The Izborsk Club

Sergei GLAZYEV

THE LAST WORLD WAR

THE U.S. TO MOVE AND LOSE

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Sergei Glazyev
The Last World War. The U.S. to Move and Lose.
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Sergei Glazyev, a well-known Russian politician and economist, after analyzing the global political and economic changes of recent years came to the following conclusion: as a result of the crisis that has engulfed the world, the powers of the West, most notably the U.S., have been increasing their aggression towards other nations. Again, as in the middle of the 20th century, the threat of Eurofascism looms large on the horizon, with Ukrainian nationalists as its advanced detachment. The West has aimed the brunt of its strike at Russia.

Why would America need a new world war, and is it possible to prevent it? Why has Ukraine been chosen as a springboard for it? What can we set against the Western aggression? What future awaits Russia, Ukraine and the whole world in the 21st century? This is what the new book of Academician Sergei Y. Glazyev is about.

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To my dear wife Oksana,
who loves her homeland Ukraine
and believes in its deliverance
from the neofascist occupation

PREFACE

Dear Reader,

The book proposed to your attention represents the results of a study of the laws of long cycles of global technical-and-economic and socio-political development as applied to changes in the modern world. Some of them have already been presented in the previously published book, *Ukrainian Catastrophe. From American Aggression to World War?* In this book, they are supplemented with extensive new data and the results of a laborious analysis of the logic behind the actions of forces that foment a new world war against Russia. The book reveals the combination of objective laws and subjective factors in the structure of the driving forces of this war. The books also shows its being conditioned by the economic interests of the ruling elite of the U.S., uncovering the reasons for choosing Ukraine as a victim of the new American aggression. Based on the system analysis of the causes and on disclosure of the driving forces of this aggression, the book substantiates the measures to repel it.

They correspond to the character of this war which, unlike the direct clashes of multi-million armies in the last century, has a hybrid nature and provides for armed

intervention only after an ideological and economic destruction of the enemy in the form of punitive operations under the guise of "humanitarian" purposes.

Russian President Vladimir Putin counters American aggression with Eurasian integration based on respect for the national sovereignty of the unifying states based of their objective economic, social, political and humanitarian interests. Unlike the European Union, which has been imposing unequal association on Ukraine through direct coercion and flagrant interference in its internal affairs, the Eurasian Economic Union is premised on voluntariness, mutual benefit and equality of parties.

For many years now, I have to deal in line of duty with the issues of Eurasian economic integration. As it was deepening and expanding, the counteraction from the U.S. and the EU has been gradually increasing. After successful creation of the Customs Union of Belarus, Kazakhstan and Russia, this counteraction turned into direct anti-Russian aggression in Ukraine, Moldova and Georgia with a view of detaching them from the Eurasian integration process. The methods of Western geopolitics used in this process perplexed me with their mendacity, ultraism and cynicism that have been transforming into direct crimes against the peoples of the post-Soviet states. As a scholar professionally engaged in study of long cycles of technological-and-economic development, I

understand the objective reasons for American aggressiveness. But as a human being I cannot accept the misanthropic forms used by the American political machine in order to incite national, religious and social conflicts. And, actively participating for many years in social and political life, I have been wondering: how did American political engineers manage to fool tens of millions of educated persons in my kindred Ukraine, imposing on them absolutely false ideas about their national interests, history, culture and politics? How did they turn Ukrainians, who only yesterday did not distinguish themselves from Russians, into rabid Russophobes? How did they manage to impose on one of the peoples most affected by the Nazi occupation the power of Hitler's epigones? And what are the ways to oppose the American geopolitics aimed at fomenting another world war against Russia? How, finally, is it possible to win, or at least not to lose this war conducted by the leadership of the U.S. and NATO to destroy Russia and the Russian World?

This book represents an attempt to answer these questions. The arguments, estimations and proposals presented in it obviously reflect my personal position that might disagree with the official point of view. They are based on a scientific analysis of current events proceeding from long-term patterns of technical and socio-economic development, as well as from a generalization of historical experience. The book

gives an objective analysis, a forecast and recommendations that are not conditioned by the current political situation.

The author expresses profound gratitude to his comrades for their assistance in the preparation of this publication: S. Tkachuk, without whose help in the materials selection and editing the book itself would hardly have been written; K. Frolov, who provided invaluable assistance in covering the history of Ukraine, with whose collaboration the chapter on Ukrainian Nazism was written, as well as to colleagues, whose joint works and materials were used to reinforce the author's position – A. Rogers, D. Mityaev, A. Shirov, R. Ishchenko, A. Davydov, V. Pantin, V. Lokosov, Y. Petrov, I. Lipushkina. It is unlikely that this book would have seen the light of day without the moral support of S. Batchikov and A. Nagorny, as well as other members of the Izborsk Club. I cannot but thank O. Tsarev and O. Noginsky, who verified the key provisions of this book at first hand. Special words of gratitude and admiration go to the activists of the Russian resistance to the neo-fascist regime that occupied Ukraine. Thanks to their courage, perseverance and faith in our God-preserved motherland, the U.S. aggression against Russia was stopped in the Donbass, and we have time to prepare for its repelling and prevention of a new world war.

By Way of Introduction
THE LAST GEOPOLITICAL GAME
THE U.S. TO MOVE AND LOSE

The world lives in anticipation of war. Or rather, in a state of war. The fact that it was not officially announced should not be misleading. In any case, it should not deceive the Russian World, which in the last century was four times the target of aggression from the Western powers. The First World War and the subsequent intervention of former allies with the aim of dismembering and destroying our country, the unprecedented cruelty of the Patriotic War with the Europe united by fascists, the Russian-Japanese war planned by the British cost our people tens of millions of lives. Together with the three revolutions that were organized not without aid of the Western powers, as well as subsequent civil wars, repressions and ethnic conflicts, they cost our country, as F.M. Dostoyevsky[1] prophetically warned, 100 million human lives.

A century since the beginning of the First World War was celebrated by the Western

[1] Dostoyevsky F.M. *A Writer's Diary*. 1873-1881.

powers with a new intervention against Russia, when last year they arranged a coup d'état in Kiev and, in fact, occupied Ukraine transferring power to

the puppet neo-Nazi regime. The latter does not conceal its ideological continuity in relation to Hitler's collaborators, openly declaring Bandera, Shukhevych and other fascist henchmen as their heroes. Just as the Hitlerites used them mainly to carry out massacres and punitive operations against the locals, NATO's current stooges commit mass murders of residents on territories beyond their control and repress tens of thousands of citizens who disagree with Nazi ideology. In the methods of their action, including burning people alive, use of weapons prohibited by international law, torture and other crimes against humanity, the current neo-Nazis are no different from their fascist idols exemplary to the German occupation. It is not without reason that Ukrainian residents similize the Security Service of Ukraine (SBU), guided by the U.S. instructors, to Hitler's Gestapo, and "volunteer battalions" to SS executioners. At the same time, the Ukrainian neo-Nazis themselves do not hesitate to make a display of the Third Reich's fascist symbols.

An unexpected reincarnation of Hitlerite Nazis in Ukraine, as well as of the radical followers of Muhammad in the "Islamic State," who are bringing war to the civilized world in the third millennium after Christ, put supporters of the linear model of human development to shame. After the collapse of the USSR and the world socialist system, the end of history did not occur, contrary to the opinion of the

Washington's apologists[2]. Neither socialism, nor the crisis of capitalism did disappear. The former, however, acquired the specific Chinese character and integrated the mechanisms of market self-organization, creating a new type of socio-economic relations, which P. Sorokin half a century ago prophetically called the integral system. The latter, having assumed an appearance of the global financial crisis, has acquired a global scale.

Similar to the Great Depression of the 1930s, the global financial crisis did not inflict damage on socialist economies, including Vietnam, Cuba, and the North Korea retaining its uniqueness. On the contrary, just as the USSR used the Great Depression in the capitalist countries for the purposes of socialist industrialization, China, having mastered a wide range of Western technologies, engaged itself in rallying of the domestic market in reaction to the world crisis. A quarter of a century since the USSR collapse, the renewed socialist idea once again demonstrates its superiority over the world of capital. Going up against Chinese socialism, the latter repeats the same technique used by the Western powers in the struggle against the USSR – the cultivation of archaic aggressive regimes with a militant Nazi or quasi-religious ideology with the aim of inciting them against geopolitical competitors.

As they say, history repeats itself. Of course,

[2] Fukuyama F. *The End of History and the Last Man.* Free Press, 1992. 400 pp. (Russ. ed.: *Konets istorii i posledniy chelovek* (M.B. Levin, trans.) Moscow, AST Publ., 2007. 588 pp.)

these are but historical parallels illustrating the complexity of the global economic development process. The only invariable thing remaining in it, according to the apt expression of the President of Russia V.V. Putin, is geopolitics. More precisely, it is the attitude of the Western powers towards Russia, with the aim of destroying which geopolitics was actually justified as a pseudo-science on international relations. Its anti-Russian essence did not change either after the collapse of the World Socialist system or after the collapse of the USSR, remaining the same as in the times of the Russian Empire. This brings up the question about the reasons for the immutable Russophobia of the Anglo-Saxon, Germanic, and, in general, the Western geopolitical school. Leaving it unanswered makes it impossible to explain either the current anti-Russian hysteria in the West, or, all the more so, to predict the further actions of Western politicians.

As our Western "partners" apparently think in terms of geopolitics, after their analysis one can try to make a forecast of their further behavior. Otherwise, we will only measure the folly of the statements coming from representatives of the U.S. authorities in "Psaki" units, without understanding the logic of their actions. And this logic certainly exists, since the American taxpayers have to pay a considerable price for these actions and, consequently, they need to know the answer to the question "why?"

Judging by the unanimity with which both

chambers of the Congress vote for anti-Russian resolutions, the American establishment knows the answer to this question. Or, at least, it thinks that it knows. Would you believe that the U.S. secret services staged the Maidan with subsequent political terror, massacres and a threefold fall in the standard of living ultimately for the good of the unfortunate Ukrainians?

For an inexperienced reader, geopolitics seems to be an intricate juggling with familiar words furnished with a meaning hidden and incomprehensible to the uninitiated. Let us mention, for example, the opposition of land and sea that has become classical in Western political science textbooks. More precisely, the opposition of landlocked and seafaring countries allegedly doomed to rivalry between each other. For Russia, a country located between three oceans, this contraposition seems at most an entertaining mind game, just as the concept of the Heartland – the Middle Earth, the control over which supposedly gives dominance over the world[3]. Being geographically the true Heartland of Eurasia, Russia was vitally in need of access to the ice-free seas for international trade. For a normal, self-sufficient development, it needed both land and sea. To protect itself against greedy neighbors, it needed both the army and the fleet.

Russian geopolitics has always been substantive and was determined either by

[3] Heartland is the "middle" or "core" land currently occupied by Russia, a part of Eurasia which, according to the theory of the English geographer Halford Mackinder, is the "geographical axis of history."

internal needs ("to cut a window through to Europe") or by external threats (to accept the oppressed fraternal peoples under the protection of the White Tsar). Therefore, the abstract constructions of Western political thought seem enigmatic and obscure to the Russian mind. The same applies to its practical embodiment in the foreign policy of the Western powers. For example, their obsession with Drang nach Osten invariable for centuries, an unrestrained desire to seize our lands and destroy our people[4]. It would seem that the famous biblical dictum "all they that take the sword shall perish with the sword" used to be repeatedly tested by the Western European aggressors the hard way, so that they could have calmed down by now. But over again, even in the third millennium after Christ they continue to violently violate the commandments "thou shalt not kill" and "thou shalt not steal" that He gave. Yet again, they are waging war on us relying on their multifold financial and material superiority.

However, up to now, wars with Russia have not brought great victories to the West.

[4] For example, Mackinder, the author of the "Heartland" concept, wrote: "Russia replaces the Mongol Empire. Her pressure on Finland, on Scandinavia, on Poland, on Turkey, on Persia, on India and on China replaces the centrifugal raids of the steppe-men. In the world at large she occupies the central strategical position held by Germany in Europe. She can strike on all sides..." And the British Prime Minister M. Thatcher (no matter how later they tried to interpret these words) said "...by estimates of the world community, accommodation in the territory of Russia of 15 million people is economically expedient..."

The first female U.S. Secretary of State, M. Albright dropped a remark, the essence of which was that sole possession of Siberia by Russia is "unfair" and Siberia should be placed under international control. Siberia is too large a territory to belong to one state.

However, they inflicted considerable damage both on Russia and on Europe. Though it concerned not all of Europe, but its mainland, which was trodden by Russian troops time and again on their way to finish off the aggressor in its lair. As for Britain, it has always remained outside the combat operations zone, actively participating in them on foreign territory. Likewise, the inhabitants of the U.S. also escaped the horrors of two world wars, considering themselves nonetheless their winners. One cannot help wondering about the secret of the Anglo-Saxon geopolitics, which allows them for more than two centuries by now to dominate the greater part of the planet, to wage wars on all continents, and never once during this period to admit the enemy on their territory.

This question is not quite simple as it could seem. At least twice – Napoleon in 1812, and Hitler in 1940 – the adversaries of Great Britain had enough power to crush it. But they attacked Russia instead, leaving their back open to the British. Indeed, if we assume that Napoleon would have persuaded Alexander I to conclude an alliance and obtain the hand of his sister in marriage, the Great Britain would have been doomed. Instead, he got himself involved into a suicidal campaign against Moscow. After a century and a half, Hitler did repeat the same mistake. How would Europe and the world have looked today, had Napoleon bound himself with the Russian emperor by ties of kinship, and had

Hitler not violated the peace treaty with the USSR? It is unlikely that Britain could have withstood the onslaught of a united Europe. Why did the two European superpowers of their time, instead of the obvious path to domination in Europe (and consequently, in the world) through conquering a small and vulnerable Britain, get involved in a hopeless war with the Eurasian giant?

We may as well ask a symmetrical question regarding Russian geopolitics that allowed the country to be drawn into exhausting wars with enormous human and material losses. Alexander I could have avoided the war with Napoleon who, for the sake of union with him, twice asked the hand of his sisters in marriage. Nicholas II could have steered clear of the senseless and fatal First World War with his cousin. Both times Russia played for Britain, and both times, it suffered huge losses. The first time it paid with the ruin of Moscow, and thereafter with costly restoration of European monarchies and upkeep of the royal courts that hated us. The second time brought death of the empire, civil war, and millions of innocently lost lives.

The British, on the other hand, both times turned up winners. As a result of the defeat of Napoleon’s Europe, Britain took control of the European market and became the "queen of the seas," eliminating its main competitor in the struggle for overseas colonies. The First World War resulted in collapse of all monarchial

empires that remained in Europe, the territory of which, with the exception of Soviet Russia, was left completely open to be developed by English capital. The British government did not even consider it necessary to dissemble its profound satisfaction with the overthrow of the Russian Tsar, who was a relative of Her Majesty. When the Prime Minister Lloyd George learned about the Emperor's abdication, he rubbed his hands and said: "One of the war goals has been achieved"[5]. And as soon as a civil war burst out in Russia, the recent ally resorted to military intervention, trying to seize Russian territory and, together with France, Japan and the U.S., to dismember the country into zones of influence.

Of course, historians will find many explanations to all these events. Nevertheless, the fact remains that they represented a striking success of British geopolitics on the one hand, and the Russian losses from involvement in it on the other hand. This concerns other countries as well, for which a cooperation with the British turned into disasters. As was wisely noted by the Russian geopolitician Alexei Edrikhin (Vandam): "There can only be one thing worse than enmity with an Anglo-Saxon, that is, friendship with him"[6].

The brilliant analyst C. Marchetti[7] noticed

[5] Ogorodnikov A. *Brestskiy mir. Predystoriya* [Treaty of Brest-Litovsk. Prehistory]. *Zavtra*, October 29, 2013. (In Russian)

[6] Vandam A.E. *Velichayshee iz iskusstv. Obzor sovremennogo mezhdunarodnogo polozheniya pri svete vysshey strategii* [The greatest of the arts. A review of the current international situation in the light of the highest strategy] (1913) – St. Petersburg, Nauka Publ., 2009. (In Russian)

[7] Marchetti Cesare. *A postmortem technology assessment of the spinning wheel: the*

once that nations behave like individuals. Just as humans, they compete, intrigue, envy and squabble under the influence of emotion. An anthropocentric view of international relations often manifests itself in a political vocabulary, when with regard to an entire nation it is said "kick their teeth in," "kick their ass," "fray nerves," "punish," and so on. If we follow this analogy, then the question arises of the importance of a system of moral values in international relations. Do they play an equally important role in relations between nations, as in relations between individuals? And if this is so, then what is the peculiarity of the British geopolitical ethics? And how is it different, say, from the Russian one?

Russian national consciousness, according to F.M. Dostoyevsky, is distinguished by a "universal responsiveness." It was clearly manifested in foreign policy, both of the Russian Empire and of the Soviet Union. Tsars responded to pleas of the oppressed peoples, accepting them as their subjects and helping in development. Russia considered itself responsible for the entire Orthodox and Slavic world, sacrificing many Russian soldiers to protect Georgia from the belligerent Caucasian tribes and free the Balkans from the Ottoman yoke. And it completely lost its head getting involved in the world war because of the Austrian threat to Serbian autonomy, and the obsession to drive the Turks from

last 1000 years. Technological forecasting and social change, 1978

Constantinople and the straits. The USSR was waging a grueling struggle to build socialism on all the continents of the planet, helping the communist parties, national liberation movements and socialism-oriented developing nations. In the end, it got stuck in Afghanistan in order to neutralize the dubious threat of interception of control over this country by the U.S.

In other words, Russian geopolitics has always been directed toward helping the fraternal peoples. Unlike the English, who practiced slave trade in their colonies, the peoples of the territories that joined the Russian Empire were not discriminated against, and their leaders were included in the Russian ruling elite. In the USSR, the priority was given to improvement of its remote parts – indeed, the Soviet empire was the only one in the world that developed its "colonies" at the expense of the center, and did not derive super-profits from them, as was done by the British in India, China, Africa and America.

The paramount importance of ideology also manifested itself in the allied relations that Russia built in different historical epochs. During the First World War, the Russian Empire suffered excessive losses, going at the request of the Allies into an unprepared offensive to divert the German troops from Paris, and sent an expeditionary force to help the French. To give up life "for one’s friends" is as sacred for Russian geopolitics as it is for a Russian person.

Millions of lives were given while liberating Europe from fascism. But Stalin could have stopped at liberating the USSR by agreeing to a separate peace with Germany in exchange for reparations and liberation of the Slavic peoples, handing the battlefield over to the Anglo-Saxons?!

The Anglo-Saxons behaved differently. While the Russians shed blood dragging German forces from the Western Front in the First World War, the British secret services were preparing a revolution in Petersburg. Pulling the Russian emperor into an alliance and into a war against Germany, the British simultaneously planned his dethronement. Entangling the Russian establishment with Masonic networks, recruiting generals and politicians, seizing control over the media, discrediting and physically eliminating influential opponents, British geopoliticians made considerable progress in manipulating the Russian nitty-gritty of politics. The assassination of Stolypin opened for them the way to prepare the Russian ruling elite to the war, and the elimination of Rasputin by an English spy – the way to revolution. All the fatal mistakes made by the Tsar were played against him as slick as slick can be. By killing the heir to the Austrian throne in Sarajevo, the organizers of the war unerringly triggered the decision of the Russian Tsar to mobilize, unleashing a ultrapatriotic hysteria through the media. Likewise, two and a half years later they provoked a riot in Petersburg and a conspiracy of the military and

political elite against the Tsar, which ended with his abdication and subsequent collapse of the monarchy.

Thus far, enough data has been accumulated to confirm the critical importance of British geopolitics in unleashing the First World War by manipulating the ruling circles of the countries participating in it, as well as in organizing the February Revolution in Russia. The conduct of Anglo-Saxons was not any better on the eve of and during the Second World War. Favorably taking the seizure of power in Germany by the Nazis, the U.S.-British oligarchy continued to invest heavily in German industry, having pumped in its modernization about 2 trillion USD, in terms of modern prices.

On the eve of the Second World War, U.S. corporations and banks invested 800 million USD in German industry and financial system. An enormous amount of money at the time. Of these, the top four U.S. corporations invested about 200 million USD in the militarized economy of Germany: "Standard Oil" – 120 million, "General Motors" – 35 million, telecommunications company "ITT" – 30 million, and "Ford" – 17.5 million USD[8].

The fact that cannot but shock is that even after the U.S. entered the Second World War on December 11, 1941, U.S. corporations continued to actively fulfill orders of companies from enemy countries, maintaining the activities of their branches in Germany, Italy, and even

[8] Charles Higham. *Trading With The Enemy: An Expose of The Nazi-American Money Plot 1933-1949.* New York, 1983.

Japan. For this purpose, it was only necessary to apply for a special permit to carry out economic activities with companies controlled by Nazis or their allies. The Executive Order of the U.S. President dated December 13, 1941 allowed such transactions and doing business with enemy companies, unless there was a special ban imposed by the U.S. Department of the Treasury. Very often, U.S. corporations had no problems in receiving permits for operations with enemy companies, supplying them with necessary steel, engines, aviation fuel, rubber, radio engineering components, etc...[9] Thus, power of the military industry of Germany and its allies was supported by the economic activities of the U.S., the companies of which received super profits for their deals with the enemy[10]. The fascist German authorities and Hitler personally obtained from the Anglo-Saxons not only economic but also political support. In 1938, in Munich, British Prime Minister Chamberlain gave his blessing for a military campaign against the USSR to the fascist beast, which had been raised with the help of Anglo-Saxon money, sacrificing to it Poland that was allied with Britain. He even personally saved Hitler from a conspiracy of German generals who were afraid to make war, preventing the coup revealed by the British intelligence by his unexpected visit to the Führer.

[9] Ibid.
[10] http://infoglaz.ru/?p=22965

Until opening-up of the second front in 1944, U.S. corporations continued to receive dividends from their assets in Germany, cashing in on the war. According the famous phrase uttered by G. Truman in 1941, "If we see that Germany is winning we ought to help Russia, and if Russia is winning we ought to help Germany, and that way let them kill as many as possible."

However, the U.S. did not have time to help Germany, as the Red Army was advancing too fast. They had to break the Munich Agreement and open up the second front in order to keep control over Western Europe at least. At the same time, on the initiative of Churchill, Operation Unthinkable was planned, that is, an attack on the allied USSR by the U.S. and Britain using the Wehrmacht's remnant troops. Despite the fact that the German troops, as is known, did not put up a serious resistance against the Anglo-American troops, the rapid advance of the Red Army towards Berlin thwarted these insidious plans. Nevertheless, Yankees let many fascists remain in the ranks to prepare for a new war against the USSR. Likewise, they rescued tens of thousands of Nazi collaborators, taking them out of Ukraine to be used against the Soviet Union. They proved useful, however, only after its disintegration, to nurture Ukrainian Nazism in order to draw Russia into a new war with the Europe united by NATO.

The very collapse of the USSR involved an active participation of the U.S. secret services. It is enough to read the book of P. Schweitzer

"Victory"[11], to be convinced of the fundamental role of the U.S. secret services in the USSR collapse. Again, we have to marvel at their artful and systemic approach as opposed to our naïveté and helplessness.

The reasoning that the Soviet Union collapsed under the pressure of internal problems has not a leg to stand on. The recession which first occurred in its centrally planned economy in the late 1980s, is not to be compared with the collapse of the early 1990s. Discontent of the population with shortage of essential goods and queue lines pales in comparison with a drastic drop in consumption and living standards after shock therapy in the transition to a market economy. After the Chinese economic miracle, it can be reliably asserted that if the Soviet and then the post-Soviet leadership had chosen a gradual path of successive formation of market mechanisms and creation of conditions for private entrepreneurship while maintaining state control, ownership and planning in basic and infrastructure sectors, including the banking sector and the media, then the disaster would not have happened. Not China, but the USSR would have become the nucleus of the formation of a new world economic paradigm based on the theory developed by a number of Soviet and American scientists of the convergence (combination) of capitalist and

[11] Schweitzer P. *Pobeda. Rol taynoy strategii administratsii SShA v raspade Sovetskogo Soyuza i sotsialisticheskogo lagerya* [Victory. The role of the secret strategy of the U.S. administration in disintegration of the Soviet Union and the Socialist block]. Minsk, 1995. (In Russian)

socialist economic development mechanisms premised on harmonization of private and public interests under government control[12].

However, the USSR governing bodies, including most of the leaders of the union republics, were struck by a cognitive weapon, a false understanding of the social and economic development laws imposed by Western influence agents, the far-fetched "universal human values" and "human rights," the illusory guidelines of market democracy. A "new thinking" was formed in the heads of political leaders, which denied the existing order for the sake of radical changes for the better. The image of the latter was a rose-colored mist, while the shortcomings of the existing order of things looked distinct and seemed beyond correction. At the same time, there was a discrediting of the knowledge and historical experience holders, who were defamed as retrogrades and dogmatists. They were ridiculed, sacked, removed in every possible way from the top leadership, which was thus isolated from the knowledge holders, and its mind was opened to manipulation by Western influence agents.

Simultaneously with the disorientation of the USSR top leadership, the American secret services were preparing a strike unit of the new political force with the aim of overthrowing it. Today, at the offices of the National Democratic

[12] Bogomolov O. T. *Teoriya i metodologiya mezhdunarodnogo sotsialisticheskogo razdeleniya truda* [Theory and methodology of the international socialist division of labor]. Moscow, Mysl Publ., 1967. (In Russian)

Institute and the International Republican Institute in Washington, one can see propaganda posters and leaflets of Yeltsin's election campaign of 1990, which, under the guise of Gorbachev's glorification as a modern world leader, was led by the U.S. secret services. They were creating a network of influence agents with the aim of destroying the USSR, simultaneously extolling Gorbachev for his Perestroika, the essence of which was reduced to self-destruction of the country's governance system and a sharp increase in chaos. As soon as chaos allowed to organize a new political force, Gorbachev was put under heavy pressure by the Western leaders who enjoyed his confidence, in order to paralyze the political will and deter from using legal force to restore order. At the same time Yeltsin, fostered by the U.S. secret services and surrounded by Western agents of influence, organized an anti-Soviet Maidan at the Supreme Soviet of the RSFSR, paralyzing the activities of the Union's government bodies. The Belavezha collusion of the leaders of the three Slavic republics, who had been pre-prepared by the U.S. influence agents, organized shortly thereafter with the support of the U.S. leadership, buried the USSR. The communist leaders of the former Soviet republics instantly flip-flopped to nationalists, engaging themselves in establishment of oligarchic dictatorships of their personal power in the new national states on an anticommunist and Russophobic basis.

With the collapse of the USSR, the Americans started colonization of the post-Soviet space, imposing on the leaders of the fresh independent states a "shock therapy" policy based on the unscientific dogmas of market fundamentalism, that proved suicidal for their economic sovereignty. And once again, the national scientific community was cut off from influencing the decision-making, its authoritative representatives were scoffed as loony retrogrades in comparison with the "young reformers" artificially grown by the U.S. experts. These latter implemented the "Washington Consensus" doctrine imposed by the U.S. oligarchy, the essence of which was reduced to dismantling the governmental economy regulation system with a view of its full exposure to the free movement of foreign capital, mainly the American one, and subordination to its interests.

Parallel to the colonization of the post-Soviet space by the Western capital, the U.S. geopoliticians strongly encouraged centrifugal tendencies, proclaiming as their main goal the prevention of the formation of a new power comparable to them in terms of influence. At the same time, in accordance with the German-Anglo-Saxon geopolitical tradition, the main emphasis was laid on the separation of Ukraine from Russia and further disintegration of the latter. Demonstrating every kind of support to Yeltsin and extolling him as a world-recognized political leader, including an invitation to the G7

club, uniting the leaders of the world's major powers, they simultaneously encouraged separatism of the national republics, sponsoring a mutiny in Chechnya and provoking a war in the Caucasus. The leaders of the U.S., Britain and Germany hugged Yeltsin and promised him eternal peace and friendship on the one hand, while simultaneously pulling the former Union republics into NATO and supporting Chechen militants on the other hand.

Putin stopped the process of Russia's disintegration, restored the vertical power structure, pacified Chechnya and launched the Eurasian integration process. Thus, he pitched himself against the U.S. geopolitical course in the post-Soviet space and began to be perceived as an enemy by the U.S. political establishment. Having failed with attempts to destabilize the situation in Russia, the U.S. secret services livened up in the post-Soviet space in order to undermine the process of Eurasian integration, which was perceived by the U.S. politicians as "a restoration of the USSR"[13]. In response, the EU Eastern Partnership project was launched with the aim of dragging the post-Soviet republics under the jurisdiction of Brussels as underprivileged members of associations with the EU. This project was supported by a drastic expansion of agent networks and an education of young

[13] Hillary Clinton, the former U.S. Secretary of State, told at a press conference in Dublin on December 6, 2012: "There is a move to re-Sovietise the region. It's not going to be called that. It's going to be called a customs union, it will be called Eurasian Union and all of that. But let's make no mistake about it. We know what the goal is and we are trying to figure out effective ways to slow down or prevent it."

people in the spirit of primitive nationalism and aggressive Russophobia. A chain of color revolutions arranged by the U.S. secret services raised to power puppet governments in Ukraine, Moldova and Georgia, which began with implementation of a nationalistic Russophobic policy. In all cases, this policy led to the split of society and resort to violence against other-minded people. In Georgia and Moldova, this split ended in collapse of the state, in Ukraine it led to the seizure of power by neo-Nazis and the formation of a neo-fascist regime that started a war with its own people.

It is no longer a secret to anyone that the main and only goal of the U.S. geopolitics in the post-Soviet space is the separation of the new independent states from Russia and the abolition of their independence by compelling them to enter the EU jurisdiction. This goal is motivated not only by a desire to restrain or weaken Russia. Western capital controls its financial market, the main players of which depend on foreign loans, keep their savings in offshore zones under Anglo-Saxon jurisdiction, have the citizenship of Western states and also bring up their children there. The last year slump of the ruble exchange rate, as well as pulling of the Russian economy in a stagflationary trap, demonstrated Washington's ability to manipulate the macroeconomic situation in Russia[14].

[14] Glazyev S. *Sanktsii SShA i politika Banka Rossii: dvoynoy udar po natsionalnoy ekonomike* [Sanctions of the USA and the Policy of Bank of Russia: Double Blow to the National Economy]. *Voprosy Economiki,* 2014, No. 9. (In Russian)

The U.S. politicians justify their aggression against modern Russia by accusing the Russian leadership of striving for a revival of the USSR. However, the absurdity of such suspicions is quite obvious to any unbiased observer. Unlike the Soviet Union, rigidly united by the general ideology of building socialism headed by the CPSU, the Eurasian Economic Union is nothing more than a common market of democratic states with an open market economy, the difference of which from the countries of classical capitalism, if any, lies in the greater role of big capital and the lesser significance of the state. Fears of the USSR revival on the basis of the Eurasian Economic Union are far less grounded than the risks of the Third Reich's revival within the European Union area. In any case, the EEU today has a much less bureaucratic and centralized management system than the EU, which by the degree of concentration of functions in a supranational body may be called a bureaucratic empire.

From an unbiased point of view, there is no need for the U.S. to restrain Russia, as its macroeconomic condition is being manipulated by the Washington international organizations, and the financial market – by the U.S. profiteers. Also, there is no sense for the

U.S. in anti-Russian sanctions, since Russia is not a recipient, but a donor of the Western financial system yielding to it about 150 billion USD annually. Why has the U.S. deployed a hybrid war against Russia, seeing that the

exploitation of its economy brings huge profits to American capital, and many generals of Russian business voluntarily transferred themselves under American command, hiding their capitals from the Russian government in offshore areas under Anglo-Saxon jurisdiction?

It's not a matter of restraining Russia. The stakes are much higher. This is a battle for global leadership, in which the U.S. hegemony is being undermined by China's growing influence. The U.S. loses this fight, which provokes the aggression of their ruling elite. Its object has become Russia which, in accordance with the European geopolitical tradition, is regarded as the possessor of the mythological "Heartland," domination over which, according to the conviction of Anglo-German geopoliticians, provides control over the world.

The world, however, does not remain unchanged. Whereas two hundred years ago the Russian Empire had the dominant influence in the world, and not a single cannon could fire in Europe without the permission of the Russian Tsar[15], nowadays the global economy is controlled by Western multinational corporations, the expansion of which is supported by unlimited issuance of world currencies. Monopoly on the issue of world money forms the basis for the power of the Western financial oligarchy, whose interests are served by the military and political machine of

[15] "In our times, not a single cannon in Europe could fire without our consent"–this phrase belongs to A. Bezborodko, the Russian Grand Chancellor and diplomat of the 18th century.

the U.S. and their NATO allies. After the collapse of the USSR and disintegration of the global socialist system associated with it, this power became universal, and the U.S. leadership seemed final. However, any economic system has its limits of development determined by the laws of reproduction of its technological and institutional structure.

The current escalation of international military and political tensions is caused by a change in technological and world economic paradigms, in the course of which a profound structural reorganization of the economy takes place based on conceptually new technologies and new mechanisms for reproduction of capital.

Modern studies of long-term laws of economic development make it possible to convincingly explain the ongoing crisis processes, both in the global and in the national economy. Such phenomena as hikes and drops of oil prices, inflation of financial bubbles, a decline in production in the main sectors of the economy that led to depression in the advanced countries, along with the rapid spread of new technologies and the rise of catching countries, have been predicted in advance by the theory of long waves. On this basis, recommendations were developed in the field of economic policy, and a strategy of advanced development was defined providing for creation of conditions for the growth of a new technological paradigm[16].

[16] Glazyev S.Y. *Strategiya operezhayushchego razvitiya Rossii v usloviyakh globalnogo krizisa* [The strategy of Russia's outstripping development in the context of

However, the recommendations of Russian scientists working within the evolutionary economy paradigm were ignored by the ruling elite blindfolded by the market fundamentalism doctrine. The economy went through a series of artificially created crises and lost a significant part of the national income due to the nonequivalent foreign economic exchange, degrading in the aftermath. The scientific and technical potential available in the Russian economy has not been utilized. Instead of a rise on a new long wave of global economic growth, it came off into a crisis, accompanied by a degradation of the remaining scientific and technological potential, and a growing technological lag versus both advanced and successfully developing countries. Among the latter, particular success has been achieved by China, the leadership of which has been acting in accordance with the above-mentioned strategy of outstripping development of a new technological paradigm with simultaneous modernization of traditional industries on it basis.

All the "objective" explanations for the high growth rates of the Chinese economy by its original backwardness are partly true. Partly, because they ignore the main thing – the creative approach of the Chinese leadership to building a new system of production relations which, as the Chinese economy advances to the leading position in the world, becomes more

the global crisis]. Moscow, Economika Publ., 2010. (In Russian)

self-sufficient and more attractive. The Chinese themselves call their formation a socialist one, developing at the same time private entrepreneurship and growing capitalist corporations. At the same time, the Communist leadership of China continues to build socialism, avoiding ideological clichés. They prefer to formulate tasks in terms of national welfare, setting objectives to overcome poverty and create a society of average prosperity, and in the future, to achieve the world's foremost standards of living. In so doing, they try to avoid excessive social inequality, preserving the labor base for the distribution of national income and directing the institutions of economic regulation towards productive activities and long-term investments in the development of productive forces. This is a common special feature of the countries forming the core of the Asian cycle of capital accumulation, or, in our terminology, an integrated world economic paradigm[17].

Regardless of the dominant form of ownership – public, as in China or Vietnam, or private, as in Japan or Korea, the integrated world economic paradigm is characterized by a combination of governmental planning institutions and market self-organization, public control over the main parameters of the economy reproduction and free entrepreneurship, ideology of public welfare and private initiative. Given that, the forms of

[17] Giovanni Arrighi. *The long twentieth century.* London, Verso, 1994 (Russ. ed.: *Dolgiy dvadtsatyy vek.* Moscow, Territoriya Budushchego Publ., 2006).

political organization can fundamentally differ from the world's largest Indian democracy to the world's largest Communist Party of China. The invariable constant is priority of national interests over private ones, which is expressed in strict mechanisms of personal responsibility of citizens for conscientious behavior, proper fulfillment of their duties, compliance with laws, and serving nationwide goals. In this context, the forms of public control can also fundamentally differ, from seppuku committed by top managers of bankrupt banks in Japan to death penalty applied to officials in China who were caught stealing. The social and economic development management system is built on mechanisms of personal responsibility for enhancing the national welfare.

The primacy of public interests over private ones is expressed in the institutional structure of economic regulation typical for the integrated world economic paradigm. First and foremost, in the state control over the basic parameters of capital reproduction through mechanisms of planning, credit, subsidizing, pricing, and regulation of basic entrepreneurial conditions. In so doing, the government not so much issues orders as performs a moderator's role forming mechanisms of social partnership and interaction between the basic social groups. Officials do not try to manage entrepreneurs, instead they organize joint work of business, scientific, engineering communities to form common development goals and elaborate

methods for their achievement. The mechanisms for public regulation of the economy are also tuned up to this end.

Of course, the cyclic regularities described above might not work out this time. However, judging by the behavior of the U.S. authorities, they are doing everything possible to cede their leadership to China. The hybrid war launched by them against Russia pushes it toward a strategic alliance with China, increasing the latter's capabilities. Additional incentives appear for deepening and developing the SCO, which is becoming a full-fledged regional association. The EEU and SCO serve as basis for emergence of the world's largest economic space of preferential trade and cooperation, uniting half of the Old World.

Attempts by the U.S. to arrange coups d'état in Brazil, Venezuela, Bolivia are pushing South America out of the American hegemony. Brazil, already participating in the BRICS coalition, has every reason to strive for a preferential trade regime and the development of cooperation with the SCO countries. This creates opportunities for the formation of the world's largest economic association of the countries consisting of the EEU, SCO, MERCOSUR, which is likely to be joined by ASEAN. Additional incentives for such a broad integration, which would encompass more than half of the population, productive and natural potential of the planet, are given by the obsessive urge the U.S. to form the Pacific and Transatlantic zones

of preferential trade and cooperation without participation of the BRICS countries.

The U.S. is making the same mistake as the previous world leader, Great Britain, which at the time of the Great Depression sought to protect its colonial empire from American goods through protectionist measures. However, as a result of the Second World War provoked by British geopolitics in order to block the development of Germany, strengthen domination in Europe and establish control over the USSR territory, Britain lost its empire along with the collapse of the whole system of European colonialism that was constraining the global economic development. Nowadays, the U.S. financial empire has become such a restraint, drawing all the resources of the planet into servicing of the ever growing U.S. debt pyramid. The amount of their public debt is increasing exponentially, and the size of all U.S. debt commitments already exceeds by more than an order of magnitude the U.S. GDP, which indicates the imminent collapse of the American, and in the future, of the entire Western financial system.

To avoid the collapse and retain global leadership, the American financial oligarchy seeks to unleash a world war. It would allow writing off debts and maintaining control over the periphery, destroying competitors, or at least deterring them. As always in such cases, in the first instance the war is unfolding for control over the periphery. This explains the U.S.

aggression in North Africa, in the Middle East in order to tighten control over this oil-producing region and, at the same time, over Europe. But the direction of the main effort is Russia, because of its key importance in the eyes of the U.S. geopoliticians. Not because of its strengthening, and not as a punishment for reuniting with the Crimea, but because of the traditional Western geopolitical thinking preoccupied with the struggle to retain the world hegemony. And yet again, according to the precepts of Western geopoliticians, the war with Russia begins with a scramble for Ukraine.

For three centuries, Poland at first, then Austria-Hungary, Germany, and now the U.S. have been nurturing the Ukrainian separatism. For this, they constructed the Ukrainian nation – the Russians who hate everything Russian and worship everything European. Until the collapse of the USSR, this project did not have much success, limiting itself to a temporary establishment of the Ukrainian People's Republic at the point of the German bayonets in 1918, and a formation of the Ukrainian nationalist organizations in 1941-1944 that were subordinate to the occupation authorities. Each time, to keep in power the Ukrainian nationalists raised by them, the Germans resorted to terror against the local population. Beginning with the genocide against the Rusyns organized by the Austrians during the First World War, and ending with mass punitive operations against the population of the Nazi-occupied Ukraine

during the Second World War. Today, this tradition is continued by the Americans, who established control over Ukraine after the coup d'état they organized on February 21, 2014, that brought to power the puppet Nazi junta.

Discarding conventionalities, the U.S. secret services organized terror against the Russian population of Ukraine using the Nazis they raised. The Ukrainian neo-fascists, led by the U.S. curators and instructors, commit war crimes in the Donbass, and forcibly mobilize young men "to fight the Russians," sacrificing them to Ukrainian Nazism. The latter has become the ideology of the Ukrainian regime, which derives its origin from Hitler's henchmen convicted by the Nuremberg Tribunal as war criminals.

The purpose of the U.S. policy in Ukraine is nether protection of its interests, nor its social and economic development. This goal is reduced to use of the people artificially grown out of those Russians who were duped by Nazi propaganda and believed in their own Ukrainianness as a cannon fodder for unleashing a war against Russia, in the hope of dragging their European NATO partners into this war. Both the First and the Second World War in Europe are considered "good wars" by U.S. historians. They ensured a ramp-up of the U.S. economy due to overseas movement of wealth, capital, intellects and technologies accumulated in Europe. In consequence of these wars, the U.S. escalated to the global leader, having

established hegemony over European countries and their former colonies. These days, the American geopolitics again is placing its stake on the incitement of a world war in Europe as a tested means of strengthening its power.

The aggressiveness and ultraism of U.S. politicians that seem ridiculous to many of our experts should be taken very seriously. It is aimed at warmongering, whereas the outright lies and even ostentatious folly of the U.S. speakers are intended only to disguise the seriousness of the American oligarchy's intentions. It can maintain its global domination only by unleashing a world war. The availability of mass destruction weapons changes the nature of this war. Experts call it a hybrid war, since not so much military forces as information, financial and cognitive technologies are used to maximally weaken and disorient the enemy. And only when the latter is so demoralized that it cannot provide a worthy resistance, in order to secure the victory and make an example of the recalcitrant, military operations are called into play that savor of punitive actions rather than of combat operations.

In precisely this way, avoiding bloody military clashes, the U.S. performed the occupation of Iraq, Yugoslavia, Libya, Georgia and Ukraine. Crucial significance in the hybrid war is given to the skillful combination of financial, information and cognitive technologies. On the financial front, the U.S. has a strategic advantage, having

the opportunity to emit world money and conduct currency and financial attacks on national economies of any capacity. On the information front, the U.S. reigns supreme over the world of electronic media, dominates the global movie and television market, controls global telecommunications networks. By combining monetary and financial aggression in the economy with informational indoctrination of public opinion, the U.S. can manipulate motives of the behavior of national ruling elites. A key role in this process is played by cognitive weapons, the affection of the consciousness of national leaders by a false understanding of the essence of the ongoing events and the meanings that are necessary for the U.S. aggression.

Above, we mentioned the importance of the cognitive weapons used by the U.S. to disorient the leadership of the USSR and later, of Russia. In order for it to work, it is necessary to establish trust in the enemy and to deprive it from the possibility of getting an objective idea of what is happening. The first goal is achieved through flattery, bribery and deceit. The second objective is attained by discrediting of the national expert community and its substitution with influence agents, their promotion to all power structures, the media, the higher business, cultural and intellectual sectors of society. Often, the way to solve this dual task is to draw the first-level leaders from the national communication environment to the international

one with imposition on them of charming "best in the world" foreign and already prepared national experts and consultants. This method worked great with Gorbachev and Yeltsin, whose "new thinking" was manipulated by experts specially trained in the West, while isolating the reputable national scientists and experts. It also worked with Yanukovych, whose consciousness was manipulated by American advisers, and at the last stage, directly by the leaders of Western countries.

Understanding the technology by which cognitive weapons affect consciousness does not give an automatic protection against it. Even very intelligent, honest and decent persons with an extensive life and political experience can be targeted. A vivid example of its successful application is our own political consciousness, in which cause-and-effect relationships are confused. Estimates and ratings, fabricated by the U.S. institutions through the lens of their interests, are perceived as true contrary to objective reality. Objectively failed results of macroeconomic policy are passed for great achievements, and the persons responsible for the disastrous consequences of their decisions are declared by Western media to be the best ministers, bankers, experts, the most influential and intelligent people in the world. And, strangely enough, it works still. The network of influence agents deployed by the Americans continues to form a macroeconomic policy, placing Russia under the blows of the

currency and financial war pursued by the U.S. And, despite the fact that the damage from the macroeconomic policy conducted under the leadership of the U.S. influence agents has already far exceeded the economic losses of the USSR from German fascist aggression, they enjoy standing trust and continue to determine the economic policy of the state.

Affection of the consciousness of the Russian ruling elite by the American cognitive weapons is paying off, weakening Russia and strengthening the U.S. and NATO.

Losing the war on the currency and financial front, where the annual direct losses amount to 150 billion dollars of capital exported from Russia to the Western financial system, and the aggregate losses are equivalent to half the production potential, Russia will not last long. Already this year, instead of an objectively possible 10% increase in production and investment we get a 5% drop, and in terms of poverty we roll back to more than a decade ago.

Indirectly recognizing legitimacy of the Ukrainian Nazi regime, we are losing the war on the cognitive and information front as well, handing the strategic initiative over to the enemy. Although, utilizing a systemic approach and relying on international law, it would have been possible to call the bluff of the Ukrainian Nazis, revealing to the Russian people living in Ukraine the truth about manipulation of their minds, and freeing the Russian land from the neo-fascist occupation regime established by

the U.S.

Regardless of Russia's position, the U.S. will lose the battle for leadership with China. This is the logic of change in the world economic paradigms, and the hybrid war unfolding against us on the part of the U.S. and its NATO allies is fully congruent with it. The system of institutions of an integrated society, created in China with account for our historical experience and combining the advantages of the socialist and capitalist systems, convincingly demonstrates its superiority over the U.S. system of oligarchic capitalism. Together with Japan, India, Korea, Vietnam, Malaysia, Indonesia, China is forming a new center for world economic development based on a new technological paradigm, and is creating a new world economy. Unlike global liberalization based on the interests of the U.S. financial oligarchy, the new world order will be built on recognition of the diversity of countries, respect for their sovereignty, on an equal, fair and mutually beneficial basis.

The Anglo-Saxon geopolitics is receding into the past, along with pseudoscientific geopolitical concepts designed to camouflage Anglo-Saxon or German aggression. The Chinese political system is reliably protected from attacks by cognitive weapons. The same concerns India that suffered enough from the British colonial oppression, and Vietnam that experienced all horrors of the war with the U.S. South America, which has had its share of

trouble with Monroe Doctrine, has no confidence in the U.S. The Japanese will soon commemorate the 70th anniversary of the U.S. atomic bombings.

The space of American hegemony is imminently narrowing. The current ruling elites of the BRICS countries and their integration partners are unlikely to allow themselves to be run by the Anglo-Saxon geopolitics. The secret of its amazing effectiveness, concealed behind the mist of senseless abstractions and high-flown phrases, is very trite – perfidy, meanness and deception. With the exception of Europe and North America, it does not work any longer. Nevertheless, it continues to work partially in the post-Soviet space, making us vulnerable to another Western aggression. This vulnerability gives the U.S. geopoliticians the euphoria of a victory in sight, which makes them extremely self-confident and very dangerous. The Russophobia they inflame can easily ignite a new war in Europe, which will be waged to destroy the Russian World by the hands of Russian people, much to delight of the American and European geopoliticians. To withstand the hybrid war launched by the U.S., first of all it is necessary to protect ourselves from its main affecting factors, that is, cognitive, currency, financial and information weapons. It is not difficult to do this by freeing monetary authorities from American influence agents, and switching to domestic sources of credit based on a sovereign monetary policy. After de-

dollarization and de-offshorization of its economy, Russia will not only gain independence, but will also be able to restore its scientific and production potential, as well as weaken the possibilities of the U.S. aggression based on use of the dollar as a world currency, which makes it possible to finance a hybrid war at the expense of the enemy.

The defense against information weapons is the truth, which consists in the fact that the U.S. geopolitics threatens the world with destructive chaos, and a world war based on an artificial reincarnation of supposedly forever dated forms of the misanthropic ideologies of Nazism and religious fanaticism, against the backdrop of moral decay of the Western ruling elite. Relying on this truth, it is necessary to intercept the strategic initiative in resolving the Ukrainian crisis on the ideological and political platform of the Nuremberg Tribunal. This will pave the way to the formation of a broad antiwar coalition of countries interested in the transition to a new world economic order, in which the relations of financial exploitation will be replaced by relations of pragmatic cooperation and, unlike liberal globalization for the benefit of the financial oligarchy, a sustainable development policy based on common human interests will be pursued.

Of course, the transition to a new world economic order would not automatically deliver the world from conflicts. The Chinese foreign policy strategy will not necessarily be

humanistic, suffice it to read the famous "36 stratagems"[18] to assess the willingness of the Chinese to apply a variety of methods to achieve their interests, including those nowhere near the usual standards of Christian morality. The illusions attributable to the ideology of a radiant communist future for all mankind are alien to the modern Chinese leadership that is building socialism with the characteristic Chinese features, the essence of which is to stiffly pursue own national interests based on the socialist ideology of the public good and the Confucian principles of responsible state government. To some extent, this philosophy resembles the Stalinist ideology of building socialism in one country. Yet, unlike the internationalism inherent in Soviet socialism, the Chinese version of socialism is oriented solely toward Chinese national interests. But at least they are pragmatic and understandable. First of all, they involve developing a medium prosperity society. For this, unlike the Anglo-Saxon geopolitics of world domination, China needs peace and active foreign economic cooperation. It completely repudiates the world war that is being unleashed by the U.S.

Although China has no historical experience in pursuing a global policy, it has a clear development strategy. Russia has the experience of pursuing a global policy, but does not have a development strategy. Without its elaboration and consistent implementation,

[18] Malyavin V. *36 stratagem. Kitayskie sekrety uspekha* [36 stratagems. The Chinese secrets for success]. Moscow, Belye Alvy Publ., 2000, 192 pp. (In Russian)

historical experience will not help. To avoid being propelled to the fringes of not the U.S., but of China this time, an ideology and a development strategy are needed. Such ideology, representing a neoconservative synthesis of religious tradition, socialism, democracy, planned market economy in an integrated system, has been developed in a broad outline[19]. A development strategy that takes into account the long-term laws of technical and economic development has also been prepared[20]. What is lacking is political will paralyzed by offshore oligarchy.

Russia can become a leader in the process of forming a new world economic order and go into the nucleus of a new world economic development center. But it is impossible to achieve this remaining on the fringes of the U.S. capitalism. Worse still, remaining on these fringes, Russia provokes the U.S. aggression by making its economy dependent on the American oligarchy and creating for the U.S. geopoliticians the illusion of an easy victory. For us, in contrast to the Chinese winning the battle for global leadership, the hybrid war with the U.S. secret services that occupied Ukraine has gained an existential nature. Either the Nazi chimera created by them will be defeated by us, and the Russian World will be liberated from dissent, or

[19] Glazyev S. *Sotsialisticheskiy otvet liberalnoy globalizatsii* [A socialist reply to liberal globalization]. APN, 2006. (In Russian)
[20] Glazyev S. *Uroki ocherednoy rossiyskoy revolyutsii: krakh liberalnoy utopii i shans na ekonomicheskoe chudo* [Lessons of the next Russian revolution: the collapse of liberal utopia and the chance of an economic miracle]. Moscow, *Ekonomicheskaya Gazeta*, 2011. (In Russian)

we will be destroyed. Just as in the past two Patriotic Wars with the united West, the question is put point-blank: who beats who?

Section 1
WHY WOULD THE U.S. NEED THE WAR?

This question taken as the headline of this part may seem strange to an inexperienced reader. The majority of ordinary people in Western countries, whose brains are constantly washed by the U.S. media, are positive that the U.S. as the leader of the democratic world stands guard over peace and international law, fights terrorists and universal evil. The U.S. propaganda represents as the latter all leaders of other countries who are out of favor with the U.S. ruling oligarchy.

Western society, devoid of historical memory, thinks with clichés fabricated by engaged mass media in the spirit of unconditional correctness of everything that is done by the ruling elite, starting with genocide of the peoples of third countries and ending with world wars. These latter appear in common perception of Western countries as a forced need to curb universal evil, in which the U.S. rescues mankind from all kinds of oppressors. Accordingly, the global U.S. aggression unfolding before our eyes, that has already engulfed the Middle East and is

unleashing a war in Europe through Ukrainian Nazis, seems to the Western average man a fight for liberation of democratic Ukraine from the imperial inclinations of the Russian president. Mass slaughter of Ukrainian citizens by

neo-fascist thugs instructed by the U.S. experts are pitched as a struggle for the freedom of the Ukrainian people, and the coup d'état with the transfer of power to the Nazis arranged by the U.S. secret services is passed for a victory of democracy. Taken all round, outright crimes against humanity are packaged as feats performed for the benefit of humanity, and millions believe it.

The U.S. political engineers consistently follow the traditional principle of manipulating the masses, according to which those who shape the history of a nation control its future. And history is shaped by those who rule the country at present. As soon as the generation of the last war's veterans dies out, they begin to prepare the people for a future war. The anti-Russian psychosis created by the U.S. political engineers is effective because the generation that survived the horrors of the Second World War has already passed away. One would think that after this catastrophe, the peoples of Europe will never take up arms again. But, as the events in Ukraine have shown, the manic urge of Drang nach Osten is easily summoned by political strategists in the subconscious of European elites, who quickly forget the lessons of history. The educational system and propaganda of Euro-American exclusiveness, cultivated down the centuries, helps in this.

If you ask an average Western European or an American who won the Second World War, you will hear the answer that it was the U.S.

Many of them have no clue about the role of the USSR that crushed the fascist regime. Similarly, they do not remember the liberation of Europe from the Napoleonic occupation. And one can bet they do not know anything about the heroic resistance of Ancient Rus to the Tatar-Mongol invasion, that saved the peoples of Europe from barbaric ravage in the Middle Ages. They see Russia as a backward and aggressive country, which needs to be restrained and suppressed for its own good. At the core of this negative image is a consistent falsification of history, continuously conducted for more than half a millennium. Since plunder of Byzantium by Crusaders, the continuous aggression of the Western powers against Russia has invariably appeared in historiography as a noble activity of spreading humane and progressive European values among the semi-wild taiga inhabitants, who deserve only the fate of slaves serving the European masters.

The current complex of American exceptionalism advocated by Obama has nothing new. There were times of outright racism accompanied by trade in African slaves and indiscriminate extermination of Indians, as well as genocide of peoples who were "fortunate" to be subjects of the British Empire. All these crimes against humanity have been blanked out from history textbooks, the same as the idea of the Second World War has been falsified. The methods used in the Western countries to shape common perception exclude

all criticism, they present crimes against humanity committed by European enslavers solely as a charitable civilizing work, the true value of which the ungrateful natives still fail to see.

There is also nothing new in the current outbreak of Russophobia diligently fueled by the media controlled by the U.S. This phenomenon so strange to us received a great deal of attention from such authors as F.M. Dostoyevsky and N.Y. Danilevsky, and modern authors – N.A. Narochnitskaya, V.A. Nikonov, A.I. Fursov, M.L. Khazin, M.G. Delyagin. The current generation of American and European politicians was born after the Second World War and was formed during the Cold War with the USSR. The experts in manipulating the public opinion easily managed to reincarnate the Soviet threat under the guise of the Russian one. And many people sincerely believed this. Not only in the West, but also in Ukraine, where the greater half of the population only a year ago resisted the "European choice" imposed on it, preferring an economic union with Russia.

The difference between the current edition of the Ukrainian idea and its previous incarnations lies in the effective use of technologies for manipulating the public consciousness. While in the years of the First and the Second World War the Ukrainian nationalists were a marginal aggressive minority used by the foreign invaders as a punitive machine against the Russian population, today anti-Russian Nazism

is embedded in the mass of public consciousness. The U.S. political engineers had to work hard and long to achieve this. Of course, they did this not for the love of the game. And not out of hatred for Russia either, although for many characters of the U.S. politics these grounds have their share of significance. The cultivation of Ukrainian Nazism and its use to foment a world war against Russia is dictated by the objective interests of the U.S. imperialism facing deadly threats to its global domination.

The naturally determined character of the U.S. aggression in Ukraine

The bloody events in Ukraine represent a part of the "instability strategy" that the U.S. has been implementing for decades in order to preserve its global leadership. The current escalation of international military and political tensions is caused by a change in technological and world economic paradigms, in the course of

which a profound structural reorganization of the economy takes place based on conceptually new technologies and new mechanisms for reproduction of capital.

In such periods, as is shown by the half-millenarian experience of the development of capitalism[21], there is a sharp destabilization of the system of international relations, with destruction of the old and formation of a new world order. The possibilities for social and economic development based on the established system of institutions and technologies become exhausted. The previously leading countries face insurmountable difficulties in maintaining their former rates of economic growth. The overaccumulation of capital in aging industrial and technological complexes plunges their economy into depression, and the established system of institutions makes it difficult to form new technological chains. Together with the new industrial engineering institutions, they work their way in other countries straining after economic development leadership.

The former leaders seek to keep their dominance in the world market by strengthening control over their geo-economic periphery, also by resorting to military and political coercion methods. Most commonly, this entails major military conflicts in which the

[21] Glazyev S.Y. *Strategiya operezhayushchego razvitiya Rossii v usloviyakh globalnogo krizisa* [The strategy of Russia's outstripping development in the context of the global crisis]. Moscow, Economika Publ., 2010. (In Russian); Glazyev S. *Teoriya dolgosrochnogo tekhniko-ekonomicheskogo razvitiya* [The theory of long-term technical and economic development]. Moscow, VlaDar Publ., 1993. (In Russian)

former leader squanders resources without achieving the desired effect. The potential new leader that by this time rides the rally wave is trying to take a wait-and-see approach to preserve its productive forces and attract the intellects, capitals and treasures of the warring countries that are fleeing the war. Increasing its capabilities, the new leader enters the global arena when the warring opponents are weakened enough, to reap the fruits of victory.

The following landmark events of world history may be attributed to the conflicts of this kind, mediating the change of global leaders. The replacement of the world economic paradigm based on the trans-oceanic trade in original goods with the trade and manufactory system based on trade in craft products was mediated by the aggravation of the Spanish-English conflict, which ended in 1588 with deperition of the Invincible Armada. This was used by the Dutch bourgeoisie to get free from Spanish control. Reconstructing its political system in accordance with the needs of the already established capital reproduction institutions, it secured for itself expansion opportunities based on a sharp amplification of business activities. Holland became the world leader in the use of technologies that were advanced for their time, which enabled it to take the lead in construction of a sailing fleet, building of water canals and production of consumer goods.

The Napoleonic wars represented the next

crucial event. They exhausted the forces of European continental states and at the same time contributed to the formation of a pan-European economic and legal space. The technologies successfully tested in Holland got widespread use in other European countries. Small Holland could no longer hold the leadership contrasted with the rapidly developing great European powers. Fleeing the military and political threats of the continent, Dutch capital started moving to England, bringing with it the advanced technology and methods of organizing production and trade. England was quickly increasing its fleet, building canals, expanding manufactory production. Under the lee of the monarchy, several English companies were established modeled after the Dutch East India Company – the English East India Company, the Virginia Company, the Plymouth Company became the largest commercial and industrial corporations of the time. Taking advantage of the weakening of its competitors after many years of Napoleonic wars, Britain entered the battleground of Waterloo in 1815, when France no longer posed a serious threat. Relying on technologies and institutions for organizing international trade that were advanced for their time, Britain not only became the "queen of the seas" after completion of colonial conquest, but also secured global leadership in the system of world economic relations. This provided it with possibilities of accomplishing the industrial

revolution and mastering the mechanisms of industrial and technological cooperation based on machine manufactories that formed the first technological paradigm of industrial society.

The system of institutes for organizing business, public and political activity formed in Britain ensured the possibility of concentrating capital on any scale. Under the patronage of the Crown, the East and West India Companies turned into giant transoceanic monopolies successfully getting a handle on the colossal resources of India, China and America. The judicial system targeted at objective resolution of economic disputes ensured rapid development of civil law, proceeding from the protection of private entrepreneurship interests. This established favorable conditions for the accumulation of capital that moved to a qualitatively higher level with the appearance of joint-stock companies. The development of private, joint-stock and state capitalism institutions gave free rein to construction of large infrastructural facilities and creation of industrial plants. Destruction of rural communities and peasant dispossession of land provided these construction sites and plants with cheap labor. Thus, conditions were created for the transition to the second technological paradigm based on steam engine, coal industry, iron and steel metallurgy, inorganic chemistry, railway construction.

The domination of private capital was enshrined in the political institutions of party

democracy with limited suffrage, which guaranteed to big capital favorable and stable conditions for expanded reproduction. Technological leadership ensured high competitiveness of the English economy, which dominated global economic relations. Driven by development of the British corporations, the United Kingdom expanded its colonial empire, creating the world's largest market for free circulation of goods, and also forcing free trade relations on other European powers. These latter rushed to catch up with Britain, copying its economic institutions and creating their colonial empires.

The exception was the Russian Empire that was on a par Britain in terms of military power and global political influence. It maintained the traditional institutions of absolute monarchy and official religion, ensuring political stability in the conditions of impetuous industrial development and rapid increase in the educational level and social activity of the population. In the late 19th and early 20th century, Russia moved from the trajectory of catching-up development to outstripping growth.

The abolition of serfdom and other reforms of Alexander II abrogated a number of feudal institutions that held back the development of market relations, and opened up opportunities for rapid industrial production growth. From 1860 to 1870, the output of textile and cotton-spinning industry sectors increased twofold. From 1860 to 1876, the production of pig iron

increased by 30%, of iron – by 40%[22].

From 1875 to 1892, the number of steam engines in Russia doubled, and their power output tripled. Cast iron smelting in the 80s increased by a factor of 2.5. It should be noted that these rates of growth exceeded the rates achieved in Britain during the corresponding period.

The rise of the Russian economy in the late 19th and early 20th century took place almost simultaneously with other advanced countries. This indicates the inclusion of Russia in the international rhythm of economic growth. It should be noted, however, that the economic boom in Russia at that time was to a significant extent based on expansion of the production works pertaining to the second technological paradigm, which in the developed countries was already being replaced by the third one. The Russian industrial development also involved these processes. With the active support of the state, there was a rapid development of electrotechnical industry, inorganic chemistry, electric power industry. Production and consumption of coal grew at a high rate. At the same time, machine-building industry still remained underdeveloped. It satisfied the needs of the country's economy by about 2/3. A third of civil demand in machines, equipment,

[22] Lvov D.S., Glazyev S.Y., Fetisov G.G. *Evolyutsiya tekhniko-ekonomicheskikh sistem: vozmozhnosti i granitsy tsentralizovannogo regulirovaniya* [Evolution of technical and economic systems: capabilities and boundaries of centralized regulation]. Moscow, Nauka Publ., 1992. (In Russian)

mechanisms and appliances was met by their importation.

Rapid development of the basic technological aggregations of the third technological paradigm created prerequisites for elimination of the technological gap and inclusion of Russia in the global rhythm among the leading countries. The Russian industry had sectors that possessed competitive advantages relative to the developed countries, the number of national engineering personnel was rapidly increasing, which created good preconditions for an effective integration into the international division of labor. However, the incompleteness of the life cycles of the first and second technological paradigms along with the outdated political system institutions hampered the industrial development of the country.

Outstripping development of the economy based on advanced technologies could propel Russia to world leadership. Without being burdened by overaccumulation of capital in obsolete technologies, the Russian economy was ready to accept massive investments in the production facilities of a new technological paradigm. Russia approached the beginning of the First World War with a good head start in chemical, oil, metallurgy, automotive, aviation, and electrotechnical industries, which became drivers of economic growth in the mid-20th century.

Simultaneously with Russia, Germany united by Bismarck was also developing rapidly,

becoming the world leader in machine building. Relying on their institutional features, these countries were spurting into the lead both on the technical level and by the capital concentration scale. Germany relied on the entrepreneurial activity of rapidly learning urban residents, Russia – on its huge natural, resource and human potential. They successfully adopted the technologies and industrial engineering forms developed in Britain, instilling them with an additional depth of cooperation and scope of production. Britain responded to this challenge from the European periphery by unleashing a world war, skillfully playing the two rising superpowers off against one another.

The Russian-German alliance could have formed the most powerful coalition at the time, capable of becoming the dominant force in world politics and keeping the world from the war, not needed for these countries successfully developing on a new long wave of economic growth. But it was Britain that needed the war to preserve its leadership. It managed to destroy the established Russian-German alliance[23], and by a chain of successive intrigues involving physical elimination of influential war resisters to draw two kindred monarchies into a suicidal war.

[23] The Treaty of Björkö was a secret Russo-German allied treaty signed at the meeting of the Russian Emperor Nicholas II with the German Emperor Wilhelm II on July 11 (24), 1905, on the Baltic island of Björkö (near Vyborg) aboard the Imperial Yacht "Polar Star." The initiative of concluding the treaty belonged to the German diplomacy that sought to destroy the Russo-French alliance and prevent creation of the Entente. To this end, it was intended to turn the Russian-German alliance into a triple Russo-Germanic-French one stacked against the United Kingdom.

The First World War destroyed the main competitors of Britain in the Old World, which allowed it to retain global leadership until the mid-20th century. By this time, the American colonies of European states freed from colonial oppression had formed the United States, the institutions of which were initially shaped on the basis of the interests of big private capital. Released from the need to pay political rent in favor of monarchy and aristocracy, capital gained unlimited opportunities for expansion. The influx of active population from European countries leading endless colonial wars, strangled by agrarian overpopulation and military expenditure, provided the U.S. capital with cheap and skilled manpower resources. The unrestricted spirit of entrepreneurship and private initiative, the possibilities of unlimited production expansion on the basis of free capital concentration, afforded to engineers and scientists opportunities to create industrial enterprises of any size utilizing the most complex technologies for that time. By the end of the century before last, the U.S. had reached an advanced level of industrial development and, simultaneously with Britain, started formation of the third technological paradigm based on electrotechnical industry.

As a result of the First World War arranged by the British diplomacy, the U.S. was the one country to win the most. Like Britain in the era of Napoleonic wars, entering the war at the final stage, the U.S. reaped the main fruits of victory.

It not only took part in a new division of the world, but also granted admission to intellects, capitals and treasures that were fleeing the horrors of the world war, subsequent revolutions and civil wars in Russia, Germany and Austria-Hungary. The engineers and scientists who moved to the U.S. provided the American capital with the latest technology for the time. The U.S. became the leader of global technical and economic development. It launched a large-scale construction of energy, engineering and transport infrastructure that would meet the requirements of the third technological paradigm based on chemical and metallurgical industry, electrification and electrical engineering, and further development of railways and shipbuilding.

The institutional structure, focused on capital concentration and large-scale industrial production development, offered to the U.S. capital various advantages over European colonial empires. The cross-flow of capital from them to the U.S. continued. This contributed to the outstripping development of the U.S. economy. But simultaneously with the U.S., Germany and Russia, reborn from revolutionary ashes, again climbed a new wave of economic growth. After radical reorganization of their institutional systems, these countries gained new advantages. Germany, deprived of territorial expansion opportunities, was forced to concentrate resources on its industrial and technological development. The USSR, created

on the ruins of the Russian Empire, established institutions of centralized planning and industrial engineering, which allowed to concentrate resources on a scale unprecedented before then. During the Great Depression, the institutions of centralized planning and industrial engineering proved to be effective in comparison with the U.S and Western European corporations stifled by lack of demand and overaccumulation of capital. Both countries once again made a technological breakthrough, catching up with the U.S. and Britain that had drawn out. To stop them, the Anglo-Saxons once again resorted to the proven trick of playing the leaders rising from the periphery against each other.

With the help of the U.S. corporations and the British aristocracy, Hitlerite Germany was prepared for war. Having sacrificed its allies, Poland and France, Britain gave fascist Germany a push against the USSR. Just as in the First World War, the U.S. repeated its success by joining the battle in the final phase and appropriating the fruits of victory in Western Europe and the Pacific. The colonial empires of European countries collapsed, and domination in the capitalist world passed to the U.S. corporations. At the same time, the socialist world emerged that was demonstrating high rates of development and rapidly catching up with the U.S. The confrontation between the two systems, created by the Anglo-Saxon diplomacy, contributed to the concentration of

capital in the U.S. It took the technological lead during formation of the fourth technological paradigm based on internal combustion engine, organic chemistry and road construction. This leadership was consolidated in the course of formation of the next information and telecommunication technological paradigm based on microelectronics and software. It gave the U.S. the upper hand in the course of the arms race that undermined the technologically heterogeneous USSR economy.

Thus, the domination of Britain finally came to an end as a result of two world wars in the last century, that led to disintegration of the European colonial empires and transfer of leadership in the capitalist world to the U.S. After the Cold War between the U.S. and the USSR, with the collapse of the latter the U.S. took the global lead due to its superiority in the development of the information and communication technological paradigm and establishment of a monopoly on the issue of world money. The U.S. transnational corporations with links to the global "printing press" became the basis for the formation of a new world economic paradigm, the institutional basis of which was represented by liberal globalization.

Currently, the world is on the threshold of a new centennial accumulation cycle. Following the Spanish, Dutch, English and American centennial cycles of capital accumulation[24] the

[24] Giovanni Arrighi. *The long twentieth century.* London, Verso, 1994 (Russ. ed.: *Dolgiy dvadtsatyy vek.* Moscow, Territoriya Budushchego Publ., 2006.

global economic development center is shifting to Asia, where the basic institutions of a new world economic paradigm are being formed. China is spurting into the lead in the wake of upgrowth of the new technological paradigm, and the accumulation of capital in Japan creates opportunities for moving the center of world capital reproduction to East and South Asia.

The above brief outline of the change of long cycles and the corresponding world economic paradigms with their leading countries during three centuries of global economic development, the laws of which are analyzed in detail in the next chapter, is intended to illustrate the objective causes of the periodically arising world wars for leadership in the formation of the world economic relations system. At the present time, as in previous periods of change of the centennial cycles, the leader on the down-grade is also resorting to compulsory ways of maintaining its dominance. Facing the overaccumulation of capital in financial pyramids and outdated production facilities, as well as the loss of selling markets for its products and the subsidence of dollar share in international transactions, the U.S. is trying to retain leadership by unleashing a world war in order to weaken both competitors and partners. The establishment of control over Russia, combined with dominance in Europe, Central Asia and the Middle East, gives the U.S. a strategic advantage over rising China in controlling the main sources of hydrocarbons

and other critical natural resources. Control over Europe, Russia, Japan and Korea also ensures dominance in creating new knowledge and developing advanced technologies.

Not fully aware of the objective mechanisms of cyclical development that doom the U.S. to lose its global dominance, the American ruling elite fears expansion of composition of the countries beyond its control, as well as formation of the global expanded reproduction circuits that are independent of it. Such a threat lies in the deepening integration of countries of BRICS, South America, Central Asia and the Far East. The ability of Russia to arrange building-up of such a coalition, announced by the successful creation of the Eurasian Economic Union, predetermines the anti-Russian vector of the U.S. aggression. One cannot but agree with Alexander Dugin that after reunification with the Crimea, Washington regards Russia as a resurgent "barbarian" empire threatening the global hegemony of the U.S. and thus having no right to exist[25]. Whereas the Eurasian strategy of V.V. Putin, which was implemented according to WTO rules, was irritating to the U.S., his decisions on Crimea were perceived as an infringement upon foundations of the American world order and a challenge which they are bound to take on.

The anti-Russian strategy of Washington is being implemented under the flag of

[25] Dugin A.G. *Suverennaya tsivilizatsiya i preodolenie tsezarizma* [Sovereign civilization and the overcoming of Caesarism]. Retrieved from http: //www.svpressa.ru/society/article/95167/ (in Russian)

demonizing the President of Russia, whom the U.S. regards as the main culprit of its loss of control over Russia and Central Asia, and the Kremlin's current independent foreign policy is perceived as a key threat to the U.S. global domination. Putin's successful actions in restoring the Russian national sovereignty and international influence, initiatives to create a Eurasian zone of cooperation and development "from Lisbon to Vladivostok," establishment of a strategic partnership with China, and rapprochement with Korea are perceived by Washington as a direct threat to its vital interests. Therefore, the isolation and weakening of Russia in order to pull off another revolution in our country and subsequently dismember it were chosen as the direction of the main effort of the new world war being launched by Washington. With accomplishment of the coup d'état in Kiev with formation in Ukraine of an anti-Russian Nazi regime controlled by Washington, this war passed from latent to open phase.

The world war that Washington tries to unleash differs from the previous one by the absence of direct engagement of warring armies. It is fought using modern information and cognitive technologies based on the "soft power" of persuasion to surrender voluntarily, and on limited use of military force against the disobedient. Emphasis is placed on defeating the enemy's social consciousness, destabilizing its internal condition, bribing the productive

elite, destroying the state power institutions, and overthrowing the legitimate leadership with subsequent transfer of power to a puppet government, the functions of which are reduced to servicing the interests of the U.S. capital. Therefore, such wars are chaotic in terms of their external perception and hybrid in chosen methods of influencing the aggression object: until the last moment, the victim does not sense a threat from the enemy, its political will is constrained by endless negotiations and consultations, immunity is suppressed by demagogic propaganda, while the enemy is actively working to destroy its internal and external security structures. At a decisive moment, they are subverted with military suppression of emerging resistance hotspots. This was how the U.S. seized control over North Africa, Iraq, Afghanistan, Yugoslavia, Georgia, and now over Ukraine.

Having organized the coup d'état and established full control over the Ukrainian state power structures, Washington made a bid on turning this part of the Russian World into a springboard for military, information, humanitarian and political intervention against Russia with the aim of destabilizing the political situation in our country, transferring a chaotic war to its territory, arranging a revolution and performing subsequent dismemberment. The expectation is that the Russian public conscience lacks immunity against penetration of influence agents from Ukraine that forms an

integral part of the Russian spiritual and cultural root system. Another expectation is that Russia will not dare to use mass destruction weapons against the fraternal people.

Unleashing the Ukrainian-Russian war, the U.S. try its best to involved in it NATO countries as well, seeking to weaken the EU through anti-Russian economic sanctions and strengthening its control over Brussels. Whereas participation in anti-Russian sanctions will cost the EU countries, in expert opinion, a trillion euros in losses, the occupation of Ukraine does not involve great expenses for the U.S. and has almost paid itself off by seizing cultural valuables, gold reserves, shale gas deposits, and the oil and gas transportation system. In the long term, the U.S. expects a considerable profit from seizure of the Ukrainian markets of nuclear fuel elements, military machinery, equipment. They plan damage for Russia with profit for themselves. Control establishment over Ukrainian defense contracting enterprises will give them access to the Soviet secret technologies used in Russia, and will also help destroy cooperation between Russia and Ukraine in the defense industry sector.

Putting this another way, the choice of Ukraine as the key target of the U.S. aggression against Russia is by no means accidental. For two decades, the U.S. secret services were engaged in seeding the Ukrainian political space with mines in order to conduct a directed anti-Russian explosion at the required time. These

mines detonated earlier than planned, because of an unexpected spinning of Yanukovych out of control and his refusal to transfer national sovereignty to Brussels in the form of a Ukrainian association with the EU. To prevent Ukraine from returning to the Eurasian integration process, Washington discarded all rules of international law and opted for direct aggression, resorting to brutal meddling in Ukraine's domestic affairs by arranging a coup d'état and establishing the power of its agents. The civil war organized by Washington in Ukraine is transforming into a vortex of expanding chaos, which sucks Russia and Europe into a new world war.

The following chapters of this part expose the combination of objective and subjective factors of the new world war that the U. S. is launching. The above picture of the long cycles of global economic development is revealed through description of their underlying laws.

The change of long cycles of socio-economic development as an objective basis for the escalation of global military and political tension

The current global crisis, which has replaced

the long-term economic lift of developed countries, is a natural manifestation of the long waves of economic activity known as "Kondratieff waves"[26]. At the core of each of them is the life cycle of the relevant technological paradigm, that is, a reproducible integrated system of technologically interconnected production facilities. The military and political crisis represents, in turn, a manifestation of a change in centennial accumulation cycles, each of which is based on its own institutional world economic paradigm, that is, a system of interconnected institutions that ensures expanded reproduction of capital and determines the mechanism of global economic relations. A superposition of these two cyclical processes in the crisis phase creates a dangerous resonance posing a threat of destruction of the entire system of global economic and political relations.

[26] Glazyev S.Y., Mikerin G. I. *Dlinnye volny: NTP i sotsialno-ekonomicheskoe razvitie* [Long waves: scientific-technological progress and socio-economic development]. Moscow, Nauka Publ., 1989. (In Russian)

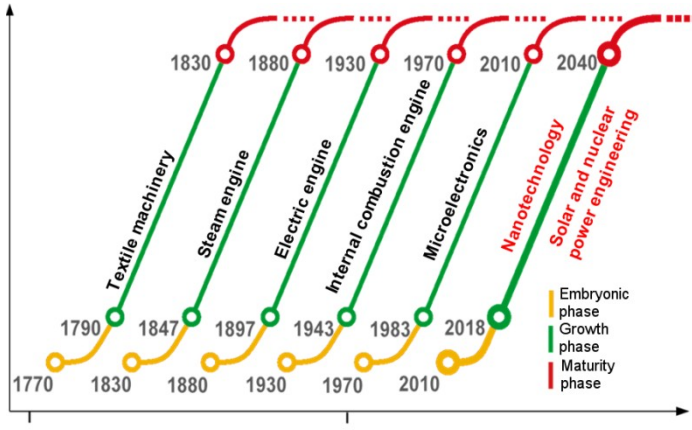

Fig. 1. Change of technological paradigms in the course of modern economic development
(Source: Glazyev S., Kharitonov V. (Eds.) Nanotekhnologii kak klyuchevoy faktor novogo tekhnologicheskogo uklada v ekonomike [Nanotechnology as a key factor of the new technological paradigm in the economy]. Moscow, Trovant Publ., 2009. (In Russian))

In the history of global development, starting with the industrial revolution in Britain, one can single out the life cycles of five successive technological paradigms, including the information and communication technological paradigm dominating the structure of the modern economy[27].

The key development trends of the new sixth technological paradigm are already visible, the growth of which will ensure a rise of the economy of the advanced countries on a new long wave of economic growth: biotechnology based on the achievements of molecular biology

[27] Glazyev S.Y. *Ekonomicheskaya teoriya tekhnicheskogo razvitiya* [The economic theory of technical development]. Moscow, Nauka Publ., 1990. (In Russian)

and genetic engineering, nanotechnology, artificial intelligence systems, global information networks and integrated high-speed transport systems.

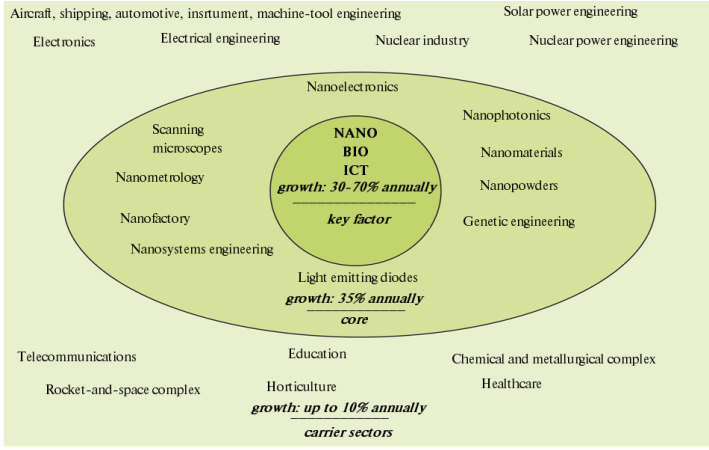

Fig. 2. Priority objective: outstripping growth of the new technological paradigm as the economy modernization basis. The structure of the new (6th) technological paradigm and the growth rates of its components

Their implementation ensures a multiple increase in production efficiency, and a reduction in its energy and capital intensity[28].

Currently, there is a transition of the new technological paradigm from the embryonic phase into the growth phase. Its expansion is restrained by both a small scale and untested condition of the relevant technologies, and the unreadiness of the socio-economic environment

[28] Glazyev S. *Strategiya operezhayushchego razvitiya Rossii v usloviyakh globalnogo krizisa* [The strategy of Russia's outstripping development in the context of the global crisis]. Moscow, Economika Publ., 2010. (In Russian)

for their wide application. However, despite the crisis, the expense on mastering the latest technologies and the scale of their application grow at a rate of about 20-35% per year[29].

The further development of the crisis will be determined by a combination of two processes: destruction (modernization) of the structures of the old technological paradigm and establishment of new structures. The totality of operations along the chain of product life cycle (from basic research to the market) requires a certain amount of time. The market is taken by those who are able to go this way faster and manufacture the product in larger amounts, with lower costs and better quality. The sooner the financial, economic and political institutions are rebuilt in accordance with the needs of the growth of new technologies, the earlier the rise of a new long wave of economic growth will begin. This will involve changes not only in the technological structure of the economy, but also in its institutional system, as well as the composition of leading companies, countries and regions. Those able to enter in less time the trajectory of growth of the new technological paradigm and invest in its component production facilities in the early stages will succeed. And vice versa, the entrance for "outsiders" will become more and more expensive every year and will close with

[29] Glazyev S., Kharitonov V. *Nanotekhnologii kak klyuchevoy faktor novogo tekhnologicheskogo uklada v ekonomike* [Nanotechnology as a key factor of the new technological paradigm in the economy]. Moscow, Trovant Publ., 2009. (In Russian)

achievement of the maturity phase[30].

Studies show that during periods of global technological change, it becomes increasingly difficult for leaders of the old paradigm to maintain their profitable and already habitual dominant position, since on a new wave of growth, other countries shoot ahead that have succeeded in preparing the prerequisites for its establishment. Unlike the "champion" countries that face the crisis of overaccumulation of capital in obsolete production facilities, the "contender" countries have the opportunity to avoid a massive depreciation of capital and concentrate it as much as possible on breakthrough promising growth trends of the new technological paradigm.

To retain their leadership, the "champions" have to intensify the power component of their foreign policy and economy. First of all, a sharp increase in spending on R&D and investments in shaping the growth trajectories of the new technological paradigm are needed. Given the high risk of pilot research, the main share of its financing should be taken by the state, helping private capital in mastering of new technologies. In the conditions of the liberal democratic politico-economical system that prevails today in the advanced countries, they have no other way of doing this, except for purposes of defense and security. It is no coincidence that during the periods of

[30] Glazyev S. *Teoriya dolgosrochnogo tekhniko-ekonomicheskogo razvitiya* [The theory of long-term technical and economic development]. Moscow, VlaDar Publ., 1993. (In Russian)

technological paradigms change, military and political tension sharply escalates, and the risks of major international conflicts increase. An object lesson is the tragic experience of the two previous structural crises of the world economy.

Thus, the Great Depression of the 1930s, caused by achievement of the growth limits of the "coal and steel" technological paradigm that dominated the beginning of the 20th century, was overcome by militarization of the economy, which resulted in its technological restructuring based on extensive use of internal combustion engine and organic chemistry, transition to oil as the main energy carrier and to automobile as the chief vehicle. The transition of the economy of the leading world countries to the new technological paradigm passed through the catastrophe of the Second World War, which entailed a drastic change in the entire world order: destruction of the European colonial system and formation of two opposing global politico-economical systems. The leadership of the U.S. capitalism in entering a new long wave of economic growth was ensured by the extraordinary increase of defense orders for mastering of new technologies, as well as by the inflow of world capital to the U.S. with destruction of productive potential and depreciation of capital of the main competitors.

The depression of the mid-70s and early 80s preconditioned by exhaustion of the potential of this technological paradigm, entailed the arms race with the extensive use of information and

communication technologies, which formed the core of the new 5th technological paradigm. The subsequent collapse of the world socialist system which failed to transfer the economy in time to the new technological paradigm, provided to the leading capitalist countries a possibility to use the resources of the former socialist countries for a "soft transition" to the new long wave of economic growth. The export of capital and the brain drain from the former socialist countries along with colonization of their economies facilitated the structural reorganization of the economies of the core world capitalist system countries. The same wave of growth of the new technological paradigm served for rise of the new industrialized nations that managed to create its key production facilities and lay the groundwork for their rapid growth on a global scale. The political result of these structural transformations was liberal globalization with the U.S dominance as the issuer of the main reserve currency.

By its geopolitical consequences, the structural crisis of the 1970s and 80s and the arms race associated with it had consequences comparable to the Second World War. The U.S. and NATO emerged victorious from this crisis, having established control over the gigantic resources of the disintegrated global socialist system. Their victory was achieved by a combination of information and psychological weapons, which the Soviet security system was

not ready to repel. Although this war was of a "cold" nature, there were no bloody battles, and the victims were mainly due to the colonial policy of genociding the population of the former Soviet republics, in its historical, geopolitical and geo-economical significance it should be regarded as the Third World War. Accordingly, the current aggravation of military and political tension that takes place according to the same logic of long cycles, should be regarded as the appearance of symptoms of the Fourth World War.

