

Russia's Central Bank Smackdown: Glazyev vs. Nabiullina

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Why did Putin appoint a financial terrorist to run Russia's Central Bank? Did he know he was putting Russia's future in the hands of someone whose interests align more closely with power-mad globalists than with the Russian people?

Does he understand the role the Central Bank chief played in facilitating Washington's theft of Russia's foreign reserves?

Does he understand the role the Central Bank chief played in allowing Russia's currency to be ripped to shreds by vicious hedge fund speculators acting on Washington's behalf?

Does he understand that doubling interest rates overnight to 20% will wipe out business investment, increase unemployment and push the economy headlong into a protracted slump?

Does he like the idea that Russia's national bank is now lending money at the same inflated rate as a Mafia loan shark? Would Putin borrow money at 20%? Would anyone?

And if no one borrows money, then there's no credit expansion. And if there is no credit expansion, there's no economic growth. And if there's no growth, the economy goes into a downward-death spiral that curtails personal consumption, weakens business investment, boosts the jobless rate, shrinks the social safety-net, lowers living standards, intensifies social discontent, and threatens the political stability of the country. These are the knock-on effects of bad monetary policy. And, these are the outcomes that Russia can expect if Putin sticks with the current Central Bank chief.

And there's more, too, because the economy provides the funding for the military which is currently embroiled in a scorched earth, life-or-death struggle with the United States in Ukraine. If the economy tanks, the war effort will falter, morale will sour, material support will diminish and Russia will face its biggest challenge since the Wehrmacht gathered

outside Moscow in October, 1941. So, a personnel change must be made immediately. The economy must be strengthened, domestic investment must be increased, and the correct monetary policies must be put in place.

That means Central Bank chief Elvira Nabiullina has to be removed immediately. Here's more from Russian economist **Sergei Glazyev**:

“When we talk about the nationalization of the Central Bank, (what we mean is) bringing it into a policy of conformity with national interests. Right now, its policy is contrary to national interests.... We see in whose interests such a policy is pursued. The Central Bank raised interest rates to 20 percent, giving the bankers a dominant position in the economy. Possessing the most expensive and scarce resource, money, they determine which enterprise will survive, and which enterprise will die, go bankrupt, and so on. **Rising interest rates are holding the entire Russian economy hostage to a handful of bankers.**” ([“Events Like These Only Happen Once Every Century \(Sergey Glazyev\)”](#), The Saker)

Sound familiar?

It should. We can all remember other instances when Central Bankers took advantage of a crisis to enrich themselves and other members of the banking cabal.

Image on the right: Russian Central Bank Chief Elvira Nabiullina (Source: The Unz Review)



Consider 2008, for example, when the global economy was plunged into an unprecedented financial crisis after a handful of Wall Street bankers sold trillions of dollars of fraudulent Mortgage-Backed Securities (MBS) to credulous investors triggering a series of catastrophic defaults that dominoed through the system taking down everything in its path while ruining the lives of tens of millions of working people. Of course, the present situation isn't really about personal enrichment. It's about politics; geopolitics, to be precise. The kind of politics that obliterate the host country in order to serve the interests of someone else, namely the global puppet-masters who have the Russian Central Bank in their oily grip. Here's more from Glazyev:

“By the way, I proved mathematically and chronologically that **the first wave of sanctions was imposed against Russia only after the Central Bank prepared the ground for this**, namely, it let the ruble exchange rate float freely... As soon as the Central Bank moved to this strange policy, the Americans immediately imposed sanctions. **Their speculators ensured the collapse of the ruble exchange rate, this caused an inflationary wave, and the Central Bank, on the instructions of**

the IMF, raised the interest rate, which completely paralyzed our economy.

The total damage from this policy today has already reached 50 trillion rubles of non-produced products and about 20 trillion rubles of unfinished investments. Now you have to add to this the 300 billion dollars invested in foreign assets, which are now frozen – that’s the damage.” ([“Events Like These Only Happen Once Every Century \(Sergey Glazyev\)”](#), The Saker)

Think about that for a minute. **So, Nabiullina maintained the free-floating exchange rate regime knowing that the ruble would be savaged by speculators.** And, then– as soon as the value of the ruble plummeted– she followed the IMF’s marching orders to raise rates as high as possible in order to maximize the damage to the economy. In other words, she administered the “double-whammy” which –in Glazyev’s words– “completely paralyzed our economy.” Here’s more from Glazyev:

“...in our country the weakest point of the entire national security system in general is the Central Bank. Its leadership is hit by the enemy’s cognitive-weapon, in other words, zombified by it. In fact, our monetary authorities are doing what the enemy needs.”

There’s a word for that, isn’t there? When a citizen of one country acts in a way that advances the interests of an ‘enemy’ country? Isn’t that what we’re talking about, someone whose loyalties lie elsewhere?

It is, and I’m certainly not alone in that judgement. Check out this quote (Google translate) from the Deputy Chairman of the State Duma Committee on Economic Policy, Mikhail Delyagin:

“Nabiullina is a symbol of money starvation from the country. She is a symbol of a policy that blocks development, that deprives Russia of all prospects. She is only rewarded for this..... (She) refuses to fulfill (The Bank of Russia’s) constitutional obligations to ensure the stability of the national currency.... **Nabiullina has provided a gift to our enemies, keeping from 315 to 400 billion dollars so that we have lost this money.** In 2013, the appointment of Nabiullina was synonymous with a financial and economic catastrophe.. To get the support of the president, you must destroy the country...” ([“Russia’s central bank chief: Incompetent or just misunderstood?”](#), Edward Slavsquat)

It sounds harsh, but what does it mean?

