

# The Threat of War and the Russian Response

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Global Research, September 26, 2014

[Russia in Global Affairs](#)

Region: [Russia and FSU](#)

Theme: [Global Economy](#), [US NATO War](#)

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*The world needs a coalition of sound forces advocating stability – a global anti-war coalition with a positive plan for rearranging the international financial and economic architecture on the principles of mutual benefit, fairness, and respect for national sovereignty.*

U.S. actions in Ukraine should be classified not only as hostile with regard to Russia, but also as pursuing a process of global destabilization. The U.S. is essentially provoking an international conflict to salvage its geopolitical, financial, and economic authority.

The response must be systemic and comprehensive, aimed at exposing and ending U.S. political domination, and, most importantly, at undermining U.S. military-political power based on the printing of dollars as a global currency.

The world needs a coalition of sound forces advocating stability—in essence, a global anti-war coalition with a positive plan for rearranging the international financial and economic architecture on the principles of mutual benefit, fairness, and respect for national sovereignty.

## **CURBING THE ARBITRARINESS OF RESERVE CURRENCY ISSUERS**

This coalition could be comprised of large independent states (BRICS); the developing world (most of Asia, Africa, and Latin America), which have been discriminated against in the current global financial and economic system; CIS countries interested in balanced development without conflicts; and those European nations not prepared to obey the disparaging U.S. diktat. The coalition should take measures to eliminate the fundamental causes of the global crisis, including:

- the uncontrolled issuance of global reserve currencies, which allows issuers to abuse their dominant position, thus increasing disproportions and destructive tendencies in the global financial and economic system;
- the inability of existing mechanisms regulating banking and financial institutions to ward off excessive risks and financial bubbles;
- an exhausted potential for growth within the prevailing technology-based economic system and lack of conditions for creating a new one, including insufficient investment for the broad use of basic technological solutions.

Conditions must be created to allow national fiscal authorities to lend money for building an economy based on new technologies and carrying out economic modernization, and to encourage innovation and business activities in areas of potential growth. The issuers of

reserve currencies must guarantee their stability by capping the national debt and payment and trade balance deficits. Also, they will have to use transparent mechanisms for issuing currencies and ensure free exchange for all assets trading in their countries.

Another important requirement: issuers of global reserve currencies should meet is compliance with fair rules of competition and non-discriminatory access to financial markets. Other countries observing similar restrictions should be able to use their national currencies as an instrument of foreign trade and currency and financial exchanges, and allow their use as reserve currencies by partner countries. It would be advisable to group national currencies seeking the status of global or regional reserves into several categories depending on the issuers' compliance with certain standards.

In addition to introducing rules for issuers of global reserve currencies, measures should be taken to strengthen control over capital flows to prevent speculative attacks that destabilize international and national currency and financial systems. Members of the coalition will need to forbid transactions with offshore jurisdictions and make refinancing inaccessible to banks and corporations created with offshore residents. The currencies of countries that fail to follow these rules should not be used in international settlements.

A major overhaul of international financial institutions is necessary to ensure control over the issuers of global reserve currencies. Participating countries must be represented fairly, on objective criteria, such as their share in global production, trade, and finances; their natural resources; and population. The same criteria should be applied to an emerging basket of currencies for new SDRs (Special Drawing Rights) that can be used as a yardstick for determining the value of national currencies, including reserve currencies. Initially, the basket could contain the currencies of those coalition members that agree to observe these rules.

Such ambitious reforms will require proper legal and institutional support. To this end, the coalition's decisions should be given the status of international commitments; and UN institutions, relevant international organizations, and all countries interested in reforms should be broadly involved.

In order to encourage application of socially important achievements of a new technological mode globally, countries will have to devise an international strategic planning system of socio-economic development. It should provide long-term forecasts for scientific and technological development; define prospects for the global economy, regional associations and leading countries; look for ways to overcome disproportions, including development gaps between industrialized and emerging economies; and set development priorities and indicative targets for international organizations.

The U.S. and other G7 countries will most likely reject the above proposals for reforming the international currency and financial system without discussion out of fear that they could undermine their monopoly, which allows them to issue world currencies uncontrollably. While reaping enormous benefits from this system, leading Western countries limit access to their own assets, technologies, and labor by imposing more and more restrictions.

If the G7 refuses to "make room" in the governing agencies of international financial organizations for the anti-war coalition, the latter should master enough synergy to create alternative global regulators.

