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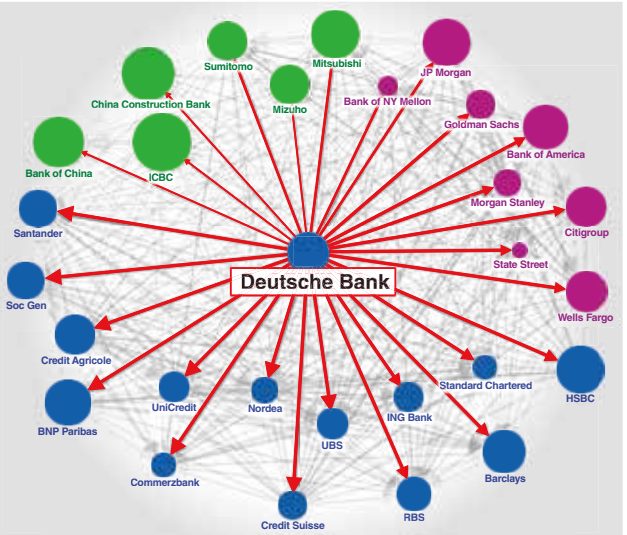
Global Financial System Crashing—Replace It!

19 Nov.—Next to no one forecast the global financial crisis (GFC) of 2008, except for American physical economist Lyndon H. LaRouche, Jr. He was likewise unique among prominent individuals and institutions, in that he proposed a *solution* to the impending crisis.

Today, warnings of a new, far more severe GFC are appearing daily from such institutions and persons as the International Monetary Fund, the Bank for International Settlements, the U.S. Federal Reserve, and even former Bank of England Governor Mervyn King. What's more, repudiation of the system of war and usury that has dominated the transatlantic region, a rejection already seen in the BRICS (Brazil, Russia, India, China, South Africa) group's initiatives for a new, just economic order, has now spread to the UK and the United States: it was expressed in the June Brexit referendum, when British voters rejected the European Union, and in the 8 November election of Donald Trump as President of the USA, defeating Establishment candidate Hillary Clinton. The large "minor party" vote in this year's Australian elections is part of the same picture.

The continuing self-destruction of the globalised financial system, combined with the worldwide pattern of rebellion against it, puts the world at a dangerous, but also very promising, point.



This International Monetary Fund diagram shows financial linkages of Germany's Deutsche Bank to other European (blue), U.S. (purple) and Asian (green) Globally Systemic Important Banks. They are all "counterparties" of each other. Thick arrows denote a high number of deals; large dots are the biggest banks by assets.
Source: IMF, Germany Financial System Stability Assessment, June 2016.

Derivatives: "Nuclear Bombs"

If the financial contracts called derivatives are "unexploded nuclear bombs nestling deep in the financial system", as *Business Insider* put it recently, many economists believe that ground zero is most likely to be Deutsche Bank, the former giant of German industrial banking. In the 1990s, Deutsche Bank adopted the Anglo-American investment banking model, moved many operations to London, and eventually brought in such City of London figures as John Cryan (of S.G. Warburg) and Richard Meddings (Standard Chartered) to executive and supervisory positions. Deutsche Bank holds one of the world's largest hoards of utterly worthless derivatives, a mass of speculative contracts that interlock through counterparty relationships with virtually every other major bank in the world.

Italian and French banks are in no better shape, while seven of the eight biggest Wall Street banks have failed recent "stress tests". Australia's "Big Four" are *world leaders* in derivatives operations, in which Britain's "Big Six" banks are likewise up to their eyeballs **(Figs 1 and 2)**. As competent analysts acknowledge, *it was the explosive growth in derivatives speculation over the previous decade, that caused the 2008 crash*—even though derivatives speculation had likewise provoked the near-meltdown of the global system in August-September 1998.

Bad derivatives bets by the American hedge fund Long-Term Capital Management (LTCM) touched off that global debt and liquidity panic of September 1998. And yet, derivatives had become so much a systemic feature of world finance, that transactions with derivatives soared following the 1998 crisis and, especially, the 1999 repeal of the Glass-Steagall law in the United States. That 1933 piece of legislation, dating from Franklin Delano Roosevelt's Presidency during the Great Depression, had barred normal commercial banks from engaging in financial-market speculation the way so-called "investment" banks do.

On behalf of the City of London, British PM Margaret Thatcher in 1986 detonated the infamous Big Bang financial liberalisation, demolishing what remained of regulations governing financial activity. London became the centre of the world derivatives market, as it remains today.

But to understand the present, existential crisis, one must look farther back, to the 1944 conference held in Bretton Woods, New Hampshire, USA. Determined to outlaw the rampant speculation that had caused the Great Depression and unleashed World War II, President Roosevelt convened it to design a new, just and peaceful post-war order of sovereign nation states, free from colonialism and underdevelopment. This order would be secured by the same rapid industrial, agricultural and scientific progress, which FDR had used to pull the United States out of the Depression and build the Arsenal of Democracy that secured the Allied victory over fascism. The system would be guaranteed by peaceful collaboration through the new United Nations Organisation, anchored upon the Big Four powers—USA, the UK, the Soviet Union and China. As Roosevelt had informed an enraged British PM Winston Churchill already at their 1941 meeting in Newfoundland, American methods of national sovereignty and credit extension for economic growth in the formerly colonial world were to replace the old British imperial system of looting, which FDR termed "18th-century methods". The Bretton Woods conference therefore insisted on a tightly regulated system of fixed currency exchange rates, to preclude London/Wall Street looting by means of currency speculation. The World Bank and International Monetary Fund were initially created to replace the London/Wall Street system of unending, usurious loans.

After Roosevelt's untimely death in April 1945, the anglophile Wall Street puppet President Harry S Truman junked FDR's plans. The World Bank and IMF were taken over by Wall Street and London, becoming imperial-style looting mechanisms, while the City of London launched a crusade to rip up Bretton Woods. From the 1950s on, London interests worked to replace the old British Empire of redcoats and gunboats with a new Anglo-American "informal financial empire" that would rule the planet just as ruthlessly. Central to the process were the British Crown, its Privy Council, and the City of London Corporation, utilising the Bank of England as their operational arm. These interests created the unregulated "eurodollar" market, which caused the collapse of the fixed-exchange-rate Bretton Woods system in 1971, and has given rise to today's mammoth "offshore" system of tax evasion, money-laundering, and the financing of terrorism and other criminal activity. Study the flow chart and read the roster of major-bank crimes, both on **page 3**, to understand that *the current globalised system is nothing short of a criminal enterprise*.

