

Obama's Ukrainian Power Grab, Sanctions and the Boomerang Effect

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Introduction

In the biggest power grab since George Bush seized Eastern Europe and converted it into a NATO bastion confronting Russia, the Obama regime, together with the EU, financed and organized a violent putsch in the Ukraine which established a puppet regime in Kiev.[1] In response the citizens of the autonomous Crimean region, fearing the onslaught of cultural and political repression, organized self-defense militia and pressured the administration of Russian President Vladimir Putin to help protect them from armed incursions by the NATO-backed coup regime in Kiev.[2] Russia responded to the Crimean appeal with promises of military assistance – effectively halting further Western absorption of the entire region.

Immediately following the proxy putsch the entire US-EU propaganda machine spun into high gear.[3] The nature of the Western power grab of the Ukraine was ignored. Russia's defensive action in Crimea became the focus of media and Western government attacks. Unconditional support for the for the violent seizure of the Ukraine by the US and EU-backed coup was broadcast by the West's entire stable of journalistic hacks and accompanied by screeds calling for measures to destabilize the Russian Federation itself through a full-scale economic and diplomatic war. The US and EU convoked meetings and press conferences calling for trade and investment sanctions. Threats emerged from the White House and Brussels calling for a "freeze of Russian assets" in Western banks, if Moscow did not hand over the Crimea to the coup regime in Kiev. Russian capitulation became the price of mending East-West ties.

The Obama regime and a host of US Congress people, media pundits and policy advisers called for, or engaged in, imposing sanctions on strategic sectors of the Russian economy, including its financial assets in the West. Opinions in Europe divided over this issue: England, France and the rabidly anti-Russian regimes of Central Europe (especially Poland and the Czech Republic) pushed for harsh sanctions, while Germany, Italy and the Netherlands were more measured in their response (Financial Times, 3/5/14, p. 2).

The Washington-based advocates for imposing sanctions against Russia view this as an opportunity to: (1) punish Russia for acceding to the Crimean autonomous government's call for defense against the Kiev putsch by activating Russian troops stationed in the region; (2) weaken Russia's economy and isolate it politically from its major Western trading and investment partners; (3) legitimize the violent seizure of power by neo-liberal and neo-Nazi clients of the US; and (4) promote destabilization within the borders of the Russian Federation. At a minimum, economic sanctions have become an aggressive tool for energizing the corrupt pro-Western elites and oligarchs in Russia to influence the Putin

government to accept the de-facto regime in Kiev and deliver the autonomous Crimean nation into their hands.

“Sanctions” are seen by the White House advisers as: (1) projecting US power, (2) securing the Ukraine as a strategic new base for NATO, (3) ethnically cleansing this diverse and complicated region of its Russian-speaking minority and (4) opening the Ukraine for the whole-sale plunder of its economic and natural resources by Western multinational corporations.

The Obama regime cites the “success” of the financial and economic sanctions against Iran as a ‘model’ for what can be achieved with Russia: A weakened economy, diminution of its trade, destabilizing its currency and provoking consumer scarcities and mass unrest. (FT 03/05/2014 p.2) Secretary of US State John Kerry is pushing for more extreme forms of economic reprisals: trade and investment sanctions, which obviously could lead to a break in diplomatic relations.(FT 03/05/2014 p.1)

Impact of Sanctions on Russia, the US and EU

Energy and financial sanctions on Russia, assuming that they can be imposed, would have a severe impact on Russian energy companies, its oligarchs and bankers. Trade and investment agreements would have to be abrogated. As a result Europe, which relies on Russian oil and gas imports for 30% of its energy needs, would slip back into an economic recession (FT 03/05/2014 p.2). The US is in no position to replace these energy shortfalls. In other words, trade and investment sanctions against the Russian Federation would have a ‘boomerang effect’ – especially against Germany, the economic ‘locomotor’ of the European Union.

Financial sanctions would hurt the corrupt Russian oligarchs who have stashed away tens of billions of Euros and Pounds in European real estate, business investments, sport teams and financial institutions. Sanctions and a real freeze on the overseas assets of the Russian billionaires would curtail all those profitable transactions for major Western financial institutions, such as Goldman Sachs, JP Morgan-Chase and other “giants of Wall Street” as well as in the ‘City of London’. (FT 03/05/2014 p.2) In “punishing” Putin, the EU would also be “spiting on itself”. Sanctions might weaken Russia but they would also precipitate an economic crisis in the EU and end its fragile recovery.

