

# Obama's World

By [Geopolitical Monitor](#)

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Region: [USA](#)

Theme: [Global Economy](#)

## FORECAST

As President Barack Obama takes the reigns of power in Washington, the world that awaits him and his administration poses significant challenges.

The Obama administration faces the daunting task of tackling the worst global economic crisis since the Great Depression. By borrowing trillions of dollars against America's future, the current strategy of averting current disaster is an "all-in" move. If it fails, U.S. power will be severely damaged for at least a couple of generations.

In fact, with the diminishing of the U.S.' economic strength, the balance of power will shift for the first time since the end of the Cold War. China has surpassed Germany to become the world's third largest economy and is closing in on Japan for second spot behind the U.S. Although China still has far to go in supplanting the U.S. economically, the fact that China owns so much of the U.S. dollar gives them incredible leverage in determining the future of the U.S. economy. If China pulls the plug on the greenback, particularly in response to the dollar's expected inflationary spike due to the unprecedented printing of extra U.S. currency to pay for the various and continuing bailouts, China could determine the rise of its economic power vis-à-vis the U.S. on its own terms.

Thus, with diminishing economic clout, the Obama administration faces daunting geopolitical concerns.

Russian power is on the rise, again. Latin America continues to move to the left. Iraq remains an unfinished project, while Afghanistan and Pakistan continue to spiral out of control. The latter country is also perilously close to a 4th Indo-Pak War against its nuclear-armed neighbour. Europe, heretofore America's strongest ally, has been pushed further away from the U.S. during the Bush Administration than during any other era, and it may not desire resuming the previous level of intimacy now as the power, prestige and influence of the EU is clearly rising due to its independence from U.S. sway.

Yet the biggest, and perhaps most intractable problem facing the incoming Obama administration will no doubt be the first international crisis President Obama has faced - the Israeli war against Gaza. Since the Yom Kippur War, Israel has never been further away from achieving peace and stability than now following their destruction of Gaza. Concurrently, the Arab states have never faced greater pressure since the Yom Kippur War to deny Israel the peace and security it so desperately desires.

With support of militant resolve spiking in both Israeli and Palestinian electorates, Israeli-Palestinian peace appears untenable at present, a situation that benefits al-Qaeda and like-

minded anti-Western ideological movements.

With waning U.S. geopolitical influence, what is Obama to do?

Obama must take a page from the outgoing Bush administration. Recalibrating geopolitical strategies, while simultaneously lowering expectations, will achieve a better end than otherwise possible.

Case in point, Iraq.

By agreeing to a peace deal (cash, weapons, and support in exchange for a ceasefire) with militant Sunni groups, the Bush administration successfully manipulated the geostrategic facts on the ground that allowed them to salvage some, without losing all.

Despite his rhetoric to the contrary on the campaign trail, Obama must follow a similar doctrine in Afghanistan. By agreeing to a ceasefire with militant anti-U.S. forces, the U.S. may not achieve all it desired upon initiating the Afghan War, but it may yet be able to salvage some, workable objectives.

Similarly, the Obama administration must dramatically shift the geopolitical facts vis-à-vis Israel and Palestine. Heretofore, Israel has, without fear, been able to continue its expansionist foreign policy while constraining development in the Palestinian territories due to unquestioning U.S. support and a tremendous military imbalance.

Obama can end the cycle of war in the Middle East and change that equation by refusing to grant Israel unquestioning support (best demonstrated by withholding the U.S. veto at the UN Security Council), by demanding an end to Israel's expansionist foreign policy (best demonstrated by supporting a final peace deal on the actual line-of-demarcation of 1967), and by pledging full U.S. support (economic, military, and political) for any Palestinian state that both recognizes Israel and ensures peaceful co-existence between the two.

Concurrently, by re-engaging with Syria and Iran, Hamas and Hezbollah can be neutralized.

Unless Obama is willing to put into action his lofty rhetoric, as best articulated during his inaugural address, the American era will end sooner rather than later.

## **SUMMARY OF EVENTS**

January 19 - 26, 2009

### **NORTH AMERICA**

#### **United States**

A brewing fraud scandal at the Treasury Department may be worse than officials originally thought: banking regulators allowed IndyMac bank to essentially cook its books, making it appear in government filings that the bank had more deposits than it really did.