National leaders who attempted to buck the London/Wall Street "globalisation", were either assassinated or driven from office. Among the latter was Australian PM Gough Whitlam, who had intended to reassert sovereignty over the nation's resources, breaking the control of the London-centred raw materials cartel; he was sacked by the Queen personally in 1975. Another was Harold Wilson, the "Old Labour" UK prime minister (1964-70, 1974-76) who clashed bitterly with the Bank of England over his plans to launch a manufacturing-led, government-sponsored economic renaissance "with finance the handmaiden and not the controller of our economic development." Wilson resigned abruptly in 1976, charging that the Crown and Lord Mountbatten, along with the British intelligence services, were plotting his overthrow.

Wall Street diverted the mighty American economy into "consumerism", flooding U.S. dollars abroad for the purchase of goods the United States no longer produced. Such dollars invariably wound up in the City of London, free of U.S. regulations like Glass-Steagall. Insiders know that the 2008 GFC started not on Wall Street proper, but in the *London* branches of the Wall Street firms AIG and Lehman Brothers; they were using the City of London as an "offshore" jurisdiction, where they could operate freely, without even the shards of regulations still present in the USA.

A New System

As the GFC began to explode in 2007, LaRouche warned: "The present monetary-financial system can no longer be reformed; it must be replaced."

The way to do that, the way out of the crisis, is sketched on **page 4** of this *New Citizen*. With China's One Belt, One Road program of massive infrastructure projects, financed by new financial institutions, international cooperation for real economic development is already happening now. The next, urgent move is to establish a "new Bretton Woods" agreement throughout the transatlantic region and the Commonwealth, starting with the reinstatement of banking separation modelled on Glass-Steagall, and the creation of national banks dedicated to the growth of the physical economy (like Australia's Commonwealth Bank in its original form). LaRouche situates these measures as the first two steps in a package of "Four Laws" for economic recovery: Glass-Steagall, the institution of national banks, full-scale credit systems to enable high-productivity job-creation, and surges in scientific, technological and industrial progress, powered by the achievement of controlled thermonuclear fusion power.

At the same time, China's "win-win" offer of cooperation on One Belt, One Road should be accepted. Combined, these two fundamental policy shifts would establish a fair and progressive world financial and economic order, such as FDR envisioned in 1944.

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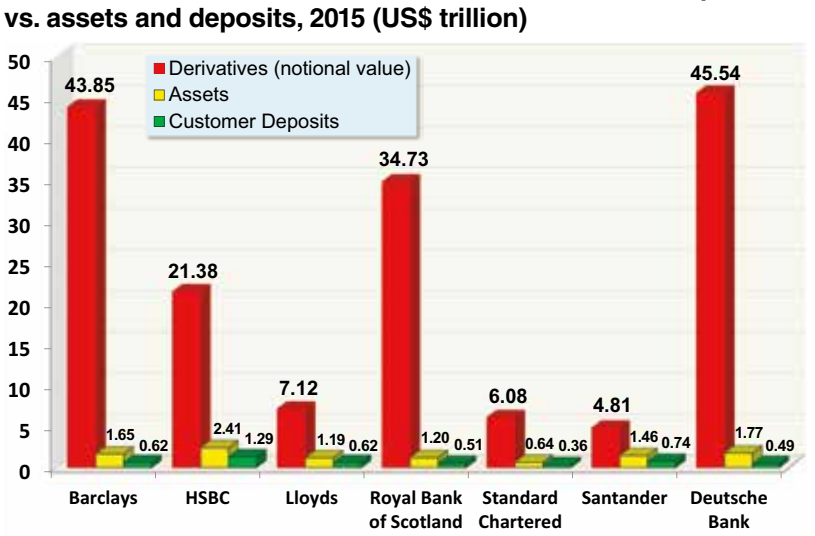
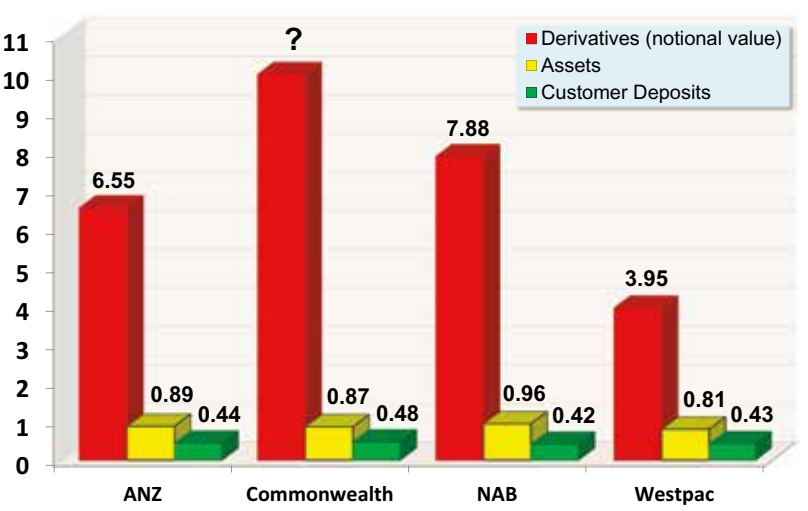
FIG. 1. London banks and Deutsche Bank: derivatives exposure vs. assets and deposits, 2015 (US$ trillion)



Source: 2015 bank annual reports, converted to US$ where required for fair comparison

FIG. 2. Australia's Big Four banks: derivatives exposure vs. assets and deposits, 2015 (AU$ trillion)



Source: 2015 bank annual reports

Derivatives holdings of the City of London banks known as the Big Six, particularly Barclays, HSBC and the Royal Bank of Scotland, dwarf their assets (lending) and deposits. Figures for Santander Bank are shown for the Spain-based company as a whole; its representative in the Big Six is Santander UK. The derivatives exposure of Australia's banks follows the City of London model. In 2012 the Commonwealth Bank ceased publishing its derivatives holdings in full.

EDITORIAL

Stop Nuclear War—Shut Down Pine Gap, *Now*

18 Nov.—If you breathed a sigh of relief at Hillary Clinton's defeat in the U.S. Presidential election, you were not alone. Over the past year dozens of retired military and government officials, and East-West specialists, have warned that the world is closer to all-out nuclear war than even at the height of the Cold War. Clinton's embrace of the Bush and Obama Administrations' escalating confrontationist line, and her plans for imposing a "no-fly zone" in Syria, would have led towards direct clashes with Russia, which has one of the two mightiest nuclear weapons arsenals in the world.

