

## **Russia and China: A Natural Alliance (2007)**

Matthew Raphael Johnson

Today's headlines are abuzz over the "threats" the U.S. is making to China over its currency. The issue is simple: American capitalists are angry that the Chinese government is pegging the Yuan at an artificially low rate via-a-vis the dollar, giving, so it is said, an indirect subsidy to Chinese exporters. Making it more simple, it is a move by the Chinese government that will maintain a cheap Yuan against the dollar, making Chinese imports cheaper.

Notice what I said: The U.S. capitalists said x, the Chinese government said y. That's no accident. In China, the state controls nearly all investment, and it is the state apparatus that controls the value of the currency. Therefore, for anyone with any rudimentary political economy knowledge, what the U.S. capitalists are angry about is that the Yuan is being pegged at a rate that is good for China. In the U.S., a secretive private corporation called the "Federal Reserve" dictates U.S. interest rates for their good. This is the issue at hand.

Let us say that the Chinese permitted the Yuan to "float," which means for the Chinese currency to permit "the market" to dictate currency relationships. If this were to happen, immediately, European, Japanese and American finance capital would quickly flock to buy up Yuans to manipulate the Chinese economy. Now the issue should be clearer. Of course, the phrase "the market" is a mystification: this phrase refers to a handful of major currency profiteers such as George Soros and Warren Buffet, who, along with a few others, have the power to control currency values worldwide.

The amusing aspect of this is that the U.S. believes itself to be in a position to "threaten" the Chinese. American politicians, by and large, are a dull bunch, with often only a smattering of knowledge in these very complex fields. However, they need to be informed that the Chinese government owns a rather uncomfortable share of American debt.

On the other hand, China desperately needs the U.S. to continue to finance its economic boom. But even that has its down side in that China's rise to power has been the result of the American consumer permitting his level of debt to rise far in excess of his net worth. In the U.S., the middle class, for the first time in its history, has reached a level of debt roughly 115% percent of their collective worth. It is growing, and this figure is only measuring credit card debt. Without the cheap Chinese goods at the Walmart stores, not to mention rising oil prices, the U.S. economy would be set into a tailspin.

What does this have to do with Russia? Firstly, it should be clear that, in order to maintain Russia's economic independence, the ruble should be made non-convertible. This would protect it from predatory strikes such as the one George Soros launched against Thailand in 1996, nearly destroying all the Asian economies—except China's.

Secondly, an alliance between the Chinese and the Russians stands in stark relief to the economic rapists of the New World Order. They could be successfully challenged through an alliance of this kind. China needs oil and natural gas desperately. She also needs Russian military know how, equipment and spare parts. Russia's impressive scientific establishment is also necessary for further Chinese growth and innovation.

Thirdly, the economic/military alliance between these two countries would serve as a major brake against American expansionism and military adventurism. Russia and China need each other. Both countries are doing very well economically with a strongly state-centered investment policy; this model can serve as a mode of development for third world countries, many of which still nurse deep scars of exploitation and debt thought direct foreign investment.

Lastly, an alliance between the two countries will quickly silence the endless stream of hypocritical criticism from Washington. The two would make a superpower that could easily take on an overextended and arrogant U.S. Keep in mind, that despite the overbearing rhetoric about being the “world’s only superpower,” the U.S. has not taken on a significant military power since Korea.

America’s superpower status is being challenged globally. Massive debt, unpopular war, imperial overstretch, vicious trade competition, the third-worldization of the southern U.S., outsourcing and an increasingly alienated population are just a few of the ills that show major gaps in America’s armor that challengers can exploit. A Russia/China alliance on top of this, with India as a wild card, would put an end to the delusions of the American neocons and capitalist bosses. There is little doubt that this has been on the mind of Putin since he took office in 2000. Regular meetings between Russian and Chinese officials at all levels are a matter of course. American threats, and the saber rattling of the neocons are forcing the two giants together. Increasing polarization of Russia/China and the west can only be in the interest of Russia and her nationalist movements and parties. Many in the Russian “Eurasian movement” have long looked to China to begin building an alternative model of development that stresses solidarity, national pride and local community over profits and debt.

An infrastructure is already present. Self-interest is already at work. Soon, the endlessly pompous U.S. will see herself challenged significantly abroad as her internal rot worsens. The Islamic world is already permanently embittered against the U.S., and elite sources are predicting oil prices to top \$150 a barrel.

