historical dramas, Greek philosophy; but also the beauty of Dante, of Petrarca, of the Italian Renaissance; in the Spanish culture, of the Andalusian renaissance, of Cervantes, of Goya; in Germany, Schiller, Beethoven, and many other great thinkers.

Now, why is Classical culture so absolutely important? Rather than being a soap opera, where you add irrational emotions one after the other, without rhythm or rhyme, you have in Classical culture either a poetical or a musical idea, and then, according to very strict principles of composition, you develop that idea until it is exhausted, in a thorough-compositional way; and then you

come to a conclusion on a higher level of reason. And when you train your mind in this way, in Classical thinking, you become more creative. And it also leads to an education of the emotions. Because if you only rely on your senses, you are just reacting. That is why Friedrich Schiller demanded the aesthetical education of Man: namely, through Classical art, the aesthetical education teaches Man to feel more noble and to educate your emotions up to the level of reason, so that you can blindly follow your impulses because they will never tell you anything different than what reason commands. This is why we have to reintroduce beauty into art, and the great German poet Friedrich Schiller said “Art which is not beautiful should not be called art.”

In the Greek Classical period, you had the ideal of the identity of the beautiful, the truthful, and the good. And you cannot be truthful if you are not trying to develop the idea of beauty, and you cannot develop the good without being truthful. So there is an inner connection between these, because they address the same faculty in the human mind.

### **Man’s Destiny**

The future of mankind very clearly will be in space. If you look at the evolution of man, or even of life as it developed through photosynthesis from the oceans to land, from lower to higher species, and eventually the creative mankind: Man settled at the rivers and oceans first; then through infrastructure development, opened up the landlocked areas of continents. And now, with the New Silk Road, we are completing that phase of the evolution, where Man through infrastructure, develops the landlocked areas of all continents. And the natural extension of that infrastructure development will be the opening-up of near space, probably first a colony on the Moon, and that will be the launching pad for future space operations as our energy sources become more dense, and we will even be able to understand much better what is the position of our planet in the Solar System, and in the Galaxy; and we will develop a much deeper understanding of the laws of the universe and the relationship of creative mentation to that Universe, because our mind is obviously not outside of the Universe, but it’s part of the Universe, and it is the most developed part.

A lot more studies have to be made about that connection between the mind and the universe at large, and the better we understand that connection, the more rational we will become as a human species. The great German

space scientist Krafft Ehricke developed the beautiful notion of the “extraterrestrial imperative,” saying that Man only becomes truly adult when we try to understand and conquer space more deeply, because Man will only become fully rational when we do that. And Krafft Ehricke, who was a close friend of ours, said at the end of his life, that the importance of great Classical art was absolutely crucial, because if science is developed, that does not yet say whether it’s applied for something good, or for something bad; it is always Man who applies that science which makes the difference. And therefore, the aesthetical and moral education to beauty and to the good, is what will make the longevity of the human species possible.

Now, this is why we are saying, so emphatically, that the economic development of the New Silk Road must be combined with a Classical Renaissance of Classical culture, and that we must bring forward the best traditions of each culture, of Chinese poetry and philosophy, of Chinese painting, of Indian philosophy, of wonderful African philosophical contributions from the time of Timbuktu; of other great cultures, which each, at one point had a high phase in their culture, like the Arab Renaissance of the Abbasid Dynasty, at which point the Arab culture was the most developed.

What we have to do, is we have to make the best phases of these periods known, and then have a dialogue between these cultures, and then out of that we will generate love for the other culture; and we will indeed reach a new paradigm of civilization.

If we make that cultural universal heritage known to all children, in universal education, I think the future will be that such geniuses as Bach, Schiller, Einstein, will not be such an exception. There will never be a second Einstein, but we will have many, many geniuses because we will provide children with a much, much better opportunity to unfold all the potentials which are embedded in them.

Now, I think we are not only on the verge of a potential global war, but with the New Silk Road we are also at the edge of entering a completely new paradigm of civilization, what I like to call the “adulthood of mankind,” and not behaving any longer like stupid little two-year-old boys kicking each other in the knee.

So we are really at an important historical moment, and I would ask all of you to join in a Renaissance movement, because I’m absolutely optimistic that if all good people on the planet work together to this aim, we can do it.