Because of the Pine Gap signals intelligence station, Australia would be a certain target in a thermonuclear showdown.

But, there are no grounds for complacency after Clinton's defeat. As Schiller Institute founder Helga Zepp-LaRouche put the matter on 13 November, "An escalation to global thermonuclear war has been interrupted, not completely eliminated".

The war danger is driven by the Anglo-American elites' desperation to keep dominating the world, even as the failure of their financial system undermines their power. The targets of current war scenarios are Russia and China, because their commitment to sovereign development, and an economic growth and infrastructure-building perspective for Eurasia, make them an obstacle to that imperium.

Politically, the Anglo-American Party of War consists of both neoconservatives and so-called liberal imperialists. The neocon doctrine of a one-empire world, in which any nations that stand up for independent development are targeted for destabilisation and "regime change", guided the U.S. Bush-Cheney Administration in 2001-09. Then Barack Obama, like British "new Labour" PM Tony Blair who inspired him, brought in the "liberal interventionist" dimension, in which wars and coups are launched in the alleged interest of the target countries' populations.

As we go to press, the Party of War in the United States is making an all-out effort to take over the incoming Trump Administration's foreign policy, subverting Donald Trump's own announced desire for cooperation with Russia on fighting international terrorism and other issues. Hawks like U.S. Defence Secretary Ashton Carter and NATO Secretary General Jens Stoltenberg, and Obama himself on his mid-November farewell tour of European NATO countries, are trying to lock in a trajectory towards confrontation with Russia, both in Syria and in Europe. Most of the NATO forces at forward positions around Russia have been moved there within the past 30 months, under NATO's 2014 agreement to station a permanent contingent in its Baltic member countries (Estonia, Latvia, Lithuania). That unit of 4,000 is augmentable on demand by a 40,000-strong rapid-reaction force, but British NATO Representative Sir Adam Thomson, quoted in *The Independent* in October, says that NATO seeks the ability to mobilise 300,000 troops against Russia. Stoltenberg, at a 26-27 October NATO defence ministers' meeting, boasted of "the biggest reinforcement of our collective defence since the end of the Cold War".

The Party of War is very active in the UK. MI5 chief Andrew Parker, in an unprecedented 1 November interview to *The Guardian*, called Russia "increasingly aggressive". The militaristic neocon media are attacking British political figures whom they dub "soft" on Russia, particularly Labour leader Jeremy Corbyn, long-time head of the Stop the War Coalition.

Nuclear Doctrine Still MAD

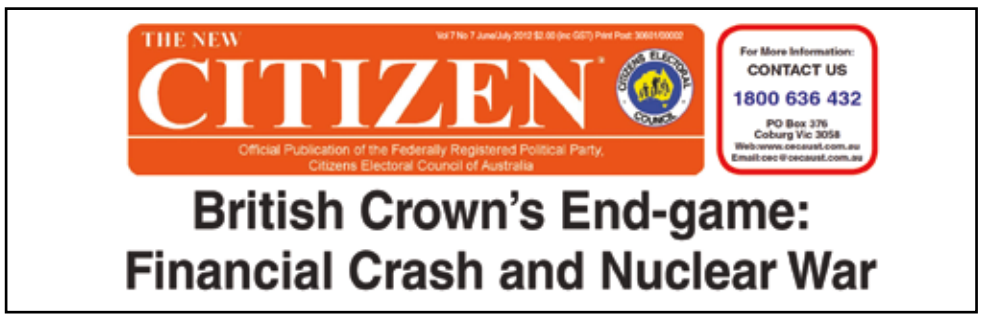
These events take place in a world where, militarily, the Cold War doctrine of Mutual Assured Destruction—meaning the death of everybody if war does happen—still reigns. There are two possible routes to a world thermonuclear holocaust: escalation from clashes at some trigger point, like Syria or eastern Ukraine, or an attempted "first strike", disabling the adversary's ability to retaliate, by one nuclear superpower against the other.

The U.S.-NATO European Ballistic Missile Defence (EBMD) system **(Fig. 1)** is an attempt to achieve first-strike capability against Russia. In May 2012, then-Chief of the Russian General Staff Gen. Nikolai Makarov warned that its deployment could so greatly threaten Russia's security, as to necessitate a preemptive attack on the installations: "Considering the destabilising nature of the BMD, specifically the creation of the illusion of being able to inflict a disarming first strike without retaliation, *a decision on the pre-emptive use of available offensive weapons will be taken during the period of an escalating situation.*"

In the event that a world war does break out between the Western allies, and Russia and China, future historians (if any survive) will say that it had already begun in 2016, with the collapse of diplomatic relations, and a full-blown Anglo-American propaganda war. It will also be written that Australia was a central player in the conflict, having provided a crucial base for signals intelligence and communications, as well as "moral" backup and justification for the hostilities against Russia and China.

