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# I. Our Task at This Moment in History

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EUROPE OUT OF STEP WITH THE ZEITGEIST

## The New Silk Road Shows the Way!

by Helga Zepp-LaRouche

*The author is chairwoman of the Civil Rights Solidarity Movement party (BüSo) in Germany.*

Aug. 13—The establishments in the various European countries—one can't call them elites—are currently confronted with a wide array of impressions that they obviously haven't come to terms with yet. To come to the point: Europeans who are stuck in the old Eurocentric mode of thinking are experiencing a clash between their ideology and reality. The so-called "mainstream" politicians and media are lamenting the growing number of crises—Brexit, the EU and Euro crisis, the banking crisis, the flood of refugees, terrorism, anti-globalization movements—with no capability or readiness to recognize and deal with their own false assumptions that have contributed to these crises, or even to correct them.

We are currently experiencing the process of change to a totally new strategic alignment, in which the center of gravity has long since shifted to Asia, where a new alliance network, bound together with a common vision of the future, is developing. Almost three years late, several financial publications have discovered that China, with its program for a New Silk Road, has brought about a perspective for development embracing 64 countries and 4.4 billion people, which in absolute

dollar amounts (\$1.2 trillion) is 12 times larger than the Marshall Plan in today's purchasing power, and which already includes 40 percent of the world economy.

"The fact that this is a 30-40 year plan is remarkable, as China is the only country with any long-term development plan, and this underscores the policy long-termism in China, in contrast to the dominance of policy short-termism in the West," former IMF economist Stephen L. Jen told *Bloomberg* in an interview August 7.

In contrast to China, the results of a study by the McKinsey Global Institute show that the living standards of 70 percent of the population in the 25 most important industrialized countries shrank from 2005 to 2014, and that future generations are threatened with growing impoverishment. Meanwhile, China had freed 600 million of its people from poverty between 1981 and 2008, helping them to reach a good standard of living, and the process has continued ever since.

Despite this blatant discrepancy, the politicians and media in Europe totally ignore this divergent dynamic. After his participation in the conference of the Shanghai Cooperation Organization (SCO) in Tashkent—a meeting scarcely mentioned in the Western media—British historian Peter Frankopan, author of the book, *The Silk Roads: A New History of the World*, commented on Europe's in-



*European Union Headquarters in Brussels, Belgium.*



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*Grand Design for stabilizing the entire Central Asian region: (clockwise from above) Russian President Vladimir Putin (right) shaking hands with President of Armenia Serzh Sargsyan at a joint news conference in the Kremlin, Aug. 10, 2016; President Putin and Kazakhstan President Nursultan Nazurbayev; President Putin (right), Azerbaijan President Ilham Aliyev (center) and Iran President Hassan Rouhani (left), before the start of a trilateral meeting Aug. 8, 2016; President Putin at a news conference in St. Petersburg, Russia, with Turkish President Recep Tayyip Erdogan, following talks on Aug. 9, 2016.*



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difference: “Our focus in Europe has resulting in us missing the total picture. We are living with our totally wrong perception, and have lost our connection to reality.”

### **Building the World**

This future-oriented dynamic, China’s policy of the New Silk Road, the new financial system of the Asian Infrastructure Investment Bank (AIIB), the New Development Bank, the Silk Road Fund, and more—all based on the real economy—the new strategic alliances between the BRICS and the SCO, the strategic partnership between China and Russia: All of these ele-

ments were the backdrop to the rapprochement between Russian President Putin and Turkish President Erdogan, which was in the making months *before* the coup attempt in Turkey. As early as 2013, when Erdogan was prime minister, he noted that Turkey was frustrated by its futile efforts to join the EU and was attempting to join the SCO, because the SCO was “better, stronger, and would yield more mutual results.”

The unanimity with which the West sided with the coup plotters in Turkey, while Putin immediately supported the democratically elected Erdogan government, contributed to that attitude. During Erdogan’s recent visit to St. Petersburg, not only were important eco-

conomic agreements concluded between Russia and Turkey—on matters such as the construction of the Turkish Stream natural gas pipeline, agricultural exports, tourism, and the construction of a nuclear power plant—but there was a strategically decisive arrangement for acting together in Syria against the Islamic State and other terrorist organizations. All thinking Europeans immediately welcomed this collaboration as a *sine qua non*.

Meanwhile Putin has been working on a Grand Design for stabilizing the entire Central Asian region through an array of summit meetings with the heads of state of Iran, Azerbaijan, and Armenia, and the agreement on the International North-South Transportation Corridor from Europe to India, through Russia, Azerbaijan, and Iran.

### Thinking Inside the Box

While Asian nations have worked out the construction of an entirely new model of economic cooperation, the European regimes and institutions have insisted on a policy that is as useless as it is arrogant: “Let’s have more of the same!” That is, more “unconventional monetary measures” such as Quantitative Easing, negative interest rates, and helicopter money, and more austerity, and more globalization—although all of these policy measures have been hopelessly discredited.