Barack Obama took power as the first black U.S. president on Tuesday and quickly turned the page on the Bush years, urging Americans to rally to end the worst economic crisis in generations and repair the U.S. image abroad.

Former National Security Agency analyst Russell Tice, who helped expose the NSA's warrantless wiretapping in December 2005, has now come forward with even more startling allegations that the NSA spied on everyone and targeted journalists.

President Barack Obama will begin overhauling U.S. national security policy Thursday with orders to close the Guantanamo Bay detention center, review military trials of terror suspects and end harsh interrogations, two government officials said.

## **WESTERN EUROPE**

### **Iceland**

Angry Icelandic protesters clashed with riot police as they called for a new government on Wednesday and the country's prime minister said he had the support of his coalition partner.

Iceland moved closer to a snap election on Thursday when the foreign minister joined calls for an early vote, while police tear-gassed demonstrators after anti-government protests turned violent.

The government of Iceland Friday became the first to be effectively brought down by the credit crunch.

## **EASTERN EUROPE**

Russia and Ukraine signed a 10-year gas supply deal Monday to clear the way for a prompt resumption of supplies to a freezing Europe, cut off for nearly two weeks by a dispute between the ex-Soviet states.

### **Georgia**

Georgia has breached no international laws in buying weapons abroad, the country's Foreign Ministry said on Thursday in response to a Russian ban on arms sales to its South Caucasus neighbor.

### **Kosovo**

Kosovo launched a new security force Wednesday in a new sign of independence, prompting Serbia to brand it "an illegal paramilitary group" whose creation was "totally unacceptable".

### **Russia**

A friendship and cooperation agreement between Russia and the breakaway Georgian province of South Ossetia has come into force, the Russian foreign minister said on Tuesday.

The Russian Foreign Ministry said on Friday Georgia's expanding military presence on the borders of Abkhazia and South Ossetia continued to be a matter for grave concern.

## **MIDDLE EAST**

### **Iran**

Iran's Intelligence Ministry has disclosed details about a 'US-backed' spy ring which had

plans to topple the Tehran government.

## **Israel**

The U.N.'s nuclear watchdog said Tuesday it would look into a claim by Vienna-based Arab ambassadors that Israel may have used ammunition containing depleted uranium in Gaza attacks.

The Israeli military came close to acknowledging for the first time Tuesday its use of white phosphorus munitions during the war in Gaza, but continued to insist that it did not breach international law.

Israel's last troops left the Gaza Strip on Wednesday, although the cease-fire was frayed when its navy opened fire toward beaches in northern Gaza, and smugglers' tunnels that were targeted in the 23-day campaign against Hamas were active again at the Egyptian border.

There is evidence that Israel committed war crimes during its 22-day campaign in the Gaza Strip and there should be an independent inquiry, UN investigator Richard Falk said on Thursday.

The Israeli Military Censor is applying strict restrictions preventing the media from identifying officers who participated in the Gaza Strip fighting and information about them that may be used in legal proceedings against them abroad.

## **Palestinian Territories**

Medics working in the Gaza Strip have condemned Israel's use of suspected "new weapons" that inflict horrific injuries they say most surgeons will not have seen before.

Israeli soldiers and Gaza militants violated on Monday the fragile ceasefire that the two sides had just unilaterally declared.

Ban Ki-moon, the secretary-general of the United Nations, has demanded a "full investigation" into Israel's bombing of a UN compound in Gaza City.

## **Turkey**

Turkish police arrested around 30 people, including army officers and a police chief, in a nationwide sweep on Thursday for suspects in an alleged coup plot that has rattled markets and fueled tensions with the army.

## **EAST ASIA**

### **China**

China fears containment abroad and separatist groups at home, a defense policy paper said on Tuesday, justifying a drive to increase military spending and push the People's Liberation Army into the high-tech era.

## **SOUTH ASIA**

### **Pakistan**

Suspected U.S. drones fired missiles into Pakistan on Friday killing at least 14 people, intelligence officials and residents said, in the first such strikes since Barack Obama became U.S. president.

## **AFRICA**

### **Democratic Republic of Congo**

Rwanda and Congo on Friday announced the arrest in Rwandan territory of Congolese Tutsi rebel leader Laurent Nkunda in a joint move aimed at bringing peace to conflict-torn eastern Congo.

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