- The BRICS could serve as a prototype and take the following measures to maintain economic security:
- create a universal payment system for BRICS countries and issue a common payment card that would incorporate China's UnionPay, Brazil's ELO, India's RuPay, and Russian payment systems;
- build an interbank information exchange system similar to SWIFT and which is independent from the United States and the European Union;
- establish its own rating agencies.

## **RUSSIA AS UNWILLING LEADER**

Russia will have a leading role in building a coalition against the U.S. since it is most vulnerable and will not succeed in the ongoing confrontation without such an alliance. If Russia fails to show initiative, the anti-Russian bloc currently being created by the U.S. will absorb or neutralize Russia's potential allies. The war against Russia the U.S. is inciting in Europe may benefit China, because the weakening of the U.S., the European Union, and Russia will make it easier for Beijing to achieve global leadership. Also, Brazil could give in to U.S. pressure and India may focus on solving its own domestic problems.

Russia has as much experience of leadership in world politics as the U.S. It has the necessary moral and cultural authority and sufficient military-technical capabilities. But Russian public opinion needs to overcome its inferiority complex, regain a sense of historical pride for the centuries of efforts to create a civilization that brought together numerous nations and cultures and which many times saved Europe and humanity from self-extermination. It needs to bring back an understanding of the historical role the Russian world played in creating a universal culture from Kievan Rus', the spiritual heir to the Byzantine Empire, to the Russian Federation, the successor state of the Soviet Union and the Russian Empire. Eurasian integration processes should be presented as a global project to restore and develop the common space of nations from Lisbon to Vladivostok, and from St. Petersburg to Colombo, which for centuries lived and worked together.

## **A SOCIAL-CONSERVATIVE SYNTHESIS**

A new world order could be based on a concept of social-conservative synthesis as an ideology that combines the values of world religions with the achievements of the welfare state and the scientific paradigm of sustainable development. This concept should be used as a positive program for building an anti-war coalition and establishing universally understandable principles for streamlining and harmonizing social, cultural, and economic relations worldwide.

International relations can be harmonized only on the basis of fundamental values shared by all major cultures and civilizations. These values include non-discrimination (equality) and mutual acceptance, a concept declared by all confessions without dividing people into "us" and "them." These values can be expressed in notions of justice and responsibility, and in the legal forms of human rights and freedoms.

The fundamental value of an individual and equality of all people irrespective of their religious, ethnic, class, or other background must be recognized by all confessions. This stems, at least in monotheistic religions, from the perception of the unity of God and the fact that every faith offers its own path to salvation. This outlook can eliminate violent religious and ethnic conflicts and permit every individual to make a free choice. But there

must be legal mechanisms in place to enable confessions to participate in public life and resolve social conflicts.

This approach will help neutralize one of the most destructive means of chaotic global warfare employed by the U.S.—the use of religious strife to incite religious and ethnic conflicts that develop into civil and regional wars.

The role of religion in molding international politics will provide the moral and ideological basis for preventing ethnic conflicts and resolving ethnic contradictions using national social policy instruments. Various religions can also be engaged in charting social policy, thus providing a moral framework for government decisions, restraining the attitude of permissiveness and laxity that dominates the minds of the ruling elites in developed countries, and bringing back an understanding of the authorities' social responsibility to society. As the shaken values of the welfare state gain strong ideological support, political parties will have to acknowledge the importance of moral restrictions that protect the basic principles of human life.

The concept of social-conservative synthesis will lay the ideological groundwork for reforming international currency, financial, and economic relations on the principles of fairness, mutual respect for national sovereignty, and mutually advantageous exchanges. This will require certain restrictions on the freedom of market forces that constantly discriminate against most people and countries by limiting their access to wealth.

Liberal globalization has undermined the ability of countries to influence the distribution of national income and wealth. Transnational corporations uncontrollably move resources that were previously controlled by national governments. The latter have to trim back social security in order to keep their economies attractive to investors. State social investments, the recipients of which no longer have a national identity, have lost their potency. As the U.S.-centered oligarchy gets hold of an increasingly greater part of income generated by the global economy, the quality of life is dwindling in open economies and the gap in access to public wealth is widening. In order to overcome these destructive tendencies, it will be necessary to change the entire architecture of financial and economic relations and restrict the free movement of capital. This should be done in order to prevent transnationals from evading social responsibility, on the one hand, and to even out social policy costs shared by national states, on the other.