Exhaustion of the growth potential of the dominant technological paradigm has caused the global crisis and depression that engulfed the leading world countries in recent years[31]. The current phase of birth of the new technological paradigm appears on the surface of economic phenomena as a combination of financial turbulence, accompanied by formation and collapse of financial bubbles, economic depression characterized by a decrease in profitability and volumes of customary production, a drop in incomings and prices, including the price of main energy carriers and construction materials, as well as by rapid spread of fundamentally new technologies that are at the initial stages of their research and production cycle.

[31] Glazyev S. *O politike razvitiya rossiyskoy ekonomiki* [On the policy of development of the Russian economy]. Report, 2013 (In Russian); Glazyev S. *Politika ekonomicheskogo rosta v usloviyakh globalnogo krizisa* [The policy of economic growth in the context of the global crisis]. Report, 2012. (In Russian)

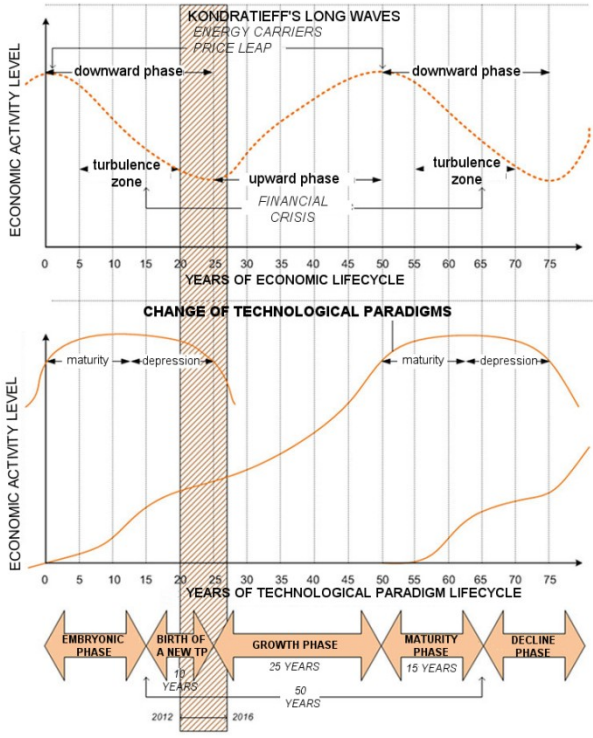

Fig. 3. Lifecycle of the dominant technological paradigm

The way out of the current depression will be accompanied by large-scale geopolitical and economic changes. As in the previous cases, the "champion" countries show their inability to implement joint fundamental institutional innovations that could channel the released capital into structural reorganization of the economy based on the new technological paradigm, continuing to reproduce the existing institutional system and serve the economic

interests embodied in it.

Countries that are on the front line of scientific and technological progress act as "engines" of global economic development, at the same time using the benefits associated with this. Other countries are compelled to follow the achievements of the global leaders on the conditions of international exchange imposed on them. This exchange is nonequivalent, as advanced countries actualize their technological superiority in establishing advantageous price proportions, standards, and other norms of international economic cooperation ensuring that they appropriate intellectual rent on a global scale.

Global competition takes place not so much between nations as between transnational reproduction systems, each of which unites, on the one hand, the national systems of education, accumulation of capital, organization of science in the countries concerned and, on the other hand, the productive, entrepreneurial and financial structures operating on a global market scale. Several such systems, tied closely together, determine global economic development. They form the core of the world economic system that concentrates intellectual, scientific, technical and financial potential. The countries falling outside form a periphery devoid of internal integrity and opportunities for independent development.

The concentration of transnational capital and production has reached a qualitatively new

level, allowing us to talk about the emergence of a new world order in which the decisive role belongs to international capital, transnational corporations and international organizations linked to the core of the global economic system. The countries falling outside form a periphery devoid of internal integrity and opportunities for independent development. The relationship between the core and the periphery of the world economic system is characterized by an nonequivalent economic exchange, in which the peripheral countries have to pay the intellectual rent contained in imported goods and services at the expense of natural rent and labor costs contained in primary and low-technology goods exported by them.

Dominating the periphery, the core "extracts" from it the most qualitative resources – the best intellects, scientific and technological achievements, property rights to the most valuable elements of national wealth. Having a technology advantage, the core countries impose on the periphery the standards that are convenient for them, securing their monopolistic position in the technological exchange sphere. Concentrating the financial potential, the core imposes on the periphery the capital movement conditions and the use of its currencies, including those used for the formation of foreign exchange reserves, thereby establishing control over financial systems of peripheral countries and appropriating issuance revenues on a scale of the entire global economic system. Deprived

of the main internal sources of development, the countries of the periphery lose the opportunity to pursue a sovereign economic policy and manage their own growth, turning into an economic space to be developed by international capital.

At the present time, the basis for the global competitiveness of the U.S. is represented by a combination of technological, economic, financial, military and political superiority. Technological leadership allows the U.S. corporations to be the most competitive in the global market and to appropriate intellectual rent, financing R&D through it to outstrip competitors on the broadest possible frontage of scientific-technological progress. Holding a monopoly on the use of advanced technologies, the U.S. companies have a competitive advantage in world markets both in terms of production efficiency and offer of new products. Economic superiority creates a basis for the dominant position of the U.S. currency, which is protected by military and political methods. In turn, due to the appropriation of the global seigniorage from issuance of the world currency, the U.S. funds bloated military expenses, including those allocated for promising R&D projects. This way, a positive feedback is maintained between all components of the competitiveness of the national economy.

The U.S. and its G7 allies have exhausted by now their ability to extract resources from post-socialist countries, in which their own corporate

structures have formed, which privatized the remainder of their productive potential. The financial war that Washington is waging against unprotected national financial systems, tying them to the dollar through imposition of a monetarist macroeconomic policy with the help of dependent IMF, rating agencies, influence agents etc., has also exhausted itself. The capital inflow into the U.S. economy, artificially stimulated in this way, is no longer sufficient to service the avalanche-like growing liabilities of the federal government, the expenditure on which approaches a third of the U.S. GDP.

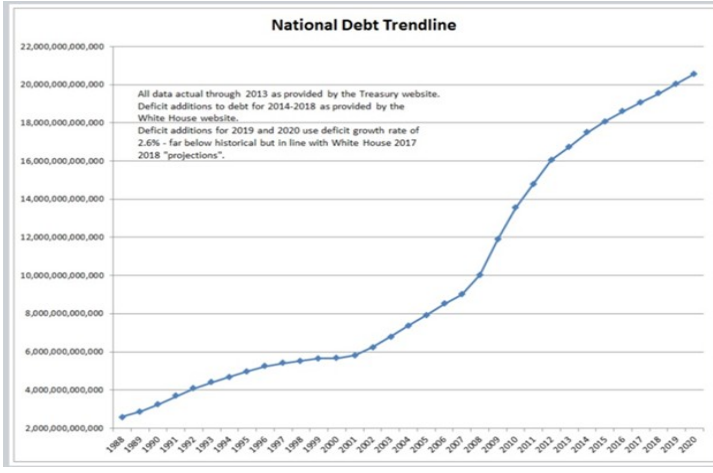

Fig. 4. Dynamics of the U.S. national debt.

At the same time, the countries that managed to retain economic sovereignty (China, India) do not open their financial systems, demonstrating confident growth in the

crisis. Their example is followed by the biggest countries of Latin America and Southeast Asia that resist the absorption of their assets by speculative capital. Through creation of bilateral currency swaps, China is rapidly forming its international settlement system. The U.S. Federal Reserve room for maneuver is inexorably shrinking, as the U.S. economy has to bear the brunt of the depreciation of capital concentrated in obsolete and redundant industries, financial pyramids and obligations of countries in distress.

Based on the above, we can conclude that the crisis will be evolving further in accordance with the internal logic of development of the current global economic system. Theoretically, three forward-looking scenarios are possible.

1. The optimistic scenario of quick transition to a new long wave of economic growth. It involves conversion of the crisis to a managed mode that will allow leading countries to channel a decline in outdated sectors and peripheral regions of the world economy, sending these resources to an upswing of innovative activity and boosted growth of the new technological paradigm. In this case, the architecture of the global financial system will change dramatically, becoming a multi-currency one, with revision of the composition and relative weight of the leading countries. There will be a significant strengthening of state institutions of strategic planning and regulation of financial flows, which includes the global

level. Globalization will become more manageable and balanced. The sustainable development strategy will replace the liberal globalization doctrine. The goals uniting the world's leading countries will include countering terrorism, global warming, mass hunger, diseases and other threats to humanity.

2. The catastrophic scenario involving collapse of the U.S.-centered financial system that emerged after the Second World War, with formation of relatively self-sufficient regional monetary and financial systems, destruction of a large part of international capital, a drastic drop in the standard of living in the "golden billion" countries, deepening recession and erection of protectionist barriers between regions.

3. The inertial scenario involving growth of chaos and destruction of many institutions, both in the core and on the periphery of the world economy. While some institutions of the existing global financial system will be preserved, new centers of economic growth will appear in countries that will have managed to get ahead of others in establishment of the new technological paradigm and "ride" a new long wave of economic growth.

The inertial scenario, combining elements of the optimistic and the catastrophic scenarios, might be catastrophic for some countries and regions and at the same time optimistic for others. It should be understood that the institutions of the global financial system core

will try to survive by drawing resources from peripheral countries through establishment of control over their assets. This will be achieved by exchanging the issuance of world reserve currencies for the property of the countries that accept these currencies. If necessary, strong-arm political practices will be used to maintain this exchange, as has already happened with the assets of Iraq, Afghanistan and Libya, transferred by the occupation authorities under the control of the U.S. corporations. Nowadays, the same process is observed in Ukraine, where the puppet government brought to power by the U.S. secret services announced mass privatization of the country's remaining property in favor of the U.S. capital.

So far, the events are unfolding by the inertial scenario, which is accompanied by stratification of the leading countries of the world according to the crisis depth. The greatest damage is taken by open economy countries, where the decline in industrial production and investment reached 15-30% in the acute crisis phase. Countries with an autonomous financial system and a capacious domestic market, protected from attacks by financial speculators, continue to grow and increase their economic weight.

To achieve the optimistic scenario, it is necessary to quickly form global regulatory institutions able to curb turbulence in global financial markets and authorized to adopt universal rules for financial institutions. Among

other things, such rules would provide for liability of managers, transparency of stock options, elimination of internal conflicts of interest in institutions that assess risks, credit leverage limitation, financial products standardization, conduct of cross-border bankruptcies, etc.

In any scenario, the economic recovery would occur on a new technological basis with new production capabilities and qualitatively new consumer preferences. The crisis will end with the cross-flow of the capital remaining after collapse of the dollar financial pyramid and other financial bubbles into production facilities of the new technological paradigm[32].

As already mentioned above, the basis of the new (6th) technological paradigm is the complex of nanotechnology, information, communication and biotechnology. And, although the main field of application of these technologies pertains to the sphere of healthcare, education and science, which is not directly related to the production of military machinery, the arms race and the increase in military spending customarily becomes the chief method for the state to encourage formation of the new technological paradigm.

Unfortunately, Russia missed the historic opportunity to put forward at the G20 leaders'

[32] Glazyev S. *Modernizatsiya rossiyskoy ekonomiki na osnove novogo tekhnologicheskogo uklada kak klyuchevoe napravlenie antikrizisnoy politiki* [Modernization of the Russian economy based on the new technological paradigm as the key direction of the anti-crisis policy]. Analytical report on the program of the Russian Humanitarian Scientific Foundation (to project No. 09-02-95650). 2009. (In Russian)

meeting in St. Petersburg in September 2013 a plan for broad international cooperation in the joint development and deployment of key establishment areas of the new technological paradigm that would have become a peaceful alternative to the arms race as a mechanism stimulating innovation activity . The initiative to launch an international program to protect the Earth from space threats proposed by the Scientific Council of the Russian Academy of Sciences on the integrated problems of Eurasian economic integration, modernization, competitiveness and sustainable development[33] was not taken in by the officials who were preparing the G20 meeting in St. Petersburg. They preferred to follow the U.S.-proposed policy of talking round the key problems of the global crisis, concentrating the attention of the world's leading countries on the secondary issues of increasing the sustainability of the world monetary and financial system operating for their benefit. Meanwhile, the U.S. itself was laying in Ukraine the groundwork for launching a new world war based on new technologies, trying to retain their leadership within the inertial scenario of the global crisis.

The liberal ideology that dominates the ruling groups of the U.S. and its NATO allies leaves no other grounds for the state to expand intervention in the economy, other than its defense needs. And so, facing the need to use government demand in order to stimulate

[33] http://www.rypravlenie.ru/wp-content/uploads/2014/04/03-Glaziev.pdf

growth of the new technological paradigm, the leading business groups resort to escalating military and political tension as the main way to increase public procurement of advanced machinery. It is from this perspective that the reasons for Washington's whipping up the war in Ukraine should be considered, which is not the goal, but a tool for implementing the global mission of preserving the predominant U.S. influence in the world.

Along with the structural crisis of the world economy brought about by the change in the dominant technological paradigms, at present there is a transition to a new global economic paradigm associated with a change in the centennial cycles of capital accumulation, which further aggravates the risks of unleashing a world war[34]. It was shown above that the previous transition from the colonial empires of European countries to the U.S. global corporations as the key world economy organization form occurred through unleashing of two "hot" and the third "cold" world wars, the outcome of which was always accompanied by cardinal changes in the world political order. As a result of the First World War, the monarchical order collapsed that had held back the national capital expansion. The Second World War resulted in collapse of colonial empires that had restrained the international movement of capital. With the breakup of the USSR as a

[34] Glazyev S. *Poslednyaya geopoliticheskaya partiya: SShA nachinayut i proigryvayut* [The Last Geopolitical Game: the U.S. to Move and Lose]. *International Affairs*, 2015, No. 8. (In Russian)

result of the Third "Cold" World War, free floating of capital spread across the entire planet.

But history does not end here. Contrary to Fukuyama's popular opinion about the end of history[35], the U.S. hegemony is undermined by internal contradictions irresolvable within the framework of the existing system of capital reproduction institutions. Theoretically, we can assume that they will continue to be resolved through inflow of capital from the outside. The U.S. may keep unleashing new wars in order to write off its debts and misappropriate somebody else's assets. But the growth center of the world economy has already moved to East and South Asia. Its expanded reproduction is ensured by the powerful institutional systems of communist China and democratic India that reliably protect their national economies from being taken over by the yesterday's colonialists.

Unlike the U.S. institutional system targeted at servicing the interests of the financial oligarchy, parasitizing on issuance of the dollar as the world currency, the institutional systems of China, India, Japan, Korea, Vietnam, Malaysia, Iran and other countries of the new development center emerging before our eyes are oriented toward ensuring public interests of socio-economic development. They are aimed at harmonizing the interests of various social groups, as well as building partnership relations between business and the state for the sake of

[35] Fukuyama F. *The End of History and the Last Man.* Free Press, 1992. (Russ. ed.: *Konets istorii i posledniy chelovek*. Moscow, AST Publ., 2010)

achieving socially significant goals.

The development of mankind requires new forms of organizing the global economy that would ensure a sustainable development and parrying of planetary threats, including environmental and space threats. In the context of liberal globalization arranged to serve the interests of transnational corporations, mostly the Anglo-American ones, these challenges to the existence of mankind remain unanswered. Moreover, the over-concentration of capital and global influence in the hands of several hundred families, given the absence of democratic control mechanisms, creates the threat of emergence of a global dictatorship that would secure domination of the world oligarchy by oppressing all mankind. This aggravates the risks of global power abuse, fraught with destruction of entire nations and catastrophes of a planetary scale. The objective necessity of curbing the global oligarchy and ordering the movement of world capital is achieved in the East Asian model of the modern economy organization. With the rise of China, India and Vietnam following Japan and Korea, the outline of transition from the Anglo-American to the Asian world economic paradigm is increasingly apparent, showing a completely different system of institutions conforming to the interests of a stable and harmonious development of mankind, which opens the way for a new centennial cycle of capital accumulation.

Expansion of the new center of global economic development sets a limit to reproduction of institutions of the current world economic paradigm, targeted at ensuring the interests of the U.S. capital. It would be naïve to assume that the financial oligarchy occupying the central position would voluntarily abandon its global domination. It is in order to preserve this domination that it unleashes a world war, forcing the U.S. military and political machine to destroy the segments of its economic periphery that are not controlled by it.

In light of the global changes described above, it is clear that the struggle for world leadership in the economy is unfolding between the U.S. and China, in which the U.S., in order to preserve its dominance, implement the usual scenario of unleashing a world war in Europe, trying once again to enhance its standing at the expense of the Old World. To do this, they use the old British "divide and rule" principle, resurrecting the subconscious Russophobia of the political elites of European countries and betting on the Drang nach Osten so traditional for them. At the same time, following Bismarck’s precepts and Brzezinski’s advice, they use Ukraine as the main split-off line, counting on the one hand, on the weakening and aggressive reaction of Russia, and on the other hand, on the consolidation of European states in their traditional proclivity for the colonization of Ukrainian lands. The retention of control over Europe and Russia could give the

U.S. the geopolitical and geoeconomic strength margin necessary to maintain its global dominance in competition with China. This is what the U.S. geopolitical strategy is aimed at.

The U.S. strategy of maintaining global dominance

The U.S. global dominance is based on a combination of technological, economic, financial, military, information and political superiority. Technological leadership allows the U.S. corporations to appropriate intellectual rent, financing through it the R&D projects to outstrip competitors on the on the broadest possible frontage of scientific-technological progress. Holding a monopoly on the use of advanced technologies, the U.S. companies provide for themselves a competitive advantage in world markets both in terms of production efficiency and offer of new products.

Economic superiority creates a basis for the dominant position of the U.S. currency, which is protected by military and political methods. In turn, due to the appropriation of the global seigniorage from issuance of the world currency, the U.S. finances it general government deficit preconditioned by bloated military expenses. The latter currently exceed by an order of magnitude the Russian ones and surpass the aggregate volume of ten countries following the U.S. put together (Fig. 5).

Having an advantage in these areas, the U.S. easily ensures its superiority also in the information sphere, monopolizing the distribution and production of information products and controlling global information networks and communication channels.

Dominating the market of cultural and information services, the U.S. forms the system of values and images that it needs to manipulate the public consciousness of the peoples of the entire planet. Having control over global communication channels, it can collect information about tens of millions of people who shape the policy of their countries, and influence the decisions they make. Control over global information networks allows the U.S. to see everything that matters to it in all corners of the world.

On the basis of technological, economic, financial, military and information dominance, the U.S. secures for itself a global political hegemony. It relies on personal control over loyalty of the political leaders of other countries to the U.S. values, compliance of the ruling parties with them, manipulation of public opinion through the media, bribery and cultivation of influential people with the help of a huge number of "shelling" non-governmental organizations, recruitment and blackmail of key figures in power structures, as well as on use of violence against other-minded individuals, social groups and entire nations.

During the period of technological paradigm change, all these components of the U.S. domination are subjected to strength tests. The catching-up countries get the opportunity to "nick in" during this period, saving on fundamental and exploratory research by imitating the achievements of advanced

countries. Since the latter are burdened with significant investments in the production facilities of the dominant technological paradigm, that give a considerable inertia to the production and technological structure, the catching-up countries have a chance to pursue a preemptive tactic during replacement of technological paradigms, concentrating their investments in promising growth areas of the new technological paradigm. This is how China, India and Brazil are trying to make a technological leap today.

Estimated Top Ten Defense Budgets in relation to Worldwide Military Spending, 2013 (without Sequestration)

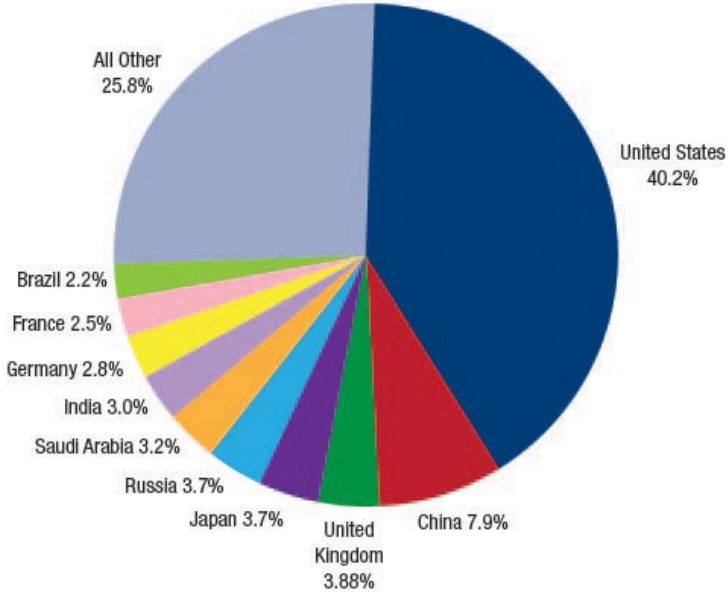

Fig. 5. The share of leading countries in world military expenditure

(Source: S.M. Rogov, RAS Institute for U.S. and Canadian Studies, 2013)

Having sufficient scientific and educational potential to copy the scientific and technical achievements of advanced countries and train their personnel in the best design and engineering practices, the BRIC countries are able to get ahead on supersession of technological paradigms and timely to "ride" a new long wave of economic growth. According to the available forecasts, by 2020, the aggregate GDP of Brazil, Russia, India and China will reach 30% of the world total[36].

China has already taken the global lead in export of high-tech products. Together, the BRIC countries have a 1/4 share in the global production of high-tech products, with the prospect of increasing this share to 1/3 by 2020[37]. Expenditure on scientific research and development is increasing, with the aggregate amount of the BRIC countries approaching 30% of the global scope. They already possess a sufficient scientific, production and technological background to accomplish a technological leap.

Conversely, the U.S. share in the world

[36] Sadovnichy V.I, Yakovets Yu.V., Akayev A.A. (Eds.). *Prospects and Strategic for the Rise of the BRICS*. Moscow, MSU–Pitirim Sorokin–Nikolai Kondratieff International Institute–INES–National Committee for BRICS Studies–RAS Latin American Institute, 2014.

[37] According to data of the Stockholm International Peace Research Institute (SIPRI). Study for 2013.

market is constantly decreasing, which undermines the economic basis of its global dominance. Currently, this dominance is maintained mainly due to the monopoly of the dollar in the global monetary and financial system. It accounts for about 2/3 of world money turnover[38]. The U.S. is trying to equilibrate the erosion of the economic foundation of its global dominance with increasing military and political pressure on the competitors. Using a global network of military bases, information monitoring, electronic intelligence, NATO structures etc., the U.S. is trying to keep a lid on the whole world, stopping the attempts of individual countries to bluster their way out of dollar dependence. However, it becomes increasingly more difficult for the U.S. to accomplish this. The inertia of investments constrained in obsolete fixed assets, as well as the giant financial pyramids of private and public obligations, hinders implementation of the structural changes necessary for retaining leadership. To alleviate this rapidly increasing burden and maintain a monopoly position in the world monetary and financial system, , the U.S. is objectively interested in wiping out its liabilities, the best way for which has always been a world war. The U.S. is trying to compensate for the impossibility of pulling it off the usual way because of the risks of mass destruction weapons employment by unleashing a series of regional wars, which together form a

[38] Report by Director of RAS Institute for U.S. and Canadian Studies S. Rogov "Russia in the Multipolar World," 2012.

global chaotic war between the U.S. and the whole world.

By creating "controlled chaos" through instigation of armed conflicts in the area of natural interests of the world's leading countries, the U.S. initially provokes these countries to be pulled into the conflict, and then conduct campaigns to knock together coalitions of states against them to confirm its leadership and legitimize the conflict results. In so doing, the U.S. receives unfair competitive advantages, cutting off the countries that it does not control from promising markets, creating for itself the opportunity to ease the burden of public debt by freezing the dollar assets of losers and to justify the multifold increase in their government spending on developing and promoting the new technologies necessary for the growth of the U.S. economy.

In terms of global economic and political development cycles, the period of 2014-2018 corresponds to the period of 1939-1945, when the Second World War broke out. Therefore, the conflicts in North Africa, Iraq, Syria and Ukraine can be viewed as the beginning of a whole series of interrelated conflicts initiated by the U.S. and its allies, which aim to solve their economic and socio-political problems through the "managed chaos" strategy, in much the same way that the U.S. was solving its problems during the Second World War, called "the Good War" in the U.S.[39]

[39] From the materials of the head of the department of the RAS Institute of World Economy and International Relations, V.I. Pantin to the report "The most probable

Historical experience shows that the wars in Europe were the most important source of economic ramp-up and political power of the U.S. The latter became a superpower due to the First and the Second World War, which resulted in a huge flight of capitals and intellects from the belligerent European countries to America. The third world war that remained a "cold" one, culminated in the collapse of the world socialist system, which gave the U.S. an inflow of more than three trillion dollars, hundreds of thousands of specialists, many tons of plutonium and other valuable materials, many unique technologies. All these wars were unleashed with the active participation of the American "fifth column" in the defeated countries, represented by spies, oligarchs, diplomats, officials, businesspersons, experts and public figures controlled, funded and backed by the U.S. secret services. Today's public consciousness manipulation technologies allow to multiply the effectiveness of these networks of influence agents, which enables waging a war not only without proclaiming it, but also maintaining partnership relations with the victim.

The new tactics of warfare was effectively applied by the U.S. in Ukraine, the leadership of which until the very last moment was so confident in partnering with the U.S. that

forecast of the development of political and military conflicts in the period of 2014-2018" at a meeting of the working group of the President of the Russian Federation's Economic Council in the subject area "Development of international economic integration," June 2014.

allowed its secret services to take control over management of the power structures, the media and the finances of Ukraine, and to paralyze the will of its president. At the same time, the U.S. dominance in the information, political and financial space of Europe allowed it to give the military activities a veneer of a legitimate political action by the EU and Ukraine, and to legitimize in the global public opinion the actual occupation of Ukraine and the military and political crimes they masterminded. Manipulating the global public opinion, the U.S. deflects attention to Russia, making it out to be the aggressor and consolidating own periphery by creating an anti-Russian coalition. The effectiveness of this tactics deserves special analysis.

The U.S. tactics of conducting a modern world war

As shown by all the wars of the last two decades arranged by the U.S., starting with Iraq and Yugoslavia and ending with Ukraine, they have a complex nature by the type of technologies used, where the actual military component functions as the "ultima ratio" and is used at the final stage. Prior to that, the main emphasis is placed on the internal destabilization of the region planned for the aggression, to which end cognitive information weapons are used aimed at destabilizing the public consciousness and discrediting the traditional value system of the national culture. In other words, the objective is loosening of the foundations of society, which is indoctrinated through the media with aggressive and even misanthropic reference points in order to unleash armed conflicts, both external and internal. At the same time, bribery and establishment of control over the ruling elite take place by involving influential families and promising youth in special relations with the U.S. and its NATO allies through foreign accounts and savings, training, grants, invitations to prestigious events, citizenship granting, property acquisition, etc. This allows

the U.S. secret services to manipulate both public opinion and the ruling elite, provoking internal and external conflicts.

In so doing, the U.S. itself chooses opponents, then control the battling, and thereafter determine the winners and assign punishment to the losers. This was the case with Iraq, which the U.S. provoked to attack Kuwait and then punished making an example. This was the case with Serbia, the leader of which had been promised security in exchange for refraining from inflicting unacceptable damage on NATO countries, and then was demonstratively crushed and condemned. It happened to the countries of North Africa, the leaders of which were misled by courtesies and then given to be torn to pieces by the mob frantic with impunity. It happened to Yanukovych whom the U.S. consultants, and in the decisive phase, the leading officials and politicians of the U.S. and EU were cajoling for a long time for one purpose only, to persuade him not to use force against the unbridled opposition, sacrificing him thereafter to his fifth column and seizing power.

The pivotal role in the U.S. tactics of unleashing wars belongs to a combination of bribing the ruling elite, establishing control over the media, and personal cozying up to the country’s senior-most officials. Achieving control over the country’s public consciousness, on the one hand, and paralyzing the political will of its leadership, on the other hand, the U.S. secret services arrange conflicts and manipulate their

participants, obtaining the result desired by the U.S.

The world hybrid war that is being unleashed nowadays by the U.S. is conducted with the widespread employment of weapons of the new technological paradigm, while being also a catalyst for its establishing in the U.S. economy. These are, most notably, information and communication technologies and high-precision weapons based on them, giving the U.S. military a systemic superiority in managing combat operations and minimizing losses. They are complemented by a wide application of cognitive technologies that turn the media into a highly effective psychotropic weapon of mass destruction of human minds, and turn diplomacy into a psycho-paralytic weapon that affects the political will of the adversary's leaders.

As noted in the detailed book of Ukrainian and Belarusian experts on the topics of the ongoing U.S. wars, today one can confidently talk about the existence of methodology, technology, tactics and strategy and their applied nature in creating a single global totalitarian empire of a new generation, trying to establish control over resources on the planetary scale. These technologies are aimed not so much at destroying the population of individual countries (as labor force is also an important resource) and their infrastructure, as at turning them into politically and economically dependent territories with controllable

administrations[40].

In recent decades, there has been a shift in emphasis from military methods, open armed interventions and aggressions against sovereign states towards unarmed, "nonviolent" methods of overthrowing the legitimate governments of various nations. An approach that can be called "humanitarian terror" is actively used, consisting in deliberate, politically and economically motivated pressure exerted through unarmed methods by organized structures with the support of engaged mass media against certain political and state figures or certain social groups, usually with the aim of removing various personalities from their office, influencing public mood, shaping public opinion, or impairing the rights of certain social groups.

Intervention in the internal affairs of sovereign states by unarmed methods has proved effective in comparison with a direct armed aggression, which is used only when the objective of changing power in a country needs to be achieved as soon as possible, or when implementation of the set tasks by unarmed methods is not possible. The instruments of exerting pressure on the manipulated territories include psychological impact and promotion of "universal values" through media, "cultural diplomacy," formation of a new system of values and new personal attitudes that were

[40] Dudchak A., Manachinskiy A. *"Demokraticheskaya" voyna kak mekhanizm nenasilstvennogo peredela mirovykh resursov* ["Democratic" war as a mechanism for non-violent redistribution of global resources]. Kiev, Zolotye Vorota Publ., 2011. (In Russian)

previously considered unacceptable[41].

The practical accomplishment of these tasks has largely become possible due to invention by the analytical centers of new technologies for removal of the legitimate authorities without resorting to armed force. One of the most influential "think tanks" that Barron's Magazine dubbed as "the shadow CIA" is Stratfor (Strategic Forecasting Inc.), led by political scientist George Friedman. It conducts intelligence and analytical activities around the world, currently focusing its efforts on the western borders of Russia. Stratfor is closely involved in the Ukrainian process[42].

Unlike the U.S. establishment, the "taskmasters" of the hybrid war do not hide their true goals. G. Friedman describes the U.S. policy goals as follows: "The United States has spent the past century pursuing a single objective: avoiding the rise of any single hegemon that might be able to exploit Western European technology and capital and Russian resources and manpower. The United States intervened in World War I in 1917 to block German hegemony, and again in World War II. In the Cold War, the goal was to prevent Russian hegemony. U.S. strategic policy has been consistent for a century... The United States has been conditioned to be cautious of any rising hegemon. In this case the fear of a resurgent Russia is a recollection of the Cold

[41] Ibid.
[42] Ref. to the article of G. Friedman "From Estonia to Azerbaijan: American Strategy After Ukraine."

War, but not an unreasonable one."[43] Thus, the transatlantic speaker, explicitly acknowledging the point that the wars on the Eurasian continent were "good" for the U.S. at all times, added that the current sanctions pressure of the West is unlikely to achieve the desired result unless Russia itself is destroyed.

Well, the Anglo-Saxon anti-Russian paranoia remains the same. In September 1938 in Munich, the British prime minister gave Hitler his blessing for a war against the USSR with a view to the total extermination of the Russian people. In the course of this war, another British prime minister delayed in every possible way the opening up of the second front, nurturing up to the end of the war the insidious design of a separate peace with Germany in order to create a common coalition with it for the destruction of the USSR (Operation Unthinkable). Not daring to implement this plan during the Second World War, Churchill called on the U.S. to begin a cold war against the USSR almost immediately after its completion[44]. In March 2014, under pressure from the U.S., the leaders of the European powers signed with the criminal Ukrainian Nazi regime an agreement on the Association of Ukraine with the EU, blessing it for a fratricidal war with the Russian World. As they say, times, they are a-changing, whereas the maniacal hatred of Anglo-Saxon politicians towards

[43] From G. Friedman's lecture at MGIMO, January 2015.
[44] Krasnov P. *Operatsiya "Nemyslimoe". Vystrel v spinu ot soyuznikov* [Operation Unthinkable. A backstab from allies]; Rzheshevskiy O.A. *Sekretnye voennye plany U. Cherchillya protiv SSSR v mae 1945 g* [W. Churchill's secret military plans against the USSR in May 1945]. *Modern and Current History Journal*, 1999, No. 3. (In Russian)

Russians remains unchanged. In the third millennium, they still think in the same "sea against land" categories of the geopolitics they invented, as they did two hundred years ago. This also includes the geographical goals of their eternal anti-Russian intrigue. Thus, the reunion of the Crimea with Russia evokes in their imagination inflamed by the Russophobia images of the Crimean wars of the century before last.

It is interesting to note that one of the key objectives set by the U.S. military strategists in the post-Soviet space was to minimize the operational capabilities of the Russian fleet in the Black Sea and turn the Crimea (primarily Sevastopol) into a zone of its influence. That is why the decision to integrate the peninsula with Russia caused such a storm in the U.S. brain trusts[45].

The authors of the above-mentioned fundamental work[46] scrupulously investigated the technology component of arranging civil disobedience in order to accomplish "colored revolutions." They showed that, despite a wide variety of countries covered by them that belong to different cultures and have completely different political traditions, the methods of overthrowing the legitimate authority with the aim of replacing it with a pro-

[45] Terentyev A., Jr. *Ukrainskiy krizis i povorot na Vostok* [The Ukrainian crisis and the turn to the East]. *Odnako*, June-July 2014 (174). (In Russian)
[46] Dudchak A., Manachinskiy A. *"Demokraticheskaya" voyna kak mekhanizm nenasilstvennogo peredela mirovykh resursov* ["Democratic" war as a mechanism for non-violent redistribution of global resources]. Kiev, Zolotye Vorota Publ., 2011. (In Russian)

American puppet regime are the same and, moreover, standardized up to texts of instructions, leaflets, slogans, equipment and even speeches of "fighters for democracy."

The key technology of the American war tactics is arrangement of civil disobedience actions. In 1983, at the Harvard University Weatherhead Center for International Affairs, Gene Sharp created his "Politics of Nonviolent Action," popularly described in his book *From Dictatorship to Democracy , A Conceptual Framework for Liberation*, translated into 39 languages[47]. It has become a guide to action for anti-government movements in all countries of the U.S. periphery, including the post-Soviet space. It contains a description of about 200 methods of nonviolent action with the aim of overthrowing legitimate power. Their practical application with interference of the U.S. secret services in the internal affairs of sovereign states has been recorded in more than seventy cases.

In outward appearance, the wars unleashed by the U.S. seem to be a meaningless chaos. In fact, they are arranged and coordinated by all concerned structures, from the state to the big capital, the media, and an extensive agent network. The main intervention tools are non-governmental organizations of very different profiles, established in a variety of ways. The same book describes the network of such

[47] Published in 2003, the book includes the following chapters: "Facing dictatorships realistically," "The dangers of negotiations," "Applying political defiance," "Disintegrating the dictatorship."

organizations, coordinated by the U.S. Department of State and the CIA. This network has tens of thousands of structures created in all countries having any significance to the U.S. These activities get annually 1% of the U.S. budget expenditure side, distributed through the notorious US AID. Along with the state, there are numerous non-state networks operating in the interests of big U.S. capital. The forms and purposes of their activities are boundless in their variety, from charitable foundations to private military companies.

The results achieved by the U.S. in the upshot of hybrid wars with other countries are planned in advance and calculated for self-sufficiency: American corporations receive control over the natural resources and infrastructure of the defeated countries, banks freeze their assets, specially trained vandals plunder historical museums, the financial system is tightly tied to the dollar. All wars arranged by the U.S. have paid for themselves over and over again, including wars in Iraq and Afghanistan.

After the U.S. occupation of the latter, the drug flows to Russia and Europe controlled by the U.S. secret services increased 44-fold. It is noteworthy that under the pressure of the world community, the Taliban regime virtually nullified drug production by 2001. To date, 92% of the global heroin production is concentrated in Afghanistan, with 21% of global consumption falling on Russia alone. The international drug mafia cashes in on Afghan opiates (primarily

heroin) over $100 billion, by the most conservative estimate[48]. The plundered treasures of Baghdad museums, the oilfields captured by the U.S. corporations, millions of hectares transferred to cultivation of the U.S. genetically modified plants have currently paid off in spades the cost of military occupation of Iraq by the U.S.[49]

An important prerequisite for the effective implementation of the "organized chaos" technology[50] is clearing away from the nation and its elites of the understanding and sensation of the war being waged against the country. The public consciousness of the country being "chaotized" is consistently indoctrinated by various means of psychological influence designed to represent the American wolf in sheep's clothing. A typical example of such long-term conditioning is embedding into consciousness of Ukrainians of the myths of "European choice," omnipotence and friendliness of the U.S., and Russia's hostility and inferiority. Twenty years of consistent work with all social groups and layers of the Ukrainian population yielded their result – tens of millions of people have believed in fictional myths, lost political and value reference points, stopped discerning between truth and lies, and even lost their common sense. Through manipulation with public consciousness, a people not only

[48] www.antidrugfront.ru
[49] Engdahl W.F. *Seeds of Destruction.* Global Research, 2007. (Russ. ed.: *Semena razrusheniya*. Moscow, Selado Publ., 2015).
[50] A number of sources give the term as "controlled chaos."

loses its will to resist, but also becomes a blind tool of external forces. As a result of using the means of information influence, people enthusiastically perceive changes imposed from the outside, despite the drastic drop in the standard and value of life. The population is deprived of the ability to social mobilization outside actions arranged and financed by the "chaos" masterminds.

Of paramount importance to the U.S. tactics of starting a war are negotiations with a potential victim, whose vigilance is lulled by infinite demagoguism on inadmissibility of using violence, violating the freedom of speech, the principles of democracy and the rule of law. The main trump card of the U.S. negotiating tactics is banal deception. It is so cynical that a victim that has moral values cannot believe that it is simply being scammed in order to be slaughtered. A classic example of such tactics is organization of the coup d'état in Ukraine.

So far as the President of Ukraine Yanukovych was agreeing to sign an association agreement with the EU, he was being coaxed in every way possible and praised by high-ranking officials and politicians of the U.S. and the EU, who were simultaneously supporting the opposition controlled by them and digging a pit for him. As soon as he refused to sign this agreement, the U.S. and European secret services immediately started arranging a coup d'état. They provided powerful information, political and financial assistance to the

EuroMaidan, making it a springboard for seizing power. Anti-government actions, including criminal attacks against law enforcement officers, seizures of administrative buildings, accompanied by murders and beatings, were planned, organized and carried out with the participation and support of the U.S. embassy, European officials and politicians who not simply "interfered" in the internal affairs of Ukraine, but carried out a real aggression through the Ukrainian Nazi militants raised by them.

During numerous negotiations with Yanukovych and Russia, the Western representatives have never fulfilled their obligations. The invariable result of all negotiations was a direct fraud on the part of U.S. and EU officials and politicians who used the negotiations to disorient the partners and gain time necessary to prepare the following operations. Thus, high-ranking American and European officials, while lulling Yanukovych's vigilance with persuasion to refrain from using force, were preparing the Nazis for his violent deposition. Thereafter, they used the Geneva talks on a settlement of the conflict on the Donbass to ensure that the junta under their control has enough time to mobilize the armed forces against the Russian population of Ukraine. Immediately after reaching an agreement on disarmament of illegal military formations and commencement of the nationwide dialogue, the U.S. Vice President Biden arrived in Kiev to support the junta's

actions in carrying out the punitive operation of the Ukrainian army against the Donbass resistance forces. Endlessly assuring the Russian president of the commitment to peace and espousing violence cessation, the leadership of the U.S. and the EU consistently supports strengthening of the Ukrainian military terror against the Donbass population. At the same time, as soon as Russia accommodated the agreements on conflict de-escalation and withdrawal of troops from the Ukrainian border, the Nazi junta started an abrupt increase of its armed forces in the conflict zone and began using aviation and armored vehicles against the population of the Donbass.

Posing as peacekeepers and human rights advocates, the U.S. representatives were actually paving the way for the forcible power grab by the Nazis, who were then supported in legalizing their militants in military service and egged on to punitive actions against the Russian population. In so doing, the media controlled by the U.S. and their protégés accuse Russia of everything, diligently making of it an image of the enemy for Ukraine and a bogey for Europe.

The apotheosis of the U.S. cynical policy was the provocation with shooting down of the Malaysian commercial Boeing. This crime was necessary for them to internationalize the conflict and draw the EU into the war after it became clear that the Nazi junta is unable to suppress resistance in the Donbass. The

attempts to provoke the Russian leadership to send troops in and enter the war with Ukraine with massacres of Donbass civilians and public burning of people alive in the Odessa Trade Union Building did not have the desired effect either. After that, the U.S. secret services decided to try another into aggression against Russia by accusing "pro-Russian separatists" of shooting down the civil aircraft with European passengers. The unmasking of the SBU's fraud with their radio exchange, as well as the irrefutable facts of involvement of the Ukrainian armed forces in this plane crash reported by the Russian General Staff, prove that this provocation was planned and accomplished to demonize the Russian leadership by accusing it of aiding terrorism. This crime had to play the part of a missing argument in Washington's conduct of an aggressive campaign to internationally isolate Russia and draw the European NATO states into the war against it.

This means that the U.S. from the very start of the Ukrainian crisis has been steadfastly following the strategy of blowing it up into the European-Russian war, by justifying all the crimes of the Nazi junta, financing and arming it, covering diplomatically and forcing its European allies to do the same.

Section 2
WHY UKRAINE?

Above, we have already partially addressed this issue. The choice of Ukraine by the U.S. as a springboard for unleashing a war in Europe is explained by a combination of unique factors:

- an impossibility for Russia to wage a full-blown war with Ukraine as part of the Russian World core;
- the European geopolitical tradition that views Ukrainian breakaway from Russia as a key strategic goal for weakening and subjugating the latter;
- a fairly large size of the territory, economic potential and population, the establishment of control over which allows the U.S. to extract considerable profits and bolster the competitive strength of the U.S. corporations through appropriation of Ukrainian assets;
- the great cultural and historical significance of Kiev, Malorossiya (Little Russia) and Novorossiya (New Russia) for the Russian World, the separation of which from Russia inflicts irreparable moral damage to it;
- the possibility of unleashing the war by the hands of the Ukrainian military

without serious losses for the U.S.;

- the dependence of the Russian economy, including the defense contracting enterprises, on cooperation with Ukrainian companies, the severance of which will cause substantial damage to it[51].

Another ground for choosing Ukraine as the key target of the U.S. aggression against Russia is thorny character of the Ukrainian issue for many Western powers with historical claims to Ukraine. The U.S. aggression against Russia in Ukraine was led by Americans largely by the hands of Poles, Germans, Austrians, Swedes who have long-standing designs on Ukrainian lands, as well as Canadians and even Australians, among whom turned up many descendants of Ukrainian Nazis who served Hitlerites.

The combination of these factors allowed the U.S. to drag European powers into the struggle for separating Ukraine from Russia. Raising the Ukrainian neo-Nazis to power, the U.S. raised before the EU the need to support its Russophobic policy, including war crimes and genocide against the Russian population of Ukraine. By early 2015, a number of European leaders began to realize their puppet role in the game played by the U.S., as well as the real

[51] A detailed description of the condition of cooperation ties between enterprises of Ukraine and the Customs Union (of course, without taking into account the physical damage to enterprises, and in some cases, their complete incapacitation as a result of the devastating civil war) is contained in the thorough and most comprehensive study *Economic and Technological Cooperation in View of Sectors of the SES and Ukraine*, undertaken by the RAS Institute for National Economic Forecasts and the RASU Institute of Economics and Forecasting with the support of the Eurasian Development Bank in 2014.

threat of escalation of the local conflict in the Ukrainian southeast into a suicidal all-European war threatening the EU security. This is evidenced by the speed march of the leaders of Germany and France to Kiev and Moscow on February 6, 2015, which resulted in signing of the Minsk Protocol and the corresponding declaration[52], in which F. Hollande and A. Merkel have assumed obligations to fulfill the peace plan.

At the same time, the Ukrainian crisis highlighted the lack of self-sufficiency of European leaders, and their critical dependence on the U.S. The latter still manages to impose its policy on its European partners. This is done through pressure of the American-controlled European media, operation of the U.S. agent network in the leadership of European countries, as well as through European integration institutions, the bureaucracy of which serves rather the interests of the U.S. than those of the EU. Therefore, the signatures of the French and German leaders are hardly worth more than the guarantees of their foreign ministers, given to Yanukovych on the eve of the coup. The U.S. needs the war, and the U.S. secret services continue pushing their Ukrainian puppets to its continuation. Contrary to the Minsk Protocols, bombardments of Donbass cities go on,

[52] Package of measures for the implementation of the Minsk Agreements dated 12.02.2015 (signed by representatives of the Tripartite Contact Group); Declaration of the President of the Russian Federation, the President of Ukraine, the President of the French Republic and the Chancellor of the Federal Republic of Germany in support of the Package of measures for the implementation of the Minsk Agreements, adopted on February 12, 2015.

mobilization and buildup of the Ukrainian armed forces do not stop, the U.S. military assistance is becoming more and more extensive. There is no doubt that the U.S. will not be stopped by the opinion of its European allies, the interests of which it will no doubt sacrifice for the sake of achieving its own goals.

In this part, this issue is addressed in more detail in the context of both current and past Western policy towards Ukraine. It begins with analysis of the goals of the current American aggression. It was started in May 1992 by signing the "Agreement between the Government of Ukraine and the Government of the United States of America regarding humanitarian and technical economic cooperation" which formed the legal basis for work of the U.S. NGOs in Ukraine.

The goals of U.S. aggression in Ukraine

The most damage from the American strategy for the forced European integration of Ukraine is taken by Ukraine itself, which is doomed to the split that has transformed to civil war, humanitarian and economic catastrophe. Obviously, this strategy in no way corresponds to Ukrainian national interests, as well as to interests of the overwhelming majority of its citizens. Therefore, the talk that the U.S. is pursuing the goals of Ukraine’s protection,

prosperity and development should be immediately dismissed as completely incongruous and contrary to the actual results of the U.S. policy. This is not believed even by the Ukrainian grant eaters of the U.S. programs who tirelessly praise America to the skies for its touching care for the unfortunate Ukrainians, whom it allegedly saves from aggressive Moskal dimwits.

The Eurointegration of Ukraine cannot be considered in itself to be the goal of the U.S. strategy, if the term "Eurointegration" is to be understood as propagation of so-called "European values." The Ukrainian government form established by the U.S. secret services has nothing to do either with the values of the rule of law, or with the principles of democracy and human rights protection, which are openly flouted each day by the Nazi junta committing massacres of Ukrainian citizens. By its policy, the pro-American junta rejects all the values of "European choice," with the possible exception of homosexuality. It actually deprived citizens of all democratic freedoms: the freedom of speech, assembly, elections. The citizens disagreeing with the official Nazi policies are subjected to repressions, beatings and murders[53]. The judicial and legal system became an instrument of political repression, and the army turned out to be an instrument of terror against civilians. The unconstitutional "extraordinary presidential elections in Ukraine"

[53] White Book on violations of human rights and the rule of law in Ukraine. Ministry of Foreign Affairs of the Russian Federation (Eds. 1-3), 2014.

held on May 25, 2014, as well as the elections to the Verkhovna Rada that followed on October 26 with subsequent formation of the government, were nothing more than a political show, the only participants of which were actors appointed by the junta with a script written in advance. The real person in charge of Ukraine is the U.S. ambassador who actually appointed the president, the prime minister, and the deputies of the Verkhovna Rada. All candidates that were undesirable to the U.S. were either physically removed from the elections, or were flatly denied registration, or were forced to voluntarily give up their participation through blackmail and pressure. Not completely trusting their Ukrainian appointees, the U.S. secret services nominated to key positions in the Ukrainian government its direct agents, whom Poroshenko immediately granted citizenship. To confirm these obvious facts, more and more often mentioned in the European countries, tired of American embrace, one does not need any special intelligence data, or access to classified information sources. The U.S. leadership, in the person of Barack Obama and Secretary of State Kerry, quite bluntly declared several times in recent memory about its mediation, for which read direct participation, in the change of the Ukrainian regime[54] and subsequent events, including forcible imposition on the EU countries

[54] From CNN interview with B. Obama on February 1, 2015: "And since Mr. Putin made this decision around Crimea and Ukraine, not because of some grand strategy, but essentially because he was caught off balance by the protests in the Maidan, and Yanukovych then fleeing after we'd brokered a deal to transition power in Ukraine."

of sanctions against Russia[55].

As is clear from the rhetoric and actions of American politicians and officials, the Ukrainian conflict was originally arranged by the U.S. against Russia, its immediate actual goal being definitive separation of Ukraine from Russia. This is unequivocally stated in the U.S. law "Russian Aggression Prevention Act 2014." This act, which is amazing, among other things, in terms of international law and observance of legal culture in general, deserves selective citation. This document contains following provisions:

Section 102. The U.S. shall strengthen NATO's capabilities to deter and, as needed, to rapidly and appropriately respond, including through the use of military force as necessary. All NATO member-states are called on to make substantial progress towards meeting the Alliance's defense spending requirements. The U.S. shall encourage NATO member-states to work together to achieve energy independence.

Section 103. Expanded support for Poland and the Baltic states.

Title II, Section 201:

(9) to condemn the unjustified activities of agents of the Russian Federation in eastern Ukraine seeking to foment civil unrest and

[55] "If you don't do this deal, folks, we will have walked away from our allies–Britain, France, Germany. What happens when we walk into them and say, "Well, we got to tighten down on Russia because of Ukraine"? The complications that will grow out of that are enormous. You've seen Putin and you've seen China sort of working together and–in the wake of Ukraine, Putin's been reaching out. You may have observed the BRICS summit that took place in Russia recently. Walking away from the deal... that is a recipe quickly, my friends, for our allies to walk away from Ukraine, where they are already very dicey and ready to say, "Well, we've done our bit."

disturbance.

(10) to support the people of Ukraine, Moldova, and Georgia in their desire to forge closer ties with Europe, including signing an Association Agreement with the European Union as a means to address endemic corruption, consolidate democracy, and achieve sustained prosperity;

(11) to enhance and extend United States security cooperation with, security assistance to, and military exercises conducted with, states in Europe and Eurasia, including NATO member countries, NATO aspirants, and appropriate Eastern Partnership countries;

(13) the continued participation of the Russian Federation in the Group of Eight (G – 8) states and its receipt of assistance from the World Bank Group should be conditioned on the Government of the Russian Federation respecting the territorial integrity of its neighbors and accepting and adhering to the norms and standards of free, democratic societies.

A key element of anti-Russian aggression in Ukraine is its subordination to EU jurisdiction by imposing on it the Association with the EU, which subordinates Ukraine to EU jurisdiction, depriving it of independence and legal opportunities for economic integration with Russia[56]. In 2013, a group of scientists of the Russian and Ukrainian academies of sciences, including the author of this book, together with

[56] Association Agreement between the EU and its member states, of the one part, and Ukraine, of the other part.–http://eeas.europa.eu

all specialists and experts of Ukrainian ministries and departments interested in the true picture, analyzed the legal, economic and social consequences of the adoption of this agreement for Ukraine. They, along with warnings from other experts, urged the Ukrainian leadership to question the advisability of signing this agreement as the discriminatory one. Confronted with the unwillingness of the Ukrainian president and government to sign the EU Association Agreement that was fettering for Ukraine, the U.S. and its NATO allies perpetrated a gross interference in Ukraine's internal affairs, organizing a coup d'état and forcibly appointing their puppet government. The U.S. has been pursuing this goal throughout the two decades that followed the USSR collapse, spending more than $5 billion on the cultivation of the anti-Russian political elite in Kiev, according to U.S. Assistant Secretary of State Nuland[57]. As envisioned by NATO strategists, Ukraine's separation from Russia should be formalized through subordination of Ukraine to the EU in the form of an unequal Association, within the framework of which Kiev transfers to Brussels all Ukraine's sovereign rights in regulating its foreign economic activity and pursuing foreign and defense policy. The refusal of Yanukovych to sign the EU Association Agreement was perceived by the U.S. as getting of the Ukrainian leadership out of hand, and beginning of an unacceptable process for the

[57] CNN interview with Victoria Nuland, Assistant Secretary of State for European and Eurasian Affairs, on April 22, 2014.

restoration of a united economic space with Russia. To keep Ukraine from joining the Customs Union with Russia, Belarus and Kazakhstan and returning to the path of European integration, a coup d'état was organized, immediately after which the EU leaders hastened to sign with the illegitimate Nazi junta an association agreement contradicting the Ukrainian Constitution .

Thus, the second goal of U.S. aggression is to undermine the process of Eurasian integration, for which the participation of Ukraine is critically important. The U.S. regard this project, that has already taken shape of the Eurasian Economic Union, as the main threat to the implementation of its plans to colonize the "post-Soviet space." To stop the ability of Ukraine and other former Soviet Union republics to participate in this process, the U.S. and the EU have spent billions of dollars to create anti-Russian influence networks in them. Concurrently, relying on media controlled by American media tycoons, the U.S. is stirring up European officials against Russia in order to isolate the former USSR republics from the Eurasian integration process. The Eastern Partnership program created by the U.S. became a cloak for aggression against Russia in the post-Soviet space. This aggression is conducted by coercion of the post-Soviet states to association with the EU, within the framework of which they transfer their sovereign functions in the trade, economic, foreign and defense policy to the European

Commission. Such colonization is legally enshrined by creating associations of these states with the EU, and ideologically, by inflaming Russophobia and mythology of the "European choice," artificially opposed to Eurasian integration.

As the authors of the *"Democratic" war* conclude[58], the true and not particularly masked goals of the U.S. and its allies in the North Atlantic Treaty are collapse of the CIS, as well as of the member states of the Collective Security Treaty Organization (CSTO) and the Eurasian Economic Union (EEU), the members of which are Russia, Belarus, Kazakhstan, Armenia and Kyrgyzstan. Hence the obvious tasks of the "Eastern Partnership" along with other programs and projects that are organized with a thrust at Russian attempts to overcome the centrifugal trends after the USSR collapse and to establish effective integration cooperation in Eurasia, rallying around itself the CIS partners ideologically, politically and economically.

Without Ukraine, the Eurasian Economic Union remains but a continuation of the Russian economy, the GDP share of which exceeds 80%. At the same time, the degree of connectedness of the economies of the integrating countries, with the exception of Belarus, remains insignificant, as the share of mutual trade in the total foreign trade turnover of the member

[58] Dudchak A., Manachinskiy A. *"Demokraticheskaya" voyna kak mekhanizm nenasilstvennogo peredela mirovykh resursov* ["Democratic" war as a mechanism for non-violent redistribution of global resources]. Kiev, Zolotye Vorota Publ., 2011. (In Russian)

states amounted to 11.7% as of the end of 2014. The participation of Ukraine would have given the EEU a more complete character by closing many reproductive loops of machine building, chemico-metallurgical and fuel-power complex that had been created as a single whole within the framework of the national economic complex of the USSR. Even today, despite its destruction more than 20 years ago, Russian and Ukrainian enterprises continue their production and technological cooperation, retaining thousands of supply and processing chains[59].

The importance of the Ukrainian economy for Eurasian integration explains by the considerable efforts taken by the Russian leadership to involve Ukraine in the Common Economic Space, the treaty on the creation of which was signed and ratified by Russia as far back as in 2004. The Agreement on the Association of Ukraine with the EU, imposed by force, contradicts this treaty and makes it unfeasible, separating Ukraine not only from Russia, but also from the entire post-Soviet economic space. This goal of U.S. aggression has already been achieved at the cost of destroying the main sectors of the Ukrainian economy inextricably linked with the EEU markets.

Although the unlawful signing of the

[59] *Economic and Technological Cooperation in View of Sectors of the SES and Ukraine.* A study by the RAS Institute for National Economic Forecasts and the RASU Institute of Economics and Forecasting with the support of the Eurasian Development Bank, 2014.

Agreement on the Association of Ukraine with the EU was officially proclaimed a success of European integration, in reality it creates many problems for the EU. First, in connection with the huge costs of financial assistance to Ukraine, led to bankruptcy by the "European choice." To prevent default Ukraine, for which the EU is held responsible now, requires at least 60 billion euros. In total, the program to restore and modernize Ukrainian economy, which is necessary to ensure its sustainable development, is estimated at more than 300 billion euros. Bringing of Ukrainian enterprises in line with EU standards, which under the Agreement on the Association should basically be done in two years, alone would require (according to estimates of the Ukrainian League of Industrialists and Entrepreneurs) about 180 billion euros over 10 years.

Secondly, the freezing of Russian dollar and euro assets will result in an inability of some of their owners to service their obligations towards European banks (mainly), which will lead the latter into serious difficulties fraught with bankruptcy of some of them. Destabilizing of the European banking system will stimulate the outflow of capital in the U.S. to maintain the dollar pyramid of its debt obligations.

Thirdly, sanctions against Russia inflict damage on the trade and economic ties of the EU countries with Russia, not limited to the European food products import embargo. A forced exit of European companies from the

Russian market, restrictions on the import of Russian energy carriers and raw materials, destruction of cooperative ties, freezing of joint projects will harm the economy of the EU in the long run in the amount of about a trillion euros, which will worsen its already poor condition and weaken its position in the competitive struggle against the U.S.

Fourthly, drawing of European countries into the war with Russia will strengthen their political dependence on the U.S., which will make it easier for the latter to solve the problem of imposing a free trade zone on the EU on conditions favorable to the U.S.

Fifthly, the niches left by European companies in the Russian market will be filled with domestic or Chinese products, which will mean a reduction in the comparative advantages and competitiveness of European producers.

Sixthly, the U.S. aggression against Russia imposes on the European NATO states the obligation to increase military spending, burdening their already deficit budgets.

Thus, the U.S. aggression in Ukraine pursues another goal – to weaken the EU, to worsen its security, and thereby to maximize its dependence on the U.S. This expands the space for operation of American corporations in Europe, and strengthens the U.S. position in negotiations with the EU regarding creation of a transatlantic free trade zone. The U.S. itself, unlike the European countries, has insignificant

trade with Russia, and its markets are almost independent of Russian supplies. As in previous European wars, it would be the net winner. It is curious that while Russia's trade with the EU fell by 12% after imposition of economic sanctions, its trade with the U.S., on the contrary, grew by 7% in 2014.

Another important objective of U.S. aggression in Ukraine is commonplace profiteering. It is worthwhile to point out the trophies already received by Western officials (and their affiliated corporations) who took an active part in arranging the coup d'état and the seizure of power in Ukraine by the Nazis, raising to power the criminal government under their control. Firstly, the appropriation of Ukrainian state assets:

- transfer of oil and gas industry assets of the oil under the control of Vice President Joe Biden's son, Robert Hunter Biden, who became a member of the board of the Ukrainian oil and gas company Burisma Holdings in tandem with another organizer and activist of the EuroMaidan, former Polish President A. Kwaśniewski, who visited Ukraine during the bloody events as many as 27 times;
- mineral deposits, including shale gas deposits in Kharkov and Donetsk regions, as well as in Transcarpathia, transferred to the exclusive disposal of Shell and Chevron that are closely linked with the

political leadership of NATO countries[60];

- culture and art values that disappeared after the plundering of Kiev museums by the gangs of militants orchestrated by the U.S. embassy[61];
- the remnants of the Ukrainian gold reserve taken out by the U.S. military transport aircraft "for safekeeping"[62].

Secondly, the seizure of Ukrainian markets for nuclear fuel, aircraft, equipment that are of importance to the U.S. corporations. In April of 2014, Ukraine extended the contract with the U.S. company Westinghouse, that had been frozen two years ago, which provides for the supply by 2020 of TVS-W fuel for three Soviet-designed nuclear power units. For this purpose, Prime Minister Yatsenyuk, who was appointed by the U.S., had to fire the chairman of the State Nuclear Regulatory Inspectorate E. Mykolaychuk, who responsibly and skillfully opposed the use of American fuel at Ukrainian nuclear power plants as threatening a large-scale ecological catastrophe not only for Ukraine, but for the whole of Europe.

Thus, the war in Ukraine is also a business for the U.S. According to media reports, it has already covered all its expenses for the Maidan and Orange revolutions.

Finally, the fifth and main goal of the U.S. aggression in Ukraine is a blow to Russia aimed

[60] http://toplivo.rbc.ua/rus/news/ukraina-i-shell-podpisali-operatsionnoe-soglashenie-o-rabote-12092013163500
[61] http://www.pravda-tv.ru/2014/03/19/43498
[62] http://atnews.org/news/v_ssha_vyvezli_zolotoj_zapas_ukrainy/2014-03-11-13425

at overthrowing the existing government with its subsequent dismemberment and ultimate destruction as a sovereign state. The declaration by President Barack Obama that Russia is a threat to humanity is not a mere figure of speech, but a reflection of the U.S strategic geopolitical goal. This is evidenced not only by the statements of key players of the U.S. geopolitics, but above all, by their actions. Anti-Russian rhetoric of the Ukrainian Nazis, swept by the U.S. to power in Kiev, rapid militarization of Ukraine, as well as consolidation of the Ukrainian nation on an anti-Russian basis, leave no doubt that the ultimate goal of American aggression is Russia.

Ukraine is being made a springboard for an attack on Russian society. Militants, terrorists and propagandists trained by U.S. instructors will be sent to conduct subversive activities in Russia, while neo-Nazis, coached against everything Russian, will intensify provocations in order to draw Russia into the war with NATO. Forcing the controlled Ukrainian Nazi junta to wage a full-scale war in the Donbass, the U.S. is creating a new flashpoint area in the center of Europe. In order to provoke Russia for military actions against Ukraine, the American advisers impose on their Kiev protégés employment of the most brutal weapons against the population: blast fragmentation and phosphoric projectiles, cluster bombs, mines. Indeed, the more victims there are, the higher the expectation of Russian military intervention to

protect the Russian population and the higher the risk of a new European war that the U.S. needs to maintain global domination amidst global structural changes caused by a change in technological and world economic paradigms.

These are the motives behind the driving forces of American aggression in Ukraine, which is actually occupied by the U.S. secret agencies and puppets. There is no doubt about its long-term and consistent nature. Surprising is the position of the European states that are trailing behind the U.S., provoking by their inaction the escalation of the conflict into a full-fledged war in the center of Europe. Who else but they should understand the danger of neo-Nazism not only in Ukraine, but also in the EU countries themselves? The avalanche of wars arranged by the U.S. in North Africa, the Middle East, the Balkans, and now in Ukraine threatens Europe in the first instance, the devastation of which during the two world wars of the last century enabled emergence of the U.S. "economic miracle." Today, as in the years of the Great Depression, the American oligarchy in solving its economic problems is staking on fascism, this time round, in the form of Ukrainian Nazism.

Eurofascism in Ukraine

The events taking place in Ukraine are channelized by the evil spirit of Nazism and fascism, which seemed to have disappeared

long ago after the Second World War. Almost 70 years later, it again is "out of the bottle," frightening not only by quite recognizable symbols and rhetoric of Hitlerite henchmen, but also by the obsessive Drang nach Osten. This bottle containing the genie of war was again opened by the Anglo-Saxons: just as 77 years ago in Munich they gave Hitler their blessing to fight against the USSR, today in Kiev they assiduously stir up the Ukrainian Nazis for the war with Russia. This brings up the question, why the participants of this new warmongering are European leaders, whose historical memory seems to completely have failed them?

To answer this question, it is necessary to give correct definitions to the ongoing events. To do this, it is necessary to highlight their key components based on facts. The facts have already been mentioned: Yanukovych refused to sign the Agreement on the Association with the EU that was being imposed on Ukraine, after which the U.S. and its NATO allies physically ousted him from power, arranging a violent coup d’état in Kiev and bringing to power an illegitimate, albeit fully controlled government. The fact that the purpose of this crime was involvement of Ukraine in the association with the EU is evidenced by the sudden signing of this agreement with its puppets a month after they seized power. Heads of European states, under supervision of the EU commissioners, signed with the criminals who organized the Nazi coup d’état the political part of this

Agreement, according to which Ukraine undertakes to follow the foreign and defense policy of the EU, and to participate in settlement of regional civil and armed conflicts as directed by the EU.

The point of the Agreement on the Association with the EU for Ukraine is to transfer to Brussels sovereign functions of trade regulation, foreign economic activity, technical regulation, veterinary, sanitary and phytosanitary control, as well as to open the market for European goods. This almost thousand-page document sets out the EU directives which Ukraine undertakes to implement. Each section stipulates that Ukrainian legislation should be unilaterally brought into line with the requirements of Brussels. At the same time, Ukrainian obligations to implement EU directives apply not only to the current regulations, but also to the future ones, in the development of which Ukraine will not have any part.

Simply put, after signing the Agreement, Ukraine becomes a colony of the EU blindly fulfilling all the requirements of its new "mother country." This includes the requirements that the Ukrainian industry is not able to meet, which is detrimental to the economy of Ukraine. It fully opens its market for European goods, which results in import growth amounting to $4 billion and ousting of uncompetitive Ukrainian industry.

In the photos: The future Queen of Britain raises her hand in the Nazi salute, the European leaders conspire in Munich with Hitler, goading him into the world war,

the EU leaders demonstrate their support of Poroshenko, the leader of the neo-Nazi regime in Ukraine – for a century, Nazism remains the main tool of the U.S. geopolitics.

It must reach European standards, for which 150 billion euros are needed to modernize the economy, while there are no sources of such funding[63].

The calculations made by Ukrainian and Russian economists show that after signing the Agreement, Ukraine should expected worsening of the already deficit balances of trade and payments and, subsequently, a default[64]. In so doing, the EU benefits from expansion of the market for its goods and acquisition of depreciated Ukrainian assets. The American corporations get shale gas deposits, which they want to supplement with pipeline infrastructure and the market of fuel elements for nuclear power plants. The main goal, as was shown above, is geopolitical: after signing the Agreement Ukraine is no longer able to become a party to the Customs Union with Russia, Belarus and Kazakhstan. To achieve this goal, the U.S. and EU resorted to aggression against Ukraine, arranging an armed seizure of power by their stooges. Accusing Russia of annexing the Crimea, they seized the whole of Ukraine by establishing the power of the junta under their control. Its task is to deprive Ukraine of its sovereignty and subordinate it to the EU by

[63] "If we manage to procure about 160 billion euros, then we will be able to reconstruct the economy of the country quickly enough in a historical context, meaning that the free trade zone with the EU will turn out to be a gain for us. Ukrainian producers will become competitive, and Ukraine will become a powerful state. It is necessary to understand and be fully aware of his," Prime Minister Azarov said on November 9, 2013.

[64] *O vysokoy veroyatnosti i posledstviyakh defolta Ukrainy v 2014 g. Usloviya i tsena spaseniya* [On the high probability and consequences of the default of Ukraine in 2014. The conditions and price of salvation]. Analytical report of the System Forecasting Center, 2013. (In Russian)

signing the Agreement on the Association.

In fact, the events that happened mean the forcible subordination of Ukraine to the European Union, in other words, the occupation by the EU. EU leaders who obsessively insist on law-abiding and rule-of-law state principles, violate all legal standards signing the illegitimate agreement with illegitimate representatives of Ukraine. Yanukovych was deposed because he refused to sign it. However, his refusal is explained not only by substantive considerations, but also by the fact that he did not have the legal right to do so, since this agreement contradicts the Ukrainian constitution, the text of which does not provide for transfer of the sovereign rights of the state to some other party[65].

The Constitution of Ukraine stipulates that in order to sign an international agreement that contradicts it, it is first necessary to change the Constitution itself. This requirement was ignored by the junta that seized power with unconstitutional methods. This implies that the U.S. and the EU arranged the overthrow of the legitimate government of Ukraine to deprive it of political independence. As a next step, they imposed on Ukraine through political puppets brought by them into power the injurious Association Agreement that transfers the Ukrainian territory under the EU jurisdiction and deprives it of legal independence and national

[65] Medvedchuk V. *Soglashenie ob assotsiatsii s YeS–soglashenie o kolonizatsii* [The Agreement on Association with the EU–agreement on colonization]. *Kommersant-Ukraina*, December 9, 2013. (In Russian)

sovereignty. Whereas, unlike the occupation of Ukraine in 1941, the current Eurooccupation takes place for the time being without a direct invasion of foreign troops, the functions of which are performed by consultants, advisers, instructors, mercenaries and money from NATO countries, its forced nature is beyond doubt. Just like the fascists in 1941-1944 deprived the population of Ukraine that they occupied of all their civil rights, the current junta with the U.S. and EU behind it regard the opponents of European integration as criminals, indiscriminately accusing them of separatism and terrorism, tossing them in jail and simply shooting them by hands of Ukrainian Nazi militants.

The use of Nazis and religious fanatics to undermine political stability in various regions of the world is a favorite method of the U.S. secret services that they are practicing against Russia in the Baltics, the Caucasus, Central Asia, and now in Ukraine. Forcible Ukrainization of the country with propagation of the Western Ukrainian nationalist cult in an environment dominated by the Russian population inevitably leads to a civil war that is actually going on not only in the Donbass, but in all cities of Ukraine. The neo-fascist nature of the Ukrainian regime is dressed up by the efforts of Eurocracy in the garb of the "European choice" of the people. But the fact is that this choice has been made for the people of Ukraine by the U.S. secret services and European officials.

The Eastern Partnership project, initiated by Poland and Sweden with the support of the U.S. and Britain and aimed at separating the former Soviet republics located in Europe and the Caucasus from Russia, continues the long tradition of our European "partners." As far back as in 1926, organization Prometheus was created in Paris, the members of which were "representatives" (appointed by secret services of European states) of Ukraine, Georgia, Azerbaijan, the Don Cossacks, Karelia, the Komi, the Crimea, the North Caucasus, the Kuban, Turkestan and even specially invented Idel-Ural and Ingria. The "scientific and ideological" basis was provided by the Eastern Institute in Warsaw[66] and the Research Institute of Eastern Europe (Instytut Naukowo-Badawczy Europy Wschodniej) in Wilno (now Vilnius)[67].

An interesting fact is that on August 31, 1937, the Polish General Staff issued Directive No. 2304/2/37, which stated that the ultimate goal of Polish politics is "the destruction of all Russia," with one of the effective instruments to achieve it being incitement of separatism in the Caucasus, Ukraine and Central Asia, using, in particular, military intelligence[68]. As the authors of the quoted work indicate, the idea of "fencing off" Russia, and the USSR as a whole, received a logical continuation in the future. In 1942-43,

[66] Instytut Wschodni w Warszawie
[67] Dudchak A., Manachinskiy A. *"Demokraticheskaya" voyna kak mekhanizm nenasilstvennogo peredela mirovykh resursov* ["Democratic" war as a mechanism for non-violent redistribution of global resources]. Kiev, Zolotye Vorota Publ., 2011. (In Russian)
[68] Ibid.

the British government was developing plans to create under Western supervision various federations of small states in Central, South-Eastern and Northern Europe in order to form a "sanitary cordon" against the USSR. The Prime Minister of Great Britain W. Churchill called for fencing off Soviet Russia from Western Europe with a cordon of "states frantically hating Bolshevism."[69] Half a century later, the same policy is substantiated by the influential American political scientist Z. Brzezinski who refers to the countries participating in the "sanitary cordon" as "buffer states."[70]

The policy of expansion toward the east, pursued by the U.S. and the Eurocracy, does not fit into the model of harmonious coexistence and more resembles the habitual violent Drang nach Osten. Since the 1990s, the EU-centric model of Greater Europe has begun to dominate Western political science.

It is no coincidence that the term "Greater Europe" is becoming been replaced in scientific publications by "Wider Europe" (etymologically closer to an extended Europe, assuming existence of a certain nucleus). The upper hand in scientific and socio-political discussions was taken by the traditional imperial Eurocentrism of the West. Greater Europe is increasingly mentioned in conjunction with the EU Neighborhood Policy, which encompassed not

[69] Falin V. *Rol vneshnikh faktorov v formirovanii vneshney politiki SSSR* [The role of external factors in shaping the foreign policy of the USSR]. 2007 (In Russian)
[70] Brzezinski Z. *The Grand Chessboard.* Basic Books, 1997. (Russ. ed.: *Velikaya shakhmatnaya doska*. Moscow, International Relations Publ., 1998)

only Eastern Europe, but also the Southern Mediterranean and part of the Middle East[71]. Within this logic, Russia has already ceased to be an integral part of Europe, proving to be an obstacle for integration of its former parts, including Ukraine, into the EU-centric Greater Europe.

There are none of the former USSR republics, in which the Eastern Partnership program has resulted in a conflict-free democratic legal solution. Belarus has already made its choice, having created the Union State with Russia. The same applies to Kazakhstan, which established the Customs Union together with Russia and Belarus. Armenia and Kyrgyzstan decided to join it, despite the pressure of the West accompanied by a rude interference in their internal affairs with provocation of riots. Gagauzia refused to perceive Russophobia as the basis of Moldovan politics, holding a referendum in favor of an alliance with Russia and participation in Eurasian integration, questioning thereby the legitimacy of the European choice made by Chişinău. This choice is consistently rejected by Transnistria, which the EU regards as part of Moldova. This did not prevent the European politicians from signing an Association Agreement with the EU-controlled Moldovan government, provoking thereby the ultimate breakup of the country. In violation of the European democracy standards,

[71] Kuznetsov A. *Pereosmyslenie kontseptsii Bolshoy Yevropy v svyazi s ukrainskim krizisom* [Rethinking the concept of Greater Europe in connection with the Ukrainian crisis]. Moscow, International Affairs Publ., December 2014. (In Russian)

under the pressure of the European integrators the Moldovan Central Election Commission removed from the elections the leading political party focused on Moldova's joining the EEU.

Georgia, the only republic that took a relatively legitimate decision to establish an association with the EU, paid for the European choice of its leadership with economic catastrophe and a part of the territory populated by citizens refusing to live under Eurooccupation. The same scenario, involving loss of a part of the territory populated by citizens who do not accept the European choice of their leadership, as well as immersion in the economic and humanitarian catastrophe, is being imposed on Ukraine today.

The coercion of Ukraine to association with the EU is founded on Russophobia as a reaction of the wounded Ukrainian public consciousness to the Crimean decision on reunification with Russia. Since most Ukrainians still do not separate themselves from Russia, they are forced to perceive this episode as the aggression of Russia that annexed part of their territory. It was precisely this threat that Brzezinski spoke of when he talked about the Finlandization of Ukraine in order to anesthetize the consciousness of the Russian political elite in the course of the U.S. operation to cut Ukraine off from historical Russia[72]. Under this anesthesia, a sense of guilt is being imputed to Russian public opinion for the mythical

[72] Brzezinski Z. Russia needs to be offered a 'Finland option' for Ukraine. *The Financial Time*s, February 22, 2014.

oppression of the Ukrainian people, while the latter is indoctrinated with hatred for Russia, with which it allegedly fought for Malorossiya and Novorossiya[73]. Only a superficial observer would regard the Russophobic hysteria permeating currently the Ukrainian media as a spontaneous reaction to the Crimean drama. In fact, before our very eyes, the Ukrainian version of Eurofascism is being formed as the main instrument of inciting war against Russia.

Unfortunately, "we learn from history that we do not learn from history." This is a misfortune for Europe, which has repeatedly put to test a model of power based on a symbiosis of Nazis and big capital. It was this symbiosis that originated Hitler, who was supported by big German bourgeoisie, tempted during the Great Depression by the opportunity to make money from state orders and militarization of the economy screened by national socialist rhetoric. This concerned not only German, but also European and American bourgeoisie. Corporations from practically all the countries of Europe and the U.S. cooperated with the Hitler regime.

Perhaps not all the European leaders that took part in the Munich Agreement understood that after the torchlight processions, Auschwitz

[73] Novorossiya was a relatively young part of the Russian Empire, the process of its formation being determined by a rapid colonization by the multinational population, as well as by the almost instantaneous industrialization and urbanization of the province. Pre-revolutionary scientists usually attributed to Novorossiya all the lands in the south of the empire, added since the reign of Catherine II. However, most often it meant the territory of the four governorates–Kherson, Yekaterinoslav, Taurida and Bessarabia. These are the current Odessa, Nikolaev, Kherson, Kirovograd, Dnepropetrovsk, Zaporozhye, Lugansk and Donetsk regions of Ukraine, as well as the Crimea.

furnaces would appear, and tens of millions of people would perish in the fire of the world war. Now the same thing is happening in Kiev, only instead of "Heil Hitler!" there they shout "Glory to the heroes!" To those "heroes" whose total "heroism" consisted in burning defenseless Belarusian women and old people in Khatyn, in the massacres of Polish peasants in Volhynia, in the shooting of Jews in Babi Yar... At the same time, the Ukrainian oligarchy, including Ihor Kolomoyskyi, the head of the United Jewish Community of Ukraine, the president of the European Jewish Union(EJU), an Israeli citizen, is funding anti-Semites and Nazis of the "Right Sector," who represent the strong-arm basis of the current Ukrainian power. The Maidan sponsors seem to have forgotten that in a symbiosis of the Nazis and the big bourgeoisie, the latter ultimately have either to become Nazis or to leave the country. This is already happening in Ukraine, where the remaining oligarchs compete with the Führers of the Right Sector activists in Russophobic rhetoric, as well as in appropriating the assets of their former partners who fled the "independent" Ukraine.

European politicians, applauding the manic calls of the Kiev Führers to fight the Russian "occupation" to the last Moskal, clearly underestimate the dangers of Ukrainian Nazis who regard themselves in earnest as "the superior race," considering all the others, including their sponsoring entrepreneurs, to be "subhumans" to whom one cold apply all forms

of violence. There is no doubt that if the neo-Banderites are not stopped by force, then the Nazi regime in Kiev will develop and expand, transforming the Ukrainian society ever deeper. Doubts also remain about the "European choice" of Ukraine, which is increasingly smacking of the "Aryan" spirit of eighty years ago. The conductors of this choice and the strike force of the Maidan are outspoken neo-Nazis, who position themselves as ideological heirs of Hitler's collaborators and use fascist symbols. They are profoundly alien to modern European values, proclaimed by the European politicians who strolled among the maidanned neo-Nazis.

Of course, modern fascism in Europe is very different from its German, Italian or Spanish versions of the last century. Joining the EU, the European national states have in fact become a thing of the past. The Eurocracy has been nominated for the role of the leading political force in Europe, which easily suppresses the attempts of national states to restore their sovereignty at least to some extent. It is backed by the same big transnational capital as the political class of the U.S. It was this capital that contributed to the "peaceful" unification of Europe and owns a monopoly on the issue of money, information and "pan-European" laws. It was with its support that Eurocracy invariably emerged victorious in all conflicts with national states of the last decade, imposing its technical governments and its policies on European

nations. The latter is characterized by consistent denial of all national traditions, beginning with Christian morality rules and ending with Hungarian *kolbász*.

Universal asexual and unprincipled Europoliticians hardly resemble the demonized Führers of the Third Reich. The only thing have in common is a maniacal certainty about their own rightness and a willingness to forcibly reduce people to submission. Although the forms of this reduction have become much softer with modern Euro-Nazis, the methodology remains rigid. It does not tolerate any dissent and allows the use of force to the extent of physical extermination of those who disagree with the policy of Brussels. Maybe the tens of thousands killed in the struggle to spread "European values" in Yugoslavia, Georgia, Moldova and Ukraine are not as impressive as the millions of victims of the Nazi invaders in the Second World War. But who has ever counted the indirect human losses from propagation of homosexuality and drug addiction, ruin of national production, cultural degradation? Entire European nations with centuries of history are disappearing in the crucible of "European integration" today.

In Italian, *fascio* means "union," "unification." In the modern sense, this is an integration without preserving the identity of integrated objects: persons, social groups, countries. The current Eurofascists seek to destroy not only the national economic and cultural differences, but

also the individual diversity of people, including age-sex differentiation. At the same time, the aggressiveness with which the Eurofascists are fighting to expand their space, resembles at times the paranoia of the Hitlerites concerned about the conquest of the expansion space for the Aryan "Übermensch." Suffice it to recall the hysterics of European politicians on the Maidan and in the Ukrainian media. They justified any crimes of "European integration supporters," indiscriminately blaming those who disagreed with the European choice of Ukraine in full accordance with the precepts of Goebbels: the more monstrous the lie, the more it looks like the truth.

Since the main driver of Eurointegration is the Eurocracy that serves interests not of its own nations, but of TNCs, the U.S. politicians strongly support the expansion of the EU and NATO to the East, viewing these structures as the most important supporting framework of their global empire. The military and political might of the United States is an order of magnitude greater than that of the European Union, and Americans are used to almost complete domination of Europe. The U.S. is exercising its dominance through supranational institutions that have steamrolled over the national member states of the EU, deprived of their sovereignty in the economic, financial, foreign and defense policies. These states are compelled to obey the directives of the European Commission adopted with an eye to

the U.S.

In other words, the EU can be characterized as a bureaucratic empire that formats its economic space in the interests of American-European capital under U.S. control. Like any empire, it seeks expansion, the instrument of which is to draw the neighboring countries into association with the EU transferring their sovereignty to the European Commission. To coerce these countries into becoming a colony of the EU, the cultivation of fear of an external threat is used, the source of which according to the global media is an "aggressive and barbaric" Russia.

Under this pretext, immediately after the collapse of the USSR, the EU and NATO took control of the Eastern European countries and organized a war in the Balkans to conquer Yugoslavia. Their next victim were the Baltic republics, forced to join by Russophobic Nazis. Then Eurofascism swept over Georgia, in which the Nazis led by the U.S. unleashed a civil war. Nowadays, the Georgian experience is being used by Eurofascists in Ukraine to coerce this state into association with the EU as a controlled territory and a springboard for further attacks on Russia. At the same time, none of the newly joining countries achieved the declared goals of social and economic development. The European choice resulted for them in a degradation of the economy, a brain drain and a drop in the standard of living.

In view of the foregoing, the catastrophe that

is going on in Ukraine can actually be defined as the aggression by the U.S. and its NATO allies against Russia. This is a modern version of Eurofascism, differing from its previous incarnation of the Second World War in the use of "soft" force with resort to military operations only in case of paramount necessity, and also in the use of Nazism as a complementary rather than total ideology. At the same time, the defining property of Eurofascism remains, that is, the differentiation of citizens into superior (adhering to the European choice) and inferior ones, who should not have the right to express their opinion by word or action, to whom the "universal" rights and freedoms allegedly do not apply, and against whom one is allowed to commit any crime unpunished, including deprivation of liberty, health and life itself. The fascist methodology of mass consciousness brainwashing is also preserved, consisting in incitement of hatred towards the enemy, with Russia and its president being foisted off as such, in propaganda of national exclusiveness, oppression of other-minded persons, compulsory education of children and young people in the Nazi spirit. And, as before, Eurofascists lead both Ukraine and Europe to certain demise.

Ukrainian Nazism as a weapon of the West against Russia

Ukrainian Nazism is a phenomenon completely alien to the Russian World, parts of which have always been Malorossiya, Carpatho-Russia and Novorossiya, which form the main portion of present-day Ukraine. This is vividly and accurately reflected in words of Kherson hieromartyr Archpriest John at questioning in the NKVD: "I regard the split-up of Russia that took place after the revolution and, in particular, the separation of Ukraine, Belarus, etc. as a phenomenon of political decline, all the more sad that there is no basis for this fragmentation. Ukrainians and Russians always formed a single whole. Ukrainians and Russians are one people, one nation, and there are no grounds to single out Ukraine from the general whole in any form."[74]

Not only from the religious and historical, but also from the scientific point of view, Ukraine pertains to the Eastern Slavic civilization integrated with Russia and united by a common culture and a system of spiritual values based on Orthodoxy. Formed in the era of Ancient Rus, the Russian people was divided for a long time due to the Tatar-Mongol invasion. But despite being subjects of different states, Russian people retained their identity. Even oppressed by Catholic Poland and Austria-Hungary, the Little Russians and Carpatho-Russians mostly continued to profess the Orthodox faith and speak Russian. Therefore, the reunification of Russian lands under the scepter of the Moscow

[74] Frolov K. *Sakralnye smysly Novorossii* [Sacred meanings of Novorossiya]. *Krasnoyarskoe Vremya*, 2015.