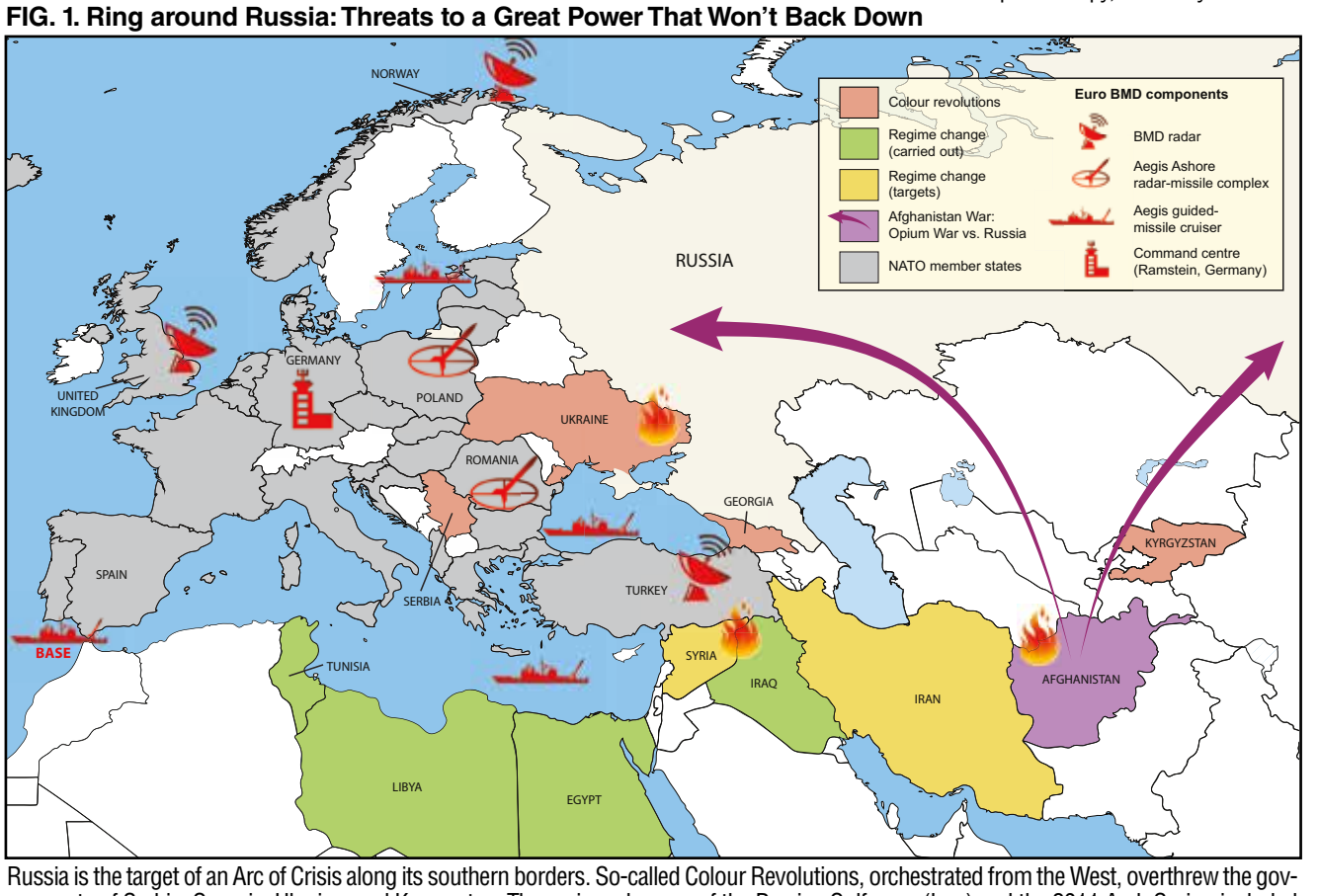
Australia has virtually handed over the keys to the country to the USA and UK. Agreements on joint military communications facilities, interoperability of military equipment, and permanent bases for U.S. troops make our nation a primary target in any nuclear exchange **(Fig. 2)**.

This is terrifying, but it also means that Australia has leverage. If we refuse to participate, we can derail the runaway train to world war. It is past time for Australia to take the late former PM Malcolm Fraser's advice: break with our "dangerous allies", as he termed the United States, the UK and NATO, and close those joint facilities and military bases. Let's start with Pine Gap, which has a recently expanded role as the southern hemisphere component of the USA's global BMD system and in providing guidance for nuclear weapons. Closing Pine Gap will throw up a hurdle to world war and force our country to consider a pathway to a real future.



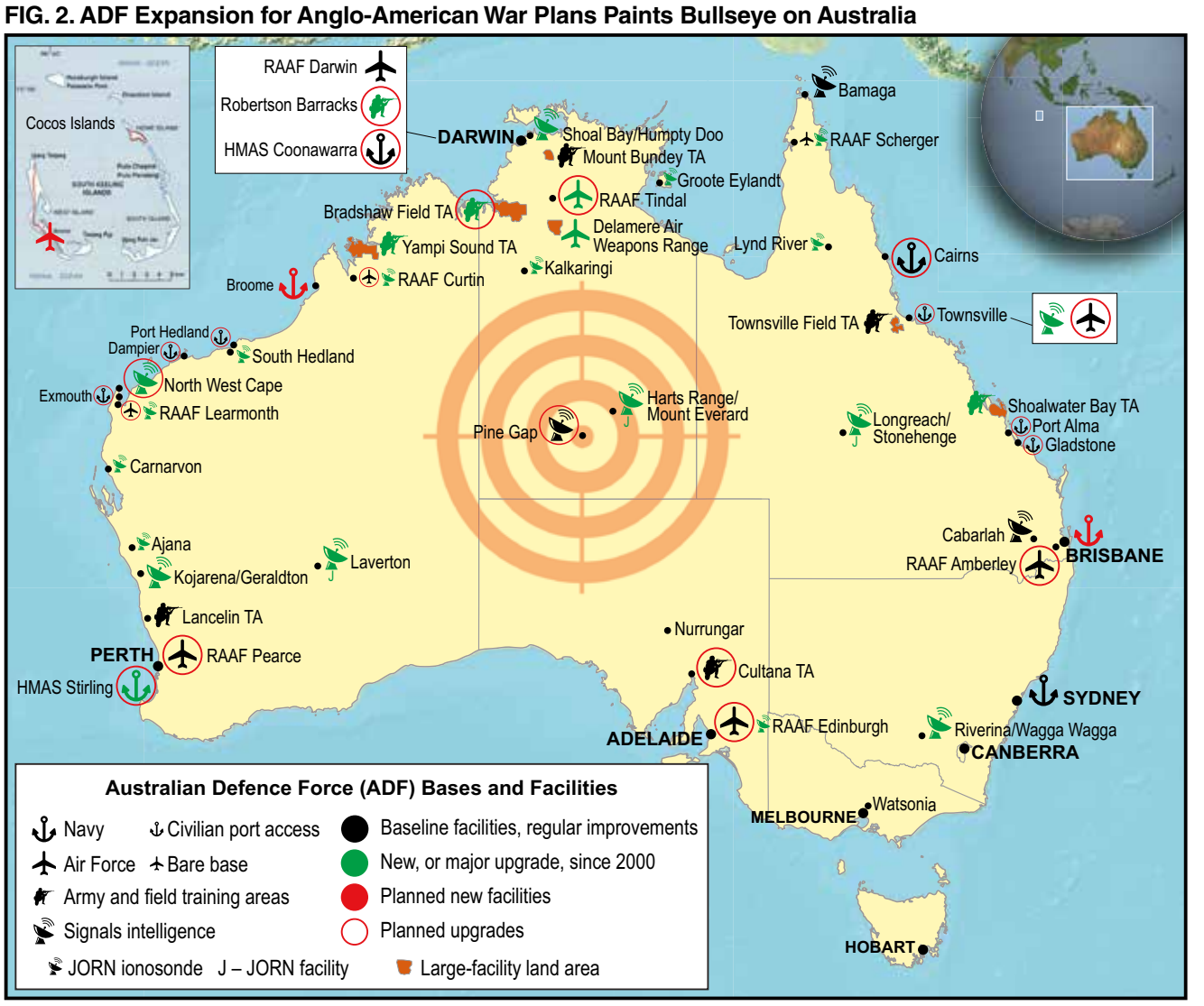
The New Citizen of June/July 2012 (left) looked in depth at the danger of a nuclear world war that would end civilisation. The maps below, reprinted from that issue, highlight the European and Australian aspects of the strategic showdown. For a fuller understanding of the danger, download the newspaper (www.cecaust.com.au/newcitizen) or request (Ph: 1800 636 432) a printed copy, and study it.

