

28-May-17 – Eurasian Economic Transformation Goes Forward

Description

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At this juncture it's clear that the attempt of the Trump Administration and related circles in the US military industrial complex have failed in their prime objective, that of driving a permanent wedge between Russia and China, the two great Eurasian powers capable of peacefully ending the Sole Superpower hegemony of the United States. Some recent examples of seemingly small steps with enormous future economic and geopolitical potential between Russia and China underscore this fact. The Project of the Century, as we can now call the China One Belt One Road infrastructure development—the economic integration on a consensual basis by the nations of Eurasia, outside the domination of NATO countries of the USA and EU—is proceeding at an interesting pace in unexpected areas.

1971: America's Twilight Begins

It's very essential in my view to appreciate where the post-1944 development of America's role in the world went seriously wrong. The grandiose project dubbed by Henry Luce in 1941 as the American Century, if I were to pick a date, began its twilight on August 15, 1971.

That was the point in time a 44-year-old Under-Secretary of the Treasury for International Monetary Affairs named Paul Volcker convinced a clueless President Richard Milhous Nixon that the treaty obligations of the 1944 Bretton Woods Treaty on a postwar Gold Exchange Standard should be simply ignored. Volcker rejected the express mandate of the Bretton Woods Treaty which would have seen a devaluation of the dollar in order to rebalance world major currencies. By 1971 the economies of war-ravaged countries such as Japan, Germany and France had rebuilt at a significantly higher level of efficiency than the US.

A devaluation of the dollar would have given a major boost to US industrial exports and eased the export of dollar inflation in the world arising from Lyndon Johnson's huge Vietnam War budget deficits. The de-industrialization of the USA could have thereby been avoided. Wall Street would hear none of that. Their mantra in effect was, "Nothin' personal, just bizness..." The banks began the destruction of the American industrial base in favor of cheap labor and ultra-high-profit manufacture abroad.

Instead of correcting that at a point it could have had an enormously positive economic effect, Volcker advised Nixon to in effect spit on America's international treaty obligations and to brazenly dare the world to do something about it. On Volcker's advice, Nixon simply ripped the treaty in shreds and ended Federal Reserve redemption of dollars held by foreign central banks for US gold reserves. The US dollar overnight was no longer "as good as gold."

A serious dollar devaluation against currencies of America's major trading partners, while it could have given a new lease on life to America's industries, would have greatly reduced the power of the Wall

Street banks. It was from David Rockefeller's Chase Manhattan Bank that Volcker came to Washington.

Paul Volcker's unilateral suspension of gold-dollar redemption began a series of moves, as I document in *The Gods of Money: Wall Street and the Death of the American Century*. The floating dollar allowed the increasingly more powerful and more unregulated banks of Wall Street to destroy the industrial base of the United States, the world's once-great economy, and to create a debt burden that today is so out-of-control that it perhaps can only be managed through a possible war or countless wars everywhere, failing some variation of a US national Chapter 9 bankruptcy reorganization.

That a new war so readily can be considered a solution by the American oligarchs behind Wall Street and the huge military-industrial complex should not surprise us. We need only realize that since the nation's founding in 1776, the United States has been at war with someone for 214 of her 235 years of existence as a [nation](#). That's impressive, at least in the negative.

The American Century is crumbling before our eyes, and has been doing so for the near-five decades since August, 1971. That willful ignoring of the health of the economy of the United States over decades has created a vast moral, political and economic vacuum in the world today.

Into that vacuum other nations outside Washington's NATO control are building what I have termed a Eurasian Century, a very lawful and positive response to an increasingly totalitarian Washington role in the world.

The contrast between what China, together with Russia, and the other nations of the Shanghai Cooperation Organization in Eurasia are doing to build up their common economic space, and what the United States, Britain and other NATO nations are doing to destroy, could not be more stark.

A Eurasian Century Advances

I've often written about the 2013 initiative of China's far-sighted President Xi Jinping, the project called One belt, One Road (OBOR), or the New Economic Silk Road. I'm now preparing a book dealing with the various levels of its strategic global impact. The three strategic partners in the economic projects around OBOR that are transforming the economic potentials of the world economy in a positive direction are China, Russia—including Russia's partners in the Eurasian Economic Union—and Iran. Here I want to take a selection of game-changing projects going forward, with almost no appreciation by mainstream Western media, involving Russia and China.