Tsar was perceived by the Russian people as a natural process of restoring its integrity. In the same natural way that the Russian state expanded its domain to the Wild Fields, as the territory of the Black Sea and Azov steppes was called in Russia since ancient times. As P. Skorobogaty rightly writes, it was an impossible task for individual tribes to take root in the steppe. Settled way of life could be established only under auspices of a strong civilization, which eventually happened as a result of Russian expansion to the south.

Here are some fragments of his brilliant essay.

"After termination of the Time of Troubles in 1613, the Russian Tsardom faced a number of urgent geopolitical tasks. It was necessary to urgently reinforce the southern borders against raids of Crimean Tatars who regularly ravaged the land up to Moscow, taking Russian peasants captive in tens of thousands. First of all, Streltsy regiments with their families opened up Slobozhanshchina. Today it is the territory of Kharkov, Sumy, Belgorod regions, as well as some districts of Poltava, Lugansk, Donetsk, Kursk and Voronezh regions[75]. Zaporozhian Cossacks, who built a fort on the island of Khortytsa behind the Dnieper rapids as far back as at the end of the 16th century, obtained new lands for their settlements owing to the Russian bayonets, and side by side with Russian troops repelled swift raids of the Tatar cavalry."

[75] Skorobogaty P. *Vtoroe rozhdenie Novorossii* [The second birth of Novorossiya]. *Expert*, No. 29, July 14, 2014. (In Russian)

"Year upon year, Moscow state was consistently constructing towards the south a number of so-called *zasechnye cherty*, abatis-type lines of defensive fortifications. In the beginning of the 16th century, the Belgorod line appears, in the 1680s, the Izyum line, after the Azov campaigns of Peter the Great in the late 1690s and early 1700s, the Troitsk line was laid from Azov and Taganrog to the estuary of Orel river. Next followed the Tsaritsin line, in 1739 – the Ukrainian and the Don lines. And so on, until in 1783 Russia finally appended the Crimea."

"Towards the Black Sea coast, the fortresses and cities of Kherson, Ekaterinoslav (present-day Dnepropetrovsk), Nikolaev, Odessa, Rostov, Taganrog, Dubossary, Mariupol and many others are rapidly being built in the steppe. Until the middle of the 18th century, the lands of Slobozhanshchina and the north of Novorossiya were inhabited mostly by Russians and Little Russians, without experiencing any interethnic contradictions. Either perceived themselves and each other as part of a single Russian nation. This involved, among other things, Zaporozhian Cossacks who, according to Dmitry Yavornitsky, a prominent Ukrainian historian, author of the three-volume *History of Zaporozhian Cossacks* published in 1890, considered themselves "one people with Great Russians."

"Following the movement of the Russian troops to the south and construction of new *zasechnye cherty*, the Russian Empire generates a new mission, to set up economic

life on the empty steppe lands in support of the soldiers guarding the Russian border. A program of large-scale colonization of Novorossiya is developed. Within its framework, the state practically sanctioned the "right of asylum," granting freedom to the fugitive serfs. Recruiters were sent throughout the entire empire. According to historical documents, the officers who recruited 80 persons were entitled to the lieutenant rank. A Jewish recruiter was paid five rubles for a girl, since initially there was a great shortage of the softer sex in an unsafe Novorossiya. To protect a stupendous flow of settlers from Transdnieper Ukraine, which was under the rule of Poland before its partition, special fortresses were built on its borders, as Poles were catching and brutally punishing their fugitives.

Among the Great Russian settlers, the Old Believers were almost the first in number. By a special imperial manifesto they were invited from Poland and Moldavia and received serious privileges, 50 rubles per household of four people and a five-year exemption from taxes." "In her manifestos of 1762 and 1763, Catherine II calls upon foreigners "for the development of trade and crafts": "As We are sufficiently aware of the vast extent of the lands within Our Empire, We perceive, among other things, that a considerable number of regions are still uncultivated which could easily and advantageously be made available for productive use of population and settlement.

Most of the lands hold hidden in their depth an inexhaustible wealth of all kinds of precious ores and metals, and because they are well provided with forests, rivers and lakes, and located close to the sea for purpose of trade, they are also most convenient for the development and growth of many kinds of manufacturing, plants, and various installations".

"The Empress promised incredible benefits to the settlers tempted by such riches, including money for travel expenses, a 30-year exemption from all taxes and duties, an interest-free loan with repayment in ten years, an own jurisdiction, duty-free import of property within 300 rubles worth, and much more. Foreign colonization had a motley ethnic pattern and different class representation. A lot of foreigners sought to settle in cities where they were mainly engaged in trade. The Greek and Armenian communities of Odessa, Kherson, Rostov go back to that period of the formation of Novorossiya. In addition to them, Bulgarians, Moldovans, Poles, Germans also flocked to these lands. Among the first to settle in this land were Serbs.

It is not easy to assess the scope of colonization, as the borders of Novorossiya were undergoing quick changes at that time. Nevertheless, historians quote the following figures: in 1768, the population of these lands numbered 100 thousand people, in 1797, 850 thousand, and in 1823, already one and a half million.

Since 1819, resettlement to Novorossiya became limited. A special permission was granted in 1823 to 169 families of Baden Germans. In the 1860s, a mass migration of Slavs from Turkey was allowed. A significant part of volunteer soldiers participating in the CrimeanWar (Serbs, Bulgarians, Montenegrins) expressed a desire to remain in Russia after its termination, and joined the colonies of their congeners in the Novorossiya region. All the diversity of nationalities and ethnic groups under the auspices of the Russian Empire was successfully melting into a single Russian community, which was considerably promoted by mixed marriages."[76]

Quite similar to the spiritual authority whose utterance was quoted above, modern scholars estimate the catastrophe in Ukraine as a "zigzag of historical progress." Ukraine has already experienced similar zigzags, temporarily falling out of the Russian World. The most known of them are the devastation of Kievan Rus by the Mongols and the ensuing long colonization of its southwest territory by the Catholic Rzeczpospolita; the Ruin period that happened during the Ukrainian Hetmanate independence already after the reunification of Ukraine and Russia, and short-term periods of German occupation during the First and the Second World War. A historian and journalist A. Sabov[77] singles out three "Ruin" periods in the history of

[76] Ibid.
[77] Sabov A. *Tretya ruina* [The third ruin]. *Rossiyskaya Gazeta*, January 13, 2015 (No. 6574). (In Russian)

Ukraine[78], In each of these periods, according to historians, Ukraine fell into decay, the way out of which to the path of sustainable development has always been associated with reunification with Russia as an organic part of the Russian World.

The very concept of "Ukraine" was absent in the Russian consciousness. People who inhabited the oldest part of Russia were called Little Russians, which corresponds to the notion of a small motherland, Little Russia or the former Kievan Rus, which laid the foundation of the Russian civilization. After invasion of the Tatar-Mongols, these lands became a subject territory of Lithuania, and thereafter, a part of Poland. The south-eastern domain of the latter, inhabited by Russian Orthodox population, began to be called Ukraine (the borderland).

Under the Polish rule, the Ukrainian Orthodox population was oppressed, self-government of towns was considerably limited, peasants lost their right to land and were made serfs, *panshchyna* (days of compulsory work for the Pan, that is, Polish landowner) was three days a week. Orthodox residents were deprived of civil rights.

The sufferings of Orthodox population in

[78] Historians did not invent the name “Ruin”, they overheard it from common people. By the definition of N. Kostomarov, “ruin” was the epoch in the history of Malorossiya characterized by disturbances that were shaking this region in the second half of the 17th century, mainly since the division of the Hetmanate into two hetmanships on two banks of the Dnieper...”

A. Sabov defines as the "first ruin" the 30-year period after the death of Bohdan Khmelnytsky, when Ukraine was being torn to pieces by Cossack elites who sought hetman’s warder with the support of Poland, Russia, and the Ottoman Empire. The "second ruin" is the period of revolutions and wars from 1917 to 1922. The "third ruin" means the current historical segment.

Poland of the 17th century are evidenced by the speech of the Volyn deputy L. Drevinsky, delivered in 1620 at the Seim in the presence of the King: "...everyone sees clearly what oppression this ancient Russian people is suffering with regard to its faith. In the big cities, temples are placed under a seal, church property is plundered, monasteries do not have monks and are used as cattle barns, children die without baptism, the bodies of the dead are taken out from cities without a church rite like carrion... Not to mention other cities, I will speak of what is happening in Lvov: people who are not Uniates may neither live in the city, nor trade, nor join a craft guild. Orthodox monks are caught on public roads, beaten and imprisoned. Worthy and learned persons are not awarded civil ranks only because they are not Uniates."

The offensive of the Polish government and gentry against Ukrainian lands to catholicize and Polonize them, on the one hand, and exert economic and social pressure, on the other hand, aroused resistance of the Ukrainian people. In the period from the middle of the 15th to the middle of the 16th centuries, 50 years out of 100 were spent by Moscow state in warring for the freedom of the oppressed Orthodox Christians of Rzeczpospolita, and even more so in the 17th century. The outcome of all peace talks with Rzeczpospolita was Poland's commitment to stop the persecution of Orthodox believers, and under the peace treaty of 1686, the Russian government left in Poland

its authorized delegates to monitor the observance of the rights and freedoms of Orthodox Russian people.

The idea of the unity of the West and the East of Russia was always alive in all its parts. In the 17th century, the national liberation war of the Ukrainian people under the leadership of B. Khmelnytsky resulted in a partial reunification of Ukraine with Russia. Moscow concluded an agreement with Poland, according to which Ukraine was divided into two parts, The Left Bank lands with Kiev were taken by Moscow, while the Right Bank lands were taken by Poland. In the 18th century, the lands of Western Ukraine were taken by Austria-Hungary.

After the reunion, life of the Ukrainian population and elite fundamentally changed for the better. Beginning with the 18th century, the natives of Kiev and Lvov became gained the upper hand in the scientific, literary and ecclesiastical field of Russia. Before the special decree of the Russian Empress dated April 17, 1754 on ordaining of bishops from among Great Russians, only Little Russians were bishops in the Russian Orthodox Church. When, in accordance with the "Spiritual Regulation" of Peter the Great (1721), each hierarchal homestead was obliged to establish a spiritual school, the teachers there were exclusively Ukrainians who introduced the pedagogical system of the Kyev-Mohyla Academy[79]. A lot of Little Russians entered the diplomatic and

[79] The role of this oldest educational institution in the “democratic transformation” of Ukrainian society will be discussed below.

higher state service both in Russia itself and in its foreign missions.

After reunification with Russia in the 17-18th centuries, Ukraine was developing at a rapid pace. It became the main breadbasket of Russia. At the end of the 19th century, the Donets Basin (Donbass) became one of the main mining and metallurgical centers in Russia, and Odessa became one of its main seaports. By the end of the 19th century, Ukraine was covered by a dense network of railways. After the reform of 1861, Ukraine became the main center for the development of Russian industry. In two decades, coal production increased 13-fold, and mining of iron ore 158-fold. By the end of the 19th century, cast iron production in Ukraine was twice as much as in the Urals. Ukraine becomes the main center of transport and agricultural machine building, producing 35-40% of the entire output of this equipment in Russia.

The population of Ukraine is actively involved in the economic and cultural life of the Russian Empire. Kiev becomes the second cultural and scientific capital after Petersburg. Natives of Ukraine take an active part in development of Siberia. Of the 2.5 million immigrants who left for Siberia during 1906-1912, about 1 million were from Ukraine.

The late 19th and early 20th century were the start of the rapid industrialization of Novorossiya. The region of Donetsk and Krivoy Rog became the basis for a rapid growth of the

metallurgical and mining industry. The Donbass left the Urals behind in terms of development speed, and became a "new America" for hundreds of thousands of workers. A powerful agro-industrial complex was set up that supplied grain and agricultural raw materials.

The industrial development of the region was hindered by the civil and the First World War. But already in the 1930s, the Soviet Union accomplished the second industrialization of the Donbass. The coal and metallurgical industry, as well as machine building, were developing. The region becomes the main resource base for industrialization of the whole of the USSR, as well as a source of high-skilled personnel. In the Soviet era, Ukraine became the most developed republic of the USSR in terms of science and industry. In the first five-year plan, it accounted for more than 20% of total capital investments. Of 1500 new industrial enterprises, 400 were built in Ukraine, including the world's largest Zaporozhstal, Kommunar, Krivorozhstal, Azovstal, Dneproaluminiystroy, Krammashstroy, Kharkov tractor works and Lugansk locomotive works.

As a result of industrialization, Ukraine outstripped a number of Western European countries by the level of development of heavy industry branches. It took second place in Europe (after Germany) by pig iron production, and the fourth place in the world by coal mining. By production of metal and machines, Ukraine was ahead of France and Italy, catching up with

England.

After the Great Patriotic War, the restoration of Ukraine went at full tilt. Already in 1950, the republican production of rolled ferrous metal products, iron ore, electricity, mineral fertilizers and other important types of industrial products exceeded the pre-war level. The gross industrial output exceeded the pre-war 1940 level by 15%, including in machine building and metalworking – by 44%, in construction materials industry – by a factor of 2.3. The average annual growth rate of industrial output in the republic exceeded almost 1.5-fold the all-Union figures. Ukraine was giving about 48% of the all-Union steel production, 33% of rolled metal, 53% of iron ore, 30% of coal, 38% of metal cutting equipment, 71% of sugar. By 1960, the industrial output of the Ukrainian SSR increased more than 3.6-fold compared with 1940. Labor productivity over this period has increased more than 2.5-fold. In 1965, the industrial production of the republic was already 5.6-fold higher than in 1940.

In the 1970s, Ukraine became a leader in development of the advanced areas of scientific and technological progress – aircraft and rocket-and-space building, nuclear engineering, instrument making, shipbuilding, and electrical engineering. The level of development of sea, railway, pipeline transport was one of the highest in the USSR. The income and quality of life of the population have increased multifold. According to Western estimates, the national

income of Ukraine per capita in the 1970s was higher than in Italy.

As part of the USSR, Ukraine was not only a leader in attracting investments, but also significantly grew in territory. After the collapse of the Russian Empire, the Ukrainian Central Rada emerged in Kiev and immediately laid claim on Novorossiya[80]. It is notable that none of the eastern governorates expressed a desire to join the Ukrainian project. Neither Kharkov region nor Malorossiya supported the idea of secession from Russia. The prominent figure of the Ukrainian movement Evgeny Chikalenko wrote: "Odessa, Kherson, Nikolaev, Sevastopol and other sea ports will probably remain Russian for a very long time. It is because Little Russians, together with Great Russians, will firmly defend the Russification of these cities." Neither the Rada, nor Hetman Skoropadsky, nor Petlyura managed to Ukrainize Novorossiysk.

In May of 1918, the representative of the Austrian army at the government of Ukraine Major General Waldstetten reported to Vienna: "There is no Ukrainian national thought, at least in Southern Ukraine. Everyone lives, thinks and speaks Russian. Nobody understands Ukrainian."

In 1918, Odessa and Donetsk-Krivoy Rog Soviet Republics appeared, which were soon liquidated during the German offensive. Germany directly contributed to the process of the birth of Ukrainian statehood. The Chief of

[80] Skorobogaty P. *Vtoroe rozhdenie Novorossii* [The second birth of Novorossiya]. *Expert*, No. 29, July 14, 2014. (In Russian)

Staff of the Eastern Front, German General Hoffmann wrote: "In reality, Ukraine is entirely of my own making, and not the fruit of the conscious will of the Russian people. I created Ukraine..." This fact is confirmed also by the memoirs of Denikin, published in 1932, and by the words of the leader of the Ukrainian national movement Mikhail Grushevsky: "For a long time, a desire maturated in the political circles of Germany to see Ukraine as a strong independent state separated from Russia. During the war, the German government specifically assigned instructors who were to introduce national consciousness into the minds of Ukrainian captives and create from them Ukrainian regiments that would protect the independence of Ukraine after the war. This was done without approval of the Ukrainian political leaders, without preliminary consultations with them, because these leaders wanted a peaceful resolution of the Ukrainian problem within the framework of Russia."

General Hoffmann advised the Ukrainian delegates in Brest-Litovsk to create their own independent state. Soon, two Brest Treaties appeared at once: it should be remembered that Russia signed peace with the countries of the Quadruple Union two months later than the Ukrainian People’s Republic. Austria and Germany regarded Ukraine as the center of the federalist movement in opposition to Soviet Russia. Kiev was to unite the independent governments of the Crimea, Little Russia, Kuban

Republic, Terek Republic, Novorossiya and so on.

It was supposed to create a zone of confrontation around Russia, but it failed. However, by entering into negotiations with the Ukrainian side, the Bolsheviks essentially legitimized the very fact of the possible transfer of the lands of Novorossiya into possession of Kiev. There were no actual grounds for this, except for the ambitions of the Ukrainian elite and the pressure of the German occupation forces. This was the first time when the question arose about transfer of the Crimea to Ukraine.

The ideology of Ukrainian nationalism was established mainly in the 1920s and 1930s, quickly transforming to Nazism[81]. In the first OUN program (1928), the following premises were declared above all: creation of a strong and independent Ukrainian state; revolution as the way to achieve Ukrainian independence; "Ukraine for Ukrainians!"; supremacy of the nation over an individual.

After the end of the civil and Soviet-Polish war, Bolsheviks proceeded with creating a new state formation, the Ukrainian SSR, by transferring Slobozhanshchina and Novorossiya to Kiev. Thus, Soviet Russia got rid of its historical territory, both in a theoretical sense, as a term, and in a practical sense, as a territory[82]. Later, after liberation by Soviet troops in November of 1944, the governments

[81] Sabov A. *Tretya ruina* [The third ruin]. *Rossiyskaya Gazeta*, January 13, 2015 (No. 6574). (In Russian)
[82] Ibid.

of Czechoslovakia and the USSR concluded an agreement on the exclusion of Transcarpathia from Czechoslovakia and its inclusion in Ukraine. In 1946, Transcarpathian region of Ukrainian SSR was formed.

In 1954, with a vague formulation "taking into account commonality of the economy, territorial proximity and close economic and cultural ties between Crimean Region and Ukrainian SSR," the Crimea was transferred to Ukraine[83].

As a result of the USSR collapse, the Ukrainian SSR obtains status of an independent state. And immediately, its complex composition is manifested. The majority of the population of the eastern, southern and northern regions of Ukraine, which not only were originally established as Russian lands, but throughout almost entire their history remained in the same state with Russia, extremely painfully endured the collapse of the USSR and strove after an alliance with Russia. They

[83] In March of 2014, Russian President Vladimir Putin said that the initiator of the transfer of the Crimean region to Ukrainian SSR "was Khrushchev in person." According to the Russian president, only the motivation of Khrushchev remains a mystery: "a desire to enlist the support of the Ukrainian nomenklatura, or to make amends for the organization of mass repressions in Ukraine in the 1930s." Meanwhile, Sergei Khrushchev, the son of the General Secretary of the CPSU Central Committee, explained on March 19, 2014 with reference to his father's words, that Khrushchev's decision was connected with construction of the North Crimean Canal from Kakhovka reservoir on the Dnieper, and the desirability of conducting and financing large-scale hydrotechnical operations within the framework of a single Union republic. There are also arguments about a desire of the Soviet nomenklatura to make a gift to Ukrainian SSR in honor of the celebration of the 300th anniversary of the Pereyaslav Council.

Meanwhile, the authority to present such a "gift" is highly questionable. According to Article 18 of the USSR Constitution in force in 1954, the territory of the republics could not be changed without their consent. Such consents were formalized by both republics in the form of resolutions adopted by the Presidiums of their Supreme Soviets. However, Article 33 of the Constitution of the RSFSR, which contained a list of powers of the Presidium of the Supreme Soviet of the RSFSR, did not provide for the authority to change the boundaries of the RSFSR.

resisted Ukrainization, and sought to grant the Russian language officially recognized status.

At the same time, the former republican political and humanitarian elite, having reached the coveted independence and adopted the concept incidental to Ukrainian nationalists of the last century, started building the national idea on a pro-Western and anti-Russian basis. The process of the aggressive Ukrainization policy began, with an own invented conception of history. The ideas used as its groundwork were not the ones developed by imperial or Soviet researchers[84], but those of the western anti-Russian school. This process was enthusiastically supported by the population of Western Ukraine. In the public consciousness of this part of the Ukrainian people, Russians were perceived if not as enemies, then as the main threat to the unity of the Ukrainian nation, which should be neutralized by any means. Their political representatives were categorical opponents of giving the Russian language any status and integrating with Russia. They perceived Euro-integration as a guarantee against reunification with Russia and actively dragged Ukraine along the "European choice" path.

[84] "The Ukrainianization of the Russian population in the 1920s and after the collapse of the Soviet Union has only an outward resemblance: introduction of the Ukrainian language into scientific treatises, official paperwork, schools, printing. However, the content of these processes is completely different, says Elena Borisenok, head of the department of Eastern Slavs at the RAS Institute of Slavic Studies.–the Bolsheviks never said that Russians were enemies. On the contrary, they talked about the fraternal peoples, about the strength of the proletariat, about a joint future, and that Ukrainians should not break away from Russians. Until the 1930s, even Bohdan Khmelnytsky was a negative character. This was, to the full extent, the formula of the policy "national in form, socialist in content."

The central part of Ukraine did not have a clear orientation. Kiev has traditionally remained the center of Russian culture, the people of Kiev continued to speak and think Russian. Gradually, in the course of building of the Ukrainian nation, the capital became flooded with representatives of the western regions, and Kiev became the center of Ukrainian nationalism. As the living standards worsened and the economy deteriorated, the latter was becoming ever more aggressive. With aggravation of the political struggle, which was conducted in all elections by Ukrainian nationalists against the South and East of Ukraine that resisted their influence, nationalism was transforming into Nazism. As was rightly observed by the authoritative Russian analyst A. Davydov, "any nationalism is a preliminary form of Nazism. When in a particular society the nationality is declared the highest value, then only half a step remains to assertion of national superiority, since where nationality becomes the main thing, there the nation is above anything else. The issue of nationality always and everywhere inevitably boils down to the issue of blood purity, and the issue of blood purity always and everywhere ends with bloodshed."

Long before Ukrainian Nazis began killing all those who publicly expressed their Russianness, the leaders of the western part of Ukraine were forced to rely on them to seize power. Since the first anti-state action, organized as far back as

in October of 1990 under the leadership of a radical student organization, the Nazis were the advance team of Ukrainian nationalists. In 2004, with the connivance of Kuchma, they acted as the decisive political force of the Orange Revolution, forcibly making the Supreme Court of Ukraine adopt an unconstitutional resolution to hold the third round of elections and thus bringing Yushchenko to power. The latter, under the guidance of his wife E. Chumachenko, an employee of the U.S. secret services known for her Nazi views, made Ukrainian Nazism part of the state ideology and domestic policy[85]. And in 2014, the Nazis performed a forcible power takeover and launched a straightforward genocide of the Russian population of Ukraine.

During 23 years of its statehood, the former Soviet Ukraine (where 87% voted in 1990 for preservation of the USSR) turned into a Nazi dictatorship committing mass crimes against its own people. By conducting forced mobilization of men to participate in war crimes against residents of the Donbass, the Nazis in power involve hundreds of thousands of citizens in war crimes, forcing them to kill their fellow countrymen. Minds of millions of Ukrainians are subjected to total brainwashing by Nazi propaganda, based on lies and hatred towards Russia. The state education system, starting with kindergartens, educates children in hatred of Russia, falsifying history and creating a national idea on legends about the struggle of

[85] The “thorny” ascent of Yushchenko’s future wife to the top of the political Olympus will be discussed below.

the Ukrainian people with Russian invaders.

In the article *Unfinished Reich*[86], Doctor of Military Science K. Sivkov compared the ideological and political grounds for the aggression of the Kiev junta and the fascist Germany. In the author's opinion, all attempts by Kiev to establish an ideological basis for justifying the military campaign against the Donbass on a set of unproven shoddy facts are untenable. Thus, if the ideological exceptionality of the Aryan race was proclaimed in Hitler's Germany, with an extensive mystical and mythological historiography in that regard that looked plausible for the average man, in today's Ukraine, the exclusivity of the Ukrainian nation and its right to dominate are confirmed only by "the history of Ukrs," which provokes even among Ukrainians nothing but ridicule.

An important part of the ideology of war is its geopolitics. It shows the image of the post-war world as the purpose and meaning of the upcoming (ongoing) struggle. At the same time, at the slogan level, the image should be satisfying to the absolute majority of the country's population. Hitler based his geopolitics on the idea of "Lebensraum" (living space) that would be earned by conquering "retarded" peoples, and the absolute majority of Germans accepted this. In Ukraine, the role of the geopolitical component is played by a model of the system of regional and intra-Ukrainian relations. The things proposed by the authorities

[86] Sivkov V. *Nedodelannyy reykh* [Unfinished Reich]. *Voenno-Promyshlennyj Kurjer,* No. 9 (575), 2015. (In Russian)

in Kiev to the people are rejected by the significant part of the latter. Unitarity of the state structure, strict orientation toward the West, association with the EU, hostility towards Russia are rejected by residents of the South and East of Ukraine, are not imbibed by the majority of the population of the central part of Ukraine, and by a notable minority of its western regions. Even the total information and police pressure does not help much[87].

The process of ideological enslavement of Ukrainians was not spontaneous. As shown in a number of studies, it was directed, organized and financed from the United States. Thousands of American and European non-governmental organizations have been constantly working with various layers of Ukrainian society, growing its new elite on anti-Russian ideology. By the end of Yushchenko's presidency, the Russophobes they nurtured flooded all the republican media, seized key positions in all government bodies, and the Nazi ideology grew in the educational system.

The policy of Ukrainization was being implemented against a background of rapid degradation of the economy and deterioration of living standards. In order to prevent a change in the course on Ukraine's separation from Russia, the U.S. secret services used the entire arsenal of hybrid warfare methods described above. The highest level of public administration was subjected to "chaotization"

[87] Ibid.

by changing the basic guidelines for the formation of domestic and foreign policies, the level of competence and qualifications of the supreme power machinery was reduced, the prevailing psychology was "as if there were no tomorrow," provoking an atmosphere of impunity and permissiveness[88]. Independent political life became impossible, given a total interference of external controllers at all levels of public life. But the most dangerous trend, associated with external control over the state machinery and social life of Ukraine, was the introduction into the public consciousness of the "friend-foe" coordinate system by the efforts of journalists, experts and grant-eaters trained by Western consultants, who consistently conducted a procedure to cut out everything Russian from the public consciousness and to instill the anti-Russian self-identification of Ukrainians.

The U.S. experts involved in creation of managed chaos in countries that have become targets of U.S. aggression, themselves call this work "nation-building." To conduct it in Ukraine, they used a pre-prepared army of Ukrainian Nazis, the descendants of former Hitler's accomplices who had taken refuge in the United States and Canada, that had become a real hideout for the Banderites. Here is a key quote of Bandera that makes it possible to understand

[88] Dudchak A., Manachinskiy A. *"Demokraticheskaya" voyna kak mekhanizm nenasilstvennogo peredela mirovykh resursov* ["Democratic" war as a mechanism for non-violent redistribution of global resources]. Kiev, Zolotye Vorota Publ., 2011. (In Russian)

why the leaders of the Organization of Ukrainian Nationalists – the Ukrainian Insurgent Army (OUN-UPA), who were convicted by the Nuremberg Tribunal and fell into the hands of the U.S., not only avoided being sentenced, but also happened to be in demand in the U.S. that helped these Nazis ascend a career ladder, claimed their infrastructure, and provided them an opportunity to participate in American lawmaking: "Consequently, the enemy is not only a given regime, be it the tsarist or Bolshevik one, not only the state and social system, but the very Muscovite nation, infested with demons of imperialism, imperialism, the desire to be ever more large, powerful and rich."[89]

Galician Nazis were much needed by the U.S. and Canada (4% of the population of this country are people from Western Ukraine) in their policies aimed at weakening and destroying Russia. Thus, the co-chairman of the "Ukrainian-American Committee" Galician L. Dobryansky (also a teacher of E. Chumachenko, the wife of V. Yushchenko and the "shadow" coordinator of U.S. programs in Ukraine) is a co-author of the text of the U.S. Statute "On Captive Nations" – in fact, the act about the war against Russia and the Russian World, declared in 1959 to be the territory of the captive nations.

The United States, like its allies in the "empire of good," is not shy about setting the

[89] Bandera S. *Z moskalyami nema spilnoi movy* [There is no common language with Moskals]. 1952. (In Ukrainian)

odds on Galician Nazism as a supporting ideology for achieving its geopolitical dominance in Ukraine. Poroshenko, whom they made the head of the state, continued the line of his "orange" predecessor Yushchenko, who awarded the title of "Heroes of Ukraine" to Bandera and Shukhevych[90].

Poroshenko said that the Galicians are the basis of Ukrainian statehood, and proclaimed the date of founding of the OUN-UPA that collaborated with Hitlerites as "Defender of the Fatherland Day."

It should be noted that the Ukrainian Nazis, nurtured by the U.S. secret services, were brought up on the concrete historical example, namely, the activities of local collaborator organizations created by the Hitlerites – the Ukrainian Insurgent Army (UPA), the Organization of Ukrainian Nationalists (OUN), and the heroization of their leaders – S. Bandera, R. Shukhevych, Ya. Stetsko and others. These organizations were condemned by the Nuremberg Tribunal as fascist ones, and their leaders were acknowledged as war criminals. This, however, does not prevent the representatives of the current Kiev regime from acquitting Nazi henchmen, traditionally explaining the events by no less than "Moscow

[90] The statement on posthumous exoneration of the OUN leader Stepan Bandera was delivered by President Yushchenko in 2010 at the solemn assembly in Kiev on the occasion of the Ukrainian Unity Day . "This was awaited by millions of Ukrainians for many years," Yushchenko said, pointing out that he awarded Stepan Bandera the high title "for upholding the national idea and fighting for an independent Ukrainian state." In addition, Yushchenko decorated Bandera with the Order of State, which he handed over to his grandson Stephen (Stepan) Bandera, a journalist who works in Ukraine and has Canadian citizenship.

In 2011, President Viktor Yanukovych annulled the decree of his predecessor.

falsification."[91] The historians have enough facts of war crimes committed by the Ukrainian Nazis as part of the SS Division Galizien. Agreeing to creation of the SS division, the emigre intelligentsia justified this step by the idea that the division would "serve the Ukrainian cause." The immediate reason for the creation of this division was a hope that this would improve the attitude of Germans towards Ukrainians. Encouraging young people to voluntarily join the division, some agitators even presented the ominous SS abbreviation as an encrypted "sichove striletstvo" – Sich Riflemen (although SS is fully responsible for many crimes of Nazism: mass shootings, experimenting on "human material," genocide). The division was a typical collaborative formation, with the creation of which the Nazis proceeded when the defeat of Germany in the war had already become a foregone conclusion. It is significant, however, that at the end of the war, about 12 thousand people from *Division Galizien* were transferred by the British to an internment camp in the town of Spital, and from there to Italy, where they were in the camps in Bellaria, and from September of 1945 to May of 1947, in Rimini. Moscow demanded extradition of all those who served under the banners of *Galizien*. But the Western allies did not give them up for formal

[91] "The Russian-Soviet side was trying at that time to pressure the Western allies to acknowledge Banderites and others as killers. Why did the Nuremberg trial not recognize this? Because the facts were falsified, because the position of the Soviet Union at that time was unfair," said Y. Sergeev, Ukraine's Permanent Representative to the UN at a briefing on March 3, 2015 adding that "millions of Ukrainians in the West are normal European citizens." He also reckoned among "normal" members of the ultra-nationalist party "Svoboda."

reasons: they were citizens not of the Soviet Union, but of the Second Rzeczpospolita. In May and June of 1947, all Ukrainians, with the exception of 1,052 people who expressed a desire to return to the USSR, were transported to England. There they were placed in war prisoner camps and involved in agricultural work. At the end of 1948, former Division militants were released and dispersed around the world, to the U.S., Canada, Australia, Argentina.

The main enemy of the OUN members were Little Russians, that is, Ukrainians who did not separate themselves from Russia and the true ancient name of this land. At the same time, amongst the crucial areas of the "activity" of the OUN-UPA was destruction of the Ukrainian Orthodox Church of Moscow Patriarchate. Thus, they murdered priest Alexei (Gromadsky), who in fact thwarted the creation of the Ukrainian Local Church, which they tried to establish by forcibly uniting the UOC-MP with the so-called "Ukrainian Autocephalous Orthodox Church." The latter was headed by the future false patriarch of the UAOC and Petlyura's nephew, who said that the Union was good: "let it be with devil himself, but not with Moscow!"

Attempts by neo-Nazis to remove the weight of responsibility for the monstrous crimes of their predecessors, arguing that the Banderites were both against the USSR and against Hitler, do not stand up to criticism. As the researcher of Ukrainian ethnic nationalism Kirill Frolov

states, "the Reich ordered OUN-UPA to kill "Moskals," and they killed, ordered to kill Poles, and they killed them alike"[92].

In the summer of 1941, the northern Ukrainian legion *Nachtigal* (Nightingale) was created under the leadership of Roman Shukhevych, along with the southern legion Roland. These units were intended to fight against the Bolsheviks, and the soldiers of these legions were obliged to wear a trident on their uniform.

On June 30, 1941, the National Assembly in Lvov proclaimed the Declaration of Ukrainian State Act. The chairman of the National Assembly, Yaroslav Stetsko, was authorized to establish a Provisional Government for organization of Ukrainian power structures completely controlled by the Reich. S. Bandera, at the bidding of German intelligence from among the Abwehr staff, organized activities of the occupation police and recruited agents for the Reich secret services.

In the beginning of August 1943, a meeting of representatives of the German authorities and the OUN took place in Sarny, Rovno region, on the issue of joint actions against Soviet partisans. In mid-August, the OUN delegation visited Berlin for the same purposes. As a result of the negotiations, an agreement was reached, according to which the OUN-UPA undertook to protect railways and bridges from attacks of the Soviet partisans, to take part in the fight against

[92] LiveJournal of K. Frolov.

the partisan movement, to implement and support the measures of the German occupation authorities. The leaders of the UPA undertook to detain and transfer to Gestapo Soviet scouts sent to the Nazi-occupied territory, to deliver the procured Soviet ciphers, to report the stationing of Soviet and Polish (in the eastern areas of Poland) partisan forces and, together with the German armed forces and police units, to take measures to destroy them.

Collaboration between the UPA and the Nazis was not a single or local case, but was encouraged from above and spread widely, which caused an appropriate response from the German authorities. Thus, the Commander-in-Chief of the Security Police and SD in Ukraine, SS Brigadenführer and police Major-General Brenner informed his subordinate intelligence agencies in the western regions of Ukraine on February 12, 1944 of the fact that in connection with the successful negotiations with the UPA in the area of the villages of Derazhnoe and Verba (Rovno region), the UPA leaders committed to send their scouts to the Soviet rear and to report the results of their activity to the 1st department at the headquarters of the German Army Group South.

The actions of Ukrainian nationalists and their punitive squads were associated with numerous military crimes against the civilian population. The most notorious of them was participation of the company of the 118th battalion commanded by ensign V. Meleshko in

the extermination of Khatyn village on March 22, 1943, when 149 civilians died, half of whom were children. This is discussed by historian S. Drobyazko[93].

On June 30, 1941, on the very first day of their incursion into Lvov, the Banderites committed a massacre in the city, which resulted over three days in deaths of several thousand Jews, Polish intelligentsia and Soviet activists. Eyewitnesses describing these atrocities were shocked by the combination of the Ukrainian language of pogromists and SS insignia on their uniforms. Massacres were accompanied by appalling outrages. According to testimony of the Western researcher Aleksander Korman, "In the alley of old trees, they "decorated" the trunk of each tree with the corpse of a child killed before then. The corpses were nailed to the trees in such a way as to create the appearance of a wreath. They called this alley "the road to an independent Ukraine."[94]

In 1943-1944, detachments of the UPA exterminated over 100,000 Poles in Volhynia and Galicia. The Polish periodical *Na Rubieży*[95], published by Foundation Volyn, describes 135 ways of torture and atrocity that the UPA militants applied to the Polish civilian population, including children. Victims of the

[93] S. Drobyazko. *Pod znamenami vraga. Antisovetskie formirovaniya v sostave germanskikh vooruzhennykh sil* [Under the banner of the enemy. Anti-Soviet units as part of the German armed forces]. Moscow, Exmo Publ., 2005. (In Russian)
[94] Aleksander Korman. *Ludobójstwo UPA na Ludności Polskiej.* Nortom, 2003. (In Polish)
[95] Na Rubieży. No. 35, 1999

UPA were Russians, Czechs, Jews, but most of all Ukrainians, who refused to cooperate with fascists.

In total, during the three-year fascist occupation in the western regions of Ukraine, the Nazis with the active assistance of Ukrainian militant nationalists (or directly by efforts of the OUN-UPA) killed more than two million citizens, of whom about a million Jews, 200-220 thousand Poles, more than 400 thousand Soviet prisoners of war, and more than 500 thousand local Ukrainians.

To date, many books have been written describing the numerous crimes of those who were collectively called "Banderites." Wiktor Poliszczuk in his book *Bitter Truth: The Criminality of the Organization of Ukrainian Nationalists (OUN) and the Ukrainian Insurgent Army (UPA): The Testimony of a Ukrainian*[96] states, "We did not look into who was in the UPA, and who was in another group – we called everyone Banderites, because they themselves praised their 'Führer' Bandera." However, as shown below, the current followers of Bandera also, without further ado, prefer to call themselves Banderites. Moreover, they do not renounce the atrocities of their predecessors, but on the contrary, are proud of them. A symptomatic example of this are words of a deputy of the Rovno City Council which he said to an ovation of his "brethren in faith" in 1993,

[96] Poliszczuk W. *Bitter Truth: The Criminality of the Organization of Ukrainian Nationalists (OUN) and the Ukrainian Insurgent Army (UPA):The Testimony of a Ukrainian*. Toronto, 1999.

"I am proud of the fact that out of 1,500 punitive squad members in Babi Yar there were 1200 policemen from the OUN and only 300 Germans."

The predecessors of the Nazi henchmen from the OUN-UPA were "Subcarpathian Ukrainians," the executioners of Thalerhof. Like their followers, cutthroats from the Ukrainian Insurgent Army, Galician Ukrainians affirmed themselves on the principle of "killing the Russian in oneself and around." "Galician Ukrainism" cannot be neutral and tolerant of traditional Russian self-consciousness, because it is a form of its denial. This can be exemplified by all its manifestations, from extermination of the Russian majority in Galicia itself to the present genocide of the Russian people in Novorossiya and the policy of the Kiev regime bent on destruction of canonical Orthodoxy.

At the turn of the 19th and 20th centuries, Austria-Hungary unleashed genocide in response to the growth of Russian national consciousness in its subordinate regions. First, they put on show trial the priests and laymen accepting Orthodoxy and speaking Russian. These were so called "Olga Grabar trial" (1882), first and second Marmaros-Sziget trials (1912-1914) of Transcarpathian peasants who were moving to Orthodox Church by whole villages (over 90 people were convicted, and thousands of peasants were living in a state of siege), Maxim Sandovich and Semen Bendasyuk trial (1914), trial of F. Bogatyrets, Doctor of

Theology, and "Brothers Gerovskiye case" on Bukovina (1912-1914).

Later on, when the First World War broke out, mass anti-Russian terror began. A network of concentration camps was established (the most famous of them being Thalerhof near Graz in Austria). At first, over 60 thousand people were killed, over 100 thousand people escaped to Russia, another 80 thousand were killed after the first retreat of Russian army including some 300 Uniate priests suspected of sympathy for Orthodoxy and Russia. All Russian deputies of the Vienna Parliament were shot.

Subcarpathian "Ukrainophiles," the ideological forefathers of Banderites, played an important role in unleashing this terrible genocide. Here is what a Galician-Russian historian V. Vavrik wrote about these events[97]: "Austrian-Magyar terror engulfed the whole Subcarpathian Rus... at once... Our brothers who disavowed Rus became not only myrmidons of the Habsburg monarchy, but also the most lowdown snitches and even executioners of their native people... they performed the most despicable, shameful assignments of German equestrians. It is enough to have a look through the Ukrainian newspaper *Dilo*, which was published for the intelligentsia, to make sure of this once and for all. Sokal uyezd was a log in the eyes of "Ukrainian patriots," so they showered delations

[97] Vavrik V. *Razorenie gnezda. Kartina voennogo terrora na Galitskoy Rusi v 1914 g* [Destruction of the nest. The picture of military terror in Galicia in 1914]. Lvov, Nauka Publ., June-July 1936. (In Russian)

against the Russian people like hail from a black thundercloud... Steniatinsky, a teacher, turned prominent, active peasants of the neighborhood to the authorities... In the village of Makoviski, Uniate priest Kraychik was delating against his parishioners. In the village of Sosnitsa, "men of trust" – Ukrainians Mikhail Slyusar, village headman Mikhail Kushnir, and others, delated against their fellow villagers, on basis of which the peasants were hanged... The Magyar uhlans tied two men, Nikolai Smigorovsky and Andrei Gardy, to their saddles and dragged four kilometers to the village of Zadubrovy and back, and then hung them on willows. In the Stanislav prison in Dubrov, executions did not cease from morning till night..."

V. Vavrik also gives horrific data regarding the camp of Thalerhof[98]. "...We have a precise description of this Austrian hell made by Thalerhof captives in their notes and diaries. The first group of Russian people from Galitsiya was brought to Thalerhof on September 4, 1914. There were no barracks in Thalerhof till winter of 1916. People grouped together were lying on damp ground in the open air exposed to cold, darkness, rain and frost... Ioann Maschak, a priest, noted under the date of December 11, 1914, that 11 people were bitten to death by lice. There were pillars around all territory of Thalerhof with martyrs hanging on them, who had already been mercilessly pummeled; there was also German procedure of

[98] Vavrik V. *Terezin and Talergof.* Philadelphia, 1966.

anbinden, when a person was hanged up by one leg. There were no exclusions even for women and priests... However, brutality of Germans' could not even compare with violence of compatriots. No German could penetrate Slovenian Rusyn soul with his iron boots deeper than the same Slovenian, who called himself Ukrainian, someone like Mr. Timchuk, informer and hangman, a police officer of Peremyshl town, who spoke about his native population as if they were cattle. He was the right hand of Piller, an executioner, whom he supplied with information about prisoners. However, Timchuk was outdone by another Ukrainian, Chirovskiy, son of a Uniate priest and ober-lieutenant of Austrian reserve... All Thalerhof prisoners characterize him as a professional torturer and executioner."

Here is another testimony of a Thalerhof prisoner, M.A. Marko, "It is terrifying and painful to recall that still close period of our national history, when own brethren, brought up in the same domestic and ethnographic conditions, not only readily took part with the physical tortures of his own nation, but even more so, required such tortures and insisted on them... Subcarpathian "Ukrainians" were one of the key initiators of our national martyrology during the war time."[99]

In the context of the described and said above, it is appropriate to cite the diagnosis established in respect of "nativism" by one of

[99] *Galitskaya Golgofa* [Galician Golgotha]. The U.S., published by P. Gardyi, 1964. (In Russian)

the greatest researchers of this phenomenon, a Russian historian N. Ulyanov[100]: "It was once taken for granted that the national essence of a people is best expressed by the party that leads the nationalist movement. Nowadays, Ukrainian nativism provides an example of the greatest hatred toward all most honored and most ancient traditions and cultural values of the Little Russian people: it persecuted the Old Church Slavonic language established in Russia since the adoption of Christianity, and even more cruelly persecuted the all-Russian literary language, which for a thousand years was at the core of writing in all parts of the Kievan state, they are changing the cultural and historical terminology, traditional assessments of the characters and events of the past. All of this means not understanding and affirmation, but eradication of the national soul..."

National nativism was encouraged not only by executions, shootings and genocide of entire nations. A little-studied page in history is the Leninist-Trotskyist period, which has been interpreted by nativist historians in a totally wrong way. Meanwhile, the first 20 years of the Soviet regime were a true golden age of nativism. The total Ukrainization, conducted against the background of genocide of the Russian people, devastation of Russian culture, church, destruction of the intelligentsia, was an important part of Lenin's national policy. Many members of the Association of Ukrainian

[100] Ulyanov N. *Proiskhozhdenie ukrainskogo separatizma* [Origins of Ukrainian separatism]. Moscow, Vagrius Publ., 2006 (In Russian, reprint)

Progressists (TUP), the main separatist organization of the time, sided with the Bolsheviks, including such "giants" as Grushevsky and Vynnychenko. In 1923, the famous decree of the Central Committee of the All-Union Communist Party of the Bolsheviks on mandatory Ukrainization was issued. According to this decree, the condition of employment, regardless of education, academic degree, etc., was a certificate of completing the course of Ukrainian studies. The total forcible Ukrainization engulfed in those years the space from Eastern Volhynia to the Kuban and Stavropol Territories. "The recalcitrant enemies" were, as it is known, eliminated.

In this regard, it should be noted that Chubar, the man whose name is inextricably linked to the terrible famine of the 1930s, the chairman of the Council of People's Commissars of the Ukrainian SSR since 1923 (he signed the infamous Decree "On Combating Sabotage in Grain Collection" of December 6, 1932), at the same time was an ardent Bolshevist "Ukrainizer." It is also highly educational to trace the geography of Bolshevist genocide. It embraced in the first place the well-to-do regions – Volhynia, Poltava, that from olden times were a stronghold of exactly Russian conservative and preservative forces. Curious as it might seem today, there were more members of the Union of the Russian People in Volhynia than anywhere else. One of the main spiritual centers of the entire Rus, including

Volhynia, was the Pochaev Lavra, and the spiritual leader of that time was the Archbishop of Volhynia Antony (Khrapovitsky), an outstanding Orthodox theologian, together with Pochaev father superior, Archimandrite Vitaly (Maximenko), who was considered an informal "dictator" of the province. In Poltava region, the revolt of Martyn Pushkar broke out against Vyhovsky who tried to turn Little Russia back to Poland, it was the Poltava colonel Iskra who unveiled the treason of Mazepa... Poltava land gave the world a great Russian writer Gogol. The history of this region includes a characteristic episode: when the well-known "nativist" Chubinsky (the author of the anthem *Nay, thou art not dead, Ukraine*) was visiting Poltava region with propaganda purposes, he was simply beaten by Poltava peasants.

The forcible Bolshevist Ukrainization also befell Novorossiya. It was important for the Bolsheviks to show the whole world that the small peoples liberated from the yoke of tsarism obtain actual rights and freedoms, a genuine "rootage," only from the Soviet power. They expected to use the Ukrainian SSR as a lodestar of sorts to promote socialism toward Western Ukraine, and then to Poland, because they were convinced that Ukrainization would give the Sovietization process attractive forms. In the 1920s the Ukrainian language and culture were consistently propagated in Novorossiya. Books, textbooks, and newspapers were translated. Ukrainian is used as the language of theaters,

government bodies, education system and courts. The very name "Novorossiya" disappears after inclusion of the territory into the Ukrainian SSR.

It is interesting to compare the results of two censuses – the All-Union city census in 1923 and the First All-Union census in 1926, when the process of Ukrainization was already well under way. In 1923, there were only 2.2 thousand Ukrainians in Donetsk (6.9% of the total population), three years after, their number increased 12.5-fold. In Odessa, 21 thousand (6.6%), in 1926 – three and a half times more. In Dnepropetrovsk, 20.6 thousand (16%), with more than a fourfold increase. Accordingly, the relative share of the Russian population decreased. In Lugansk, from 63.4 to 43,7%. In Mariupol, from 52.8 to 35.2%. In Artemovsk, there were 50.8% Russians in 1923, with only 23.5% in 1926. Such figures are given by Alexander Karevin, a well-known Kiev publicist, philologist and historian, specialist in South Russian history. These statistics describe the process not only of Ukrainization, but also of the second urbanization of Novorossiya, when the rural population, mostly the Little Russians, flocked to cities fleeing war, famine and collectivization. However, Ukrainian peasants dissolved after relocation in the Russian cultural melting pot, while Russians still remained the dominant ethnic group. Given the traditionally strong position of the Russian language, the republican leadership essentially supported the

Ukrainian language and culture. In 1923, there was but a single Ukrainian school per district of the Donbass, in 1929, their number exceeded 30. In Nikolaev in the 1927-1928 academic year, out of 30 schools there were already 12 Ukrainian and 12 Russian. In Odessa, out of 66 schools 23 were Ukrainian, and 15 Jewish. In 1927, it was believed that 82% of schools in the Ukrainian SSR had been Ukrainized. As noted by A. Mekhanik[101], support of the Ukrainian language in the Soviet era became part of a general policy of supporting national languages, even in defiance of common sense. Such a policy fully complied with the thesis of the leader of the peoples on culture "socialist in content and national in form."

It is important to note that historically, there was no Ukrainian Nazism at the mundane level either in Malorossiya or in Novorossiya. Ukrainian culture developed there in organic unity with the all-Russian culture, generating many remarkable figures in the most diverse spheres of life, like Gogol, Shevchenko, Dal, Dovzhenko, poetess Anna Akhmatova, movie director Stanislav Govorukhin, satirist Mikhail Zhvanetsky, marshal Rodion Malinovsky, submariner Alexander Marinesko, writer Korney Chukovsky, singer Leonid Utesov, composer Sergei Prokofiev, mathematician Grigory Fikhtengolts, poet Sasha Cherny and many others.

Ukrainian nationalism never acquired

[101] Mekhanik A. *Yazyk, avtonomiya, nezavisimost* [Language, autonomy, independence]. *Expert*, No. 11 (937), 2015. (In Russian)

aggressive forms within the framework of a single country, it proceeded from Ukrainian specificity as an organic part of the single Russian people. Moreover, this was the root part which actually gave birth to the Great Russian people, the Great Russian word, the Great Russian state, in the establishing of which Ukrainians took the most active part, rightfully feeling themselves masters of the Russian Land from Chukotka to Chişinău. Kiev proudly bears the name of the mother of all Russian cities, and the Kiev-Mohyla Academy is rightly considered the progenitress of the modern Russian language[102]. Ironically, during the years of Ukrainian independence, the academy transformed from a respectable university training in the first place in exact and fundamental sciences into a Russophobic bulwark of pro-American policy with an official ban on speaking within its grounds any languages other than Ukrainian or English.

Within a single empire, be it Russian Orthodox or Soviet communist one, Ukrainian nationalism could not objectively evolve into Nazism. Even Bolshevist experiments with Ukrainization ended in a failure, and Ukrainization took humane forms of Soviet Ukrainian literature. Soviet culture created a positive image of the Ukrainian character, the

[102] From the book of O. Monchalovsky *Literary and political Ukrainophilia* (1898, in Russian): "The main collaborators of Peter I in the field of scientific, literary and partly state activity were Little Russians, the pupils of the Kiev [Mohyla] Academy; of course, they could not but bring their mite to the treasury of the all-Russian language, could not but influence it with the peculiarity of their South Russian nature, their South Russian spirit. And this participation of Little Russians in the all-Russian linguistic work continued after Peter..."

same Russian in spirit, but at the same time original in a stubborn disposition, a sense of humor, thrift and businesslike approach. At the same time, he is always ready to stand up for his friends, showing courage and heroism in the defense of one country that unites Russians with other peoples of the Empire, in building of the common House. But such is the essence of the historical irony: although today the Ukrainian language became the only official language in Ukraine and, obviously, is much more widely used in everyday life than in the last years of Soviet power, this did not result in development of its cultural basis. The latter requires a massive publication of literature in the Ukrainian language, however, even in today's "nativist" Kiev in the book store "Naukova Dumka" ("Scientific Thought") on Grushevsky Street, scientific literature in the national language is nowhere to be found. It simply does not exist[103].

Thus, the practice of propagated Ukrainization showed that the very appearance and spread of Ukrainian nationalism was always outwardly induced and directed against Russia. Although periodically victims of the Ukrainian Nazis were also Jews and Poles, depending on the policies of the states that directed the Ukrainian Nazis. Sweeping into power, the Ukrainian Nazis always implemented the program implanted in their consciousness, to destroy everything Russian – people, language,

[103] Mekhanik A. *Yazyk, avtonomiya, nezavisimost* [Language, autonomy, independence]. *Expert*, No. 11 (937), 2015. (In Russian)

culture, faith.

Almost all Ukrainian Nazis professed uniatism, that is, the Greek Catholic Church subordinate to the Vatican and imposed by the Catholic countries which controlled the western part of modern Ukraine. They were always distinguished by a low level of education and culture in comparison with the rest of Ukrainian population who lived in the same cultural environment with Russia. And they always lived worse than Malorossiya and Novorossiya, specializing in supply of migrant workers to European countries. They have never been masters of their land, obeying Poland one day, Austria-Hungary another day. This inferiority complex became a breeding ground for hatred toward Russian population of the rest of Ukraine, who lived a full life of masters of their land and builders of the world's greatest Empire with advanced culture, science and technology[104]. Hatred, in its turn, immediately transforms into a sense of superiority and sadism, as soon as the Nazis get their hands on weapons and power.

The consistent policy of "Ukrainization" was started by Austria at the end of the 19th century in Galicia, in order to prepare the socio-cultural

[104] The words of P. Skoropadsky, a general of the Imperial Army, and hetman of Ukraine in 1918: "The narrow-minded Ukrainism is the product brought to us exclusively from Galicia, a culture that does not make any sense for us to transplant completely, as there is no evidence of success and this is just a crime, because there is, in fact, no culture there. After all, Galicians live on leftovers from the German and Polish table. Their language alone clearly reflects this, where four out of five words are of Polish or German origin. (...) Great Russians and our Ukrainians have created by combined efforts Russian science, Russian literature, music and art, and to give up these high and mighty things in order to replace them with the squalor that Galicians so graciously offer to us Ukrainians, would be just ridiculous and unthinkable ..."

ground for seizing the territories around the Dnieper. It was through the environment of "nativist" Galicians that the idea of creating the state of "Ukraine" from the Carpathians to the Volga River and the Caucasus was thrown in. This initially anti-Russian project elicited response in the U.S. There, publication of the emigre liberal newspaper "Svoboda" ("Freedom") with a pro-Ukrainian orientation started in 1893. The archives of this periodical, which, by the way, is still published, allow easy tracing of the first mentions of the "Ukrainian" people[105]. This euphemism was born for the first time on October 15, 1914, two months after the outbreak of the First World War, when the plan for dismembering the united Russian people and the Russian Empire was finalized.

Supported by the U.S., the Austrian project to "Ukrainize" Eastern Galicia and transform it into the center of "a special Ukrainian culture," as we understand quite well, was not altruistic at all. It was about "cognitive management," since the monarchy was not ready to "digest" 30 million new Ukrainians. During the Civil War, (Austrian) Galician Uniates slaughtered Poles and Red Army soldiers, and Uniate priests became the ideological core of the Ukrainian and German Nazis during the Second World War, butchering the civilian population of Western Ukraine until the 1950s.

These traditions of genociding the Subcarpathian Ruthenians in the First World

[105] Ibid.

War, and then of stepwise extermination of Russian residents of Galicia until the middle of the last century, were reincarnated on the Kiev Maidan. According to the confession of the Ukrainian Greek Catholic Church (UGCC), up to half of those attending the Maidan belonged to their congregation. The temples of Greek Catholics and dissenting Kiev Patriarchate were turned into militant bases. Uniate priests called for violence and murder. The UGCC and the UOC-KP received strong support from Washington, where they arrived on February 5, 2014 ("Day of Ukraine in the United States") to participate in the National Prayer Breakfast with President Obama and other U.S. politicians. And on the eve of the bloody events in the center of Kiev, the Pope announced the creation of the Crimean UGCC Exarchate, intended to strengthen the positions of the Uniates and other anti-Russian forces in the region. By the way, today, Rome actively promotes in the public consciousness through the things said by the Pope the idea of the same historical responsibility for the Second World War of the Nazi regime of Hitler and the political regime of Stalin, essentially equating them.

It follows from the above that Ukrainian Nazism has a borrowed and imported nature. It did not grow up from the Ukrainian cultural environment, but was always introduced from outside – Austria-Hungary, Poland, Germany and the United States. Therefore, it does not have its own cultural Ukrainian ground. Modern

Ukrainian Nazis do not know not only Russian but also Ukrainian culture, which is replaced for them by an all-blinding hatred of everything Russian. They do not speak Ukrainian well. In their leading stratum, there are almost no ethnic Ukrainians. Debates in the Verkhovna Rada amaze with pettiness of their content, being substituted with squabbling and fisticuffs.

At the same time, all those who are now depicted by nativists as national heroes on the blue-and-yellow banners, initially were insulted when named "Ukrainians." The passports of Ivan Franko and Lesya Ukrainka (Kosach) have entries "Rusyn" and "Rusynka." In his manifesto to the Cossacks, Bohdan Khmelnytsky writes thus: "I, the hereditary Russian nobleman, hereby command..." A. Skovoroda wrote about himself: "I'm a barefoot Russian philosopher." And the above-mentioned Franko recorded the following in his diary : "I was deeply insulted today, I was called a Ukrainian, although everyone knows that I'm a Rusyn." We also know the position regarding the issue of "Ukrainism" taken by Taras Shevchenko, the patriarch of Ukrainian literature, who with equal talent wrote both in Ukrainian and in Russian. His works and poems were included in the treasury of both Ukrainian and Russian classical literature. Shevchenko did not separate Ukraine from Russia and did not imagine their separate existence. There is not a single work about separate living. He stormed at his neighbors (mostly concerning serfdom, a remnant of the

past economic system), but he did not call for parting with them.

Shevchenko actually wrote about two dozen pieces in Russian[106].

The ancestor of Ukrainian literature quite clearly points to the external reason for dissociation of the Slavic peoples:

> *"...'Twas thus the Germans to the torch*
> *The Slavic mansion put, and rent*
> *The family of Slavs apart,*
> *And slyly planted in their hearts*
> *The savage serpent of dissent..."* ("The Heretic")

At that time, the Russian people lived in unity of Great Russians, Little Russians and Belorussians, and the Ukrainian poet could never have imagined the separation between Russia and Ukraine, which he loved as his Little Motherland included in the great Russian-Slavic world. He had a dream:

> *"...The brothers at each other gazed*
> *And fondly recognized,*
> *Clasped hands in love, and warmly vowed*
> *Forever friends to be!*
> *And all the Slavic rivers flowed*
> *Into a common sea!"* ("The Heretic")

[106] Only nine are extant: "Naimychka" (The Servant Girl), "Varnak" (The Convict), "Kniaginia" (The Princess), "Muzykant" (The Musician), "Neschastnyi" (The Unfortunate Man), "Kapitansha" (The Captain's Woman), "Bliznetsy" (The Twins), "Khudozhnik" (The Artist), "Progulka s udovol'stviiem i ne bez morali" (A Stroll with Pleasure and Not without a Moral). In addition, there's a poem "Trizna" (Funeral Feast) and a drama "Nazar Stodolia" often staged by theaters.

"...While I pray to God
That all Slavs as faithful brothers,
As one man should stand,
True sons of the sun of justice..." ("The Heretic")

And a self-evident thing for Shevchenko is integration of the entire Slavic world under the scepter of the Russian Emperor:

"...Love each other, children of glory,
Love will save us!
Glory, honor to you forever,
Our double-headed eagle!
For you will pull us from slavery
And by your talons
From long neglect you will bring to light
The Slavic destiny!" ("To Slavs")

Shevchenko, who called Slavs "children of glory," imagined their unification only within the geographical framework of the Russian Empire extended by the Slavic lands of the fallen Byzantine Empire:

"...Ye children of glory,
Your era is dawning:
From Bánság to Kamchatka
The sound of voices rings out.
From Bánság to Kamchatka,

From Finland to Bosporus
The mystery of a great dispute
Is being resolved..." ("To Slavs")

In this dispute between the Slavs and their eternal oppressors, the Germanic tribes, Shevchenko clearly does not side with the "European choice" of the current Ukrainian leadership. He would unequivocally have cursed the dissenters, grant-eaters, journalists and oligarchs who seduced part of the people of Ukraine with a mirage of European integration to separate it from the Russian World:

"...Woe unto them who suppressed minds
With the word of God,
And used the truth
For covetousness and mammon.
Woe unto scholars
That qualified evil things as good,
And unto them who were hiding the holy truth
From common folk,
Unto all venal philosophers!
The spirit of sanctity
Will disperse their cunning
Like dust across the wilderness!" ("To Slavs")

Thus the great Ukrainian poet draws the line, emphasizing the inevitable unity of the Slavic-Russian Orthodox world.

Therefore, Ukrainian nazism was engendered by the anti-Russian policy of the West. Formed initially by Austria-Hungary in order to establish control over the Carpatho-Russia and perform genocide of the Rusyns, it was also directed at stirring up separatism in Malorossiya and Novorossiya to undermine the Russian Empire from within. Today it became an instrument of imperial policy of the U.S., that uses it as a weapon against Russia aided by modern technologies of nation-building. Ideologically, it is the successor of Ukrainian fascism, nurtured by Hitlerite Germany as an improvised means for exploitation and intimidation of the people of Ukraine during its occupation. However, thanks to modern consciousness manipulation technology, it has become much more sophisticated and effective. Whereas the Hitlerite henchmen tried to control enslaved compatriots through direct violence, counting on fear, the neo-Nazis brought up by Americans have high-class experts, speakers and technologists who can worm themselves into one's confidence, make one believe an outright lie, hate one's parents and brethren without objective grounds. The technologies used by them proved to be so effective that they allowed to create in two decades a new nation out of the clever, educated and cultural post-Soviet people, united by one idea of killing everything Russian. Let us consider them in more detail.

The criminal activities of the U.S. secret services for nurturing of anti-Russian Nazi organizations in Ukraine

As already mentioned above, the organization of coups d'état in various countries is carried out by the U.S. by the same established schemes, differing only in the color of ribbons and the names of "sacred sacrifices." Their technologies are elaborated to the level of universal standards both in terms of schedules of consistent tension escalation, and of ways to arrange funding of revolutionary forces. At the same time, the technology of preparing and organizing the seizure of power by pro-American Nazis in Ukraine, as well as the methods of their nurturing, deserve special attention.

The work on Ukraine involved a whole network of U.S. and EU organizations engaged in "export of democracy." An analysis of the accumulated information shows that the main foreign centers that developed a strategy for influencing the development of the socio-political situation in Ukraine were the following:

- Albert Einstein Institution (Sharp and Helvey)[107];
- Institute for Democracy in Eastern Europe

[107] In addition to the book *From Dictatorship to Democracy* mentioned above, Sharp wrote under the auspices of the Institute a number of "workbooks" on the processes of social transformation, including *There Are Realistic Alternatives, The Role of Power in Nonviolent Struggle*, *The politics of nonviolent action* (1994), *Self-Reliant Defense Without Bankruptcy or War* (1992), *National Security Through Civilian-Based Defense* (1985), *Making the Abolition of War a Realistic Goal* (1990).

(the U.S.);

- The International Crisis Group (Soros);
- Office for Free Elections and Democracy (Warsaw, Poland);
- Center for Democracy Foundation (Belgrade, Serbia);
- Center for Applied Nonviolent Actions and Strategies.

At the same time, the main non-resident donors that financed the activities of Ukrainian non-governmental organizations that participated in the implementation of strategic plans on "reforming" civil society were:

- National Endowment for Democracy USA (Duke);
- The International Republican Institute (the U.S.);
- The National Democratic Institute (the U.S.);
- The Open Society Foundation (Soros);
- The World Bank. Freedom House, funded by the U.S. government[108];
- The Eurasia Foundation, which is considered private, but is supported by the United States Agency for International Development;
- The foundations of K. Adenauer, F. Naumann, H. Seidel, F. Ebert (Germany).

The available information makes it possible to identify the main coordination link in the distribution of funds directly in Ukraine – the U.S. Embassy. The main flow of resources for

[108] www.freedomhouse.org.ua. Previously led by J. Woolsey, former director of the CIA.

"democratization" went through the U.S. and German embassies, the U.S. Agency for International Development (subordinated to the U.S. Department of State), and to a lesser extent, through the German, Swedish and Canadian international development agencies. Obviously, it was the U.S. Department of State that developed the strategy of seizing power in Ukraine, while the current planning and management of the military campaign was performed by the U.S. embassy in Kiev that coordinated the activities of other embassies and various missions of NATO countries. By joint efforts they created an extensive network of non-governmental organizations and influence agents, penetrating into all power structures, the media, educational institutions and public organizations in all regions of Ukraine.

Two decades of digging around the Ukrainian democratic meadow have revealed several echelons of foreign financing recipients. There are many notorious names of various structures who were (and still are) most greedy for overseas grants, engaged primarily in analytical, consulting and information activities. The bulk of them in a "democratic frenzy" and the desire to please the sponsors (as the fate of the following tranches depends on this) conducted an unprecedented propaganda campaign to hammer into the Ukrainian mass consciousness the non-existent advantages of associative membership in the EU[109]. The most

[109] TV and newspapers alleged that Ukraine was preparing to join the EU, and not just to sign the Association Agreement offensive to any state that values its economic

notable of them are: Razumkov Centre, Institute of World Politics, Institute for Mass Information, Democratic Initiatives Foundation, Kiev International Institute of Sociology, International Center for Advanced Studies, Centre of Policy and Legal Reform, Ukrainian Center for Independent Political Research, School of Political Analytics, Centre UA, etc.

By way of an illustration of the scope of their activities, let us review the list of grants provided to the Ukrainian NGOs in 2012 by the U.S. National Endowment for Democracy alone : Center for Humane Technologies AHALAR ($35,230); Resource Center ANGO ($30,086); Association of Ukrainian Human Rights Monitors on Law Enforcement ($44,900); Bakhchysarai Center for Regional Development "Top-Kaya" ($15,526); Bukovina Agency ($48,295); Center for International Private Enterprise ($359,945); Center for Political Research and Analysis ($27,940); Center of Progressive Young People "Apelsin" ($25,000); Donbass Social Prospects Research Center ($39,776); Center for the Study of Social Processes and Humanitarian Issues ($30,060); Cherkassy Committee of Voters of Ukraine ($34,993); Chernigov Youth Educational Center "Initiative" ($27,930); Chernovtsy Committee of Voters of Ukraine ($29,920); Information and Analytical Center "Civic Space" ($31,535); Civil Initiatives Support Center ($48,486); Donetsk Committee of Voters of

sovereignty; when economic arguments ceased to have effect, the most primitive arguments were used about a "civilizational choice" of the European vector on part of Ukraine, and Ukrainians were equated with Europeans.

Ukraine ($52,930); Foundation for Promotion of Civil Activity ($27,130); Human Rights Training Center ($19,370); Independent Association of Broadcasters ($39,271); Institute for Euro-Atlantic Cooperation ($48,120); Institute of Political Education ($47,994); Institute of the Republic ($29,990); Kharkov Human Rights Protection Group ($47,200); Kherson Committee of Voters of Ukraine ($40,890); Lugansk Business Club "European Choice" ($32,000); National Democratic Institute for International Affairs ($345,000); Odessa Committee of Voters of Ukraine ($41,851); Razumkov Centre for Economic and Political Studies ($39,990); Sumy Regional Committee of Youth Organizations ($56,260); Ukrainian Catholic University ($35,000); Ukrainian Youth Association ($42,900); Vinnitsa Youth Organization "Nashe Podillya" ($52,046), along with many other grants and organizations[110].

As has been already indicated, only according to the official confession of the U.S. Department of State, more than $5 billion were spent on indoctrination of the Ukrainian public consciousness. Table 1 shows the budget of individual U.S. organizations in respect of Ukrainian projects, the total number of which exceeded one thousand.

Table 1. The budgets of individual U.S. organizations in respect of Ukrainian projects

	2004	2005	2006	2007

[110] Munchaev S. *Antirossiyskaya napravlennost i posledstviya zapadnykh planov i programm razvitiya Ukrainy* [Anti-Russian orientation and consequences of Western plans and Ukraine development programs]. Moscow, 2014. (In Russian)

1. U.S. Department of State	12,151,788	19,971,049	25,158,669	15,747,595
2. U.S. Department of Defense		3,518,497	4,692,145	3,062,472
3. US AID	105,645,734	108,824,711	107,398,664	56,076,656
4. Peace Corps	300,438	1,215,570	188,493	877,599
5. Open World Leadership Center	32,400		1,211,257	

	2008	**2009**	**2010**	**2011**	**Total 2001-2011**
1.	23,906,152	27,821,694	64,835,378	23,150,977	216,307,672
2.	2,227,318	6,388,149	16,788,422		74,035,330
3.	74,412,521	85,575,952	143,111,225	64,938,873	1,038,367,005
4.	–	780,182	–	956,166	16,309,448
5.	2,192,827	2,772,181	2,570,282		9,070,547

The key link in the networks of American influence is the media. The largest Internet portal *Ukrainian Truth* was set up by the U.S. for the "orange revolution" as far back as in 2004. For the coup of 2014, Internet television channels *Gromadske Telebachennya*, *espresso.tv* and *spilno.tv* were created, which operated as direct American agents. For example, the project *Gromadske Telebachennya* (one of which employees was Mustafa Nayem, at whose behest the EuroMaidan began) for several months concealed its sources of funding, and only under the pressure of the anti-Maidan public opinion it was forced to disclose them. It turned out that 90% of the funds were received from abroad, including directly from the slush funds of the U.S. Congress[111], as well as from a number of foreign embassies.

[111] Non-resident grantors, as well as Ukrainian recipient structures, are listed in detail above.

The American guidance of the preparations for the coup d'état and the activities of the current Ukrainian authorities is evident in the stylistics of statements made by politicians and officials of the Kiev regime. Many of them are written in a language which is not typical for either Russian or Ukrainian orthography. Some phrases are built according to typically English canons, and when translated from English into Ukrainian sound unnatural or even completely meaningless. Phrases like "I see no-one" <*the relevant Ukrainian or Russian phrase calls for double negation – TN*> constantly slip in the statements of officials of the Kiev regime, especially in their written versions. Also, nouns are often capitalized, which is not common in either Russian or Ukrainian. It means that Ukrainian officials are not independent even in the preparation of their own speeches, and are forced to read from paper the texts written by their American curators.

The nature of the conduct of the punitive operation in the Donbass also indicates that the real direction of the military operations is carried out by the U.S. military advisers. The Soviet school of warfare implies a "combined-arms battle" with coordinated employment of all available military branches. This is how the militiamen are fighting, many of whom served in the Soviet Army. The punitive force of the Kiev regime fights in an absolutely different way. They try their hardest to avoid close-quarter firefight, concentrating their efforts on shelling

residential areas of populated zones from the maximum possible distance. This style of combat is typical for the U.S. military that have demonstrated it in Serbia, Afghanistan, Libya and Syria.

The direct U.S. management of the Ukrainian authorities is especially vivid in their active list. To begin with, the distribution of key positions in the new government was carried out strictly in accordance with the words of Victoria Nuland in the well-known intercepted telephone conversation: Poroshenko – the president, Yatsenyuk – the prime minister, Klitschko – the mayor of Kiev. Given that two out of the three positions are elective, it is clear that the "election" was in fact a farce with a pre-known result. All the latest appointments in the government are likewise conspicuous. Many key positions in the Ukrainian Cabinet and regional government agencies were given to the famous American "proxies" from among the Georgian and Baltic activists of the previous "color revolutions," as well as to former employees of the U.S. Department of State having Ukrainian origin.

The construction of the anti-Russian Nazi state is conducted by the U.S. secret services with the help of technologies of manipulating the mass consciousness, education of youth on fictitious myths about the eternal struggle of Ukrainians for liberation from the Russian yoke, creation of Nazi death squads for intimidating and reducing the common citizens to

submission, open violence towards other-minded people, physical elimination of resistance leaders, direct control over the activities of public authorities, politicians and officials.

Consciousness manipulation is the most important battlefront of the U.S. aggression. Propaganda of the Kiev regime, carried out with the help of several large media holdings, like in the kingdom of crooked mirrors or in the story *The Magic Voice of Gelsomino* by Gianni Rodari, turns all the facts around, calling white things black, calling aggression defense and vice versa, calling victims criminals, and executioners heroes. The media used the term "peaceful protesters" in respect of the militants armed with batons and Molotov cocktails who attacked police officers in Kiev. Participants of an unconstitutional coup on February 22 were "Constitution defenders" for them. The Nazis manipulated by the U.S. were called "patriots," and opponents of Eurofascism were branded "traitors."

After seizure of power and establishment of the pro-American regime, political technologies underwent radical changes. While before the coup d'état the emphasis was laid on criticizing the Yanukovych government in defense of "European values," after the seizure of power, the main task of the U.S. was to legitimize violence, political repression and genocide of the Russian population committed by Ukrainian Nazis. Millions of Ukrainian citizens risk being

stigmatized as enemies of the people, criminals, traitors and "agents of Putin" only because they do not support forced European integration and severance of relations with Russia.

While before the coup d'état the ruling regime was branded as anti-popular and oligarchic, thereafter it began to be presented as democratic and responsible without no changes in its essence. Propaganda lies of the "hidnist[112] revolution" know no limits. Not even a single commitment of the pro-American "revolutionaries" has been fulfilled. They promised a visa-free regime with the EU, but a visa to the EU countries has become for a Ukrainian much harder to get. They promised a fivefold increase of wages and pensions, but real wages decreased almost fourfold, and the amount of pensions sinked below the subsistence line. They promised to remove the oligarchs from power, as a result, the most infamous of them became governors, and one, even became the president of Ukraine. They promised "European education," the result of it being a plan to reduce the number of universities from 802 to 317. They promised honest and fair courts, but got the arbitrariness of ultra-right factions and political police pursuing other-minded people. They promised a 15-year prolongation of life, but got an increase in retirement age and the risk of not living long enough to see one's pension. They promised huge Western investments, but got a massive

[112] In Ukrainian, "dignity."

flight of capital from Ukraine. They promised new jobs, but got an increase in unemployment.

Lying is the core of all consciousness manipulation technologies used by Americans. People are indoctrinated with false ideas about real interrelations in society, economy, politics. The mythology necessary to Americans is implanted in their mind, often directly contradicting the reality. In the case of Ukraine, it's the mythology of the eternal oppression of the Ukrainian people by Russia, the genocide of Ukrainians by Moskals under the Soviet regime, the salvational role of European countries caring for unhappy Ukrainians. In this mythology, everything is turned inside out. In historical reality, Ukraine flourished only as a part of one country with Russia, Ukrainians were never discriminated against by Russia, unlike Poland, Austria-Hungary and Germany, under oppression of which Ukrainians were powerless serfs treated no better than beasts of draught. Soviet power began with the creation of Ukrainian statehood in the territory of Malorossiya and Novorossiya and forced Ukrainization of the resident Russian population.

One has to marvel at the effectiveness of American technologies of manipulating the consciousness of millions of educated people. Ukrainian Nazis are so imbued with a false understanding of historical reality that they are enthusiastically demolishing monuments to Lenin, the founding father of Ukrainian

statehood. They destroy monuments to Soviet soldiers of the four Ukrainian battlefronts, who at the expense of their lives liberated Ukraine from the Nazis that drove to Germany and killed millions of Ukrainians. And they eat out of hands of German, Polish and American politicians, who traditionally treat Ukrainians as subhumans, forcing them to do the dirty work. In peacetime, to clean up the mess after the European masters and to sweat one's guts out for them for a pittance, and in wartime, to kill their compatriots who resist the Western invaders.

The amazing results of applying the U.S. technologies that allowed over the past two decades to transform a significant part of Ukraine's population from highly educated and law-abiding citizens into an aggressive pack of obedient militants ready for any crimes require the professional analysis of psychologists. As things stand now, we can state the following obvious things. First, the indoctrination of public consciousness was conducted on a systemic and professional basis, with the aim of introducing into the Ukrainian mind the above myths about oppression of Ukrainians by Russia and their rescue from this oppression by the West.

Secondly, this mythology was supplemented on a subconscious level by the guidelines for supremacy of the West and humiliation of Russia. A complex of inferiority to Americans and Europeans and a complex of superiority to Russians were hammered in the minds of

people. Simultaneously, a guilt complex was being developed in Russians. Since both Ukrainians and Russians belong to the same civilization and are in fact one people, these complexes should have put each person before the choice, either to be proud of oneself as a Ukrainian and a potential European, or to acknowledge oneself with shame as a Russian repenting for the alleged oppression of Ukrainians by Moskals. Such was the choice induced by the symbols, which the political engineers used to introduce into the consciousness the appropriate understanding of superiority of the Ukrainian over the Russian. For example, St. George ribbon, a sacred symbol for all peoples of the former USSR, was blasphemously defiled by comparison with the Colorado beetle imported from America. This instilled a sense of shame for accomplishment of the greatest feat of our people in history, the Great Victory over the fascism that came from Europe. Defilement of symbols that testify to the moral and physical superiority of Russian civilization was necessary to persuade Ukrainians of the opposite. Mockery of the common victory removes the psychological barrier to oppress the winners. A European lackey suddenly begins to feel like an overman with regard to a similar person not cringing before the West.

Thirdly, the taboo on the use of violence was removed in the minds of people. While prior to the coup, its use against law enforcement

officers was justified by the struggle for freedom from a corrupt oligarchic state for "European choice," after the coup it was allowed to physically eliminate everyone not agreeing with this choice.

Persons affected by a complex of inferiority to Europeans and a complex of superiority to the Russian people were given weapons and a mandate for killing their own kind. In so doing, the stake was placed on youth. A yesterday's mugger who dragged out a miserable existence and was deprived of life prospects, hiding from the militia and grabbing things one could lay one's hands on, suddenly felt like a hero commanding the lives and property of respectable citizens, whom he could not approach yesterday.

Regular use of violence became the basis for the social organization of Ukrainian neo-Nazis. There is a lot of information on crimes committed in EuroMaidan during the period from November 30, 2013 to February 22, 2014. In particular, in the Kiev Trade Union House seized by Maidan activists, torture chambers were made, and the assassinations of EuroMaidan opponents were conveyorized. An arrested militant of National Guard testified that he personally killed ten people shooting them in the back of the head, and the total number of victims that he knew of, whose corpses were taken out and buried in the forest in Brovary, was at least 99 persons (it being only the

number of known victims)[113].

There are accounts of eyewitnesses and photo facts confirming acts of torture and humiliation, when Maidan activists wrote insulting inscriptions on people's foreheads, forced them to kneel, poured them over with cold water at sub-zero temperatures in the open air and so on. For example, an elderly blogger Sergey Rulev, who was an opponent of the Euro-Maidan, was tortured for several hours in the Trade Union House, beaten, needles were driven under his nails, and pliers were applied to him.

Clear historical parallels can be automatically made with activities of the punitive bodies of the Austrian and German occupation of Ukraine during the First and the Second World War[114].

Our history has already had periods of similar transformation of the consciousness of large masses of people. In 1917, after the collapse of the Russian Empire, vast masses of pauperized youth from the same Galicia and other places of the "pale of settlement," having broken away from the traditional way of life, took advantage of the freedom they received and joined the army of revolutionaries. After getting weapons and power, they furiously began to shatter the old world, mercilessly destroying the yesterday's elite of society. A study by S. Kunyaev uncovers the reasons for the incredible cruelty of the Bolshevik punitive forces, who were reveling in mass executions not only of

[113] The whole story of the captive: http: //www.youtube.com/watch?v=rohgV9JGyvQ
[114] Vavrik V. *Terezin and Talergof.* Philadelphia, 1966.

white officers, but also of priests, noblemen, petty bourgeois, and simply wealthy people who stood above them on the social ladder. Kunyaev explains the sadism of young revolutionaries who tore themselves loose from the ghetto by the intolerable conditions of their former hopeless life in overpopulated musty towns on the outskirts of the empire, and by the foreignness for them of the Russian civilization, the culture of which they did not know and did not appreciate[115].

It is interesting that the leaders of the ruling Nazi junta in Ukraine include many direct descendants of the Bolshevik punishers who shot their Russian neighbors in 1918-1921, and then conducted dekulakization of prosperous peasants of Malorossiya and Novorossiya, with forced agricultural collectivization. The list of names of the organizers of the so-called "Holodomor" (famine genocide) has next to no Russian surnames[116], which did not prevent the author of this myth, the head of the Department of British Intelligence MI-6 R. Conquest[117] from inventing a legend about the fault of Russians and Moscow for the death of millions of Ukrainians, who allegedly died of hunger in 1932-1933. At that time, however, it did not occur to the victims of epidemics of typhus,

[115] Kunyaev S. *Zhretsy i zhertvy Kholokosta. Istoriya voprosa* [Priests and victims of the Holocaust. Case history]. Moscow, Algoritm Publ., 2012. (In Russian)
[116] The list included the head of the GPU of the Ukrainian SSR Stanislav Redens, his deputies Carl Carlson and Khoma Leonyuk, the head of the statistical department of the GPU of the Ukrainian SSR Mikhail Bukshpan, and the head of the Kharkov regional division of the GPU of the Ukrainian SSR Zinoviy Katsnelson.
[117] Conquest R. *The Harvest of Sorrow. Soviet Collectivization and the Terror-famine.* London, 1986.

malaria and cholera to call themselves Ukrainians. Many of the citizens of Ukraine after the cessation of forced Ukrainization called themselves Russians in the next census, and therefore official statistics missed several million Ukrainians attributed by Conquest to the "Holodomor victims."

Extremely cruel were gangs of anarchists, rampaging in Ukrainian villages and consisting mainly of criminal elements and antisocial youth. Taking advantage of impunity, they killed and plundered everyone who happened to be around. It does resemble "volunteer battalions" terrorizing the Russian population of Eastern and Southern Ukraine, doesn't it?

In the countryside, the Bolshevik power rested upon hastily created Committee of Poor Peasants that consisted mainly of loafers and drunkards who did not want to work and envied their more prosperous neighbors. They gladly took on the task of their dekulakization, taking away property and helping NKVD troops in the expulsion of resisting families. Just about the same is done today by activists of the "Right Sector," finking on their respectable neighbors to the SBU.

Another period of mass crimes against the people of Ukraine is associated with the German fascist occupation. It will be hardly possible to find at least one formerly wealthy person among the policemen and collaborators who committed the mass executions of their compatriots on the orders of the Hitlerites. Their

main mass consisted of semi-literate dropouts who hated Soviet power for compulsion to work. Having received from Nazis the power over their compatriots, they gladly began to bully all those who lived better than them and was higher in social status, settling personal scores.

It is precisely the period of the German fascist occupation that serves as an example for Ukrainian neo-Nazis to be followed. They both bluntly copy the names of German punitive bodies (Gestapo, SS), and widely use Nazi symbols – swastika, wolfsangel, double lightning bolts, Celtic cross, etc.

These historical analogies shed light on the technology used by the U.S. to create neo-Nazi gangs. They are formed, mainly, from illiterate unemployed youth who do not have life prospects for self-realization in a normal professional activity. Playing up their complexes of inferiority and envy, recruiters attract them by prospects of dissipated life of heroes dominating the lives of common people, who just yesterday stood immeasurably higher than today's neo-Nazis. In exchange for the right to rule over the compatriots, neo-Nazis faithfully serve their U.S. curators who gave them the mandate for use of force. This is the same psychological set of complexes of inferiority and superiority that the Hitlerites used for recruiting policemen and punishers to control the population of the occupied territories.

The continuity of psychosocial techniques

applied by the U.S. and the Hitlerites is not accidental. The U.S. secret services took out from the occupied Germany not only the escaped Ukrainian collaborators, but also German psychologists and social scientists who were developing the consciousness manipulation technology for the Hitler regime. They were used by the U.S. secret services to wage information and psychological war against the USSR, and the groundwork that was created for Hitler is used to brainwash modern Ukrainians. Hence the surprising similarity of the propaganda methods employed by the current Nazi regime in Kiev and the Goebbels' techniques of propaganda in fascist Germany.

The U.S. curators of the Ukrainian Nazis widely used the experience of fascist Germany, right up to a direct resort to the texts of Hitler, Goebbels, Lane, Mikhnovsky and other recognized ideologists of Nazism and racism. This is easily seen by reading, for example, the articles of such leaders of the nationalist party "Svoboda" as Andrei Illenko and Yuri Mikhalchishin, who are often openly quoting Adolf Hitler, Alfred Rosenberg and Joseph Goebbels[118]. The same can be traced in the articles of other ideologists of Ukrainian Nazism.

Simultaneously, in all social networks and on political sites there was an active falsification of history coupled with Russophobic propaganda,

[118] Mykhalchyshin Yu. *Vatra. Versiya 1.0* [Vatra. Version 1.0]. Evrosvit Publ., 2010 (In Ukrainian). (This 420-page edition was presented on the shelves of Ukrainian shops as a manual for students of higher educational institutions of humanitarian specialist fields, post-graduate students and lecturers, as well as party and public figures.)

exhibiting Russia as a bellicose "empire of evil" that dreams of conquering the whole world, and depicting Russians (including residents of southeastern Ukraine) as genetic slaves, all-out alcoholics, degradants, lowlifes. And the term "Asian hordes" applied to the Russian people is openly borrowed from the propaganda articles of Joseph Goebbels. Propagandistic activities aimed at dehumanization of Russians, whom the journalists schooled by the U.S. secret services depict as aggressive subhuman beings, made it possible to lift a moral ban on murder of "inferior Colorados" for a large part of uneducated Ukrainian youth.