The former means eliminating offshore jurisdictions, which help evade tax obligations, and recognizing the nation states' right to regulate transborder movement of capital. The latter would mean establishing minimal social criteria to ensure accelerated improvement of social security in relatively poor countries. This can be done by creating international mechanisms for balancing out living standards, which, in turn, will require proper funding.

Acting along the concept of a social-conservative synthesis, the anti-war coalition could move to reform the global social security system. A fee of 0.01 percent of currency exchange operations could provide funding for international mechanisms designed to even out living standards. This fee (of up to \$15 trillion a year) could be charged under an international agreement and national tax legislation, and transferred to the authorized international organizations which include the Red Cross (prevention of and response to humanitarian catastrophes caused by natural disasters, wars, epidemics, etc.); the World Health Organization (prevention of epidemics, reduction of infantile mortality, vaccination, etc.); ILO (global monitoring of compliance with safety regulations and labor legislation,

including wages not less than the subsistence level and a ban on the use of child and compulsory labor; labor migration); the World Bank (construction of social infrastructure facilities – water supply networks, roads, waste water disposal systems, etc.); UNIDO (transfer of technologies to developing countries); and UNESCO (support of international cooperation in science, education and culture, cultural heritage protection). Spending should be made according to the budgets approved by the UN General Assembly.

Another task to tackle is the creation of a global environmental protection system financed by polluters. This can be done by signing an international agreement establishing across-the-board fines for pollution and earmark them for environmental protection under national legislation and under the supervision of an authorized international organization. Part of this money should be committed to global environmental activities and monitoring. An alternative mechanism can be based on trade in pollution quotas under the Kyoto Protocol.

An important aspect is the creation of a global system for eliminating illiteracy and ensuring public access to information and modern education throughout the world. This will require standardizing minimum requirements for comprehensive primary and secondary education and subsidizing underdeveloped countries with revenue generated by the tax mentioned above. There must be a universally accessible system of higher education services provided by leading universities in major industrialized countries. The latter could assign admission quotas for foreign students selected through international contests and paid for from the same source. Simultaneously, the participating universities could set up a global system of free distance learning for all individuals with secondary education. UNESCO and the World Bank could commit themselves to creating and supporting the necessary information infrastructure, while drawing funds from the same source.

## **ANTI-CRISIS HARMONIZATION OF THE WORLD ORDER**

The growing gap between rich and poor countries is threatening the development and the very existence of humanity. The gap is created and sustained by national institutions in the U.S. and allied countries that arrogate certain international economic exchange functions proceeding from their own interests. They have monopolized the right to issue the world's currency and use the revenue for their own benefit, giving their banks and corporations unlimited access to loans. They have monopolized the right to establish technical standards, thus maintaining technological supremacy of their industry. They have imposed upon the world their own international trade rules that require all other countries to open up their markets and limit substantially their own ability to influence the competitiveness of their national economies. Finally, they have forced the majority of countries to open up their capital markets, thus ensuring the domination of their own financial tycoons, who keep multiplying their wealth by exercising a currency monopoly.

It is impossible to ensure a sustainable and successful socio-economic development without eliminating the monopoly on international economic exchange used for private or national interests. Global and national restrictions can be imposed to support sustainable development, harmonizing global public affairs, and eliminating discrimination in international economic relations.

In order to ward off a global financial catastrophe, urgent measures need to be taken to create both a new, safe, and efficient currency and a financial system based on the mutually advantageous exchange of national currencies. This new system would exclude the appropriation of global seniority in private or national interests.

To level out socio-economic development opportunities, emerging economies need free access to new technologies, conditioned on their promise not to use them for military purposes. Countries that agree to such restrictions and open up information about their defense budgets will be exempted from international export control constraints and receive assistance in acquiring new developmental technologies.

An international mechanism to prevent multinational companies from abusing their monopoly power on the market could ensure fair competition. The WTO could exercise anti-trust control under a special agreement binding for all member states. This would allow economic entities to demand elimination of monopoly power abuses by transnational corporations and seek compensation for losses from such abuses by imposing sanctions against the entities at fault. Apart from overstated or understated prices, quality falsifications, and other typical examples of unfair competition, the payment of wages below the ILO-defined minimum regional subsistence level should also be regarded as an abuse. In addition, there should be reasonable price regulation for the products and services of global and regional natural monopolies.

