

# The Promise of A New Financial Architecture

*William Jones, Washington Bureau Chief for the Executive Intelligence Review (EIR), delivered the following remarks at Panel 4 of the Beijing Think-20 (T20) Summit on July 30. Panel 4 was entitled, "South-North Cooperation, South-South Cooperation and Global Economic Governance."*

The creation of the Asian Infrastructure Investment Bank (AIIB) and the BRICS New Development Bank (NDB) represents a watershed moment in the history of the post-war financial system. The final destruction of the Bretton Woods System in 1971, when President Nixon took the dollar off the gold standard, launched the era of the great bubble economy, which at the present moment has created an estimated total debt burden of 2 quadrillion dollars, in a world economy which barely totals 70 trillion dollars per annum, and the world economy is shrinking.

The AIIB and the NDB in combination with the Belt and Road project, now expanded on a broader scale through the BRICS cooperation, has provided a new directionality for the world economy toward the rebuilding and expansion of world infrastructure, which has the potential for lifting the great mass of humanity out of poverty.

While the call for the creation of a new international world order was raised as early as the 1976 UN General Assembly by a number of developing countries, it is only now that we have a clear movement in this direction which is supported by a number of nations representing half of humanity. But none of this can be brought to fruition if the 2 quadrillion dollars of unpayable debt continues to suck dry the trough of existing credit.

And this problem cannot be resolved through any simple "structural reform" or more rigorous tax collection. It will require a fundamental reform of the system, including the elimination of the greater part of outstanding debt which has largely been the result of rampant speculation and even out-and-out thievery.

The only thing that is "too big to fail" is the future of humanity. And if we travel down the same road of "bail-in, bail-out" combined with the drastic austerity measures that we have experienced these last several years, humanity as we know it is seriously at risk.

Bankers must return to financing real production, and speculation should be banned or, at a minimum, the speculators must be forced to swallow their losses. No bail-out for the gambling casino! We must return to bank separation legislation as this was introduced under Franklin Roosevelt with the Glass-Steagall legislation. And we must return to a system of national banking.

The recent creation of the AIIB and the NDB, China's Belt and Road Initiative, and the BRICS collaborative mechanism, are the road to a better future for the countries of the South. But the countries of the North must begin to re-evaluate their own situation. The ongoing collapse of the EU, with or without Brexit, and the devastation of the U.S. economy which has led desperate American voters to seek refuge in the cheap promises of a real estate charlatan, clearly indicate that the London-New York financial system as we have known it, is at an end and no longer corresponds to the needs of the people.

But people tend to stick with what they know rather than venture into what they don't know. In stormy weather, a frightened sailor may cling tightly to the masthead rather than venture into the ocean, even though the ship is sinking, and to continue to cling to it means certain death.

So work must be done to explain the options. But the optimism created by these new institutions and the programs now underway to develop the Belt and Road Initiative, are our best arguments to convince the governments of the world that the Belt and Road has got to be transformed into a World Landbridge, leading to a new phase of economic development in which all nations and all peoples can develop to their full potential.