It should be noted that throughout the entire post-Soviet period, the Ukrainian authorities did not suppress neo-fascist and neo-Nazi activities, organized and funded by the U.S. secret services. It was conducted almost openly (Nazi symbols, Nazi and racist articles and appeals, declarations and action guidelines were placed in the press, on Internet sites and free social networks not only under the rule of American neo-Nazi agents led by Yushchenko, but also in times of Kuchma and Yanukovych who were considered pro-Russian. This extremist activity did not encounter any reaction from the Ministry of Internal Affairs, the SBU and other power-wielding agencies.

Moreover, ultra-right groups were created with the knowledge and active participation of the Security Service of Ukraine, and their activities were constantly supervised by its

officials at the highest level. At the same time, the SBU purposefully defended members of these ultra-right groups from criminal prosecution on charges of extremism and incitement to hatred. For example, the well-known Ukrainian neo-Nazi Biletsky, who coordinated and carried out a series of attacks against foreigners, was convicted under articles of illegal possession of weapons, with no ideological component in the charge. In 2009, the Euro-Asian Jewish Congress stated that "the refusal of law enforcement agencies to see acts of violence and vandalism with a distinct ideological component as hate crimes is a serious problem in Ukraine."[119]

An important role in the Nazization of Ukraine was played by the so-called fan movement. As I. Kildyushov puts it[120], the veering of a significant part of soccer fans to the right took the form of voluntary and conscious "self-Banderization", that is, adoption and assimilation of cultural codes, speech and discursive practices of Hitler's collaborators, the personified symbol of which is S. Bandera. It is important to note that the process of fan Banderization took place with the complete rejection of this historical character by the majority of residents of the Ukrainian South-East. The phenomenon of the emergence of young neo-Banderites in the anti-Banderite environment is explained by the information

[119] More details here http://www.eajc.org/page18/news15643.html
[120] O. Kildiyushov. Ideological-political and lifestyle orientation of soccer fans in South-East Ukraine. *National Strategy Issues,* No. 6 (27), 2014. (In Russian)

and educational policy that was conducted in Ukraine during the years of independence.

During all the years of Ukraine's independence, its education system consistently abolished Russian language and culture, with de-Russification of schools[121] and perversion of history. The methods of teaching history, developed with U.S. funding, abounded in attacks against Russia, imposed the mythology of its hostility towards Ukraine, contrasted the two parts of one people, depicting their joint historical creativity as an endless process of struggle between highly civilized Ukrainians with wild Russians.

The monstrosity of falsifications of Russian history and the inculcation of hatred towards everything Russian, even at the biological level, was manifested in many works of the fresh "nativists." Thus, a certain P. Shtepa (who was in the interwar period a member of the OUN and the Ukrainian Military Organization) in his book *Muscovitism: its origin, content, forms and historical extension* explains in a very peculiar way the "insurmountable differences" between Russia and Ukraine: "Ukrainians are round-head, whilst Muscovites are long-headed, Ukrainians are tall (179 cm), whilst Muscovites are of short stature (160 cm), Ukrainians have long legs (54.6 cm), whilst Muscovites have short legs

[121] According to the leader of the movement "Russian-speaking Ukraine" V. Kolesnichenko, over the last 20 years (as of 2011), more than 3 thousand schools were closed, where education was offered in the languages of national minorities... The number of pupils who studied in Russian has reduced 7-fold. For example, in Kiev alone out of 519 schools there were only 7 Russophone, that is, only 3% of schoolchildren could study in Russian, and there were no Russophone kindergartens at all.

(50.1 cm). Muscovites have at least 80% Asiatic blood. A Muscovite has a weak brain system, and the Muscovite nation has not yielded a single creative idea."[122] The book was published in a long run in 1968 in Canada, where this writer of articles for Ukrainian emigration went off in 1927.

Primitivization of education is intended to consolidate the Nazi ideology in Ukrainian society for a long-term future. New generations of Ukrainians should know English, worship the United States and hate Russia[123]. To intimidate the "over-educated" other-minded persons and push them out of the social and information space, specially trained units of Nazi militants operating outside the right field are used. The mass crimes committed by them against people whom they do not like are not stopped by law enforcement agencies and even legalized.

With the connivance of the Ukrainian authorities, even before the coup d'état the U.S. secret services created a network of militant neo-Nazi organizations, the main role among which belonged to the "Right Sector." It operated under the cover of the Security Service of Ukraine, fully accountable to the U.S. secret services. This organization became the main "talent pool" for manning the territorial

[122] Shtepa P. *Moskovstvo: yogo pokhodzhennya, zmist, formy i istorichna tyaglist* [Muscovitism: its origin, content, forms and historical extension]. Drogobych, Vidrodzhennya Publ., 2003. (In Ukrainian)

[123] This is largely promoted by the well-known educational programs of the Fulbright Foundation and the American Councils. The latter is funded by the Bureau of Educational and Cultural Affairs of the U.S. Department of State. Annually, about 120 Ukrainian students are sent to the U.S. within the framework of this program at the expense of the Department of State. Upon returning to Ukraine, they are provided with job placement.

punitive battalions that committed mass killings of the Russian population and crimes against humanity in Eastern and Southern Ukraine.

The "Right Sector" was created by the U.S. secret services to serve the needs of a coup d'état, which was apparently planned for the time of the presidential elections in the spring of 2015. In the same way, the youth organization "Pora" was established for the needs of the "velvet revolution" of 2004. But unlike "Pora," which was taught to carry out "non-violent protests" by the guidelines of Gene Sharp, the "Right Sector" was originally created as a combat organization designed to provide the coup d'état with militants. It was formed by consolidation of four racist and neo-Nazi organizations that already existed by that time: "White Hammer," "Social-National Assembly" (SNA), "Patriot of Ukraine" (PU) and "Trizub" (named in honor of Stepan Bandera).

All these ultra-right groups have legally existed for a long time, despite the numerous facts of their extremist and terrorist acts directed against foreigners, migrants, representatives of the Negroid race, Jews or Caucasian nationals. They attacked and intimidated foreign students, desecrated Jewish cemeteries and synagogues, drew Nazi symbols on walls of the buildings where "interlopers" lived, burned their living quarters and religious buildings, etc. Along the way, they widely propagandized hatred and ethnic discord, both through the Internet and spreading extremist

and racist printed materials, as well as widely using the Nazi symbols of the Third Reich. For several years these groups conducted regular drills of militants, where they were trained in hand-to-hand and knife fighting, small-arms target practice, tactics of urban and forest guerrilla. The appointed head of the Right Sector was D. Yarosh, an assistant to V. Nalyvaichenko, a CIA agent and concurrently the head of the Security Service under the pro-American authorities of Ukraine.

The basis of modern American technology for the management of controlled territories is HR policy. The U.S. secret services select leaders of law enforcement structures, foreign and internal affairs agencies, monetary authorities, leaders of leading political parties in the territories subordinate to them, not to mention the candidacies for elected posts of the head of state, government and parliament. Already at the time of Yushchenko, the U.S. secret services established control over the Security Service, the Ministry of Defense and the Armed Forces of Ukraine, the highest officials and officers of which completed internships in the Pentagon. For example, the then Defense Minister Anatoly Gritsenko, who was one of the first to call for bringing weapons and ammunition to the "peaceful" EuroMaidan. Or the infamous propagandist and "military expert" Dmitry Tymchuk, who frightened the public many a time over the past year with "Russian incursions." For several years he has been

taking a special course on information wars in West Point, the elite U.S. military academy.

After coming to power, Yanukovych did not purge the intelligence structures and the Ukrainian Armed Forces from foreign agents. Yanukovych also retained Yushchenko's cadres in other power structures, as well as in the Foreign Ministry, in the government and even in his own Administration, appointing as its head another American agent of influence who managed to convince his American masters that he could reliably look after Yanukovych and to strengthen anti-Russian attitude in him. The Americans "kept their eyes on the ball" with the help of their representative Paul Manafort, a political scientist, political engineer and campaign manager of the Party of Regions, who also consulted with a group of Americans Yanukovych personally. Manafort and his team are still in Kiev. In particular, the American political engineer was advisor for the project of Sergei Levochkin's Development Party. He also supervised the creation of Yuri Boyko's Opposition Block, that managed to get into the new Verkhovna Rada.

The U.S. secret services pursued their HR policy in the Ukrainian executive authorities immediately after the collapse of the USSR. An important role in its organization was played by Claire Chumachenko, the wife of President Yushchenko and a staffer of the U.S. special services. Grown up in the family of Ukrainian Nazis sheltered by the U.S., she joined the

Ukrainian Youth Association (SUM), a radical ultra-right nationalist youth organization created under the Organization of Ukrainian Nationalists of Stepan Bandera – OUN-B. At Georgetown University, at the School of Foreign Service, her tutor was Lev Dobriansky, chairman of the Committee of the Ukrainian Congress of America (CUCA), co-author of the "Captive Nations Resolution" and a founder of the Captive Nations Committee. In 1983, C. Chumachenko became the executive director of this Committee, taking thereafter a job in the U.S. Department of State as an aide to its Assistant Secretary of State for Human Rights and Humanitarian Affairs. In April 1988, she was appointed to the White House as associate director of the Office of Public Liaison. Since 1991, she established the US-Ukraine foundation and was introduced into Ukrainian political and business community. During one of the trips connected with training of bank personnel, she "accidentally" met Viktor Yushchenko and became his wife in 1998.

The descendants of Hitler's collaborators have found each other, forming a reliable channel of influence of the U.S. secret services on the formation of the Ukrainian state[124]. In the first instance, it concerns the placement of cadres who have been leading Ukraine for more than a decade already. Today, the new leaders

[124] *Ubiystvo demokratii: operatsii TsRU i pentagona v postsovetskiy period* [Killing Democracy: CIA and Pentagon Operations in the Post-Soviet Period]. Collection of articles by the international team of authors. Moscow, ANO "Institute for Foreign Policy Studies and Initiatives," 2014 (p. 151). (In Russian)

of the Nazi coup once again are no random people[125]. As the Vice-President of the Association of Special Services "Berkut" General Valery Malevany said with knowledge of the facts[126], "Poroshenko, Tyagnybok, Turchynov, Yatsenyuk, Avakov, Kolomoyskyi, Parubiy, they are all CIA agents. In Kiev, the top floor of the SBU building is occupied by CIA and NATO personnel. Access there is denied even to Ukrainian officers. It's from there that they run the 'independent Ukraine'."

Almost all prominent politicians of Ukraine had close ties with the United States. The former Defense Minister I. Tenyukh, known for his campaign against the basing of the Black Sea Fleet of Russia in the Crimea, was trained in the middle of 1999 in the U.S. Department of Defense. Another Ukrainian figure, B. Tarasyuk, who was responsible for European integration issues in the Ukrainian government, founded the Institute for Euro-Atlantic Cooperation by assignment of the U.S. P. Sheremet, the Minister of Economy of Ukraine until recently, spent almost half his life in the UK. Former Ukrainian Foreign Minister A. Deshchytsia studied in Canada, then coordinated the program of the Polish-Ukrainian-American initiative on cooperation in Ukraine.

The actual head of the Ukrainian state after the coup organized by the Americans was the

[125] Munchaev S., Kozhaev Y. *Zapadnye plany i programmy, ikh antirossiyskaya napravlennost i politicheskiy krizis na Ukraine* [Western plans and programs, their anti-Russian orientation and political crisis in Ukraine]. Scientific School "Patriotic History", Plekhanov Russian Institute of Economics. Moscow, 2014. (In Russian)
[126] Newspaper *Culture*, No. 31, September 12-18, 2014. (In Russian)

U.S. ambassador to Ukraine. As noted by the person well informed in Ukrainian events, journalist I. Prokopenko, in his book *The whole truth about Ukraine*[127], the U.S. Ambassador Pyatt in January 2014 manipulated the Nazi militants who carried out his instructions to capture and vacate government buildings, including Ministry of Justice of Ukraine, the premises of which were seized by the Nazi organization "Spilna Sprava" (Common Cause), led by A. Danilyuk. It was the U.S. Embassy that determined the candidacy of the president of Ukraine and ensured his victory in the "elections," approved lists of parties at the elections to the Verkhovna Rada and distributed seats among them, and appointed members of the Ukrainian Cabinet of Ministers from among the persons controlled by the U.S. secret services. Natalie Jaresko, U.S. citizen and co-founder of the investment company Horizon Capital, became Finance Minister. Lithuanian Aivaras Abromavičius, partner of the Swedish investment company East Capital, was appointed Minister of Economic Development and Trade. Sandro Kvitashvili, Minister of Labor, Health and Social Policy of Georgia, was appointed Minister of Health of Ukraine. On the day of appointment, each of them received a Ukrainian passport.

In addition to these examples, there are many other facts of a pull of the U.S. secret services on the activities of Ukrainian law

[127] Prokopenko I. *Vsya pravda ob Ukraine* [The whole truth about Ukraine]. Moscow, Exmo Publ., 2014. (In Russian)

enforcement agencies, from recruitment of their employees to the notorious floor in one of the Kiev hotels on Khreshchatyk, fully occupied during the EuroMaidan by CIA officers who provided methodological and coordinated support for the coup. In particular, in Ukraine during the "revolution" were active such experienced American specialists in the methodology and practice of coups d'état as Eric Johnson and Tim Timmons. The first of them provided media support for overthrow of the ruling regimes in Georgia, Ukraine, Kyrgyzstan, fabricating a positive image of the Rose Revolution, the Orange Revolution, the Tulip Revolution, and the EuroMaidan.

The fact worth a special mention is the role of various totalitarian cults and destructive sects in U.S. intelligence activities and implementation of the coup in Ukraine. Practically in every major city in Ukraine has an active Mormon sects, who are considered in the U.S. to be the "FBI sect," since many of its high-ranking officials are Mormons. Among the sectarians controlled by the Americans is Baptist Alexander Turchynov, who acted as the chieftain of the Nazi junta, and Scientologist Arseniy Yatsenyuk, who was appointed to manage the Ukrainian government. The priests of the Uniates, the Greek Catholic Church and various Evangelical sects actively supported the EuroMaidan, regularly performed their services there, gave the Nazi militants their blessing for murder and crime.

A significant role in the zombification of Kiev residents was played by the sect of Sunday Adelaja, which has many thousands of followers in the capital of Ukraine. Kiev also became the center of mass sabbaths of other sects that supported the neo-Nazi coup and glorified the junta leaders. Psychologists draw attention to numerous elements of NLP and other consciousness manipulation methods in the control of Ukrainian consciousness. At the EuroMaidan, consciousness of the crowd was manipulated both through verbal aggression and newspeak (the so-called "Martian language," understood only by members of the sect), and through various chants, recitatives, labeling and evaluative judgments, repeatedly shouted slogans and other forms of suggestive influence that create perception bypassing conscious critical thinking.

An invariable feature of the methods used by Americans is legal nihilism and a cynical attitude towards morality standards. The activities of Ukrainian neo-Nazi organizations fall under the definition of war crimes, the actual organizers and accomplices of which are the officers of the U.S. secret services stationed in Ukraine, as well as numerous consultants and experts paid by the U.S. government. The latter include many American and European politicians, who would do well to recollect the definition of a war crime.

According to the Rome Statute of the International Criminal Court**,** to which Ukraine

has acceded and must accede for certain episodes under the Association Agreement with the EU," the term "war crimes" means, in the case of an armed conflict not of an international character, any of the following acts committed against persons taking no active part in the hostilities:

c) i) violence to life and person, in particular murder of all kinds, mutilation, cruel treatment and torture;

ii) committing outrages upon personal dignity, in particular humiliating and degrading treatment;

iii) taking of hostages;

iv) the passing of sentences and the carrying out of executions without previous judgement pronounced by a regularly constituted court, affording all judicial guarantees which are generally recognized as indispensable.

e) i) intentionally directing attacks against the civilian population as such or against individual civilians not taking direct part in hostilities;

ii) intentionally directing attacks against buildings, material, medical units and transport, and personnel using the distinctive emblems of the Geneva Conventions in conformity with international law;

iii) intentionally directing attacks against personnel, installations, material, units or vehicles involved in a humanitarian assistance or peacekeeping mission in accordance with the Charter of the United Nations, as long as they

are entitled to the protection given to civilians or civilian objects under the international law of armed conflict;

iv) intentionally directing attacks against buildings dedicated to religion, education, art, science or charitable purposes, historic monuments, hospitals and places where the sick and wounded are collected, provided they are not military objectives;

v) pillaging a town or place, even when taken by assault;

vi) committing rape, sexual slavery, enforced prostitution, forced pregnancy, enforced sterilization, and any other form of sexual violence;

x) declaring that no quarter will be given;

xi) subjecting persons who are in the power of another party to the conflict to physical mutilation.

As follows from the above review, the militants of the Right Sector, the National Guard, the volunteer battalions, as well as the commanders of the Armed Forces of Ukraine and SBU officers directing punitive operations, commit all the crimes mentioned in this document against the residents of Donetsk and Lugansk regions of Ukraine. It specifically stipulates that the said article applies, *inter alia*, "to armed conflicts that take place in the territory of a State when there is protracted armed conflict between governmental authorities and organized armed groups or between such groups."

There is no doubt that the Ukrainian military commit war crimes against their own compatriots. Of course, many, or even most of them commit these crimes by coercion, being mobilized by order of the Ukrainian leadership. There are many evidences of violent mobilization under pain of imprisonment, as well as the facts of forced coercion to participate in punitive operations under pain of execution.

Whereas the guilt of military personnel who were forcibly mobilized and participated in punitive operations against their will is disputable, the accusation of war crimes seems obvious in respect of their commanders. And the political leaders of the Nazi junta should be brought to justice also on charges of genocide of the Russian population of the Donetsk and Lugansk People's Republics. According to the same document, " 'genocide' means any of the following acts committed with intent to destroy, in whole or in part, a national, ethnical, racial or religious group, as such:

a) killing members of the group;

b) causing serious bodily or mental harm to members of the group;

c) deliberately inflicting on the group conditions of life calculated to bring about its physical destruction in whole or in part."

Of course, clarification of the degree of guilt should be conducted by the investigative authorities, and the verdict on it should be passed by a judicial authority. Or, for instance, by an international criminal court, or a specially

created International Tribunal to investigate crimes committed by the Nazis in Ukraine. There are more than enough facts for this[128]. But while this tribunal has not been established, and the victims of war crimes cannot turn to the International Criminal Court, it is still worth while examining whose will is expressed by the leaders of the Nazi junta, giving orders to use the armed forces against residents of the Donbass.

Now, after clarifying the reasons, the main participants and technologies of organizing the Ukrainian catastrophe, one can give a generalized description of the internal mechanism of the crisis that led to it.

Conflictology of the Ukrainian crisis

The Ukrainian crisis is of a complex nature, many conflicting conceptual fields have intertwined within it, the most significant of which are not visible either in the summaries of military operations, or in the comments of politicians explaining their decisions. The most obvious is the conflict between the current authorities in Kiev and the people's militia of the Donbass, which the authorities are trying to solve by physical extermination of the militiamen together with the population whose interests they express. In this conflict, two conceptual fields are simultaneously involved,

[128] *White Book on violations of human rights and the rule of law in Ukraine*. Ministry of Foreign Affairs of the Russian Federation (Eds. 1-3), 2014.

each of which, in isolation, does not have enough tension to cause a fratricidal war.

The first confrontational conceptual field concerns the internal political structure of Ukraine. The population of the Donbass, as well as of other regions of the South and East of Ukraine, initially demanded its federal structure and public recognition of the official status of the Russian language. These demands were openly put forward during all two decades of Ukrainian independence and were reflected in the programs of the Party of Regions and other electoral associations that expressed the interests of the South-East of Ukraine. However, no one has ever tried to achieve their satisfaction by force. And the Ukrainian political elite, consistently rejecting these demands, still did not regard them as an offense against the state. Everyone agreed that these issues should have been resolved exclusively in a legal democratic vein. The frenzied desire of the leaders of the current Kiev regime to physically destroy the supporters of federalization, as well as the desperate resistance of militiamen, go far beyond the generally accepted ways of resolving such conflicts. The position of Poroshenko and his power-wielding agencies to render the requirements of federalization tantamount to separatism and terrorism looks against the backdrop of many years of peaceful discussion on this topic as an apparent provocation of the conflict going beyond the legal field.

The second confrontational conceptual field is the so-called European choice of Ukraine. It was to this end that, according to Maidan activists, they beat and burned Kiev policemen. It was for this choice that the European officials and politicians agitated the Maidan crowd and supported the opposition. At the same time, as was shown by all sociological surveys[129], the overwhelming majority of residents of the South and East of Ukraine preferred the Eurasian integration over the European one. Despite the fact that the European emissaries, in spite of the European values of democracy and law that they proclaimed, completely ignored half of the Ukrainian population, just as they turned a blind eye to the inconsistency of the Association Agreement with the EU they imposed with the Constitution of Ukraine, it is unlikely that they planned to start a war to exterminate all citizens who did not want association with the EU. Moreover, the Ukrainian professional Eurointegrators themselves did not intend to move beyond the limits of the Verkhovna Rada in resolving this issue. They carefully avoided public discussion on this topic, preferring the ways of ramming the Association Agreement through behind the scenes. It should be noted that opponents of the association with the EU have argued that it does not meet the interests of Ukraine exclusively in the professional press,

[129] A study of the Kiev International Institute of Sociology (KIIS) on the question "What path of integration should Ukraine choose: European Union, Customs Union" (2 weeks before the Vilnius summit), November 2013; sociological research "Association of Ukraine and the EU: prospects and risks for Russian-Ukrainian relations," Research and Branding Group, July 2013.

without appealing to the people with calls for the violent resolution of this issue. Obviously, even in the event of insurmountable differences, it was possible to find a peaceful way to resolve the conflict by legalizing various trade regimes for two parts of Ukraine following to the precedent of Greenland which, although being a part of Denmark, is not included with it in the EU.

None of the issues declared by the leaders of the opposing sides, for the solution of which they resort to violence, is not and cannot be solved in this way. Therefore, the war has been unleashed not to this effect. Ideologically, it is fermented on Nazism, as the propaganda of the Kiev junta indoctrinates the society with misanthropic ideas about the opponents. In relation to them, various zoological and other offensive definitions (pejoratives) are used, such as "rag-tag," "Colorados," etc., they are denied the right to express their position under the fear of beating and arrest, they are allowed to be burned alive and ordered to be killed by the Ukrainian military. The leaders of the Kiev regime publicly call for the massacre of all those who disagree with them. Poroshenko, installed by the U.S. on the Kiev throne, when giving awards to the murderers of Slavyansk residents directly called their victims "nonhuman beings"[130], and the government's head

[130] "The removal of a heavily armed gang of nonhuman beings out of Slavyansk has an immense symbolic meaning. This is the beginning of a reversal in the fight against militants for the territorial integrity of Ukraine," said P. Poroshenko in his televised address on July 6, 2014.

Yatsenyuk publicly refers to the Russians living in Eastern Ukraine as subhumans[131]. Their main political competitor, Tymoshenko, even before the outbreak of a military conflict spoke of her desire to drop an atomic bomb on the Donbass[132], whereas Lyashko, who got the third position in the presidential election, was personally involved in the torture and murder of the coup opponents. A. Avakov, the head of the Ukrainian Ministry of Internal Affairs, instead of protecting citizens from unlawful actions publicly speaks for the destruction of Ukrainian buildings together with people inside. Thus, the junta ruling in Kiev today affirms the necessity of destroying all citizens of Ukraine, depriving them of their human rights, including the right to life.

This conceptual field, a Nazi one in its essence, generates the main tension of the conflict and explains the use of violence to resolve it. Nazism always justifies violence against people of other nationalities and views, who for this reason are declared inferior, and against whom any crimes are allowed. The Kiev regime follows precisely this path of Nazism, fomenting hatred toward all those who consider themselves to be part of not the "Ukrainian

[131] "They lost their lives because they defended men and women, children and the elderly who found themselves in a situation facing a threat to be killed by invaders and subhumans sponsored by them," says the English text of the statement by A. Yatsenyuk, where the word “subhuman” was used, being in fact a calque of the term "Untermensch" used by the German Nazis. Published on June 16, 2014 (http://vz.ru/news/2014/6/16/691357.html)

[132] "These Russians shold be killed with an atomic weapon," Y. Tymoshenko said in a telephone conversation with N. Shufrych, the recording of which became public in March 2014, and the authenticity of which the ex-prime minister of Ukraine did not deny (http://ukrday.com/politika/novosti. php?id=121309)

heritage," but of the traditional Russian world. The persecution of the Ukrainian Nazis is primarily directed against the Russians, in which they are traditionally helped by their Western patrons. This is all the more telling that many Ukrainian Nazis have Russian surnames and are ethnic Russians. That is, Ukrainian Nazism is an "ideological" Nazism, where the important thing is not one's origin, racial or ethnic identity, but adoption of the concept of "Ukrainianness" and identification of oneself with its "collective unconscious."

The leaders of the Kiev junta and the overwhelming majority of the Ukrainian media, in full accordance with the characteristic features of Nazism, emphasize the superiority of the adherents of "Ukrainianness" over the Russians, to whom is imputed the "slave essence" and in respect of whom it is claimed in earnest that they should be ruthlessly exploit for the benefit of "true Ukrainians." By so doing, the Russians and other nationalities living in Ukraine are presented with a challenge: they should either acknowledge their human inferiority, or go over to the camp of "Ukrainianness" supporters, or defend their rights against the Ukrainian Nazis with lethal force.

Our own and international historical experience convincingly shows that Nazism can only be stopped by force. The Nazis do not understand any other language. And this is not surprising, as their ethics and, accordingly, their

right are based on the denial of any fundamental equality between people. The Nazis deny "subhumans" such equality at all levels of society, and it is possible to prove the opposite to them only through direct force confrontation.

Ukrainian Nazism is no exception. Moreover, having no roots in the traditional culture of the population of Ukraine, being in fact, superficial and induced from the outside, it is forced to fulfill itself in the most cruel forms, binding the part of Ukrainian society that is subordinate to it with a kind of "bloody frank-pledge." The senseless and deliberate cruelty with which the Ukrainian Nazis shell the Donbass settlements is caused precisely by this circumstance. By arranging mass crimes against those who consider themselves Russians, as well as by launching an extensive Russophobic propaganda, the Kiev Führers are trying to create a sufficiently strong tension in order to provoke in the Ukrainian public consciousness the intensity of confrontation they need to consolidate the society on the principle "it is either us or them."

It is interesting that none of the leaders of the Ukrainian state, who act as heralds of Ukrainian Nazism, is an ethnic Ukrainian. All of them have a very remote relation to Ukraine as such, as well as to its cultural, historical and spiritual roots. Perhaps this is the reason for their lack of any moral restrictions in the employment of violence against the population of the country.

Having no doubts, they throw thousands of forcibly mobilized lads to the slaughter, and compel them to massacre their compatriots. The more blood, the better for them.

The article by A. Rogers[133] *Nazi Blunders* convincingly shows the cult of violence as the main component of Ukrainian Nazism. By the level of senseless cruelty and misanthropy, they outperformed their Hitlerite idols, posing with pleasure against the scorched corpses of Odessa residents, or openly rejoicing at the slaughter of children and women in Slavyansk. As the same author shows, the Ukrainian society has already developed all 14 basic features of fascism that were singled out by the outstanding thinker Umberto Eco[134] including the cult of strength, contempt for the weak, condemnation of pacifism as a form of betrayal. This particular fact explains the ineffectiveness of the negotiations held so far to cease violence and resolve the Ukrainian crisis.

The logic goes that all parties should be interested in stopping hostilities in the Donbass. They are deleterious to Ukraine, Russia, the Donbass itself, and threaten Europe. However, the leaders of the Kiev junta do not want to listen to the opposite side, speaking exclusively in the language of threats and ultimatums. Any attempts to question their actions lead to new hysterical attacks of hatred and aggression. Any

[133] The article by A. Rogers *Nazi Blunders* was published by the online portal *Anna News* on July 2, 2014. (In Russian)
[134] Umberto Eco. *Totalitarismo fuzzy e Ur-Fascismo.* Report, La revista dei libri, 1995. (In Italian)

politician, journalist or just a passer-by who dares to question the rightness of the Ukrainian Nazis immediately gets humiliated and beaten, and the Ukrainian special services institute criminal proceedings against such person. This fully complies with one of the signs of fascism after U. Eco, "disagreement is treason." The conflict field generated by Ukrainian Nazism is the main motive power of both the violence in Ukraine as a whole, and of the punitive operation in the Donbass. The question arises, what are the sources and driving forces of Ukrainian Nazism? After all, as it would seem, the four Ukrainian fronts of the Soviet Army liberated Ukraine forever from all kinds of Nazis. From whence, then, did emerge so many successors of their criminal war against the people of Ukraine in the country that directly experienced the horrors of the fascist occupation and made a huge contribution to the victory over the Nazis?

The answer to this question lies in the plane of another conflict field, which has been active for many centuries. This is the field of aggression of the West against Russia, the eternal "Drang nach Osten" continuing to this day. In this field, Ukraine has always occupied an important place. We have already quoted the statements of Western European and American politicians about the key importance of tearing Ukraine off in order to crush Russia. Modern understanding of this issue by American diplomacy is characterized by the maxim of Z.

Brzezinski, who wrote that "without Ukraine, Russia ceases to be a Eurasian empire."[135]

Ukrainian Nazism is the product of the misanthropic ideology cultivated in the West for several centuries. Three centuries ago, having imagined themselves the highest race of mankind, the British made racism the ideological basis of their world empire. Until now, Americans are seriously convinced of their superiority over all other peoples of the world, which allegedly gives them a "natural right" to hold court over other countries and their leaders based on the U.S. criteria of what is due. This cult of the U.S. exceptionality serves as the basis for the U.S. authorities to punish any other nations, up to their physical extermination, in case of non-compliance with U.S. requirements. These requirements themselves are determined, as a rule, by the economic interests of U.S. capital, which are actively screened with demagoguery about human rights and democratic values. These interests, in particular, stipulate a complete opening of borders for U.S. goods and capital, adoption of U.S. education and culture standards, use of the dollar as a reserve currency and a means of international settlements. The U.S. is imposing itself on other countries of the world as the main arbiter of all conflicts, both external and internal. It considers itself entitled to subject to sanctions, deprive of liberty and even of the life itself any citizens of any countries who are not

[135] Brzezinski Z. *The Grand Chessboard. American primacy and its geostrategic imperatives.* Basic Books, 1997.

to the U.S. liking, whereas the domestic legislation of the U.S. is extended to the whole world, imposing at the same time on other states the primacy of international obligations. Obama's recent statements about exceptionality of the United States testify to the persistence of the racist ideology that is designed to justify any crimes of the U.S. military and political machine against humanity. The growth of military spending and ramping up tension in the world are vital for the U.S. to maintain its "exceptionality": "America must always lead on the world stage. If we don't, no one else will."[136] These claims to global leadership are objectively connected today with the need to "get rid" of the exorbitant burden of the U.S. public debt and to transfer the U.S. economy on a new long wave of growth.

In accordance with this misanthropic ideology, the U.S. political machine implements a differentiated approach to countries depending on the willingness of their leadership to follow the U.S. interests. All countries are divided into "good" ones, that completely follow in the wake of American policy (the British Commonwealth, Western Europe, Japan, Korea, Israel, Saudi Arabia and the United Arab Emirates, Qatar), "underdeveloped" ones, that need to be taught American values through political coercion (Eastern Europe, Latin America), and "bad" ones, which do not obey the U.S. dictates. With respect to the latter, any

[136] From the address of U.S. President Barack Obama delivered at West Point on May 28, 2014.

technology of destruction from outside and from within is allowed (Russia, China, India, North Africa, the Middle East, etc.) to subjugate them by either revolution and establishment of a regime controlled by the U.S., or by conquest and establishment of a colonial regime, or disintegration and subjugation in parts. There is no doubt that with respect to Russia and the post-Soviet space the U.S. political engineers have applied, do apply and will apply all means of destruction available to them.

In full accordance with the British geopolitical principle of "divide and rule," American political psychologists impart to Ukrainian Nazis they nurture a cult of hatred and superiority over the Russians that they have "appointed" to be guilty of all the troubles and problems of Ukraine. At the same time, Nazis are being convinced of their inferiority relative to Americans and Western Europeans, who ought to be learned from and submissively obeyed as masters. As a result of such psycho-ideological treatment, the world view of Ukrainian Nazism fancifully combines contempt and hatred towards Russians with a blind admiration for Americans and Western Europeans. In just the same way Banderites, the Ukrainian Nazis of the last century, acknowledged their subordinate, servile condition relative to the "Aryans" of the Third Reich. At the same time, they considered themselves superior to Russians, Poles, Jews, Tatars and other nationalities living in Ukraine. This purely animal submission to a strong

foreigner and humiliation of defenseless compatriots is the essence of Ukrainian Nazism, resulting from a sense of inferiority of young and often lumpenized people, uneducated and incapable of fulfilling themselves in creative activities. Modern Ukrainian Nazis earnestly believe in the omnipotence of their American patrons, blindly obeying their instructions and bowing down before Washington, naïvely believing in its ability and desire to force Russia to surrender to Ukraine and to fulfill all the Ukrainian Nazi claims to superiority and violence.

Ukrainian Nazism, cultivated by Western instructors, has always been directed against the Russians, against Moscow. In this, the current Ukrainian Nazis do not differ from their predecessors, the henchmen of Hitler. The only factor that has changed is their master. However, this master, unlike the Nazis of the Third Reich, prefers to have someone else do the whole dirty work. Ukrainian Nazis have to shoulder not only the punitive actions with massacres of their fellow citizens, but also the risks connected with military activities and political responsibility.

Both in the years of the German fascist occupation and today, Ukrainian Nazism is a tool of external forces, deeply alien to the national interests of Ukraine. Hardly anyone in their right mind will argue that the Hitler regime could bring any benefits to the Ukrainian people. For the German fascists, the latter was

nothing more than beasts of draught forced to work for free to the benefit of the "Great Germany." Quite similarly, for the current Eurocracy, Ukraine is nothing more than a reservoir of cheap labor, a market for the sale of European goods, as well as a place to dump waste and place environmentally dirty industries. It is hard to imagine that the leaders of the state who actually think in terms of national interests would have signed the Association Agreement with the EU, which unilaterally delegates to the external actor the sovereign functions of the state in regulating foreign economic activities, pursuing foreign and defense policy, significantly worsening the competitiveness of the national economy and undermining the payment balance of the country. Nevertheless, the Agreement on the Association with the EU, signed by the Kiev junta, contains all these and many other discriminatory obligations.

Modern Ukrainian Nazism was being created and imposed by the U.S. and its European allies as one of the tools of Western aggression against Russia. Without a systemic and consistent policy of the U.S. and its NATO allies, nothing like this could have arisen in Ukraine, since there were no objective prerequisites for this. It was created artificially through the activities of numerous nationalist anti-Russian organizations funded by the U.S. and EU against the backdrop of a gradual deterioration of the social and economic situation in the country,

along with the consistent provocation of conflicts between Kiev and Moscow. At the same time, the discrepancy between the ideology of Ukrainian Nazism and the realities of history does not in any way confuse its Führers who, for a small fee of sponsors from NATO countries, mold an "enemy image" from Russia. Since, taking into account the general history, faith, language and culture (Kiev as the "mother of Russian cities," the Kiev Pechersk Lavra as the main sacred place of the Russian Orthodox world, and the Kiev Mohyla Academy as the place of the formation of the Russian language), it looks unconvincing, blatant lies were used that passed off tragic episodes of the common history (revolution and civil war, "Holodomor" and so on) as a result of Russia's arbitrary and violent acts during the "Moskal occupation."

The ideamongers of Ukrainian Nazism are not in the least embarrassed by the fact that the Russians proper were negligible among the leaders of the Bolshevik power, while those who came from the territory of modern Ukraine, especially from Galicia and other regions of the "pale of settlement" represented the overwhelming majority, and that the Bolshevik power itself relied on Ukrainian nationalists, transferring under their control the vast and densely populated lands of Novorossiya.

Throughout all the years of independence, Russophobia was regarded by Kiev authorities as the basis for the formation of a new national identity. In any case, they failed to find another

basis for Ukrainian statehood, be it economic, political, or ideological one.

However, the transition from the premise "Ukraine is not Russia"[137] to the premise "Russia is the enemy of Ukraine" required a very risky reincarnation of Hitlerite Ukrainian Nazism under the current conditions. It was risky and unsafe, above all, for Europe, in the memory of peoples of which the horrors of the Second World War are still associated with dangers of a Nazi revanche. European leaders needed clear and compelling arguments to turn a blind eye to the outrages of the Ukrainian Nazis and connive at their crimes.

Such arguments were abundantly provided to them by the global media, controlled by the U.S. oligarchy. Representing the Ukrainian Nazis as defenders of European values and portraying their crimes against the population of Novorossiya as "the defense of democracy and the European choice of a united Ukraine," they are zombifying the public opinion of the EU states. Consequently, European support for Ukrainian Nazis is induced not by their interests, but by the desire of the U.S. leadership to maintain their global leadership by weakening Europe and Russia and plunging them into the chaos.

Above, we showed the objective causes of the U.S. aggression caused by exhaustion of opportunities for further socio-economic leadership of the U.S. due to completion of the

[137] Kuchma L. D. *Ukraina–ne Rossiya* [Ukraine is not Russia]. Moscow, Vremya Publ., 2003. (In Russian)

life cycle of the dominant technological and world economic paradigms. The world production center has already moved to China and other countries of the Asia-Pacific Region (APR). The financial and information hegemony of the U.S. is threatened by the ever growing likelihood of collapse of the pyramid of debt obligations denominated in dollars. It is already more than 25 times greater than the size of the world economy. The status of the dollar as the "world currency" is undermined by the processes of regional economic integration. Finally, as was shown above, the inability to maintain a balance of the national financial and economic system without a powerful and increasing feed from the outside objectively pushes the U.S. towards the escalation of military and political tension and unleashing of a new global war. This is the main conflict field of our time, the over-tension of which induces spikes in all other conflict fields. Now we return to its analysis.

Section 3
THE FUTILITY OF U.S. AGGRESSION

According to the logic of the centennial cycles of accumulation, the U.S. cannot win the war that it provokes. It should be replaced by a new world leader, who will appropriate all the trophies. Moreover, this leader has already appeared in the person of China. However, the theory of cycles is not a dogma and only helps to streamline the understanding of the historical process. Unlike the cycles of engine rotation, the cycles of technical, social, political and economic development are very different from each other, and the very allocation of them is arbitrary enough. The change of epochs is not a strictly periodic process, their duration can vary considerably. Nevertheless, the knowledge obtained in theories of long waves and centennial accumulation cycles allows us to identify with precision the threats and challenges of the next twenty years.

The era of American hegemony in the world is nearing its end. The system of institutions that has set the course for the American cycle of accumulation does not ensure a steady development of the productive forces anymore. According to many forecasts, a new Asian cycle

of accumulation begins, which entails corresponding relocation of the institutional, production, financial and technological center for the development of the world economy.

However, the mechanism of this transitional process is not yet clear, as well as the forms of resolution of the conflicts connected with it. This section represents an attempt to sort out these issues in order to obtain a conceptual basis for forecasting possible scenarios of resolving the Ukrainian crisis and further development of the world economy and world economic ties.

From the American to the Asian global economic paradigm

As it was shown in the first section, currently we witness a restructuring of the world economy connected with its transition to a new technological paradigm based on a complex of nanotechnology, bioengineering, information and communication technologies. Soon, advanced countries will reach a long wave of its economic growth. The slide in oil prices is a characteristic sign of completion of the phase of birth of the new technological paradigm and its reaching the exponential part of the growth trajectory due to the rapid spread of new technologies that drastically improve resource efficiency and reduce the energy intensity of production.

It is during such periods of global technological shifts that the lagging countries have the opportunity for an economic dash towards the level of advanced countries, while the latter are faced with an overaccumulation of

capital in obsolete production and technological complexes.

This dash is being made today by China and other countries of Southeast Asia. Over the past three decades, China has made impressive advances. From the deep periphery of the world economy, it leapfrogged into the group of leaders, reaching in 2014 to the first place in the world in terms of physical GDP and exports of high-tech products. Over three decades, Chinese GDP has grown 30-fold (from $300 billion to $9 trillion at the current yuan-dollar exchange rate), industrial production – 40-50-fold, foreign exchange reserves – by several hundred times (from several tens of billions to 4 trillion dollars). According to the level of economic development measured by GDP per capita, China ascended from the position at the end of the list of the poorest countries to the group of top thirty countries (with average income)[138].

China is becoming the global engineering and technology center. The share of Chinese engineering and scientific staff in their global number reached 20% in 2007, having doubled in comparison with 2000 (1,420 and 690 thousand, respectively). By 2030, according to forecasts of Chinese scientists, there will be 15 million engineering and scientific employees in the world, of which 4.5 million (30%) will be

[138] Sadovnichy V.I, Yakovets Yu.V., Akayev A.A. (Eds.). *Prospects and Strategic for the Rise of the BRICS*. Moscow, MSU–Pitirim Sorokin–Nikolai Kondratieff International Institute–INES–National Committee for BRICS Studies–RAS Latin American Institute, 2014.

scientists, engineers and technicians from China[139,140]. By 2030, China will gain the global lead in terms of expenditure on scientific and technical development, and its share in the global costs will be 25%[141].

China stands out not only by the dynamism of its development and the enormous size, but also by the history of reforms that created the conditions for its economic miracle. The Chinese approach to building a market economy is fundamentally different from the post-Soviet one in its pragmatism and creative attitude to reforms. They are based not on dogmatic clichés issuing from abstract ideological ideas about socio-economic processes, but on actual management of the economy. Like engineers constructing a new machine, Chinese leaders are consistently perfecting new production relations through solving specific problems, conducting experiments, selecting the best solutions. Patiently, step by step, they build their market socialism, constantly improving the system of public administration by selecting only those institutions that actually work to develop the economy and increase public welfare. Keeping the "gains of socialism," the Chinese Communists build into the system of state administration the regulators of market relations, supplement state forms of ownership

[139] *China 2030: Striding Towards Common Prosperity*. Beijing, Renmin University Press, 2011.
[140] Sadovnichy V.I, Yakovets Yu.V., Akayev A.A. (Eds.). *Prospects and Strategic for the Rise of the BRICS*. Moscow, MSU–Pitirim Sorokin–Nikolai Kondratieff International Institute–INES–National Committee for BRICS Studies–RAS Latin American Institute, 2014.
[141] Ibid.

with private and collective ones in such a way as to achieve higher efficiency of the economy in the public interest.

The rise of China entails reformation of the global economic system and international relations. The revival of planning of socio-economic development and state regulation of the basic parameters of capital reproduction, an active industrial policy, control over cross-border capital flows and currency restrictions – all this can turn from the bill of fare prohibited by Washington financial institutions into the generally accepted tools of international economic relations. In opposition to Washington, a number of scientists have started talking about the Beijing Consensus, which is much more attractive for the developing countries inhabited by the majority of humankind. It is based on the principles of non-discrimination, mutual respect for the sovereignty and national interests of the cooperating states, targeting them at upgrade of the public well-being rather than servicing international capital. In so doing, a new regime for protection of intellectual property rights and transfer of technology may arise, and new standards for international trade in energy and resources, new rules for international migration, new agreements on limiting harmful emissions, etc. can be adopted. The Chinese approach to international politics (refraining from interference in internal affairs, from military intervention, from trade embargoes) provides

the developing countries with a real alternative of building equal and mutually beneficial relations with other states[142]. China fundamentally rejects the use of force, as well as employment of sanctions in foreign policy. Even in its relations with Taiwan, China always emphasizes the expansion of economic and cultural cooperation, while the Taiwan authorities resist this[143].

Apologists of American hegemony try to take no notice of the key elements of the Chinese approach to reformation. Instead of adopting the Chinese experience, they come up with "objective explanations" for the rapid growth of the Chinese economy now by foreign investments, then by imitation of Western technologies, then by the flow of cheap labor resources from backward agriculture to urban industry. Chinese reforms are sometimes compared to the Soviet New Economic Policy, which also featured a combination of socialist and capitalistic elements, along with high growth rates.

All the "objective" explanations for the high growth rates of the Chinese economy by its original backwardness are partly true. Partly, because they ignore the main thing – the creative approach of the Chinese leadership to building a new system of production relations which, as the Chinese economy advances to the

[142] Ramo J. *The Beijing Consensus*. London, The Foreign Policy Centre. May, 2004.
[143] V. Popov's talk with P. Dutkevich from the book *22 idei o tom, kak ustroit mir (besedy s vydayushchimisya uchenymi)* [22 ideas on how to put the world in order (conversations with eminent scientists)]. MSU Publ., 2014, pp. 470-471. (In Russian)

leading position in the world, becomes more self-sufficient and more attractive. Before our eyes, a new social and economic system is being formed that is more effective than the previous ones, the center of world development is moving to Southeast Asia, which allows a number of researchers to talk about the beginning of a new (the Asian) centennial cycle of capital accumulation[144,145].

We have already referred above to the theory of systemic cycles of accumulation, the essence of which is that each historical period, about a century long, forms its own system of capital accumulation, the center or leader of which is the most developed country. A core of sorts is formed around the leader out of other developed countries, while the rest of the countries form the periphery of this accumulation cycle. The leader creates the appropriate institutions with which he coordinates the activities of the entire system and, most importantly, through which the appropriation of surplus value is carried out through the market or through a non-equivalent exchange between the core and the periphery. Naturally, the leader gets the lion's share of the appropriated surplus product[146].

The system of national and international institutions that ensure expanded reproduction

[144] Giovanni Arrighi. *The long twentieth century*. London, Verso, 1994 (Russ. ed.: *Dolgiy dvadtsatyy vek*. Moscow, Territoriya Budushchego Publ., 2006).
[145] Ayvazov A. *Periodicheskaya sistema mirovogo kapitalisticheskogo razvitiya* [Periodic law of world capitalist development]. Article, on author's website. 2012. (In Russian)
[146] Glazyev S. *Genotsid* [Genocide]. Moscow, Terra Publ., 1998. (In Russian)

of the national and world economies in each centennial cycle of accumulation has been defined above as a world economic paradigm. Each of these paradigms has its limits of growth determined by the accumulation of internal contradictions within the framework of reproduction of its constituent institutions. The unfolding of these contradictions occurs until the moment of destabilization of the system of international economic and political relations, which have been resolved so far by world wars.

Thus, the two world wars of the last century mediated the transition from the world economic paradigm of colonial empires to the paradigm of liberal globalization due to the contradiction between the rapid expansion of production on the American and European periphery by Britain that dominated the system of global economic relations, and the latter's ability to retain global control. The British decision to introduce protectionist measures to defend the economic interests of their empire in the 1930s indicated the achievement of the threshold of conflict-free unfolding of this contradiction. Britain was facing a choice, either to stop growth of the periphery segments that it did not control, or give in its leadership. Having arranged the First World War, the British retained leadership by destroying their main competitors in Eurasia – Germany, Russia, Austria-Hungary and Turkey. But at the same time, their U.S. periphery became stronger. As a result of the second round of this struggle,

global leadership passed to the U.S. and the USSR. Their confrontation continued for more than half a century, till the modern world economic paradigm became finally established on the principles of liberal globalization, which was optimal for the institutions of the American cycle of accumulation.

Today, only a quarter of a century after the establishment of the U.S. global dominance, the world market no longer ensures an expanded reproduction of the institutions of the American cycle of accumulation. The financial pyramids that formed its foundation went far beyond the limits of stability. At the same time, a new center of rapidly expanding reproduction appeared on the periphery of this world economic structure, which surpassed the U.S. in the production of goods. China's decision to stop increasing its dollar reserves marked the limit of conflict-free resolution of the contradiction between expanded reproduction of the U.S. debt obligations and global investment opportunities. To resolve this contradiction, the U.S. has a choice, either to attempt establishing a forcible control over the periphery segments that have gone out of hand, or to give way to the new leader. So far, the U.S. ruling elite prefers the first option, not realizing the limitations of its capabilities. These limitations are determined by the greater effectiveness of the new world economic structure institutions, the basis for the formation of which is China and other countries of South-

East Asia.

In accordance with the theory of change of centennial cycles of capital accumulation, the emerging Asian cycle must rely on a new system of capital reproduction institutions that retain the old material and technical achievements and create new opportunities for the development of the productive forces of society. To make predictions of the further development of events, it is necessary to understand the structure of the institutions of the new world economic paradigm.

The Chinese themselves call their formation a socialist one, developing at the same time private entrepreneurship and growing capitalist corporations. At the same time, the Communist leadership of China continues to build socialism, avoiding ideological clichés. They prefer to formulate tasks in terms of national welfare, setting objectives to overcome poverty and create a society of average prosperity, and in the future, to achieve the world's foremost standards of living. At the same time, they try to avoid excessive social inequality, preserving the labor base for the distribution of national income and directing the institutions of economic regulation towards productive activities and long-term investments in the development of productive forces. This is a common feature of the countries forming the core of the new world economic paradigm.

Regardless of the dominant form of ownership, be it state, as in China or in Vietnam,

or private, as in Japan or Korea, a new world economic paradigm of accumulation is characterized by a combination of institutions of state planning with market self-organization, state control over the main parameters of the economy reproduction with free entrepreneurship, the ideology of the common good with private initiative. Given that, the forms of political organization can fundamentally differ from the world's largest Indian democracy to the world's largest Communist Party of China. The invariable constant is priority of national interests over private ones, which is expressed in strict mechanisms of personal responsibility of citizens for conscientious behavior, proper fulfillment of their duties, compliance with laws, and serving nationwide goals. In this context, the forms of public control can also fundamentally differ, from seppuku committed by top managers of bankrupt banks in Japan to death penalty applied to officials in China who were caught stealing. The social and economic development management system is built on mechanisms of personal responsibility for enhancing the national welfare.

The primacy of public interests over private ones is expressed in the institutional structure of economic regulation typical for the new world economic paradigm. First and foremost, in the state control over the basic parameters of capital reproduction through mechanisms of planning, credit, subsidizing, pricing, and

regulation of basic entrepreneurial conditions. In so doing, the government not so much gives orders, as performs a moderator's role forming mechanisms of social partnership and interaction between the basic social groups. Officials do not try to manage entrepreneurs, instead they organize joint work of business, scientific, engineering communities to form common development goals and elaborate methods for their achievement. The mechanisms for public regulation of the economy are also tuned up to this end.

The state ensures long-term and cheap credit, and businessmen guarantee its targeted use in specific investment projects for production development. The state provides access to infrastructure and services of natural monopolies at low prices, and enterprises assume responsibility for the production of competitive products. In order to improve their quality, the state organizes and finances the necessary R&D, education and training, and entrepreneurs implement innovations and invest in new technologies. The private-public partnership is subordinated to the public interests of economic development, improvement of the national well-being and the quality of life. Accordingly, the ideology of international cooperation is also changing, that is, the paradigm of liberal globalization in the interests of private capital of the leading countries of the world is replaced by the paradigm of sustainable development for the

benefit of all mankind.

The Chinese leaders modestly continue to call their country developing. This is true judging by the rate of growth. But in terms of its economic potential, China has already achieved the level of the leading countries of the world. And in terms of the production relations structure, China is becoming a model for many developing countries that are eager to replicate the Chinese economic miracle and are approaching the core of the new world economic paradigm. One should regard the industrial and socio-political relations that formed in China not as transitional, but as characteristic of the most advanced social and economic system of this century.

Along with China, the countries involved in shaping of the new world economic paradigm core are Japan, Singapore and South Korea. Despite significant differences from China in terms of political structure and economy regulation mechanisms, many stable cooperative ties are being formed between them, and mutual trade and investments are growing rapidly.

Both the neighboring countries, such as Russia, India, Vietnam, Malaysia, Indonesia, and the countries of Latin America, including Brazil, Venezuela, Cuba and others, are pulling themselves to the emerging core of the new world economic order. The attraction of the African countries to it is also increasing. Taken together, the economic power of these

countries is already comparable to the core countries of the American cycle of accumulation. They also have Japan with a powerful banking system as their common element that can act as a tunnel of sorts for moving capital from one cycle to another.

BRICS, the informal union of Brazil, Russia, India, China and South Africa, has become a popular image of the new global economic order. After the appearance of the abbreviation "BRIC" in 2001, the GDP volume increased more than threefold, and they accounted for a third of the increase in world output. "The five" (with the accession of the Republic of South Africa), occupying 29% of the terrestrial land (excluding Antarctica), have almost 43% of the world's population. According to the share in the total world gross product by PPP, the proportion of BRICS is almost 27%, but by contribution to the growth of the world product in 2012, the share of the "five" exceeded 47% (see Table 2).

Table 2. Share of BRICS in global indicators, %[147]

Indicator	2000	2005	2010	2011	2012
GDP volume by PPP, in prices of 2005	16.8	20.0	25.3	26.2	26.8
Investments in fixed capital, in prices of 2005	9.3	14.2	28.2	30.0	31.4
Electric power consumption	22.0	27.4	32.7	34.1	35.2
Net inflow of foreign direct investments	5.9	11.2	25.0	24.9	27.1
Export of goods and services	7.0	11.3	15.3	15.7	16.2
Export of goods and services	13.3	27.1	40.2	40.2	39.3

Source: Sadovnichy V, Yakovets Yu., Akayev A.[148]

[147] The World Bank. Indicators, 2000-2013.
[148] Sadovnichy V.I, Yakovets Yu.V., Akayev A.A. (Eds.). *Prospects and Strategic for*

The authors of the fundamental report[149] prepared for the meeting of the BRICS leaders in Russia this year, determine BRICS as "a transcontinental coalition that has emerged over a wide range of geoeconomic and geopolitical motives connected with the change of weight categories in the world hierarchy and global regulation mechanisms..." which "...will eventually come to an institutionally established structure."

Unlike the core countries of the existing world economic paradigm that has imposed on the world the universal system of financial and economic relations as the basis of liberal globalization, the emerging core of the new world economic paradigm is very diverse. This difference is also evident in the common values of BRICS: freedom to choose the ways of development, denial of hegemony, sovereignty of historical and cultural traditions. In other words, the association of the "five" is a qualitatively new model of cooperation, paying tribute to diversity as opposed to the uniformity of liberal globalization, which is equally acceptable for countries that are at different stages of economic and social development.

The main factors for the convergence of the BRICS countries are:

- the common desire of the BRICS partners to reform the outdated international

the Rise of the BRICS. Moscow, MSU–Pitirim Sorokin–Nikolai Kondratieff International Institute–INES–National Committee for BRICS Studies–RAS Latin American Institute, 2014.

[149] Ibid.

financial and economic architecture that does not take into account the increased economic weight of emerging-market and developing countries[150];

- strong support by the association participants of generally recognized principles and standards of international law, rejection of the policy of forceful pressure and infringement of the sovereignty of other states;
- similar challenges and problems of the BRICS participants related to the needs of a large-scale modernization of the economy and social life;
- complementarity of many sectors of the economy of participating states[151].

The historical mission of BRICS as a new community of countries and civilizations is to propose a new paradigm that meets the needs of sustainable development, taking into account the environmental, demographic and social limits of development, the need to prevent economic conflicts[152].

The paradigm of a new world economic structure proposed by BRICS is fundamentally different from the previous centennial cycles

[150] The directions of such a reform could cover the formation of a joint payment system of the BRICS countries, taking into account the plans for the creation of a national payment system; establishment of a joint multilateral agency for investment assurance; development of international standards for activities of rating agencies and determination of ratings; creation of an own global system of international payments; harmonization of rules of procedure of national monetary authorities.

[151] See the *Policy Concept on Russia's participation in BRICS*, approved by President Vladimir Putin on March 21, 2013.

[152] Sadovnichy V.I, Yakovets Yu.V., Akayev A.A. (Eds.). *Prospects and Strategic for the Rise of the BRICS*. Moscow, MSU–Pitirim Sorokin–Nikolai Kondratieff International Institute–INES–National Committee for BRICS Studies–RAS Latin American Institute, 2014.

formed by Western European civilization. S. Huntington acknowledged that "The West won the world not by the superiority of its ideas or values or religion (to which few members of other civilizations were converted) but rather by its superiority in applying organized violence."[153] Currently, the Western powers, using the same patterns of behavior described by Huntington, forget with surprising ease the old humane traditional values and are now trying to retain power and hegemony by force.

Simultaneously with the rapid growth of the core of the Asian cycle of accumulation, the core of the American cycle is relatively decreasing. This process is sustainable and will continue in the future (Table 3).

China, the new leader of the Asian cycle of capital accumulation, has already become the "world factory." Within the framework of the SCO, APEC and BRICS, it began to form a new world economic paradigm with its system of economic regulation, which has already been called the "Beijing Consensus." It is no coincidence that at the last BRICS summit in Brazil, the financial basis of the new world economic structure was created in the form of two banks responsible for the stable development of the new world financial architecture. This is a direct threat to the domination of the U.S. and the receding

[153] S. Huntington. *The Clash of Civilizations and the Remaking of World Order*, 1996. (This book is one of the most popular geopolitical treatises of the 1990s. Developed from an article in the journal *Foreign Affairs*, it describes in a new way the political reality and forecast of the global development of the entire civilization. The edition contains the famous article by F. Fukuyama, *The End of History*).

American cycle of capital accumulation. The main contradiction of the current historical moment is that the accumulation of capital takes place at the center of the American system, in the developed countries, while the consumption potential is concentrated in the Asian and other developing countries. Therefore, financial bubbles are inflated in developed countries, while the developing countries do not have enough finance to develop and satisfy the growing consumption[154].

Table 3. Comparison of the GDP of the core of the American and Asian cycles of capital accumulation[155]

	1820	1870	1913	1950	1973	2000	2010	2020	2030
Countries of the South	70.3	53.1	42.1	39.5	39.9	43.0	52.4	60.5	66.9
Developing Asian countries	56.5	36.1	22.2	15.3	15.8	29.2	40.9	49.1	58.2
China	33.0	17.1	8.8	4.6	4.6	11.8	20.7	28.9	33.4
India	16.1	12.2	7.5	4.2	3.1	5.2	8.0	12.2	18.6
Russia	5.4	7.5	8.5	9.6	9.4	2.1	2.4	2.7	3.0
Brazil	0.4	0.6	0.7	1.7	2.5	2.7	2.6	3.6	5.1

[154] Ref. to A. Ayvazov's essay *Novorossiya is Our Stalingrad* (2014) and other works by the author.
[155] GDP figures are based on purchasing power parity (PPP) indicators; calculations for the years 1820-2000 were performed by A. Maddison; calculations for 2010-2030 were performed by Chinese scientists on the basis of A. Maddison's calculations.

Countries of the North	29.7	46.9	57.9	60.5	60.1	57.0	47.6	39.5	33.1
The U.S.	1.8	8.9	18.9	27.3	22.1	21.9	18.4	16.7	15.1
The EU	23.3	32.0	35.8	27.1	27.1	21.5	18.1	15.7	13.1
Japan	3.0	2.3	2.6	3.0	7.8	7.2	5.4	4.4	3.2

Source: Sadovnichy V.I, Yakovets Yu.V., Akayev A.A. (Eds.). *Prospects and Strategic for the Rise of the BRICS*. Moscow, MSU – Pitirim Sorokin – Nikolai Kondratieff International Institute – INES – National Committee for BRICS Studies – RAS Latin American Institute, 2014.

These arguments are confirmed by the data of the analytical service of the U.S. bank Goldman Sachs, which predicts that by 2020 the total world "middle class" will reach 3.85 billion people, of which the share of G-7 countries will be reduced to 21%, while the share of the BRICS countries will grow to 44%. By 2030, the "middle class" of the world will reach 5.2 billion people, of which more than half (52%) will reside in the BRICS countries, while the share of the G-7 countries will drop to 15%. At the same time, consumption growth will increase by $10 trillion, and by 2020 this figure in developing countries will reach 13 trillion, giving 43% of the world's total. Growth in consumption will take place in the BRICS countries exponentially: their share will increase from 23% in 2000 to 62% by 2020[156]. The center of gravity in international trade and production has shifted from the North to the East and South: In the next ten years, South-South trade will continue to develop, with the BRICS countries taking the lead in it. At the

[156] *Goldman Sachs: naselenie stran BRIC budet stremitelno bogatet sleduyushchie 20 let* [Goldman Sachs: the population of the BRIC countries will rapidly grow rich over the next 20 years]. Electronic publication: *Slon.ru*, November 24, 2011. (In Russian)

same time, the role of developing countries will increase substantially in the market of direct and portfolio investments in the coming years, and this will include investments of developing countries into each other. This will greatly weaken the monopoly and dominance of Western transnational corporations in the sphere of international investment and production[157].

As noted by A. Ayvazov and the authors of the book "Prospects and Strategic Priorities for the Rise of the BRICS," the American cycle of capital accumulation has entered the "autumn" period of its development, or the "financial expansion" stage. In 1980, financial departments gave 15% of the total profits of U.S. industrial corporations, while now they yield more than half of the profits of TNCs. With the collapse of the Warsaw Pact and the USSR, the core of the U.S. world system obtained huge sales markets for its goods and application spheres for its surplus capitals. However, it did not seem to be enough for the global financial oligarchy that started arranging financial crises everywhere, which the Anglo-American geographer D. Harvey, one of the founders of the so-called "radical geography", called "accumulation by dispossession,"[158] when

[157] Conversation of Yang Jiemian with Li Xin from the book *22 idei o tom, kak ustroit mir (besedy s vydayushchimisya uchenymi)* [22 ideas on how to put the world in order (conversations with eminent scientists)]. MSU Publ., 2014, p. 489. (In Russian)

[158] Harvey D. *The Winding Paths of Capital. A conversation between G. Arrighi and D. Harvey.* (Along with the theory of "accumulation by dispossession," D. Harvey also developed the interconnected theory of capitalist geographic expansion, the so called "spatial fix" theory. The latter proceeds from the premise that capitalism must create a geographical landscape commensurate with the conditions of accumulation in each particular era of growth. One of these conditions is investment in real estate, social

hundreds of billions of dollars were withdrawn from the periphery and transferred to the U.S. and other countries of the global capitalist system core. The capitals withdrawn from peripheral countries were applied not so much for the development of new industries, but rather for stock market speculations. As a result of this specific redistribution, in 2000-2001 NASDAQ, the stock exchange of the "new economy," crashed (the crash of stocks of Internet companies was called the "Dot-com bubble" crash), and in 2007, there happened a financial collapse caused by the mortgage crisis in the U.S. It is noted that currently, the U.S. economy is in a state of recession. It is under pressure of the huge public debt that is approaching $18 trillion. Based on the objective data, forecasts are made that the U.S. economy will plunge into the deepest depression in the next few years, which will mark the end of the American centennial cycle of capital accumulation and the transition to the Asian cycle[159].

In order to neutralize the impact of the ever-increasing burden of its debt obligations and to take turn to its own account the opportunities arising from the expansion of overseas markets, the U.S. is making efforts to organize the Trans-

infrastructure, industrial development, etc., and another lies in certain institutional mechanisms characteristic for the given period. When capital in its dynamics exhausts the possibilities of the epoch and reaches new investment areas, new production forms, new labor relations, etc., it explodes the old shell and creates a new landscape in accordance with new requirements).

[159] Sadovnichy V.I, Yakovets Yu.V., Akayev A.A. (Eds.). *Prospects and Strategic for the Rise of the BRICS*. Moscow, MSU–Pitirim Sorokin–Nikolai Kondratieff International Institute–INES–National Committee for BRICS Studies–RAS Latin American Institute, 2014.

Pacific Partnership (TTP) and the U.S.-EU Transatlantic Trade and Investment Partnership (TTIP). In the future, there is a probability of integration of these major transcontinental free trade zones, the core of which will be the U.S.[160]

The U.S. desire to exclude from the new stage of liberal globalization China, India, Russia and Brazil that have veered out of its control testifies to the achievement of the limit of conflict-free resolution of the contradictions between the opportunities and the needs for ensuring an expanded reproduction of the existing world economic paradigm. Further liberalization of world trade initiated by the U.S. is unlikely to give it any additional competitive advantages. It resembles the unsuccessful attempts of Britain to fence off the American competitors with protectionist measures in order to defend the domestic market of its empire a century ago. Just as then it became a signal to the ruling elite of the U.S. about the need to break the colonial world economic system, so today these initiatives of the U.S. are perceived by the countries of the core of the emerging new world economic paradigm as the reason for demolishing the old one. If the U.S. seeks to improve its competitive position at their expense, then they have no reason to keep maintaining the American financial pyramid. It would not mean for them anything

[160] The regions where the countries taking part in the negotiations for establishing the transcontinental superblocks are located account for the vast majority of world imports (about 85%). North America absorbs about 18% of world exports, Europe–almost 36%, Asia–32%. Russian exports are also largely oriented toward these regions. The EU absorbs 53% of national exports, and the APEC countries, more than 17%.

but new attempts of the U.S. oligarchy to perform "accumulation by dispossession." Following China, the accumulation of U.S. debt obligations is stopped by Russia. This process will inevitably start snowballing in a short time, which will entail destruction of the U.S. financial system and the entire current world economic paradigm based on it.

Undoubtedly, the oligarchy ruling the U.S. will try to slow down the process of growth of the new center for global economic development. But the options to do this in a non-conflict way, as was done in 1985 with regard to Japan, the rising "first robin" of the Asian accumulation cycle, by artificially reducing the competitiveness of its economy by imposing the "Plaza Accord,"[161] are hardly available today. China feels strong enough to disagree with discrimination. India has traditionally been very sensitive to attempts at compulsion by the Anglo-Saxons. The independent policy of V.V. Putin excludes the possibilities of manipulating Russia, as the U.S. did in the 1990s.

Despite liberal globalization, the opportunities for mutual understanding between

[161] At the meeting of finance ministers and heads of central banks of the group of the most advanced countries (the U.S., Britain, Germany, France and Japan) in 1985, the U.S. persuaded other participants to take a number of concerted measures to regulate foreign exchange markets. Their goal was to reduce the dollar rate and increase the rates of other currencies. Each country consented to change its economic policy and intervene in the work of foreign exchange markets to the extent necessary to devalue the dollar. Japan agreed to raise interest rates and do everything necessary to ensure that the yen rate "fully reflected the positive dynamics of the Japanese economy." As a result, because of the sharp increase in the yen rate, the Japanese economy suffered severely, as Japanese exporting companies became less competitive in foreign markets. (It is believed that in the end it led to a 10-year economic recession in the country.) On the contrary, after signing the agreement the U.S. experienced a significant economic growth and a low level of inflation.

the leaders of the old and new world economic paradigms are not so great as in the previous transitional crises. Whereas the Dutch, British and American cycles of accumulation were based on their common Anglo-German civilizational foundation and Protestant ethics which rested on individualism and competition, China, Japan, Korea, Russia and India belong to other civilizations based on collectivism and solidarity.

As far back as in 1964 P. Sorokin, a remarkable Russian thinker living in the United States, foresaw this historic transition and defined the key difference between the new era and the previous one: "the dominant type of the emerging society and culture is likely to be neither capitalist nor communist but a type sui generis which we can designate as integral type. This type will be intermediary between the capitalist and communist orders and ways of life. It is going to incorporate most of the positive values and to be free from the serious defects of each type. Moreover, the emerging integral system probably will not be in its development a simple eclectic mixture of specific features of both types, but the integrated system of integral cultural values, social institutions and integral type of personality substantially different from the capitalist and communist models."[162]

Using this definition of P. Sorokin, let's designate the new world economic paradigm

[162] Sorokin P. *The Basic Trends of Our Times.* New Haven, 1964. (Russ. ed.: *Glavnye tendentsii nashego vremeni*. Moscow, Nauka Publ., 1997.)

forming in the course of establishment of the Asian cycle of accumulation as an integral one. The paradigm corresponding to the current American accumulation cycle will be designated as imperialistic, and the preceding one as colonial. These short names symbolize the essence of the worldview of the ruling elite that belongs to the core of the relevant world economic paradigm. Fig. 6 shows the scheme of successive world economic and technological paradigms and their corresponding long cycles of economic and political dynamics, compiled on the basis of A. Ayvazov's model with the author's changes.

Perhaps the West still has the opportunity to give the emerging new world economic paradigm the form of a "new imperialism." Like the traditional one, it could be based on private property and competition, while having built-in social and environmental restraints preventing financial institutions from steamrolling over the real sector of the economy and ignoring the interests of the majority of the population. This concept could overcome the current contradictions of the historically established model, ensure a fair distribution of material wealth between classes and territories based on the parameters of sustainable development. development. That is, take into account the environmental and demographic limits, the priority of solving social problems, the need to prevent conflicts on economic grounds[163].

[163] Toloraya G. *BRICS and the New World Order* (a chapter to the book *Prospects and Strategic Priorities for the Rise of the BRICS.* Sadovnichy V., Yakovets Yu., Akayev A.

This opportunity was not used in the period of Perestroika that destroyed the USSR. Through the efforts of Western institutions and advisers to Soviet, and later to post-Soviet political leaders, a false mythology of "universal human values" was imposed, under the guise of which the barbaric colonization of the post-Soviet economical space by American-European capital went off. Presently, U.S. political engineers are trying to repeat this experience, resorting to direct aggression against peripheral countries in order to establish their control. By so doing, they exclude the possibility of a conflict-free transition to the new world economic paradigm.

(Eds.). Moscow, MSU – Pitirim Sorokin — Nikolai Kondratieff International Institute – INES – National Committee for BRICS Studies – RAS Latin American Institute, *Polis*, 2014
Prospects and Strategic for the Rise of the BRICS. Moscow, MSU–Pitirim Sorokin–Nikolai Kondratieff International Institute–INES–National Committee for BRICS Studies–RAS Latin American Institute, 2014.
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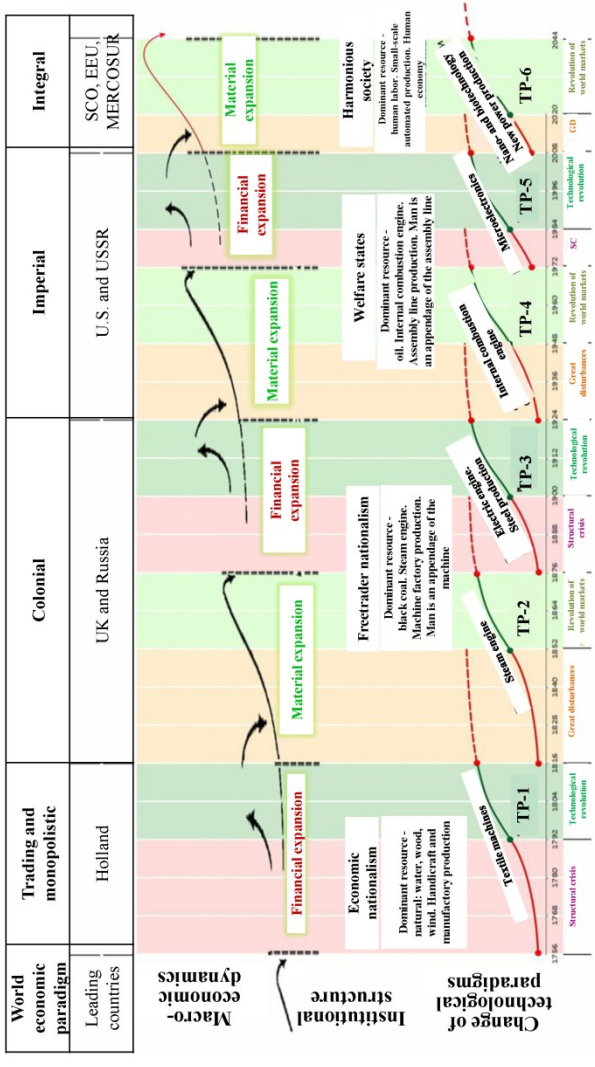


Fig. 6. Periodic change of world economic paradigms
(Source: A. Ayvazov (2012), with the author's changes)

Throughout the entire capitalism development epoch, the global center of capital accumulation was situated within the framework of Western European civilization which, after the collapse of the USSR, transformed the rest of the world into its periphery. The previous centennial cycles of capital accumulation were formed by Western European civilization with its characteristic ideology of profit and coercion, based on the Golden Calf religion, that is, faith in the universal power of money and reduction of the value of an individual to the amount of his or her capital. Although this faith mimicked Christian ethics, Weber has shown that its meaning in Protestant heresy was reduced to monetary wealth as a criterion of grace and a sign that the person belongs to God's chosen.

The formation of an integrated world economic paradigm takes place on a different civilizational basis. Despite its complex composition, the common values in the spiritual traditions of the core countries of the Asian cycle include renunciation of violence as the main form of spelling things out, seeking harmony between man, nature and society, condemnation of money-grubbing, aspiration for mutual cooperation and balance of interests. In international relations, these values are manifested in the mutual respect for national sovereignties, the desire for cooperation while preserving the diversity of countries, and in elaboration of common development strategies. In the economic sphere, they are manifested in

the criticism of the current world economic order as unfair and ensuring the enrichment of the "golden billion" countries by exploiting the rest of humanity through an unequal foreign economic exchange. These values condemn aggression and set a negative attitude to violence in international relations. However, they cannot prevent aggression on the part of the U.S. trying to maintain its global dominance.

Forecast of the cyclical aggravation of the military threat

Above, we have analyzed the contradictions of global economic development and the subjective factors embodied in the Ukrainian catastrophe. In this chapter, the results of a system analysis of the superposition of cyclical fluctuations in economic and political activity are superimposed on this content.

Since the substantive analysis has revealed the objective interest of the U.S. in escalating military and political tensions, as well as its subjective orientation toward using Ukraine as a tool of inciting a war in Europe against Russia, a mathematical analysis of economic cycles is used to assess the probability of this particular threat in the temporal aspect. Of course, U.S. geopoliticians can unleash a war in some other place, which they actually do all the time in all corners of the globe. At the same time, given the global nature of the economic crisis, the war

intended to resolve its driving contradictions is bound to be global. It doesn't have to take the form of hostilities between superpowers.

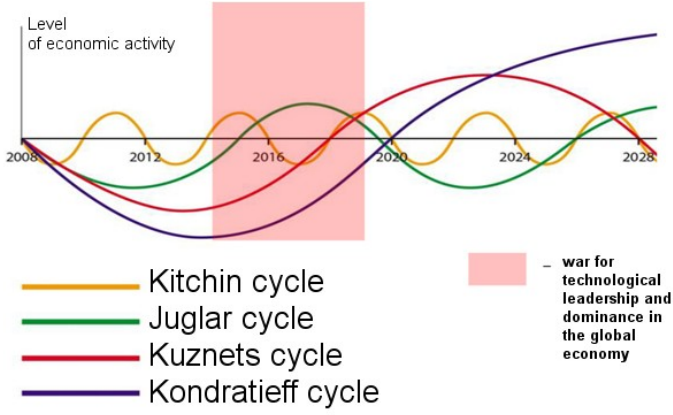


Fig. 7. The global crisis as a combination of cyclical crises.

(Source: Akayev A. A., Sadovnichy V.A.)

But in the essence of international political relations and the scale of consequences, it will be a war analogous to the Cold War between the capitalist and socialist empires. Especially since this confrontation did not end, as the PRC showed a new model of the socialist way, picking up the baton from the USSR.

The superposition of centennial capital accumulation, long Kondratieff cycles, Kuznets cycles of accumulation and business cycles indicates that the world is going through an extremely dangerous moment of coincidence of the lower turning points of all these cycles, which creates a dangerous resonance of the disturbances typical for each of these cycles.

Mathematical modeling of superposition of the above cycles indicates the passage of the extreme point of economic activity decline in 2014-2016[164]. The same period is associated with a maximum risk of aggravation of political tension and struggle for leadership. In the previous periods, the downward waves of Kondratieff cycles also were associated with serious crises that resulted in disturbances, socio-political conflicts and wars.

Analysis of the long cycles of economic and political dynamics shows that the most likely period of commencement of major international conflicts involving the U.S. and its satellites against Russia is 2016-2018, and their escalation could continue until the middle of the next decade (Fig. 7)[165]. The likely intensification of international political and economic tensions is evidenced by the results of modeling the superposition of economic cycles with a different period of oscillations, indicating a high

[164] Akaev A., Sadovnichy V. *O novoy metodologii dolgosrochnogo tsiklicheskogo prognozirovaniya* dinamiki *razvitiya mirovoy ekonomiki i Rossii* [On a new methodology for long-term cyclical forecasting of the dynamics of development of the global economy and Russia]. Site http://socmodel.com/ (In Russian)

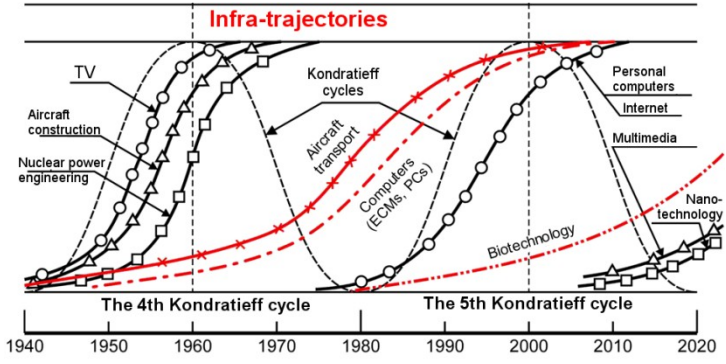
[165] Pantin V. I. Research note *Naibolee veroyatnyy prognoz razvitiya politicheskikh i voennykh konfliktov v period 2014-2018 gg.* [The most probable forecast for the development of political and military conflicts in the period 2014-2018]. (In Russian)

probability of a dangerous resonance effect of coincident cyclical crises in the near future.

As explained above, the modern period corresponds to the stage of transition of the new technological order from the birth phase to the growth phase, when the establishment of its technological trajectory is completed and the modernization of the economy on its basis begins. It is during this period that technology changes entail changes in the structure of international relations.

The countries that have ascended earlier than others the wave of growth of the new technological paradigm acquire a competitive advantage in the world market and begin to press former leaders, who have to make great efforts to overcome the overaccumulation of capital in obsolete production and technology structures. The fight described above for dominating the world market unfolds between the new and the old leader of technical and economic development, which leads to an increase in international tension and provokes military and political conflicts that until now led to world wars.

It is precisely this period that begins at the present time, which will last until the beginning



of the next decade, when the growth trajectories of the new technological paradigm will finally form and the world economy will rise to the sixth long wave of growth based on it[166]. It is at this time that the old ones are coming to an end, and new life cycles of infrastructural innovations are beginning (Fig. 8).

Fig. 8. Diffusion of innovation along the rise of Kondratieff economic activity cycles.

(Source: Akayev A. A., Sadovnichy V.A.)

At the same time, according to the dynamics of centennial cycles of accumulation and scenarios of world economic paradigms succession, an aggravation of international military and political conflicts is expected. According to the above-mentioned forecast by V. Pantin, their first peak is expected in 2016-2018[167]. We should note that by that time a legitimate change of power would have occurred in Ukraine, following the results of the presidential elections planned in accordance with the Constitution for the spring of 2015. Now there is no doubt that secret services of the U.S. and its NATO allies planned another orange revolution, entailing overthrow of Yanukovych and transfer of power to their

[166] Akaev A., Sadovnichy V. *O novoy metodologii dolgosrochnogo tsiklicheskogo prognozirovaniya dinamiki razvitiya mirovoy ekonomiki i Rossii* [On a new methodology for long-term cyclical forecasting of the dynamics of development of the global economy and Russia]. Site http://socmodel.com/ (In Russian)

[167] Pantin V. I., Lapkin V.V. *Volny politicheskoy modernizatsii v istorii Rossii* [Waves of Political Modernization in Russia's History]. *Polis*, 1998, No. 2, p. 42. (In Russian)

agents, Poroshenko and Yatsenyuk. If it were not for Ukraine's disruption into the political crisis in early 2014, the transfer of power to American protégés would have happened legally, and today it would have naturally found itself under the control of NATO, legitimately pursuing an anti-Russian policy, barring the operation of the Black Sea Fleet and provoking interethnic conflicts in the Crimea in order to eliminate pro-Russian public organizations and mop up Russian influence in the southeastern regions. Russia would have been in a much worse situation than now, after reunification with the Crimea and the establishment of an illegitimate regime in Kiev, the war crimes of which against its own people doom the Ukraine seized by pro-American neo-Nazis to disaster and disintegration.

The U.S. failed to wrest control of Ukraine in a legitimate way, and had to lay its cards on the table ahead of time, resorting to gross interference in the internal affairs of Ukraine and linking itself to the criminal Nazi regime. The disguise had to be thrown off, which dramatically weakened the U.S. position in the world community due to the growing distrust toward American politicians who were spotted organizing the coup d'état and supporting neo-Nazis. The Ukrainian crisis began a year earlier than was planned in Washington.

Had Yanukovych signed the Association Agreement with the EU, everything would have happened a year and a half later, at the time of

the next presidential election. By that time, the EU's mechanisms of managing the Ukrainian economic, external and defense policy envisaged by this Agreement would have been activated. The Ukrainian-Polish-Lithuanian battalions, he formation of which is discussed in Kiev, would have already been established and deployed on the borders with Russia. The procedures for joint actions by European and Ukrainian armed forces in the settlement of regional conflicts would have been perfected.

Although the Agreement stipulates the obligation of Ukraine to act in these conflicts under the leadership of the EU, as well as to follow its foreign and defense policy, it is obvious that the real organization of military operations would have been carried out by NATO under Washington's command.

There is no doubt that at the time of the presidential elections in the spring of 2015, the same technologies for replacing Yanukovych with a U.S. protégé would have been used, as during the coup d'état this winter. The only difference is that the change of power would have occurred in a relatively legitimate way, which would have excluded Russia's ability to help anti-fascist resistance, not to mention reunification with the Crimea. Like now, the U.S. would have formed a government and law enforcement agencies in Kiev from among their agents, who would have been used to join Ukraine to NATO and drive out the Russian Black Sea Fleet from the Crimea. Russia would

have been opposed not by Nazi gunmen gangs, but by legitimate Ukrainian-European troops relying on the entire military power of NATO. The legitimate Ukrainian government guided by the U.S. would have severed cooperation with Russia in the defense industry, conducting an equally unbridled anti-Russian campaign in the media and forcible Ukrainization of the South-East of Ukraine.

The social and economic catastrophe that has engulfed Ukraine, along with the growing chaos in this territory, do not correspond to the goals of Russia which is vitally interested in a prosperous and successfully developing Ukraine, an integral part of the Russian World connected with Russia technologically, economically and spiritually. The catastrophic scenario could have been avoided, had Yanukovych not taken the cue of American and European emissaries, and had he defended the state from the Nazi insurrection and prevented the coup d'état. However, for the U.S. this would be tantamount to a defeat in the long anti-Russian campaign that they waged in Ukraine throughout the entire post-Soviet period. Therefore, everything possible and legally unthinkable was done using huge political, informational and financial resources to arrange the coup d'état in Kiev and transfer power over Ukraine to the pro-American agents of influence.

The U.S. risks paying for the Ukrainian venture with its ideological and political leadership. This leadership is perceived as a

threat to political stability not only in the CIS, but also in Latin America, Asia and Africa. Only people who are naïve and far removed from real politics continue to perceive the U.S. as a bulwark of democracy and peace. Leaders of independent states are increasingly apprehensive of foreign policy of the U.S. that considers the entire globe to be the sphere of its interests, and impudently interferes in the internal affairs of other countries up to arrangement of coups and civil wars, defying international law.

At one of the international events, Cristina Fernández de Kirchner, the President of Argentina, asked the participants, "In what country is a coup d'état impossible?" And then she answered, "In the U.S., because there is no American embassy there." This joke reflects a real understanding of the policy of the U.S. as the international aggressor which appropriated to itself the right to sway the destinies of the peoples of the world.

Progressively more of these peoples, or rather their leaders, perceive this policy as a threat against which one needs to defend oneself. They also comprehend the reasons that incite the U.S. leadership to new ventures with the aim of destabilizing various countries and regions that they do not control.

Currently, the reproduction of the U.S. financial system has reached an exacerbated mode, as the exponential growth of its public debt and financial pyramids of derivatives

testifies to the approach of its self-destruction. The gap between real assets and their virtual derivatives, which was considered the main cause of the global financial crisis, has grown significantly since that time (Fig. 9).

