

A Light for the West.... Putin and Xi Not So Formidable Foes?

Tuesday, June 27, 2023:

Greetings!

My grandfather was studying at Moscow State University in 1917 when the communists led a successful revolution. He decided to give up his Electrical Engineering Ph.D. at Russia's best university to flee communism to France to become a penniless immigrant unloading chickens from trains at the Gare du Nord train station.

In 1993, I was a college student in my Junior Year studying abroad at the Plekhanov Institute of Economics in Moscow when then there was the October Coup. As a 20-year-old, **I was dodging snipers as Yeltsin's army successfully bombed the Russian Parliament Building to root out Rutskoi** and other members responsible for leading a rebellion against the Russian government.



Russia's White House (Bely Dom), where Boris Yeltsin's 1993 attack ended the coup attempt known as the "October Coup", or "Black October." (W

This weekend we saw another historic putsch. It seems to have failed.

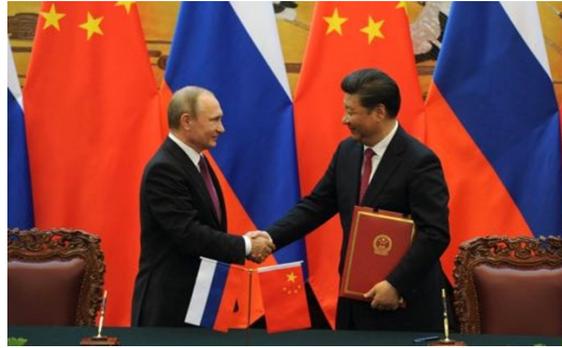
In February 2022, **I was a lone voice warning that Putin would invade Ukraine after the Beijing Olympics.** The vast majority of generals and pundits were claiming that Putin was bluffing.

I warned about a potential World War 3.. As my Jewish grandfather had read Hitler's true intentions, he was prescient in being able to secure visas to the US for my father and family as Hitler's tanks rolled into Paris.

Luckily, my father's cousin Margarita who had lived her whole life in St. Petersburg Russia heeded my warnings in February 2020. **At the age of 82, she decided to leave Russia and got a plane to Israel in March.** She is happily restarting her life in Israel, learning Hebrew, and liaising with our relative Jules Feldman who lives on a Kibbutz in Israel.

The world doesn't know how close we could have been to a World War at that time. Had Putin been able to roll over Ukraine, his plan was to then re-acquire all of the former Soviet territory beginning with the most vulnerable countries including Belarus, and the Baltic States Estonia, Latvia, and Lithuania. He had made a public

alliance with China's Xi the month before. A contact I have who advises the Chinese government told me that China had positioned its military to take over Taiwan had Kyiv been secured.



Left to right: Russia's president Vladimir Putin shakes hands with Chinese president Xi Jinping, solidifying a formal alliance between the two nations on March 21, 2023.

But thankfully for the West, **Putin, and Xi have not been as formidable foes as many feared**, dragged down by a lot of self-inflicted errors.

We also need to thank and recognize Ukraine's Volodymyr Zelensky and his amazing leadership. Standing up to Putin and telling all Ukrainian men they needed to stay and fight was a game changer. His success in gaining weapons from the West is testing the Russian military and exposing their weaknesses. I still worry that my beautiful Kiev where I was in 2013 will be shelled and a Syrian stand-off and extended war could decimate the country's beautiful history and architecture.

But I recall my dad's life and millions of Jews and others who were endangered when France's Vichy government gave in to Hitler and let them roll in as they preferred to protect Paris' architecture and buildings while turning a blind eye to the lives of millions of people.

This is one reason I always loved London and became a UK citizen. **Churchill stood up to the Nazis** and the country was willing to have some of their buildings bombed to stand up for human rights. Now, London is a lovely blend of ancient buildings bespectacled with new buildings like the Shard, the Gherkin, and the Walkie-Talkie.

So I'm feeling there could be a **bright light for the West with Putin's and Xi's failures.**

I believe Putin had the ambition to take over Ukraine and other countries to regain Russia's glory, but **Ukraine's resistance and Russia's non-committed military have exposed some Keystone Cops undermining Putin's plans for World domination.**

Meanwhile, China's President Xi has also been battling internal woes and demographics that have undermined China's strength. First, COVID-19. I was also a lone voice in February 2020 warning that **COVID-19 was a Black Swan that could crash the markets.**

In January 2020, I was at Davos schmoozing with Titans of industry like Jamie Dimon. **Nobody was talking about COVID-19 and nobody was "social distancing."** I would pick up the Financial Times at the *Belvedere* in Davos and read about some virus that was in Wuhan China. But it was a headline that the CEOs ignored and didn't think about the implications of.