Because of unequal economic exchanges, countries should be allowed to retain the right to regulate their national economies in order to equalize socio-economic development levels. In addition to WTO mechanisms protecting domestic markets from unfair foreign competition, such equalizing measures could also be achieved by encouraging scientific and technological progress and providing state support to innovation and investment activities; establishing a state monopoly on the use of natural resources; introducing currency controls to limit capital flight and prevent speculative attacks on national currencies; retaining government control over strategic industries; and using other mechanisms to boost competitiveness.

Fair competition in the IT sector is essential. Access to the global information networks must be guaranteed to all people throughout the world as both information consumers and suppliers. This market can be kept open by using stringent antitrust restrictions that will not allow any one country or group of countries to become dominant.

To ensure that all parties to the global economic exchange observe international and national rules, there must be penalties for violators under an international agreement that would enforce court rulings regardless of their national jurisdiction. However, one should be able to appeal a ruling in an international court whose judgment will be binding on all states.

Binding rules and penalties for non-compliance (alongside penalties for breaking national laws) would give international agreements priority over national legislation. Countries that break this principle should be restricted from participating in international economic activities by excluding their national currencies from international settlements, imposing economic sanctions against residents, and limiting those operations on international markets.

In order to enforce all of these fundamental changes in international relations, a strong coalition will have to be created, capable of overcoming the resistance of the U.S. and G7 countries, which reap enormous benefits from their dominance on global markets and in international organizations. This coalition should be ready to use sanctions against the U.S. and other countries that refuse to recognize the priority of international obligations over national regulations. Rejecting the U.S. dollar in international settlements would be the most effective way to coerce the U.S. into being cooperative.



The anti-war coalition should offer a peaceful alternative to the arms race as a means of encouraging a new round of technological development. This alternative would lie in broad international cooperation geared towards solving global problems that require concentration of resources for creating cutting-edge technologies. For example, there is no ready-made solution to protect the planet from threats stemming from deep space. Developing such solutions will require technological breakthroughs that can be achieved by combining the efforts of leading countries and by sharing costs.

The paradigm of sustainable development rejects war as such. Instead of confrontation and rivalry, it is based on cooperation and collaboration as a means of concentrating resources in promising areas of scientific and technological research. Unlike the arms race provoked by geopolitics, it can provide a better scientific and organizational basis for managing a new technological mode. The latter will drive the development of healthcare, education, and culture, which can hardly be spurred by defense expenditures. These non-productive sectors and science will account for as much as a half of GDP in major industrialized countries in upcoming years. Therefore, a forward-looking solution would include shifting the focus of government attention from defense spending to humanitarian programs, primarily in medicine and bioscience. Since the state pays more than half of health, education, and science expenditures, such a shift would facilitate systematic management of socio-economic development and curb destructive trends.

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A new election cycle will begin in the U.S. in 2017 that is likely to be underscored by anti-Russian rhetoric as the ideological basis for the world war Washington is trying to unleash in a bid to retain its power. By that time, the crisis in the American financial system may have resulted in budget spending cuts, devaluation of the dollar, and declining living standards.

Domestic problems and foreign policy crises will cause the U.S. government to ramp up its aggressive tactics, while at the same time weakening its positions. If Russia mobilizes its intellectual, economic, and military potential, it will have a chance to get through conflicts in 2015-2018 in view of the fact that the U.S. and its allies will still not be prepared for direct aggression.

Russia will face the most dangerous period in the early 2020s when industrialized countries and China are expected to begin their technological modernization and the U.S. and other Western countries will emerge from financial depression and make a technological leap forward. But Russia may dramatically fall behind technologically and economically in 2021-2025, which will impair its defense capabilities and spur internal social and ethnic conflicts in much the same way as what happened in the Soviet Union in the late 1980s. These conflicts will be fomented both from outside and inside, using social inequality, development gaps between regions, and economic problems. In order to avoid the worst possible scenario leading to the disintegration of the country, Russia will need to adopt a systemic domestic and foreign policy for strengthening national security, ensuring economic independence, improving international competitiveness, boosting economic development, mobilizing society, and upgrading the defense industry.

By 2017, when the U.S. starts threatening Russia openly and on all fronts, the Russian army should have modern and effective weapons, Russian society should be consolidated and confident of its strength, intellectuals should be in control of the new technological mode, the economy should be growing, and Russian diplomacy should succeed in building a broad-

based anti-war coalition capable of pooling efforts in order to stop American aggression.

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Translated from Russian

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