FIG. 1. Ring around Russia: Threats to a Great Power That Won't Back Down



Russia is the target of an Arc of Crisis along its southern borders. So-called Colour Revolutions, orchestrated from the West, overthrew the governments of Serbia, Georgia, Ukraine, and Kyrgyzstan. The regime changes of the Persian Gulf wars (Iraq) and the 2011 Arab Spring included attacks on Russia's allies and economic partners. The flames in Ukraine, Syria and Afghanistan mark wars that have surged in the years after the first publication of this map in 2012. Afghanistan, in a chronic state of war since Anglo-American policy promoted Islamist radicals there in the 1970s, is also the source of a full-scale Heroin War against Russia, in which tens of thousands of Russians die annually and millions are addicted. Shown in Western and Central Europe and the surrounding seas is the European Ballistic Missile Defence System, created as part of NATO's eastward expansion. Potentially part of an attack on Russia, it is identified by Moscow as a threat to its security and a tripwire for war.

FIG. 2. ADF Expansion for Anglo-American War Plans Paints Bullseye on Australia



Our 2012 map of Australian Defence Force (ADF) expansion reveals that Anglo-American strategic demands and "interoperability" with U.S. forces are the driving principles. Top priority goes to signals intelligence (SIGINT), naval, air, and training facilities for use in the U.S. global Ballistic Missile Defence (BMD) program and the Anglo-American confrontation with China. The famous Pine Gap station near Alice Springs was central to the global UKUSA Agreement on joint SIGINT during the Cold War, but Pine Gap underwent major expansion after the Soviet Union's 1991 collapse. Accordingly, Pine Gap itself is a prime target in an actual nuclear missile exchange. Australian coastal SIGINT supports the U.S. Navy's growing presence in the Asia-Pacific, as well as providing communications for Australia's Navy and Air Force, which operate jointly with the U.S. military. The Australian Defence Satellite Communications Station at Kojarena, WA, monitors Russian and Chinese satellites under the UKUSA Agreement and is part of the U.S.-Australian Wideband Global SATCOM system of high-capacity military communications satellites. The Jindalee Operational Radar Network (JORN), begun in the 1970s but operating since 2003 on the basis of a major upgrade done with U.S. defence firm Lockheed Martin, is a unique capability. By bouncing signals off the ionosphere, back to ground receivers, Jindalee achieves an "over-the-horizon" range. The JORN system has an acknowledged range of 3,000-3,500 km, but it may already be greater, covering parts of China.

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The British Crown/City of London Criminal Financial Empire

"We assess that hundreds of billions of U.S. dollars of criminal money almost certainly continue to be laundered through UK banks, including their subsidiaries, each year." That finding was made by Britain's own National Crime Agency in 2015. In May of that year, international criminal money-laundering expert Roberto Saviano told an event at the House of Commons that "London is now the global money-laundering centre for the drug trade", *The Independent* reported on 4 July 2015.

Criminality on a staggering scale is not the regrettable result of an otherwise legitimate system, *but the very soul of it.* As our flow chart **(right)** shows, the global financial system's "offshore" and "onshore" components are seamlessly connected, both being supervised by the Crown through its Privy Council. Their power over core financial agencies such as the City of London Corporation and the Bank of England, which operate under Royal Charter, is no mere formality. As the Privy Council itself states on its website, "once incorporated by Royal Charter *a body surrenders significant aspects of the control of its internal affairs to the Privy Council.*"

The 1,000-year old, secretive City of London Corporation is the coordinating body for London's financial district and its megabanks, with its own governing body, laws, and police force. It also controls the City Cash, a private fund built up over the last eight centuries, funding monuments and ceremonies, stakes in property developments, free-market think tanks, and permanent lobbying offices worldwide.

The City's most famous resident institution is the Bank of England, which not only was the model for modern central banks—answerable not to the interests of the population, but only to those of the ruling oligarchy—but still today guides a vast apparatus of institutions: the Bank for International Settlements, the Financial Stability Board, and, through them, the banking regulators of Australia and many other countries. There is a rotating door for personnel between these institutions and the megabanks.

Within the offshore dirty-money system proper, there are Crown Dependencies, Overseas Territories, and former British colonies. The Queen appoints the governors of the first two, while all legislation requires Privy Council or gubernatorial approval, respectively. Combined, these three groups of jurisdictions account for 37 per cent of all bank deposits in the world.

Wall Street, the famous New York financial centre, is historically and by function a junior partner of the City of London. Its banks are tightly interfaced with London's and engage in the same practices. Today nearly 70 per cent of the on- and off-balance sheet foreign assets of U.S. banks are held in the UK. The same type of relationship, as a "branch office" of the City of London, holds for the EU's European Central Bank, which since its inception has been run by Europeans with close ties to the City, and for several European megabanks, including Deutsche Bank.

In the political realm, the British Cabinet is a formal subsidiary of the Privy Council. Thus successive British governments, both those of New Labour PMs Tony Blair and Gordon Brown (1997-2010) and their Conservative Party successors, are witting participants in the criminality. Saviano charged that British governments have repeatedly blocked anti-money laundering measures sought by the EU.

The City Corporation's institutional lobbyist, the Remembrancer, sits in the UK Parliament with veto power over legislation.

"Illegal" Criminality

Even a preliminary catalogue of the crimes of the City of London and related banks makes up a substantial dossier—one that the CEC is now compiling. They fall into two groups: "illegal" activity (admitted to be criminal) and ostensibly "legal" operations like derivatives speculation. The two types are inextricably intertwined. Derivatives caused the 2008 crash, while the margin of cash, beyond massive government bailouts, that allowed the "too big to fail" (TBTF) banks to survive *was provided by the world drug trade.* Former Russian anti-drug chief Victor Ivanov called drug money "the foundation of the modern financial system"; his agency had determined in 2012 that "at the height of the 2008-09 financial crisis, around $352 billion in drug money was thrown into the world's largest banks to deal with their critical liquidity shortage: the funds were subsequently integrated into interbank operations."