Thank you to Richard Lewis who contributed as a foreign policy analyst on this article.



Left to right: JPMorganChase CEO Jamie Dimon, Maya Joelson (me), and Carlyle Group CEO David Rubenstein

I returned to San Francisco and read in the FT again that China was still having issues with COVID-19 and was doing lockdowns. Lockdowns? I put two and two together as a global macroeconomist...China is now the #2 economy with global linkages. **If China is locked down, this will impact the world.**

I called my clients and warned them of this global economic threat and we took profits in tech and real estate and bought into *Zoom, Chewy, and Moderna*. **The S&P fell by 35%...Value stocks fell by 45%. My clients' portfolios were down just 5%** as we had re-positioned into Zoom but kept stocks like Apple which are long-term holds.

Jerome Powell stepped into the market. The US government created a huge fiscal stimulus. Then the market recovered and **Robinhood became a phenomenon as millions of Americans tried their luck at day trading with their stimulus checks and free time.**

There was loose regulation, especially after the roll-backs with Trump. And cheap money. **This has shown to be the recipe for an economic meltdown** like we saw in 2008. I'm still worried about that happening, as Silicon Valley Bank showed the bubble of this era. I'm in Los Angeles looking at the crypto.com building.... And thinking of the crypto bubble and crash.

How much more to filter through the system? I lived and worked through both the 2001 and 2008 crashes. The 2008 crash was slow-moving. In February 2007, Bear Stearns was in distress and acquired by JP Morgan. That summer I was interviewing at UBS and they announced a huge mortgage write-down. I took a job at Renaissance Capital in London advising JP Morgan, Goldman, and top hedge funds on their investments in emerging markets- - which were still doing well as **China had launched a huge stimulus program** and was buying a lot of commodities.

In August 2008, Putin tried to invade Georgia during the Chinese Olympics. By September 2008, Lehman fell and the 2008 crash was apparent. The Global Financial Crisis.

I fear this era of easy money and liquidity could lead to a 2008 crisis.

China doesn't want unpredictability on its doorstep, and Putin's long tenure provided Beijing with consistent dealings with Russia. Putin also worked with

former Chinese leaders Jiang Zemin and Hu Jintao. **But there are silver linings after the Prigozhin uprising in Russia.**

"China, like the rest of the world, is cautious and caught off guard by the Wagner issue. An unstable, fragmented, nuclearized Russia is a strategic nightmare for everyone," said Yu Bin, professor of political science at Wittenberg University.

According to Wen-Ti Sung, a professor at Australia National University, **Xi still prefers Putin, but Beijing now has more reservations and takes a transactional approach in dealings with him.**

Putin appeared weak when he ordered his military to destroy an armed rebellion led by Yevgeny Prigozhin. Prigozhin led the Wagner Group, a private militia used by Russia as a proxy army.

Russia and China, the two prominent dictator-led threats to America and its allies, face weakening economies. **Russia is struggling to compete militarily due to its economic decline**, while China is dealing with economic issues, persistent COVID-19 and fertility problems, and deadly drought conditions in the North.

But Putin backed into a corner could prove to be more dangerous. Especially given his nuclear arsenal.

Believe it or not I was working in 1994 in St. Petersburg Russia for Sandia National Labs to help Russia go from swords to plows. **Now with rapid advance of artificial technology, is that the most formidable foe?**

In 1994, Netscape was launched and led gigantic changes. **I worked for DARPA in 1990s with one of the "fathers of the internet," Vint Cerf.** Wow. I've done some pretty cool stuff.... Maybe I should create the female version of Bourne Ultimatum and be played by Jennifer Lawrence.... Time to call my buddy Matt Damon...



I would love to hear any feedback and your own ideas.

-Maya Joelson

Marisa (Maya) Joelson
Founder of Meta Point Advisors

maya@metapointadvisors
415-691-1062

Maya is a Harvard-trained economist who leverages her two decades of top-level experience across Wall Street, the City of



London, emerging markets, and advanced technology to devise investment strategies for her clients. She advised the CEO and Board of Rio Tinto on macroeconomic and geopolitical concerns. Maya founded Meta Point Advisors after several years as a Financial Advisor at Merrill Lynch. Maya's clients benefit from her ability to provide savvy active management without the cumbersome costs and structure of mutual funds. She has been quoted in ***The Wall Street Journal***, ***Barron's***, and the **World Economic Forum**.

Marisa Joelson holds a MPA from Harvard Kennedy School, a MBA from Kellogg at Northwestern University, and a BA from Wesleyan University.

Meta Point Advisors | 51 Maryland Ave | Rehoboth Beach, DE 19971 US

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