The huge and ambitious infrastructure development of high-speed Trans-Eurasian railway connections together with a network of deep water ports from Asia to the Middle East and on to Greece and other parts of Europe, is a huge project creating over the next several years millions of new skilled jobs and economic spending in the trillions of dollars. This will take place over the next two or more decades.

OBOR is transforming the industrial geography of the world in a tectonic shift away from more than five centuries of European and later Trans-Atlantic domination. The shift is to a new world ordering in which the nations with the largest populations are emerging and expressing their rightful national sovereignty, and rightly demanding their sovereign right to decide how to develop their own vast resources for their own development. In effect it contrasts with a de facto imperial US-controlled globalization to the alternative defense of national sovereignty. This is a very serious difference between West (NATO) and East (OBOR).

Russian Grain as Strategic Asset

A little-noted area of strategic development between China and her neighbor, Russia, involves grain, lots of it. I want to put the focus briefly there.

In 2016, ironically as a direct consequence of the foolish and self-defeating US Treasury and EU economic sanctions against the Russian Federation, Russia counter-sanctioned EU agriculture imports and began to intensively revive her dormant agriculture production, including signing into law a total ban on GMO commercial crops in Russia, the land blessed by nature and geography with the richest nutrient-endowed black earth soils.

One of the lingering consequences of the catastrophic rape of Russia's economy during the Yeltsin era by Washington and the Harvard Shock Therapy boys in the 1990s was the opening of Russia to EU food imports, most of it industrialized from giant Western agribusiness conglomerates like Kraft Foods, Tyson, Unilever, Nestle and others, food products of dubious nutritional value. Russians forgot how delicious and nutritious Russian domestic food was. After 1990 Russian supermarket shelves were filled indeed, but with Western "fake foods."

With the recent USA and EU economic sanctions, Russian agriculture has boomed since 2014. In 2016 Russia surpassed the United States and the combined 28-nation EU as the world's largest producer and exporter of grain.

The Western grain industry is astonished at the dramatic turnaround in Russian grain and agriculture output. What they likely did not realize was that in the years from 2008-2012—when according to the Russian Constitution Vladimir Putin was prohibited from serving a third consecutive term as President—Putin served as Prime Minister with responsibility over Russia's economy among other areas. There he quietly initiated select market reforms that prepared the way for the dramatic renaissance of Russian agriculture after 2014 as a world factor.

During the 1980's Russia had become far the world's largest grain and agriculture importer after catastrophic harvest failures. US Secretary of State Henry Kissinger acted as broker for Cargill and the US Grain Cartel companies, at the same time that Kissinger's Middle East "shuttle diplomacy" was manipulating a Yom Kippur War that triggered an OPEC oil embargo against the USA and Europe. Kissinger negotiated the huge sale of US grain to the Soviet Union at outrageously high prices. It was known in grain trading circles as the "Great Grain Robbery." It was at that same time, with a Washington-orchestrated 400% oil price shock and a similar 300% rise in essential world grain prices, that Kissinger reportedly boasted, "If you control oil, you control entire nations; if you control food, you control the people..."

That Russian import dependency on western grain lasted until very recently. Now, for the harvest year 2016-2017 according to the US Department of Agriculture and the International Grains Council, Russia will export some 30 million tons of GMO-free grain, exceeding the EU's 27 million tons and USA with 25.5 million tons.

The geopolitical as well as economic implications of this profound shift in Russian food production are strategic.

Russia-China Grain Trade

On April 8, 2017, the first freight train loaded with high-quality Russian wheat arrived in Manzhouli, a land port in north China's Inner Mongolia Autonomous Region, across the border from Russia.

Why is this significant one might ask?

In 2015 China grain imports rose 20 per cent from 2014 to 120 million tons. More than 80 million tons were almost entirely GMO soybeans that came from the USA and Brazil. The rest were mostly cereals such as wheat. Now China for the first time has the possibility of importing directly from neighboring Russia by rail of Russian GMO-free grains. By contrast, more than 94% of all USA soybeans in 2016 according to the US Department of Agriculture was GMO and 89% of all USA corn. This is a huge [advantage](#) for GMO-free Russian grains in China.