Among the types of "illegal" criminality are these:

1. *Rigging of the world's two most important international money markets*: the London Inter Bank Offered Rate (LIBOR), the most influential interest rate in the world; and the $5 trillion per day global foreign exchange (Forex) market. As of 2013, London conducted 41 per cent of world Forex trading, as against only 19 per cent on Wall Street.

These markets exist thanks only to the cancellation of the Bretton Woods system in 1971, and they allow the London-centred international cartel to extract trillions from the public of every nation in the world.

2. *Laundering drug money and financing terrorism.* A top drug-money player is London-based HSBC, the sixth largest bank in the world. It has been caught time and again, but not punished. The LaRouche movement book *Dope, Inc. Britain's Opium War Against the World* (1978; 4th ed. 2010) documented HSBC's history in the British Crown-sponsored dope trade since the 19th century.

3. *Tax evasion.* Offshore "tax havens", Crown-governed and City of London-managed, loot every nation in the world of hundreds of billions annually.

4. *Mortgage fraud.* The subprime mortgage scam triggered the 2008 GFC, in which eight million families lost their houses in America alone.

5. *Outright theft from customers.* The U.S. bank Wells Fargo and the Royal Bank of Scotland are recent dramatic cases. RBS, under its Dash for Cash project, was shown to have preyed upon its own small and medium-sized business customers, pushing them into bankruptcy in order to then scoop up their assets. Wells Fargo was exposed in 2016 for defrauding 2 million of its own customers through fees charged on accounts the customers had never agreed to open. In 2010 it had paid a paltry $160 million fine for failing to stop drug-money laundering by a subsidiary. In 2011 its crimes of misrepresentation to pension funds of the quality of mortgage-related securities Wells Fargo was selling, steering customers to costly subprime mortgage loans, and municipal bond rigging each resulted in even smaller fines.

Besides outright theft, central banks' bailout lending to the TBTF banks at close to 0 per cent interest has driven down the return on all kinds of securities, upon which pensioners and others had depended, thus looting them of as much as $10 trillion since the 2008 crisis.

Besides the Bank of England's key role in orchestrating this international "bailout" process, its Governor Mark Carney and former Deputy Governor Paul Tucker took the lead in inventing "bail-in", which allows the TBTF banks to seize deposits if needed to stay afloat.

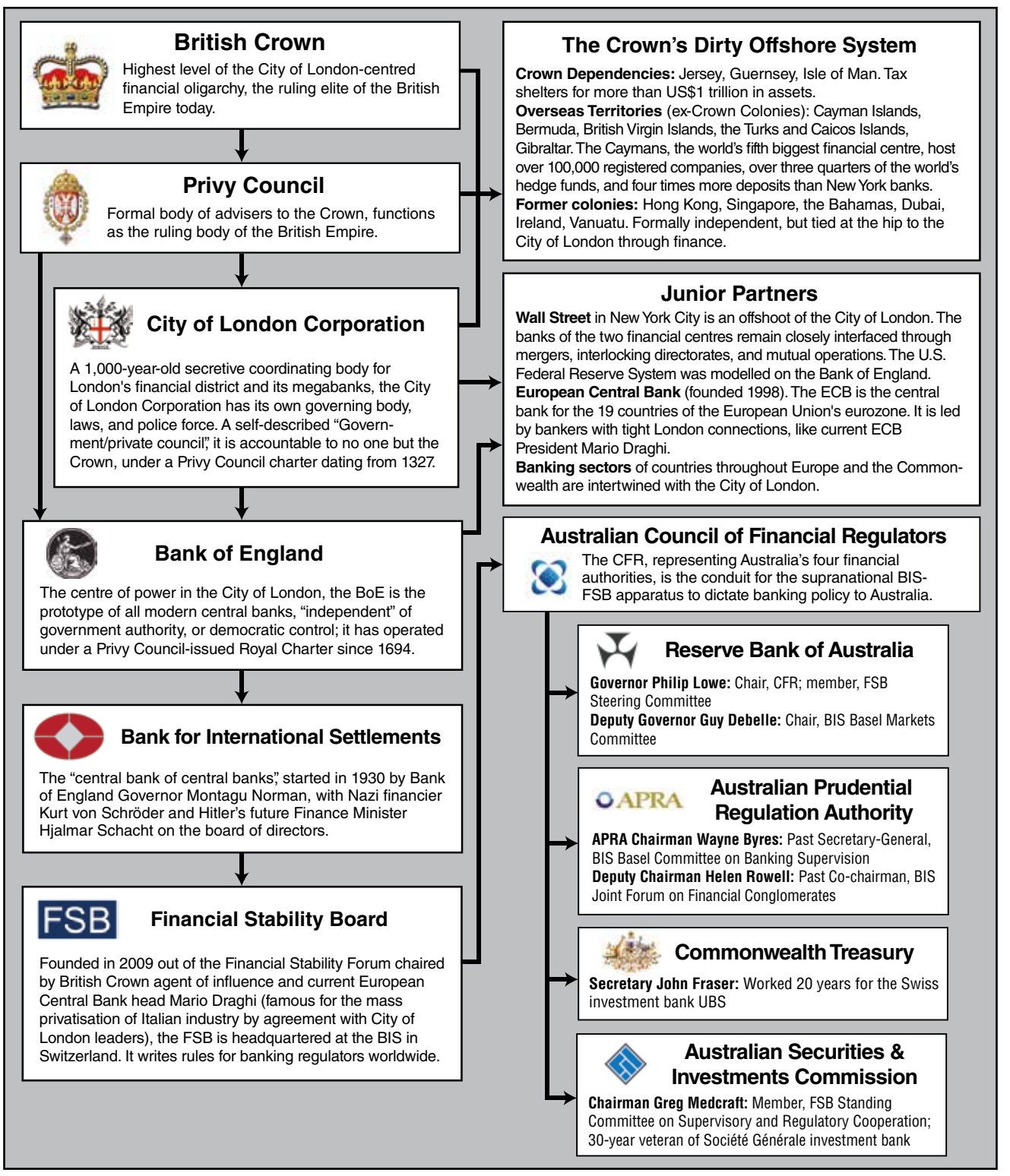
"Legal" Criminality: Derivatives

Financial derivatives, now with an estimated total nominal value of at least $1.2 quadrillion, have obscure names like "mortgage-backed securities" (MBS), "credit default swaps" (CDS), and "collateralised debt obligations" (CDO). The nature and operation of most derivatives is almost impossible to understand, even for the chairmen of the major banks who sell them. What is crucial to know, is that they are essentially *criminal instruments*. As a system of bets on the movements of other financial instruments and non-financial processes (like the weather), they are designed to evade laws restricting financial speculation. Until the early 1990s derivatives were still illegal in most countries, under anti-gambling laws.