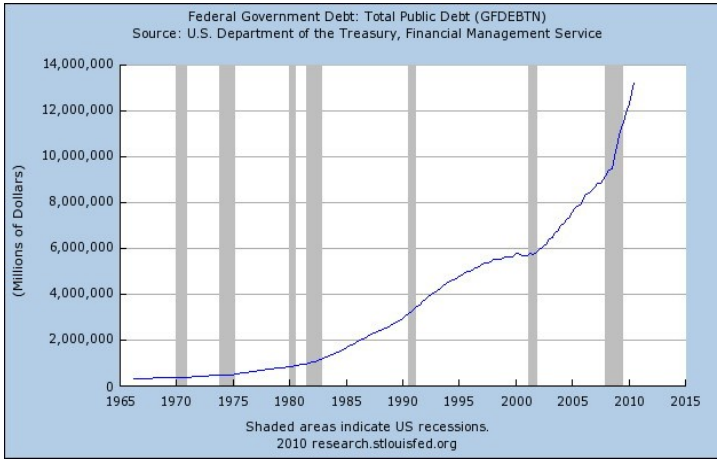


Fig. 9. Growth of the U.S. national debt

The U.S. is trying to postpone as much as possible the moment of the collapse of its financial system and jump it over to a new long wave of growth before its onset. To do this, it is trying to shift the burden of servicing its obligations to other countries, or even to downright write them off. In order to maintain control over petrodollars, the U.S. unleashed wars in the Middle East, having plunged its

recent partners into a state of chaos and helplessness. To control the narcodollars, it has occupied Afghanistan. However, the main goal of this expanding aggression is Europe. Following the geopolitical tradition, the U.S. oligarchy relies on unleashing a war of European countries with Russia in the hope that it will win this war again, as has already happened twice. It was for this purpose that the U.S. secret services committed a coup d'état in Ukraine, establishing an anti-Russian Nazi regime there.

By stirring up the EU against Russia with the help of Nazi provocateurs who usurped power in Ukraine, the U.S. is trying to weaken both sides and establish its control over them. In the EU, by imposing a free trade zone on conditions favorable to American capital. In Russia, by destabilizing the internal political situation and organizing the coup d'état with subsequent dismemberment of the country. This will allow the U.S. to establish control over Central Asia as well. By subordinating most of the Eurasian continent to its interests, the U.S. will strengthen its capabilities and weaken the capabilities of China. In such a way, U.S. geopoliticians expect to retain global leadership. The blow to Russia plays a pivotal role in this plan. At the same time, the use of Ukraine to this end makes the U.S. position "win-win", as the entire operation is done by someone else's hands, while the entire damage is taken by the Russian World, which is being destroyed from within.

From 2017 on, a new electoral cycle will begin in the U.S. which, apparently, will be based on Russophobia as the ideological basis of the U.S.-fomented world war. By that time, the crisis condition of the U.S. financial system might manifest itself in the reduction of budget expenditure, depreciation of the dollar, as well as in a tangible deterioration in the standard of living. The external U.S. aggression may get bogged down in the Middle East, fail in Afghanistan and Iraq. The pressure of domestic problems and crises in foreign policy, on the one hand, will provoke an increase in the aggressiveness of the U.S. leadership, weakening its position on the other hand. As V. Pantin argues, in case of its intellectual, economic and military mobilization, Russia has a chance not to lose away the conflicts of 2015-2018, since the U.S. and its satellites will not yet be ready for an overt aggression[168].

According to the same forecasts, the most dangerous period for Russia will come in the early 2020s, when the technological re-equipment of developed countries and China will begin, and the U.S. and other Western countries will emerge from the depression of 2008-2018 and make a new technological leap. Exactly in the period of 2021-2025 Russia can again lag dramatically in terms of technology and economy, which will devalue its defensive

[168] Pantin V. I. Research note *Naibolee veroyatnyy prognoz razvitiya politicheskikh i voennykh konfliktov v period 2014-2018 gg.* [The most probable forecast for the development of political and military conflicts in the period 2014-2018]. June 2014. Published in newsdon.info on July 12, 2014. (In Russian)

potential and dramatically increase internal social and ethnic conflicts, as was the case with the USSR in the late 1980s. U.S. analysts from the CIA and other agencies directly rely on the collapse of Russia from within after 2020 due to internal social and ethnic conflicts initiated from the outside, using the problems of social and regional inequality along with decrease in living standards in our country. To achieve this goal, the U.S. has been consistently nurturing its "fifth column" among the Russian political, business and intellectual elite, reportedly allocating up to $10 billion per year for its creation[169]. The recent appointment of John Tefft, the most famous organizer of "color revolutions" and coups d'état in the post-Soviet space, as the new U.S. ambassador to Russia, also testifies to the same thing.

Start of the war and lessons drawn from the first defeat

The conflictology of U.S. aggression against Russia was most visibly and tangibly manifested in the current financial and economic destabilization of Russia. It was explained above

[169] Ibid.

that modern war has a hybrid nature that combines financial, economic, information-psychological, diplomatic and military factors of damaging action. From legal point of view, the moment of its beginning on the part of the U.S. against Russia can be considered the adoption by Washington on March 17, 2014 of the resolution to impose economic (and personal) sanctions, grossly violating the international trade and economic laws established by the WTO.

The key place in the ongoing hybrid war of the U.S. against Russia belongs to the financial and economic battlefront, on which the adversary (the U.S. and its allies) has massive superiority. They use their dominance in the world monetary and financial system to manipulate the financial market of Russia and destabilize its macroeconomic situation, to undermine the economy reproduction and development mechanisms. This is done by combining financial embargoes with speculative attacks against the Russian monetary and financial system.

On the one hand, the U.S. authorities are blocking medium and long-term loans and investments of Western capital for the Russian economy. On the other hand, they do not limit short-term loans and investments, creating opportunities for speculative operations of any scale in the Russian market. As a result of the simultaneous outflow of long-term capital and inflow of short-term speculative liquidity, the

monetary and financial system loses its stability and topples over into a turbulent mode.

Due to the super-profitability of speculative transactions to manipulate the foreign exchange market, which involve large domestic credit and financial organizations and monetary authorities, a speculative funnel emerges that sucks the liquidity available in the economy. A significant part of the money issued by the Bank of Russia to refinance commercial banks was applied by the latter for financial currency speculations.

Thus, the speculative funnel sucks out the foreign exchange reserves of the state. In an effort to preserve them, the Central Bank withdraws itself from the foreign exchange market, leaving it entirely in the hands of speculators.

The most arrogant of them use their connections with the exchange to manipulate the market, boosting the drop of the ruble exchange rate to gain three-digit percent of profit on pre-planned speculative operations.

The uncontrolled "bumps" of the ruble exchange rate throw the reproductive contours of the Russian economy locked to the external market into confusion, entailing inflation spikes and a drop in production. The loss of value reference points and a feverish state of the financial market make it impossible to expand the reproduction of the real sector of economy. Enterprises curtail manufacturing investments and channel the released funds to the financial

market.

Attempts by the Bank of Russia to stop speculation against the ruble by raising the key rate and contracting the money supply in a situation of turbulence in the financial market ultimately lock the monetary flows in a speculative funnel. The increase in interest rates on loans to a level many times higher than the profitability of the production sphere cuts off for the latter the access to bank loans (Fig. 10).

The speculative vortex stops only after absorbing the entire amount of free money available in the market, after the amount of the money supply goes down much lower than the available currency reserves of the Bank of Russia.

As always, simultaneously with the decline in the money supply, production and investment are falling, and the share of unprofitable enterprises and troubled loans is growing. This led to a sharp deterioration in the banking sector condition, where the aggregate capital deficit is estimated at 1.5 trillion rubles.

The growing avalanche of bankruptcies of commercial banks is swallowing up the savings of many legal entities and individuals. Whereas the latter are awarded reparations, the amount of which approaches a trillion rubles, for tens of thousands of entrepreneurs these bankruptcies have fatal consequences. The Entrepreneurial Spirit Index has sunk to the lowest level for the last five years in a row. Instability and uncertainty have become the main factors of

concern for the business community.

Such actions of monetary authorities resulted in a significant decapitalization of the national economy, more than halving the turnover of the financial market, drastically cutting business activity and the volume of investments (up to 5% in GDP and up to 8% in investments in fixed capital). Thus, the goal of U.S. sanctions has been achieved, namely, to plunge the Russian economy into a crisis.

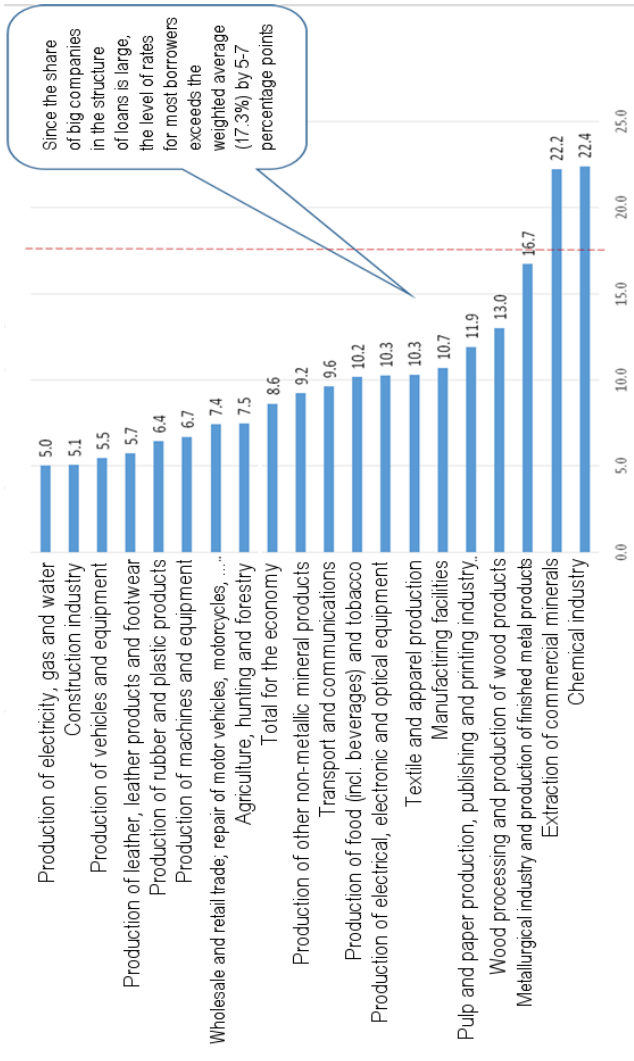


Fig. 10. -effectiveness of sold goods, products and services (2014) and weighted average interest rates on loans up to 1 year for non-financial enterprises.

(Source: the RAS Institute for National Economic Forecasts (2015), with the author's changes)

The attempts by the Bank of Russia to stabilize the foreign exchange market by raising the key interest rate could not succeed in the conditions of a fully open account of cross-border capital flows. The persisting boundless monetary issue of the dollar, euro, pound and yen (their volume grew more than threefold after the beginning of the global financial crisis of 2008; the average annual issue amounts to 700-800 billion dollars, which exceeds the volume of the monetary base of the Russian Federation 3-4-fold and is comparable with the entire money supply of the Russian economy (Fig. 11). This creates a huge financial overhang, and the bringing of even a small part of it down on the Russian market will cause its destabilization.

In the context of the ongoing quantitative easing policy pursued by the European Central Bank, which plans to continue issuing money at a rate of 60 billion euros a month, the monetary overhang of almost free loans is growing much faster than the possibilities for their absorption by the European economy. There is no doubt that part of this credit avalanche, despite the sanctions, feeds speculation on the Russian market as well.

Although the Russian market is marginal for Western speculative capital (as its capitalization is 0.6% of the global figure), speculators do not shun the possibility of obtaining super-profits from its destabilization. The profit margin on speculative attacks in 1997-1998, 2007-2008,

and in 2014 amounted to hundreds of percents, with Russia's GDP falling by 5%, or $70-80 billion year-on-year. Thus, the December attack on the ruble brought its organizers a speculative profit of $15-20 billion. Although the latter case involved credit support from the Bank of Russia, the role of non-residents in the Russian financial market remains the pivotal one. Their share prevails on the currency and financial market, accounting for 75-80%.

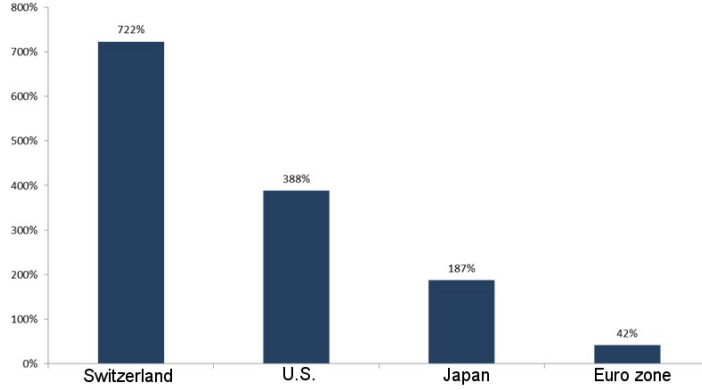


Fig. 11. Increase in the monetary base of the currencies of countries in 2007-2014 (calculated by national currencies), %.

*Britain: 42%, calculated for the M0 aggregate.

(Source: M. Ershov according to the central banks of the respective countries)

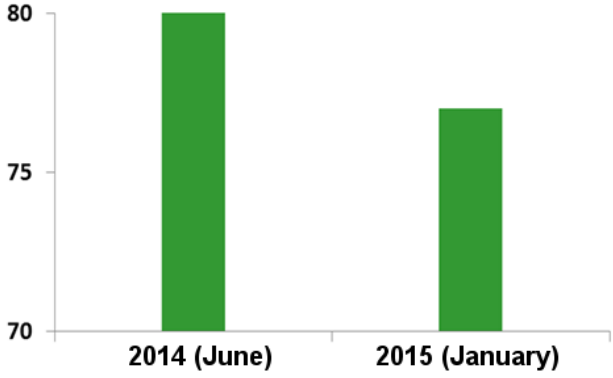


Fig. 12. The share of non-residents in the Russian stock market, %.
(Source: E. Obukhova. Svoego ne upustyat [They are in like Flynn]. Expert, 2015, No. 15. In Russian)

The dominance of non-residents in the foreign exchange market is complemented by control over the exchange itself. After the reorganization and privatization in favor of the largest foreign and Russian banks two years ago, Moscow Exchange (MOEX) slipped out of control of the Bank of Russia and turned out to be dependent on speculators. Many of its senior executives are affiliated with a number of large foreign and Russian financial institutions. It is no surprise that instead of acting as the central link in the infrastructure of the monetary and financial market responsible for its stable functioning in the general interest on a non-commercial basis, MOEX has become a center for profit generation on destabilizing the market under the pretext of "increasing its

capitalization." In fact, MOEX has become the largest profit center in the Russian economy, with the volume of its last year's transactions exceeding $ 4 trillion, which is twice the size of the Russian GDP and an order of magnitude higher than all available deposits and cash in the country. Against the background of contraction of business, production and investment activities, the volume of transactions on the exchange doubled within the year, and their yield exceeded 70% per annum. At the same time, 95% of the MOEX turnover consists of purely speculative operations that are not relevant to the real economy.

Due to the central position of MOEX in shaping the ruble exchange rate, and to the role of the latter in the formation of prices in the Russian market, the entire Russian economy appears critically dependent on non-residents. Their concerted actions can easily destabilize the macroeconomic situation, provoke the flight of capital, cause a decline in economic activity and investment. This is what allowed Obama to boast that the economic sanctions imposed according to his decision "left Russian economy in tatters."

The available exchange information makes it possible to characterize the attack conducted against the Russian monetary and financial system as a pre-planned action in order to destabilize the macroeconomic situation. The targets chosen for the attack were the

exchange rate determining the level of consumer prices and the interest rate affecting the financial position of enterprises.

The attack of Western speculators on the Russian monetary and financial market was organized immediately after the introduction of U.S.-European sanctions and the shutting of external credit sources for Russian borrowers that owed $700 billion to non-residents. It began with manipulation to understate the pricing of their stock through the sale of depositary receipts on the London Stock Exchange in order to create conditions for the early termination of loan agreements. In parallel, Western creditors began withdrawing funds from Russia, creating a powerful pressure for depreciation of the national currency and contraction of money supply.

This resulted in a reduction in the ability to refinance external debts of companies from the ruble sources of Russian banks. In this situation, the Central Bank's decision to switch to a free floating ruble exchange rate was perceived by all speculators as a signal to attack. They frenetically started buying up currency with a view to a collapse of the ruble rate, using the absence of the Central Bank in the market and their control over the exchange mechanisms.

Contrary to the generally accepted world practice of market stabilization, during the whole speculative attack MOEX did not take any stabilizing measures, increasing the guarantee provision for futures contracts from 5.5% to

12% only at 7 PM on December 16, after termination of the main trading, when "the game had been already done."

There was a fair reason to believe that a number of pre-positioned MOEX officials played into the hands of speculators, implementing that day several techniques that allowed to "transpose" of the ruble-dollar rate from 60 to almost 80, ensuring forcible closing of positions and super-profits for masterminds of the attack on the ruble.

One way or another, the fact remains that MOEX did not employ any of the tools generally accepted in the world to stop the speculative attack on the ruble in December 2014. Moreover, the procedures for speculative operations crediting effective at the exchange made it possible to increase their power several-fold (option and futures trading allows a leverage to the capital of brokers of 1 to 10-15). The refinancing mechanisms of the Bank of Russia operated in a similar fashion, and through them, most of the issued loans were used to finance currency speculation (primarily by building REPO pyramids on the debt market).

At the same time, the Bank of Russia participated in this attack both by its inaction (as the mega-regulator of the financial market in general, and as the controller of MOEX in particular), and by switching to a floating ruble exchange rate according to the predetermined algorithm. The organizers used the Central Bank as an "elementary automaton" for financial

servicing of the speculative attack.

A prerequisite for the success of this attack was the neutralization of the Central Bank as an independent player capable of influencing these parameters. To do this, the IMF imposed on the Bank of Russia recommendations to switch to "inflation targeting", removing from the monetary policy toolkit the means for currency regulation and control over cross-border capital flows, as well as over stabilization of the exchange rate. The latter was reduced to using one tool only, that is, the key rate. A substitution of the target parameters of monetary policy had been accomplished in advance, excluding from them the Central Bank's constitutional obligation to ensure the stability of the national currency and replacing it by the consumer price index.

After these conditions had been created, sanctions were declared, and the withdrawal of capital began. It was followed by the attack on the ruble in order to slump its exchange rate and create panic to provoke the Central Bank to raise the key rate, which automatically resulted in an avalanche of economic problems, such as credit squeezing, investment and production losses, failures of banks and businesses, an unemployment and inflation spike, which immediately led to a decrease in household income and a worsening of the socio-political situation.

The destabilization of the macroeconomic situation stopped investment activities.

Impairment of ruble assets and appreciation of foreign currency liabilities made a significant part of commercial banks cross the red line of capital adequacy, putting the financial and banking system on the brink of collapse, to avoid which the state had to allocate 2 trillion rubles at the expense of budget cuts and a corresponding reduction in final demand.

As follows from the foregoing, the Russian monetary authorities turned out to be unable to control the situation on the monetary and financial market. Large-scale manipulations of this market are planned from outside by Western megaspeculators who control Moscow and London stock exchanges, as well as the depository and clearing centers EUROCLEAR and CEDEL. The macroeconomic achievements of the last 10 years have been undermined by the professional action that was planned, calculated and implemented by the decision of the U.S. leadership, striking the Central Bank (the management of which blindly complied with IMF recommendations) with cognitive weapons. Two-fold depreciation of the national currency and an increase in the credit rate plunged Russian economy into a stagflation trap and into a turbulent mode of the financial market operation. This entailed a profound disorder of the whole system of reproduction and knocked the Russian economy from the trajectory of rapid and sustained growth down into a man-made crisis.

This attack could have been prevented, had

the Central Bank after the announcement of U.S.-European sanctions introduced measures of bank and currency control to protect our financial system against external attacks.

Instead, it actually acted as their tool, announcing in advance the refusal to maintain the ruble exchange rate at the target level. The negative effect of stabilizing the ruble exchange rate with its sharp 1.5-fold decline unexpected for speculators would have been an order of magnitude smaller than today's problems. The Central Bank would have spent $50 billion from reserves to maintain an objectively conditioned exchange rate, the speculative attack would have been drowned, credit expansion at an unchanged rate would have quickly ensured import-substituting production growth and price stabilization, as it was in 1999.

Disconcertingly, in the absence of an effective system of state regulation, the monetary and financial market not only fails to fulfill the function of forming productive investments, but also is a source of destabilization of the Russian economy. In respect of the major part of transactions performed therein, the use of insider information can be traced. Typical examples include market manipulation not only by large-scale currency attacks planned with a full understanding of the Central Bank algorithm, but also through mass effectuation of sham deals with securities resale cycles at inflated prices. The stock market rocked in such a way

loses its connection with the real sector, the prices formed on it do not reflect the real value of assets, and it ceases to be a reference point for bona fide investors. In fact, it is manipulated by mala fide players, an active role among which is played by foreign foundations that have unrestricted access to loans from the U.S. Federal Reserve and the ECB. Controlled by speculators, the Russian monetary and financial market acts as a funnel, dragging out the money available in the Russian economy to enrich speculators at the expense of savings and income of Russian citizens and manufacturing enterprises.

The monetary authorities proved unable to resist the financial market manipulations due to both their refusal to use the generally accepted regulatory measures and the monetary policy pursued. The "inflation targeting" policy was reduced to a refusal to use currency restrictions and to limitation of the whole variety of available monetary policy instruments to one only, that is, the key rate. However, in conditions of full openness of the monetary and financial market, the increase in interest rates does not operate to reduce inflation and stabilize the ruble exchange rate, as foreign speculators and insiders manipulating the financial market obtain a much higher profit margin. The predictable result of the "stabilization" policy of the Bank of Russia is squeezing of credit for the real sector of the economy, and a fall in production and

investment, which in turn leads to an increase in costs and, accordingly, inflation.

The current condition of the Russian monetary and financial system can be described as unmanageable. The administrative decisions of monetary authorities lead to results that are opposite to the planned ones. The main political consequence of the pursued monetary policy is the manipulation of the Russian monetary and financial market by foreign financial institutions associated with issuers of world currencies. The chaos created by them suppresses administrative stimuli on the part of monetary authorities.

Contrary to the declared intentions, the main economic consequence of their policy is enrichment of market participants that speculate on destabilizing, due to depreciation of savings and income of citizens and industrial enterprises, and to outflow of capital from the real sector and abroad. The continuation of this policy is incompatible with the independent political course and national security of Russia, which is being attacked by the U.S. and its allies.

It follows from the foregoing that in order to ensure the security and sustainable development of the Russian economy, it is necessary to protect it against destabilization with external factors, primarily against attacks from foreign speculators associated with the U.S. Federal Reserve and issuers of other world currencies. This implies adoption of selective

restrictions on the cross-border movement of speculative capital. Such restrictions could include measures of both direct (licensing, reservation) and indirect (capital transfer tax) regulation. A response to Western sanctions may take the form of a moratorium on cross-border short-term transactions, including a ban on servicing loans and investments from countries practicing anti-Russian sanctions and seizure of Russian assets.

Along with the introduction of selective restrictions on cross-border speculative transactions, it is advisable to take measures long proposed by the RAS scientists for economy deoffshorization and dedollarization, along with stabilization of the ruble exchange rate. Serious efforts are also necessary to regulate the financial market and protect it from the potential use of insider information and other manipulative actions.

It is important to block the possibility of involving employees of state banks and companies in sham deals.

Only after introduction of protective measures specified above, as well as after restoration of control over the key nodes of the national financial infrastructure, including MOEX, can the work of the monetary and financial market be normalized, and a monetary and credit policy oriented to the growth of production and investment be implemented.

Section 4
HOW COULD THE WAR BE PREVENTED?

To prevent the war, it is necessary to convince the aggressor of the unattainability of its goals. To this end, first of all, it is necessary to establish an international coalition, against which the aggressor objectively will not be able to win the war. Secondly, the coalition members ought to have a common understanding of threats and a vision of the future, which requires development of a common understanding of the laws of socio-economic development. Thirdly, they need the common goals and development programs that would unite them. And, of course, measures should be taken to weaken the aggressor. It must be deprived of the opportunity to violate international law unpunished.

The anti-war international coalition

The characteristic feature of the hybrid war is the possibility of its simultaneous engagement with any number of opponents. Currently, the U.S. is waging war on all continents. It wages war against Russia in Europe, actually occupying Ukraine and creating threats of a new world war. It wages war against China, the political system of which is being tested for strength with the "umbrella revolution" in Hong Kong, and with Japanese provocations in respect of disputed islands.

It wages war against the Arab world, in which a full-scale religious war has been unleashed, exacerbating the chronic confrontation between Shahs and Sunnis, and provoking the creation of a full-fledged terrorist "Islamic State." It wages war against Venezuela, Brazil and Bolivia ruled by the political forces out of favor with the U.S. In addition to all this, let us not forget the occupation of Iraq and Afghanistan, as well as long-standing conflicts with Iran, North Korea and Cuba. The advances toward the latter should be perceived as a sign of the forthcoming large-scale interference in internal affairs after the death of F. Castro, as happened in Libya after the "warming" of the attitude towards Qaddafi.

The U.S. is waging a hybrid world war on a multitude of battlefronts, relying on its

monopoly in the world currency issuance. This gives it the opportunity to finance its military, propaganda, organizational and other costs of waging war at the expense of other countries holding American treasury obligations, including the victims of U.S. aggression. Moreover, the war itself is arranged on the basis of self-repayment. Mineral deposits, infrastructure facilities, the domestic market are transferred to the U.S. corporations. The Federal Reserve organizes monetary circulation, linking the issue of the national currency to the growth of foreign exchange reserves in the form of U.S. bonds. The ones who have to pay for the activities of the occupation authorities are the peoples of the captive countries, on which pseudo-elections are imposed that legitimize the power of American puppets.

A classic example of the U.S. methodology for conducting a hybrid war is the occupation of Iraq.

Immediately after the seizure of this country, which entailed almost no losses owing to the bribery of the military leaders of the Saddam regime, who betrayed their leader in fear of an imminent defeat from NATO's many times superior forces[170], the administration of its

[170] Thus, an influential Iraqi electronic newspaper *Alephia* named three high-ranking Iraqi military officers, who in its opinion were bribed by the U.S. and ensured the fall of Baghdad and the collapse of Saddam Hussein's regime. Among them was a relative of Hussein Abdurrahman al-Tikriti, who already before the war had begun to report to the U.S. the movements of the Baghdad regime leaders, including the president and his eldest son Uday Hussein, who commanded the *Fedayeen Saddam*; a Hussein's personal security officer, whose name was not reported, tipped the U.S. about the meeting of the leaders in the presidential complex on the night of March 19-20, as well as in the house in the Al-Mansur area on the night of April 7 (the U.S. inflicted massive strikes on both sites); a nephew of the former president, Lieutenant General Maher

economy was assumed by a temporary coalition administration led by U.S. Department of State official Lewis Paul Bremer. By orders of the latter, hundreds of state companies and natural resources were privatized in favor of the U.S. corporations, radical liberalization of economic regulation was carried out, and American GMOs were forcibly imposed in agriculture[171].

In Afghanistan, the recoupment of the occupation costs is achieved through the production and export of drugs, the sales volume of which has grown by more than an order of magnitude compared to the period of the Taliban's rule. According to statistics of the Russian Federal Drug Control Service, 150 billion doses of heroin are produced annually in Afghanistan. Similarly, the United Nations Office on Drugs and Crime reported that in Afghanistan in 2014 they obtained a record opium poppy crop on the total area of 224 thousand hectares, amounting to 6.4 thousand tons of opium. There is no doubt that the bulk of its sale will accrue to Central Asia, the Caucasus, Russia and Ukraine.

It wouldn't go amiss to note that the foreign forces led by the U.S., having entered Afghanistan in 2001, declared the destruction of terrorism and drug control as targets of their invasion. The exemplary and self-explanatory fact is that since the introduction of troops and

Sufyan at-Tikriti, who as commander of the 100,000-strong Republican Guard that defended Baghdad made a deal with the U.S. that the Republican Guard would not participate in the fighting.

[171] Engdahl W.F. *Seeds of Destruction.* Global Research, 2007. (Russ. ed.: *Semena razrusheniya*. Moscow, Selado Publ., 2015).

the allegations that terrorism in Afghanistan is fueled by drugs, the number of opium poppy plantations and the production of drugs in Afghanistan have increased more than 40-fold. According to the United Nations Office on Drugs and Crime (UNODC), Afghanistan produces about $7 billion worth in drugs annually (from 2001 to 2010, the production of drugs amounted in value terms to $70 billion).

The dismembered Yugoslavia was placed under management of the EU that has both to bear the costs keeping the non-viable economies of the former SFRY republics, and to tolerate the criminal regime in Kosovo, the sting of which was felt by many residents of nearby European countries. The Baltic republics were also transferred to the upkeep of the EU and have lost much of their economy after joining it. It will become clear in the near future whether the EU would be able to sustain in addition to them also Georgia, Moldova and Ukraine, which have been forcibly imposed the Agreement on the Association with the EU.

Thus, by unleashing aggression against some or other sovereign country, the U.S. appropriates trophies and profits from the exploitation of its resources, leaving the financing of costs to the population and partners. This allows it to even partially privatize the use of criminal warfare methods in order to avoid excessive political risks. The U.S. has invented such phenomenon as private military companies (PMCs), widely used as a

strike force for secret operations, the involvement in which the U.S. tries to hide.

PMCs not only supply products in the interests of the military, but also render services for conducting combat or punitive operations, advising native troops, protecting facilities, and provide to their customers the professionals required for military affairs. PMCs work in the areas where open actions by the U.S. military are considered inadvisable for some reason[172]. In fact, the U.S. revived the political cover of the pirates loyal to the British crown, who captured Spanish, Portuguese and Dutch ships sharing trophies with the English throne, which had been practiced for centuries.

According to the U.S. Center for Public Integrity, the U.S. Department of Defense has concluded since 1994 more than 3,600 contracts with 12 U.S. PMCs for a total of $300 billion. Obviously, these are only direct contracts through the military department. Other contracts could have been concluded with other U.S. government agencies. According to rough estimates, the volume of services and supplies of American private military companies during the presidency of George W. Bush amounted to $100 billion a year. However, no one can give the exact figures.

Given the specifics of their activities, PMCs are manned largely from among former military personnel or ex-employees of state military-industrial structures. Since the business of PMCs

[172] Frolov A. *Chastnye voennye kompanii SShA* [The U.S. private military companies]. *War and Peace*, October 9, 2008. (In Russian)

is mainly based on the exploitation of low-intensity military conflicts, PMCs are interested in supporting such conflicts, provoking and supporting them through lobbying in the government agencies. Only officially PMCs allocated $12.4 million since 1999 for conducting various kinds of election campaigns, including presidential ones.

The policy of the U.S. administration regarding private military companies is encouraging. In December 2005, delivering a lecture on the situation in Iraq at the Paul H. Nitze School of Advanced International Studies, the U.S. Secretary of Defense D. Rumsfeld touched upon the activities of PMCs in Iraq. He said that private military companies operated under laws governing the behavior of Americans abroad, have the ability to attract human and other resources, both Iraqi and from other countries, and it would be unreasonable not to resort to their services.

Most of all, in the light of recent Ukrainian events, the talk of the town was the activity of the largest U.S. PMC, Xe Services LLC (Blackwater). The company gets 90% of its orders from governmental organizations, the remaining customers being oil producers, insurance companies and other private organizations. The employees of Xe took part in the Afghan war, but they got wide publicity due to the incident of their participation in the Iraq war, related to the killing of civilians and the smuggling of weapons. Another example of the

criminal activities of U.S. PMCs is the MPRI, the employees of which took part in Operation Storm, which ended with the disintegration of the Republika Srpska Krajina and the Republic of Western Bosnia. In July of 2008, MPRI trained the Georgian army before the conflict in South Ossetia.

Private military companies have a prototype in the political history of the Anglo-Saxons, namely, the British pirates.

They were widely used by the British crown to undermine the might of Spain. Despite the fact that the British pirates for many centuries were robbing the English Channel and the adjacent waters, the main history of the British piracy is associated with the era of colonial wars. It can be divided into three stages. The first of them falls to the end of the 16th century, the time of the first Anglo-Spanish clashes; the second one, to the late 17th and early 18th century, and the third continued until the eradication of piracy in the mid-19th century. During the first two stages, Britain sought to use the corsairs to fight its external enemies. Queen Elizabeth, the inspirer of the first stage, even knighted the pirate Drake after his successful return in 1580 from the round-the-world pirate voyage. It would be wrong to think that Drake's piracy was hushed up; on the contrary, Elizabeth proudly called him "my pirate," as Drake's pirate operations were directed mainly against Spaniards. Until the 18th century, "national piracy" was even encouraged, despite the fact

that it acquired a truly world-wide scope: coasts of Africa and India, the coast of North America and the Pacific Islands.

Within the framework of the current world economic paradigm created under the decisive influence of the United States, Americans always have an advantage in the conflict with any rival. The effectiveness of the hybrid war which they wage with a half of the world is based on the conformity of its technologies to the institutions of the existing world economic paradigm. On the financial battlefront, the U.S. has an overwhelming advantage in controlling the issue of the world currency and the IMF, which stipulates the rules for the functioning of the global and most national currency markets, including Russia.

Together with its geopolitical allies – Japan, the UK and the EU, the currencies of which also have world status – they control the vast majority of the world's monetary and financial space and have a majority in international financial institutions.

On the information battlefront, the global monopoly of the U.S. media allows them to form public opinion and thus influence voters' preferences, forming a political landscape in most democratic countries. Where this influence is not enough, the complementary technologies described above are used to obtain the result desired by the U.S., starting with financing and promotion of their agents of influence and ending with killing of their political opponents

and arrangement of coups d'état. On the other important battlefronts of the hybrid war, namely cultural, ideological, food, energy, communications, the U.S. has significant advantages as well. None of the countries with an open economy and a democratic political system can win in a conflict against the U.S. within the framework of a hybrid war. The convenience of the latter lies in the fact that it does not need to be announced, it can be conducted on the sly, and is even possible to smother the enemy with embraces so that until the last moment it will not be aware of the war waged against it. Hybrid war allows the aggressor to avoid not only losses, but also responsibility for consequences, which are blamed on "indigenous" politicians. This war can be arbitrarily stretched in time, divided into stages, terminated and restarted at any time, depending on the circumstances.

As has been shown by victorious campaigns of the U.S. against the USSR, the SFRY, Ukraine, the enemy which is not ready for a hybrid war, even if it is very strong and capable of inflicting unacceptable damage, is unable to defend itself. It is impossible to use tanks against television or rockets against money.

This means that within the existing world economic paradigm, no country is immune from U.S. aggression. Only countries with a closed financial, information and political system can effectively oppose it. However, self-isolation leads to technological lagging and economic

degradation, which entails a fall in living standards and internal political risks. The aggressiveness of the U.S. can be curbed only by moving to the new world economic paradigm accompanied by restructuring of the main institutions of the functioning of the global financial and information systems, as well as by creation of mechanisms of responsibility for compliance with international law standards.

The anti-war international coalition for the transition to the new world economic paradigm could include:

- the countries of the EEU and CSTO, closely connected with Russia by their historical destiny and national interests;
- the countries of the SCO, which are well aware of the danger of another Western aggression;
- the countries of the BRICS, the economic recovery of which can be thwarted by the U.S.-organized destabilization;
- the countries of Indochina, which are not interested in deterioration of their relations with Russia;
- some countries of the Near and Middle East that manage to retain their sovereignty, for which the world war will mean the escalation of their own regional conflicts;
- the Latin American countries of the Bolivarian Alliance, for which the whipping up of a new world war will mean a direct U.S. invasion;

- the developing countries of the Group of 77, the heirs of the Non-Aligned Movement, traditionally opposing wars for a just world order;
- European countries, the political elites of which will be able to act in their own national interests, and for which the next world war in Europe is completely unacceptable.

As an incentive for the creation of such a coalition, it is necessary to put forward common threats to all of its participants centering on unleashing of a global hybrid war by the U.S. An important condition for the successful creation of such a coalition, as noted above, is deprivation of the U.S. of its monopoly for ideological domination by consistently exposing the anti-human consequences of its interventions, the massacres of civilians committed by its military, the destructive results of the rule of U.S. protégés in various countries. It is necessary to destroy the image of U.S. infallibility, to uncover cynicism and deceit on the part of U.S. leaders, the disastrous consequences of their policy of double standards, incompetence and ignorance of U.S. officials and politicians.

Influential allies in creating an antiwar coalition could be religious organizations that oppose promotion of a cult of permissiveness and debauchery, undermining of family and other universal values.

They could help the coalition members work

out and offer the world a new unifying ideology, proceeding from restoration of the immutable moral limitations of human arbitrariness. International humanitarian and anti-fascist organizations also could play a constructive role. Another ally could be the global scientific and expert community acting from the perspective of sustainable development and generating development projects that unite humanity.

The actions of the anti-war coalition should be directed not only at reaffirming and destroying the political domination of the U.S., but above all, at undermining the U.S. military and political power based on issuance of the dollar as the world currency. In the event of continuing aggressive U.S. actions to incite the world war, coalition members should reject the dollar in mutual trade, and abandon dollar instruments in placement of their gold and currency assets.

The anti-war coalition should elaborate a positive program for the organization of the world financial and economic architecture on the principles of mutual benefit, justice and respect for national sovereignty. In other words, there is a need for consensus on the basis for formation of the new world economic paradigm. In order to avoid a global catastrophe in the situation of the growing hybrid war chaos, there is a need for consensus on critical issues of the world economic system: climate, energy, finance, food, water, population, waste

management[173].

We have already mentioned the necessary measures for financial stabilization, improving the regulation efficiency of financial markets, banking, financial and investment institutions, stimulating the growth of the new technological paradigm and progressive structural changes, and formation of appropriate new institutions. They ought to eliminate the fundamental causes of the global crisis, the most important among which are the following:

- the uncontrolled issuance of world reserve currencies, which leads to abuses by issuers of their monopoly position in their own interests at the cost of growing disproportions and destructive tendencies in the global financial and economic system;
- inability of the existing mechanisms that regulate the operations of banking and financial institutions to protect national financial systems against speculative attacks with a view to their destabilizing, as well as against excessive risks of cross-border flow of speculative capital and formation of financial bubbles;
- exhaustion of the limits of growth of the dominant technological paradigm and inadequate conditions for emergence of the new one, including a lack of investment for the widespread introduction of clusters of its underlying

[173] Chiesa G. *Invece della catastrofe*. Piemme Publ., 2013. (Russ. ed.: *Chto vmesto katastrofy*. Tribuna Publ., 2014).

technologies.

The anti-war coalition should come forward with a positive program of measures to overcome the global crisis by eliminating its causes and creating stable conditions for the functioning of the global financial market and international monetary exchange on a mutually beneficial basis, and for development of an international production cooperation and global trade in goods and technologies.

These conditions should allow the national monetary authorities to organize lending for the development of production facilities pertaining to the new technological paradigm and modernization of the economy on its basis, stimulating innovative and business activity in the promising areas of economic growth. To this end, the issuing countries of the world reserve currencies should ensure their stability by observing certain restrictions on the size of the public debt and the deficit of the payment and trade balances. Moreover, they should comply with the requirements established in an appropriate manner for the transparency of the mechanisms they use to ensure the issuance of their currencies, and ensure unimpeded exchange of these currencies for all assets traded within their territory.

An important requirement for issuers of world reserve currencies should be compliance with the rules of fair competition and non-discriminatory access to their financial markets. At the same time, other countries that observe

similar restrictions should be given the opportunity to use their national currencies as an instrument of foreign trade and monetary exchange, including their use as reserve currency by other partner countries. It is advisable to introduce a classification by categories for national currencies that aspire to be the world or regional reserve currency, depending on whether their issuers meet certain requirements.

Simultaneously with the adoption of requirements for issuers of world reserve currencies, it is necessary to tighten control over the movement of capital in order to prevent speculative attacks that destabilize the global and national monetary and financial systems.

To achieve this, the coalition countries need to introduce a ban on the transactions of their residents with offshore zones, and not admit to refinance schemes the banks and corporations established with participation of offshore residents. It is also advisable to impose restrictions on the use in international settlements for the currencies, the issuers of which do not comply with the established requirements.

To determine the requirements for issuers of world reserve currencies and monitor their compliance, it is necessary to implement a deep reform of international financial institutions in order to ensure fair representation of the participating countries according to an objective

criterion that takes into account the relative weight of each of them in world production, trade, finance, natural potential and population. The same criterion can be used to establish a basket of currencies for the release of a new SDR, in relation to which the rates of all national currencies, including world reserve ones, could be determined. At the initial stage, this basket could include the currencies of those coalition countries that would have agreed to assume obligations to comply with the established requirements.

Implementation of such large-scale reforms requires appropriate legal and institutional support. This can be done by granting to the coalition resolutions the status of international obligations of countries interested in their implementation, as well as by relying on UN institutions and authorized international agencies.

In order to stimulate the global spread of socially significant achievements of the new technological paradigm, it is necessary to launch an international system of global strategic socio-economic planning, including the development of long-term forecasts of scientific and technological progress, determining the prospects for the development of the global economy, regional associations and large countries, identifying opportunities to overcome the existing disparities, including gaps in the level of development between advanced and underdeveloped countries, and a choice of

priority development directions and indicative plans of activity of the international organizations.

It is obvious that the U.S. and the G7 countries will oppose the implementation of the above proposals on reforming the world monetary system, which will undermine their monopoly right of uncontrolled issuance of world currencies. The current routine for the exchange of economic activity results and factors between developing and developed countries is quite satisfactory to the latter. Reaping huge benefits from the issuance of world currencies, leading Western countries deter access to their own markets of assets, technology and labor, imposing ever new restrictions.

As shown by the policy pursued by the U.S., it prefers inciting the world chaotic war aimed at protection of their dominant position to the reform of the global financial system based on justice, mutual benefit and respect for sovereignty. Therefore, in order to become valid and effective, the anti-war coalition should have sufficient defensive capability to repel American aggression and attempts at military and political destabilization anywhere in the world. To achieve this, it is desirable to expand the format of the Collective Security Treaty Organization (CSTO), to involve China, Vietnam, Syria, Cuba, Uzbekistan, Turkmenistan, Azerbaijan, to establish mechanisms of partnership for peace with India, Iran, Venezuela, Brazil, as well as

with other countries menaced with the U.S. aggression.

Despite the heterogeneity of these countries, the formation of their anti-war coalition may assume an avalanche-like character, as countries that are small and incapable of defending themselves will be interested in participation if assured of the commitment of the superpowers to create it.

The correlation of forces between the U.S and the anti-war coalition depends critically on the position of European countries. Bound by NATO, they are firmly following in the wake of the U.S. foreign and military policy. At the same time, the hybrid war against Russia unleashed by the U.S. is contrary to their interests. The U.S. aggression in Ukraine entails serious threats to the security of European countries. The U.S.-initiated sanctions against Russia affect in the first instance their economic interests. Therefore, the efforts made by the Russian President Vladimir Putin to explain to the leaders of European countries the perniciousness of U.S. policy towards Ukraine are so important.

But even without European countries, having the military-political and economic power comparable to NATO, the anti-war coalition could win in the U.S.-imposed confrontation and, regardless of its will, could start reforming the world financial and monetary system in the interests of sustainable economic development of both global and all national economies. If G7

countries refuse to "scoot over" in the management bodies of international financial organizations, the anti-war coalition should have sufficient synergy to create alternative global regulators.

The creation of such a coalition can be initiated on the BRICS basis, starting with the solution of issues of ensuring their economic security, including:

- the creation of a universal payment system for the BRICS countries and the issuance of a common BRICS payment card, uniting Chinese UnionPay, Brazilian ELO, Indian RuPay, and Russian payment systems;
- creation of an interbank information exchange system (similar to SWIFT) independent of the U.S. and EU;
- transition to the use of own rating agencies.

The leading role in the creation of the antiwar coalition will have to be assumed by Russia, since it is in the most vulnerable position and will not be able to defeat the world war unleashed against it without the creation of such a coalition. If Russia does not initiate the creation of such a coalition in the near future, then the anti-Russian coalition formed by the U.S. could absorb or neutralize potential Russian allies. Thus, the war provoked by the U.S. in Europe against Russia may prove beneficial to China. Following the Chinese parable of an intelligent monkey that waited in the tree for

two tigers to finish their fight, and then grabbed their take, China might prefer a strategy of non-intervention. A mutual weakening of the U.S., EU and Russia makes it easier for China to achieve global leadership. Brazil could succumb to the pressure of the U.S., while India could clam itself in solving its internal problems.

Russia has historical experience of leadership in world politics, as well as necessary spiritual authority and sufficient military-technical power that are at least equal to those of the U.S. But in order to claim leadership, the Russian public consciousness needs to get rid of the inferiority complex imparted by pro-Western media in the period of Gorbachev's Perestroika and American domination under the Yeltsin regime.

It is necessary to restore the historical pride of the Russian people for the centuries-old persistent creation of a civilization that united many nations and cultures and repeatedly saved Europe and mankind from self-destruction. Another thing to do would be to reinstate the understanding of the historical continuity of the role of the Russian World in the creation of a universal human culture, beginning from Kievan Rus to the modern Russian Federation, which is the successor to the USSR and the Russian Empire. In this context, the Eurasian integration process should be presented as a global project to restore the common development space for nations that have lived together, cooperated and enriched each other for centuries, from Lisbon to

Vladivostok and from St. Petersburg to Hanoi.

Although the Eurasian integration differs from the European one in that it does not imply the unification of political and economic systems, it needs a common understanding of the mechanisms of functioning of the modern economy. This understanding is given by the new paradigm in economic science, called "evolutionary."

Transition to the new scientific paradigm for managing economic development

The ideological substantiation and justification of liberal globalization is the doctrine of market fundamentalism, which asserts the harmfulness of state intervention in the economy and prescribes the dismantling of state regulation institutions to ensure free capital movement. It is in organic unity with the interests of large U.S. capital, which has subordinated to them the institutional system of the American accumulation cycle. The scientific refutation of the market fundamentalism

doctrine[174] will significantly weaken the staples of this system and facilitate its dismantling, including from the point of view of the productive elite of the U.S. and its allies, to which the new world economic paradigm is ideologically alien and poorly understood.

The market fundamentalism ideology, which rejects advisability of state regulation of the economy, is theoretically based on virtual models of market equilibrium. They illustrate the hypothetical self-sufficiency of the mechanisms of free market competition, which in models automatically ensure the optimal allocation of available resources in the absence of government intervention. The latter is justified only for the purpose of protecting private property, ensuring competition and national defense. However, despite the fact none of the axioms underlying these models (about the absolute awareness of economic agents, their possession of the most advanced technologies, their independence from each other and orientation to momentary profits) is not observed in reality, as well as the state of market equilibrium itself, this does not interfere with the demand for this ideology by the ruling elite, a significant part of officials, the business and expert community.

In its essence, the ideology of market fundamentalism is akin to religion. The

[174] Glazyev S. *Uroki ocherednoy rossiyskoy revolyutsii: krakh liberalnoy utopii i shans na ekonomicheskoe chudo* [Lessons of the next Russian revolution: the collapse of liberal utopia and the chance of an economic miracle]. *Ekonomicheskaya Gazeta*, Moscow, 2011. (In Russian)

difference is that the place of God in it is taken by money, and virtual mathematical models are used as the "creed." In response to the criticism of the latter as unrealistic on the part of the scientific community, the adherents of this religion endlessly complicate these models, giving their doctrine a likeness of science. At one time, the Marxist political economy of socialism embarked on this course. In response to the accusations of Western experts of dogmatism and scholasticism, Soviet economic thought developed a theory of the optimal functioning of the economy that utilized the same mathematical tools as the market equilibrium models. With the same mathematical precision it proved the possibility of an optimal national economic planning, which was supposed to lead to absolutely the same optimal allocation of resources as in the market equilibrium model[175]. However, it was as far from the real possibilities of centralized planning procedures as the models of market equilibrium were far from the real behavior of enterprises.

Perceptions based on faith and not on understanding of the laws underlying actual processes do not require experimental confirmation, and are resistant to any criticism. As they say, if reality does not correspond to ideology, so much the worse for reality. Therefore, the reality is subordinated to ideal

[175] *Voprosy optimalnogo planirovaniya i upravleniya ekonomikoy* [Issues of optimal planning and management of the economy]. A series of monographs. Moscow, the Central Economic Mathematical Institute, Nauka Publ., 1983-1986. (In Russian)

ideas, justifying the negative results now by a combination of circumstances, then by the inadequacy of the nation to the ideological beliefs of the proxies of this policy. The most fanatical adherents of this religion even speak of the naturalness of the process of extinction of a part of the human population, who "have failed to fit themselves into the market." In so doing, they are very similar to their progenitor Bolsheviks who destroyed whole social classes who did not fit into their model of building socialism.

Market fundamentalists do not notice the social consequences of their experiments, just like the Bolsheviks, who viewed the masses as a fuel for the world revolution. Then, like today, a significant part of the accumulated national wealth was hauled away abroad. Only the Bolsheviks did this to fuel the world International, and not the global financial oligarchy, as it is the case today.

The religious consciousness is characterized by dogmatism and scholasticity of thinking, which rejects all doubts in the knowledge of "the ultimate truth." Doubters are expelled from the sect, and not admitted to discussions. On the contrary, the disputes *inter se* are conducted within the limits of axioms given a priori, and have no relation to actual objective laws. The experimental testing of hypotheses is replaced with judgment of spiritual authorities possessing "secret knowledge."

It is clear that the ordaining of the most

influential members of the sect to the appropriate "spiritual" rank of the "best in the world" ministers, bankers and other professionals is conducted by agencies specially authorized by the U.S.

Russian liberal reformers believed in market fundamentalism when the USSR was collapsing. Before that, many of them were Communists and believed in the dogmas of Marxist political economy. Without bothering themselves with any scientific analysis, they simply replaced one "creed" with another under the stimulus of the political situation. Now at meetings in government they endlessly chant the mantras of market fundamentalism as conscientiously, as in the lessons of scientific communism they were talking about the absolute advantages of socialism over capitalism and the inevitability of the latter’s replacement with a more progressive formation.

In a similar vein, they believe in the progressiveness of fundamentalism, convincing the leaders of the need to remove all obstacles to ensure the free play of market forces. The fact that the place of the latter is occupied by organized crime and monopolies does not bother them at all, just as under socialism they did not notice the dominance of departmental interests over national economic ones.

The birthmarks of scientific communism are clearly visible in the logic of the thinking of Russian market fundamentalists. Back at school, they already learned the doctrine of the

progressive and irreversible development of society through a change in socio-economic formations. With the collapse of the USSR, they simply dispelled from their mind the postulate that socialism is a higher-level formation than capitalism and inevitably replaces the latter according to the law on the conformity of the development of productive forces and production relations. Following Fukuyama, they believed in the "end of history" and hurried to swear allegiance to the new religion. Although in fact this religion is nothing more than a modern version of the belief in the golden calf, its new adepts imported from scientific communism a desire for a semblance of science.

Reduction of the process of the progressive development of mankind by two stages and the replacement of scientific communism with science-like market fundamentalism came to yesterday's Marxists without much difficulty. They used the same methodology of religious thinking, replacing one system of axioms with another. This methodology contains a prerequisite for the linear nature of socio-economic development, which Marxism, in its turn, had inherited from Christianity.

Just as Christian doctrine regards social development as a process from the Nativity of Christ to the Second Advent, so the prophets of scientific communism and market fundamentalism are guided by the concept of the progressive and irreversible nature of social

evolution. The essential difference is that for Christians it is the path of the fall and regress of public morality, and for the adherents of these science-like quasi-religions it is the way of humanity's ascent to ever higher forms of organizing the social life activity. Only that scientific communism constantly postpones the time to achieve the establishment of a perfect society, while market fundamentalism is ready to create it immediately, demanding the elimination of state regulation and a comprehensive global liberalization.

In their manic desire to destroy the state, market fundamentalists also very much resemble the Bolsheviks, who viewed the state as a machine of political violence serving the interests of the ruling classes and interfering with the free development of productive forces. And, just as the Bolsheviks gave way to the Stalinist guards of the builders of socialism in one country, market fundamentalists are not allowed in the developed countries to operate the control levers of the economy. They are only involved to take part in external operations to dismantle the regulation systems of the national economies of peripheral countries in order to establish control over them on part of the corporations belonging to the nucleus of the world capitalist system that consists of the U.S. and its partners in the G-7.

According to the methodology under consideration, anything that does not fit into the quasi-religious views of market fundamentalists

has no right to exist.

From the point of view of its adherents, state institutions should evolve only in the direction of simplifying and reducing their significance. Although truth be told, the result of this evolution is the same as in Christianity, that is, death. Only that in Christianity the death of the body is vanquished by the liberation of the soul, whereas in market fundamentalism the reward for its adherents for the death of the national economy is merely the appropriation of the next "spiritual" title of the world's best finance minister or banker by international "authoritative organizations."

The presented analysis reveals the logic of decision-making by market fundamentalists. They are sure of their rightness not because they have some secret or objective knowledge, but because they believe in the quasi-religion of market fundamentalism. In its essence, it is nothing more than a modern edition of the belief in the "golden calf," which justifies all ways of increasing wealth and allows the elimination of any barriers that hamper this process. As opposed to the classic treatises of A. Smith, whom market fundamentalists revere as their first prophet, they do not attach importance to moral factors. They justify in advance any means of making a profit that are not prohibited by law. At the same time, the range of activities that they consider prohibited is very conditional and subject to constant erosion, up to legalization of drug business and

financial pyramids. It is no wonder that big capital, consistently seeking to weaken state regulation, generously endows the servants of the cult of market fundamentalism with a variety of moral and material rewards. This is done in accordance with the economic interests of the offshore oligarchy, which is lavish with endless presentations of the same ideas to the ruling elite. Their apparent flimsiness and harmful consequences of use are masked by deliberately splendiferous forums with engagement of well-paid foreign experts, a flow of publications in authoritative journals, and conferring of sonorous titles on the most convincing prophets of banal ideas of market fundamentalism.

Another important reason for the popularity of the market fundamentalism ideology among the ruling elite is its comfortable nature. This ideology releases governmental power from responsibility for the development of the country and upgrade of the national well-being, since, according to models of market equilibrium, its intervention entails a deviation from equilibrium and reduces the efficiency of resource use. Large business is released from social responsibility, because it owes the state nothing but taxes. Small businesses and state employees are left to their own devices and earn as they can, taking a little risk in case of violation of the law. Corruption of the judicial system exempts from compulsory compliance with the latter, if there is an opportunity to

make an arrangement.

The dominance of market fundamentalism in the minds of the Russian ruling elite is explained, firstly, by the economic interests of the offshore oligarchy, which represents the most influential group in the Russian economy. Secondly, by the uncompromising acceptance of its main provisions by the part of the expert community that has been taken to the bosom of the authorities, imposing on the public consciousness the cult of the golden calf, modernized in the spirit of pseudo-science. Thirdly, by technological convenience for the powers that be, which may not worry about anything, because the market will set things right.

The problem is that none of the above ruling elite groups expresses the need for the development of productive forces. The offshore oligarchy takes twice as much money out of Russia as it returns back; the amount of the capital taken out has reached a trillion dollars and continues to increase by a hundred billion a year, simultaneously with the annual evasion of taxes of a trillion rubles. The doctrine of market fundamentalism ignores the very existence of the real sector of the economy, and its advocates simply do not notice its disappearance. For this part of the expert community, an acknowledgment of the problems of productive forces development is tantamount to political suicide, since the policy justified by them has already led to their

degradation. The same applies to the power brokers who implement this policy.

As a result of the reproduction of this vicious circle of collective irresponsibility, the ruling elite has pried itself away from the interests of developing the real sector of the economy. With the exception of a number of structure-forming enterprises of the military-industrial and the fuel-energy complexes, it is thrown at the mercy of speculative business, the interests of which are by no means wholly equal to all-national concerns. Most of them have very limited understanding of the prospects for long-term development of the economy. As was shown above, within the framework of the current economic policy, the latter is subordinated to external interests. They are reduced, mainly, to supplies of raw materials and reclamation of the Russian market. Inwardly oriented industries, machine building in the first place, remain not called for. The economy shifts to imports of equipment and to a foreign technological base, paying intellectual rent at the expense of natural rent and underpayment of labor.

The danger of the market fundamentalism ideology for Russia lies in its lack of understanding of the laws of technical and economic development, which also excludes the policy of modernization and raising the Russian economy to the level of advanced countries necessary for their use[176]. If Russia "sleeps

[176] Glazyev S. *Teoriya dolgosrochnogo tekhniko-ekonomicheskogo razvitiya* [The theory of long-term technical and economic development]. Moscow, VlaDar Publ., 1993. (In Russian)

through" another technological revolution based on a complex of nano- and bioengineering technologies, just as the USSR failed to take advantage of the achievements of the previous one based on information and communication technologies, there will be a similar political risk caused by the inadmissibility of a hopeless technological backwardness for the national public consciousness. Moreover, this lag will be accompanied by a significant drop in the standard of living due to a decrease in revenues from the export of hydrocarbons and metals, the relative need for which inevitably decreases as the new technological paradigm spreads. In this case, it is unlikely that Russia will be able to fulfill the functions of the leader of the antiwar coalition.

If there is something permanent in the process of economic evolution, then this is scientific and technological progress that ensures a progressive development of productive forces and an advancing increase in the growth of labor productivity and production efficiency. At the present stage of economic development, its contribution to the GDP growth of advanced countries reaches 90%. It is also the main factor in increasing efficiency and reducing production costs, ensuring a reduction in inflation alongside with the growth of investments in the development of new technologies. Therefore, the ideology of market fundamentalism based on the paradigm of economic equilibrium is inadequate to reality,

and the practical recommendations based on it are useless at best, and, as a rule, harmful.

A continuous innovation process, characteristic of the leading branches of modern industry and services, does not allow the economy to reach a state of equilibrium, as it has acquired a chronically nonequilibrium character. The main prize of market competition is the possibility of extracting intellectual rent obtained owing to technological superiority, protected by intellectual property rights and allowing to derive super-profits as a result of achieving greater production efficiency or higher product quality. In pursuit of this technological superiority, leading companies constantly replace a lot of technologies, the productivity of production factors varies widely, not allowing the equilibrium point to be determined even theoretically. The attractors arising in the evolution of the economic system, determined by the limits of development of existing technologies, are temporary, since they disappear and are replaced by others with the advent of new technologies.

In modern economic science a new paradigm has been formed that studies the processes of economic development in all their complexity, nonequilibrium, nonlinearity and uncertainty[177]. There is no need to lay out its basis within the framework of this chapter. It suffices to establish the inadequacy of market fundamentalism to modern scientific concepts

[177] Richard G. Nelson, Sidney G. Winter. *An Evolutionary Theory of Economic Change*. Harvard University Press, 2002.

of the economic development processes. Its underlying paradigm of market equilibrium cannot explain either the phenomenon of scientific and technological progress, which has become the main factor of economic growth, or the diversity of economic practices, many of which clearly do not fit into the views of market fundamentalists. The mainstream economic theory based on models of market equilibrium tries to ignore either of them. However, thereby it becomes archaic, since a theory that cannot explain the most significant manifestations of its subject of research can no longer be considered scientific.

Among the most significant manifestations of modern development that do not fit into the ideology of market fundamentalism, one should also note the structural crisis of the world economy and the shift of its development center to Asia. Both of these processes, fundamentally changing the character of the modern economy, were timely predicted by Kondratieff's theory of long waves[178] and by the theory of centennial accumulation cycles[179].

It was shown above that the American cycle of accumulation is replaced by the Asian one. The imperial world economic paradigm, which was ideologically served by quasi-religious doctrines, gives way to the integral one, the ideological basis of which is represented by a

[178] *Perez C. Technological Revolutions and Financial Capital*. Edward Elgar Publ., 2002.
[179] Giovanni Arrighi. *The long twentieth century*. London, Verso, 1994 (Russ. ed.: *Dolgiy dvadtsatyy vek*. Moscow, Territoriya Budushchego Publ., 2006).

systemic approach to achieving harmony of interests based on the growth of public welfare. This means that the claims of market fundamentalists to "secret knowledge" of the best ways to manage the economy are groundless, and their statements about the end of the world in the sense of the final establishment of the U.S.-centric global liberalization model are absurd. In fact, this model has reached its development limits and entered the phase of self-destruction under the influence of internal contradictions. Therefore, as shown above, it became outmoded and obsolete with respect to production relations that are being formed in China and other countries of the nucleus of the new centennial accumulation cycle.

This statement seems strange to market fundamentalists. Like real dogmatists, they do not wish to see the obvious facts that do not fit into the system of their views and perceptions. Governmental use of market mechanisms to achieve the planned indicators does not fit into their view of the world. The same applies to large loans financed by money issue and absorbed by private businesses in the priority development areas set by the state. Or, specifically, to state regulation of prices for basic goods that generate costs, in order to create favorable conditions for private entrepreneurship. Not to mention currency regulation and control, which does not prevent transnational corporations from making huge

investments in leading Asian economies.

All these mechanisms of private-public partnership that are characteristic not only of socialist China, but also of completely capitalist Japan, South Korea, India, the countries of the Middle East, are rejected by market fundamentalists as obsolete and unpromising. They do not bother to prove this assertion, referring to the fact that similar mechanisms that operated not so long ago in Western Europe and many developing countries were curtailed. In their view, the U.S. model of capitalism is the most perfect one, and only time is needed for it to spread throughout the whole world. They do not reflect on the reproduction of the obvious inequality between the nuclear countries and the periphery of the American cycle of accumulation, in which the post-Soviet space is bogged down. Another thing ignored by them is physical impossibility of spreading the U.S. mass consumption type to the whole world due to the objective resource limitation.

The Soviet experience in managing economic development is also taboo for market fundamentalists, despite the obvious feats of socialist construction, which made it possible for the USSR not only to win the Second World War, but also to create the so-called "second world" that comprised one-third of the planet. Many elements of this experience were accepted and preserved by China, Vietnam, India, and formed the basis of the institutional structure of the

Asian cycle of accumulation. The USSR was the trailbreaker in creating a culture of public administration of economic development, and not at all a dead end of economic civilization, as it seems to market fundamentalists.

The socialist experience also has been studied and used in the core countries of the American accumulation cycle, especially in the sphere of creation of public institutions of forecasting, indicative planning, social security and management of the scientific and technological progress. At the same time, the U.S. oligarchy that attained the global hegemony after the collapse of the USSR no longer needed state support. Not only the mechanisms of indicative planning and public control over prices and transboundary movement of capital were curtailed. Many prospective studies, social programs, international investment projects have also dwindled. The institutional system of the imperialist global economic paradigm has become rigid after competition had terminated. It has passed to the phase of global expansion and ceased to develop qualitatively. The apologists of market fundamentalism believed that the desired "Fukuyama-ish" end of history was there, with no obstacles remaining for the domination of big capital.

They were mistaken, because they were not familiar either with the theory of long waves, or with the concept of centennial cycles of capital accumulation, and also ignored numerous cross-

country comparisons that testified to the monstrous failures of IMF policies in developing countries. It was of little concern to them, just as the Western public was little concerned about the overexploitation of labor and the environment destruction by transnational corporations in developing countries. Then again, the massive achievements of China, India, Brazil, Malaysia, Vietnam, Singapore, the United Arab Emirates and other countries that rejected the recommendations of the Washington Consensus and preferred an independent development policy based on the institutions of the integrated world economic paradigm, had to puzzle the adherents of the American "end of history." But in an ecstasy with their "victory" over socialism they did not notice that in opposition to Washington, the "Beijing Consensus" had been formed as a model of an effective system for managing the development of the economy under the leadership of the world's largest Communist Party.

The concept of socially conservative synthesis as the basis of a new world order ideology

Before we understand the outline of this ideology that represents an alternative to the existing one, based on the special "messianism" of the U.S., we should analyze the root system of the latter.

According to the leading research associate of the RAS Institute of Ethnology and Anthropology K. Tsekhanskaya[180], after the collapse of the USSR at the turn of the century, the whole world entered a new geopolitical reality, that is, the era of globalism, which, according to A. Zinoviev, marks a new phase of human development – the phase of the projected history[181] under the leadership of the U.S. Indeed, for the time being, Washington is the chief manager of the global international relations system. It is increasingly evident that Western European countries have lost by the end of the 20th century both independence in matters of their own security, and opportunities for independent geopolitical maneuvers[182]. The U.S. strategy has reached new frontiers, behind which Europe is no longer a central axis, but merely a closed chapter of globalization[183].

The above-mentioned messianic conviction in their predestination is a historically established feature of the American national self-awareness. As noted by A. Utkin, their belief in the righteousness of their actions is phenomenal[184]. And this is natural, because from the Puritan leaders up to the reign of J. Kennedy America

[180] Tsekhanskaya K. *Amerikanskiy messianizm–dukhovnaya sila globalizma* [American Messianism–the spiritual force of globalism]. *National Strategy Issues*, No. 1 (28), 2015. (In Russian)
[181] Kostyukov A. *Odinochestvo mysli:beseda s doktorom filosofii Aleksandrom Zinovyevym* [Loneliness of thought: a conversation with the doctor of philosophy Alexander Zinoviev]. *Nezavisimaya Gazeta,* 2002, No. 232. (In Russian)
[182] Narochnitskaya N. *Rossiya i russkie v mirovoy istorii* [Russia and the Russians in world history]. Moscow, International Relations Publ., 2003, p. 518. (In Russian).
[183] Ibid.
[184] A. Utkin. *Udar amerikanskikh bogov* [The strike of the American gods]. Moscow, Algoritm Publ., 2006, p. 9. (In Russian)

was officially called "God's chosen New Israel", where Washington was associated with Jerusalem, and citizens of the country, with God's chosen people[185]. Throughout the 20th century, this tradition of quasi-biblical faith in the divine destiny of America was confessed by almost every master of the White House – T. Roosevelt, W. Wilson, F. Roosevelt, D. Eisenhower, G. Truman, R. Reagan. For example, Wilson believed that "God helping her [*i.e. America*], she can do no other." Reagan went even further in his assessment of "being chosen by God": after the end of the Cold War, he called America "the shining city upon a hill," clearly likening it to a renewed earthly Jerusalem, transformed by a victory over the "empire of evil," that is, the USSR.

As pointed out by K. Tsekhanskaya, in order to substantiate its claims to the exclusive role in world processes, the U.S. actively implements various religious and political theories in the public consciousness of Americans. The most questionable of these is dispensationalism. The term itself contains several meanings[186]. Dispensationalism declares that God's providence is to entrust the Anglo-Saxon race prior to the end of world history with the mission of the God-chosen people called upon to control the destinies of all mankind. Protestants, according to this theory, should create a "New

[185] Ibid.

[186] Thus, the root of the word *dispensatio* is translated from Greek as "management," from Latin, as "providence," from English, as "epoch." Dispensationalism is a system of premillennialist views on the end of time that originated in England within the Plymouth Brotherhood movement in the 1930s. Its founder was the Anglican priest J.N. Darby.

Israel" to patronize the peoples, preparing them for repentance at the Last Judgment. Along with widely known Scofield Bible[187], the same ideas are being propagated in our time in the opus of the Protestant preacher Hal Lindsey, *The Late, Great Planet Earth* (with a circulation of 18 million copies). The book describes not only the future Armageddon arranged by Soviet Russia in Israel, but also the actions of Jesus Christ, who will take command of the defense of Israel and reduce to ashes both evil Russians and the Earth in its entirety. Obviously, Russia is destined in the eschatological fantasies of religious America to fulfill a sinister role, becoming a pole of evil, or as R. Reagan put it, "the evil empire." The same behests, apparently, are followed by Hollywood which uses every opportunity to demonstrate the "crassness" and "barbarity" of Russia and the Russians in its action movies.

The current master of the White House, who publicly lowered the status of Russia to the level of a regional power, obviously remains faithful to the same ideas, in spite of their origin. Thus, delivering an address on June 15, 2014 before cadets of West Point, Obama recalled that the U.S. should lead the world, being the dominant and the one indispensable nation that extends peace and prosperity around the globe. He ended his speech with the phrase "I believe in American exceptionalism with every fiber of my

[187] The Bible commented by the Protestant theologian C. Scofield (first published in 1909) is the main apologetic source of dispensationalists.

being."[188]

Thus, saturated with the spirit and dogmas of pseudo-Christian teaching, the U.S. without a shadow of doubt considers itself to be the God-chosen state, having a sacred right to rule the entire world community. And, judging by the insights of Protestant theologians, which are followed by the majority of the U.S. leaders, the biggest problem in the full and unconditional implementation of the U.S. "divine potential" lies in Russia. This is clearly expressed in the doctrine of Z. Brzezinski, mentioned more than once in this book. He openly (which finds a lively response from the U.S. practicing elites) calls for fending off a revival of the Eurasian empire, for it would be capable of preventing the U.S. geostrategic goal, that is, the formation of a larger Euro-Atlantic system[189]. Speaking at the meeting of the American-Ukrainian Advisory Committee on the occasion of being awarded the title of "Honorary Citizen of Lvov," Z. Brzezinski openly stated, "The new world order is being created against Russia, at Russia's expense, and on the shards of Russia, under U.S. hegemony!"[190] Actually, with this capacious proclamation he disclosed all the goals and tasks of the U.S. geopolitics.

The author of an interesting study of the origins of the American policy of

[188] https://obamawhitehouse.archives.gov/the-press-office/2014/05/28/remarks-president-united-states-military-academy-commencement-ceremony

[189] Brzezinski Z. *The Grand Chessboard*. Basic Books, 1997. (Russ. ed.: *Velikaya shakhmatnaya doska*. Moscow, International Relations Publ., 1998).

[190] Brzezinski Z. *The Choice: Global Domination or Global Leadership. Basic Books, 2005.* (Russ. ed.: *Mirovoe gospodstvo ili globalnoe liderstvo*. International Relations Publ., 2005).

"exceptionalism"[191] stresses that the expansionism of the collective West in the foreseeable future was not limited to Russia alone. A most strong civilizational pressure was exerted on all the largest nations of the world that had a traditional, closed, and therefore non-civilian type of society (for example, Imperial China or Ottoman Turkey).

In the book mentioned above[192], A. Utkin convincingly revealed the mechanisms of the Western strategy of global governance. Its essence is a rigid technogenic dictatorship challenging the rest of the world and forcing this non-Western world either to submit to the leadership of the West (for which read, the U.S.) by accepting its scale of values, or to enter a parallel competition with it through the intensely boosted modernization of the national socio-economic system.

It is from this that it is necessary to proceed in justifying alternative approaches to forming up of the world order. The undermining of the U.S. ideological leadership is a key direction in the fight against American aggression. After losing the image of the infallible legislator of behavior norms and patterns, the U.S. will lose the ability to indoctrinate other countries with the inferiority complex and to assert its moral right to interfere in their internal affairs. This will sharply reduce the effectiveness of the U.S "soft

[191] Tsekhanskaya K. *Amerikanskiy messianizm–dukhovnaya sila globalizma* [American Messianism–the spiritual force of globalism]. *National Strategy Issues*, No. 1 (28), 2015. (In Russian)
[192] A. Utkin. *Udar amerikanskikh bogov* [The strike of the American gods]. Moscow, Algoritm Publ., 2006. (In Russian)

power" policy, without which the methods of military and political coercion will not work either.

It is impossible to challenge the ideological leadership of the U.S. in the frame of reference imposed by it. Attempts to catch U.S politicians and officials in cynical swindle, fraud and crimes against whole nations do not produce the proper effect, given the domination of the American oligarchy in global media and information networks. The U.S ideological domination can only be undermined by overthrow of its underlying value system.

As shown, for example, by T. Sergeitsev[193], the value system underlying the image of the American superpower, the personification of which is the global dominance of the U.S.-centric oligarchy, comes from the postmodern concept of the liberation of man from God and his moral limitations. Absolutization of human arbitrariness ultimately results in the rule of force, which is demonstrated by the U.S. oligarchy trying to govern the whole planet at its discretion, in reliance on the world currency issuance monopoly appropriated by it. Limitation of this arbitrariness is possible only on the basis of a superior system of values that limits the freedom of the human will. The position above the will of man and human society can only belong to objective laws of the universe, recognized by rational thinking, as well as to the moral precepts established by the

[193] Sergeitsev T. *Padenie mirovoy sverkhvlasti: krymskiy rubezh* [Downfall of the world superpower: the Crimean frontier]. *Odnako*, June-July 2014 (174). (In Russian)

Almighty and recognized by religious consciousness. The former are established on the basis of the scientific paradigm of sustainable development, while the latter should be accepted as axioms in the system of global lawmaking.

All major religions limit the freedom of human arbitrariness by compliance with a certain system of moral standards. The modern post-Christian Western civilization no longer acknowledges the absolute nature of these Standards, interpreting them as relative and outdated, which can be violated if opportunities permit and circumstances require. The U.S. oligarchy has the potential for global domination to the extent that international circumstances permit. These circumstances can be changed, limiting the possibilities of the U.S. by expanding the capabilities of its competitors. This change can be achieved within the framework of the existing world order through a world war. To avoid it, it is necessary to change the world order itself, introducing absolute restrictions on the arbitrariness of both the human person and any human communities, including states and their associations. In so doing, the very basis for the existence of a superpower threatening the security of mankind will be eliminated.

The ideological basis for a new world order can be the concept of a socio-conservative synthesis uniting the system of values of world religions with the achievements of the social

state and the scientific paradigm of sustainable development[194]. This concept can be used as a positive program for establishing a global anti-war coalition, which should offer universally understandable principles for the ordering and harmonization of socio-cultural and economic relations on a global scale.

A harmonization of international relations can be achieved only on the basis of fundamental values shared by all major cultural and civilizational communities. These values include the principle of non-discrimination (equality of people) and the love for one's neighbor declared by all religions, without dividing mankind into "friends" and "foes." Within such understanding, these values can be expressed in terms of justice and responsibility, as well as in legal forms of civil rights and freedoms. However, to achieve this, the fundamental value of the human person and the equality of rights of all people, regardless of their religion, national, class and any other affiliation, must be recognized by all confessions. The basis for this, at least in monotheistic religions, is the understanding of the unity of God and the fact that every creed shows its own way of saving man, which shall have the right to exist. Through the lens of this understanding, it is possible to eliminate the forced violent forms of interreligious and interethnic conflicts, translating them into the plane of ideologically free choice of each person. To do this, it is

[194] Glazyev S. *Sotsialisticheskiy otvet liberalnoy globalizatsii* [A socialist reply to liberal globalization]. *APN*, 2006. (In Russian)

necessary to develop legal forms for the participation of confessions in development of social life and resolution of social conflicts. This would make it possible to neutralize one of the most destructive technologies of the U.S. strategy of waging global chaotic warfare, that is, the use of interconfessional contradictions to stir up interreligious and interethnic armed conflicts that transform into civil and regional wars.

Involvement of confessions in the formation of international politics will provide a moral and ideological basis for the prevention of ethno-national conflicts and create the prerequisites for the translation of interethnic contradictions into a constructive channel, their removal through various instruments of public social policy. In its turn, involvement of confessions in establishing the social policy will create a moral basis for governmental decisions. This will help curb the spirit of permissiveness and debauchery, which dominates today in the ruling elite of the developed countries, and restore the understanding of the social responsibility of the authorities to society. The values of the social state that are currently faltering would receive a powerful ideological support. In their turn, political parties will have to recognize the importance of fundamental moral restraints that protect the foundations of human existence. All this will contribute to realization of the global responsibility of political leaders and leading nations for the harmonious

development of international relations, and contribute to the success of the antiwar coalition.

The concept of socio-conservative synthesis provides an ideological basis for reforming international monetary, financial and economic relations based on the principles of justice, mutual respect for national sovereignties, and mutually beneficial exchange. Their implementation requires a significant restriction of freedom of the market forces, which constantly generate discrimination for the majority of citizens and countries on access to social benefits.

Liberal globalization has undermined the ability of states to influence the distribution of national income and wealth. Transnational corporations obtained the opportunities for uncontrolled movement of resources previously controlled by states. The latter were forced to reduce the degree of social protection of citizens, in order to preserve the attractiveness of their economies to investors. At the same time, the efficiency of public social investments, the consumers of which had been freed from national identity, has decreased. As a result of the appropriation of a growing part of the revenues generated in the world economy by the U.S.-centric oligarchy, the living standards of the majority of countries with an open economy are declining, and the differentiation of citizens in access to social benefits is intensified. To overcome these destructive

tendencies, it is necessary to change the entire architecture of international financial and economic relations by imposing restrictions on the movement of capital, in order to block the possibility of its avoidance of social responsibility, on the one hand, and equalizing the costs of the social policies of national states, on the other hand.

The restriction of the ability of capital to evade social responsibility includes the elimination of offshore zones that allow capital to escape tax obligations, and recognition of the right of national states to regulate the cross-border movement of capital. Equalization of social costs of different states will require the formation of global minimum social standards, which would provide for a faster increase in the level of social security of the population of relatively poor countries. To do this, international mechanisms for equalizing the living standards of the population must be activated, which implies the creation of appropriate instruments for their financing.

Proceeding from the concept of socio-conservative synthesis, the anti-war coalition could set the task of establishing the global mechanisms of social protection. For example, a tax on currency exchange transactions may be introduced to finance their activities, at the rate of 0.01% from the amount of transactions . This tax should be levied on the basis of an appropriate international agreement within the framework of national tax laws, and be should

be transferred to authorized international organizations. Such organizations include the Red Cross (for the purpose of preventing and overcoming the consequences of humanitarian disasters caused by acts of God, wars, epidemics, etc.); WHO (for the purpose of preventing epidemics, reducing child mortality, vaccinating the population, etc.); ILO (for the purpose of establishing a global system for monitoring of labor migration, implementation of safety standards, compliance with generally accepted labor legislation requirements, including wages not lower than the subsistence level, and prohibition of the use of child and forced labor); the World Bank (for the purpose of organizing the construction of social infrastructure facilities (water supply, roads, sewerage, etc.)); UNIDO (for the purpose of organizing technology transfer to developing countries); UNESCO (to support international cooperation in science, education and culture, protection of cultural heritage), etc. The spending of these funds should be conducted on the basis of appropriate budgets, the approval of which can be delegated to the UN General Assembly.

Another field of the anti-war coalition activities could be the creation of a global environmental protection system financed by its pollutants. For this purpose, it is advisable to conclude an appropriate international agreement entailing introduction of universal standards of fines for environmental pollution

and their transfer for environmental purposes in accordance with national legislation and under supervision of an authorized international organization. A part of these funds should be used to conduct global environmental activities and to organize environmental monitoring. An alternative mechanism can be arranged on the basis of the turnover of pollution quotas by expanding and launching the Kyoto Protocol mechanisms.

The most important direction of the positive program of the anti-war coalition should be the creation of a global system for eliminating illiteracy and ensuring access for all citizens of the planet to information and modern education. The creation of such a system should ensure unification of the minimum requirements to universal primary and secondary education, with subsidies for their achievement to underdeveloped countries at the expense of funds collected through the tax proposed above. A system of providing higher education services by the leading universities of developed countries should also be created, accessible to all citizens of the world. The latter could, at their own discretion, allocate quotas for the admission of foreign students recruited through international competition, with payment of education from the same source. In parallel, a global system of distance education services should be deployed by the universities participating in this system, open to all citizens of the world with a secondary education free of

charge. Creation and maintenance of an appropriate information infrastructure can be entrusted to UNESCO and the World Bank with funding from the same source.

The anti-war coalition should put forward its program of world economy stabilization based on optimizing global financial and economic relations on the principles of mutual benefit and fair competition, which would exclude the possibility of monopolizing certain functions of international economic exchange regulation in someone's private or national interests. The growing gap between poor and rich countries, which threatens the development and very existence of mankind, is reproduced and supported by the appropriation of a number of international economic exchange functions by the national institutions of the U.S. and its allies that act proceeding from their private interests. They have monopolized issuance of the world currency, using its revenues in their own interests and providing their banks and corporations with unlimited access to credit. They have also monopolized the establishment of technical standards, supporting the technological superiority of their industry. They have imposed on the entire globe the rules of international trade that are favorable for them, forcing other states to open their commodity markets and drastically limit their own ability to influence the competitiveness of national economies. They have forced most countries to open their capital markets, ensuring the

dominant position of their financial oligarchy that relies on its monopoly of the unlimited issuance of the world currency.

Ensuring the socio-economic development that would be sustainable and successful for humanity as a whole involves elimination of the monopolization of the international economic exchange functions in anyone's private or national interests. For the sake of sustainable development of mankind and harmonization of global public relations, and elimination of discrimination in international economic exchange, its global and national restrictions may be introduced.

In particular, in order to prevent a global financial catastrophe, urgent measures are needed to create a new safe and efficient architecture of the world monetary and financial system based on a mutually beneficial exchange of national currencies, excluding the appropriation of global issuance revenues in anyone's private or national interests. The commercial banks servicing international economic exchange should be required to conduct transactions in all national currencies. In so doing, their exchange rates should be established according to the procedure agreed by the national banks within the framework of the relevant international treaty. As necessary, the role of the universal equivalent can be assumed by gold, IMF SDRs, or other international units of account.

Accordingly, the functions and management

system of the IMF should be changed. It could be responsible for monitoring the exchange rate formation of national currencies, and assume the role of the world currency issuer used for emergency lending of temporary deficits in payment balances of individual states and their national banks, to prevent regional and global monetary crises and maintain stable conditions for international economic exchange. Together with the Basel Institute, the IMF could also function as a global banking supervisor, setting mandatory standards for all commercial banks that are servicing international economic exchange. To do this, it is necessary to democratize the IMF's governance system, and all its participating states should receive equal rights. This is also necessary to give the IMF the right to suspend banks and states that violate the established norms of monetary and financial relations from the global system of international settlements. This would not only ensure the immunity of the international economic exchange system to arbitrariness of individual states, but also would protect it from currency speculators, making it possible to close offshore zones used for money laundering, international crime financing and tax evasion.

In order to equalize the opportunities for socio-economic development, it is necessary to ensure free access of developing countries to new technologies, provided that they do not use the received technologies for their own purposes. The states that would agree to this

restriction and provide access to information on their military expenditures should be released from the constraints of international export control regimes. They should also be assisted in obtaining the necessary new technologies for their development. To this end, the activities of UNIDO (including creation of an appropriate information network) and the World Bank should be intensified. The latter should provide credit resources issued by the IMF with a view to long-term financing of investment projects necessary for developing countries in the field of mastering modern technologies and creating infrastructure. Access to these resources on the same terms of refinancing should also be provided to international regional development banks.

In order to ensure fair competition, it is necessary to introduce an international mechanism for suppressing abuse by TNCs of their monopoly position in the market. The relevant antimonopoly policy functions may be entrusted to the WTO on the basis of an international agreement, binding on all member states. This agreement should provide the right for entities of international economic exchange to demand elimination of abuses by TNCs of their dominant position in the market, as well as a compensation for losses caused by them through introduction of the relevant sanctions. Such abuses should also include, along with over- or underpricing, falsification of product quality and other typical examples of unfair

competition, the underpayment of labor relative to the regional subsistence minimum confirmed by the ILO. Regarding natural global and regional monopolies, procedures should be established to regulate prices at a reasonable level.

In conditions of inequivalent economic exchange, states should be left with sufficient freedom to regulate national economies, in order to equalize the levels of socio-economic development. In addition to the mechanisms adopted by the WTO to protect domestics market from unfair external competition, the tools for such equalization are various mechanisms to stimulate scientific and technological progress and state support for innovation and investment activity; establishment of a state monopoly on the use of natural resources; introduction of currency control standards to restrict the export of capital and neutralizing speculative attacks against the national currency; retaining of the national control over most important sectors of the national economy; other forms of increasing national competitiveness.

Of particular importance is the maintenance of fair competition in the information sphere, including the mass media. Access to the global information space should be guaranteed to all people of the world acting both as consumers and providers of information. To maintain the openness of this market, strict antimonopoly restrictions should be applied, disallowing any

country or group of affiliated persons to dominate the global information space. Simultaneously, favorable conditions should be created for representatives of different cultures to gain free access to the market of information services. The necessary support can be provided by UNESCO from the proceeds of the above tax on currency exchange transactions and payments for access to restricted information resources (some of which, including points for launching communications satellites into orbit, could be provided to this organization). At the same time, international regulations should be adopted to prevent the spread of information that threatens social stability.

To ensure compliance of all participants in the international economic exchange with the established international and national standards, a universally binding regime of sanctions for their violation should be adopted. To this end, an international agreement must be concluded to enforce judgments passed against participants in international economic exchange, regardless of their national identity. At the same time, it is necessary to ensure the opportunity for lodging an appeal to the international court, the decision of which should be binding on all states.

The introduction of standards universally binding on all parties to international economic exchange, as well as of sanctions for their violation (including sanctions for violating the

norms of national legislations) presupposes the primacy of international agreements over national legislation. The states that violate this principle should be restricted in their rights to participate in international economic exchange. In particular, their national currency should not be accepted in international settlements, economic sanctions may be applied to their residents, and their activities in the world market may be limited.

If the U.S. and the EU refuse to reorganize the world economic order on the above principles, the countries of the anti-war coalition should be prepared to establish their own international institutions, alternative to the IMF, the World Bank and the Basel Institute. This can definitely be done on the basis of the consolidated position of the BRICS countries.