As only a few people are saying, the wars in the Middle East, though undoubtedly connected with the Regime’s love of Zionism, more importantly have as its basis the salvaging of the terminal American economy. In other words, the control over Central Asian and Middle Eastern oil is the last gasp of American imperialism; the final, disparate attempt to shore up the American economy, based almost entirely on perceptions and debt.

The pompous, arrogant and ultimately cowardly uses of U.S. aggression are built into the very lifeblood of American capitalism. It is to world politics as genetics is to height and eye color. Recently, the always solid, Paul Craig Roberts reported that China is soon to take over building military ships for the U.S. Navy, without a peep from the same patriot crazies who blame all of this on the Jesuits.

All of this is music to the ears of those of us who see the writing on the wall: the coming end of American domination of the globe, which means, as a matter of the globe’s political structure, the proportional increase in Russian, and therefore Orthodox, power abroad. Putin’s stroke of genius, deplored in the west, is his smooth and well maneuvered alliance with China. Why is China slowly but surely defeating America in the field of political economy? The answers are as simple as they are rare. Here are a few thoughts:

a) The Chinese are reproducing. Americans are not. American women, driven by shattered marriages and personal arrogance, find it more “fulfilling to work for some boss than to raise a

family. Therefore, they become part-time parents who have only one or two children.

b) The Chinese have a government that can only be called social nationalist, a state-centered economy that has a substantial percentage of privately owned capital. Though even the latter is under the tight leash of the state. Japan and South Korea also developed under this model.

c) Because of this state system, the Chinese government has been able to strategically manipulate the United States, buying up debt and attracting American investment.

d) Americans are, en masse, clinically insane. Americans care about nothing other than their own financial condition, and all American politics revolves around that nexus. Therefore, debt will be central to the economy. In China, as in Japan, fiscal strictness is the norm among the population, meaning that the yuan will always be strong and that trade balances will always be in China's favor.

In sum, all what the conservative, liberal and libertarian economists have been telling American college students has been wrong. Markets do not outperform state run economies, and further, that global economics remains national, and in the case of China, more national than ever. National interest is the primary engine of China's economic boom, and all of it has been state directed.

Many years ago, Imperial Japan, an extraordinary power staffed with extraordinary people, developed an ideology of the East Asian Co-Prosperity Sphere. Its purpose was to throw out unwanted European invaders and replace them with Asian governments in a coalition with Tokyo, under their indirect control. Today, the very same thing is happening, but under the system in Peking rather than Tokyo. As soon as China announced that it was no longer pegging to the dollar (as if, today, that was even a relevant factor), Malaysia announced the same. As the yuan moves up and up, more and more Asian economies will hitch their wagon to this brilliant star. Finally, the arrogant, execrable American capitalist and foreign policy hack will have a brake put on his murderous dreams.

As China's empire grows, Russia will become its primary supplier of energy and technical knowledge. A new superpower will emerge to challenge American hegemony, one already stretched to the limit, and based on a population largely held together by drugs, the legal system, debt and threats.

Making matters more interesting is China's interest in Africa. Africa is the land of untapped natural resources and a rather unremarkable population, largely incapable of tapping them in a systematic manner.

China both has the means and money to treat African oil, diamonds, tin and fertile soil the very same way the U.S. has treated the same from Latin America and the Middle East. Many American policymakers are aware that this would be the final nail in the Regime's coffin. As per usual, the pompous ignoramus, Chris Smith (R-NJ), referred to China's involvement in Africa as "helping to support Africa's dictators" and, in a more candid moment "possible taking Africa's resources for themselves." I'll let that one sink in for awhile. Not only has dictatorship delivered the goods about as well as "democratic" systems in Africa have, but the U.S. record in resource extraction as well as "supporting dictators" would take a library of volumes to record. Chris Smith is happy to be the idiot lapdog of the Regime, and he has found a lucrative place as the pet slut of the neocons.

The recent “forgiveness” of African debt has everything to do with fears of China. Of course, governments cannot forgive debts, only banks can. And I found it humorous that the major banking families in the world, all of whom owned some African debt, permitted politicians to take the credit—and the blame—while, as usual, remaining on the sidelines themselves. However, the forgiveness of African debt is a rather cynical ploy to counteract the influence of Peking on African politics. The overthrow of African “dictators” as now being considered by neocons has everything to do with neutralizing this influence.

Many of my readers have heard of Stratfor.com. They are a rather well respected, albeit elite and somewhat “official” sounding, resource on international politics. Their services are not free, and are designed to assist international investors in evaluating the political situation in various parts of the world.