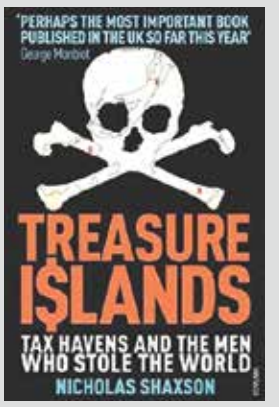
While the common gambler bets his own money, the titans of London and Wall Street bet their depositors' money—seeking much higher returns than they could get from lending to the real economy. If they "win" they make speculative fortunes; if they lose they look for a government bailout.

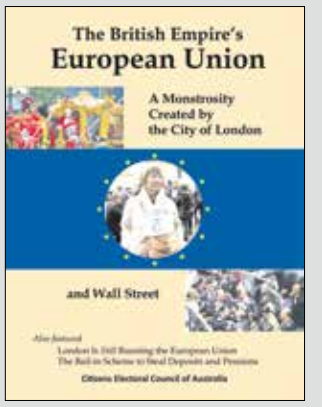
Derivatives were pioneered by the City of London in the 1950s, but their use boomed worldwide after the 1986 Big Bang financial deregulation in London and the repeal of the U.S. Glass-Steagall law, which had kept normal commercial banks out of such operations, in 1999. When the derivatives bubble burst in 2008 and necessitated an international bailout regime, the scheme was constructed by long-time Credit Suisse executive James Leigh-Pemberton, son of an ex-governor of the Bank of England, from a family handling finances for the British Royals over the past century and a half.

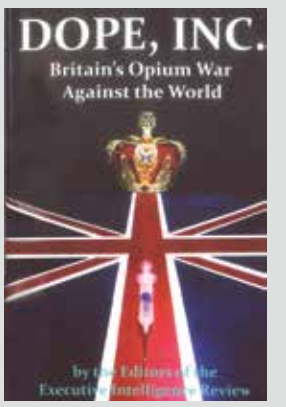
Today the major London and Australian banks are in worse shape than Lehman Brothers on the eve of the 2008 crash. **Figs 1 and 2 (page 1)** illustrate their derivatives exposure, dwarfing assets and deposits. The bailout begun in 2008 (now termed "quantitative easing", QE) has never ended, even though the banks pour almost all funds obtained from QE into derivatives and other speculative deals—invariably with each other—and not into lending to the real economy.



For further reading. Below are essential sources on the global financial oligarchy. Nicholas Shaxson's account of offshore money operations (left) and EIR's famous exposé of drug money in the global economy *Dope, Inc. Britain's Opium War against the World* (4th ed., 2010) are for sale at Amazon.com and Bookdepository.com. The CEC pamphlet at centre reveals the City of London's guidance of world financial affairs and how international bankers designed the "bail-in" bank-deposit confiscation scheme; for a download or printed copy, contact the CEC.







The Way Out!

The Power of Ideas to Change History: China's OBOR Cooperation Strategy

The germ of a new, just world economic order already exists. Its leading edge is China's One Belt, One Road (OBOR) program, unveiled by President Xi Jinping in his announcements of, first, the Silk Road Economic Belt during a September 2013 speech in Kazakhstan and then, the next month in Indonesia, the Maritime Silk Road. China is promoting OBOR infrastructure cooperation in bilateral agreements, as well as through the Shanghai Cooperation Organisation (SCO) and BRICS (Brazil, Russia, India, China, South Africa). Xi and President Vladimir Putin of Russia have launched coordination between OBOR and the Eurasian Economic Union (Armenia, Belarus, Russia, Kazakhstan, Kyrgyzstan).

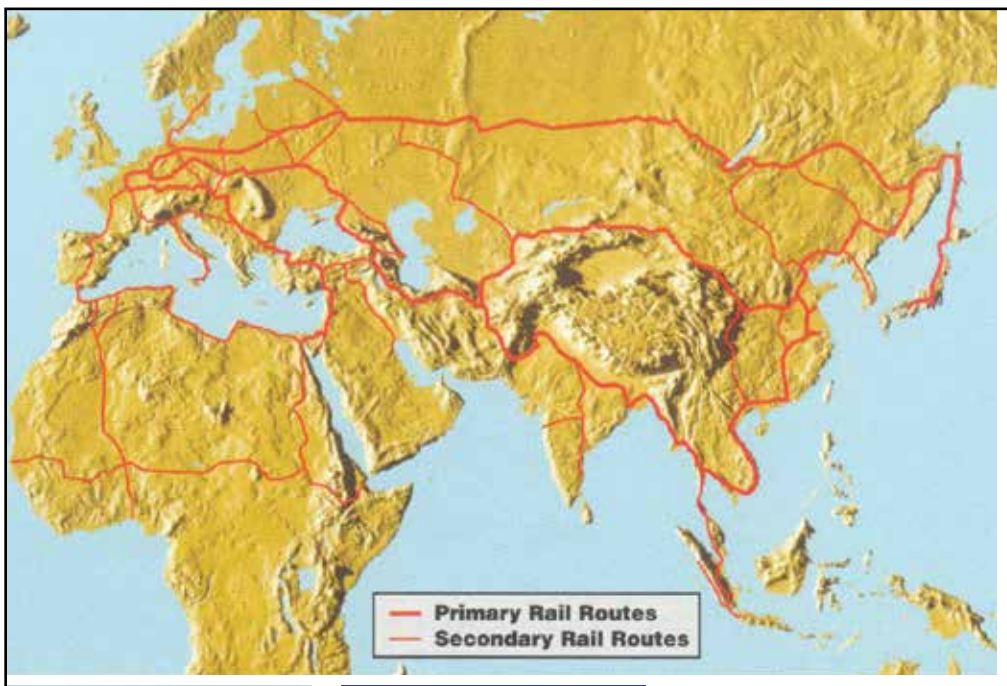
Twenty years ago, these Eurasian continental development schemes were only an idea. The pictures at right illustrate the Eurasian Land-Bridge idea in initiatives by China, as well as publications of the CEC and EIR Special Reports, because the international LaRouche movement has been involved with bringing it to life since 1992. Indeed, ideas have the power to change history!

