

Dollar Disaster Looms? China and Russian Currencies Break Away

By [The Daily Bell](#)

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Russia leaves the Dollar based monetary system and adopts a system of Sovereign Currency. The implications are phenomenal! "In 1990 the first priority of Washington and the IMF was to pressure Yeltsin and the Duma to "privatize" the State Bank of Russia, under a Constitutional amendment that mandated the new Central Bank of Russia, like the Federal Reserve or European Central Bank, be a purely monetarist entity whose only mandate is to control inflation and stabilize the Ruble. In effect, money creation in Russia was removed from state sovereignty and tied to the US dollar."

2016:

"The Stolypin club report advises to increase the investment, pumping up the economy with money from the state budget and by the issue of the Bank of Russia". Putin decided to follow the Stolypin club advice as the new monetary policy of the country. -Before It's News

Here's an excerpt from yet another recently published article (translated from Russian) describing how the ruble may now evolve ([here](#)).

We must nationalize the ruble. What does it mean? It means that we must separate the internal markets from the external ones.

... Thus, the first step for Russia is secession from the IMF and others similar institutions designed to keep the entire world in bondage. The dollar noose must be cut.

Now the amount of printed rubles will not be determined by how many dollars we have but by the actual needs of our economy.

... We have absolutely no need in the central bank in its current form, but we do need a financial regular. Under any regime, it was the Treasury that performed this function. Let it remain the same now regardless of the official name. It may continue to be called the Central Bank. If the essence is changed, there is no need in changing plaques.



You can also see an article ([here](#)) that goes into this issue more deeply and claims that Putin has in mind backing a portion of the ruble with gold as well. (We should note there are claims the ruble is backed by gold already.)

The dramatic - historical - Russian currency changes (if these articles are accurate) seem a little difficult to discern in full at this moment, but obviously things are changing fast. And they are changing for China's "money" as well. In fact, some have speculated China and Russia could launch a joint, gold-backed currency ([here](#), see bottom of article).

At the beginning of October, the yuan joins the IMF's SDR basket ([here](#)). This means that major international institutions can issue bonds payable in yuan (actually RMB, the Chinese external currency).

And that is just what has happened already. The World Bank is issuing a large yuan/RMB tranche and this will be the first of many ([here](#)).

Investors who want to place funds in RMB rather than dollars will use the new yuan/RMB-based instruments. The US will continue to print dollars but those dollars may not find a home abroad so easily. Instead they may circulate back into the US economy creating significant price inflation.

The US was able to do so much damage domestically and abroad because of its virtually unlimited spending power. It's been able to prosecute endless, horrible wars and imprison up to five percent of its adult population at any one time.

Now things are changing. Between the Russian announcement and yuan/RMB convertibility, the US will gradually have more trouble printing money at will. Perhaps the corrupt military-industrial complex will be impelled to shrink and large-scale social programs like the wretched Obamacare will have more difficulty with funding as well.

As a libertarian publication, we should rejoice over the upcoming starvation of the US fedgov.

But we will not. We are well aware that the same banking influences that created the monstrous, modern state is ruining US and the West generally in order to build up a more

febrile internationalism.

The BRICs, invented by Goldman Sachs are part of it. So is this reconfiguration of reserve currencies.

It seems natural, of course, as “directed history” always does. But it is not natural in the slightest. From what we can tell, it is pre-planned.

Remember both the IMF and the World Bank are controlled by the US. And yet it is these two organizations that are facilitating the rise of the yuan/RMB.

Also, please pay attention to how Russia will issue rubles into the economic system (from the same translated article we quoted previously):

How can we calculate [how many rubles Russia needs]? In exactly the same way as the United States calculates the amount of dollars needed for its economy. Just as the European Union does the same.

The best justification would be that from now on Russia issues rubles based on the value (in rubles) of all natural resources explored on its territory. It is quite amusing that subsequent steps are no rocket science; they are dictated by common sense itself. Since we are breaking down the disadvantageous system,

Putin may be taking a big step, but by circumventing his central bank (initially imposed by the West) he can be seen as moving toward more state control of Russian currency.

And for years, we have debated heatedly with people like Ellen Brown ([here](#)) who believe that federal governments can do a much better job of printing money than quasi-independent central banks.

Good Lord! What’s wrong with a little monetary freedom?

All Putin has to do if he wants a healthy currency is declare that the new ruble will be backed by gold and that its issuance will be a private or regional matter.

Let a thousand gold mines bloom. Let the circulation of gold and its related paper notes travel up or down depending on quantity and demand – not the determinations of yet another shadowy, elite clique.

This is the way the US ran before the Civil War and created one of the world’s most prosperous and freest cultures. Those in the US live yet on the dregs of that “golden” period.

But this is not well understood. As time goes on the often-illiterate alternative media may join in hosannas for Putin’s upcoming currency shift. But, again, just because “Russia” will now control its currency instead of a central bank reporting to the IMF, doesn’t necessarily create a better system.

Of course, the argument will be made this sort of system is what Hitler installed in Nazi Germany in order to create the German “miracle” of the 1930s (which we are supposedly not able to talk about). But that system might have destroyed itself over time. Surely it

would have.

To begin with, such systems may work very well. But since the “money” is being created by human deciders rather than the competitive market, distortions are inevitable. Price-fixing, which is what it is, never works.

And while we are making the point that this newfound ruble freedom may not be so profound as advertised, let us note that the advent of a currency war is being accompanied by military tension as well.

Conclusion: Whether such tensions are legitimate or dramatized is difficult to say. But given elite banking control of so much around the world, we would not be surprised if we are simply being exposed to a gigantic performance of sorts directed from the top down. Ironically, despite apparent “setbacks,” London’s City surely leads the way.

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