Apparently, someone there has been reading my material, for there is a piece which, among other things, deals with Russia’s relations with China, specifically, the reasons why Russia cannot trust the Chinese, and how longings for a formal alliance against the west are ill-conceived. Given the nature of Stratfor.com’s clientele, this conclusion can certainly shock no one. However, I thought the arguments they put forth to be very good ones, and thus felt it necessary to post a comment upon them. Here is the paragraph dealing with this issue:

And while many Russians dream of a Chinese alliance against the West, China has been taking advantage of that misperception and preparing for a world in which Russia no longer matters. It is Beijing, not Moscow, which has been building rail lines and petroleum pipelines into Central Asia and acquiring Central Asian energy firms. It is Beijing, not Moscow, which is now preeminent in influence in North Korea. It is Beijing, not Moscow, which quietly sponsors an unofficial policy of encouraging migration of its citizens to resource-rich Russian Siberia. It is Beijing, not Moscow, which is purchasing component after component of Russian military technology as part of a broad-based modernization program. And it is Beijing, not Moscow, which likes to hold large-scale military maneuvers on the border named innocuous things like “Northern Sword.”

Let me take this bit by bit:

“And while many Russians dream of a Chinese alliance against the West, China has been taking advantage of that mis-perception and preparing for a world in which Russia no longer matters.”

It is far from certain that China’s pursuit of its interests, either correct or not, can lead one to the conclusion that China wishes Russia no longer mattered. I suppose a strict realist would wish that no other country except one’s own actually mattered.

“It is Beijing, not Moscow, which has been building rail lines and petroleum pipelines into Central Asia and acquiring Central Asian energy firms.”

China is being supplied by Russia in terms of its energy needs. China is merely pursuing its interest in diversifying her energy sources. Either way one looks at it, both Russia and China are using energy as a weapon against the west. It is, after all, the west’s Achilles heel.

“It is Beijing, not Moscow, which is now preeminent in influence in North Korea. . . . It is Beijing, not Moscow, which quietly sponsors an unofficial policy of encouraging migration of its citizens to resource-rich Russian Siberia. “

Yes, Russians have considered this a problem for some time. China, contrary to popular myth, is not overpopulated. The majority of her citizens are crammed into a few cities. Western and southwestern China are empty, as is inner Mongolia and outer Mongolia (that is, Mongolia proper). Unfortunately, Siberia is also largely empty as well.

“It is Beijing, not Moscow, which is purchasing component after component of Russian military technology as part of a broad-based modernization program.” This is far from a problem. It is, on the contrary one of the central areas where Russia and China have cooperated against western imperial designs on the region (that is, Central Asia).

“And it is Beijing, not Moscow, which likes to hold large-scale military maneuvers on the border named innocuous things like ‘Northern Sword.’” Yes, but, recently, such maneuvers have been done in concert with the Russians, with more planned on the way. This is one of the major reasons why I have written many times in the past that Russia “has the west quaking in its boots.”

Though Stratfor’s arguments seem compelling, and are very well stated, they ultimately fail. China and Russia under normal circumstances would be rivals for influence in Siberia and Central Asia. But these are not normal circumstances, and the result is that China and Russia have been thrown together, in spite of many disagreements, due to the manifest threat of the United States and other western powers and proxies.

Therefore, with much confidence, I predict that, so long as the western threat exists, cooperation rather than conflict will be the norm between Russia and China. Things will change if and when such threats dissipate. So far, Russia and China have developed a rather pleasant symbiosis. China is in need of Russian technical expertise, as well as her energy resources. Russia, on the other hand, wants influence in Asia in order to counter western subversion in Belarus, Ukraine, Georgia, Azerbaijan and all of Central Asia, and the Chinese vehicle may assist them in this regard. Further, China is a growing market used to Russian goods and is a substantial chip to play against the U.S. and the corporate, liberal oligarchy that current controls her institutions.

Now, this symbiosis may change, and then conflict will replace cooperation. But even here, the threat of U.S. domination may keep the alliance together even when the symbiosis breaks down. China, Russia, the Islamic states, Venezuela, some in the EU, Malaysia and many others are drawn together under one banner: multipolarity. Therefore, with fits and starts, it might be rational to expect an increasing level of cooperation among these states and regions, as well as the increasing philosophical plausibility of Eurasianism among educated Russians.