At the September 2016 Group of 20 summit in Hangzhou, Xi situated OBOR in China's achievement of the past three decades: 700 million people have been lifted out of poverty, in a stunning "endeavour never undertaken in the history of mankind". Now, he said, clearly aware of the looming next global crash, "we can no longer rely on fiscal and monetary policy alone". Rather, "We have to create a chain of win-win global growth" based on scientific and industrial revolutions, a "new path of economic development" worldwide, "to abolish poverty and hunger".

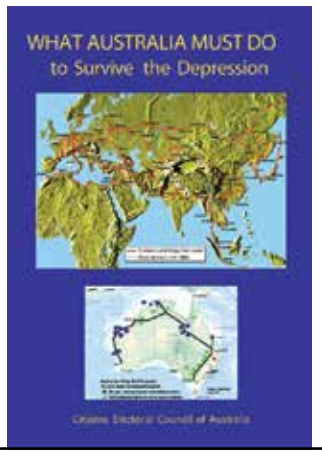
To finance its extraordinary growth, China implemented Glass-Steagall-modelled banking reform in 1993 ("China's banking system ruled by Glass-Steagall", *Australian Alert Service*, 31 Aug. 2016). It has issued credit at the rate of $4 trillion (equivalent) annually since 2009, generating demand for real products, as well as investment in infrastructure abroad, thus propping up the entire world economy. China's steps towards a new global financial and economic architecture include:

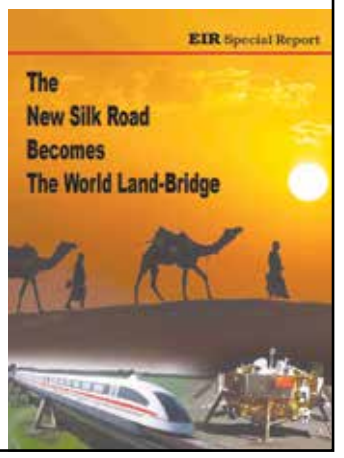
- new institutions to finance physical-economic growth, including the Asian Infrastructure Investment Bank and the BRICS New Development Bank, the New Silk Road Fund, the Maritime Silk Road Fund, and others;
- OBOR, in which over 100 countries are now participating;
- construction of more than 20,000 km of high-speed rail in the last decade, building a network that will reach 45,000 km by 2030, connecting all major cities in China; hundreds of new cities to house the hundreds of millions of people exiting from rural poverty; the two greatest water projects in the world, the Three Gorges Dam and the South-North water diversion program; the initial stages of the world's largest, most advanced nuclear energy program;
- the world's most ambitious space program, coupled with research on controlled thermonuclear fusion power, which could use helium-3, mined on the Moon, to power Earth's civilisation cheaply and cleanly for 7,000 years;
- uplifting its cultural life through the largest Western Classical music program in the world, planning to raise the share of scientifically literate citizens to 10 per cent by 2020.

Contrary to Anglo-American propaganda about a communist behemoth bent on global expansion, China is guided by the ideas of the great humanist Chinese philosopher Confucius (551-479 BC), as reflected in President Xi's constant emphasis on the OBOR program's "win-win" nature, bringing mutual benefit for all nations involved.



The Schiller Institute mapped the vision of a future Eurasian Land-Bridge (l.) in 1992. In 1996 Schiller Institute founder Helga Zepp-LaRouche addressed a seminal Beijing conference on the New Euro-Asia Continental Bridge (above). Below (l. to r.): EIR's 1997 Special Report spread the proceedings of the Beijing symposium worldwide; the 2001 CEC book *What Australia Must Do to Survive the Depression* linked our country's future to success of the Land-Bridge; Zepp-LaRouche in a Chinese TV interview, 2014; and the 2014 EIR Special Report on a World Land-Bridge.





In 2013 Chinese President Xi Jinping announced his program for the new Silk Road Economic Belt (top two broken white lines) and the 21st Century Maritime Silk Road (lower broken line). Together the infrastructure and development projects, which include Chinese financing for projects in the cooperating countries, are called One Belt, One Road (OBOR). Source: Screen grab, Chinese Central TV.

Help Build the New System!

Familiarise yourself with the CEC's reports on BRICS and OBOR, because they represent the new paradigm for the world economy, which must be achieved in the West and the rest of the world, as well. Our magazines *Do You Want to Defeat Terrorism? Establish a New, Just World Economic Order!* (2014) and *The World Land-Bridge: Peace on Earth, Good Will towards All Men* (conference proceedings, 2015) are available for free download at www.cecaust.com.au/pamphlets

As the first breakthrough to the new paradigm, we must adopt Glass-Steagall banking separation. Its essentials are diagrammed at left. The detailed CEC magazine *Glass-Steagall Now!* (2014) can be downloaded at www.cecaust.com.au/pamphlets

Australia's adopting Glass-Steagall will be a shot heard round the world, including in the UK and the USA, where Glass-Steagall restoration is hotly debated.

Go to www.cecaust.com.au/glass-steagall to sign the new CEC petition to Parliament, titled "Break up the Big Banks Now—Pass Glass-Steagall". Mobilise your family, friends, acquaintances and strangers to sign! Contact the CEC to report your progress.

Break Up the Big Banks Now—Pass Glass-Steagall!

To the Honourable The Speaker and Members of the House of Representatives assembled:

This petition of the Citizens Electoral Council draws to the attention of the House that even such institutions as the IMF, the Bank for International Settlements, and the U.S. Federal Reserve are now warning of a new, far more severe financial crash than that of 2008.

Transatlantic and Commonwealth governments have bailed out the Too-Big-to-Fail (TBTF) banks with US$19 trillion since 2008, virtually all of which has been used for speculation; the banks are now 40 per cent larger; and the derivatives exposure of Australia's own banks has soared from $14 trillion in 2008 to $38 trillion now. Moreover, these TBTF banks have repeatedly been caught in criminal activity like drug-money laundering, terrorism financing, mortgage fraud, interest rate and exchange rate rigging, and more.

The world must replace this disastrous, corrupt system now, before the next crash. We the undersigned therefore call on the House to do Australia's part, and legislate the following:

1. a full Glass-Steagall separation of Australia's banks to protect normal commercial banking and deposits from the wild speculation of today's TBTF banks;
2. a national bank modelled on the original Commonwealth Bank to create massive new credits to revive our manufacturing, agricultural and other productive industries;
3. a program of major water, power and transportation infrastructure projects, in Australia and in our region, cooperating with China's "One Belt, One Road" program—in which 100 nations are already participating—to spur global economic recovery and provide for an enduring peace.