

The Self-Imposed Impotence of the Russian and Chinese Governments

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The Russian and Chinese governments are puzzling. They hold all the cards in the sanction wars and sit there with no wits whatsoever as to how to play them.

The Russians won't get any help from the Western media which obscures the issue by stressing that the Russian government doesn't want to deprive its citizens of consumer goods from the West, which is precisely what Washington's sanctions intend to do.

The Russian and Chinese governments are in Washington's hands because Russia and China, thinking that capitalism had won, quickly adopted American neoliberal economics, which is a propaganda device that serves only American interests.

For years NASA has been unable to function without Russian rocket engines. Despite all the sanctions, insults, military provocations, the Russian government still sends NASA the engines. Why? Because the Russian economists tell the government that foreign exchange is essential to Russia's development.

Europe is dependent on Russian energy to run its factories and to keep warm in winter. But Russia does not turn off the energy in response to Europe's participation in Washington's sanctions, because the Russian economists tell the government that foreign exchange is essential to Russia's development.

As Michael Hudson and I explained on a number of occasions, this is nonsense. Russia's development is dependent in no way on the acquisition of foreign currencies.

The Russians are also convinced that they need foreign investment, which serves only to drain profits out of their economy.

The Russians are also convinced that they should freely trade their currency, thereby subjecting the ruble to manipulation on foreign exchange markets. If Washington wants to bring a currency crisis to Russia, all the Federal Reserve, its vassal Japanese, EU, and UK central banks have to do is to short the ruble. Hedge funds and speculators join in for the profits.

Neoliberal economics is a hoax, and the Russians have fallen for it.

So have the Chinese.

Suppose that when all these accusations against Russia began—take the alleged attack on

the Skirpals for example—Putin had stood up and said:

“The British government is lying through its teeth and so is every government including that of Washington that echoes this lie. Russia regards this lie as highly provocative and as a part of a propaganda campaign to prepare Western peoples for military attack on Russia. The constant stream of gratuitous lies and military exercises on our border have convinced Russia that the West intends war. The consequence will be the total destruction of the United States and its puppets.”

That would have been the end of the gratuitous provocations, military exercises, and sanctions.

Instead, we heard about “misunderstandings” with out “American partners,” which encouraged more lies and more provocations.

Or, for a more mild response, Putin could have announced:

“As Washington and its servile European puppets have sanctioned us, we are turning off the rocket engines, all energy to Europe, titanium to US aircraft companies, banning overflights of US cargo and passenger aircraft, and putting in place punitive measures against all US firms operating in Russia.”

One reason, perhaps, that Russia does not do this in addition to Russia’s mistaken belief that it needs Western money and good will is that Russia mistakenly thinks that Washington will steal their European energy market and ship natural gas to Europe. No such infrastructure exists. It would take several years to develop the infrastructure. By then Europe would have mass unemployment and would have frozen in several winters.

What about China? China hosts a large number of major US corporations, including Apple, the largest capitalized corporation in the world. China can simply nationalize without compensation, as South Africa is doing to white South African farmers without any Western protest, all global corporations operating in China. Washington would be overwhelmed with global corporations demanding removal of every sanction on China and complete subservience of Washington to the Chinese government.

Or, or in addition, China could dump all \$1.2 trillion of its US Treasuries. The Federal Reserve would quickly print the money to buy the bonds so that the price did not collapse. China could then dump the dollars that the Fed printed in order to redeem the bonds. The Fed cannot print the foreign currencies with which to purchase the dollars. The dollar would plummet and not be worth a Venezuelan bolivar unless Washington could order its pupper foreign central banks in Japan, UK, and EU to print their currencies in order to purchase the dollars. This, even if complied with, would cause a great deal of stress in what is called “the Western alliance,” but what is really Washington’s Empire.

Why don’t the Russian and Chinese play their winning hands? The reason is that neither government has any advisers who are not brainwashed by neoliberalism. The brainwashing that Americans gave Russia during the Yeltsin years has been institutionalized in Russian institutions. Trapped in this box, Russia is a sitting duck for Washington.

Turkey is a perfect opportunity for Russia and China to step forward and remove Turkey from NATO. The two countries could offer Turkey membership in BRICS, trade deals, and

mutual security treaties. China could easily buy up the Turkish currency off foreign exchange markets. The same could be done for Iran. Yet neither Russia nor China appear capable of decisive action. The two countries, both under attack as Turkey is from Washington, sit there sucking their thumbs. (See [this](#))

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