In December, 2015 the relevant authorities in China and Russia came to a formal agreement on standards of import of wheat, corn, rice and soybeans from GMO-free Russia. The first delivery in April 2017 of Russian wheat was completed. Now the machinery is approved and in place to increase Russian grain imports to China.

China's state-owned food conglomerate COFCO is responsible for quality control, import and distribution of the Russian grain to the Chinese market. Overland train transport from Russia significantly cuts transport time and cost compared with sea transport. As well, it is far less vulnerable to potential US or NATO economic sanctions.

Currently China grain imports must navigate the perilous conflict zones in the South China Sea and the East China Sea, both areas where the US Navy is escalating tensions under the false argument of maintaining "freedom of navigation." With present US naval bases in Japan, South Korea and Singapore, Washington could impose an economic blockade on China seaborne grain imports as well as oil and other products.

China COFCO president Yu Xubo said they plan to import 1 million to 2 million tons of wheat from Russia a year, and it may increase to 4 million or 5 million tons a year.

If tensions between Washington and Beijing significantly escalate, the Russian overland railway share of grain exports to China could become geopolitically essential to China's agriculture security. This "simple" first Russian trainload of wheat to China is not at all being greeted with joy in Washington.

HR 1644

The warhawk faction in the present US House of Representatives has recently introduced a bill

deceptively titled HR 1644: The Korea Interdiction and Modernization of Sanctions Act.

The bill is not at all about putative missile threats from North Korea. It's a sneaky way to try to impose grossly illegal sanctions, de facto acts of war, against China and Russia.

The bill, passed by the House of Representatives on April 29, now is in the Senate for debate. It provides a "legal basis" for US military control over Russian ports in the Far East, military and civilian, as well as over Chinese ports. If passed by the Republican-dominated US Senate, the Bill will allow the US military to "inspect, search and seize any vessel or aircraft suspected in violation of the anti-North Korea sanctions," according to terms that would be defined unilaterally by Washington. The HR 1644 bill also gives the US military the authority to inspect the sea ports in Russia and China, implying that if they resist the brazen incursion into their sovereignty, they will face far more severe [US sanctions](#).

The HR 1644 Korea Interdiction and Modernization Act bill, if signed into law by the US President, will also sanction Russia's global food trade because North Korean workers are being employed in Russia's agricultural sector. The HR 1644 Bill would completely ban the trade of Russia-produced food worldwide in order to replace it with US produced GMO crap that the USA sells as [nutritious food](#).

Beijing moves OBOR forward

On May 14-15 leaders and heads of government of twenty nine nations met in Beijing to discuss the implications of the One Belt, One Road infrastructure development. In his opening greeting, China's Xi Jinping, the author of the OBOR idea, told attendees that the OBOR should become "a road of peace, prosperity, opening up, innovation and connecting different civilizations. The ancient silk routes thrived in times of peace, but lost vigor in times of war. The pursuit of the Belt and Road Initiative requires a peaceful and stable [environment](#)."

Xi added, "In pursuing the Belt and Road Initiative, we should focus on the fundamental issue of development, release the growth potential of various countries and achieve economic integration and interconnected development and deliver benefits to all." Xi called for promoting land, maritime, air and cyberspace connectivity, focusing on key passageways, cities and projects, and connecting networks of highways, railways and [sea ports](#). That I must say sounds far better to my ears than wars to defend the hegemony of a bankrupt US military-industrial complex and the Wall Street banks and oil companies.

Russian President Putin was present in Beijing for the OBOR forum. Turkey's Erdogan also. Notably however, aside from the Prime Minister of Italy, not one leader from a G-7 Western industrial country choose to attend. Trump decided to send a middle-level National Security Council spook, Matthew Pottinger, former intelligence officer in Afghanistan under Lt. General Michael Flynn, who is now in the US National Security Council under McMaster. Trump decided not to send even his Secretary of State Tillerson. Could that be because Washington is fearing the success of the Eurasian Century and the One Belt, One Road? You can bet your booties it is!

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