The anti-war coalition ought to be powerful enough to achieve the principal changes in international relations described above. It will be resisted by the U.S. and the G7 countries that derive enormous benefits from their monopoly position in the world market and in international organizations. In fact, the U.S. is waging a world chaotic war to preserve this position, punishing all those who do not agree with their abuse of the dominant position in the global financial and economic system. To win this war and rebuild the world economic system with a view to harmonious development, the anti-war coalition should be ready to apply sanctions against the U.S. and other countries

that refuse to recognize the priority of international obligations over national standards. The most effective way to force the U.S. to cooperate may be abandonment of using the dollar in international settlements.

The anti-war coalition should put forward a peaceful alternative to the arms race in stimulating the development of the new technological paradigm. This alternative should be based on broad international cooperation in solving global problems that require the concentration of resources in actualization of breakthrough scientific and technological research. For example, the problem of protecting the Earth from space threats does not have at present a technical solution[195]. To obtain it, scientific and technical breakthroughs are needed on the basis of integration of intellectual potentials of the leading countries of the world and joint large-scale financing of relevant international programs of scientific and technical development.

Instead of confrontation and competition, the paradigm of sustainable development relies on partnership and cooperation as mechanisms to concentrate resources in the promising areas of scientific and technological progress. As a scientific and organizational basis for the management mechanism of the formation of the new technological paradigm, it stands much higher than the arms race. There is all the more

[195] Glazyev S. *O mezhdunarodnoy initsiative dlya G20 po razrabotke sistemy zashchity Zemli ot kosmicheskikh ugroz* [On the international initiative for the G20 to develop a system to protect the Earth from space threats]. Research note, 2013. (In Russian)

reason for this as the main consumers of the products generated by the new paradigm are health care, education and culture, the development of which is poorly stimulated by military expenditures. At the same time, these sectors of the non-production sphere, taken together with science, will account for up to half of the GDP of developed countries in the near future. Hence the need to transfer the stress of state stimulation of scientific and technological progress from defense to humanitarian research, primarily in medical and biological fields. Since the state provides more than half of the expenditure on health care, education and science, such a transfer would help to strengthen the consistent basis in the management of social and economic development.

The course of action to neutralize the U.S. aggression

To prevent the world war, it is necessary to stop its driving forces, which are the U.S. ruling elite, the Eurocracy and the U.S.-created neo-Nazi regime in Ukraine. The first of these is primary, the other two are derived. One can wage a bloody war with the Nazis, but if their funding and support are not stopped, they will involve more and more of their citizens in the massacres. Talk all you want to the EU commissioners about the flawedness of their

"Eastern Partnership" policy, but while they are manipulated by the U.S. through the controlled media, personal influence networks, espionage and blackmail systems, no rational criteria would work. Therefore, it is possible to prevent war only by stopping the domination of the U.S. in Europe and in the world. To do this, it is necessary *to undermine the economic, informational, political and ideological foundations of their influence*.

For all the power of the U.S., its economic superiority is based on a financial pyramid of debt that has long gone beyond stability. For its collapse, it is enough for the main creditors of the U.S. to dump the accumulated dollars and treasury obligations on the market. Of course, the collapse of the U.S. financial system due to explosion of the "thermonuclear debt bomb" will entail serious losses for all holders of the U.S. currency and securities. But, firstly, these losses will be much less for Russia, Europe and China than the damage caused by the next world war that is being unleashed by the U.S. geopoliticians. Secondly, the sooner we quit the financial pyramid of U.S. obligations, the less will be the loss. Thirdly, the dollar pyramid collapse will finally provide an opportunity to reform the global financial system on the premises of justice and mutual benefit.

The domination of the American oligarchy in global and national media of the countries that are open to U.S. investment is a key factor of influence. The U.S. has created a very effective

information filtering system, designed to justify any actions of the U.S. authorities and its allies. Despite the formal freedom of speech, the leading media broadcast only the point of view that meets the interests of the ruling elite and supports its policies. In this case, objectivity is sacrificed to political expediency. Everything that the U.S. does in the world is presented as good. Everything that counteracts the U.S. foreign policy is presented as evil. A deliberately distorted world view is being built, in which the crimes committed by the U.S. authorities against entire nations look like feats done for the benefit of these nations, and the responsibility for the massacres of their citizens is allocated to the adversary. The dominant position of the American media in interpreting all the events that take place in the world allows the U.S. authorities to manipulate public opinion and commit global iniquity, arranging conflicts, perpetrating crimes, appointing and punishing the culprits, declaring the winners of wars and elections.

The information environment is the main battlefield in the chaotic world war. Real battle action takes place at the last stage, as a means of inevitable punishment to those countries and national leaders who dared to spin out of the U.S. control and venture an independent policy. Prior to this, the global public opinion should be convinced that the U.S. pursues a policy of good in the interests of the nations they punish, the leaders of which represent universal evil that

must be destroyed at any cost. Unlike previous world wars, where the opposing powers and their coalitions conducted an understandable propaganda condemning the actions of enemies and justifying their own, there are no obvious enemies in the chaotic war conducted by the U.S., since no country is interested in a world war or tries to provoke it. The American oligarchy itself appoints enemies and determines their overcomers. U.S. political psychologists and media create an image of the enemy, U.S. diplomats and influence agents set the neighbors on it, and the military helps them defeat this enemy. In the process, any methods of influencing people's consciousness are utilized, including Hollywood staging of non-existent events, false reports with invented characters, deliberate distortion of the meaning of the events shown.

The policy of the American media is not to provide an objective coverage of the world events, but to interpret them in the way necessary for the U.S. By shaping public opinion, the media influence the assessment by the majority of citizens of both the events and actions of political leaders. Thus they have a decisive influence on the elections to government bodies. In a democratic society, this is used to achieve control over the will of voters, which allows manipulating the behavior of politicians as well. The latter should act as suggested by the media controlled by the American oligarchy. In so doing, the more

formalized are the democratic institutions, the more effective is the manipulation of policies pursued in a given country.

The fundamental importance of information weapons is most obviously manifested in Europe. Over the past two decades, the U.S has organized several regional wars on this continent, inflicting enormous damage on Europeans. The war in Yugoslavia caused enormous sacrifices and costs, entailed legalization of Albanian terrorist organizations and criminal communities, worsened the conditions for European integration, provoking the fall of the euro that had just been introduced. Civil wars and conflicts in North Africa led to destabilization of an important region for the EU and to a dramatic influx of refugees, undermining the fundamental faith of Europeans in tolerance and a single labor market. Finally, the Ukrainian crisis destabilized the energy market in Europe and put it before the need to support the collapsing Ukrainian economy, involving Europe in sanctions against Russia ruinous for the European business.

All of this does not prevent politicians and officials of European countries not only from supporting the unleashing of these wars that are contrary to their interests, but also from taking a direct part in them, as well as paying the bulk of the expenses. Through a focused media policy, U.S. political engineers manage to achieve zombification of European public consciousness and, thereby, to subordinate the

political leadership of European countries to their influence, forcing these countries to pursue a policy that is suicidal for them.

At the same time, the effectiveness of the use of information weapons has its limits. Lies, and more than this, monstrous lies used by the media controlled by the U.S. oligarchy, do not have an all-out impact. The higher the level of education and culture in a particular country, and the more developed the information environment in it, so much the less is this impact. The rules of political competition dictate to the opposition the need to criticize the actions of the authorities which run counter to national interests. This gives hope that it will be possible to nail to the wall the European politicians who perform the role of U.S. influence agents against the national interests of their states.

As Prince Alexander Nevsky said, "God manifests himself not in Might, but in Truth." The flow of lies and falsifications, which is globally broadcast by U.S.-controlled global media, should be countered by an objective information flow through social networks, regional and national television. Of course, this will require considerable effort. But with a creative approach, the truth will win its way through. The public subconscious of European peoples, especially the people of Ukraine, will remember the horrors of the last war with the correct formation of an associative array of modern and genuine fascists and their

accomplices. The Ukrainian Nazis fostered by U.S. geopoliticians look no better than Hitler's storm-troopers. Therefore, the objectively represented information about Ukrainian Nazism will quickly cause a feeling of disgust and fright in the European man in the street. Besides, the Ukrainian Nazis will definitely fail to trigger any good vibes in all the peoples of Eurasia, which suffered a great deal during the last world war

The most effective efforts to prevent a new world war could be made within the U.S. itself. Whereas TNC oligarchy needs these wars to dump debts and misappropriate assets, ordinary citizens get nothing out of them but the dead and disabled, along with fear of terrorist attacks. The above measures to undermine the U.S. monopoly on issuance of the world currency, which would reveal the default state of the U.S. financial system and lead to a sharp reduction in their government spending, could help spread the negative attitude towards Washington's military ventures. Then the American politicians will have to choose between continuation of the chaotic world war and preservation of an acceptable standard of living.

Finally, the U.S. dominance in global politics is based more on the routine habit of their allies to submit to Washington's pressure than on the actual dependence of European and Japanese politicians on their U.S. curators. As soon as the dollar financial pyramid begins to fall apart, the

Americans will be left with nothing to pay for the maintenance of their military bases and the media. Germany and Japan will be able to free themselves from the oppressive sensation of being among the occupied territories, and to take a more independent position. As the truthful information about the crimes of the Ukrainian Nazis spreads, the monopoly position of the U.S. media will be eroded, and the effectiveness of their propaganda will be reduced. In the event of further deterioration in the level and quality of life in the EU due to deterioration of relations with Russia, the pressure of business and society on European politicians will increase. The above factors, with their skillful use, will operate to weaken the U.S. political dominance in the world. But their effect will be inadequate if Russia remains in the role of the main victim, in the fight against which and for the resources of which the U.S. will build a coalition of its allies in the chaotic world war. The aggressor can be stopped only by fear of unacceptable losses. Just as the aspiration of American geopoliticians for the establishment of world domination after the end of the Second World War was stopped by the threat of using the Soviet atomic weapons. Otherwise, the plans of Truman and Eisenhower on the atomic bombings of Korea and the Soviet Union could well be actualized, with understandable consequences for all mankind. The current situation, however, differs from the Cold War era in that the U.S. administration does not

regard Russia as an equal opponent, trying to get us back to a state of vassal territory, as it was in the first decade after the collapse of the USSR. The American advisers of both the current and past Ukrainian leadership tirelessly persuaded the latter of their total superiority over Russia, which they depicted as a completely dependent country. Having crossed Russia's name after the collapse of the USSR off the list of independent powers, U.S. geopoliticians perceive it today as their rebellious colony, the leadership of which must be punished, and the country itself must be dismembered and pacified forever as the peripheral territory of their empire. They proceed from the non-viability of Russia in the context of the economic sanctions they impose, clearly overestimating the extent of their influence. This overestimation of opportunities, on the one hand, gives American geopoliticians and their influence agents a sense of impunity and permissiveness, creating the risk of a global catastrophe. However, on the other hand, it is the source of their weakness when faced with real resistance, for which they are not ready both morally and politically.

Thus, U.S. geopoliticians failed to counter the decisive actions of the Russian leadership to repel the U.S.-Georgian aggression in South Ossetia, and to reunite with the Crimea under the threat of Crimeans genocide by the U.S.-grown Ukrainian Nazis. Faced with the resolute resistance of Assad, the U.S. and its European

allies ultimately failed to occupy Syria. They won only where the victim could not offer real resistance either by loss of morale and betrayal of the ruling elite, as in Iraq or Yugoslavia, or by the total superiority of the aggressor's forces, as was the case in Libya.

The doctrine of a world chaotic war actually implemented by the U.S. does not imply either the possibility of a defeat of the U.S. military, or warfighting on soil of the U.S. itself. Therefore, before attacking another victim, the U.S. deprives it of the chances to resist, creating a massive superiority with the aid of the allies and paralyzing the adversary with information, economic and political weapons. In the event of a real possibility of military defeat even in a local conflict, or of hostilities relocation to the U.S. soil, American geopoliticians will have to refrain from confrontation, as happened 40 years ago with the Caribbean crisis. The same applies to their allies, as no European leader would provoke a war understanding the risk of its transfer to one's own ground.

The fear of defeat or even stubborn resistance stems from the philosophy of superpower, implicitly implemented by the American ruling elite. As shown by T. Sergeitsev[196], superpower does not endure the threat of prolonged resistance and does not accept defeat by definition. A prolonged resistance raises doubts about unlimited might of the superpower, while defeat turns this doubt

[196] Sergeitsev T. *Padenie mirovoy sverkhvlasti: krymskiy rubezh* [Downfall of the world superpower: the Crimean frontier]. *Odnako*, June-July 2014 (174). (In Russian).

into confidence, undermining thereby its essence. All armed conflicts instigated by the U.S. after the collapse of the USSR were characterized by such superiority of the U.S. and its allies, which in essence excluded the possibility of defeat or even prolonged resistance of the enemy, let alone the transfer of warfighting to the American soil. With no confidence in a quick and unquestionable victory, the U.S. oligarchy will not dare to unleash a conflict fraught with the loss of the superpower image.

This image was created by the American intellectual elite after the Second World War, when the U.S. managed to seize the global leadership that was put into practice:

- in respect of Western Europe, through the mechanism of the so-called Transatlantic Unity, institutionalized in NATO and the vassal common market, and later, in the European Union;
- in respect of the socialist camp in Eastern Europe and the USSR, through imposition of military confrontation that diverted resources and hindered improvement of the living standards, and after the fall of the USSR, through the expansion of NATO, the European Union, and their influence, as well as through external administration of the post-Soviet territory via puppet governments and international organizations;
- in respect of China and India, through an

unofficial economic union based on the industrialization of these countries (primarily China that had a spat with the USSR).

Despite the fundamental ideological and political economic differences, all the way down to the opposites, the USSR, China and India were functionally building a consumer society, the advanced model of which was being created by the U.S. at an outperforming rate. Differences in the ideological framework of such building do not have a decisive civilizational significance. As T. Sergeitsev stated in his study[197], the global monetary and financial system created by the U.S., free from any natural backing, became the unified world condition for this political economic creativity, which allowed it to be applied to the global scale of economic activity and political influence, including in it all regional currencies (including the ruble) as derivatives. The fact that the global monetary and financial system is formed by the U.S. allowed the latter to create a mechanism for the concentration of all world capital on its territory, deriving direct financial colonial rents from the entire world economy, including the economy of the USSR. This, and not the notorious TNCs or oil, as justly asserted by the author, is the basis of modern (that is, post-war) global capitalism.

Such superpower, that is, power not limited by any form of state and states, power over the

[197] Ibid.

states themselves, including the U.S. itself as the "manager" element in the "manager-managed" configuration predicted by Nietzsche and accurately described as a phenomenon by the first Russian-Soviet post-Marxist Zinoviev, is the total reality of the post-war world order, sums up T. Sergeitsev. Its ideological justification was self-destruction of the imperial states of the Old World on their own continent during the two world wars[198].

Liberation of Ukraine

The Ukrainian crisis poses a great threat to the U.S.-centric image of superpower due to Russia's ability not only to resist, but also to inflict unacceptable damage on the U.S. Therefore, U.S. diplomacy is struggling to put into the Russian leadership the fear of defeat in the event of military intervention to suppress the Nazi riot in Ukraine. Building up politico-psychological pressure by threats of economic sanctions and international isolation of Russia, the U.S. at the same time supports and strengthens the Nazi junta in every possible way, encouraging it to escalate the conflict further. In this way the U.S. tries to paralyze the political will of the Russian leadership to take decisive action until the Nazi regime is strong enough to confront the Russian military and gain the ability to inflict unacceptable damage

[198] Ibid.

on Russia. Or, until the U.S. convinces its European allies to send in their troops to protect the Ukrainian Nazis from the resistance of the people of Ukraine.

The tactics used by the U.S. to suppress the political will of the enemy before creating the necessary conditions for its defeat without risk for America is based on the ideological domination of the U.S. as the main carrier and interpreter of the basic values of modern civilization, which include the rights of man, democratic freedoms, the rule of law, scientific, technical and social progress. This ideological domination creates an image of infallibility characteristic of the superpower, on which the U.S. relies for manipulating the enemy's consciousness. And, strangely enough, many experienced politicians give in to this suggestion, sincerely believing that Americans are not capable of banal deception due to their moral authority. Before Yanukovych, the victims of a naïve belief in the honesty of Americans were Qaddafi, Hussein, Milošević and many leaders of developing countries who believed the promises of the U.S. ambassadors, officials and politicians.

The need to free Ukraine from the rule of the Nazis placed by the U.S. in power is a necessary condition for escaping the escalation of the conflict towards a peaceful solution of the contradictions that arise in connection with the transition from the American to the Asian cycle of capital accumulation. This liberation will give

an impetus to curtailment of the most aggressive directions of the U.S. imperialism, opening the way for the advancement of the antiwar coalition ideology.

The practical embodiment of the sustainable development paradigm and the concept of socio-conservative synthesis is objectively hampered by the interests of both the global oligarchy of the TNCs hiding behind the U.S. hegemony, and of the aggressive influential social groups based on denial of the fundamental moral values, primarily the LGBT community, racist, Nazi and radical religious organizations. Quaintly enough, the Ukrainian Nazi junta in Kiev relies on all these social groups. This instills the Ukrainian conflict not only with a political, but also with an ideological global character. This is evidenced by the principled position of the Union of Orthodox Citizens of Ukraine, consistently opposing European integration and deciphering the EU *<"ES", in Ukrainian or Russian transcription – TN>* in no other way as the Euro-Sodom.

It is hardly feasible to hope for a voluntary renunciation by these social groups of their identity, as well as for renunciation by the American oligarchy of its claims to world domination. The showy stupidity and ridiculous comments of the speakers of the White House and the U.S. Department of State, which set the tone for the coverage of Ukrainian events by the world media, are intended to emphasize the irrelevance of any discussions and disputes over

the policy pursued by the U.S. leadership, leaving no doubt about the serious intentions of the American ruling elite to unleash a world war against Russia.

It follows from the above that the only way to stop the U.S. policy of unleashing a chaotic world war is to take a tough stand against the U.S. and its allies, outlining the limits of their aggression, the violation of which would automatically lead to the threat of using military force to protect Russia's national security. To do this, it is necessary to build the correct frame of reference and accurately determine the actions of all parties to the conflict.

The theater of the Fourth World War has the following configuration:

- the U.S. is the aggressor country provoking the chaotic world war to retain world domination;
- the provocation of the world war is being directed against Russia, which the U.S. is trying to represent as the aggressor in order to consolidate the Western world in order to advocate the U.S. interests;
- U.S. Geopoliticians have placed their stake on cultivation of the Russophobic Ukrainian Nazism, in continuation of the German and English traditions of weakening Russia;
- the U.S. has subordinated Ukraine through the coup d'état and establishment of the Nazi junta regime under its control;

- the EU is trying to colonize Ukraine by drawing it into an association under its jurisdiction by means of imposing an illegitimate international treaty with the illegitimate leadership;
- European countries are being drawn by the U.S. and the Eurocracy into the war against Russia against their national interests.

Within such framework of reference, the historical significance of the present conflict in Ukraine, which actually is a civil war, and the reasons for the insane ferocity of the Kiev junta in an attempt to win at any cost, up to the physical extermination of the Donbass residents, become evident. If the people's militia will succeed in defending themselves against the Nazi junta and liberate Ukraine from it, this will mean inflicting lethal damage to the superpower embodied in the U.S. aggression, which will lose its magical image. The historical precedent of the Donbass resistance is the defense of Stalingrad, after which the superpower of German-European fascism slackened, and creation of the anti-Hitler coalition has became possible.

Resisting the Ukrainian Nazis, the Donbass militia defends Russia against American aggression, and the whole world, against the Fourth World War. The Ukrainian Nazis cannot make a move toward the Crimea and unleash a war with Russia while they are bound with their punitive operation in the Donbass. Without

capturing the Donbass, they will not be able to retain power in Ukraine, which is doomed to an economic catastrophe by the severance of economic ties with Russia. Against the background of a humanitarian catastrophe, the Nazi psychosis will gradually disperse, and the population will again become receptive to objective information. This will destroy the socio-psychological basis of the Nazi regime, which can exist only in conditions of victorious war with Russia at the expense of unlimited assistance from the U.S. and the EU. Consequently, in order to stop the world war, it is necessary to limit this assistance by eliminating the military component.

However, nursing the Ukrainian crisis into the world war against Russia, the U.S. is forced to play an all-or-nothing game. They cannot allow defeat and lose the image of the superpower controlling the world. If the Nazi regime created by them collapses and its crimes against civilians become widely known, and the crime of destroying the Malaysian aircraft is solved, then the infallible image of the U.S. in Europe would be shaken. Russia's proof of its rightness in this conflict would cause in many European countries a crisis of confidence in the current political elite, which, together with the growth of anti-American sentiments, would undermine the U.S. dominance in the EU and would restrict it within NATO. The war would be avoided, and it would be possible to create a single space for economic cooperation from Lisbon to

Vladivostok proposed by the President of Russia.

This course of events is unacceptable for the American oligarchy strategists. They would be unable to replace the war in Europe against Russia with something similar in its global effect. Neither the war in the Middle East, nor the Sino-Japanese conflict over the islands, nor even the war in Central Asia can cause such tension and such a consolidation of NATO allies as the war in Ukraine against Russia. Therefore, the American aggression in Ukraine will build up. The pressure on the Nazi junta will increase to further escalate hostilities in the Donbass. Kiev leaders will be forced to wage war to the last Ukrainian, regardless of the massacres of civilians. They will be demanded to carry out ever larger armed provocations against Russia in order to provoke retaliatory actions by the Russian military.

Such military interference by Russia could reverse the situation and stop the aggression of the Nazi junta. However, it will simultaneously result in involvement of the EU in the Ukrainian conflict, which under the Association Agreement has assumed an obligation to lead Ukraine in resolution of regional conflicts. This will entail further internationalization of the conflict and will be another step towards unleashing the world war. Apparently, the provocation to destroy the Malaysian Boeing with passengers from the EU, carried out by the U.S. special services, was aimed precisely at this. The

Ukrainian Nazi junta stands ready for any crimes, including those committed against their own citizens, in order to draw European countries into the war with Russia.

Russia's actions should not fit into the American scenario of unleashing the world war. On the contrary, this scenario should be disrupted. In particular, the internationalization of the Ukrainian crisis should not be allowed. To do this, it is necessary to block the U.S. intentions to draw European countries into the conflict and provide military assistance to the Nazi junta. Such attempts should be regarded as entering the war against Russia, with all the ensuing consequences. In order for this counteraction to be effective, it is necessary to declare as quickly as possible, publicly and openly, the Russian position about the inadmissibility of sending in any foreign military units and delivering any military equipment to Ukraine. The ruling elite and the broad public of the U.S. and European countries should understand that in the event of direct assistance to Ukrainian Nazis in their civil war with the people's militia, they will get unacceptable damage.

Thus, in order to prevent transition of the Ukrainian crisis into the world war against Russia, it is necessary, firstly, to exclude the possibility of defeat of the people's militia and mopping up the Donbass by the Nazis. Secondly, extensive information, public and diplomatic activity should be launched to

explain the essence of the catastrophe ongoing in Ukraine as a consequence of the U.S.-arranged coup d'état with the Nazis coming to power. Thirdly, a tough stance should be adopted about the inadmissibility of U.S.-European military support for the punitive operations of the Ukrainian Nazis, which Russia will consider to be a declaration of war. Fourthly, a broad international coalition of countries should be created against the U.S. policy of unleashing the world war, proposing the concept of socio-conservative synthesis as the ideological basis for teaming up. Fifthly, the liberation of Ukraine from the U.S.-established Nazi regime should be achieved by the people of Ukraine themselves. This requires extensive work to explain the true aims of the pro-American Nazi junta, which uses Ukrainian citizens as cannon fodder for fomenting the world war against Russia.

It might be possible that the entire set of these actions will not be sufficient to prevent the U.S. aggression. Therefore, it is necessary to take simultaneous measures to strengthen the system of national and international security that would rule out the defeat of Russia or the destabilization of its internal state. But before proceeding to the implementation of an effective multi-vector policy to protect Russia's internal and external interests, it is necessary to give a clear legal definition of the ruling Kiev junta, especially given the fact that on the international arena Ukraine, not without support

of its patrons, has launched a judiciary war against Russia.

Thus, on November 25, 2014, the European Court of Human Rights (ECHR) accepted two inter-state complaints filed by Ukraine against Russia. Ukrainian authorities assert that in March-September 2014, Ukrainian military servicemen, law enforcement officials and civilians were killed as a result of the illegal annexation of the Crimea and Russia's support for armed groups of separatists in eastern Ukraine.

This complaint is part of the focused work being carried out by the NATO countries within the framework of the special program, *The strategy for non-recognition of Crimea's accession to Russia*. An international team of highly skilled experts is working on the implementation of this program. The satisfaction of this complaint is given special importance, since it will legally consolidate the position of the NATO countries on the illegality of the Crimea's accession to Russia, and will give the legal foundation to its international isolation, imposition of sanctions and raising of territorial claims. In support of this position, A. Yatsenyuk announced at a meeting of the Cabinet of Ministers on December 9, 2014 the filing of a lawsuit by Ukraine to the UN International Court of Justice regarding violations of the antiterrorist convention by the Russian Federation.

NATO's position, according to the official

publication, is based on the legitimacy of the Ukrainian parliament, the legality of its decisions and the indispensability of their strict implementation. The actions of the authorities of Russia and the Crimea, as well as support for the southeast of Ukraine, are respectively declared illegal. It is not difficult to show that NATO's position is a juristic fraud. The Constitution of Ukraine contains a special provision that concerns the usurpation of power by state bodies (Part 3, Article 5). The Constitutional Court of Ukraine in its Resolution N 6рп/2005 dated October 5, 2005, provided the interpretation that usurpation includes, among other things, the appropriation of the right to amend the Constitution of Ukraine in a way that violates the procedure established by the Basic Law.

On February 21, 2014, the Verkhovna Rada of Ukraine, outside its powers and in violation of the procedure established by Section XIII of the Constitution of Ukraine, adopted in its final form the Law "On the reinstatement of certain provisions of the Constitution of Ukraine." This falls under the aforementioned resolution of the Constitutional Court of Ukraine, which determined that "usurpation of state power means its unconstitutional or illegal seizure by state authorities." On February 21, 2014, there happened an unconstitutional and illegal seizure of state power in Ukraine by its state authority, the Verkhovna Rada of Ukraine. Consequently, all laws and decrees adopted by the Verkhovna

Rada of Ukraine after February 21, 2014, including the appointment of the acting President, Prime Minister, the government members, the appointment and holding of presidential elections on May 25, the election of Verkhovna Rada deputies on October 26, the passing of the resolution to carry out the "anti-terrorist operation," are illegal and unconstitutional.

This analysis based on Ukrainian constitutional law shows that after February 21 of this year, there is no legitimate power in Ukraine: state authorities are managed by illegitimate officials who were appointed (and elected) in violation of the Constitution and the laws of Ukraine. Moreover, there is no Basic Law in force in Ukraine, as the 1996 Constitution was declared repealed and does not actually operate, and the 2004 Constitution is illegal and does not exist from a legal point of view. Understanding of these legal grounds, as well as mass appeals to Russian government institutions of victims of the actions of the criminals who have usurped power in Ukraine, allow Russia to launch a counteroffensive, seeking the bringing of leaders of the Nazi junta before an international criminal court. This will fundamentally change the attitude of world public opinion towards this war, cutting off any legal grounds for imposing sanctions against us and allowing to avoid international isolation. On the contrary, all facts would point to the criminal nature of the Nazi junta, which should

automatically discredit its officials and their supervising politicians in the NATO countries.

Then again, the Nazi regime in Kiev succeeded in the matter of discrediting itself as in no other endeavor. By adopting the laws on the OUN-UPA heroization and on decommunization, it de jure threw stones on the glass house in which it settled as a result of the power usurpation a little over a year ago. While until now, according to the Constitution of Ukraine, the events that have occurred in Ukraine were interpreted as usurpation of power by the Verkhovna Rada, and war crimes committed by the leaders of the military and secret services, as well as the genocide of the Russian population, were perpetrated irrespective of the historical context, now the category of historical succession[199] arises. In the legal aspect, the regime ruling in Ukraine by adoption of laws on "decommunization" renounced the succession to the Soviet Union, and therefore, to the Ukrainian SSR, which had had its statehood exclusively within the Soviet Union. Both from the legal and political point of view, Ukraine had not existed as a state until emergence of the Ukrainian SSR within the Soviet Union. The current Ukraine, as is known, appeared as a result of the collusion of the three presidents of the USSR republics, who announced the denunciation of the treaty on the formation of the USSR that was legally void at that time. The legal basis for existence of the

[199] Glazyev S. *Ukraina v istoricheskoy rasshcheline* [Ukraine in the crevice of history]. An interview to the media outlet *News Front* on May 19, 2015. (In Russian)

current Ukrainian state is the referendum and other legal acts adopted by the authorities established long ago within the framework of the Ukrainian SSR. If the Nazi rulers of Ukraine reject this historical succession, then the legal identity of the territory controlled by them becomes lost. From the legal point of view, they become not simply criminals, but a terrorist gang that has seized territory not belonging to them. This gang is not much different from the Islamic State proclaiming its succession to the Prophet Muhammad.

Moreover, having in mind the adopted law "on the heroization of the UPA and the OUN", it turns out that the ruling Nazi junta is a successor not to the Ukrainian SSR, but to the Ukrainian Insurgent Army (UPA) and the Organization of Ukrainian Nationalists (OUN), which it recognized as fighters for Ukraine's independence. Inasmuch as these organizations and their leaders were institutions of the Hitler regime, and their leaders were Hitler's collaborators, as proved by the Nuremberg Tribunal with adoption of the relevant legal acts, the current power regime in Ukraine is legally the successor to the occupation authorities of fascist Germany.

Currently, the Nazi-Russophobic nature of the Ukrainian power has acquired a stable and irreversible character. There are no grounds to hope for its snapping back to reality and returning to the pre-Maidan state of things. The ideology of Ukrainism developed by the West

has reached its logical conclusion in radical Russophobia, imposed on part of the Russian world under the pretext of "European choice."

This means that further political interaction with the Ukrainian authorities is senseless. They use negotiations solely to deceive and confuse us, to drag out time for mobilization of the population and concentration of forces. Their strategy for the war with Russia will not change, varying in detail only, from constant shelling of the Donbass cities and provocations against Russia down to terrorist attacks in our territory and a direct armed invasion in case of NATO's readiness to support it. Each day of the rule of the Nazi junta inflicts unacceptable damage to Russia, estimated already in tens of thousands of dead and repressed Russians, millions of Ukrainians converted into Russophobia and Nazi religion, destruction of thousands of cooperative ties and loss of the Ukrainian market, and loss of multi-billion assets. The hopes for the fall of the Nazi regime under the pressure of a sharp decline in the standard of living are hardly justified, both because of its repressive and occupational nature that excludes democratic forms of struggle, and the narcotic influence of Nazi propaganda and rabid Russophobia, with the sacrifice of thousands of young Ukrainians forcibly sent to "war with the Russians."

Section 5
STRENGTHENING OF RUSSIA

Forced to resist the aggression of the West, Russia is becoming the leading force in global politics. Its resistance against American hegemony objectively accelerates transition from the American to the Asian cycle of accumulation. Not only because Russia has a serious power and economic potential sufficient to uphold its sovereignty, and its role in modern energy and military-technical markets is very significant. But, first of all, because of our country's experience of global leadership, which, due to a special Russian spirit and political tradition to fight not only for oneself, but for all "humiliated and insulted" of this world, proves attractive to a large part of humanity.

At the same time, U.S. geopoliticians realized that they had blundered away the restoration of Russian statehood, and started following their usual "carrot and stick" approach. Although the logic of centennial accumulation cycles and long waves of economic development does not leave the U.S. a chance to retain global leadership, in an effort to preserve it the U.S. is fully capable of unleashing the world war for control over the

periphery. They try to bribe the Chinese leadership with the promises of establishing the "Chimerica," a symbiosis between the two countries through trade and cooperation in the strategic partnership format. With respect to the leaders of

vulnerable countries, a two-course menu is offered, with a choice between complete submission or overthrow. There is no choice for the Russian leadership, since the issue raised is "who beats who?"

In solving this issue, the effectiveness of the public administration system plays a key role. If economic management remains in the current format of a periphery of the U.S. global economic order, subject to the interests of U.S. capital reproduction and the accumulation, then Russia will not be able to resist long enough the aggression of the U.S. that controls the main reproductive circuitry of the Russian economy through manipulation of the financial sector. It is impossible to repulse an attack if the enemy controls the rear, and its officers control the monetary system. The defeat most likely will result in disintegration of the country into national-territorial entities warring with each other under the control of the U.S. administration. An example of such solution is shown by today's Ukraine, where Americans are practicing the methods of launching an internecine war within the Russian World.

To prevent such progression of events, in the first instance it is necessary to understand that the system of state regulation of the economy created in Russia is inadequate to either the challenges of time, or the tasks of ensuring economic security, or the national interests. Firstly, it automatically puts the country's economy in a position of dependence from U.S.-

European capital. Secondly, it deprives it of internal sources for development financing. Thirdly, it makes the economy a resource colony of the advanced countries, blocking the possibilities of industrialization and innovative development. Fourthly and finally, it is simply archaic and uncompetitive with respect to the new system of production relations being established in Asia.

This section will discuss its restructuring, which is necessary to strengthen Russia.

Threats to the economic development of Russia

Serious problems for Russia in the unfolding conflict are created by three interrelated circumstances. The first of these is the global systemic crisis of the neo-liberal model of the world economy (U.S.-centric in form and oligarchically financial-coercive in content), the external manifestations of which were inhibited by the frantic monetary issue and the power expansion of the West over the past five years. Nevertheless, the crisis events in the economy continue to ratchet up: the pyramids of derivatives, debts and inequality are getting ever higher, threatening with catastrophic collapse, which makes their owners increasingly aggressive, forcing them to seize more and more resources to maintain the existing order. Russia, as the most resource-rich but sparsely populated country, seems to the U.S. and its NATO allies a welcome prize that, after the

collapse of the USSR, was already within their grasp. The establishment of control over Russia is necessary for them to successfully compete with China, in which the Americans are losing. And this means that the U.S. will not give up on us and will fight until the end of its global hegemony.

The second circumstance is an obvious imbalance of objectivity, subjectivity and projectivity of Russia itself. In terms of objectivity, our country is uniquely rich, since an almost complete set of natural resources is concentrated on 14% of the Earth's territory, currently accounting for about 40% of the global reserves[200]. On the level of resource supply, a resident of no other country in the world can be compared with a Russian average citizen, including the oil and gas bearing countries of the Middle East. According to the level of national wealth per capita, Russia ranks first in the world (Table 4).

Table 4. The structure of the wealth of states at the beginning of the 21st century.
(Source: Abalkin L.I. (Gen. ed.). Strategicheskiy otvet Rossii na vyzovy novogo veka [Russia's strategic response to the challenges of the new century]. Moscow, Ekzamen Publ., 2004, p. 72. (In Russian))

Countries	National wealth		National wealth structure, %		
	grand total, $ trillion	per capita, $ thousand	human potential	natural resources	renewable resources

[200] *Moment istiny: Rossiya i sanktsii Zapada* [Moment of truth: Russia and sanctions of the West]. A report of the Izborsk Club under academic supervision of S. Glazyev. Published on June 24, 2014. (In Russian)

World total	530	90	67	16	17
Countries of the G7 and the EU	275	360	78	4	18
OPEC countries	195	195	47	37	16
Russia	60	400	50	40	10
Other	100	30	65	15	20

However, the use of these resources is extremely inefficient, as Russia produces too few goods and services, is too dependent on the external economic situation, and its political subjectness that had failed with the collapse of the USSR has not fully recovered yet. The process of subject rehabilitation after the acute period of "perestroika" and "market reforms" has in fact just begun, and is very far from completion.

Still quite shaky are the basic designs of the politico-economic model operating in Russia, built on "mastering the Soviet legacy." They are characterized by the following features.

1. *"Oligarchism."* Large state and private corporations pursue the interests of a small group of persons who have received the ownership and/or management of these corporations out of hands of the yesterday's or today's political elite. That being said, the political elite in the 1990s was formed under the control of American agents, so the oligarchs who grew up then went through "residence registration" directly in the western centers and pulled themselves away from the national soil both in the physical (moving their families to permanent residence in the West) and in

ideological sense (denying traditional Russian values and the very sovereignty of Russia). Growing up on misappropriation of property remaining after the USSR, the oligarchy was formed as a cosmopolitan and comprador one. Until now, it appeals to the West as the defender of its interests against the Russian state, the strengthening of which is a horror to it. After all, a strong state derives its power from a link with the people, whose interests should be defended and advocated. The people, in their turn, are clearly aware of the opposition of their interests and the interests of the comprador oligarchy. According to sociological surveys, 83% of the country's residents think that the existing differences in income and status are too large. Along with this, two-thirds of our fellow citizens consider the property distribution system established in the country to be unfair. A similar percentage of the population is convinced that people do not receive a decent reward for their work. At the same time, more than half of Russians (54%) take the last statement personally, believing that their skills, abilities and qualifications are not paid well enough.

2. *"Secondariness,"* or *external dependence*. Refusal to create own sources of long-term investment and lending led to the situation that, despite a huge positive trade balance, Russia allowed a sharp deterioration of its position in the global division of labor. The main reproductive circuits of the national economy

were integrated into the world market as resource and financial donors. This dependent position was secured by the slaughter of a significant part of strategic assets in order to obtain "cheap" Western loans. This system of foreign economic exchange that is pernicious for Russia is supported by the Bank of Russia, performing the subordinate function of an appendage of the U.S.-centric financial system and blocking the creation of domestic sources of credit.

3. *"Self-eating."* The mechanism of reproduction that has been established in the Russian economy has a restricted nature, as annually exported capital of $ 100 billion, billions of tons of raw materials and tens of thousands of intellects are not compensated by domestic production, and are in fact a waste of wealth created during the Soviet era. Depreciation of fixed assets, engineering and social infrastructure entails economic degradation and disintegration of the social sphere. This model is characterized by an extreme and ever growing social inequality, which is accompanied by offshorization of the economy and cosmopolitanization of business, creating an economic basis for defeatism and reproduction of the colonial elite that is split into group and corporate interests. Involvement of Russia in the nonequivalent foreign economic exchange and colonization of its economy by U.S.-centric capital is a consequence of the absence of a consistent development project.

The attempt to integrate into the global project of the West after the collapse of the Soviet project has led to a loss of independence and deep external dependence, used by Western partners for the neo-colonial exploitation of Russia. An unviable model of the economy has taken shape, in which: the extracted raw materials are mainly exported, and the received foreign currency income is reserved on foreign accounts; fixed assets of manufacturing industry and infrastructure are not reproduced to the full extent; the complex technologies for production of competitive products with high added value are being lost, which is replaced by imports already occupying a large part of the domestic market; more than half of the employed do not work in their profession; activities of the majority of sectoral research and design institutes have been discontinued, and their place is now occupied by foreign engineering companies soliciting non-domestic equipment; the number of scientists and engineers is decreasing with the continuing drain of intellects abroad.

Finally, the third of the negative circumstances is the threat of foreign policy isolation assiduously arranged by Washington. All independent actions of the Russian leadership bump up against tough opposition from the U.S. and the NATO countries it manipulates. At the same time, although the strengthening and development of relations with China, as well as with other BRICS

countries and the "third world" as a whole is absolutely necessary, we have to oppose the Western aggression against our country alone, as in the days of Napoleon and Hitler. Obviously, in order to withstand this aggression and preserve the civilizational identity, the Russian productive elite needs to independently create an effective national socio-economic model, consolidating the society around a positive "vision of the future" and the ways to achieve it.

Socio-economic status of Russia

At present, the condition of the Russian economy is far from satisfactory and does not meet the requirements of national security. The results of measuring the indicators of the socio-economic status of Russia against the critical threshold values established as a result of scientific research[201] indicate an unsatisfactory status of socio-economic security (a *critical threshold value* means such value of the indicator, the moving of which beyond the limit indicates a threat to the economy functioning and societal life due to violation of a normal flow of the processes reflected by this indicator).

[201] Glazyev S., Lokosov V. *Otsenka predelno kriticheskikh znacheniy pokazateley sostoyaniya rossiyskogo obshchestva i ikh ispolzovanie v upravlenii sotsialno-ekonomicheskim razvitiem* [Assessment of the critical threshold values of the indicators of the state of Russian society and their use in the socio-economic development management]. *Economic and social changes: facts, trends, forecast*. No. 4, vol. 22, 2012. (In Russian); Glazyev S. *Za kriticheskoy chertoy. (O kontseptsii makroekonomicheskoy politiki v svete obespecheniya ekonomicheskoy bezopasnosti strany)* [Beyond the red line. (On the concept of macroeconomic policy in the light of ensuring the economic security of the country)]. Moscow, *Russian Economic Journal*, 1996. (In Russian)

It is necessary to distinguish between the critical threshold values that determine the system capacity for *simple reproduction*, and its capacity for *development*. Going of the former beyond the limit means that the system loses its self-preservation ability, that is, there is a threat of either its destruction or transition to a qualitatively new state. Going of the latter beyond the limit reflects the loss of competitiveness by the system, entailing a threat of its subordination or absorption by another socio-economic system. This concerns the indicators of reproduction of both human and economic development potential of the country. The level is considered ultimately critical if its achievement makes it impossible to maintain its simple reproduction.

Thus, both key indicators of human potential dynamics, that is, birth rate and mortality rate, for a long time were outside the critical level (Table 5). This resulted in a steady depopulation, which stopped only in recent years and resumed again in the last year. Similarly unsatisfactory is the public health, which is reflected in the values of such indicator as the average life expectancy. Despite the growth in recent years, it is still below the critical level, which is estimated at 78 years (based on a contemporary view of the normal life expectancy, taking into account the health care opportunities and the time of creative activity, as well as the world average values of this indicator). The average life expectancy is a

generalizing indicator that characterizes the state of society, reflecting the level and quality of life of the population.

In general, as can be seen from Table 5, Russian society has existed for a long time under the conditions of an extremely critical status of not only physical reproduction of the population, but also of the quality of life. This is evidenced, for example, by statistics of alcoholization of the population. Excessive consumption of alcohol and other drugs is also a characteristic feature of the unsatisfactory quality of life. The ultimately critical level of pure alcohol consumption per capita, the excess of which leads to the degradation of society and the prevalence of deaths over births, is 8 liters per year. In modern Russia, this figure reaches 13.5 liters. According to WHO, the condition covering 11% of the population is qualified as a critical pandemic, which threatens preservation of the society. The degradation of society is also evidenced by its excessive criminalization: the crime rate in our country exceeds the ultimately critical level more than 1.5-fold.

Exceeding the ultimately critical figures in the level of crime and alcoholization is a sign of demoralization of society and loss of value guidelines. The share of homeless people and other social groups that have fallen out of normal social life testifies to the fact that the population percentage who have lost their basis of life is beyond the critical limit. According to sociologic estimates, about 15% of Russian

citizens have reached a "social bottom," where the basic[202] moral values and limitations are lost. The most important reason for this condition is loss of the opportunity to work and the meaning of life, as the proportion of people caught in a state of stagnant unemployment and absence of chances to fulfill themselves has far exceeded the critical limit.

According to the calculations on basis of the ILO methodology, the share of the unemployed among the economically active population exceeded the critical level established by the Scientific Council of the Security Council of the Russian Federation.

Indicators characterizing the reproduction of human potential in Russia

	Ultimately critical value	Actual status 2013	Actual value against ultimately critical
	22	13.3	**1.6-fold worse**
	12.5	13.1	1.04-fold worse
	12.5	0.2	**62-fold worse**
	78	70.8	1.1-fold worse
	8	16.3	**2-fold worse**
	0.3	0.42	**1.4-fold worse**
	7	10.8	**1.5-fold worse**
	5	5.2	Within normal limits
	1000	1539	**1.5-fold worse**
	3.5	3.5	Within normal limits
	2.15	1.71	**1.3-fold worse**
	7	12.9	Within normal limits
	0.800	0.778	Within normal limits
	8	13.5	**1.7-fold worse**
	7	6	Within normal limits
	20	19.6	Within normal limits

[202] Rimashevskaya N.M. *Radikalnoe izmenenie negativnogo trenda zdorovya v Rossii* [A radical change in the negative health trend in Russia]. *Narodonaselenie*, 2010, No. 1 (47). (in Russian)

Indicator
Fertility rate (per 1,000 residents)
Death rate (per 1,000 residents)
Natural increase (per 1,000 residents)
Life expectancy (years)
Gap between the income of 10% of the wealthiest and 10% of the poorest groups (by
Gini index
Population rate with income below the subsistence level (%)
Unemployment rate
Crime rate (number of recorded crimes
Relation between average per capita monetary income and subsistence level (times)
Total fertility rate (average number of children born to women in fertile age)
Aging factor (rate of persons with age of 65 years and more in overall population, %)
Human Development Index (HDI) (points)
Alcohol consumption level (liters of absolute alcohol per capita)
Rate of persons who use drugs (%)
Number of suicides (per 100,000 residents)

Above the critical level is also the indicator widely used to characterize social inequality, the income gap between 10% of the wealthiest and 10% of the poorest groups, which provokes social conflicts, reduces human potential and blocks its development.

Maintaining the current tendencies in human potential degradation deprives Russian society of even simple reproduction possibilities, not to mention the capacity for sustainable development. At the same time, it is impossible to determine the exact time during which these tendencies will become irreversible, as there are no reasonable estimates of the maximum

duration of exceedance of the ultimately critical parameters that still allows preservation of the society. There is significant time latency between a condition characterized by extremely critical loads and a transition to the "point of no return," when changes become irreversible and a self-sustaining process of destruction of the socio-economic system begins.

Ultimately critical values of the main society development indicators should be interpreted taking into account the integration interdependencies of the social system. There are at least three important features of the functioning of society, which should be taken into account in the establishment and use of a system of ultimately critical indicators of its development: the compensatory mechanism of interaction between structures and elements of the social system, the synergetic effect and the "domino" effect[203,204]. The latter acts as a "chain reaction" to release the destructive social energy after disintegration of the institutions that link society into a single whole, as a result of termination of its reproduction mechanisms. The situation in this case resembles the course of pathological brain conditions, which become apparent after destruction of more than half of its cells. Up to this point, the person looks normal, although the nervous system

[203] Glazyev S. Y. *Za kriticheskoy chertoy. (O kontseptsii makroekonomicheskoy politiki v svete obespecheniya ekonomicheskoy bezopasnosti strany)* [Beyond the red line. (On the concept of macroeconomic policy in the light of ensuring the economic security of the country)]. Moscow, *Russian Economic Journal*, 1996. (In Russian)
[204] Senchagov V.K. (Ed.). *Ekonomicheskaya bezopasnost Rossii* [Economic security of Russia]. General coursebook, 2nd edition, Moscow, Delo Publ., 2005. (In Russian)

performance indicators for a long time exceed the ultimately critical limits. When the condition becomes apparent at last, the degradation of the brain becomes irreversible and incurable.

Historical experience shows that disintegration of the social system usually occurs unexpectedly both for most ordinary citizens, and for the management elite. This is due to the nonlinearity and fundamental complexity of social processes. They can run for quite a long time exceeding the critical values of the main indicators imperceptibly for the public consciousness until the system reaches the bifurcation point, in which the reproduction mechanisms that bind it are destroyed resulting in either a transition to a new state, or absorption by more viable systems, or death.

The key importance in determining the possible duration of the society functioning beyond the limits of the ultimately critical values of the indicators characterizing it belongs to selective ability of the management system. It should be sufficient to timely detect emerging threats, neutralize them, stop destructive processes, overcome emerging limitations and open new prospects for development. Characteristics of its condition also have their own ultimately critical level.

According to reputed researchers C. Jung[205] and M. Dogan[206], if more than 40% of citizens

[205] Rutkevich A.M. *K.G. Yung o sovremennosti* [K.G. Jung on modern times]. *Russian Journal of Philosophical Sciences*, 1989, No. 8. (In Russian)
[206] Dogan M. *Legitimnost rezhimov i krizis doveriya* [Legitimacy of regimes and confidence crisis]. *Sociological Studies*, 1994, No. 6. (In Russian)

are extremely dissatisfied with the socio-political structure of society and believe that the existing political system must be radically changed, then the legitimacy of the political regime is lost, and the probability of its collapse sharply increases. This does not mean the automatic disintegration of the entire social system, but makes it extremely vulnerable to external and internal threats. According to the RAS Institute of Socio-Political Research, while in the 1990s this indicator exceeded 40%, by 2008 it dropped to 20%, after which it again went up and currently approaches 30%.

To a large extent, the society status indicators are determined by the state of its economy, its ability to expanded reproduction (Table 6). The Russian economy has been degrading for a long time, including its structure, production, technological and investment potential. Although by the volume of GDP and labor productivity the Russian economy reached the pre-reform level of 1990, in terms of investment in fixed assets it is inferior to it by 40%. This means that for the last two decades, the economy has been working itself ragged due to excessive exploitation of production facilities created in the Soviet era.

Exceeding the 1990 level of production by the volume of GDP does not indicate a restoration of the economic potential, as its quality has significantly worsened: the share of machine-building and other branches of manufacturing industry and material production

as a whole decreased sharply, while the share of distributive sphere and raw materials sectors that have been reoriented for export increased. While the volume of energy carriers production significantly exceeded the level achieved in the Soviet period, the volume of machines and equipment production is 40% lower than the pre-reform level[207].

The economy functions in a unity of labor, natural-resource, production-technological, macroeconomic and institutional subsystems. During the post-Soviet decades, the natural-resource subsystem has been operating in a mode of contracted reproduction, which is characterized by the ratio of the increase in the reserves of natural resources and the volume of their extraction. For a long time, practically for all types of mineral resources, this ratio has been below the ultimately critical limit of 1. Despite this fact, the resource provision of the Russian economy and Russian society is not particularly worrying due to a significant number of previously discovered and equipped mineral deposits, as well as extensive land and water resources.

The status of the production-technological subsystem is characterized by post-critical wear of fixed assets. According to official statistics, their depreciation is 50%, but experts are warning that physical wear of fixed assets in many sectors of the economy, including

[207] Academician Petrakov N. Y. (Ed.). *Modernizatsiya i ekonomicheskaya bezopasnost Rossii* [Modernization and economic security of Russia]. Vol. 1. Moscow, Finance and Credit Publ., 2009. (In Russian)

backbone ones, reaches 80%, far exceeding the ultimately critical limit. In the conditions of modern scientific and technological progress, the latter is estimated at 35%, including 25% for the active part and 40% for the passive part of fixed assets. Although the economy retains its ability to expanded reproduction if these figures are exceeded, it loses its competitiveness, giving in to other countries in scientific and technical level and efficiency.

The Russian economy has been operating for a long time in the mode of contracted reproduction, and many vital branches of machine building and manufacturing industry have actually ceased to exist. The share of machine building in industry has almost halved in relation to the ultimately critical level, estimated by the Non-governmental Council for National Security of Russia at 25%. In general, the share of manufacturing sectors in industry fell by 9% below the ultimately critical level, estimated at 70%. The degradation of Russian industry is reflected in the share of Russian high-tech products in the world market, which has been floating around 0.2% for a long time already. The loss of the country's ability to develop independently is shown by its extreme external dependence (Table 7). The share of equipment imports has exceeded the critical limit more than 2-fold, which means the reorientation of the reproduction processes to a foreign technological base. This also leads to a loss of the country's ability to develop

independently and its being drawn into nonequivalent foreign economic exchange, fraught with the erosion of national wealth.

Exceeding the 35% share of imported goods in the total consumption means that the country is critically dependent on the outside world. At the same time, a 25% share of imports is regarded as the ultimately critical level for food products, and its further increase creates a threat to the country's food security. By both indicators, Russia has been beyond he ultimately critical level for a long time already. This fact is disregarded for the time being due to a stable high positive balance of payments and excess foreign reserves, which cover many times over the country's need for imports at the current level of effective demand.

Ultimately critical value	Actual status 2013	Correlation
25	20.7	**1.2-fold worse**
40	48.2	**1.2-fold worse**
25	14	**1.79-fold worse**
70	66.6	1.05-fold worse
25	26.8	1.1-fold worse
15	7.7	**1.9-fold worse**
12	5.0	**2.4-fold worse**
15	11.4	Within normal limits
15	about 15	Within normal limits
55	40	**1.3-fold worse**
75	45	**1.6-fold worse**

Table 6. Estimates characterizing the reproduction of economic

Indicator
Amount of investment in fixed assets (% of GDP)
Depreciation of fixed assets (%)
Share of machine building in industry (%)
Share of manufacturing sectors in industry (%)
Proportion of unprofitable organizations (% of total number of operating organizations)
Cost effectiveness of production (%)
Cost effectiveness of assets (%)
Inflation rate (%)
Social inflation rate (%)
Share of material production in GDP (%)
Monetization level (M2) at the end of the year (% of GDP)

In conditions of high openness and lack of a purposeful development policy, the Russian economy has been actually split into two sectors: internal, which degrades, and export-oriented (mainly raw materials), which by its reproduction mechanisms acquires enclave features and shifts to funding from foreign sources. As a result, the Russian economy specializing in exports of primary goods in exchange for finished products acquires colonial features, which leads to an inequivalent foreign economic exchange and deprives it of the ability to independently reproduce and develop. This is reflected in the share of primary goods in overall exports, which significantly exceeds the

ultimately critical limit estimated at 40%. The high share of energy carriers exports relative to the volume of their production, equal to 2/3, reflects the actual degradation of the manufacturing industry. Because of this, as well as switching to a foreign technological base and a high level of consumer goods imports, the Russian economy finds itself in the tight clutches of external dependence that determine its evolution in accordance with the needs of the external market, rather than internal development.

Stably high value of the positive balance of payments and the multifold excess of the critical level by the amount of foreign exchange reserves are often perceived as signs of a stable and independent external economic situation in Russia. However, an analysis of cause-effect relations in the mechanisms of interaction between macroeconomic and external economic subsystems reveals the opposite situation.

Table 7. Estimates

Actual status 2013	Correlation
40	**4.4-fold worse**
34.8.	**1.4-fold worse**
65.6	**2.18-fold worse**
12.6%	**2 -2.4-fold worse**
61.3%	1.14-fold worse
27	1.08-fold worse
36	**1.44-fold worse**
31	**1.24-fold worse**
50	**2-fold worse**
60	**2-fold worse**
27	**1.35-fold worse**
Proficit	
107	Within normal
50	**5-fold worse**
100	**4-fold worse**
1.9	**10-fold better**
53	**1.8-fold worse**

characterizing Russia's external economic dependence

	Ultimately critical value
International reserves adequacy index (% of the three-month volume of imports of goods and services)	9
Cumulative external debt (% of GDP at the end of the year)	25
Share of imported equipment in domestic demand (%)	30
Share of imported food in consumption structure (%)	25-30
Share of domestic production in formation of meat and meat products resources in the domestic market (%)	70
Share of exports in material production (%)	25
Share of foreign capital in investments (%)	25
Foreign liabilities of commercial banks and other sectors (% of GDP)	25
Share of overdue and unrecovered foreign loans (% of total loans received)	25
Share of foreign investors in the ownership structure of free-floating shares (%)	30
Share of foreign loans to M2 (%)	20
Trade balance deficit	15
GDP per capita (%) relative to the global average	100
Volume of foreign currency relative to the ruble weight in national currency (%)	10
Volume of foreign currency in cash relative to the volume of rubles in cash (%)	25
The share of expenses on servicing the external public debt (% of the total volume of federal budget expenditure)	20
Ratio of the volume of foreign trade turnover (% of GDP)	30

The positive Russian balance of payments is a consequence of the structural degradation of the economy that acquires raw material specialization, along with a systematic undervaluation of the ruble's exchange rate relative to its equilibrium value, and restraining of the final demand by limiting the monetary stock with sterilization of a part of budget revenues.

In other words, the mechanisms of monetary and foreign exchange policy have subordinated

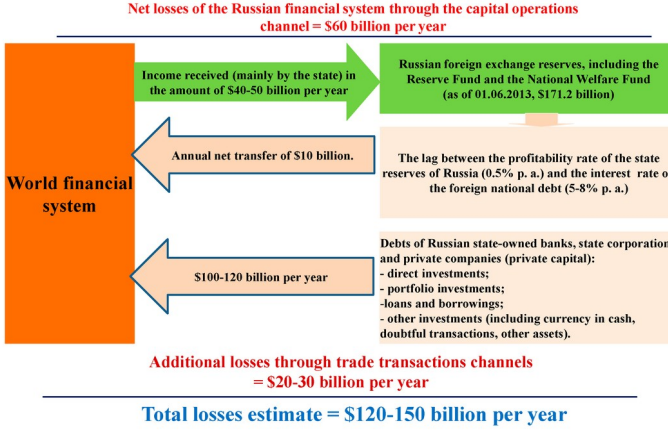
the Russian economy to the interests of raw materials exporters and foreign capital, predominantly American-European, making it critically dependent on the global market situation. This dependence is exacerbated by binding the money supply to the growth of foreign exchange reserves, as a result of which the reproduction of the Russian economy is channelized by the external demand for its goods and the supply of foreign loans. At the same time, as foreign exchange reserves grow and capital outflow reaches exorbitant amounts, external debt also grows, since the Russian economy becomes super-critically dependent on external loans. Although the share of foreign banks in Russia's banking assets has not yet reached a threshold level, the weight of foreign loans to Russian corporations relative to the monetary stock far exceeds the critical limit reflecting the ability of country's banking system to withstand external shocks.

Thus, despite good values of the indicators that traditionally reflect the external economic status of a country (balance of payments, state external debt relative to GDP, foreign exchange reserves adequacy index, etc.), in reality, due to objective results of the macroeconomic policy conducted, the country's economy experiences a super-critical dependence on world prices for energy carriers and raw materials, and on foreign creditors. To this should be added the "offshorization" of property rights to key Russian enterprises, as well as a significant share of

depositary receipts in their authorized capital, which in total gives up to 60% share of foreign capital in a number of backbone sectors of the economy, which is 5-fold higher than the critical level established on the basis of objective requirements to the selective ability of the national economic management system. The share of foreign investors in the ownership structure of shares circulating in the Russian is consistently 1.5-fold higher than the critical limit, calculated taking into account the requirements to the financial market resistance to fluctuations in the inflow of foreign speculative capital.

The artificial binding of monetary issue to acquisition of foreign currency has significantly limited the development opportunities of the Russian banking system. Reproduction of the economy is not ensured by its financial subsystem. Banks do not have sufficient credit facilities for development of the economy, which is reflected in the ratio of loans to the non-financial sector to GDP, which is 3-5 times lower than in developed countries. The total scope of the economy monetization throughout the entire post-Soviet years remains significantly below the ultimately critical level necessary to ensure a normal circulation of capital, estimated by experts as 50% of GDP. At the same time, as mentioned above, the Russian financial system is a donor of the world economy. While we give our foreign exchange reserves to the external environment at 2-3% per annum, our

enterprises and banks attract foreign loans at 7-8% per annum. The financial system is losing significant resources due to the inequivalent foreign economic exchange (Fig. 13).



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ig. 13. Evaluation of the Russian transfers in favor of the global financial system.
(Source: D. Mityaev)

Such is the result of the economy disintegration into the domestic sector that determines the reproduction of economic and human potential, and the external raw-materials and financial sectors that focus on the export of capital and do not actually participate in the reproduction mechanisms of the internally oriented sector of the economic system that ensures its functioning.

The underdevelopment of the banking system and the absence of mechanisms for its refinancing by the Central Bank are among the main reasons for the prohibitively low rate of

accumulation, which for a long time has been considerably inferior not only to the level required for simple reproduction, but also 1.5-fold to the rate of savings. At the same time, the reduction of inflation to an acceptable value in the absence of mechanisms for refinancing the banking and credit system precludes raising the investment activity to a normal level.

The internal mechanisms of reproduction do not ensure preservation of the existing economic potential, not to mention its development. The established price structure blocks the opportunities for simple reproduction of manufacturing and construction sectors, a significant part of production facilities is unprofitable or low-profitable, and this makes it impossible to invest in the renovation and modernization of their fixed assets. For example, the profitability of such key industries that determine investment opportunities as machine building and construction, is below the key rate determining the price of banking system refinancing by the Central Bank. This means that borrowed capital is not available for reproduction of these industries, resulting in their contraction and degradation.

Most indicators of the state of the Russian economy are beyond critical values of the indicators reflecting its ability to reproduce itself. It has been operating in the contracted reproduction mode for a long time already, despite the existing opportunities to transform the accumulated savings into investments and

convert giant natural rents into technological development. Even worse is the situation with indicators reflecting the ability of the Russian economic system to develop and its competitiveness. According to the share of innovation-active enterprises, the share of new products in the total volume of machine building products and the ratio of R&D expenditure to GDP, the Russian economy is 4-fold inferior to the level of developed countries, which in this case should be taken as ultimately critical. According to the indicators of economic efficiency, this gap amounts to a multifold figure (Table 8).

Over the past two decades, there has been a multifold decline in Russia's scientific and technological potential, and its share in the global system has sharply decreased. After a 20-fold fall in the early 1990s, R&D expenditure increased somewhat and stabilized at a low level of 1.5% of GDP, which fails to ensure both reproduction and preservation of the available scientific and technological potential. At the current rate of building up new knowledge, the total volume of which doubles every quarter of a century, the cessation of scientific research for a single year leads to a 25% depreciation of the available knowledge. The rapid lagging behind the global level of institutions that form the intellectual potential makes it difficult to overcome the trends for degradation and create the necessary conditions for sustainable development of the economy. The share of

Russia in the world science-intensive economy has decreased to a marginal level.

Given the current status, there are no prerequisites for restoring the economy's ability to reproduce normally, since the rate of accumulation is well below the critical level of 25%, and the labor productivity growth rate is 6-fold beyond the ultimately critical figure determined in view of the need to overcome the backwardness of the Russian economy in the foreseeable future. The way to the sustainable development trajectory requires, according to our estimates, an increase in the rate of accumulation at least up to 35%. This is possible, as the volume of savings in the economy is 1.5-fold higher than the volume of investments, and there are other reserves that are unused due to many reasons, including uncontrolled export of capital.

Table 8. Estimates

Actual status 2013	Correlation
10.1	**4-fold worse**
46.6	1.07-fold worse
8.9	**2-fold worse**
2.6	**3.7-fold worse**
1.5	**2-fold worse**
1.65 0.17 1.16	**11-fold worse** **8.5-fold worse** **11.6-fold worse**
10-65	**3.3-8.1-fold worse**
0.3	**10-fold worse**
10	**2.5-fold worse**
0.8	**6.3-fold worse**

characterizing the competitiveness of the Russian economy

	Ultimately critical value
Share of innovatively active enterprises (%)	40
Share of manufacturing industry products in exports (%)	50
Shipped innovative products (% of all industrial products)	15-20
Share of new product types in the total volume of machine-building products (%)	7
R&D expenses (% of GDP)	3
Specific indicators of energy consumption (tons of oil per thousand dollars of GDP): total energy resource consumption electricity consumption oil and gas consumption	 0.15 0.02 0.1
Losses of mineral resources in the process of extraction (% of total volume)	3-8
Specific weight of Russian high-tech products in the global market (%)	3
Share of intellectual property in business value (%)	25
Share of public expenditure on environmental protection in GDP (%)	5

Although the indicators of the socio-economic situation in Russia have improved significantly compared to the mid-1990s, the observed values of most of them are significantly worse than the ultimately critical level. The country has wandered out of the danger zone in terms of condition of its state budget and debt, but still remains beyond the red line by indicators of the condition of its monetary, industrial and technological spheres, human, and technical

potential. Also extremely low are the parameters of investment and innovation activity, as well as other indicators that reflect the effectiveness of the economy and its ability to develop.

Restoring the capacity of the Russian economy for expanded reproduction and modernization requires taking into account the laws of long-term economic development and elaboration of the correct strategy along with the mechanisms for its effective implementation. To achieve this, it is necessary to qualitatively improve the management system, to overcome exorbitant corruption, shadow economy and losses. The latter, measured within the Russian economy as a whole, account for about half of GDP, many times exceeding the ultimately critical limit that corresponds to modern concepts of effective economic management. According to the estimate of V.M. Simchera[208], the level of full national economic costs in the Russian Federation on the basis of the intersectoral balance is a multiple of the GDP, which indicates a negative contribution of the management system to economic growth.

As a result of the unsatisfactory state of the management system, the indicators of the productive use of Russia's resource potential are more than 2-fold below the ultimately critical limit, including the indicators of utilization of mineral resources, agricultural and

[208] Simchera V.M. *Uspekhi, kotorykh net* [Achievements that do not exist]. *Zavtra*, 2011, No. 21 (914). (In Russian)

forest land[209]. Huge amounts of capital export, which in two decades have reached an astronomical value of $1 trillion, a "brain drain" not less devastating for the economy and society, the loss of a significant part of the scientific, production and human potential are a consequence of the unsatisfactory work of the market self-organization mechanisms and state regulation institutions.

Assessing the above measurement results, it should be noted that for a long time the country remains far beyond the critical values for most of the indicators characterizing the ability of the economy and society to both reproduce and develop. This testifies to existence of quite definite threats to national security, while the time for their neutralization and restoration of the country's ability to sustainable growth is bleeding off the clock. At the same time, the removal of measured indicators from the ultimately critical zone is not an end in itself. Society and economy are undergoing constant changes, and their dynamics is non-linear and non-equilibrium. The technological structure of the economy and the intellectual structure of the society are transforming rapidly. The attempts to ensure stability by maintaining simple and even extended reproduction of the existing social and economic subsystems in the context of drastic structural changes in the global economy are clearly not enough for

[209] Simchera V.M. *Obnarodovana shokiruyushchaya pravda ob istinnom polozhenii del v Rossii* [A shocking truth about the true state of affairs in Russia]. KM.ru, 2011. (In Russian)

successful or even simply sustainable development.

As was shown above, the current global crisis is associated with a transition to the new (sixth) technological paradigm. In this regard, the policy of modernization and development of Russia should include the task of the soonest formation of the new technological paradigm. According to the available estimates, the "embryonic" period of this paradigm has been completed by now[210]. In a few years, it will reach an exponential growth, resulting in commencement of the next long wave of economic development.

The core of the new technological structure is a complex of nano-, bio-, information-communication and social technologies. Although today the world is in depressed state retaining crisis turbulence, the complex of industries that determine the new technological paradigm is characterized by a steady growth rate of 35% per year. Taking this into account and relying on our capabilities and scientific and technical potential, we should strive to concentrate resources in these specific areas. It is necessary not only to simply renew the fixed assets, but also to focus primarily on the modernization of the technological structure, to invest in the development of fundamentally new areas, which today become the drivers of

[210] Glazyev S.Y., Kharitonov V.V. (Eds.). Glazyev S.Y., Dementev V.Y., Elkin S.V. *Nanotekhnologii kak klyuchevoy faktor novogo tekhnologicheskogo uklada v ekonomike* [Nanotechnology as a key factor of the new technological paradigm in the economy]. Moscow, Trovant Publ., 2009. (In Russian)

economic growth and formation of the sixth technological paradigm. After the world exits the economic depression and the long wave of development begins, the countries that have managed to take leading positions in key industries of the new technological paradigm will get a huge advantage and provide long-term sources of super-profit (intellectual rent) by building up their scientific and technological superiority.

The revealed laws of long-term economic development make it possible to justify the strategy of outstripping development of the Russian economy on the wave of growth of the new technological paradigm[211]. For Russia, the industry and science of which have considerable resources in a number of areas that are crucial for the establishment of the sixth technological paradigm, it might be possible to master the promising directions of global economic growth ahead of others.

To actualize the opportunities for outstripping development and bringing the economic indicators out from the ultimately critical zone, the transition to a targeted development policy is necessary, supported by adequate monetary, industrial, scientific, technical and structural policies. The list of measures to ensure the outstripping development of the Russian economy was made by scientists from the Section of Economics of the RAS Division of

[211] *Glazyev S.Y. Strategiya operezhayushchego razvitiya Rossii v usloviyakh globalnogo krizisa* [The strategy of Russia's outstripping development in the context of the global crisis]. Moscow, Economika Publ., 2010. (In Russian)

Social Sciences[212]. It should be supplemented with measures to expand the opportunities for citizens to participate in the social management, as well as to create actual mechanisms of the responsibility of decision makers for the objective results of the pursued social and economic policy. Fundamental changes are also required in the state policy in the sphere of education and culture, which should focus on consolidation of the Russian society, harmonization of the moral values that dominate it and the guidelines for creative activity.

The experience of the 2008 crisis revealed a high degree of dependence and, consequently, vulnerability of the Russian economy to the situation on the world financial market that is regulated by methods discriminatory for our country, including downward biasing of credit ratings, unequal demands for openness of the domestic market and compliance with financial constraints, imposition of inequivalent foreign economic exchange mechanisms, through which Russia annually loses about $ 100 billion. Moreover, about $ 60 billion are leaving the country as a balance of income from foreign loans and investments, and about $ 50 billion represent an illegal capital outflow. The accumulated mass of the latter has reached $ 0.5 trillion, which taken together with foreign direct investments of Russian residents makes

[212] Glazyev S.Y., Ivanter V.V., Makarov V.L. *O strategii razvitiya ekonomiki Rossii* [On the strategy for the development of the Russian economy]. *Economics of Contemporary Russia*, 2011, No. 3 (54). (In Russian)

about $ 1 trillion of withdrawn capital. Losses of revenues of the budgetary system as a result of capital flight amounted in 2012 to 839 billion rubles (1.3% of GDP). The total loss of the budgetary system due to offshorization of the economy, capital flight and other tax evasion activities is estimated in 2012 at 5 trillion rubles[213]. (Fig. 14)

A particular threat to national security in the context of growing global instability is the current situation with the registration of ownership rights for a significant part of large Russian non-state corporations and their assets (up to 80%) in the offshore zones, where the bulk of transactions with their turnover take place. They also account for about 85% of accumulated foreign direct investments, both to and from Russia.

[213] Petrov Y. *K formirovaniyu novoy ekonomicheskoy modeli: restriktsiya byudzhetnykh raskhodov ili povyshenie sobiraemosti nalogov?* [About shaping a new economic model: restriction of budget expenditures or better fiscal performance?] *Russian Economic Journal*, 2013, No. 4. (In Russian)

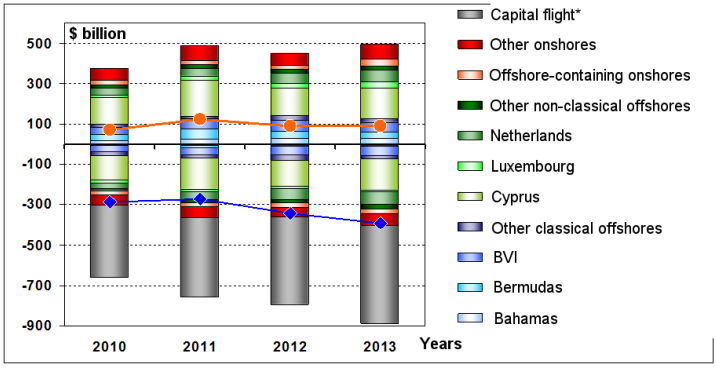


Fig. 14. Accumulated investments in Russia (+) and abroad (-) by countries and types of jurisdiction (offshores and onshores), $ billion.
Note: *) FDI from Russia include capital flight (accumulated since 1992)
(Source: Y. Petrov)

The increasing issue of unsecured world currencies creates favorable conditions for the Russian assets transferred to offshore jurisdictions to be absorbed by foreign capital, which threatens the economic sovereignty of our country.

A noticeable drop in income since the beginning of this year is still perceived as temporary, although in some categories of workers, including state employees, it reaches 20-30%. However, the consolidation of this trend will soon lead to a tangible reduction in the level and quality of life for the majority of the population. In terms of poverty, the Russian society will recede by the beginning of 2016 to a decade ago, since the number of citizens with an income below the subsistence level has already reached 23 million and, judging by the

forecast of inflation and household income, might increase by another third.

The subjective measurement of poverty by sociological methods reveals an even more disturbing pattern. According to ISPR RAS, prior to the current crisis, the share of citizens who regarded themselves as poor reached 30%[214]. About the same estimate of the level of subjective poverty was given by researchers of the RAS Institute of Sociology in 2012 – 32% of the population aged no older than 55 years[215]. At present, these figures can be increased 1.5-2-fold.

Russia is approaching the centenary of the Great October Socialist Revolution having social polarization parameters that are many times worse. We have returned to pre-revolutionary Russia, when 1% of the population owned about 30% of the national wealth[216]. Today, like then, the principal income and riches are concentrated in the hands of a hundred families. Like then, most of these families are closely connected with their interests and way of life to the countries of the West. Like then, the Russian economy is critically dependent on foreign capital and sources of credit. Like then, the

[214] The data of all-Russian sociological research, conducted under the supervision of Academician G.V. Osipov, Associate Member V.L. Schultz and Doctor of Sociology V.V. Lokosov in the years 2007-2011.

[215] Gorshkov M.K., Krumm R., Tikhonova N.E. (Eds.). *O chem mechtayut rossiyane. Ideal i realnost* [What do Russians dream about. Ideality and reality]. Moscow, Ves Mir Publ., 2013, p. 203. (In Russian)

[216] In 2008, according to the calculations of the New Economic School, the "golden million" (approximately 0.7% of the population) received 30% of all income of the population. It should be noted that these estimates were made without taking into account the income from the growth in the value of capital assets and other income not reflected in Russian statistics.

West waged a hybrid exterminatory war with Russia, both open (Germany and Austria-Hungary) and covert (England and France).

Of course, there are also significant differences. The external ones are against today's Russia. Then, the Russian Empire was the strongest on the continent. Its European "partners" waged war against each other, divided into open enemies and "allies." Today, Russia is by an order of magnitude weaker than the NATO countries, and they are united in their growing Russophobia.

Internal differences are contradictory. At that time, Russia did not have a strong-willed and perspicacious leader. Unlike Nicholas II, Vladimir Putin knows the worth of "partners" and understands threats to Russian statehood. Therefore, he does not allow Russia to be drawn into the war, skillfully using diplomatic methods to neutralize the U.S. activities to create an anti-Russian coalition. At the same time, then the ruling elite was not so obviously dependent on the West. Unlike the current comprador oligarchy, which openly hauls abroad its income, families and property rights, Western agents in tsarist Russia were hiding in Masonic lodges and posing as patriots. Moreover, there was no such information dependence on Western ideological influence, and the West itself was different.

While the current hybrid war is similar to the First World War in the methods of undermining Russian statehood, in the essence of the

aggression of the united West against Russia it is rather a continuation of the Second World War. Like then, the West is united in its desire to destroy Russian identity and Russian statehood. It failed at that time because of the monolithic unity of the Soviet people with the communist leadership. Both the people and the ruling elite understood that they were at war of total extermination. And, thanks to the unity of the people, the army and the ruling party, they managed to defeat the enemy many times superior in strength.

It is no accident that President Vladimir Putin, well understanding the history, called for unity on Russia Day. But in order to achieve it, firstly, we need to have an ideology uniting the people; secondly, it should comply with the policy pursued by the state; thirdly, there should be a mechanism of responsibility of the ruling elite for adherence to the standards of this ideology. And, of course, there should be no antagonistic contradictions tearing society apart.

Today, the contradictions between the interests of the people and the ruling elite are potentially antagonistic. Their muffling by redistribution of natural rent no longer works both because of its reduction, and the current tax system. Its main burden falls on labor (the value it creates), while super-profits from speculation, exploitation of natural resources and status rent substantially avoid taxation. The main draught force of the Russian state remains the working population, the degree of

exploitation of which is 2-3 times higher than the level existing in the West (calculated as the volume of output per unit of wages), and which bears the main burden of taxation.

The policy pursued by the state contradicts not only the interests of the working population, but also the interests of domestic commodity producers. For the latter, the deadly factors are both excessive costliness and inaccessibility of loans and sharp fluctuations in the ruble exchange rate. The very crisis of the Russian economy and its pulling into a stagflation trap was the result of a policy pursued by monetary authorities to serve the interests of the international capital, including the former Russian capital which had been withdrawn to offshores. Its cornerstone is complete freedom of cross-border and currency-exchange financial transactions. This predetermines the complete dependence of the Russian financial and economic system on external capital flows, even a small change in which causes destabilization of the macroeconomic situation in Russia.

The Russian financial system is hundreds of times smaller than the global one, dominated by the U.S. funds that specialize in monetary speculations. At the same time, the influx of money they are absorbing is growing exponentially as a result of their unrestrained issuance by the U.S. Federal Reserve, the ECB, the Bank of England and the Bank of Japan, which has grown 3-5-fold since the beginning of the global financial crisis. Having unlimited

possibilities to destabilize open national financial systems, the Western speculators regularly attack them to manipulate the market and gain super-profits on the depreciation of national income and savings. Exactly such attacks were performed against the Russian financial system in 1998, 2008 and 2014. And each time the Russian monetary authorities, instead of protecting their financial system, only contributed by their policy to its destabilization.

The current policy of full openness of the monetary and financial market, refinancing of speculative foreign exchange transactions by the Bank of Russia, inflated interest rates and free floating of the ruble exchange rate also puts the Russian economy in complete dependence on the interests of international (mainly U.S.) speculators. In the context of the financial war waged by the U.S. against Russia, this dooms the Russian economy to heavy losses and imminent defeat.

The financial war against Russia

Western sanctions include an almost

complete set of tools for economic, political and informational pressure on Russia, beginning with its ruling stratum (broadly interpreted, including not only political but also regional and business elites), and ending with solid citizens who are facing an impairment of their savings. The Russian assets under the jurisdiction of the U.S. and its allies are subject to various encumbrances. The capital flight from Russia is encouraged, and by the end of 2014 its scope almost tripled relative to the already abnormally high level. International payments are hindered, Russia's sovereign credit rating is declining, many economic projects with Western corporations are being suspended, foreign trade is being curtailed, and access to advanced technologies is being blocked.

Simultaneously with introduction of the next package of sanctions against Russia on the part of the U.S. and the EU, the Bank of Russia adopted on July 25, 2014 a resolution on another increase in the base lending rate to 8% per annum. Both these decisions had similar consequences, that is, worsening of the already unsatisfactory lending conditions for Russian business. Whereas the motivation of U.S. lawmakers is clear and consists in inflicting damage to the Russian economy that chokes on the chronic shortage of long-term loans, the motives of the Bank of Russia raise questions.

The Bank of Russia motivated its decision to raise the interest rate by the fact that *"inflation risks have increased due to a combination of*

factors, including, inter alia, the aggravation of geopolitical tension and its potential impact on the ruble exchange rate dynamics, as well as potential changes in tax and tariff policy"[217] (*On the Bank of Russia Key Rate*, July 25, 2014). In so doing, the Bank of Russia has tried to justify its attempts to neutralize the factors independent of it, exacerbating their negative effect on the already declining business and investment activity. The experience of such a macroeconomic policy in Russia and other countries with a transition economy shows demonstrates that it inevitably results in stagflation, that is, a simultaneous drop in production and an increase in inflation[218]. This is exactly what is happening now: after the previous increase in the refinancing rate in April, the country's economy plunged into depression against the backdrop of revival of economic activity in neighboring countries.

The management of the Bank of Russia associated its previous decision to raise the key rate, with which it had replaced the refinancing rate, with "*more pronounced than expected pass-through effect of the exchange rate dynamics on consumer prices, the rise in inflation expectations, as well as unfavorable conditions in the markets for some goods."*[219] Although, like this time, it explained its decision

[217] *On the Bank of Russia Key Rate*. Information notice of the Press Service of the Central Bank of the Russian Federation, July 25, 2014. (www.cbr.ru)
[218] Glazyev S. *Obucheniye rynku* [Learning the market]. Moscow, Economika Publ., 2004. (In Russian)
[219] *On the Bank of Russia Key Rate*. Information notice of the Press Service of the Central Bank of the Russian Federation, April 25, 2014. (www.cbr.ru)

by external factors, the first two of them were actually generated by the actions of the Bank of Russia itself, which refused to target the ruble exchange rate and limited the refinancing of commercial banks with three months, and also provoked the banking crisis by an unexpected recall of licenses from many regional banks.

Later, the Central Bank raised the key rate a couple more times, bringing it to 17% and paralyzing the crediting of the real sector. As scientists and experts warned, this decision resulted in a sharp drop in business and investment activity, an increase in the costs of enterprises, and an upsurge of inflation.

The inadequacy of the Bank of Russia's policy with respect to the tasks of economic growth has already become a habitual point of its criticism, which the management traditionally meets with monetarist dogmas. However, provided that until now the price of the incompetence and dogmatism of the monetary authorities was the fall in production and export of capital, accompanied by degradation of the economy structure, the suppression of external sources of credit challenges its very existence. Absence of credit makes not only expanded, but even simple reproduction of the modern economy impossible. The policy of linking monetary issue to the growth of foreign exchange reserves has led to the fact that the bulk of the monetary base became formed for foreign sources of credit, and the amount of the external debt of the Russian economy exceeds

the scope of domestic credit. The transition to monetary emission through the channel of commercial banks refinancing without monitoring the targeted use of allocated loans has not changed the situation, since the short term and high cost of these loans makes them inaccessible for production enterprises, and they are mainly used to fund currency speculations. The monetary policy pursued by the Bank of Russia entails degradation and excessive external dependence of the economy.

The Bank of Russia's persistent unwillingness to create domestic long-term credit forced the largest banks and corporations to borrow abroad, mainly in the EU and the U.S. The termination of refinancing from the latter due to sanctions threatens to destroy the mechanisms of reproduction that have been established in the Russian economy. To avoid this, the Bank of Russia should have promptly deployed mechanisms for long-term refinancing of Russian borrowers, capable of replacing the external sources cut off by sanctions. These mechanisms should be comparable to European and American ones that provide unlimited refinancing of Western banks and corporations on a long-term basis at a symbolic interest rate. Instead, the Bank of Russia raises the interest rate and narrows the variety of refinancing facilities, limiting them to short-term operations for liquidity support. In so doing, it sharply exacerbates the negative effect of Western sanctions, condemning the still unharmed

sectors of the Russian economy to contract production and squeeze investments. Anti-Russian sanctions and a wave of tightening of the Bank of Russia's monetary policy are entering a resonance posing a serious threat for the Russian economy.

Raising the interest rate, the management of the Bank of Russia proceeds from dogmatic ideas that the rise in the cost of the resources provided to the banking system reduces inflation. However, as shown by numerous studies, monetary factors of inflation are not the main ones under modern Russian conditions. Moreover, it has been proven both theoretically[220] and empirically[221] that attempts to suppress inflation by tightening the quantitative limits of monetary issue or increasing the price of credit do not provide the desired result in the modern economy with its complex feedbacks, nonlinear dependencies and imperfect competition. For two decades already, these attempts have been showing their futility: instead of lowering inflation, there is an invariable fall in production and supply of goods and, as a consequence, price increases.

The Bank of Russia's policy is based on very primitive ideas about the linear relationship between monetary issue and inflation, ignoring

[220] Glazyev S. *O praktichnosti kolichestvennoy teorii deneg, ili Skolko stoit dogmatizm denezhnykh vlastey* [On practical validity of quantity theory of money, or How much does the dogmatism of monetary authorities cost]. *Voprosy Economiki*, 2008, No. 7. (In Russian)

[221] Ershov M. *Krizis 2008 goda: "moment istiny" dlya globalnoy ekonomiki i novye vozmozhnosti dlya Rossii* [The crisis of 2008: the "hour of reckoning" for the global economy and new opportunities for Russia]. *Voprosy Economiki*, 2008, No. 12. (In Russian)

complex feedbacks that mediate the transformation of money into a commodity in the process of expanded reproduction. The quantitative theory of money, taken by the management of the Bank of Russia as a premise, completely disregards the process of production, as well as scientific and technical progress, monopolies, external competition and other factors of the real economy[222]. This multiply disproved theory is a set of dogmatic statements that are reduced to the justification of quantitative restrictions on the issue of money as the only way to reduce inflation, which, in turn, is declared the sole purpose of monetary policy.

It is not difficult to prove that if some country imposes strict restrictions on the issue of money at a level that is obviously inadequate for its expanded reproduction, ensuring at the same time free cross-border movement of capital, then the domestic capital is pushed out by the foreign one, which the world currency issuers can provide at any interest rate and in any amount. Such economy becomes externally dependent and evolves towards external demand for its products. A while back, the author has shown[223] that following the monetarist dogma entailed the degradation of the Russian economy, the decline of the

[222] Glazyev S. *O praktichnosti kolichestvennoy teorii deneg, ili Skolko stoit dogmatizm denezhnykh vlastey* [On practical validity of quantity theory of money, or How much does the dogmatism of monetary authorities cost]. *Voprosy Economiki*, 2008, No. 7. (In Russian)
[223] Glazyev S. *Kudryavaya ekonomika* [Frizzly economy]. *Politicheskiy zhurnal*, 2006. (In Russian)

investment complex targeted at domestic demand (machine building and construction), and the excessive growth in exports of primary goods due to a squeezing of their domestic consumption.