Russia’s Response to Sanctions

Essentially the Putin Administration can take one of two polar responses to the US-EU sanctions: It can capitulate and withdraw from Crimea, sign an agreement on its military base (knowing full well that NATO will not comply), and accepts its own international status as a quasi-vassal state incapable of defending its allies and borders; or the Putin Administration can prepare a reciprocal set of counter-sanctions, confiscate Western investments, freeze financial assets, renege on debt payments and re-nationalize major industries. The Russian state would be strengthened at the expense of the neo-liberal and pro-Western oligarchical sectors of Russia’s policy elite. Russia could terminate its transport and base agreements with the US, cut off the Pentagon’s Central Asian supply routes to Afghanistan. President Putin could end sanctions with Iran, weakening Washington’s negotiating position. Finally, Russia could actively support dissident anti-imperialist movements in the Middle East, Africa and Latin America while strengthening its support for the Syrian government as it defends itself from US-supported violent jihadists.

In other words, US-EU sanctions while attempting to undermine Russia could actually radicalize Moscow's domestic and foreign policy and marginalize the currently pro-Western oligarchs who had influenced the heretofore conciliatory policies of the Putin and Medvedev Administrations.

The EU and Obama might consolidate their hold over the Ukraine but they have plenty to lose on a global scale. Moreover, the Ukraine will likely turn into a highly unstable vassal state for the NATO planners. EU, US and IMF loans for the bankrupt regime are conditional on (1) 40% cutbacks on energy and gas subsidies, (2) 50% cuts in public sector pension payments, (3) major increases in consumer prices and (4) the privatization (plunder) of public firms. The result will be large-scale job loss and a huge jump in unemployment. Neo-liberal austerity programs will further erode the living standards of most wage and salaried workers and likely antagonize the neo-Nazi 'popular base' provoking new rounds of violent mass protests. The West would move forward with 'agreements' with their Ukraine clients 'at the top' but face bitter conflicts 'below'. The prospect of Brussels and the IMF dictating devastating economic policies as part of an austerity program on the masses of Ukrainian citizens will make a mockery of the puffed-up nationalist slogans of the far Right putschists. Economic collapse, political chaos and a new round of social upheaval will erode the political gains assumed in the power grab of February 2014.

Conclusion

The unfolding of the US-EU-Russian conflict over the Ukraine has far-reaching consequences, which will define the global configuration of power and foster new ideological alignments

Western sanctions will directly hit Russian capitalists and strengthen a 'collectivist turn'. The Western power grab of the 'soft underbelly of Russia' could provoke greater Russian support for insurgent movements challenging Western hegemony. Sanctions could hasten greater Sino-Russian trade and investment ties, as well as military cooperation agreement.

Much depends on Obama and the EU's calculation of another weak and pusillanimous response from the Russian government. They are confident that the Russian Federation will once again, as in the past, 'bluster and object' to Western expansionist moves but will ultimately capitulate. If these calculations are wrong, if the West goes through with financial and energy sanctions and President Putin makes a robust riposte, we are heading into the eye of a new political storm in which a polarized world will witness new class, national and regional conflicts.

Notes

[1] The pro EU-US putsch regime in Kiev is a product of nearly 25 years of planning and enormous funding by political agencies of the US government. According to William Blum (Anti-Empire Report#126, 03/07/2014), the self-styled National Endowment for Democracy bankrolled 65 projects involving political indoctrination and the formation of political action groups. Under-Secretary of State Victoria Nuland boasted that the US government had spent over \$5 billion dollars preparing the ground for the putsch in Kiev.

[2] The Crimean people had excellent reasons for organizing self-defense militias and calling for Russian military aid. According to analyst Brian Becker ("Who's Who in Ukraine's New Semi-Fascist Government", Global Research 05/09/2014), prominent neo-Nazis and right-wing extremists occupy key positions in the Kiev junta. Fascists hold the two top positions in the National Defense Council

(controlling the army, police, intelligence and the judiciary); head the Ministry of Defense; control the Prosecutor General; and include one of the Vice Presidents. The Prime Minister, Arseniy Yatsenyuk ('Yats'), was 'hand-picked' by Washington, (as revealed by a secretly recorded conversation between US Under-Secretary of State Victoria Nuland and the US Ambassador to Kiev). He is the 'front man' of Ukrainian fascism and NATO penetration.

[3] 'News' reporting became indistinguishable from editorials in all the major media outlets. The corporate and state media's rabid support of the violent seizure of power in Kiev by US-funded clients was equaled by their hysterical claims of a Russian "take-over" of Crimea. See the coverage from the Wall Street Journal, New York Times , Financial Times , Washington Post, BBC News and CNN from 03/01/014 to 03/10/2014.

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