Delyagin is merely reiterating everything we’ve been saying from the beginning. Nabiullina’s policies are starving the economy of desperately-needed capital investment. They’re undermining development, growth and employment. Additionally, she exposed Russia’s multi-billion-dollar reserves to foreign seizure. For that alone, she should have been terminated, instead, she was allowed to continue at her post overseeing the subsequent battering of the ruble followed by her deranged lifting of key interest rates. The Russian bank chief is a one-man wrecking crew. Here’s Glazyev again:

“These interests run counter to the interests of the country, they are directly opposite to them. And, if you look at what the Central Bank is doing today, I have no doubts that **it continues the policy of actually pandering to the enemy. It undermines macroeconomic stability by allowing international speculators to manipulate**

the ruble exchange rate and does not control the foreign exchange position of banks that have become currency speculators, although the Central Bank could easily withdraw banks from the foreign exchange market by fixing their foreign exchange position, forbidding banks to buy foreign currency. And secondly - **by raising the interest rate, the Central Bank actually killed investments in the development of the Russian economy, which are very much needed right now, primarily for import substitution and for the restoration of economic sovereignty...**" (["Sanctions and sovereignty"](#), Sergei Glazyev, reentry.com)

Most people don't follow economic developments, so most of Nabiullina's shenanigans have passed unnoticed. But these things do matter, in fact, they're critical to a nation's survival. Russia is not going to prevail in Ukraine if its economy is reduced to smoldering rubble. And, it will be reduced to rubble if Nabiullina is not given her "walking papers" pronto.

Russia needs a monetary policy that matches its strategic battleplan. These are two wheels on the same axle. If one wheel is damaged, the vehicle is not going to move forward. The same rule applies here. Putin needs to replace the flat tire at the Central Bank so the economy can flourish while the troops take care of business in Ukraine. This is a matter of great urgency. Here's more from Glazyev:

"About a third of EU imports have left our market. These are huge opportunities for import substitution. If we assume that our enterprises begin to develop these markets, then **we will develop at a rate of 15 percent per year. But this requires loans. Import substitution cannot arise without loans.** We need loans to set up production facilities, to master new technologies, to load idle production capacities. We have long developed such a strategy of advanced development at the Academy of Sciences, and we are promoting it. But, unfortunately, the insane.. policy of the Central Bank has quite specific influential structures which it likes and supports."

What's he talking about?

Russia is being heavily sanctioned, so there's a real demand for things that are no longer available in the country. That's why the emphasis is on import substitution. But how does this work in practical terms?

Let's use an analogy: Let's say McDonald's leaves Russia along with 140-other US-based corporations, (which they did) so now you have a bunch of empty stores that need to be filled. So, some clever entrepreneur comes along and wants to turn all those empty shops into Russian burger joints called Uncle Vladies One-Stop Burger Cafe. But he needs capital, right? And there's the rub, because no one borrows money at 20%. Because 20% is extortion the likes of which one would expect from a PayDay Lender.

So, the potential for investment, development and jobs all go down the toilet due entirely to the Central Bank's crackpot "growth-killing" monetary policy that is designed explicitly to put the Russian economy into an agonizing long-term nosedive.

(See: [Central Bank policy is killing the Russian economy](#)— Sergey Glazyev, YouTube)

Can you see that? Can you see how Nabiullina is doing precisely the wrong thing at precisely the wrong time. This is NOT an accident. Nabiullina is an intelligent, educated and well-

informed woman. She knows what she is doing, and she knows that what she's doing is hurting Russia. Here's Glazyev again:

“We now need to counter economic sanctions with a serious increase in domestic production. There are production facilities for this, people, raw materials, brains - too, but there is no money. Right now, **the simplest thing that the state can give people is money.... if we do not change the monetary policy, then it will simply be impossible for us to survive in this hybrid war.”**

... the targeted use of money implies a high responsibility. Throwing money from a helicopter - is not our thing.... **We are talking about targeted credit emission** based on modern digital tools **with a strict control system...** , unfortunately, the monetary authorities have not yet come to their senses and have not begun to implement the correct policy of macroeconomic stabilization..." ("[Events Like These Only Happen Once Every Century \(Sergey Glazyev\)](#)", The Saker)

Modern economies require credit expansion. Credit expansion requires affordable money offered to productive businesses and industries that will increase output, boost employment and stimulate economic activity. This isn't rocket science. It's Economics #101. Unfortunately, the Russian Central Bank has no intention of helping to create a productive, independent and prosperous Russia. Quite the contrary, Nabiullina's policies are aimed at sucking credit out of the system by raising the price of money, suppressing the value of the ruble, and forking billions of dollars in reserves over to Russia's sworn-enemies.

Putin will not succeed in his dream of creating a "multipolar world order" if he doesn't sever ties with the past, abandon the neoliberal policies that have kept the developing world under Uncle Sam's bootheel for the last century, and remove the Central Bank albatross that is draped around Russia's neck.

The time to dump Nabiullina is now.

See: Sergey Glazyev, "[We don't want to live under Washington's dictatorship anymore](#)", YouTube (19:30 min)

"We are seeing more aggression from the United States because they are losing hegemony. This is the problem. **The American elite cannot accept that they have to change because the world is changing. We don't want to live under Washington's dictatorship anymore.** We are trying to overcome the tensions through direct dialogue with the American administration. Unfortunately, the American establishment is still living in the Cold War period of the previous century. This is the real problem that we have to face.... "

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