

Who is Putin Talking To?

by Mikhail Khazin via james - ICH Friday, Jan 22 2016, 9:46am

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An interesting analysis from a Russian perspective.

The interview that Putin gave to the [Bild newspaper](#) a week ago may be to somebody's liking or disliking, but it made one thing clear: in it, Putin was addressing certain people in the West with specific proposals. These proposals might be adequate and appropriate or might not be, but it is obvious that Putin is not throwing them into the void. He realizes that there are people out there who can hear him...

It would seem that the Western world is consolidated and pretty plainly (for instance, through Obama's statements) has shown Putin (and Russia) their place. The word The Hague (Ed. where the U.N.'s International Court of Justice and the International Criminal Court are located) has not yet been used in relation to the Russian president, but it has been applied in relation to some others.

True, Putin does occasionally manage to force some Western politicians to cooperate with him, but it is being made crystal clear that these are one-off occasions that will have no influence on the situation on the whole. So why?

Here is why... We are living in a financial system whose foundations were laid at the Bretton Woods Conference in 1944. Its essence was to create institutions for ensuring the stability and expansion of the zone of circulation of the U.S. dollar, which was supposed to become the main currency of the Western economy.

That economy's institutions were the World Bank (a development agency), the International Monetary Fund (in essence a bank for granting loans to countries) and GATT, the General Agreement on Tariffs and Trade, now known as the WTO (which is intended to fight supporters of economic separatism). At the same time the control over the circulation and printing of dollars all over the world was entrusted to the Federal Reserve System.

In theory, those arrangements created grounds for problems – suppose the interests of the global financial system began to run counter to the interests of the U.S. economy and financial system? However, at the time those problems appeared rather hypothetical.

Since then things have changed. As a result, a crisis began and the problem whose foundations were laid in 1944 began to show itself in full.

Economic growth has stopped (the situation has stabilized, although it is experiencing an insignificant decline) and it is already clear that keeping things as they are for everybody will be not be possible. As this specifically regards the financial system, it means that it is necessary to decide whether to save the U.S. economy at the expense of the resources of the global financial system or to save the global financial system at the expense of the U.S.

This problem first began to show itself a decade ago, but it entered an acute phase in 2011. Then the global financial elite decided to complete the Bretton Woods reforms and to take the center of

issuing global currency (to be created on the basis of the IMF's "special drawing rights") out of U.S. jurisdiction.

The Americans retaliated with the Strauss-Kahn case, putting an end to an idea that presented a danger to them. Yet, the question of whom to save and at whose expense became a dominant one in global politics.

The global elite, which until then was united, saw itself splitting over which of the two scenarios to support. The first camp, which could be naturally described as the global financial elite, insists on preserving the global financial infrastructure (and is therefore trying to win back control over issuing dollars), while the other, on the contrary, believes that the financial infrastructure can be sacrificed for the sake of saving the U.S. economic system.

The trouble is that the crisis is so strong that a victory by one of those camps will inevitably destroy the basis for the other, as well as the other camp itself as a real force. So there can be no truce here.

Therefore, since 2011 the once united global elite has been splitting, and this process is growing stronger and stronger. It manifests itself in the conflict between Hillary Clinton and John Kerry in U.S. foreign policy, in the conflict between Clinton and Trump in the presidential election race, in the conflict between Saudi Arabia and Iran and in many other areas.

Russia, having decided in 1991 to integrate into the global financial system, has been pursuing this task consistently (sometimes, too consistently) and confidently. However, in the mid-2000s, prior to the split in the global elite, Putin developed strong disagreements with it.

In that sense, all of Putin's actions become clear. He sees that in the West there are emerging elites (and specific people) who are slipping out of the control of global financial circles and it is to them that he is addressing his proposals.

At the same time, it might not always be clear to an ordinary member of the public what Putin is saying, since those statements clearly lie beyond the boundaries of the "language" that we have formed over the past quarter of a century under the control of the financial elite. But there are people in the West who are clearly listening to those messages and their number is growing.

The problem is that they are listening but are not hearing... True, Xi Jinping, Donald Trump, Marine Le Pen all say that one should work with Putin, but there is no real effect. Why is this?

The thing is that the Russian economy is effectively run by underlings of the global financial elite. Furthermore, these underlings see no prospects for Russia to become an independent entity.

As a result those whom Putin is addressing consider him a hypocrite. He is addressing people who have entered into deadly combat with the global financial elite, but at the same time all the real levers of running the country's economy and finance remain in the hands of people placed there by the very same global financial elite. This is why Russia with its current political elite is doomed to isolation. It will not be invited to resolve the key matters facing the world because the global financial elite cannot stand Putin, while their alternative, the "new isolationists," do not trust Putin's inner circle whom they know for sure to be working for financiers. Therefore they cannot quite trust the Russian leader either, with whom in other circumstances they would gladly work together, as they themselves openly admit.

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