All the more interesting, therefore, that certain representatives of the Establishment, such as, Paul Goldschmidt, a former Goldman Sachs banker, have come forward with urgent warnings that the system of universal banking must be replaced with a system of bank separation (such as Glass-Steagall). Otherwise, he says, the threatened collapse of the banking system will not only have the most severe economic and social consequences, but will also threaten to shatter the foundations of the European democracies. Under universal banking, the fundamental conflict between the interests of depositors and borrowers inevitably comes to



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Enrico Letta, Italian prime minister 2013-2014: “The European Union must go back to the beginning and start over, or else go under.” No Maastricht austerity, no Euro. Photo from the Festival dell’Economia di Trento, 2013.

a head. Only the immediate introduction of Glass-Steagall banking separation can defuse this explosive situation. And this from a former Goldman Sachs banker!

Economist Joseph Stiglitz is another member of the chorus of those to whom the quote from Schiller applies, “He comes late, yet he comes!”—from *Wallenstein’s Tod* (Wallenstein’s Death). In his new book, *The Euro: How a Common Currency Threatens the Future of Europe*, Stiglitz has come to the realization that the Euro was born with a birth defect and its collapse is inevitable. Yet, if you look, you can find in my own writings, even from before the introduction of the Euro, the projection that it would not function. Nonetheless, Stiglitz is right in his assessment that the Euro has led to neither the prosperity nor integration of the Eurozone, and that the European Union can only save itself if it gives up the Euro. Obviously his proposal to introduce a “flexible Euro” is way behind the curve of rapid developments.



Li Zhaoxing, former foreign minister of China, who spoke in Singapore, Aug. 16, said the New Silk Road is “a broad road shared by all” for win-win outcomes. “China has no geostrategic intention of seeking the so-called sphere of influence,” he said.

Symptomatic of the end phase of the trans-Atlantic financial system are the various forecasts that Deutsche Bank must ultimately be “nationalized.” But that

would only delay a systemic collapse, rather than stop it, which requires a change of the *policies* of Deutsche Bank—that is, orienting it again to the real economy and getting out of derivatives speculation. You can vividly imagine the joy of the German taxpayer if faced with coughing up with 19 billion euro for the immediate rescue of Deutsche Bank, with its 55 billion euro of outstanding derivatives contracts.

### A Vision for a Thriving Europe

Former Italian Prime Minister Enrico Letta senses the seriousness of the situation, and has made a turn with this appeal to the public: “The EU must go back to the beginning and start over, or else go under,” an appeal in which he expresses his horror at the disunity and passivity of the heads of state in the face of the EU’s existential crisis. He demands statecraft rather than bureaucracy, and says that Europe can not simply be the Europe of the winners of globalization, but must protect its citizens. Hear, hear!

What happens in the coming weeks will be decisive as to whether Europe is able to survive. Fortunately the nations of Europe are not defined by the failed Maastricht-EU model and the even more disastrous model of

the European currency union, which Germany, for geopolitical reasons, was forced to adopt as the price for reunification. An upcoming series of international conferences provides the framework in which an orderly reorganization of the world economic and financial system can be accomplished—the G20 Summit in Hangzhou under the chairmanship of China at the beginning of September; the economic summit in Vladivostok, also in early September, on the integration of the Eurasian Economic Union with the New Silk Road, potentially creating a common economic space from the Atlantic to the Pacific; and the BRICS summit in India in October.

The alternative is therefore before us: Germany and Europe must reorganize their bankrupt financial and banking system, and then cooperate on world reconstruction according to the New Silk Road perspective.

To succeed in this, we must all expand our horizons and think outside the European box, confront ourselves honestly with the question as to why we got into this crisis, and open up for ourselves the vision that lies before us through cooperation with the New Silk Road. In the spirit of Friedrich Schiller: You can all contribute something to this goal!

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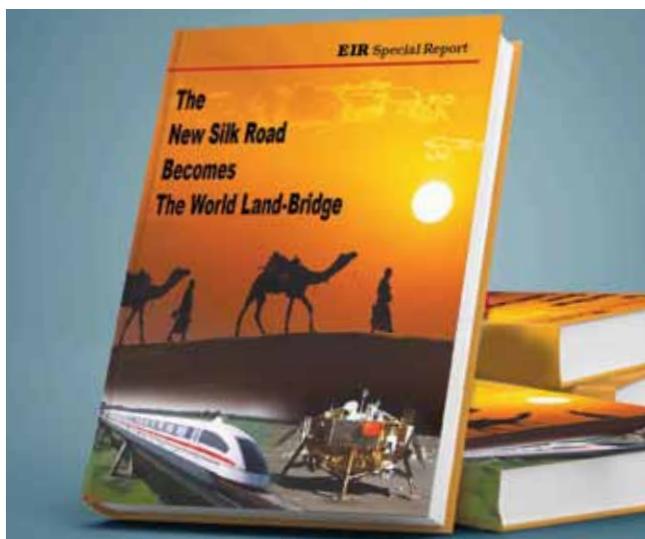
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