The scientific press repeatedly demonstrated the absence of a statistically significant relationship between money supply growth and inflation; there are many examples of a negative correlation between these indicators at the stages of economic growth, including Russia in the 2000s (the bibliography may be taken, for example, from the Russian Economic Journal)[224]. However, the Bank of Russia consistently ignores both non-monetary factors of price changes and the reverse effect of credit appreciation on price increases and inflationary expectations. This ignoring of the obvious is indicative of either incompetence, or commitment of the management of the Bank of Russia to certain interests that are alien to it.

No matter how the monetary authorities tried with science-like rhetoric to represent the policy pursued by them as objectively conditioned, in reality it is highly subjective and directed contrary to the interests of the development of the Russian economy. Economic policy is never neutral with respect to economic interests. It is always pursued in the interests of dominant influence groups, which do not always correlate with the national interests. For example, the Washington Consensus policy implemented in

[224] Glazyev S. *Obucheniye rynku* [Learning the market]. Moscow, Economika Publ., 2004. (In Russian)

Russia for a quarter of a century already is being imposed by the IMF on developing countries and countries in transition in favor of international capital, contrary to their national interests[225]. We also observed its consequences in Russia in the 1990s, when the Bank of Russia's policy was simultaneously killing high-tech economy sectors and generating unprecedented profits for foreign (mostly U.S.) speculative capital[226]. A similar situation is emerging today.

In a climate of escalation of external pressure and disconnection of Russian borrowers from global capital markets, the increase in the rate raises the cost of credit and aggravates the risks of defaults for borrowing companies. Instead of creating a mechanism for replacing external sources of credit with internal ones to cover the credit resources shortage arising because of sanctions, the Bank of Russia only exacerbates it. At the same time, while maintaining a free regime for cross-border capital operations, it contributes to the export of capital, which has already exceeded $ 200 billion since the introduction of sanctions. Taking into account the currency reserves spent on support of the ruble exchange rate, the Russian financial system has lost more than four trillion rubles as a result of this monetary policy.

It is interesting that the amount of illegal

[225] Perkins J. *Confessions of an Economic Hit Man*. Berrett-Koehler Publ., 2004. (Russ. ed.: *Ispoved ekonomicheskogo ubiytsy*. Moscow, Pretext Publ., 2005)
[226] Glazyev S. *Tsentralnyy bank protiv promyshlennosti Rossii* [Central Bank against Russian Industry]. *Voprosy Economiki*, 1998, No. 1, pp. 16-32; No. 2, pp. 37-50. (In Russian)

capital flight, which amounted to more than $ 80 billion in the first half of the last year, coincides with the reduction in foreign loans to Russian entities due to sanctions. Thus, the negative effect of sanctions could have been completely neutralized by cessation of the illegal capital flight, for which the Central Bank has every opportunity. However, acknowledging the acceleration of capital flight, the Bank of Russia refuses to apply the currency control regulations necessary for its termination and carries on its passive abidance by the dogma of "*full freedom of current and capital operations*"[227].

The raising of interest rates in the current conditions of increased foreign economic risks cannot serve as a sufficient incentive to restrain capital outflows and stimulate its inflows. It only exacerbates the uncompetitiveness of the Russian banking system relative to the banks of the OECD countries that have cheap and long-term credit resources, provided to them by their central banks virtually free of charge. The preferential status of foreign creditors is enshrined in the regulatory policy of the Bank of Russia, which assesses the obligations of foreign jurisdictions (including offshores) with a lower discount than the obligations of Russian issuers on the grounds that the latter have a lower rating of the U.S. "Big Three" rating agencies.

The monetary and credit policy pursued in

[227] Annual Report of the Bank of Russia for 2013. (https://www.cbr.ru/eng/publ/God/ar_2013_e.pdf)

Russia objectively entails colonization of the Russian economy by foreign capital. As A. Otyrba and A. Kobyakov justify in their analytical report *How to Win Financial Wars*, "the policy pursued by the Bank of Russia and the Government for a quarter of a century already is to create favorable conditions for foreign capital in reclaiming the Russian economy and the national wealth of Russia"[228].

Within the framework of this policy, advantage belongs to the foreign capital associated with the issuance centers of world currencies in connection with the fiduciary (fiat) nature of the latter. They are created without any actual backing, which is replaced by debt obligations of the respective states and corporations. Therefore, they can be issued without any restrictions and at any interest in the interests of these states and their national capital.

The authors explain that the creation of modern fiduciary money is the most profitable type of economic activity due to obtainment of issuance revenues (seigniorage), which goes to the entity with which the money issuer makes the first transaction. In the U.S., these are the commercial banks linked to the Federal Reserve, in the EU, the issuing states of bonds accepted as security of ECB loans, in Japan and China, the governmental credit institutions, most notably development institutions. It is the issuance revenue generated when fiduciary

[228] Otyrba A., Kobyakov A. *Kak pobezhdat v finansovykh voynakh* [How to Win Financial Wars]. *Odnako*, June-July 2014 (174). (In Russian)

money is created that turns up to be the energy of money, the main economic tool of the state which feeds energy to the national economy as well. Seigniorage advances the creation of added value, generating economic energy.

The authors rightly point out that modern fiduciary money and capitals created on its basis are the most effective tool of economic expansion, allowing to claim the resources of other countries and exploit their peoples with minimal costs. The authors associate the fact that the victims of such policies, including Russia, do not hinder penetration of such money and capitals into their economic space, and even make efforts to attract them, with a low level of financial competence. Thus, Russian monetary authorities went unreflectively on a leash of the IMF and the experts of the U.S. Treasury, which indoctrinated them with dogmas advantageous for the latter. The essence of these dogmas consisted in conducting money issue in order to purchase foreign currency reserves (mostly dollar ones) and its limitation by the volume of their growth. In this case, the national currency becomes a surrogate of the dollar, and the national economy is subordinated to the interests of U.S. capital, the investments of which become the main source of domestic credit. The sectors in which foreign investors take no interest are shut out from loans and fall into disarray. The economy evolves under the decisive influence of external demand, acquiring raw material

specialization.

If the national bank issues money through acquisition of the currency of another country, then the issue revenues are received by the latter. The prime cost of money, in addition to the costs of its production and maintenance, includes also the cost of products paid by the currency bought by the central bank, which allegedly functions as backing of the former. In fact, it is earned money with a high prime cost, which makes both money itself and the capitals generated on its basis uncompetitive. Not only are they unable to ensure development, but they are also a tool for latent robbery of independent countries by the colonialists. The latter strictly control the two most important procedures of the country's monetary circulation, the injection of money into the market and its collection. And they can, by collecting money and stopping its injection, arrange a financial crisis and plunge the country into chaos.

This is the situation that we have today. The U.S. authorities cut off the Russian economy from external sources of credit, and our own monetary authorities, instead of replacing them with internal sources, deal the final blow to the economy by making domestic credit more expensive.

As surveys of enterprises show, most of them do not have the money to implement innovative projects[229]. Within the framework of the policy

[229] Glazyev S. (Science ed.). *Strategicheskie predposylki modernizatsii i innovatsionnogo razvitiya rossiyskoy ekonomiki* [Strategic prerequisites of

pursued by the Bank of Russia, the problems with money had not been experienced prior to the introduction of sanctions only by export-oriented raw materials corporations that could borrow from U.S. or European banks against pledge of their export earnings and assets. They can also borrow in the domestic market, as long as they have a sufficiently high profitability. At the same time, enterprises of the investment complex (machine building and construction) do not have access either to external sources of credit, or to domestic ones which are too expensive for them.

At the same time, the funds insufficient for investment are streaming in a 150 billion annual flow from Russia abroad, usually without interest and taxation. Each year, Russia gives the world a hundred billion of cheap money to attract only half as much in expensive funds. The difference in interest rate alone makes it lose annually $ 40-45 billion in favor of U.S. and European creditors (see Fig. 13 on the transfers of Russia in favor of the global financial system on page 358).

For many years, the Bank of Russia has been pursuing a restrictive monetary policy, artificially hooking the economy on the external sources of funding. Before the financial crisis of 2008, more than half of the money supply was formed from external sources, the main of which were the U.S. and EU issuance centers[230].

modernization and innovative development of the Russian economy]. Moscow, State University of Management, 2014. (In Russian)

[230] Ershov M. *Krizis 2008 goda: "moment istiny" dlya globalnoy ekonomiki i novye*

Not surprisingly, immediately after the outflow of foreign capital the financial market collapsed threefold, and the largest Russian corporations addicted to foreign loans would have been bankrupt, had it not been for unsecured loans granted to them by resolution of the government. The source of the latter was a trivial money issue aimed at replacing the withdrawn foreign loans. Despite its huge scope (about 2 trillion rubles), the country did not experience any significant inflation surges. Had the Central Bank in addition monitored its intended use, there would have been neither a fall in the ruble rate arranged by banks to derive super-profits from currency speculation, nor a decline in production that reached 40% in machine building.

The question arises, what prevents the Russian monetary authorities from extending credit to the economy in the required amount, without losing a half of the financial market to foreign creditors? Why was it possible in 2008 to quickly replace foreign loans with domestic ones, and now, under sanctions, this cannot be done? And why did the monetary authorities immediately after the relative stabilization of the financial market rebound to restrictive monetary policy, withdrawing a significant part of the granted loans and recycling the economy back to external funding sources?

The Russian external debt has increased by

vozmozhnosti dlya Rossii [The crisis of 2008: the "hour of reckoning" for the global economy and new opportunities for Russia]. *Voprosy Economiki*, 2008, No. 12. (In Russian)

2014 by more than $ 90 billion, reaching $ 730 billion. Servicing these loans, the financial system of the country is losing huge amounts of money. Thus, the negative investment income balance amounted to $ 66.7 billion last year[231]. Side effects of external dependence are offshorization of the economy and transfer of Russian property to foreign jurisdictions, since it is easier to take foreign loans against offshore security. Offshorization, in turn, results in outflow of capital, together with making a large part of the proceeds exempt from taxation. It is unlikely that such a policy of subsidizing the financial systems of the U.S. and the EU complies with the national interests of Russia, against which these countries declared a war.

The experience of the 2008 crisis revealed a high degree of dependence of the Russian economy on the global financial market regulated by methods discriminatory for our country, including downward biasing of credit ratings, unequal demands for openness of the domestic market and compliance with financial constraints, and imposition of inequivalent foreign economic exchange mechanisms. In this situation, considerable advantages are gained by foreign capital, which can boundlessly dominate the Russian financial market.

The economic science knows well that there is a reasonable limit to foreign investments, upon achievement of which their further build-up results in a retardation of economic growth

[231] Annual Report of the Bank of Russia for 2013. (https://www.cbr.ru/eng/publ/God/ar_2013_e.pdf)

due to excessively increasing payments for their servicing. Judging by the balance of income from investments received from abroad that has been paid to non-residents, this limit has long been passed.

In some sectors, payments for servicing and payback of foreign investments already exceed their inflow. At the same time, about 70% of foreign investments are provided from offshores by the selfsame Russian business. It turns out that the relationship of the Russian financial system with the outside world substantially consists in circulation of fairly Russian capital, withdrawn to offshores without paying taxes and then partially returned to the country. In so doing, about half of the capital that leaves Russia ends up abroad following its owners who buy elite real estate and acquire foreign citizenship. The policy pursued by the Bank of Russia encourages offshorization and compradorization of Russian business. The entrepreneurs severed from external sources of funding find themselves in a obviously losing situation.

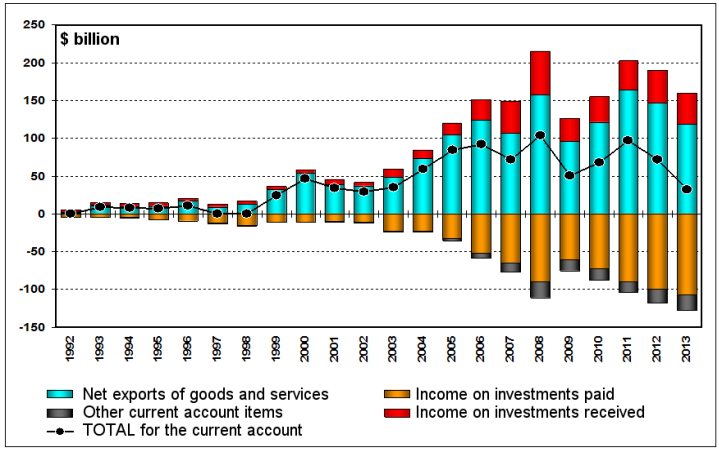


Fig. 15. The balance of income from investments received from abroad that has been paid to non-residents
(Source: Y. Petrov)

As has been shown, the nature of the world war being unleashed by the U.S. is, for the time being, mainly economic. The U.S advantage in this war rests upon the unlimited issuance of dollars, which ensures not only the unbelievably inflated military and foreign policy expenditure, but also the competitive strength of its economy consisting in unlimited free access to credit. In a situation where traditional methods of tariff protection are severely restricted by the WTO, it is the terms of crediting the economy that become the decisive tool of international competitive struggle. The advantage in doing this goes to countries that implement it using cheap money issued against their debt obligations. This entails a need for a drastic change in the money issue, switching it from being backed by foreign currency to the basis of

internal obligations of the government and business.

It should be noted that the Bank of Russia formally renounced in recent years the foreign currency backing of money issue. Its main part is directed through refinancing channels against security of the national borrowers. However, the problem is that this refinancing remains short-term and extremely limited. While the re-financing in countries with sovereign monetary systems is carried out at a symbolic, often negative interest rate and against long-term obligations of domestic borrowers, most notably the states themselves (the figure gives the structure of securing the dollar issuance as an example), the Bank of Russia limits its operations to weekly and monthly periods at a high interest inaccessible to most manufacturing enterprises (Fig. 16, 17).

In other words, while financially sovereign countries apply money issue to credit production and investment activities, the Bank of Russia utilizes it only to support liquidity. The scale varies accordingly: whereas the European Central Bank has issued within a single round a trillion euros for three years to support economic activity, the increase in the Bank of Russia's liabilities is limited to several billion rubles a year, without any significant impact on the business activities.

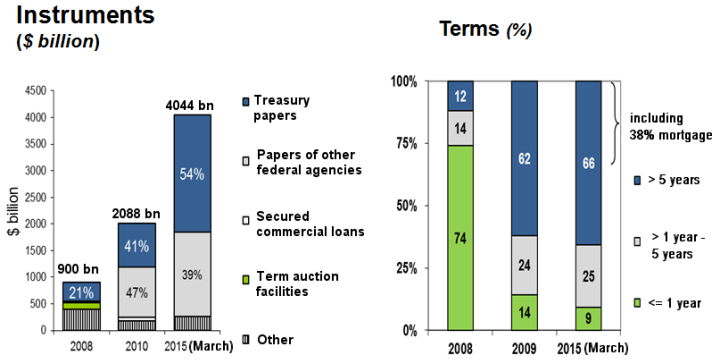


Fig. 16. Monetary base of the U.S. dollar, $ billion, %.
(The basis of the entire issue are budget priorities: the monetary authorities (the Treasury – the Fed) are at the source of the formation of long money)
*Others include float, swaps, gold, loans, etc.
(Source: M. Ershov)

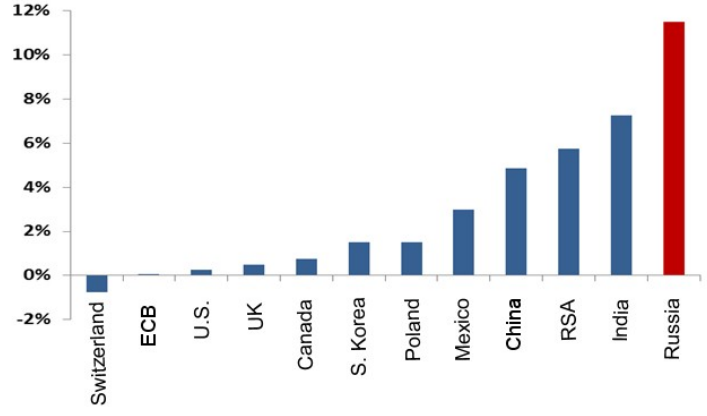


Fig. 17. The base rates of central banks, July 2015, %.
(Source: M. Ershov according to data of the central banks)

As shown by V.E. Manevich[232], the policy of monetary authorities is reduced to a kind of

[232] Bukina I.S., Manevich V.E. (Eds.). *Makroekonomicheskaya situatsiya i denezhno-finansovaya politika v Rossii* [Macroeconomic situation and monetary and fiscal policy in Russia] Research report. Moscow, RAS Institute of Economy, 2013. (In Russian)

teeter-totter to support liquidity: during the first three quarters it is carried out from the budget accumulating income in bank accounts, and in the last quarter the Bank of Russia assumes this role by compensating the outflow of money from the banking system to discharge current budget obligations.

Formally, the Central Bank does not resort to administrative restrictions on the growth of monetary aggregates, using the key rate of the Bank of Russia as the main tool to regulate the supply of money. However, the Bank of Russia acknowledges that it continues to be guided by quantitative restrictions in determining the amount of money issue, arbitrarily setting "the maximum amount of money provided at auctions" (to provide credit resources for a week on repo transactions, which constitute the main part of the flow of money issued by the Bank of Russia)[233]. This money is intended for the current balancing of demand and supply of liquidity in the banking sector, and is not supposed to be used as a source of credit for the production sector. The bulk of the flow of credit resources for these purposes continued until recently to come from abroad, burdening the Russian financial system with growing obligations.

The total losses of the country's financial system due to the policy of the Bank of Russia

[233] Annual Report of the Bank of Russia for 2013. (https://www.cbr.ru/eng/publ/God/ar_2013_e.pdf)

are estimated by various experts as $ 1.5 trillion by the accumulated capital outflow, and taking into account the indirect losses due to underfunding of domestic investments, twice as much. We should add to this a twofold decline in industrial production due to the same policy of the Bank of Russia in the 1990s[234], as well as a 1.5-fold underinvestment in the development of the economy compared with the opportunities available in the aughties. The consequence of this policy was a threefold (record-setting by global standards) collapse of the financial market in 2008, and a sovereign default in 1998. These disasters could have been avoided with a reasonable monetary and credit policy serving not the interests of foreign capital, but the goals of the country's socio-economic development that had been repeatedly set at the highest level. The volume of GDP in Russia would have been one and a half times higher, the standard of living – two times higher, and the amount of accumulated investments in modernization of production – five times higher than today, had the Central Bank busied itself with development of domestic sources of credit to support the national economy.

The sharp hydrocarbons price boost gave Russia an opportunity to preserve its sovereignty, which was used by President Vladimir Putin in order to restore the country's statehood in the administrative and political

[234] Glazyev S. *Tsentralnyy bank protiv promyshlennosti Rossii* [Central Bank against Russian Industry]. *Voprosy Economiki*, 1998, No. 1, pp. 16-32; No. 2, pp. 37-50. (In Russian)

sphere. However, in terms of macroeconomic policy Russia is still a country dependent on the issuers of world currencies, which rigidly dictate their interests through the relevant monetary and credit policy.

Defeat of the Russian economy by external manipulation of its regulators

The sanctions were aimed at the financial system, the part of the existing reproduction system that was most vulnerable and dependent on the outside world. The refusal of Western banks to refinance previously issued loans significantly aggravated the export of capital and created macroeconomic conditions for a speculative attack against the ruble. Before that, it had been prepared by the actions of the monetary authorities to transfer the ruble to the "free float" regime, which had created expectations of its devaluation. Hastily disclaiming responsibility for maintaining a stable ruble exchange rate, they provoked under the imposed sanctions a speculative attack against the ruble, which was immediately arranged by the currency exchange.

The role of the Moscow Exchange (MOEX) in the crash of the ruble rate deserves special

analysis. Its management failed to take even a single action from the standard set of measures that they were required to take in order to stop the frantic run from the ruble, starting with suspension of trading and reduction in the number of sessions, and ending with termination of credit leverage application and virtual transactions. However, as evidenced by sophisticated speculators, at the beginning of the rise of the wave of feverish getting rid of rubles, the exchange, on the contrary, suspended the acceptance of applications for their purchase due to a "technical malfunction," thereby sharply intensifying this wave. On this wave, the speculators supervising exchange transactions had no problem in dropping the ruble by more than 10% through several feigned deals, boosting the profitability of their operations to 1,000% per annum. This is all the more evidenced by the spicy circumstance that the bulk of these transactions accrued to two structures only.

While MOEX was a "daughter of the Central Bank" and acted as a key element of the market infrastructure under its control, stabilization mechanisms were applied regularly. But after privatization, it started operating as a profit center run by professional speculators associated with the largest U.S.-European and Russian financial conglomerates. Conspicuously, the two companies that had performed most of the transactions which crashed the ruble exchange rate enjoy a special confidence of the

regulator, which recently granted to one of them an unprecedented financial assistance for rehabilitation of a dingy bank. Another of them was admitted to the market, despite the fact that its chief executive had been deprived of the license to carry out operations. As is well known, speculators derive super-profits from destabilizing the market, so the monetary regulators of all countries are constantly combating them, strictly suppressing attempts to bring the market out of balance. The Russian regulator, on the contrary, has yielded the market to the mercy of speculators. Controlling the exchange, they occupy a monopoly position in the monetary and foreign exchange market, arbitrarily forming prices through chains of feigned transactions.

Faced with increasing speculative pressure on the foreign exchange market, the Bank of Russia, instead of stopping the speculative wave via banking and currency control tools, has only multiplexed it by providing short-term refinancing to commercial banks (Fig. 18).

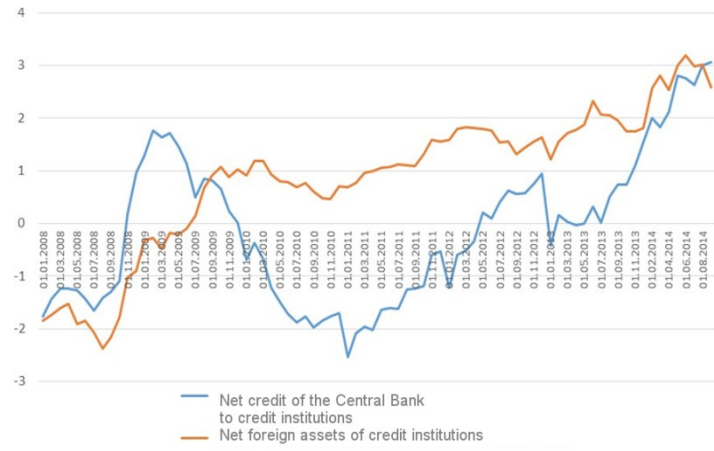


Fig. 18. Dynamics of private foreign assets and net debt of credit institutions to the CB RF (trillion rubles)

They lent this money to affiliated players, which allowed the latter to increase the scope of speculative transactions by using an 8-fold credit leverage[235].

Objectively, the Russian financial system could have easily defended itself against sanctions, having a significant and stable positive trade balance and large foreign exchange reserves that exceeded the monetary base almost twofold[236]. However, remaining in the system of rigid restrictions established by the IMF to open up the Russian financial system for the free movement of capital, the monetary authorities not only failed to repel the

[235] Glazyev S. *Dollaropoklonniki* [Dollar worshippers]. An interview. *Zavtra*, January 22, 2015. (In Russian)
[236] Ershov M. *Ob obespechenii valyutnoy stabilnosti i o novykh finansovykh mekhanizmakh v usloviyakh sanktsionnogo rezhima* [Concerning Provision of Currency Stability and New Financial Mechanisms under Sanctions]. *Russian Economic Journal*, 2014, No. 5. (In Russian)

speculative attack against the ruble, but also strengthened it.

In fact, the monetary authorities played into the hands of foreign speculators who attacked the ruble after the decision of U.S. President Obama to impose economic sanctions.

Direct confirmation of the strict observance by the Russian monetary authorities of the prescriptions issued by overseas "gurus" is found in the conclusion of the IMF mission in Russia, published on October 1, 2014[237]. After reading this document, which contains direct instructions to the Bank of Russia (in bold), the reasons for the strange behavior of the Central Bank become understandable.

"Geopolitical tensions are slowing the economy already weakened by structural bottlenecks. In this environment, maintaining sound macroeconomic policies and frameworks would help limit downside risks. ***The Central Bank of Russia (CBR) should tighten policy rates further*** *to reduce inflation and* ***continue its path towards inflation targeting underpinned by a fully-flexible exchange rate.*** *While the projected overall fiscal stance is appropriately neutral in 2015,* ***the needed fiscal consolidation should resume*** *in the following years. The operational independence of the CBR should be safeguarded and adherence to the fiscal rule should continue.*

Enhancing Russia's growth potential requires

[237] https://www.imf.org/en/News/Articles/2015/09/28/04/52/mcs100114

bold structural reforms and further global integration."

The economic outlook appears bleak. GDP is expected to grow by only 0.2 percent in 2014 and 0.5 percent in 2015. Consumption is expected to weaken as real wages and consumer credit growth moderate. Geopolitical tensions – including sanctions, counter-sanctions, and fear of their further escalation – are amplifying uncertainty, depressing confidence and investment. Capital outflows are expected to reach USD 100 billion in 2014 and moderate somewhat but remain high in 2015. Inflation is projected to remain over 8 percent by the end of 2014 mostly due to an increase in food prices, caused by import restrictions, and depreciation of the ruble. In the absence of further policy actions, inflation is expected to stay above target in 2015. Despite the slowdown, ***the economy is expected to have limited excess capacity owing to structural impediments to growth****.*

Risks are tilted to the downside. Current projections assume a gradual resolution of geopolitical tensions over the next year. Deterioration of confidence, or an escalation or prolongation of geopolitical tensions, could lead to larger capital outflows, greater exchange rate pressure, higher inflation, and lower growth. A reduction in world oil prices could amplify this impact.

Maintaining a stable and predictable macroeconomic framework is essential to

underpin confidence, especially in the current environment. This includes ***following the fiscal rule, pursuing the inflation targeting agenda underpinned by a fully-flexible exchange rate regime, and investing the resources of the National Wealth Fund only with appropriate safeguards.*** *Russia has substantial buffers: a large level of reserves, a positive net international investment position, low public debt, and a small general government deficit. However, given the uncertainties about the duration of geopolitical tensions and underlying structural weaknesses, using these buffers wisely is key to providing resilience to the economy.*

A tighter monetary stance is required to reduce inflation. The CBR has appropriately raised its policy rates in recent months while resuming the path to greater exchange rate flexibility. However, core inflation has accelerated, implying that monetary tightening is necessary to anchor inflation expectations. Higher interest rates would also help limit capital outflows *– especially in an environment of tightening global liquidity – and reduce the bank funding gap by bringing real policy rates firmly into the positive territory.*

The CBR's operational independence should be safeguarded. *While broad ownership is desirable in setting medium-term inflation goals, the implementation of policies to reach the target should be the exclusive domain*

of the CBR. A clear mandate will be critical to ensure a credible transition to inflation targeting.

Increased oversight and heightened financial stability remain a priority. *Banks and the corporate sector are facing a challenging environment due to the weak economy, limited access to external financing, and higher financing costs. Existing financial buffers together with appropriate policy responses by the CBR have limited financial instability thus far. Nonetheless, the current uncertain environment could create difficulties in individual banks and businesses, even in the near term. In case of acute liquidity pressures, emergency facilities should be temporarily offered to eligible counterparties, against appropriate collateral,* ***priced to be solely attractive during stress periods.*** *In the event of market dysfunctions and excessive currency volatility,* ***foreign exchange interventions should also be used*** *without targeting a certain level of the exchange rate.*

The fiscal stance envisioned for 2015 is appropriately neutral. *The proposed federal budget, which is consistent with the fiscal rule, envisions a loosening in 2015. However,* ***this is offset by a tightening at the sub-federal levels****. This strikes an appropriate balance between the need to consolidate in the medium term, with the non-oil deficit remaining near historical high, and the need for supportive fiscal policy in the face of the current downturn.*

Adherence to the fiscal framework is essential. *The fiscal rule should become a cornerstone of the credibility of macroeconomic institutions. Russia should resist mounting spending pressures and preserve fiscal space for public investment to meet its large infrastructure needs. The use of the National Wealth Fund for domestic infrastructure projects may be appropriate to consider if done in the context of the budget process and subject to appropriate safeguards. The diversion of contributions from the fully-funded pillar weakens the viability of the pension system, creates disincentives to save, and dilutes the credibility of the fiscal rule.*

Structural reforms are essential in the face of growing uncertainty. *Sanctions, counter-sanctions, and heightened uncertainty are leading to additional state interventions in the economy, slowdown in the structural reform agenda, and decreased global integration. Measures to mitigate the impact of geopolitical uncertainties should avoid amplifying existing distortions in the economy. Even if uncertainty dissipates next year, domestic demand and potential growth are projected to remain weak in the medium term due to insufficient investment and deterioration in productivity.*

Potential growth is projected to be about 1.2 percent in 2015, reaching 1.8 percent in 2019, with downside risks. Structural reforms are needed to provide appropriate incentives to expand investment and allocate resources to

enhance efficiency. ***Protecting investors, reducing trade barriers, fighting corruption, reinvigorating the privatization agenda,*** *improving competition and the business climate, and* ***continuing efforts at global integration*** *remain crucial to revive growth."*

So, the administration of the Bank of Russia pursues a policy that actually is not independent, but imposed by the IMF. The IMF, in its turn, serves the interests of the U.S. and is supervised by the U.S. Treasury. It is the latter that manipulates the Bank of Russia by introducing approaches to the monetary and credit policy that are appropriate to the U.S.-centric global economic order. This includes broadcasting through the IMF of requirements to renunciate currency regulation and control over cross-border capital transactions. It is open to guesswork whether the management of the Bank of Russia were aware of the destructive consequences of the decisions they made, or Americans used them in an unwitting fashion, employing the dogmatic schemes of thinking embedded in their minds. Anyway, the monetary authorities supported the attack of speculators against the ruble with multibillion loans through a mechanism of short-term refinancing, which caused the currency rate crash unprecedented in the modern world. After that, guided by the monetarist dogma, they jacked up the key interest rate and actually cut off credit from the real economy sector,

suffocating economic growth. Demand for money sagged and, simultaneously with the money supply squeezing, the fall in investment and production began.

Introducing economic sanctions, the U.S. reckoned upon exactly this behavior of the Russian regulator. The U.S. rating agencies supported this ultimatum by reducing the Russian credit rating almost to "junk" grade. These circumstances will obviously whip up the export of capital. Unless the policy of the monetary authorities is changed, we can confidently predict a further deterioration of the Russian economy. Considering that it will be necessary to repay to external creditors another $ 150 billion before the end of 2015, the monetary base may be further reduced by 10-15%, entailing a relevant decline in business and investment activity. The state will have to spend foreign exchange reserves or put up with the wave of bankruptcies of insolvent borrowers, which might include systemically important enterprises, among them those involved in fulfillment of the state defense order. Together with the decline in oil prices, all this creates a threat of a new ruble devaluation wave.

Instead of finally activating the mechanisms for foreign exchange market stabilization, the monetary authorities came up with a new justification for their connivance with speculators, giving the later at the same time a new orientation cue, that is, exchange oil prices.

It seems as if the Russian monetary authorities cling to any plausible explanation for the exchange rate drop in order to justify their passivity. Actually it is not them, but speculators who control the currency and financial market, while the Central Bank only registers convenient orientation cues for them. After cancellation of the exchange rate corridor, oil prices became such a cue, and their fall automatically pulls down the ruble. However, the main reason for the unacceptably high volatility of the ruble exchange rate was actually not the fall in oil prices, but manipulation of the market. Knowing the methodology of the Central Bank and using it as the "dummy player" in bridge, the speculators controlling MOEX play the ruble exchange rate without any particular risk, dropping it ever lower to delight of Obama and to their own benefit. None of the oil-producing countries in the world, including Nigeria, with the incomparably less developed economy, has experienced such a sharp drop in the national currency exchange rate because of the fall in oil prices (Table 9).

The Russian financial and economic system has a much higher strength margin than any of the countries indicated in the table. It also exceeds them by the level of development, the degree of diversification and the capacity of the domestic market. Nevertheless, the reduction of monetary policy to servicing foreign exchange and financial speculation negates these advantages. As soon as the Central Bank raised

the key interest rate to 8% exceeding the profitability of the production sphere, it switched cash flows to servicing foreign exchange and financial speculation. After it raised the rate to 17% and simultaneously started withdrawing money from the economy, offering commercial banks to place funds on deposit at 16.79% per annum, the real sector became completely disconnected from credit.

The exchange became the main money attraction center in the Russian economy, concentrating all liquidity within itself and thus forming a giant speculative funnel. Over the past year, the volume of transactions performed on it was 10-fold greater than the total exports of the country, and 5.5-fold greater than the total debt of the state, banks and companies to foreigners. During this year, against the backdrop of falling investment and production, the turnover of MOEX doubled, and the exchange itself became the most high-grossing entity in the country, showing a profit margin of about 80%.

Table 9. Currency exchange rate dynamics in the oil-producing countries in 2014.

Country, currency	Exchange rate movement	Devaluation over the year, %
Russian ruble	32.4834-65.57	+101.88
Canadian dollar	1.064-1.1487	+7.96
Norwegian krone	6.1445-6.5728	+6.97
Mexican peso	13.0159-14.5243	+11.59
Iranian rial	24.776-26.930	+8.7
Algerian dinar	77.917-86.35	+10.82
Ecuadorian sucre	24094-24094	0
Iraqi dinar	1.150-1.156	+0.52
Angolan kwanza	97.35-101.78	+4
Kuwaiti dinar	0.282-0.29	+3.2
Libyan dinar	1.2125-1.2139	+2.2
Nigerian naira	158.757-180.2	+11.84
Qatari rial	3.63-3.63	0
Venezuelan bolivar	6288-6289	+0.04
UAE dirham	3.672-3.672	0
Saudi rial	3.7499-3.752	-0.56

The entire financial and economic system of the country started revolving around MOEX, focusing on the profitability of foreign exchange transactions and serving speculators. Consequently, it became critically dependent on the behavior of the latter. This circumstance predetermined the effectiveness of U.S. sanctions, with the announcement of which international speculators rushed to bring down the ruble. With an eye to sameness of the capital movement conditions, U.S. rating agencies forecast a decline in Russian GDP this year by 4-5.5%, the World Bank gives the figure of 2.9%, and the IMF, 3%[238].

There's no doubt that such course of events

[238] World economic outlook update, January 2015.

can easily be avoided, as it was not difficult to prevent the currency crisis of the last year, with the economy plunging into a recession. After all, the decline in investment and production takes place against the backdrop of underutilized production capacities (Fig. 19), 20% concealed unemployment, unimplemented scientific and technical potential.

The calculations of the leading experts in forecasting show the possibility of a steady growth of the Russian economy by 6-8% per year[239]. But to achieve this, monetary policy should be changed with introduction of currency regulation and control, direct and indirect methods of reducing capital outflow, extension of long-term and cheap loans to production enterprises, obliging banks to supervise their intended use. This will require abandoning the market fundamentalism dogmas and moving to a pragmatic policy of economic development based on the revitalization of the existing scientific and production potential. Relevant proposals have been repeatedly discussed in the scientific community and presented in the reports of the RAS Section of Economics[240].

[239] Nekipelov A., Ivanter V., Glazyev S. (Eds.). *Rossiya na puti k dinamichnoy sovremennoy i effektivnoy ekonomike* [Russia on the way to the modern dynamic and efficient economy]. Report, 2014; *O strategii razvitiya ekonomiki Rossii* [On a strategy for steady development of the Russian economy]. Report of the RAS Section of Economics, 2011. (In Russian)
[240] Ibid.

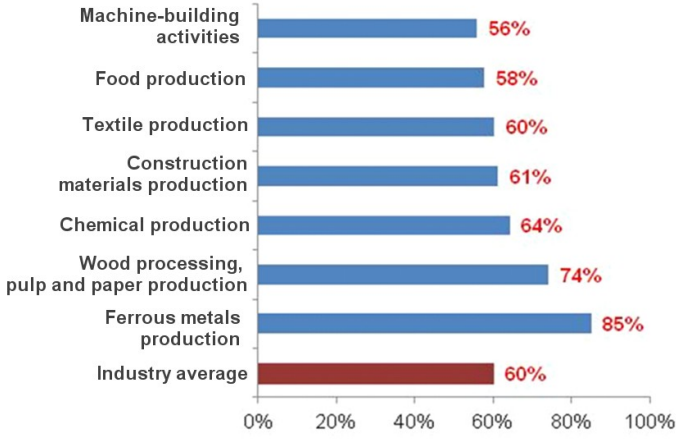


Fig. 19. Capacity utilization rate in 2014,%.
(Source: the RAS Institute for National Economic Forecasts)

However, before discussing them again, it is necessary to understand the reasons for such persistent continuation of the current policy, despite its obvious perniciousness.

Springs of the mechanism of external influence on the Russian economy

The status of the monetary system created in Russia in relation to the global one can be compared to a puddle connected by channels with large lakes of American and European monetary systems. When the water level in these lakes rises, our puddle gets a boost and expands, and when it falls, the puddle dries up.

The puddle differs from lakes in that it does not have its own sources, so the water level in it depends on the supply of water through communicating vessels from other reservoirs. Therefore, it cannot form its own ecocenosis, and the biocenosis consists of primitive organisms. Large fish and complex organisms cannot withstand periodical desiccations. The puddle could be deepened, and own water sources could be found, but the guarding monetary authorities solicitously coat it with asphalt and do not allow to disconnect the channels when the water level in neighboring lakes drops.

The creation of a sovereign monetary system is hampered by dogmas firmly embedded in the way of thinking of monetary authorities. They piously believe that the system created by them corresponds to the best world standards, and any serious alteration of it will represent (in their logic of monetary reforms) a step-back. In fact, these standards were established by the Washington's international financial institutions not in connection with progress, but for reasons of convenience for the global expansion of U.S. capital, continuously fueled by the Fed through issuance of the global reserve currency.

Indeed, what is so progressive in the abolition of control over cross-border movements of capital, or in a reduction of the customs tariff? After all, these are nothing more than technical tools that any sovereign state may apply to develop its economy! Moreover, the extensive

experience of their application testifies to the advisability of using currency regulation tools to protect the national financial market against speculative attacks, and customs and tariff protection to serve the developing industry sectors. The same applies to the regulation of the domestic market, as the dogma of market fundamentalism proceeds from the premise that the more free is the pricing and the less is the share of state property, the more progressive is the regulatory system. Although, according to the theory and practice of market economy management, both should be determined by considerations of economic efficiency. There is no point in privatizing a state-owned enterprise, if there is no certainty that private owners will not ruin it, as did happen to most of our machine-building enterprises. It also makes no sense to abolish state control over energy tariffs in the absence of competition mechanisms or consumer participation in their establishment. This, in particular, is clearly stated in American manuals on the theory of management, which prioritize the criterion of economic efficiency.

The list of such examples of deliberate ideologization of macroeconomic regulation tools could go on and on. For example, the author's proposal to peg the ruble exchange rate for ending the artificially created panic in the foreign exchange market caused a real stir among the advocates of the pursued policy. They united in defense of the mechanism that created the speculative foreign exchange

funnel, as if they had shared among themselves the multibillion-dollar profits obtained by speculators in the game against the ruble. Meanwhile, this proposal was made on the basis of common sense and taking into account the rich international experience of repelling speculative attacks in different developing countries. It rested on simple calculations that in the current circumstances, the costs of defending against a speculative attack using such a method would be an order of magnitude smaller than the losses of savings of the state and the population, which occurred as a result of the transition to a floating ruble exchange rate and its subsequent crash.

Apart from commercial interest and involvement in the manipulation of the market, certain conspiracy theorists offer another simple explanation of the regulator's logic. They regard it as a hidden form of indemnity paid by post-Soviet states as a result of their defeat in the Cold War. This idea is usually proved by calculation of losses of our economy as a result of reforms and acquisitions of the U.S., the balance of which is estimated at more than a trillion dollars of relocated capital, hundreds of tons of priceless materials, and hundreds of thousands of migrated intellects. We can add to this internal losses represented by a multiple fall in the production of high-tech goods, demolition of entire branches of science-intensive industry, as well as reduction and degradation of the population. However,

simplicity does not eliminate the need for factual evidence. In addition, in recent years there arose a counterexample of the independent foreign policy of the Russian leadership. At the same time, the effectiveness of economic sanctions proves that within the current economy regulation system, Russia is too vulnerable to American threats to be truly independent[241].

The truth is that economic policy is a function of economic interests. More precisely, the interests of economic entities possessing political influence. They do not necessarily have to coincide with the national interests. History has many examples of comprador conduct by business elites in developing countries, ensuring the implementation of a policy of servicing the interests of foreign capital, rather than the development of national productive forces.

Let's not forget that the Russian oligarchy, which arose on the wave of privatization of state property, organized a coup in 1993 in order to preserve the Yeltsin regime that had given birth to it. In an effort to insure against changes of this regime, a significant part of oligarchic business was transferred to offshore, withdrawing property rights from Russian jurisdiction. Thus, the oligarchy ended up in external dependence and inevitably became comprador. A convincing example of such dependence is the recent coup d'état in

[241] Glazyev S. *Sanktsii SShA i politika Banka Rossii: dvoynoy udar po natsionalnoy ekonomike* [Sanctions of the USA and the Policy of Bank of Russia: Double Blow to the National Economy]. *Voprosy Economiki*, 2014, No. 9. (In Russian)

Ukraine, during which the U.S. secret services manipulated leading Ukrainian businesspersons, including partners of the deposed president.

There is no doubt that the offshore oligarchy is interested in maintaining the existing system of macroeconomic regulation. Although the introduction of anti-Russian sanctions results for many Russian capitalists in a cessation of business refinancing and even puts it on the verge of bankruptcy, for the most part they are not yet ready to exchange their offshore paradise for refinancing by the Bank of Russia, which cannot be compared with foreign sources in terms of inexpensiveness and maturity. The scope of the Russian economy offshorization is unprecedented, since about a trillion dollars of Russian business assets have been withdrawn to offshore zones, half of which continue to participate in the reproduction processes, providing 85% of the foreign investments received by Russia. Annually, the reproduction of fixed capital by means of offshores amounts to about $ 50 billion (Fig. 20).

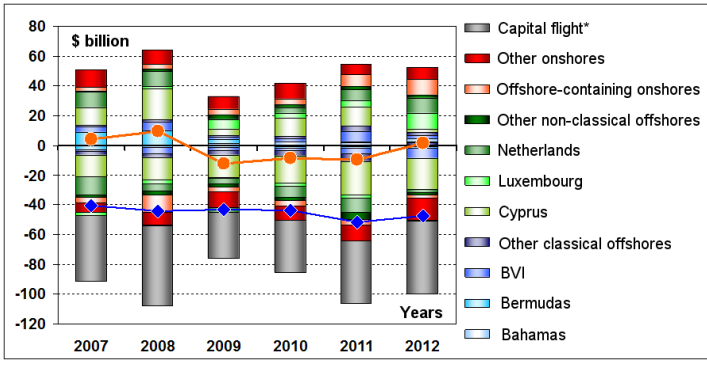


Fig. 20. Offshorization of the Russian economy
Notes: *) FDI from the Russian Federation includes capital flight (volumes in the relevant years)
**) FDI flow to the RF – FDI attracted net of repaid (repatriated by non-residents); FDI flow from the RF – FDI sent abroad net of repaid
(Source: Y. Petrov)

A repatriation of the offshore oligarchy is necessary not only to increase the efficiency of the Russian financial system, but is objectively conditioned by threats of economic sanctions that can instantly block most of these assets located within U.S. or British jurisdiction. Therefore, the replacement of external sources of credit with domestic ones must be accompanied by the return of offshore assets to Russia. However, during the past financial crisis, some of the offshore oligarchs contrived to obtain hundreds of billions of rubles of unsecured loans from the government and "earn" super-profits from speculation against the ruble without any encumbrances and obligations, and even to transfer these super-profits to offshores. For this reason, they

hastened to create the illusion of a successful anti-crisis policy in the halls of power and the media, although Russia ranked last in the G20 in terms of GDP, industrial output and investment[242]. Today they want to repeat this trick with the monetary authorities, getting public funds without assuming any obligations. Resolutions have already been adopted for 2 trillion rubles for capitalization top-up of several dozen entities, including private ones. A proximity to high-ranking officials who carry out "manual management" of anti-crisis money allows them not to worry about the general macroeconomic consequences of the current policy, which for the vast majority of business entities does not promise either loans or profits.

We could stop here the explanation of the reasons for such strange survivability of the pursued macroeconomic policy. Indeed, if the leading economic power of the country is offshore oligarchy under Anglo-Saxon jurisdiction, then one cannot be surprised at the justification of a monetary policy that is harmful to the national economy. For the interests of offshore business, maintaining the full openness of the financial system is more important than creating internal sources of credit. All the more so, if in case of need one can make an arrangement with the state credit distributors on individual conditions. These interests explain obsessive unsubstantiated mantras about the

[242] Dmitrieva O. *Yeshche raz ob izmenennom byudzhete-2009 i pravitelstvennoy antikrizisnoy programme* [Once again on the amended 2009 budget and the government anti-crisis program]. *Russian Economic Journal*, 2009, No. 5. (In Russian)

obsolescence of certain forms of economic regulation, and impossibility of any other way except for the consistent and irreversible liberalization of the economy.

The dogmas of market fundamentalism are foisted on under the guise of supposedly scientific but secret knowledge, accessible only to monetary authorities. Despite the fact that this "secret knowledge" is represented in junior grade textbooks of economic schools as primitive models of market equilibrium, and their consistence with reality is refuted both by objective scientific research and practical experience, it is considered a bad form for the ruling elite to doubt the dogmas of market fundamentalism. Therefore, along with a materialistic explanation of the reasons for the pursued macroeconomic policy consisting in economic interests of the offshore oligarchy, it is necessary to discover the epistemological prerequisites for its vitality.

It is these features of religious thought that have manifested themselves in the behavior of monetary authorities in recent months. Initially, the adherents of market fundamentalism persuaded the leadership to convert to a policy of inflation targeting, misleading it by casuistry. After all, inflation targeting is actually understood not as a system of measures to achieve an inflationary goal, as it might appear from the word "target," but as reduction of the entire range of monetary policy tools to key rate manipulation in the hope of achieving target

goals for the consumer price index. After that, they announced the impossibility to combine several goals at once, although the theory of management suggests that the selective capacity of the managing system should not be lower than the variety of the management object. Contrary to this obvious principle, the leadership was convinced of the need to move to the floating ruble exchange rate, reducing the monetary policy tools to defining the key interest rate at which the Central Bank issues short-term loans to commercial banks (links to textbooks on economic cybernetics).

Contrary to the opinion of both the scientific and business community, they began to raise the key rate to reduce inflation. Having received the exact opposite result, predicted by scientists and entrepreneurs, the Central Bank raised the rate even more, cutting off the monetary system from the real sector. Meanwhile, speculators who made hundreds of percent per annum on speculations against the ruble and easily accepted the increase in the key rate, sucked all the liquidity provided by the Central Bank and crashed the ruble exchange rate. Inflation soared even higher. Despite the obvious failure to achieve all the declared goals, another devaluation of the ruble savings and income of millions of citizens who trusted the state, and the huge damage inflicted on the real economy and caused by the policy pursued during the crisis, none of its authors doubted the correctness of the actions taken.

The myth about inflation targeting and the refusal to control the exchange rate of the ruble is based on scholastic hypotheses centered around almost century-old observations. Let us start with the logic of monetary authorities that imposed "targeting" of inflation. If the refusal to control the cross-border movement of money on the capital account is postulated, then in the conditions of free market pricing for managing macroeconomic parameters, the monetary authorities still have control over the ruble exchange rate and monetary policy tools, which include the refinancing rate and other conditions for providing liquidity, mandatory reserve requirements, capital adequacy, provisioning for loans and securities, scope of open market transactions with government bonds and foreign exchange interventions, which together form the size of the monetary base. On this account, the scientific sources regard as proven the trilemma that in the absence of a gold standard it is impossible to simultaneously maintain an open capital market, a fixed exchange rate of the national currency, and to conduct an autonomous monetary policy. Apparently proceeding from this logic, the monetary authorities choose an autonomous monetary policy, preferring to manipulate the interest rate and sacrificing the control over the exchange rate[243].

This trilemma was formulated by Obstfeld, Shambaugh and Taylor on the basis of an

[243] Glazyev S. *O targetirovanii inflyatsii* [On inflation targeting]. *Voprosy Economiki*, 2015, No. 9. (In Russian)

empirical study of monetary policies pursued by national banks during the period between the First and Second World Wars (IMF Staff Papers, Vol. 51, 2004). However, much has changed since then. A global financial market emerged along with the world reserve currency, represented by the dollar issued by the U.S. Federal Reserve System mainly against obligations of the U.S. government. Considering that the amount of these obligations is growing exponentially and has gone far beyond the stability of the U.S. fiscal system, this trilemma should be supplemented by a "lemma" on the growing issuance of global capital in the form of unsecured obligations of the American state. For the sake of precision, they should also be supplemented by unsecured obligations of the EU countries (Greece, Great Britain, etc.), along with which the issuance of euro and pound is growing, as well as Japan with parallel yen issue. The issue of these quasi-reserve currencies grows exponentially following the dollar, which resulted in a 3-5-fold increase in the mass of these currencies in the world financial market over the period after the onset of the global financial crisis in 2008.

Thus, unlike the interwar period, the modern capital market is characterized by the pattern of its growing inflation (swelling) at the expense of unsecured issuance of world reserve currencies. Therefore, the countries that keep the capital market open are inevitably exposed to pressure, boundless and increasing issuance of these

currencies in the form of boundless flows of speculative capital. This means the appearance on the world financial market of a monopoly that has enormous opportunities for manipulating it, also by establishing control over the national segments of the world financial system that are open to free movement of capital. Unlike the world market of goods that obeys the laws of competition and is regulated by WTO rules, the global financial market is not regulated for real, and IMF standards only protect this deregulation in the interests of institutional financial speculators (investment superbanks) that enjoy unlimited access to issuers of world currencies.

From what has been said above, the quadrilemma follows: if the National Bank does not have the opportunity to issue a world reserve currency and keeps an open account of the cross-border capital flow, it cannot control in its country either the exchange rate or the interest rates. Those who have access to issuance of world currencies can conduct at a suitable time a speculative attack of any capacity, crashing the exchange rate, and provide borrowers from your country with any amount of credit at an interest rate acceptable to them. In relation to Russia, they have shown this many times.

The above entails that in order to manage the condition of the national currency and monetary system, it is necessary to control the cross-border movement of money for capital

operations. Otherwise, the development of our economy will be determined from abroad, plunging it into an increasingly chaotic state. Managed chaos will also feed the Russian oligarchic offshorized business groups, trying to derive super-profits from economy destabilization. As a matter of fact, this is the essence of the transition to a policy of "targeting" inflation.

While politically the so-called "targeting" of inflation means nothing but transfer of control over the condition of the national monetary and financial system to external forces (primarily the U.S. Federal Reserve, the Bank of England, the ECB and the Bank of Japan), economically this is done in the interests of foreign financial speculators (TNCs and foreign banks, oligarchic offshorized business groups the beneficiaries of which have long become international investors and even "global citizens"). If the state loses control over the exchange rate of its currency, it means that it gives up its manipulation to currency speculators. And in the situation when the Central Bank extends credit to them, and the financial controller transfers the currency exchange under their control, one can witness emergence of "currency swings," the currency and financial market enters a state of turbulence, all foreign trade activities become disrupted, with a disarray in the reproduction of enterprises dependent on it. This is exactly what happened in the Russian economy as a result of the policy of "targeting" inflation.

Thus, the entire concept of inflation targeting is nothing more than a pseudo-scientific hoax, launched in the interests of international speculative capital. No great wonder that the policy of the Central Bank in 2014 resulted in making the currency speculators, who profited from the devaluation of the ruble, and now continue to cash in on its revaluation, leaders in profit-making. During the entire last year, the profitability of currency speculations against the ruble amounted to tens of percent per annum, and after letting the ruble rate float free, it spiked on certain days to a hundred percent and more. At the same time, the profitability of the manufacturing industry dropped to 5-7%, and solvency of real sector enterprises fell significantly. The terms of their lending have been consistently worsening as the Bank of Russia increased the key rate. After it was raised to 17%, credit became unavailable for most enterprises in the real sector, and the liquidity remaining in the economy rushed to the foreign exchange market. Its subsequent collapse was the natural result of both manipulation of it and the policy pursued by the monetary authorities.

This year, the policy of stimulating currency speculation continued. To reduce the demand for currency on the exchange, the Bank of Russia has deployed a mechanism for refinancing in foreign currency under currency repo transactions. In so doing, it created a new channel for enriching of speculators, now on the

rise of the ruble rate. Taking foreign currency loans at 2%, banks convert them into rubles, buying federal loan bonds at 10%, and then sell them and convert again into foreign currency at the already increased ruble exchange rate. Given its increase by a third, it is easy to calculate that the profitability of these speculations was the same 30-40% as in the previous year on the smooth decline of the ruble exchange rate.

One of the financial structures on familiar terms with the monetary authorities "earned" almost a billion dollars in a flash using currency repo transactions for jobbery with Russian Eurobonds. Not surprisingly, money continued to flow into the currency and financial market, leaving the real sector. Only in the first quarter, the volume of loans issued by banks to industrial enterprises fell by almost half a trillion rubles. Accordingly, the financial situation of enterprises continued to worsen. According to operative data of the Russian Federal State Statistics Service, in January of 2015 the net operating loss of Russian organizations amounted to 152.5 billion rubles. The share of loss-making enterprises reached in the Russian economy on the average 36.1%. At the same time, the largest share of unprofitable production facilities is recorded in manufacturing sector (39.9%). In real terms, net profit of manufacturing facilities fell to the 2001 mark.

It is worth noting that the largest operating

losses are recorded in manufacturing enterprises (about 506.4 billion rubles), which have not been able to take advantage of the increased competitiveness of their products due to the devaluation of the ruble because of extremely stiff and suffocating monetary policy. Despite all the appeals of the country's leadership to achieve extensive import substitution and use the increased price competitiveness of domestic products after the devaluation of the ruble to expand production, in actual life it did not come off due to lack of credit. Worse yet, the portfolio of ruble loans issued to the real sector decreased by 410 billion rubles over the first quarter of 2015, and the share of overdue debt on ruble loans to the real sector as of May 1 of this year increased by more than 60% compared with the beginning of 2014 (in particular, by 27% since the beginning of 2015), reaching almost 7% of this segment of the loan portfolio. This is not surprising, given that the real sector, especially machine building, has had access to ruble credit resources at least in the first quarter of 2015 at about 20% per annum, which is almost double the Bank of Russia's expectations for annual inflation.

Transition to a modern management system as a condition for the survival of Russia

Today, when the outline of the new

centennial accumulation cycle and the structure of the new technological paradigm have become clear, it is time to think about learning lessons from the strategic blunders of the past. During the last century, Russia could twice have made a breakthrough and seize global leadership. At the beginning of the century, from the UK, becoming instead of the U.S. the center for the formation of a new centennial accumulation cycle and the leader of the new technological paradigm. At the end of the century, from the U.S., becoming instead of China the center for the formation of a new cycle of accumulation and a new system of production relations based on the convergence of socialist and capitalist institutions. If it were not for the dogmatism and primitiveness of the "new thinking" of the Soviet leadership, the USSR could half a century ago have embarked on the formation of such socio-economic system, and become the leader of both the next long wave that was being established at the time and the global core of the new centennial accumulation cycle. The scientific concepts necessary for this had already been elaborated by the theory of convergence[244]. However, they were rejected by the dogmatically thinking ruling elite. In 1987, even a Plenum of the Central Committee of the CPSU took place, condemning these studies as revisionist.

[244] Galbraith J. *The New Industrial State*. Princeton University Press, 1967; Buckingham W. *Theoretical Economic Systems: A Comparative Analysis*. Ronald Press Co, 1958; Bogomolov O. *Razmyshleniya o nasushchnom* [Reflections on the vital]. Moscow, Economika Publ., 2003. (In Russian)

The reforms were aimed not at creating the new production relations, but at loosening up the old ones. Scholastic-minded leading party officials failed to notice that the development of the productive forces of the global socialist system came into conflict with the production relations that kept them in check. Like their current successors in power, they considered the existing system to be the most progressive and not subject to drastic changes. The challenge of the technological paradigm change that took place at that time was answered only by calls for the acceleration of scientific-technical progress. Thereafter, when the Integrated Program of Scientific-Technical Progress developed for this purpose stalled due to a lack of implementation mechanisms, they began to hastily imitate their creation, not changing anything in essence. This resulted in an increase of chaos in the economy and tensions in the system of its administration, culminating in the self-destruction of the system of socio-economic relations and the collapse of the entire global socialist system.

Of course, one could regret the opportunities missed in the 80s of the last century. If the Soviet leadership, which had control over one third of the global economic potential, had listened then to the recommendations of the scientists of the Economics Department of the Academy of Sciences (D. Lvov, N. Petrakov, O. Bogomolov, L. Abalkin, Y. Yaremenko, A. Angishkin), today the USSR would have been in

good faith the global leader.

One can also recall another opportunity missed in the course of the previous change of long waves and the centennial accumulation cycles. At that time, Nicholas II could also lead Russia to global leadership, relying on the continuation of Stolypin's policy of modernization and peaceful cooperation with European countries. However, failing to bring themselves to urgent changes and being tempted by simple decisions, the leaders of the country fell victim to external provocations that dragged the ruling elite into catastrophic ventures.

The first catastrophe cost our country a third of its economic potential, including emigration of a significant part of engineers and many millions of lost human lives. Mitigation of its consequences took two decades, during which a new system of institutions was built that ensured restoration and industrialization of the national economy. It took many more sacrifices to protect the country from external aggression and to bring this system to a global scale.

The second catastrophe, even without an overt civil war, was no less destructive in terms of losses in the productive, human and natural-resource potential. The new system of institutions was being built under the external control of Washington's international organizations, with market fundamentalism as its basis. As was shown above, the drastic reforms based on it and conducted in the spirit

of the Washington Consensus doctrine, subordinated the disheveled post-Soviet economy to the interests of American-European capital.

Russia and other republics of the disintegrated Soviet Union were pulled down to the level of the raw materials periphery of the American accumulation cycle. The latter, having absorbed not less than $ 3 trillion, millions of intellects, hundreds of critical technologies that had been accumulated, established and created within the global socialist system, gained a "runner's high" and successfully passed another long wave of economic growth. By now, this rise has been completed, since the dominant technological paradigm has exhausted the possibilities for further growth. The possibilities for expanded reproduction of the institutional system of the American accumulation cycle have also been exhausted.

The current status of Russia is incomparably worse compared to the previous two structural crises. At the beginning of the last century, the Russian Empire was developing ahead of schedule, attracting capitals and intellects from developed countries to the advanced economy sectors. The Bolsheviks got the richest country in the world which, despite the monstrous losses, managed to industrialize on the basis of a new technological paradigm for that time. The USSR objectively became the second economy of the world in terms of economic, human, scientific and technical potential. Yeltsin's

regime got most of it to control. However, the possibilities of its development by activating the entrepreneurial initiative of millions of citizens (as it was done in China) were not used. The oligarchy, which established itself on the basis of state property privatization, basically squandered this potential and transferred it to foreign jurisdictions. The reforms were carried out according to the prescriptions issued by the Washington international financial organizations. The system of economic regulation created in accordance with them was built into the reproductive system of the world economic structure of the American accumulation cycle, which resulted in its degradation and transformation into the raw materials periphery of the core of this system.

It follows from what has been said above that remaining within the existing governance system, Russia is doomed to be a victim of U.S. aggression undertaken by American geopoliticians in order to retain global leadership in their competition with China. If this aggression succeeds, Russia will become a piece of fiddler's money in the haggle between the U.S. and China, with a possible concession of a significant part of its territory. It is possible to avoid such a course of events only through a drastic change in the system of economic management by creating institutions that are characteristic of the new integral world economic paradigm. This is not so difficult to be done, given the country's experience in

planning and managing the scientific-technological progress, creatively used by China and other core countries of the emerging new world economic order of the Asian cycle of accumulation.

First and foremost, urgent measures are needed to drastically change the monetary and credit policy in the direction of creating domestic long-term credit sources. To ensure expanded reproduction, the Russian economy needs a substantial increase in the monetization level, with expansion of credit and the capacity of the banking system. Unlike economies of the countries issuing reserve currencies, the main problems in the Russian economy are caused not by the excess of money supply and associated financial bubbles, but by the chronic under-monetization of the economy, which for a long time has been overtaxing itself due to an acute shortage of loans and investments.

It is necessary to abandon the dogmatic approach imposed in the 1990s by the IMF with the aim of colonizing the post-Soviet space with American-European capital. Over two decades the Russian monetary authorities have been guided by superficial misconceptions about the linear relationship between money stock growth and inflation, ignoring both scientific knowledge on the dynamics of economic processes, and global and domestic practical experience.

At present, monetary authorities make errors in the planning of monetary and credit policy that are naïve and extremely harmful in their

consequences. In particular, they proceed from the wrong hypothesis about exhaustion of the available sources of economic growth, while the observed recession occurs against the backdrop of 30-40% underperformance of production capacities, 15% excessive employment in industry and services sectors, and extremely inefficient use of natural resources and human potential.

As the world experience reveals, in order to realize the opening opportunities to raise on a new wave of growth of the new technological paradigm, a powerful initial impulse of renewing the fixed capital is required. However, the level of investment and innovation activity required for this exceeds twofold the current Russian financial and investment system capacities. To achieve this, it is necessary to implement the following set of measures to create the macroeconomic environment and the system of institutions that are required for outstripping growth of the new technological paradigm. They are directed toward the country's reaching the path of sustainable economic growth at a rate of up to 8% in the annual GDP growth, 15% in investment growth, 20% increase in R&D spending.

Transition to a sovereign monetary policy

To ensure expanded reproduction, the Russian economy needs a substantial increase in the monetization level, with expansion of credit and the capacity of the banking system. Urgent measures are needed to stabilize it, which requires an increase in the supply of liquidity and activation of the Central Bank function as the lender of last resort. Unlike economies of the countries issuing reserve currencies, the main problems in the Russian economy are caused not by the excess of money supply and associated financial bubbles, but by the chronic under-monetization of the economy, which for a long time has been overtaxing itself due to an acute shortage of loans and investments.

The level of money supply necessary to raise investment and innovation activity should be determined by the demand for money from the real sector and governmental development institutions with the refinancing rate having regulatory value. At the same time, the transition to inflation targeting should, firstly, meet the declared goal in the composition of macroeconomic policy tools and measures, and secondly, should not leave other goals in the cold, including ensuring a stable ruble rate, and

a growth in investment, production and employment. These goals can be ranked in priority and be set as restrictions, being achieved through the flexible use of the state's available monetary, credit and currency sphere regulation tools. In the prevailing conditions, priority should be given to increasing production and investment within the established limits on inflation and the exchange rate of the ruble. At the same time, in order to keep inflation within the established limits, a comprehensive system of measures is needed in respect of pricing and price policy, currency and banking regulation, and competition development.

It follows from the theory of economic development and the practical experience of developed countries that an integrated approach is needed to the formation of money supply, coupled with the goals of economic development and relying on domestic sources of monetary issue. The most important of these is the mechanism for refinancing credit institutions, locked on lending to the non-resource high-tech sector of the economy. This can be done by applying well-known and proven practices of developed countries in indirect (refinancing against security of state obligations and solvent enterprises) and direct (co-funding of state programs, granting of state guarantees, funding of development institutions) ways of monetary issue. We should also not rule out the possibility of directing monetary issue to state needs, as it is done in the U.S., Japan and the

EU through acquisition of government debt instruments by central banks.

The establishing of a modern national credit and financial system adequate to the tasks of raising investment activity in order to modernize and develop the Russian economy is of key importance. The experience of countries that have worked an economic miracle shows that the rate of accumulation necessary for an economic breakthrough should be at least 35% (Table 10).

Table 10. Accumulation rate increase during economic breakthrough periods
(Source: Y.M. Mirkin, IC Eurofinance)

Year	Investments / GDP, %					
	Japan	South Korea	Singa-pore	Malaysia	China	India
1950	x	x	x	x	x	10.4
1955	19.4	10.6	x	9.2	x	12.5
1960	**29.0**	11.1	6.5	11.0	x	13.3
1965	**29.8**	14.9	21.3	18.3	x	15.8
1970	**35.5**	**25.5**	**32.6**	14.9	x	14.6
1975	**32.5**	**26.8**	**35.1**	**25.1**	x	16.9
1980	**31.7**	**32.4**	**40.6**	**31.1**	**28.8**	19.3
1985	**27.7**	**28.8**	**42.2**	**29.8**	**29.4**	20.7
1990	**32.1**	**37.3**	**32.3**	**33.0**	**25.0**	22.9
1995	**27.9**	**37.3**	**33.4**	**43.6**	**33.0**	**24.4**
2000	**25.2**	**30.0**	**30.6**	**25.3**	**34.1**	**22.7**
2005	23.3	**28.9**	21.3	20.5	**42.2**	**30.4**

2009	20.6	**29.3**	27.9	20.4	**46.7**	**30.8**
2010	20.5	**28.6**	25.0	20.3	**46.1**	**29.5**

Russia 20%

At the same time, in the absence of sufficient internal savings, the main source of investment activity funding shall be a multiple credit expansion arranged by the state (Table 11).

Table 11. Scope of economic breakthrough crediting
(Source: Y.M. Mirkin, IC Eurofinance)

Year	Internal credit / GDP, %				
	South Korea	Singapore	China	Hong Kong	India
1950	x	x	x	x	15.6
1955	x	x	x	x	18.9
1960	9.1	x	x	x	24.9
1963	16.6	7.2	x	x	25.8
1970	35.3	20.0	x	x	24.8
1978	38.4	30.7	38.5	x	36.4
1980	46.9	42.4	**52.8**	x	40.7
1990	**57.2**	**61.7**	**86.3**	x	**51.5**
1991	**57.8**	**63.1**	**88.7**	**130.4**	**51.3**
2000	**79.5**	**79.2**	**119.7**	**136.0**	**53.0**
2009	**109.4**	**93.9**	**147.5**	**166.8**	**72.9**
2010	**103.2**	**83.9**	**172.3**	**199.0**	**76.2**

Russia 45%

For that to happen, the following set of measures is proposed.

1. Adjustment of the monetary system for development goals and expansion of lending opportunities for the real sector.

1.1 Legislative inclusion in the list of objectives of the state monetary and credit policy and the activities of the Bank of Russia of creating conditions for economic growth, increasing investment and employment.

1.2 Transition to regulation of the money supply by setting the refinancing rate with a monetary issue primarily for the refinancing of commercial banks against security of credit claims to manufacturing enterprises, bonds of the government and development institutions. For this purpose, the refinancing rate should not exceed the average rate of return in the investment complex net of the banking margin (2-3%), and maturity of loans should correspond to the typical duration of the research and production cycle in manufacturing industry (up to 7 years). Access to the refinancing system should be open to all commercial banks on universal terms, as well as for development banks on special terms corresponding to the profile and objectives of their activities (taking also into account the expected return on investment in infrastructure – up to 20-30 years at 1-2%).

1.3 A radical expansion of the Lombard list of the Central Bank, including in it promissory notes and bonds of solvent enterprises

operating in priority areas, of development institutions, guarantees of the federal government, federal entities and municipalities.

1.4 To avoid encouraging the export of capital and foreign exchange speculations, the acceptance of foreign securities and foreign assets of Russian banks as security for lombard and other loans of the Central Bank should be stopped.

1.5 Substantial increase in the resource potential of development institutions due to their funding by the Central Bank for investment projects, approved by the government in accordance with established priority areas of development. Development institutions should place such loans on the basis of targeted lending for specific projects, ensuring the allocation of money exclusively for the costs they set, and without transferring money to the borrower's account.

1.6 In order to ensure stable lending conditions, commercial banks should be forbidden to revise the terms of loan agreements unilaterally.

1.7 The standards for appraising collateral should be changed using weighted average market prices for the medium term and limiting the application of margin calls. This should include waivers of margin calls against borrowers from the Bank of Russia and banks with public ownership.

2. Necessary conditions should be created for increasing the capacity of the Russian monetary

and financial system.

2.1 There should be a gradual transition to use of the ruble in international settlements for trade transactions of state corporations, with consistent replacement of their foreign-currency loans with ruble credits issued by state-owned commercial banks, ensuring provision of appropriate funding from the Central Bank.

2.2 In order to ensure stability of the ruble exchange rate, the range of tools for regulating the supply and demand of foreign currency should be extended by allowing export duties collection in foreign currency, with its accumulation in the government's foreign currency accounts in the event of an excessive currency supply, with the Bank of Russia introducing a regulation for the mandatory full or partial sale of exporters' currency revenues in the domestic market in case of its insufficient supply.

2.3 Exchange rate quotes should be established binding them to the ruble, and not to the dollar and the euro, as is currently the case. The boundaries of fluctuations in the ruble exchange rate should be establishment as previously announced and maintained for a long time. If there is a threat of going beyond the borders of the corridor, a one-time rate change should be applied to avoid provoking an avalanche of capital flight and currency speculation against the ruble, as well as to ensure instant rate stabilization.

2.4 In order to prevent the cross-flow of

money issued to refinance production activities and investments to the financial and foreign exchange market, it is necessary to ensure the targeted use of such loans through appropriate banking supervision standards. Changes in the foreign exchange position of commercial banks that resort to refinancing of the Central Bank should be limited. To restrict financial speculations, the system of financial leverage regulation should be expanded by including non-bank companies in it.

2.5 The Eurasian Economic Union's payment and settlement system should be created on the basis of the CIS Interstate Bank with its information exchange systems between banks, credit risk assessments, exchange rate quotes.

2.6 MOEX should be returned under the control of the Bank of Russia. It should be transformed into a non-profit organization operating to ensure a stable and transparent functioning of the monetary and financial market.

3. Stabilization of the banking system.

It is necessary to take the following measures to eliminate the banking system destabilization threats arising from the chain of bankruptcies of commercial banks, the licenses of which are being canceled.

3.1 Commercial banks should be given a possibility of immediate getting of stabilization loans to meet panic claims of individuals in the amount of up to 25% of the volume of private deposits.

3.2 The Bank of Russia should resume unsecured loan auctions for creditworthy banks experiencing a liquidity deficit.

3.3 Urgent measures should be taken to maintain the current liquidity of banks, including reduction of allocations to the Mandatory Reserves Fund, increasing the ability of banks lending against security represented by non-marketable assets, expanding the diversity of such assets. If necessary, diminishers should be applied when calculating the value of risk-weighted assets for Russian enterprises rated by Russian rating agencies. The transparency and automation of financial assistance mechanisms should be provided.

3.4 A formation methodology should be developed and the list of strategic enterprises should be determined, the loans of which will be refinanced on a preferential basis.

3.5 Attempts of a number of commercial banks to provoke a banking panic to entice clients should be firmly suppressed, with criminalization of such actions.

3.6 Introduction of the Basel III standards in Russia shall be postponed for 2-3 years, until recovery of the scope of lending to the real sector at the pre-crisis level of the first half of 2008. The Basel III standards shall be adjusted to eliminate artificial restrictions on investment activities. Within the framework of Basel II, the calculation of credit risk shall be based on internal ratings of banks instead of ratings of international agencies, which revealed their

incapacity and lack of professionalism during the financial crisis of 2007-2008.

In establishing the monetary policy, the Bank of Russia should evaluate the macroeconomic consequences of issuing rubles through various channels: for refinancing commercial banks against obligations of manufacturing enterprises, against bonds of the government and development institutions, for replacing foreign-currency loans, for purchasing foreign currency to foreign exchange reserves, for covering external ruble demand to credit foreign trade turnover, for capital operations and creation of ruble reserves of foreign states and banks. Methodological support of this work, including elaboration of simulated economic and mathematical models of monetary circulation, could be assumed by the RAS in cooperation with the research department of the Bank of Russia.

Promotion of Russia's foreign economic security

Currently, the volume of foreign exchange assets of the Russian Federation located in the jurisdiction of NATO countries exceeds $ 1.2 trillion, about $ 0.8 trillion thereof being short-term. Their freezing might be partially offset by reciprocal measures regarding assets of NATO countries in Russia, which amount to $ 1.1 trillion, including more than $ 0.4 trillion in long-

term assets. This threat would have been neutralized, if the monetary authorities had organized in a timely manner the withdrawal of Russian short-term assets from the U.S. and the EU, which would have changed the balance in our favor.

While there is yet time, it is necessary to sell out the foreign exchange assets placed in the obligations of the United States, Great Britain, France, Germany and other countries participating in sanctions against Russia. They should be replaced by investments in gold and other precious metals, in creation of stocks of highly liquid commodity values, including critical imports, in securities of the EEU, SCO, BRICS member states, as well as in the capital of international organizations with Russian participation (including the Eurasian Development Bank, CIS Interstate Bank, IIB, BRICS Development Bank, etc.), expansion of the infrastructure for supporting Russian exports. Among the elements of the latter, it is of great importance to create international exchange trading marketplaces for trade in Russian primary goods within the Russian jurisdiction and for rubles, as well as to create international sales and service networks for Russian goods with high added value.

The Central Bank dragged out the creation of a national payment system for servicing bank card transactions, as well as an international system for the exchange of inter-bank information that could protect the Russian

financial system from sanctions on the part of Western payment systems, such as VISA, Mastercard, SWIFT, which was discussed more than two years ago.

The task of forming an own national payment system, which is currently being addressed in Russia, should dovetail with the established international payment systems. This could be done in cooperation with China, which will require an appropriate framework agreement. With the appropriate steps of other BRICS countries, it would be possible to successfully promote on the global market (countries with a total population exceeding 3 billion people) a new international payment system with a card compatible with all national payment systems of the BRICS countries. Russia, on its part, could become a pioneer in the issue of such a card in the course of establishment of the national payment system.

It is necessary to develop international standards for rating determination and rating agency activities in order to reduce the systemic distortion of risk assessment of market-oriented assets in favor of any given country, as well as to ensure unified international regulation of rating agencies. At the level of the BRICS countries, it is necessary to determine the appropriate procedures for certification and licensing of rating agencies, the grades awarded by which should be internationally recognized. For this purpose, the BRICS Development Bank that is being

established can be used. A similar approach should be applied to the activities of audit companies and legal advisors.

It is important to ensure the harmonization of rules for the operation of national monetary authorities, when it is necessary to protect their monetary and financial systems against speculative attacks and suppress the associated turbulence. Contrary to the position of the U.S. and the IMF, it is advisable to agree on the need to create national systems of protection against global risks of financial destabilization, including: a) an institution of reservation for foreign exchange operations of capital flows; b) a tax on income from the sale of assets by non-residents, the rate of which should depend on the asset ownership period; c) the Tobin tax; d) enabling countries to impose restrictions on the cross-border movement of capital for transactions threatening national security.

The point here is not only economic sanctions. As evidenced by research of the current condition of the global financial market, the factors of destabilization of the global financial system are still active. Given the ongoing turbulence of the global financial market, which the U.S. is planning to stabilize by dumping its external obligations, the risks associated with large-scale issuance of world currencies make currency regulation and control indispensable. In modern conditions, especially when there is an excess of global liquidity that seeks investment opportunities and can be

destabilizing, it is important to pay attention to the quality of capital, the timing, nature and areas of its use, and conditions of repatriation, ensuring that these parameters comply with economic priorities[245].

In conditions of monetary expansion and measures to reduce the cost of financial resources consistently implemented by the issuers of world currencies, it is necessary to equalize the activity conditions of Russian enterprises in comparison with foreign competitors regarding the cost of financial resources, the periods of their provision, and the level of risks. To do this, it is necessary to reduce the refinancing rate, set by central banks of many leading countries for a long term at a level below inflation, to reduce the risks and costs of borrowers, and lengthen the periods for extending credit resources. In so doing, it should be borne in mind that developed economies place an emphasis when carrying out monetary issue on the formation of targeted long-term and extra-long-term resources (up to 30-40 years in the U.S., Japan and China) against government obligations, including those related to funding of long-term investment projects that are supplemented with medium-term refinancing instruments (for example, up to 3 years in the EU), which creates a powerful long resources foundation in the

[245] Ershov M. *Ob obespechenii valyutnoy stabilnosti i o novykh finansovykh mekhanizmakh v usloviyakh sanktsionnogo rezhima* [Concerning Provision of Currency Stability and New Financial Mechanisms under Sanctions]. *Russian Economic Journal*, 2014, No. 5. (In Russian)

economy.

The monetary and credit policy pursued by the leading WTO members is linked to industrial priorities (including sectoral, corporate and regional ones), allowing us to talk about the formation of a mondustrial policy.

Given the necessity to double investments for modernization of the Russian economy, the Bank of Russia and the Government of the Russian Federation should link their monetary policy to the tasks of modernization crediting and growth of the Russian economy. At the same time, in order to prevent negative impact on the Russian economy from foreign sources of financial resources, it is important to ensure the priority role of domestic monetization sources, including expansion of long and medium-term refinancing of commercial banks against obligations of manufacturing enterprises and authorized government bodies. It is also advisable to consistently replace foreign borrowings of state-controlled banks and corporations with domestic sources of credit.

It is necessary to carry out at last the instructions repeatedly given by the President of Russia on the deoffshorization of the Russian economy, which creates a super-critical dependence of its reproduction contours on Anglo-Saxon legal and financial institutions and entails systematic losses of the Russian financial system up to $ 60 billion a year merely on the difference in profitability between the borrowed and the placed capital.

The growth of the above-mentioned threats in excess of critical figures requires the quickest possible implementation of the following set of measures to ensure Russia's economic security in the face of growing global instability.

In respect of deoffshorization and cessation of illegal export of capital:

1.1 The concept of a "national company" should be legislatively introduced that meets the requirements of registration, tax residency and conduct of core business in Russia, being owned by Russian residents who are not affiliated with foreign persons and jurisdictions. Only national companies and Russian citizens-residents should be granted access to subsoil assets and other natural resources, government orders, state programs, state subsidies, loans, concessions, to property and real estate management, to housing and infrastructure construction, to operations involving household savings, as well as to other activities that are strategically important for the state and socially sensitive;

1.2 The ultimate owners of shares in Russian backbone enterprises should be obliged to register their ownership rights with Russian registrars, leaving the offshore shadow;

1.3 Agreements should be concluded to exchange tax information with offshores, the existing agreements with them should be denounced to avoid double taxation, including Cyprus and Luxembourg, which are transit offshores. A unified list of offshores should be

made, including those located within onshores;

1.4 Transfer of assets to offshore jurisdictions that have not concluded agreements on the exchange of tax information under the OECD transparency model should be legislatively prohibited;

1.5 Requirements to offshore companies owned by Russian residents should be introduced for compliance with Russian legislation on providing information on company participants (shareholders, depositors, beneficiaries), as well as on disclosure of tax information for purposes of taxation in Russia of all revenues received from Russian sources, under threat of imposing a 30% tax on all transactions with "non-cooperating" offshores;

1.6 A "black list" should be made including foreign companies and banks involved in questionable financial schemes with Russian companies and banks, treating transactions with them as dubious;

1.7 An authorization-based offshore operations procedure should be introduced for Russian companies with public ownership;

1.8 A Presidential program for deoffshorization of the Russian economy should be developed, taking into account the provisions of the Presidential Addresses to the Federal Assembly in 2012 and 2013, and the Presidential Decree dated May 7, 2012 N596;

1.9 A set of measures should be adopted to reduce tax losses from unauthorized export of capital: 1) reimbursement of VAT to exporters

only after receipt of export proceeds; 2) collection of advance payments for VAT by authorized banks when remitting import advances to non-resident suppliers; 3) imposition of fines for overdue accounts receivable under import contracts, non-remittance of export proceeds, as well as for other types of illegal export of capital at a rate equal to its amount;

1.10 Inclusion of bad debts of non-residents to Russian enterprises into extraordinary expenses (that reduce taxable profits) should be discontinued. Lawsuits shall be initiated against managers concerning compensation of damage to the enterprise and the state in case of revealing such debts;

1.11 Administrative and criminal liability should be toughened for illegal export of capital from the member states of the Customs Union, including in the form of feigned foreign trade and credit transactions, payment of excessive interest on foreign loans;

1.12 Active work of law enforcement agencies should be initiated in extending the effect of Article 174 of the Criminal Code "Legalization (laundering) of money or other property acquired by other persons by criminal means" to income obtained through tax crimes and illegal export of capital, with inclusion into tax crimes of non-payment of taxes subject to the existence of a taxable base;

1.13 Taxes should be imposed on speculative financial transactions (the Tobin tax planned in

the EU) and net capital export;

1.14 There should be an upgrade of the information and statistical basis for countering the offshorization of the economy, capital flight and minimizing taxes, including obtaining data on the balance of payments and international investment position from all offshores, broken down by countries.

2. In order to prevent further losses of the Russian financial system due to the nonequivalent foreign economic exchange and protect the financial market against destabilization threats:

2.1 To suppress illegal capital export operations accompanied by tax evasion, a unified information system should be established for currency and tax control, including electronic declaration of transaction report forms with their transfer to databases of all currency and tax control authorities, introduction of liability standards for business executives that allow the accumulation of overdue accounts receivable on export-import transactions;

2.2 Orderliness of the financial market should be assured, which includes strengthening the supervision over the financial status of professional participants, pricing and the level of market risks; creation of a national clearing and settlement center; regulation of activity of financial conglomerates and their aggregated risks;

2.3 Discrimination should be stopped against

domestic borrowers and issuers relative to foreign ones (when calculating liquidity indicators, capital adequacy, etc., the Central Bank should not consider obligations of non-residents and foreign states more reliable and liquid than similar obligations of Russian residents and government). Domestic standards should be introduced for the activities of rating agencies, with refraining from using the grades assigned by foreign rating agencies in government regulation;

2.4 Restrictions should be imposed on the volume of off-balance sheet foreign assets and liabilities to non-residents on derivatives of Russian organizations, investment of Russian enterprises in foreign securities should be limited, including U.S. Treasury securities and bonds of other foreign countries with a high budget deficit or public debt;

2.5 Mandatory advance notice should be introduced for capital export operations, reserve requirements for Russian banks on foreign currency transactions should be increased, limits should be established for long and short foreign exchange positions of commercial banks and backbone companies, as well as all state-controlled enterprises that enjoy state support and receive loans refinanced by the Central Bank of the RF;

2.6 Creation of the central securities depository should be accelerated, to record ownership rights to all shares of Russian enterprises;

2.7 The obligation of Russian issuers to perform primary placement on Russian trading venues should be statutorized.

3. In order to increase the potential and safety of the Russian monetary system and consolidate its position in the world economy, give the ruble the functions of the international reserve currency and establish the Moscow financial center:

3.1 Transition to rubles in mutual settlements within the CIS should be encouraged, using rubles and euros in settlements with the EU, and rubles and yuan in settlements with China. Economic entities should be advised to switch to settlements in rubles for exported and imported goods and services. At the same time, tied ruble loans should be extended to importing states of Russian non-primary products to maintain commodity turnover, using credit and currency swap transactions for this purpose;

3.2 The system for processing settlements in national currencies between enterprises of the CIS countries through the CIS Interstate Bank should be profoundly expanded, using in settlements with other states Russian-controlled international financial organizations (IBEC, IIB, EDB, etc.);

3.3 A payment and settlement system in the national currencies of the EurAsEC member states should be created. An own independent system of international settlements should be developed and implemented, which could eliminate the critical dependence on the U.S.-

controlled SWIFT. This system should include the banks of Russia and the member states of the Customs Union and the CIS, as well as China, Iran, India, Syria, Venezuela and other traditional partners;

3.4 The Bank of Russia should be recommended to refinance commercial banks for ruble crediting of export-import transactions, and also to take into account in the main spheres of monetary policy the additional demand for rubles connected with expansion of foreign trade turnover in rubles and formation of exterior ruble reserves of foreign countries and banks;

3.5 The should be organized the ruble exchange trade in oil, oil products, timber, mineral fertilizers, metals and other primary goods; in order to ensure market pricing and prevent the use of transfer prices for tax evasion, exchange goods producers should be obliged to sell at least half of their products, including those exported, through the Russian government-registered exchanges;

3.6 Foreign borrowing of government-controlled corporations should be restricted with a gradual replacement of foreign-currency loans taken by state-controlled companies with ruble loans from state-owned commercial banks through their targeted refinancing from the Central Bank at an appropriate interest rate;

3.7 Provision of guarantees for deposits of citizens within the deposit insurance system should be limited only to ruble deposits, with

simultaneous increase in the reserve requirements for deposits in foreign currency;

3.8 A Reinsurance Society should be established on the basis of the Export Insurance Agency of Russia using Vnesheconombank's guarantees instead of direct investments to fill the Society's authorized capital; it should be granted the dominant position in the market of reinsurance of risks of Russian residents;

3.9 A Moscow club of creditors and investors should be created to coordinate the credit and investment policies of Russian banks and foundations abroad, promote recovery of troubled loans, develop a unified position towards defaulting borrowing countries.

