

Will Russia Win For Losing?

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Russia is a capitalist country currently governed by a president who had acceded to the right-wing neo-liberal economic policies of the West. He opened its economy to foreign investors and permitted its capitalists and state enterprise to hold large sums in western banking institutions. But just as there is no honor among thieves, no one plays fair in a competitive system like capitalism.

On February 17th Biden announced that Russia will invade Ukraine next week. He could be quite sure of that because he and his allies had permitted increased daily shelling and missile attacks of the Donbas from very few to about 1400 per day when Putin on the 24th annexed the two Russian entities that had internal independence in Ukraine, and citing Article 51 of the UN charter that authorized a right to intercede in the event of illegal attacks, sent Russian forces into Ukraine.

The Nato nations and other supporters of Ukraine which became a neo-Nazi state following the US engineered coup that overthrew the legally elected government in 2014 broke off all economic connections with Russia and seized billions in financial assets that were deposited in western banks. They also terminated the possibility of trade by outlawing the use of rubles or permitting its conversion to dollars.

It was expected that the Russian economy would immediately collapse but China had established an international yuan means of international exchange. It was also expected that with the collapse of its economy it would default on its international loans. But Russia had accumulated a large sum of foreign exchange, including gold, when the threat of war and the breaking of relations appeared more likely. It gave priority to paying off foreign debts over all other needs despite the damage having been done to economy. When Russia attempted to fulfill obligations on Eurobonds in a foreign currency, the transaction was denied by the US Treasury which was to handle the transaction. Russia then paid the debt in rubles and plans to sue if they are declared to be in default because an enemy nation arbitrarily refuses to perform an act it had originally accepted as part of a transaction. Not only rubles and other currency is rejected, but now also gold.

As with all capitalist nations, shares in many of its corporations can be traded on foreign exchanges as well as its own. Enemy nations terminated Russia's ability to trade on its exchanges, and on April 4th the Duma terminated foreign trading on its exchanges although provisions were made for exceptions. Here are the details:

“The government of [Prime Minister] Mikhail Mishustin, has prepared a bill that will become truly epoch-making in the history of the development of the domestic stock market. According to the Cabinet's idea, Russian companies will lose the right to place their shares on foreign exchanges. Those which are still trading there will be obliged to return their securities to Russia. At the same time, there is no monetary compensation for foreigners. The only chance for them to keep their shares is to get a similar number on the Moscow Stock Exchange.”

The owner of Tsargrad (a popular internet and video news broadcaster), Konstantin Malofeyev, is credited with being the major force behind an economic break with the West. The first half of Tsargrad indicates his political orientation (he's a monarchist). Two days later, on April 6 he became the first major sanctions breaker to be hit with a criminal prosecution in a NY court. The indictment states:

Konstantin Malofeyev is closely tied to Russian aggression in Ukraine, having been determined by OFAC to have been one of the main sources of financing for the promotion of Russia-aligned separatist groups operating in the sovereign nation of Ukraine. The United States sanctions on Malofeyev prohibit him from paying or receiving services from United States citizens, or from conducting transactions with his property in the United States. But as alleged, he systematically flouted those restrictions for years after being sanctioned. The Indictment unsealed today shows this Office's commitment to the enforcement of laws intended to hamstring those who would use their wealth to undermine fundamental democratic processes. This Office will continue to be a leader in the Justice Department's work to hold accountable actors who would support flagrant and unjustified acts of war.

Notice the sickening hypocrisy of the indictment: Ukraine is a

sovereign nation after its sovereignty had been trashed by a foreign intervention that promoted the fascistic gangster overthrow of the elected government, and it claims the legal action is in support of *fundamental democratic processes*.

Hopefully the current shooting war will soon morph into economic warfare which is just as vicious but rather less deadly. What is notable for the present is that we have become enmeshed in a world historic event that along with others (like global warming) will soon reach a crescendo of crises that will either cause a break with the past or make life on earth imitate the life we have seen depicted in doom and gloom films.

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