Along with deoffshorization, for ensuring Russia's foreign economic security it is important to achieve the fulfillment of the President's repeated instructions on the creation of a national financial market infrastructure, including the transition to domestic rating agencies, audit, legal and consulting companies. A hitch in their implementation entails significant losses of the national financial system due to a systematic downward biasing of credit ratings of Russian borrowers and unfair behavior of Western partners.

Deployment of the strategic planning system

In the situation of increasing aggression of the U.S. and its NATO allies, we should expect

tightening of economic sanctions against Russia, which requires a fast strengthening of the economic security system, the condition of which is still unsatisfactory[246]. The most obvious critical issues that require immediate solution include: a depressing state of the investment sector, most notably machine-tool construction, instrument making, electronic industry; degradation of the scientific and technical potential due to the multifold underfunding of R&D and factual elimination of sectoral science and design institutes during the privatization campaign; disruption of fundamental science due to its administrative suppression resulting from the reform of the RAS; increasing technological gap in key areas of growth of the new technological paradigm (nano, bioengineering and information technology); excessive dependence on foreign technology in critical industries (air transport, pharmaceutics, information and communication equipment).

To overcome the super-critical external dependence on imports of foreign equipment, large-scale import substitution programs are needed, balanced in terms of material, financial and labor resources. This cannot be done within the existing economy regulation system which has lost planning methods, including balance casting, target programming, scientific and

[246] Glazyev S., Lokosov V. *Otsenka predelno kriticheskikh znacheniy pokazateley sostoyaniya rossiyskogo obshchestva i ikh ispolzovanie v upravlenii sotsialno-ekonomicheskim razvitiem* [Assessment of the critical threshold values of the indicators of the state of Russian society and their use in the socio-economic development management]. *Economic and social changes: facts, trends, forecast*. No. 4, Vol. 22, 2012. (In Russian)

technical forecasting, system design. It is necessary to deploy a strategic planning system with centralization of key functions at the level of the President of Russia.

The import substitution policy should be implemented within the framework of the general strategy of outstripping economic development, starting with the deployment of a strategic planning system designed to ensure systemic use of the available state resources for modernization and new industrialization of the economy based on the new technological paradigm.

The strategic planning methodology stipulates the existence of a system of long, medium and short-term forecasts and the selection of priorities for economic development, tools and mechanisms for their implementation, including a system of long-term concepts, medium-term programs and plans, institutions for organizing relevant activities, and methods of monitoring and accountability for achieving the goals.

The recently adopted draft law "On the state strategic planning" provides for creation of only some elements of this system, mainly procedures for preparation of relevant documents within the executive bodies.

Interactive procedures should be established for the development of long-term forecasts and concepts, medium-term programs and indicative plans for achieving agreed and approved development goals. It is advisable to

legislatively establish the methods of control and mechanisms of responsibility of all strategic planning participants for the implementation of agreed activities and tasks on the basis of public-private partnership. Of particular importance is the integration into the system of state strategic planning of development institutions, major corporations, companies and banks with public participation, large private financial and industrial groups. Their combined production, financial and managerial potential should be integrated not only in the development of the strategy, but also in its implementation. To do this, the execution of indicative plans should be completed by signing the agreements between the state and economic entities, providing for mutual responsibility for achieving the set goals.

It is also necessary to set target indicators for the work of state development institutions, corporations and agencies in the fields of their activities that envisage creation of new production facilities belonging to the new technological paradigm that would be competitive in the world market, and to introduce mechanisms of actual responsibility for their timely achievement.

The system of forecasting and planning of socio-economic development of the country and its regions should be based on a nationwide legal framework and contain a unified organizational and legal mechanism for interaction between federal and regional

government authorities, local self-government bodies, development institutions, scientific organizations and corporations. This mechanism should ensure the integration of interests and resource capabilities of all stakeholders in the development and implementation of federal, regional, municipal, departmental and corporate strategic plans and programs. The constituent entities of the Russian Federation and municipalities should be given the opportunity to participate in the development, financing and implementation of federal targeted programs carried out on their territory.

Strategic planning should be focused on the outstripping growth of the new technological paradigm. It is advisable to develop a 5-year program to modernize the economy on its basis, that would provide for measures to ensure outstripping development of its constituent engineering and manufacturing complexes, create a favorable macroeconomic environment and establish appropriate institutions and control circuits.

Strategic planning should take into account the transition of modern society to a knowledge-driven economy, the main factor of growth of which is scientific-technological progress. Launching of the economy to the trajectory of rapid and sustainable growth presupposes its transfer to the innovative path of development, which requires a fundamental increase in the role of science, both in the economy and in the system of public administration.

Given the importance of the strategic planning system and the fact that the Government of the Russian Federation, as the central executive body, is occupied with current tasks and cannot formulate strategic goals and monitor their achievement, it is proposed to create the State Strategic Planning Committee under the President of the Russian Federation, vesting respective powers in it.

The main threat of economic sanctions is the isolation of Russia from access to new technology. If it is not eliminated, in a few years our economy will be in a state of irreversible lag in mastering the production of the new technological paradigm, the rising of which to a long wave of growth will ensure the rearmament of both industry and the army at a qualitatively new level of efficiency. To prevent this lag, it is necessary, on the one hand, to increase multifold the allocations for R&D in key areas of growth of the new technological paradigm. On the other hand, we need to ensure a radical increase in the responsibility of the leaders of development institutions for the effective use of allocated funds. For this, it is necessary to create a modern system for managing the scientific and technological development of the country, covering all stages of scientific research and scientific-production cycle and oriented towards economy upgrade based on the new technological paradigm.

At present, the Russian Federation has a critical situation with the development of

scientific research and implementation of technological modernization of production associated with transition to the new technological paradigm. The reasons for this unfavorable situation lie in chronic underfunding of the development of science, destruction of cooperation between science and production, aging of scientific personnel, and the "brain drain." In many ways, they were the result of privatization which entailed destruction of the applied science sector. The current reform of the RAS does not touch upon these fundamental problems in the management of scientific-technological progress, it does not envisage the improvement of institutional forms and methods of organization of applied research, it is not focused on the development and implementation of high-performance science-intensive technologies.

In order to implement a systematic approach to the management of scientific-technical progress, ensure end-to-end and comprehensive stimulation of innovation activities, it is expedient to create a super-departmental federal agency overseeing the development of state scientific, technical and innovative policies, coordinating the activities of sectoral ministries and departments in its implementation – the State Committee for Scientific and Technical Development of the Russian Federation (SCSTD RF) under the President of Russia.

The above proposals on strengthening the

country's economic security in the conditions of the global hybrid war that is being launched against Russia, are focused mainly on improving the efficiency of state institutions. Along with this, favorable conditions should be maintained for entrepreneurial initiative and growth of private business activity. In addition to the above measures for the formation of domestic sources of cheap long-term credit, they should include a tax maneuver to transfer the tax burden from labor income to rent income, from production to the consumption of luxury goods, as well as measures to reduce the costs of infrastructure sector services, most notably the electric power industry, the unreasoned reform of which resulted in a multiple tariff increase for the convenience of monopoly intermediaries.

The implementation of these measures should be carried out within the next one or two years. Otherwise, the escalation of economic sanctions against Russia will entail the destruction of the reproductive circuits closing in on the external market, with a sharp drop in the level of income of economic entities, discontinuance of operation of many import-dependent production facilities, and bankruptcy of many enterprises dependent on external sources of credit. This will lead to a significant drop in the standard of living, making it possible for our adversaries to move on to the next phase of the chaotic war against Russia.

Unfortunately, Russia will not be able to form the core of the new world economic paradigm

by itself. But it can still integrate itself into it on an equal footing. Its core is only being formed, and Russia is a welcome partner for all the countries participating in this process, for the following reasons. Firstly, due to the scientific and technical potential that exists at its disposal, and the opportunities for combining competitive advantages in the development of the new technological paradigm. This opens up opportunities for mutually beneficial production cooperation in high-tech economy sectors. Secondly, due to the ability to protect itself and its partners in any international conflict given the nuclear missile parity with the U.S. Thirdly, due to the incalculable natural wealth and rich raw materials base. Fourthly, due to the attractiveness of Russian culture and spiritual values, corresponding to the paradigm of sustainable development that creates the basis for the emerging integral world economic order. Fifthly, only Russia has experience of world leadership from among these countries. This became an important cementing element in formation of the BRICS union, in which Russia plays the role of an informal leader.

Unlike the imperialist world economic order characterized by the use of violent methods to safeguard the interests of American capital in international relations by unleashing wars, revolutions and coups on all continents of the planet, the integral order is characterized by establishment of mechanisms for mutually beneficial cooperation respecting the national

sovereignty of different countries. The projects of Eurasian integration implemented with the participation of China, Russia and India are built exclusively on a voluntary basis, being founded on common interests and non-interference in internal affairs. The SCO and the BRICS operate proceeding from these premises, as well as the Eurasian Economic Union. China is the most important partner for the latter, with which all the countries of the EEU connect their long-term strategic partnership interests. China accounts for 20% of the EEU foreign trade turnover, mutual investments are rapidly growing, and cooperation ties are expanding.

The leaders of Russia and China have repeatedly stressed the great importance of strategic partnership, both for the development of the national economies of the two countries and for the formation of a new architecture of the world economic system. It is embodied in transition to settlements in national currencies, creation of joint development institutions, establishment of zones with a preferential regime of trade and economic cooperation in Eurasia. The plans for the future envision the creation of the world's largest common economic development space, which will effectively combine the competitive advantages of the national economies of the giant continent. At the same time, the distinctiveness of each country will be preserved, and as whole they will provide the diversity of cultures, jurisdictions, political systems and economic

practices necessary for the further development of mankind.

Eurasian economic integration as the basis of the anti-war coalition and harmonization of international relations

Due to a number of objective historical, economic and political reasons, Russia plays a key role in organizing the processes of Eurasian integration. Public opinion surveys conducted by the Integration Barometer[247] indicate an invariably persisting view of Russia as a unifying center for the population of all CIS countries. They expect from Russia an innovative breakthrough, some signals for the implementation of systemic changes that will take into account the national interests of the states participating in the processes of Eurasian integration.

While in the socio-cultural and economic spheres there is an evident substantial differentiation of views and attitudes about the preferred vectors of attraction, in the political (especially military-political) sphere there is a comparative unity of opinions. Practically in all

[247] Integration Barometer, Centre for Integration Studies of the Eurasian Development Bank. Moscow, 2013, 2014

the republics of the post-Soviet space, the majority of residents are oriented toward Russia in matters of political friendship and mutual military assistance. It was also put on the first place in the frequency of mentioning as a "friend country" by respondents from nine CIS countries[248].

Public perception of Russia as the nucleus of attraction on the Eurasian continent was formed not only because of its vast territory and resource potential. Eurasianism refers Russia to a special ethnographic formation located between Europe and Asia, and represents an ideological, political, historical and cultural concept[249]. The earliest sources of Eurasianist ideas are attributed to the end of the 15th and beginning of the 16th centuries, where the Russian people is defined as the defender of Orthodoxy and the heir of Byzantine culture. One of such sources referred to by the Eurasianists are the "Epistles of the Elder Philotheus," the hegumen of the Pskov Yelizarov Monastery. The formation of geopolitical views of Eurasianists was directly influenced by the works of A. Khomyakov, I. Kireevsky, S. Aksakov, where Eurasianism was developed in Russian historiosophical thought of the 19th century.

The origin of Eurasianism as an ideological concept is considered to be the book by N.S.

[248] In Kazakhstan, the Russian direction is comparably significant

[249] Eliseev M. *Yevraziyskoe prostranstvo: geoekonomicheskiy aspekt razvitiya* [Eurasian space: geo-economic aspect of development]. *Eurasian integration: economics, law, politics*, 2013, No. 14. (In Russian)

Trubetskoy *Europe and Mankind*, published in Sofia in 1920. This "cultural-historiosophic" movement was created among the Russian intelligentsia who emigrated to Europe after 1917. Along with N.S. Trubetskoy, its prominent representatives were geographer P.N. Savitsky and historian G.V. Vernadsky[250].

One of the points of Eurasianism was the "concept of the multilinearity of the world historical process," which made the "originality and unique identity of culture" its inalienable characteristic feature and denied the exclusivity and absoluteness of European culture.

The very concept of "Eurasia" was interpreted by the movement participants from several positions. Firstly, as purely geographical. They considered it quite natural to divide the West and the East into Europe (Western Europe), Asia (south and east of Asia: India, China, Eastern Siberia) and Eurasia (continental flat part of Europe and Asia). Secondly, from an ethnic point of view, a special "Turanian psychological type" was formed in Eurasia, "Russians are neither Europeans nor Asians, but Eurasians." Thirdly, in terms of pure economy Eurasian Russia is a continental country, and the ties that need to be developed are not the same as in the global ocean economy, but intracontinental ones.

We should acknowledge the prophetic vision of N.S. Trubetskoy, who in 1927 foresaw the

[250] Gumilyov L. *Istoriko-filosofskie trudy knyazya N.S. Trubetskogo (zametki poslednego evraziytsa)* [Historical and philosophical works of Prince N.S. Trubetskoy (notes of the last Eurasian)]. (In Russian)

collapse of the communist empire and a new unification of peoples on this territory as equals, based on an understanding of the community of their historical destiny[251].

Later on, L. Gumilyov played a special part in the establishment of the theory of modern Eurasianism. In his pre-death interview in 1992, already after the collapse of the USSR, he said, "Let me tell you a secret: If Russia will be saved, then only as a Eurasian power, and only through Eurasianism"[252]. This formula, which can be regarded as a guide to action, has been consonant with the ideas of modern experts who recognize that the welfare of the states of Eastern Europe, the Caucasus and Central Asia depends not on provision of individual preferences in cooperation with the West or the East, but on creation of the Eurasian transcontinental corridor from the Atlantic to the Pacific Ocean.

In the Old World, Russia is the only country located "from sea to sea," through which communication can run between the three world regions of economic and technological development in Western Europe, East Asia and North America.

The unique place of Russia and its attractiveness in Eurasia is determined by several features highlighted by the well-known

[251] Trubetskoy N.S. *Istoriya. Kultura. Yazyk* [History. Culture. Language]. Foreword by N.I. Tolstoy and L.N. Gumilyov. Preparation, text processing an comments by V.M. Zhivov; Austrian Academy of Sciences. Moscow, Progress-Univers Publ., 1995. (In Russian)
[252] Published in the monthly digest of social co-thinking *Socium*, 1992, No. 5. (In Russian)

Russian intellectual A.I. Podberezkin[253]: Russia is not just a country, it is a country-civilization.

- There are no more such countries in the world, with the exception of China, India and Japan, neither in sociocultural, nor in historical aspect. Therefore, national and state identity will inevitably remain despite the influence of globalization, or attempts by cosmopolitans to "liberalize" it and change its traditional character;
- Russia occupies a unique place in terms of geography, being the center of Eurasia and connecting its eastern, western and southern borderlands;
- Russia occupies an exclusive place in the world by reserves of mineral and biological resources, as well as by the territory of its adjoining marine areas;
- Russia unites on its open and non-discriminatory cultural and spiritual basis all the major world religions and denominations with the decisive role of Orthodoxy, creating an amazing, unique spiritual space that opposes agnosticism and modern secularism;

Russia is a unique information, communication and transportation hub of global importance, the role of which is rapidly increasing.

In 2000, the decision to create the EurAsEC fully corresponded to the concept of multi-speed and multi-level integration that had already ripened by that time. The Baltic republics fell

[253] Podberezkin A., Borishpolets K., Podberezkina O. *Yevraziya i Rossiya* [Eurasia and Russia]. Moscow, 2013. (In Russian)

away from the post-Soviet space, to be swallowed up by the EU following the former Eastern European CMEA countries. Turkmenistan and Azerbaijan have self-isolated from integration, building their policies on the basis of gas and oil exports. Uzbekistan, the leadership of which relied on relatively autarkic development, took a neutral position. The dynamics of perception by the Russian leadership of the Eurasian integration processes, from imitation to real promotion, immediately received support from interested states, including Ukraine. The latter confirmed its participation in the formation of the Common Economic Space with Russia, Belarus and Kazakhstan.

At the same time, the integration impulse in the early aughties was largely emasculated and negated by ultra-liberals in the Russian government, who considered any forms of integration in the post-Soviet space as economically inefficient and rudimentary.

The idea of reuniting the economic potentials of the CIS states on a market basis and giving concrete substance to the integration initiatives of Vladimir Putin was met by their latent opposition within the country, and open one beyond its borders. The suggested false idea about incompatibility of the simultaneous creation of the Customs Union and the SES and the accession of their potential member states to the WTO, prioritizing the latter, blocked the integration process for several years. The

officials responsible for integration either sabotaged the process, or dragged leaders of states into deliberately unrealistic initiatives to discredit the idea of integration.

The global crisis distracted to a certain extent the attention of geopolitical opponents and their ideological followers within Russia from the integration activities in the post-Soviet space. They proceeded from the premise that the Russian leadership's adherence to the dogma of the WTO priority blocked them for a long time. Only after the resolution adopted by heads of government of the three member states of the already formed Customs Union on June 9, 2009, to terminate separate negotiations on accession to the WTO and create a single delegation for the talks in Brussels on the accession of Belarus, Kazakhstan and Russia to this organization on a unified basis, Washington realized the earnestness of these intentions. The EU ambassador in Moscow, Marc Franco, was even recalled from Russia because he underestimated the determination of the Russian authorities to set the integration of the post-Soviet space in motion.

Attempts to stop the process of Eurasian integration were taken after this as well. Attitude to the Eurasian economic integration has uncovered many of Russia's longstanding domestic problems. On the one hand, criticism becomes more severe in the Russian society in respect of ultra-liberal ideology, manifested in the blind fulfillment of the recommendations

issued by Western experts, and in respect of models for building socio-economic life, with serious negative implications virtually in all spheres of life. On the other hand, the processes of globalization and world competition make it impossible even for such a huge country as Russia to act alone, forcing to seek allies in a multipolar world[254].

In this connection, the policy of the country's leadership to actualize the potential of the EEU with the participation of Russia, Kazakhstan, Belarus, Armenia and Kyrgyzstan is quite understandable. At this stage, the focus is on maximizing the freedom of movement of goods, services, capital and labor[255]. As Vladimir Putin rightly pointed out, "... regional integration – the entire world is following down this path – is the most effective way to maximize the use of domestic growth resources and enhance competitiveness on global markets. And, of course, as we have already mentioned on many occasions, together we are stronger, and it's easier for us to deal with global challenges"[256].

Based on these considerations, the Eurasian Union is being built as a community of equal partners. Equality and mutual trust are prerequisites for the rapid advancement of the alliance. This is fundamentally important for the

[254] Zapesotskiy A. *Rossiya mezhdu Vostokom i Zapadom: novyy kontekst staroy diskussii (k voprosu o sovremennoy teorii i praktike evraziystva)* [Russia between East and West: the new context of the old discussion (the issue of modern theory and practice of Eurasianism)]. Saint-Petersburg University of Humanities and Social Sciences, 2013. (In Russian)

[255] Ibid.

[256] Speech by Vladimir Putin at the meeting of the Supreme Eurasian Economic Council on October 24, 2013, Minsk. Official website of the President of the Russian Federation

former USSR republics. It is critical to remember that "Eurasia is not synonymous with Russia"[257].

Despite the obvious dominant role of Russia as the largest economy in the region, the Eurasian project – at least, from a political point of view – cannot be a "Russian-centric" phenomenon, as experts believe[258]. However, the political side of Eurasian integration does not belittle its economic component. Partners expect Russia's go-aheadedness in proposing beneficial joint projects[259].

Russia is undoubtedly the ideological, economic and administrative leader of the Eurasian integration process. The latter has been successfully developing when the Russian leadership gave priority to this process. When the head of the Russian state used to stop paying due attention to this process, it was suspended. Russia's key role in Eurasian integration is determined historically and objectively by its undeniable economic and political dominance. Russia accounts for 87.6% of the economic potential, 78.4% of the population and 83.9% of the territory of the Eurasian Economic Union. This creates both advantages and certain difficulties in shaping of the Eurasian economic integration structures.

In the most difficult period of the Eurasian integration, when the customs union of Belarus,

[257] Nysanbaev A., Kurmanbaev E. *Yevraziyskaya ideya Chokana Valikhanova* [The Eurasian idea of Chokan Valikhanov]. *Eurasian Community*, 1999. (In Russian)
[258] Vinokurov E., Libman A. *Dve evraziyskie integratsii*. [Two Integration Processes in Eurasia]. *Voprosy Economiki*, 2013, No. 2. (In Russian)
[259] Eliseev M. *Yevraziyskoe prostranstvo: geoekonomicheskiy aspekt razvitiya* [Eurasian space: geo-economic aspect of development]. *Eurasian integration: economics, law, politics*, 2013, No. 14. (In Russian)

Kazakhstan and Russia was being created in 2009-2011, the leading role of the Russian Federation was formally enshrined in the rules of procedure for the decision-making of integration structures. The share of votes of each state conformed to its share in budget financing. In the first supranational body, the Commission of the Customs Union, Russia's share in the budget was 57%, with the same number of votes when making decisions, the share of Belarus and Kazakhstan was 21.5% each respectively. With the transition to establishment of the EEU and the transformation of the Commission of the Customs Union into the Eurasian Economic Commission, absolute equality of all parties in the decision-making was established, while Russia's share in financing the budget reached 88% in accordance with its share in the distribution of revenues from the receipt of import duties. This decision entails contradictory consequences.

On the one hand, Russia's formal equalization with other member states of the EEU might result in a more complicated decision-making and a slower pace of Eurasian integration. Due to the equalization of all member states in the number of votes and in representation in the management bodies, giving each of them the right to put a veto on resolutions of the supranational body, the complexity of making common decisions has increased drastically. As a result, the formation of a single economic

space started dragging out, and its completion was postponed from 2017 to 2024. The parallel expansion of the supranational bureaucracy resulted in a multiple increase in the staff number and cost of the supranational body operation. Thus, the average cost per decision of the Eurasian Economic Commission increased more than 20-fold compared to its preceding Commission of the Customs Union.

On the other hand, vesting the parties with absolute institutional and legal equality in the integration management body is aimed at removal of any grounds for distrust of the national elites of the integrated states, and at elimination of the wary attitude towards the EEU from its prospective new members. In the long term, subject to controllability of the supra-national bureaucracy and its responsibility for the implementation of integration processes, this approach seems justified.

Objectively, Russia is the basis of the Eurasian integration, and a weakening of its formal positions could be made up for by strengthening the ideological component of this process, shared by all its participants. To do this, we need to rise above the purely economic component that currently defines the meaning of this process, expanding its understanding with formation of a new integrity, and turning to the philosophical origins of Eurasianism.

Speaking about Eurasian integration, usually we mean its economic component, although the leader of Russia Vladimir Putin noted that "We

suggest a powerful supranational association capable of becoming one of the poles in the modern world and serving as an efficient bridge between Europe and the dynamic Asia-Pacific region"[260].

The very title of his article, "...a project for Eurasia...", goes far beyond the purely economic understanding of the Eurasian integration idea.

Vladimir Putin spoke out time and again about the prospect of forming a common continental area of cooperation from Lisbon to Vladivostok on the basis of free trade relations and mutually beneficial cooperation. The Russian leader envisages Eurasian integration much broader than just the creation of the EEU, including in it not only the SCO that unites the latter with China and India, but the Greater Europe as well[261]. Vladimir Putin developed this idea at the meeting of the Russia-EU Council, but he also pointed to a predictable reaction of the European partners, who unlike the Russian part are not ready for such formulation of the issue[262].

The policy of Eurasian integration lacks ideology[263]. Vladimir Putin said at the Valdai

[260] Putin V. The new integration project for Eurasia–a future that is born today. *Izvestiya*, October 3, 2011.
[261] Zapesotskiy A. *Rossiya mezhdu Vostokom i Zapadom: novyy kontekst staroy diskussii (k voprosu o sovremennoy teorii i praktike evraziystva)* [Russia between East and West: the new context of the old discussion (the issue of modern theory and practice of Eurasianism)]. Saint-Petersburg University of Humanities and Social Sciences, 2013. (In Russian)
[262] Vladimir Putin said, "As a concrete idea, the EU leadership was invited to study the possibility of forming a free trade area between the EU and the Eurasian Economic Union created by Russia, Belarus and Kazakhstan. In any case, this is worth sparing a thought..."
[263] Podberezkin A., Borishpolets K., Podberezkina O. *Yevraziya i Rossiya* [Eurasia and Russia]. Moscow, 2013. (In Russian)

Forum, "I am not only thinking about analyzing Russian historical, cultural, and governance experiences. First and foremost, I am thinking of general debates, conversations about the future, strategies, and values, about the values underpinning our country's development, how global processes will affect our national identity, what kind of twenty-first-century world we want to see, and what Russia, our country, can contribute to this world together with its partners"[264]. The Eurasian idea and Eurasian policy are not just geopolitics in its traditional sense as domination in the region, they are also a struggle for a national value system that has in fact become an integral part of the struggle for sovereignty and protection of national interests in Eurasia.

In transition to the new global economic paradigm, the limits of liberal globalization become revealed. New independent centers of the world economy, being formed in spite of American domination – China, ASEAN, India, and the EEU – have their own cultural and civilizational characteristics, differing in their values, history, culture, spirituality and other national and regional specific features. Today, it is already obvious that for all the significance of the globalization of interpenetration, none of these centers of power will abandon its singularity along with cultural and ideological identity. Moreover, they will only strengthen and promote them, seeking to reinforce their

[264] Putin's speech at the plenary session of the Valdai Club, September 21, 2013.

competitive advantages in relation to other centers of power.

Russia faces an obvious choice, either to become a powerful ideological and civilizational center (which was characteristic of its entire history of the last millennium), as well as an economic and social one, or integrate into some other global center of power after losing its own identity. The choice in favor of self-sufficiency and self-reliance based on an understanding of its cultural and historical purpose requires restoration of a relatively high weight of Russia and the EEU in the world economy, trade, scientific and technical cooperation. It is necessary to develop, adopt and implement a set of measures, taking into account the still limited Russian resources and its capabilities in Eurasia. To achieve this, the above strategy for the outstripping development of the Russian economy should be implemented.

Extensive Eurasian integration including Europe, China, India, and the Middle East could become a powerful stabilizing anti-war factor conducive to overcoming the global economic crisis and creating new development opportunities. The thinking and most responsible part of the world community has realized that in order to avoid a new wave of self-destructive confrontation and to ensure sustainable development, a transition to a new world view model is necessary, based on the mutual respect for sovereignty, fair global regulation and mutually beneficial cooperation.

Russia has a unique historical opportunity to regain the role of a global unifying center, around which a fundamentally different balance of forces will start emerging, with a new architecture of global monetary, financial, trade and economic relations based on justice, harmony and cooperation for the good of the peoples of the whole Eurasia[265].

As already mentioned above, the degradation of economic potentials of the post-Soviet states entailed shrinkage of their mutual trade, which narrowed the possibilities for integration. To expand this bottleneck, the consolidation of markets is not enough – of special importance is the development of cooperation between enterprises of different countries, for which a common development strategy is necessary. The main part of the synergistic effect of the Single Economic Space (SES) is achieved exactly due to supplementing the common market with the unified policy of development. The consolidation of markets provides only a third of the 15% GDP growth expected in the 20-year perspective as a result of successful Eurasian integration, according to calculations based on the model of integrated cross-sectoral balances of the Customs Union member states[266]. Although in the first year of full-scale

[265] Glazyev S. *Yevraziyskaya integratsiya kak klyuchevoe napravlenie sovremennoy politiki Rossii* [Eurasian integration as a key direction of Russia's current policy]. *The Izborsk Club Journal*, 2014, No. 1. (In Russian)

[266] Glazyev S., Klotsvog F. *Perspektivy ekonomicheskogo razvitiya SNG pri integratsionnom i inertsionnom stsenariyakh vzaimodeystviya stran-uchastnits* [Prospects for the economic development of the CIS under the integration and inertial scenarios of the interaction between its member countries]. *Russian Economic Journal*, 2008, No. 7-8. (In Russian)

Customs Union activity almost 1.5-fold growth of mutual trade was achieved, the further economic effect of integration will be determined by the results of the formation of a common development policy. It should be developed taking into account the global patterns of modern economic dynamics, determined by the change of technological paradigms and the global crisis caused by this process. This should be a policy of outstripping development based on the concentration of the EEU resources in key areas of the new technological paradigm[267].

The main burden of developing and implementing the overall EEU development strategy falls on Russia. In this connection, the Belarusian five-year development plans should be taken into account, along with the Kazakhstan program of industrialization and the corresponding development plans in Armenia and Kyrgyzstan. For all the uniqueness of the Eurasian integration process, the international experience of integration cooperation, which is rich and diverse enough, should also be applied[268].

[267] Glazyev S.Y. *Strategiya operezhayushchego razvitiya Rossii v usloviyakh globalnogo krizisa* [The strategy of Russia's outstripping development in the context of the global crisis]. Moscow, Economika Publ., 2010. (In Russian)

[268] *Otsenka perspektiv i ekonomicheskogo effekta ot integratsionnogo sotrudnichestva v ramkakh Tamozhennogo soyuza (TS) YevrAzES i Yedinogo ekonomicheskogo prostranstva (YeEP) Rossii, Belorussii i Kazakhstana, v tom chisle s uchetom zarubezhnogo opyta v etoy sfere i vozmozhnogo prisoedineniya novykh gosudarstv uchastnikov k TS i YeEP* [Assessment of prospects and economic benefits of integration cooperation within the framework of the Customs Union (CU), EurAsEC and the Single Economic Space (SES) of Russia, Belarus and Kazakhstan, taking into account the foreign experience in this area and the possible accession of new member states to the CU and EEU]. Research project report under supervision of K. Borishpolets. MGIMO, 2011. (In Russian)

According to the WTO, in the world today there are about 200 regional groupings with different levels of development of integration ties in the sphere of economy. The most effective acknowledged integration projects are the European Union (EU), the North American Free Trade Area (NAFTA), the Association of Southeast Asian Nations (ASEAN), the Mercado Común del Sur (MERCOSUR) and the Andean Community of Nations (ACN).

At the same time, all regional groupings are at different stages of convergence of economic systems, using different regulation mechanisms and algorithms. The EEU is not the largest integration formation, but, based on the achieved departure position, it has every chance to develop into a much more powerful regional grouping. However, the political willpower and favorable economic prerequisites alone are not enough. Russia, which carries the main burden of responsibility for the progress of integration processes, and its partners need to determine their strategic priorities as soon as possible, enshrining them in agreed development strategies and policies.

The policy of modernization and development of the Russian economy should be based on an assessment of the global economic development prospects and an identification of national competitive advantages, the activation of which could ensure a steady and rapid growth of production on the wave of economic growth that is currently emerging. The way out

of the global economic crisis is connected with the "storm" of innovations that pave the way for the emergence of new technologies.

As it was shown above, it is during similar periods of global technological shifts that a "window of opportunities" arises for the lagging countries to get ahead and work an "economic miracle." For this, a sufficiently powerful initiating impetus is needed, which would allow to concentrate the available resources on the promising directions of the formation of the new technological order. As international experience shows, the accomplishment of such breakthroughs implies an increase in the rate of accumulation up to 40% of GDP with a concentration of investment in the breakthrough areas of global economic growth. A key role in this is played by a drastic increase in innovation activity. In the modern economy, scientific-technological progress accounts for up to 90% of the cumulative contribution of all GDP growth factors.

Given the critical value and high uncertainty of the results of scientific research, the state assumes the functions of an intellectual and information center for regulation and strategic planning of economic development, maintaining an appropriate scientific and technological environment that would include an advanced base of fundamental knowledge and pilot research, applied R&D institutes, a system for promoting the mastering and propagation of new technologies. Russia should focus on the

adoption of outstripping development plans based on promising sectors of the new technological paradigm. Such sectors should have a cooperative relationship with the industry of the EEU partners.

The feature of the basic technologies of the new technological paradigm is their high integration, which requires a comprehensive policy of their development providing for simultaneous creation of clusters of technologically coupled industries, along with the corresponding sphere of consumption and management culture. Regarding the development of cooperation in the SES, such clusters can be created in most areas, based on available scientific, technology and production reserves.

Expanding and improving the quality of cooperation, based on an understanding of the structural component of global economic changes, would enable the EEU member states to develop a clear concept of joint development based on the competitive advantages of each and everyone. Such an approach fully complies with the theoretical and practical groundwork of experts, who single out about 10-12 economy sectors capable of leading the alliance forward[269].

The generation of such a list of interrelated competitive production facilities is critically important not only in the context of making the

[269] *Technological cooperation and the improvement of competitiveness in the SES*. Report of the Eurasian Development Bank's Centre for Integration Studies No. 10, 2013.

EEU attractive for new members, but also in connection with the likely recarving of economic influence zones throughout the Northern Hemisphere that determines global economic development. Such reformatting of Eurasia is connected with implementation of the plans for the establishment of the Trans-Pacific Partnership (TTP) and the U.S.-EU Transatlantic Trade Partnership. After establishment of these free trade areas, it is likely that a new configuration of the global economic space will emerge, which in the coming years will account for most of the international exchange. We might well assume that after the creation of these intercontinental trade groupings, in the vast majority of world markets the exporters of the EEU member states will be in a less favorable situation compared to suppliers of the superbloc members[270]. With regard to the products of the EEU, the most-favored-nation tariffs (enshrined in the obligations of the WTO member states) will operate within the groupings, while the products of the member countries of the groupings will either not be subject to import duties, or will be subject to preferential (reduced) duty rates. Obviously, this situation will entail a decrease in the price competitiveness of Russian products[271].

Leaving other negative points aside, it is safe to say that the establishment of the FTA between the U.S. and the EU will be a serious

[270] Based on the sources of the RAS Institute for U.S. and Canadian Studies, MGIMO and the Russian Institute for Strategic Studies.
[271] Ibid.

obstacle to implementing the concept of a free trade area between Russia and the EU declared by the Russian leader. Reduced probability of creating such an area could become an additional negative factor hampering the expansion of integration in the post-Soviet space, and contributing to a certain isolation of the EEU.

The U.S. plans to create the Trans-Pacific Partnership, another transcontinental zone of preferential trade and economic regime without the participation of Russia and China, also contradict Russian interests. This attempt does not dovetail with the foundations of the modern world economic order created by the U.S. itself, which is another sign of its decline.

In any event, the strengthening of Russian position in the world economy and international trade will depend not so much on changes in the design of the global economic space, as on the successful solution of the integration tasks within the post-Soviet space and the socio-economic tasks of implementing a new industrialization based on the new technological paradigm. The U.S. strategy is to block Russia's ability to solve these problems – its aggression in Ukraine, Georgia and Moldova aims against the first, while economic sanctions, including embargo on the supply of high-tech equipment and transfer of new technology, aim against the second one.

Despite the obvious compliance of the process of Eurasian economic integration with

the generally accepted global standards for creating regional economic associations, including the WTO rules, a party to which is not Russia alone, but the entire unified customs territory of the Customs Union as well (according to the relevant international treaty), this does not prevent the countries that still apply Cold War concepts from regular hitting out at the emerging Eurasian Union, trying to represent this regional economic association (which is quite conventional under the international law) as the restoration of the USSR[272].

The heads of the EEU member states repeatedly stressed the purely economic nature of Eurasian integration. This feature determines the boundaries of delegating national sovereignty to a supranational level. The policy pursued by the presidents of "the three" allows currently to feel well the boundaries of integration expediency, determined by centuries of historical experience and modern realities.

This also concerns seeing the fine line beyond which integration ceases to be organic and becomes conflictual[273]. Or, for that matter, when the synergy of unification for the common good is undermined by the infringement of the

[272] On December 6, 2012, the U.S. Secretary of State Hillary Clinton stated in Dublin, "There is a move to re-Sovietise the region. It's not going to be called that. It's going to be called a customs union, it will be called Eurasian Union and all of that. But let's make no mistake about it. We know what the goal is and we are trying to figure out effective ways to slow down or prevent it."

[273] Glazyev S. *Yevraziyskaya integratsiya kak klyuchevoe napravlenie sovremennoy politiki Rossii* [Eurasian integration as a key direction of Russia's current policy]. *The Izborsk Club Journal*, 2014, No. 1. (In Russian)

interests of some for the benefit of others. In other words, when integration turns into colonization.

Eurasian integration is being established in keeping with the best domestic traditions, when the strong help the weak, while voluntariness and mutual respect for spiritual values and cultural identity of the unifying nations are strictly observed. The Russian Empire, and then the Soviet Union, were the only examples of the colonization of a large space in the interests of the acceding nations rather than the core. At the cost of the vital forces, material and human resources of the Russian people and the economic center of the country, the outlying districts were being upgraded, and the level of their development was harmonized with the metropolitan standards. This became evident with the collapse of the USSR, when the standard of living in all former Soviet republics has dropped dramatically, and still remains significantly lower than in Russia and many times lower than in Moscow.

Russia is the natural and chief donor of the integration process. Yet not through one-sided donations to national elites, but with a view to creating a common synergetic effect, when all the participants in the association benefit by expanding opportunities and combining national competitive advantages. This determines the consistent adherence of the Russian leadership to the philosophy of voluntariness, not wanting to incur surplus costs to overcome the

resistance of separatists, and following the well-known proverbial wisdom that love cannot be forced[274].

After all, if we compare the Eurasian integration processes with the empires of the past, it is the European, and not the Eurasian Union that has imperial features, being a product of the imperialist world economic order. The EU is a modern bureaucratic empire, in which the incredibly expanded Eurocracy (about 50 thousand European officials), evincing the interests of large European capital and serving the European TNCs, dictates its will to the peoples and national governments of European countries. This was particularly evident in the imposition of an association with the EU on Ukraine as a colony through blackmail and bribery of the Ukrainian elites, followed by resort to brute force and illegal methods of coercion right up to the coup d'état, mass repression and civil war. The same methods were applied by European politicians and officials against Moldova and Georgia, forcing them to enter into an unequal association.

Unlike the EU and the U.S. empire reducing other countries to submission by force of arms and the world currency, Eurasian integration has the nature of a voluntary commonwealth of the peoples that have been living together for centuries, each of which retains its national sovereignty and has equal rights in the adoption of supranational resolutions[275]. In this lies the

[274] Ibid.
[275] The distribution of votes among members of the EU varies. The 28th member of the

great potential of Eurasian integration, which is more in line with the requirements of the third millennium than the integration of NATO countries based on force, money and deception.

The principles of Eurasian integration are comfortable for all countries wishing to cooperate on the basis of equality, mutual benefit and justice. Due to its historical experience, spiritual traditions and geopolitical significance, Russia is the natural center of such integration, which can actually cover the territory from Lisbon to Chukotka in latitude and from Novaya Zemlya to Sri Lanka in longitude. This is the potential of the Eurasian project, which can become the prototype of the new world economic paradigm that combines freedom of trade with state regulation of the economy for development of all states that unite in a single economic space.

The process of Eurasian integration can lead to an association of countries and peoples interested in preserving their national traditions, spiritual values and cultural features while striving to master advanced technologies for economic well-being. However, implementation of this project will be possible only when Russia becomes attractive, being an example of a just, effective and humane state system. This is impossible without a drastic change in Russia's economic policy and formulation of an attractive model for the development and expansion of

European Union was Croatia, which has one representative in the European Council (7 votes). At the same time, Germany and France have 29 votes each. Associated members do not have any representation in the supranational body.

the EEU. In other words, in order to actualize the Eurasian integration potential, it is necessary to recover the historical meanings of Russia and conduct technological modernization of the economy, implementing a strategy of outstripping development based on the new technological paradigm[276].

[276] S. Glazyev. *Uroki ocherednoy rossiyskoy revolyutsii: krakh liberalnoy utopii i shans na ekonomicheskoe chudo* [Lessons of the next Russian revolution: the collapse of liberal utopia and the chance of an economic miracle]. Moscow, *Ekonomicheskaya Gazeta*, 2011. (In Russian)

By Way of Conclusion
THE FUTURE OF UKRAINE

After the above analysis of the objective laws and subjective factors of the new world war being unleashed by the U.S. oligarchy against Russia, it is appropriate to return to the issue of Ukraine again. U.S. geopoliticians chose it as the main direction of the attack against Russia and achieved strategic success, in effect occupying its main part through the successful coup d'état and bringing their puppets to power. Under the guidance of U.S. specialists, the construction of the Ukrainian nation on a Russophobic basis is proceeding at a rapid pace, while the essence of Ukrainianness has been crystallized as anti-Russian. For the first time in our history, a very significant part of the Russian World not simply has been torn from it, but has been turned into a hostile and extremely aggressive formation.

The further evolution of the Ukrainian state directed by the U.S. secret services poses an extreme danger for Russia. Firstly, the transformation of tens of millions of people into Russophobic Nazis means huge and irreparable losses for the Russian World and the relevant

weakening of Russia.

Secondly, the transformation of Ukraine into an anti-Russian fascist state under U.S. administration significantly enhances the ability of the latter to destabilize the socio-political situation in Russia. Kiev has already become a center of consolidation of anti-Russian forces with an influential network of supporters in Moscow. Their reinforcement by militants from Ukrainian Nazi organizations indistinguishable from Russian citizens creates a serious threat of riots and acts of terrorism in the capital and frontier cities of the Russian Federation.

Thirdly, Ukraine's separation from Russia sharply weakens the potential of Eurasian integration. Without it, the EEU remains unfinished, as many technological chains for the production of high-value-added products, especially in machine building, chemical and metallurgical industry, include Ukrainian enterprises, scientific and design organizations.

Fourthly, the destruction of the still significant cooperation between Ukrainian and Russian enterprises, design centers and scientific institutes in the high-tech industry inflicts huge damage on the Russian defense industry complex.

Fifthly, the militarization of Ukraine and strengthening of the Ukrainian armed forces under NATO leadership represent a direct military threat to Russia, comparable to the importance of the occupation of Ukraine by fascist Germany for the defense capability of the USSR during the Great Patriotic War.

Sixthly, the militant anti-Russian rhetoric of the Nazi junta leaders in Kiev, the ceaseless shelling of the Donbass cities and military provocations despite the Minsk agreements, leave no doubt that the main geopolitical goal of their U.S. curators is to draw Russia and the European NATO countries into a full-fledged war.

Seventhly, the U.S. playing their Ukrainian puppets on stage of the European political theater excludes the restoration of normal relations and cooperation of Russia and the EEU with the EU countries, which weakens Russia economically, technologically and politically, making it extremely difficult to develop Eurasian integration.

In other words, the Nazi criminal regime that occupied Ukraine, led by the U.S. secret services, is incompatible with both the interests of the people of Novorossiya, Malorossiya and Carpatho-Russia, and with the vital interests of Russia. Without liberating Ukraine from the pro-American Nazi junta, neither Russia's national security, nor a decent life of the Ukrainian population, nor the well-being of the Russian World can be ensured. This liberation can hardly be complete. Soviet power had to spend almost a decade after the liberation of Ukraine from the German Nazi occupation to finish off the Hitlerite minions hiding in the Carpathian Mountains. Today, the number of nationalists associating themselves with them increased thousandfold. Successful can only be the

liberation of those regions of Ukraine, where the majority residents continue to consider themselves a part of the Russian World. There are the following legal, economic and ideological prerequisites to this.

From the legal point of view, as was shown above, the current Ukrainian regime is illegitimate, and worse yet, criminal. This is evidenced by a legal analysis of the circumstances of its emergence and functioning after usurpation of power.

From the economic point of view, the current Ukrainian government has already led the country to a catastrophe and cannot escape it within the framework of its policy of confrontation with Russia. In fact, it implements a new edition of the old "shock therapy" policy (the first was in the early 1990s), due to adoption of another IMF program and signing the association agreement with the EU. However, the point of departure for this "bold action" is completely different than almost a quarter of a century ago, as at that time Ukraine was the most economically developed republic of the USSR with industry that surpassed in level and scope all Eastern and Southern European states, maybe with the exception of Italy.

As of today, the Soviet legacy has been completely guzzled away, as depreciation of fixed assets has exceeded 75-85% in the basic sectors. This process entailed a redistribution of the national income in favor of a small number

of offshore beneficiaries, who export not only the entire surplus social product, including natural rent, but also a part of the necessary product, plundering the depreciation and payroll funds. Ukraine approached EuroMaidan with one of the lowest living standards in Europe: in terms of GDP per capita, the country was in early 2014 at the level of Tunisia and Uzbekistan, 3-fold lower than Russia and 1.5-2-fold lower than Belarus and Kazakhstan. After the catastrophic 2014/15, GDP per capita dropped to the level of backward African countries. Continuing to follow the "European choice" course, Ukraine faces a choice between bad, very bad and catastrophic options:

1) a controlled crisis with elements of stagnation against the background of formal compliance with the IMF conditions, with an aggressive anti-Russian policy, but attempting to make Russia assume the role of an unselfish helper and culprit behind all Ukrainian misfortunes and failures; this scenario means a formal observance of certain provisions of Minsk-2, although the real federalization of Ukraine will be thwarted;

2) an uncontrolled crisis (economy collapse) in the event of the IMF's refusal to provide financial "support" under the pretext of not fulfilling certain mandatory conditions. This option is probable if the real goal of U.S. policy will be unleashing the open, possibly military confrontation between Russia and European countries in the territory of Ukraine with indirect

U.S. participation; this half-disintegration scenario with possible conflict escalation outbreaks does not meet the interests of the EU and Russia, increasing the likelihood of their involvement into the conflict and the transfer of "managed chaos" to their territory;

3) socio-economic chaos (catastrophe), the main consequence of which will be cessation of the existence of Ukraine as an integral state, resulting in tectonic shifts in the European and global security system and geo-economic cooperation.

In terms of depth and consequences, these scenarios can be designated as "crisis," "collapse" and "catastrophe": the conditional quantitative gradation between them lies in a drop in GDP from 10-15% (crisis) through 20-30% (collapse) to 35-50% (catastrophe). These gradations represent qualitative differences and consequences for the EU and Russia: the crisis can be stopped (frozen) by the usual tricks of the IMF-EU (by the type of Bulgaria and the Baltic states); the collapse will affect the economies of neighboring countries; the catastrophe will entail transfer of destruction to other countries, and not only to Russia, as the initiators of the Maidan are hoping.

The scenario of crisis stabilization is politically possible only if punitive operations are stopped in the south-eastern regions of the country. At the same time, the question arises: at whose expense can the financial system of Ukraine be

rehabilitated. First of all, we are talking about assets accumulated in Ukraine (mainly in the form of foreign currency). To these foreign assets of Ukraine should be added the household savings in cash foreign currency (dollars and euros), which are estimated at $ 50-80 billion and exceed 3-5-fold the available money supply in Ukraine in hryvnas.

Rehabilitation of the financial system of Ukraine has three potential sources:

- the funds of Russia in Ukraine (about $ 60 billion in various forms);
- household funds ($ 50-80 billion);
- oligarchic funds ($ 70-100 billion).

The total volume of these "reserve funds" exceeds the GDP of Ukraine and is a tempting "booty" for the "rehabilitator" countries.

In the event of further economic paralysis in Ukraine, the reserve household funds will be used for survival purposes (allowing to hold out for several months), although it might possible to somewhat improve the situation in the banking sector at their expense by freezing foreign currency deposits. So, on September 1, 2014, the NBU already issued an instruction prohibiting the withdrawal of foreign currency funds inside Ukraine and prescribing their conversion into the hryvna.

The reserve funds of oligarchs are located mainly in offshore zones such as Cyprus, Belize, Seychelles, Marshall Islands, etc., these funds are also burdened with comparable obligations (loans to Ukrainian enterprises for $ 77 billion at

the end of 2013), that is, they cannot be mobilized for the purpose of rehabilitating the Ukrainian economy.

Thus, the "easy prey" to the Kiev authorities and their sponsors seem to be Russia's investments in Ukraine, which under sanctions could be "pardoned" Russia.

The legal basis for this has been created, and the law "On Sanctions" has been adopted, which allows the NSDC and the government of Ukraine to do almost anything with Russian assets in Ukraine under the pretext of punishing the "aggressor country."

However, this would be a direct act of economic war, to which Russia will be forced to respond. So the medium-term price of such a rehabilitation of Ukraine could be a much more extensive destabilization of EU-Russia relations.

The impossibility to balance the energy and payment balance of Ukraine within the "freezing the civil war" scenario in a *stable* way, to pass a normal budget, to attract capital inflows and attain a growth in gold and foreign currency reserves leads to the extreme fragility of this option of the future, which corresponds to the proverb "better a lean peace than a fat war," but in the economy reproduces the social explosion conditions, and in politics creates the ground for radicals who will call for a "second attempt" to resolve the eastern issue.

These are the circumstances when the prerequisites for the emergence of Scenario 2 can arise, if the IMF and other creditors refuse

to provide further financial assistance to Ukraine in the form of loans, entailing even more dire consequences, the analysis of which is presented below. The gold and foreign currency reserves of Ukraine almost cease to exist in this scenario, the hryvna is propelled to free fall (by another 2-3-fold, compared to the current levels for six to twelve months).

If this scenario activates, the main sectors forming the country's GDP will be semi-halted due to a lack of funding (a decrease in energy sector by 15-20%, in metallurgy by 20-30%, in coal industry by 40-60%). The banking system will be on the brink of bankruptcy. With the termination of the allocation of credit facilities, most Ukrainian banks will become unprofitable and go into bankruptcy, or will be nationalized. In a situation of total impoverishment, the cost of gas and other utilities will increase with difficult-to-forecast values, because the nominal increase in rates will be offset by the non-payment gap. Ukraine will face a multiple increase in unemployment in the conditions of business stoppage, a reduction in real wages, a decrease in the purchasing power of the population, and depletion of savings.

With a high probability, the deterioration will not stop here, and Ukraine will enter a state of socio-economic chaos with a high risk of the country's disintegration into 2-3-4 parts. This catastrophic scenario currently seems the most likely one, since Ukraine is under external control, and the choice of the further

development path is determined neither in Kiev nor in Ukraine's national interests. At the same time, if the goal of Ukraine's external governance is to inflict economic and geopolitical damage on the Russian Federation, then the fate of Ukraine itself becomes an "acceptable cost" in the planned "final resolution of the Russian issue."

This is manifested in many illogical decisions taken by the leaders of Ukraine and aimed not at stabilizing and leveling the crisis phenomena, but only at confrontation with Russia, without attention to the emerging signs of an upcoming economic and territorial collapse. External governance does not imply Ukraine's withdrawal from the crisis. At best, the plans are to stabilize the crisis phenomena at such a level as to ensure Ukraine's economic dependence on the U.S. and prevent restoration of its sovereignty. The policy of repeated shock therapy leads to a permanent degradation of the situation. Meanwhile, the American puppets appointed to manage Ukraine show a pronounced motivation of timeservers, trying to use their unexpectedly obtained power to enrich themselves. This is evidenced by numerous scandals regarding large-scale fraud with the embezzlement of budget funds and misappropriation of public property, that electrify the Kiev media space. After squandering away the economy and social fabric, there is a temptation to consume what is left – the population and the territory. The territory of Ukraine is already being eaten away

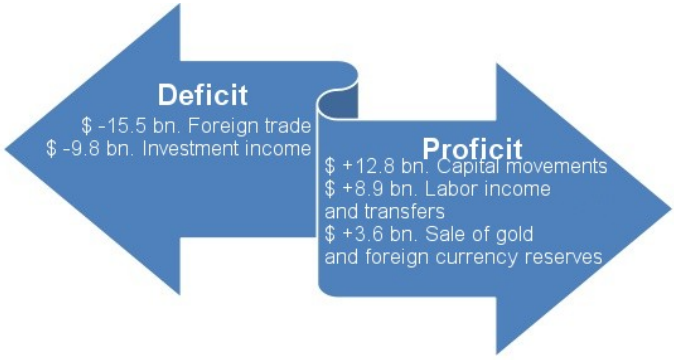
by preparing contracts for exporting chernozem to Sweden, accelerated extraction of shale gas, cultivation of genetically modified products on chernozems. The population is disposed of through cognitive technologies of "fascistizating" the population against the "cursed enemy." Extremely advanced technologies for disposing of excess population and predatory exploitation of nature are typical of the modern hybrid war, "successfully" implemented by the U.S. in Iraq, Afghanistan, and Libya. Outright destruction of industrial and residential infrastructure is also an extreme form of "scrapping" the population and territory. This scenario is destructive for the people of Ukraine, but quite acceptable for the oligarchs and their foreign partners.

In the construction of the fourth, so far hypothetical positive scenario, we will proceed from the premise that all conflict participants are interested in its early resolution with minimal damage to their economies and civilization as a whole. For this, tradeoff options should be chosen that suit all parties. First of all, it is necessary to assess the scope of the disaster resulting from the European "choice" of Ukraine.

In the case of granting Ukraine the full amount of promised loans, the growth of the public gross external debt of Ukraine will be about 8-10% of GDP per year. At the same time, the public debt/GDP ratio will be brought to 98.3% by the end of 2015, and by the end of

2017 gross external debt will exceed GDP by 6.2%. However, this may not be enough to stabilize the financial situation.

Fig. 21 illustrates the flows of the Ukrainian balance of payments. The most significant is the imbalance of foreign trade in goods and services, which amount to 8.5% of GDP. In the medium term, it will deteriorate due to the



curtailment of trade with Russia.

Fig. 21. Balance of payments of Ukraine, balancing items.
(Source: the National Bank of Ukraine)

In view of the ban on military-technical cooperation imposed by the U.S. on Ukraine, the latter will dramatically reduce its exports to Russia. In 2014, its share in Ukrainian exports dropped to 18% compared to 25% in 2012. In absolute terms, this exceeds $ 20 billion a year. In contrast, the EU facilitates access of Ukrainian goods to its markets (unilateral free trade regime for some commodity items), as a

result of which Ukraine's exports to the west will increase by $ 0.5 billion per year. For the sake of this negligible amount Ukraine has to reject many billions in foreign currency proceeds[277].

The downgrade of Ukraine's ratings to the pre-default level significantly increases the cost of borrowing and servicing the external debt, which will lead to a worsening of the investment income movement balance. (Table 12)

Table 12. Forecast of the Ukrainian investment income movement balance in 2017-2017 ($ billion)

	2014	2015	2016	2017
Investment income movement balance	-1.5	-18.5	-20	-21.2

Labor income movement balance and cash transfers of individuals was until 2014 the only stably positive balance item with a balance accounting for only 5% of GDP. We are talking about the income of Ukrainian labor migrants abroad, transferred to their homeland. At the same time, transfers to the balance of Ukraine from labor migrants in Russia amounted to about 70% of the total, that is, up to 3.5% of GDP. The anti-Russian policy of the Kiev authorities reduced this source 2-3-fold, further increasing the payment balance deficit. With the continuation of this policy, this source threatens to dry up.

The outflow of currency from the country in the form of interest on loans, credits,

[277] Glazyev S.Y. *Mif MVF o spasenii Ukrainy* [Myth of the IMF about the rescue of Ukraine]. 03.06.2014. (In Russian)

borrowings, as well as in dividends, royalties and other types of income from foreign investment will inevitably increase. In 2014, the balance for this item was already about minus $ 8 billion[278].

Let us analyze the ability of the Ukrainian state to service its sovereign debt in foreign currency. The public debt was $ 54.1 billion already at the beginning of 2015 (together with government guarantees, $ 65 billion)[279]. Only $ 32.8 billion represent the external debt, but it must be understood that part of the domestic debt is also denominated in foreign currency. In total, about 60% of the public debt (about $ 36 billion) was nominated in foreign currency.

However, the external public debt is just the first layer of the onion. The total amount of Ukraine's foreign debt at the beginning of 2015 was $ 126.3 billion[280]. To service such a debt, based on an interest rate of about 8%[281], an amount of $ 12 billion per year is required, ultimately giving $ 13 billion with an addition of $ 1 billion necessary for servicing government loans taken out in 2014.

The IMF guarantees financing of $ 17.5 billion over 2 years, building into its program that the required amount of financing is $ 50 billion. The state's ability to attract other external resources is extremely limited after 2014, as the public debt has already exceeded this year the 100%

[278] According to the NBU as of 01.01.2015.
[279] According to the Ministry of Finance of Ukraine as of 31.03.2015.
[280] According to the NBU as of 01.01.2015.
[281] Calculated based on the country's balance of payments.

GDP mark. Table 13 presents the forecast of the main Ukrainian payment balance items for 2015-2017. Its deficit for these years is estimated at $ 217.2 billion.

Table 13. Forecast of the main Ukrainian payment balance items for 2017-17 ($ billion)

	2014	2015	2016	2017	TOTAL
1. Balance of payments on foreign trade in goods and services	-5.3	-25.7	-23.2	-22.3	-73.5
2. Investment income movement balance	-1.5	-18.5	-20.0	-21.2	-61.2
3. Labor income movement balance and other transfers	1.5	4.0	2.5	1.5	9.5
4. Capital movement balance	-8	-26.0	-28.0	-27.0	-89.0
5. Visible balance	-13.3	-66.2	-68.7	-69.0	-217.2

To assess Ukraine's need for external assistance, the balance of payments deficit for current operations should be supplemented with the investments necessary to ensure at least a simple reproduction of capital. Starting in 2005, the volume of investments has provided only half of the required capital level, *and the accumulated "underinvestment" of the economy is estimated at $ 300 billion.* Indirectly, this is evidenced by the *dynamics of depreciation of fixed assets, which has grown over 12 years from 44% to 78%.*

Thus, the necessary volume of foreign borrowings to adjust the Ukrainian balance of payments for 2014-2018 without taking into account the "underinvestment" in the previous

period is $ 190 billion. To overcome the disproportions in the economy development accumulated over the past 2 decades, at least $ 300 billion will be needed. The package of financial assistance announced through the IMF by Western creditors is obviously insufficient to stabilize the macroeconomic situation.

The only possible positive alternative to the three negative scenarios is the option of a tripartite joint resolution of the EU, EEU and Ukraine on both the format for trilateral trade and economic cooperation, and general investment programs for the restoration and development of the Ukrainian economy. This option is hypothetical because it is incompatible with the effect of the Association Agreement with the EU imposed on Ukraine, not to mention the unacceptability of the current criminal illegitimate Ukrainian regime for Russia.

This Agreement establishes a free trade zone between Ukraine and the EU, created in stages over a period of 10 years. At the same time, at the time of entry of the Agreement into force, the import duty for the EU goods is zeroized for 7666 commodity items out of 10,530 specified in the TNVED (foreign trade classification of goods). Within three years, the duty should be zeroized for 89% of items, bringing this figure to 98.5% in 10 years.

It is envisaged to bring the Ukrainian legislation, regulations and standards into full compliance with the EU standards in such fields as technical regulation, sanitary and

phytosanitary measures, customs legislation, financial, telecommunications, postal, courier services, international maritime transport services, public procurement, intellectual property protection and competition law. The Agreement establishes a unilateral dependence of Ukraine on the EU, the directives of which automatically become mandatory for Ukraine. However, the latter is not given the opportunity to participate in the elaboration of these directives.

Nominally, the Agreement does not prevent Ukraine from participating in other preferential agreements, if they do not contradict the agreements already reached.

In other words, possible international agreements of Ukraine with the CU or with individual participants of the CU will have to fit into the legal framework of the Association Agreement, which acquires legal supremacy over other international agreements of Ukraine. This circumstance will limit the development of legal agreements, without which the development of economic relations between Ukraine and the CU is impossible.

The Agreement does not contain any reservations or legal provisions protecting or guaranteeing the preservation of the legal basis for economic relations between Ukraine and the CU member states. Meanwhile, the mandatory standards of the Customs Union of the Republic of Belarus, the Republic of Kazakhstan and the Russian Federation in the field of trade,

customs, technical regulation, sanitary and veterinary measures, as well as in other areas of economic regulation, collide with Ukraine's obligations under the Agreement with the EU, not allowing it to be a party to both agreements at the same time.

The simultaneous participation of Ukraine in the CU/SES and in the FTA with the EU is possible only if the member states of the Customs Union agree to assume the obligations of Ukraine under the Agreement on supranational competence issues, which seems improbable. The Russian foreign policy tradition precludes signing of unequal agreements that stipulate unilateral transfer of sovereign powers to the other side, as well as unilateral concessions in the field of trade and economic relations. This concerns not only Ukraine's obligations to implement the EU directives on a wide range of issues related to the regulation of trade and economic relations, but also the free trade regime with the EU, which provides for preservation of restrictions on the import of Ukrainian goods.

After the establishment of the FTA with the EU, Ukraine receives a negative total economic effect, the magnitude of which is determined by the response of the Single Economic Space countries to this move[282]. This eliminates the possibility of Ukraine's participation in the CU and SES with Russia, Belarus and Kazakhstan, which could have given a significant positive

[282] This calculation does not consider the scenario of Ukraine's full-fledged accession to the EU by 2020.

effect[283]. In particular, joining the SES makes it possible to increase the price competitiveness of Ukrainian goods due to lower energy carrier prices. In this case, the competitiveness of Ukrainian goods would increase both in the EEU market and in the EU. Preliminary calculations show that the positive effect on exports to EU countries from the reduction of energy tariffs in this case will exceed the effect of the abolition of customs tariffs within the FTA with the EU.

It should be noted that the difference accrued (by 2030) between the scenario of creation of the FTA with the EU and Ukraine's accession to the SES is estimated at about 7.5% of total GDP.

The Agreement enshrines application of the EU standards on regulation of the energy market and transit in Ukraine. This makes the participation of Russia side in the development of the Ukrainian gas transportation system meaningless and encourages expansion of alternative routes for the transit of Russian energy resources to the West.

Thus, creation of the FTA of Ukraine and the EU entails significant risks for mutual trade in high-tech products. Taking into account the fact that the production capacities of Ukrainian machine-building enterprises are excessive for the domestic market, and their products are uncompetitive on the European market, one should speak of a high risk of further reducing the production potential of the Ukrainian

[283] An estimate of economic effects for the Ukrainian economy within various options of integration processes between Ukraine, the EU and SES (the increase in indicators to the base option that does not provide for changes in the current situation, %)

machine-building complex.

Participation of Ukraine in the Eurasian integration process, according to the calculations of the Academies of Sciences of Russia and Ukraine, significantly increases its economic efficiency. According to the calculations of an integrated model of the interindustry balance of Ukraine, Russia, Belarus and Kazakhstan, a 15% increase in economic activity could be achieved due to establishment of the CU and SES in over 10 years, which is equivalent to an additional GDP of $ 400 to 700 billion, of which Ukraine would account for about 1/3 (Table 14). This is not surprising, considering that the aircraft, rocket and space, shipbuilding industry, nuclear engineering and many other high-tech industry branches have been created and are still being reproduced in Russia and Ukraine as a single whole[284].

Expansion of sales markets for Ukrainian producers (due to the increased competitiveness of Ukrainian goods and services on the markets of SES member countries) will be practically manifested in expanded production of Ukrainian exporting enterprises, as well as in the emergence of new exporters. The multiplier effect of increase in production at Ukrainian exporting enterprises will ensure creation of new jobs and additional income for the Ukrainian budget.

[284] Glazyev S.Y. *Mif MVF O Spasenii Ukrainy* [Myth of the IMF about the rescue of Ukraine]. 03.06.2014. (In Russian)
Official website of Glazyev S.Y.: https://glazev.ru/articles/6-jekonomika/54461-mif-mvf-o-spasenii-ukrainy

At the same time, an analysis of the significance of sectoral relations between the SES countries and Ukraine should consider not only direct, but also indirect effects that reflect the involvement of related economy sectors in the production process. It is also necessary to study the distribution of effects at various stages in the formation of output of final products. The existing system of sectoral and intersectoral relations between the economies of the SES countries and Ukraine makes it possible to state that cooperation is non-alternative within a number of industries, but it may be sensitive to a sharp deterioration in trade and economic relations between countries, which creates additional risks, especially in the production of defense and dual-use products[285].

For the foregoing reasons, the necessary condition for the restoration and sustainable development of the Ukrainian economy is preservation and expansion of industrial and technological cooperation and trade with Russia and the EEU. To achieve this, however, Ukraine must have sovereignty in trade and economic issues which it has delegated to the EU institutions under the Association Agreement. Consequently, the necessary condition for the implementation of this scenario is denunciation of the said Agreement and start of the new,

[285] *Economic and Technological Cooperation in View of Sectors of the EEA and Ukraine*. A study by the RAS Institute for National Economic Forecasts and the RASU Institute of Economics and Forecasting with the support of the Eurasian Development Bank, 2014.

specifically tripartite format of negotiations between the EEU, the EU and Ukraine. And only if the EU prefers free trade area "from Lisbon to Vladivostok" to the

Table 14. Comparative analysis of the consequences of the European and Eurasian options for Ukraine's integration

Interest area	Signing of the Agreement on Association with the EU	Accession to the CU and SES, participation in the EEU	Difference
1. External trade	Worsening of trade balance by $ 2-4 billion (short-term	Improvement of trade balance by $ 9-10 billion (short-term	+ $11-14 billion
2. Production	Decrease in GDP by 1-2%	GDP increase by 3-9%, depending on the depth of integration	+ 4-11% until 2030
3. Finance	Deteriorating balance of payments by 6-8% of GDP, soaring growth of external debt, devaluation of the hryvna and default on government obligations, inflation surge, decline in investment and living standards	Improvement of the balance of payments up to the equilibrium level, macroeconomic stabilization, increase in investment with a view to SES market	+ 8-10%
4. Living standards	Drop in actual household income and final demand by 10%, increase in unemployment and emigration	Increase in real income and final household consumption by 15-20%; increase in employment on basis of the development of scientific-technical and production cooperation within the SES	+ 25-30% until 2030

Partnership" (TTIP) promoted by the U.S., this scenario gets a chance to be implemented.

Given the currently insignificant probability of such a drastic change in the EU's position, the worst scenario is quite likely, apparently entailing further disintegration of Ukraine along the split line between the regions where Ukrainian Nazism triumphed, and where the majority of residents continue to consider themselves a part of the Russian World. All the more so, as there is a corresponding ideological background for this.

Ideologically, the Ukrainian idea currently pushed over the edge turned out to be nothing but denial of everything Russian with antagonistic opposition of the Ukrainian. In the light of the above historical facts about its genesis, the widely spread myths about relations of the Russian and Ukrainian peoples rooted in Soviet ideology must be stripped away.

Therefore, the contradiction between the Russian origin of Ukrainians and their current Russophobia, brought to antagonism, can only be resolved by eliminating one of its components. And this process has already begun with the formation of the idea of Novorossiya as a Russian state consisting of the southern and eastern regions of present-day Ukraine, historically domesticated by Russian people.

Currently, Novorossiya exists as an idea popular among Russian patriots, which could

become implemented politically only if Russia acknowledges the sovereignty of the Donetsk and Lugansk People's Republics wishing to exit the structure of Nazi Ukraine. The key problems related to their state building should also be resolved.

Table 15. Estimation of economic effects for the Ukrainian economy within various options of integration processes

2015	2020	2025	2030
2.42	3.70	4.98	6.18
0.20	0.45	0.87	1.14
0.50	0.71	1.07	1.33
0.74	0.90	1.23	1.37
-2.17	-3.33	-3.65	-4.68
1.80	0.94	-0.42	-0.32
1.80	0.98	-0.30	-0.21
1.86	1.03	-0.16	-0.08
1.96	4.46	5.42	5.99
-1.13	-1.56	-1.31	-1.22
-1.02	-1.46	-1.22	-1.15
-0.92	-1.38	-1.18	-1.18

between Ukraine, the EU and SES (the increase in indicators to the base option that does not provide for changes in the current situation, %)

Export	
Ukraine joins the SES in 2014	
Ukraine creates an FTA with the EU in 2014 – a full increase in CU duties	
Ukraine creates an FTA with the EU in 2014 – with exemptions on CU duties	
Ukraine creates an FTA with the EU in 2014 – retaining of the current regime with the CU	
Import	
Ukraine joins the SES in 2014	
Ukraine creates a FTA with the EU in 2014 – a full increase in CU duties	
Ukraine creates a FTA with the EU in 2014 – with exemptions on CU duties	
Ukraine creates a FTA with the EU in 2014 – retaining of the current regime with the CU	
GDP	
Ukraine joins the SES in 2014	
Ukraine creates a FTA with the EU in 2014 – adoption of the most-favored-nation regime	
Ukraine creates a FTA with the EU in 2014 – with exemptions on CU duties	
Ukraine creates a FTA with the EU in 2014 – retaining of the current regime with the CU	

Firstly, the Donetsk and Lugansk People's Republics currently control only about a quarter of the declared territory of the republics. At the same time, the idea of Novorossiya contemplates inclusion of at least 8 regions of the South and East of Ukraine (Kharkov, Donetsk, Lugansk, Dnepropetrovsk, Zaporozhye, Kherson, Nikolaev and Odessa) in its structure.

Secondly, Novorossiya is being created in the course of the civil war (and may be finally constituted only based on its results) that broke

out in Ukraine after the coup of February 21-23, 2014, which deprived the country of legitimate power and interrupted the constitutional continuity.

Thirdly, it is extremely difficult to predetermine the course and outcome of the international negotiation process on the rearrangement of territories of the former Ukraine. In addition to the creation of several independent states, one of which may be Novorossiya, an option of the reorganization of the Ukrainian state on a federative basis is possible. Taking advantage of the fact that the ruling Nazi junta does not consider itself to be the legal successor of the Ukrainian SSR, the Donetsk and Lugansk People's Republics could declare themselves legitimate heirs of Soviet Ukraine, launching the process of a new assembly of the Ukrainian state. It is also possible that different territories of the former Ukraine will be included in the neighboring countries. At the same time, the Donetsk and Lugansk People's Republics have already announced the establishment of the Union of People's Republics in the form of a confederation, thereby partially predetermining the state structure.

Since the future of this state formation is not defined, its borders are not outlined, and it is likely that these issues will be resolved by a consensus of external players at an international conference where Novorossiya may be represented as a full participant, more

likely as an observer, or may be not represented at all, the legal system and the Constitution of Novorossiya should have a high degree of adaptability to various decisions concerning its (Novorossiya's) future status, including the most unexpected ones. Considering a possibility of re-establishment of the Ukrainian state, the Constitution should be drawn up in such a way as to serve as the assemblage point of this hypothetical new state formation, without changing the internal structure of the Novorossiya itself as one of the possible co-founders of the new Ukraine.

These contradictions seem difficult to solve at first sight. However, in Europe alone we have three different examples of solving similar problems:

1. The Swiss Confederation (1291-1798) that emerged as the union of the three original cantons in the struggle against Austrians, Burgundians and Savoyards (actually, these were civil wars within the Holy Roman Empire of the German nation).

2. Montenegro under the rule of the prince-bishop (1516-1852) was constituted during resistance against aggression of the Ottoman Empire and the Venetian Republic.

3. The Republic of the Seven United Provinces, the present Netherlands (1581-1795), appeared in the course of the religious war with Spain.

Characteristically, in all these cases, initially the insurgents were coming out for broad

autonomy (in essence, the same federalization as in Donetsk and Lugansk), and only in the course of the civil war unleashed by the official authorities that refused to satisfy initially moderate demands, they were going over to assertion of complete independence.

Similarly, at the first stage, power was exercised by authoritative military leaders, and only with the lapse of time did effective civil structures emerge. The only problem is that all three examples are faulty in that these states did not have a written Constitution, their system was not completely ordered and had an archaic nature.

Nevertheless, we also have an example that almost completely correlates with the situation in Novorossiya, which in the course of being developed by the Russian Empire was often called Russian America. We are talking about the United States of America.

The independence of the U.S. was proclaimed in 1776, recognized by Great Britain under the Paris Peace Treaty in 1883, and the wording of the American Constitution was approved only in 1888. Great Britain's colonies that proclaimed independence initially also advocated only the extension of civil rights – their main requirement was representation in the British parliament. The union of individual colonies (states), established for the war with Britain, was at first a loose confederation united only by the military command of George Washington. At first, the U.S. central authorities had very little power

(since the confederative system was preserved). The power of the president and congress gained strength rather slowly, and the U.S. finally became a federation after the Civil War of 1861-1865, when the right of states to secession was abolished.

So, how do we see the solution of the problems connected with the constitutional arrangement of Novorossiya?

Firstly, the absolutely correct form of state structure – confederation – has already been found (in an intuitive or compelled way). It should be noted that almost all the states listed above and formed during civil wars of several provinces with the central power, were originally established exactly as a confederation (regardless of whether it was legally formalized or took place by way of accomplished fact). Such arrangement minimizes the contradictions between regional elites, as in absence or low importance of central administration offices they have nothing to compete for. Moreover, the confederative arrangement facilitates the accession of new provinces, as beyond preserving their internal structure, they acquire an additional degree of freedom (in comparison with the one that had existed in the framework of the previous state system). There was good reason that none of the cantons associated with the three original ones expressed the desire to withdraw from the Union (given that the cantons were not only German, but also French and Italian, and joined as a result of brutal

wars). The civil war in the U.S., caused by the contradiction between the industrial capitalist North and the agrarian slave-holding South, was an episode. Both before the crisis (when the contradiction was offset by the development of new territories) and after it, when it was removed by the reconstruction of the South, the U.S. was an internally integral state. Even during the war, the opposing Union and Confederation, each separately, were internally united.

Secondly, the confederative form of Novorossiya's arrangement gives it an additional advantage in terms of further international legal formalization of the rearrangement of the former Ukrainian territories. In the event that preservation of the Ukrainian state (even in a re-established form) would appear impossible, and preservation of the new statehood would be undesirable, the regions-republics could be included in the neighboring state formations in a personal capacity (which will facilitate their integration in comparison with Novorossiya, huge both in territory and population). If, however, the decision will be taken to recreate the Ukrainian state, then given the inter-regional contradictions that have just resulted in the civil war, it is the confederative principle of the organization of Novorossiya (which minimizes contacts between Ukraine's regions hostile towards each other) that should be the basis of the new Ukrainian statehood.

Thirdly, any confederation is built on the principle of power concentration at the bottom of the pyramid. The supreme confederation bodies have only very limited delegated powers and rigidly established budgets. They may not impose taxes and adopt binding resolutions (without ratification by local authorities). Such a shift in the balance of power in favor of regions ensures a more effective and differentiated policy that complies with the specific needs of the local population, which is quite important given the need to restore many of the regions of Novorossiya affected by the civil war.

Thus, the promising scheme of power arrangement in Novorossiya has the form of plenipotentiary regional governments that rest upon strong local self-administration and delegate limited powers to a few common confederative structures with restricted rights. The competence of regional authorities should fully include issues of cultural, social, economic development, law and order protection, tax policy.

As for the central general confederation bodies, today it seems sufficient to assign to them responsibility for the defense and implementation of the common foreign policy of Novorossiya, as well as implementation of the general macroeconomic policy and the general economy regulation system. To do this, the following is necessary:

- creation of the fiscal and banking system based on the establishment of the State

Bank of Novorossiya, combining the functions of money circulation arrangement, banking services, treasury and fisc;

- establishment of customs and border protection, veterinary, phytosanitary and sanitary services;
- establishment of the chamber of commerce and industry issuing certificates of origin for goods;
- establishment of a system for registration of enterprises and property rights;
- nationalization of the former Ukrainian state property and property of criminals involved in conduct and support of the punitive operation;
- creation of the system of courts and law enforcement bodies.

This system of state regulation could be created as uniform for the two republics and be based on common legislation, which should be as close as possible to the Russian one.

In addition to these issues, the legal system and the Constitution of Novorossiya could define the principles of religious relations. It may happen that Novorossiya will decide to enshrine in its Constitution not the traditional formula on the separation of church and state, but clear identification of itself as the canonical territory of the ROC. Then, in case the Nazi junta liquidates the UOC (MP) and accepts the autocephalistic doctrine, Novorossiya will become a center of not only political but also

religious resistance.

When establishing the future state system of Ukraine, the precedent of the Republika Srpska as part of Bosnia and Herzegovina can also be used. "Republika Srpska" is not a state in the strict sense, but one of the semi-state "entities" with rather broad rights within the internationally recognized state "Bosnia and Herzegovina"[286]. This was achieved through international recognition of the fact of the ethnocide of Serbs in the region. There is an International Convention on the Prevention and Punishment of the Crime of Genocide[287]. The regulations of the Convention stipulate that if a particular nation is through a certain fault of the state subject to conditions threatening its existence (such as apartheid, genocide, ethnic cleansing, humanitarian tragedy), entailing a situation threatening world peace and international security, then the international community (for example, through the UN Security Council) can provide support to such nation, up to recognition of its right to secession[288].

[286] Rumyantsev O. *Pretsedent Respubliki Serbskoy (v sostave Bosnii i Gertsegoviny) i perspektivy ego ispolzovaniya* [The precedent of Republika Srpska (as part of Bosnia and Herzegovina) and the prospects for its use]. July 2014. (In Russian)

[287] The document adopted by the UN General Assembly on December 9, 1948, defines from the international legal point of view the phenomenon of genocide, the acts qualifying as genocide, and measures to prevent and punish genocide.

[288] Secession (Latin *secessio*–leaving, *secedo*–I leave) means departure from the state (federal, as a rule) of any its part (usually a constituent entity of the federation). It is the result of separatism and antonym of annexation. The term in this sense appeared during the U.S. War of Independence.

The right to secession can be recognized by the law of the state from which the departure occurs (for example, the USSR Constitution of 1924, 1936 and 1977, or not recognized (for example, the SFRY Constitution). In the second case, the attempts of secession entail a legal issue of whether the state territorial integrity principle or the people's right to self-determination should be applied (international law unconditionally gives priority to the right to self-determination in the case of colonies).

According to this provision, the Donetsk and Lugansk People's Republics have the full right to secession either together, as part of the Union of People's Republics, or individually. After all, such phenomena as genocide, ethnic cleansing of Russophone citizens and the humanitarian tragedy provoked by the 18-month war of the Kiev Nazi junta against Russophone and Orthodox people, are evident. Terrifying media materials of public tortures of people fighting for their natural right to self-determination, shelling of the Donbass cities, towns and villages, killing of children and old people, and destroyed infrastructure have circled the globe. The authenticity of these materials, as well as the facts of mass repressions on language, religious and political grounds registered in the White Book[289] since November 2013, as well as numerous personal testimonies of the OSCE mission members in the Donbass, are not questioned. However, the fratricidal bloodshed started by the Washington hawks and blessed by NATO, waging a purposeful hybrid war against Russia, continues still. Apparently, it will go on as long as the decision-making centers in

In the UK and Canada, for the independence of historical parts, colonial and dependent territories, it is sufficient to hold a referendum and support the secession by a majority vote. Although the referendums that took place (1980, 1995, 2014) did not yield a positive result, Quebec and Scotland, where the number of secession supporters grows, have a close opportunity to gain independence. Similar rights can theoretically be used by other parts of Great Britain–England, Northern Ireland and Wales.

The U.S. law does not stipulate (yet does not prohibit) secession of states. However, for the independence of the associated Puerto Rico and a number of Pacific islands, the relevant referendum result is sufficient, although their residents did not express such a will.

[289] White Book on violations of human rights and the rule of law in Ukraine. Ministry of Foreign Affairs of the Russian Federation (Eds. 1-3), 2014.

Brussels and overseas continue their aggression against Russia. Hence, it follows that the Lugansk and Donetsk People's Republics may have ahead of them a long period of existence in the status of war as a rebel territory. There are objective prerequisites for this.

Enterprises of the Donbass accounted for a significant share of Ukraine's GDP, providing the necessary quantum of exports. In recent years, the direct contribution of Donetsk and Lugansk regions to the Ukraine's GDP was about 17%, while their share in the total industrial production and commodity exports exceeded 25%. At the same time, during 1995-2013 there was a steady trend towards a widening gap in the household income level of the Donbass and Kiev. While in 1995 the household income in the Donetsk region and Kiev exceeded the average Ukrainian level roughly the same, by 2013 the situation had changed significantly. The gap in the level of average wages between Donetsk and Lugansk regions and the average indicators for Ukraine has practically disappeared. This became possible not least due to the policy of withdrawing rental income outside the Donbass.

The contradictions between the Donbass and Kiev consisted not only in the fact that the elites of these regions have been fighting over the past years for political leadership. They were most notably aggravated during the discussion of the consequences of signing a treaty on a free trade area with the European Union.

The economy of the South-East of Ukraine

has traditionally been aligned towards close trade and economic ties with Russia. Majority of the remaining enterprises that are not engaged in raw materials exports either directly depend on the supply of products to the Russian market, or are linked by close scientific and technical ties with the leading Russian producers, institutions, etc. Of course, the deterioration of trade and economic ties with Russia put them in harm's way. At least equal problems were expected by the commodities-based industries. The increase in costs could clearly jeopardize supplies to the markets of Turkey and the Middle East, not to mention the Russian market.

The key risks for the economy of the Donbass after signing the Association Agreement between Ukraine and the EU can be defined as follows:

a) increasing gas and electricity prices with the gradual elimination of cross-subsidization in pricing for the population and industrial enterprises;

b) price changes due to alteration in the market shares between Ukrainian and imported goods, exchange rate fluctuations for stabilizing the balance of payments;

c) an increase in prices for intermediate products due to the gradual abolition of export duties on metallurgical and chemical products, agricultural raw materials;

d) cumulative price growth in the economy as a result of the factors described above.

The actualization of these risks poses an obvious threat to the preservation of price competitiveness both in the domestic market of Ukraine and in the market of the SES countries.

It should be taken into account that the production facilities of the Donbass enterprises have been scarcely modernized over the last 23 years. This means that they still have the basic efficiency parameters characteristic of Soviet industry, that is, high energy and labor intensity. An abrupt change in the level of prices for intermediate products may become an insurmountable obstacle to the modernization of production facilities, bringing the economy of Donbass to the long period of production stagnation.

Preservation of the development model that was in effect in the South-East of Ukraine in recent decades is no longer possible. Substantial financial investments are already required to support key enterprises in the region. These transfusions are impossible without a redistribution of the system of financial flows within the Ukrainian economy. This means an impossibility to maintain the current system of inter-budgetary relations no matter what. It can be said with a high degree of probability that, given the changing economic development priorities and the political elite, the Donetsk region may face decisions in the field of economic policy that would significantly worsen its situation. The threat of this progression of events urges to search for

possible development alternatives. The main of them are associated with ensuring greater economic independence of the region.

Donetsk region should have the status allowing it to preserve and develop relations both with Russia and with other Ukrainian regions. It is in this status that the development of the Donbass economy could receive a significant additional impetus. Yet to achieve this, the region status should be settled in the context of the agreement between Ukraine and the EU, as well as within the CIS free trade area. Under these conditions, it is theoretically possible that the enterprises of Donbass could be granted a discount on the purchase of energy resources in the EEU markets, use its infrastructure, and, in addition, have easy access to the markets of the SES countries. In fact, we are talking about creation of a free trade area with a high level of independence in all fields of economic life.

The military activities have inflicted significant damage on the region, the number of refugees is estimated at hundreds of thousands. These factors significantly complicate assessment of the prospects for economic development of the Donbass. It is already clear that Ukraine does not have the resources necessary to restore normal economic life in the region within an acceptable time frame. Not to mention the hatred that arose between the residents of the South-East and the central government.

It is quite clear that a return to the development model that existed before the events of February 2014 is no longer possible. The Donbass needs to develop a purposeful economic policy aimed at restoring a peaceful life and creating conditions for a gradual increase in the economic activity level. The addressing of this task requires participation of the largest economies of the European continent, that is, Russia and the European Union. Besides, the recovery of life in the Donetsk region requires Kiev to understand that residents of Novorossiya have the right to their own opinion regarding the Ukraine's development prospects, its economic and foreign policy course.

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The Izborsk Club

The Izborsk Club of experts was established in September 2012 in the town of Izborsk, Pskov region. The Club was initiated by well-known politicians, theorists and public figures of state-patriotic orientation. A.A. Prokhanov was elected chairman of the Club, with V.V. Averyanov and A.A. Upland as executive secretaries.

The ideological trend of the Izborsk Club can be determined as social conservatism, a synthesis of different views of Russian state-minded thinkers (from socialists and Soviet patriots to monarchists and Orthodox conservatives) into a single ideological platform. The Izborsk Club is often regarded as an alternative to numerous liberal clubs and sites that have been laying claim for a long time to the expression and intellectual servicing of the Russian official policy. At the same time, it is necessary to see that the Izborsk Club reflects not a newly emerging, but a mature and long-established political and ideological pole that for a good while could not be institutionalized due to various subjective factors and purposeful regulation of the expert field by the authorities supervising domestic policy. The activities, works and biographies of the main Izborsk Club participants testify to the maturity and rootedness of this trend in the Russian soil.

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The Izborsk Club

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THE LAST WORLD WAR

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