

US steps up pressure on Russia amid growing risk of war over Ukraine

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The risk of war and major economic shocks in Europe continued to rise yesterday as Washington and its allies stepped up pressure on Russia over the crisis in Ukraine.

The military standoff between Ukraine and Russia continued to escalate. The Western-backed, anti-Russian regime that came to power in Kiev last month in a fascist-led putsch began sending out mobilization orders to 1 million reservists, anticipating a possible war with Russia.

Russian forces continued to spread out over Crimea, a majority Russian-speaking area of Ukraine that hosts the Russian Navy's Black Sea Fleet at Sevastopol, and to hold the peninsula against the regime in Kiev. There were reports of Moscow ferrying troops to Crimea via the Strait of Kerch.

Ukrainian sources reported that Black Sea fleet Commander Aleksandr Vitko had issued an ultimatum to Ukrainian forces in the peninsula to surrender by this morning or face attack. The Russian government dismissed the report as "nonsense," however.

The United Nations Security Council, which met in an emergency session to discuss the Ukrainian crisis, was the scene of bitter exchanges between the major powers. Russian Ambassador Vitaly Churkin read a letter from deposed Ukrainian President Viktor Yanukovich, asking Russia to intervene to defend the "people of Ukraine" from "chaos and anarchy." He insisted that Russian-speaking people in Ukraine are afraid of being attacked by violently anti-Russian fascist forces that play a leading role in the Western-backed regime in Kiev.

US Ambassador Samantha Power summarily dismissed Russian arguments, declaring, "Russian military action is not a human rights protection mission. It is a violation of international law."

Leaders of the G-7 group of major industrialized nations issued a statement condemning Russia's moves in Crimea. The G-7 leaders cancelled preparations "for the time being" for the G8 summit (G7 plus Russia)

scheduled for June in Sochi.

US Secretary of State John Kerry, who traveled to Kiev yesterday for talks with the new government, warned Moscow that it risked losing its G8 seat over its role in Ukraine.

Kerry was preceded by British Foreign Secretary William Hague, who visited Kiev on Monday. He called the situation "certainly the biggest crisis in Europe in the 21st century," claiming there was "no justification" for Russia's actions in Crimea.

Before leaving for Ukraine, Kerry told reporters that the White House was considering wide-ranging sanctions against Russia. If Russia did not "step back," Kerry warned on NBC News' "Meet the Press" program, "There could even be, ultimately, asset freezes on Russian business, visa bans, and disruption of trade." Kerry threatened that "American business may pull back; there may be a further tumble of the ruble."

An unnamed senior US official told the *Financial Times*: "The Russians have miscalculated here. Their economy is quite vulnerable... You are seeing the US, the rest of the G-7, the rest of NATO and a broad section of the rest of the world acting together and beginning to isolate Russia."

US State Department spokeswoman Jen Psaki said that broad sanctions against Russia are not "just possible, but likely."

Stock markets across Europe fell sharply over fears of economic dislocation arising from sanctions or outright conflict, the biggest concern being the possibility of a cut-off of Russian natural gas supplies to European economies already staggered by the global economic crisis.

The ruble fell 2.9 percent early on Monday to a low of Rbs 36.90 to the dollar, and the Russian stock market fell 9.4 percent. The Russian central bank immediately raised its main interest rate to protect its deposits. One of the

biggest falls on equity markets was registered by the massive natural gas corporation Gazprom, whose shares fell 10.7 percent.

Several Western European markets were also down sharply. Germany's DAX index fell 3.44 percent and France's CAC-40 declined 2.66 percent, led by banking, energy, auto and consumer goods firms that have major stakes in the Russian market and would be hurt by a cut-off of trade.

The Ukrainian stock exchange in Kiev fell 11.6 percent and its currency, the hryvnia, sank to a new low against the US dollar. Ukraine is on the verge of bankruptcy, requiring an estimated \$35 billion to avoid defaulting on its debt. Nearly half of this sum, \$15 billion, is owed to Western banks.

On Sunday, US Treasury Secretary Jack Lew called on Kiev to seek assistance from the International Monetary Fund, declaring: "The United States is prepared to work with its bilateral and multilateral partners to provide as much support as Ukraine needs." However, IMF Managing Director Christine Lagarde indicated she intended to postpone discussion of precise amounts of financial aid to Ukraine until IMF officials have reviewed Ukraine's accounts.

Such aid packages would be predicated on deep attacks on the working class in Ukraine, including layoffs and cuts in pensions and social programs—a fact that further underscores the right-wing character of the Western-backed regime in Kiev.

These events are an indictment of global capitalism and the reckless policy of the imperialist powers. Five years after a global financial meltdown that began with the collapse of Lehman Brothers, and only a half year after Washington, Berlin and their allies provoked a standoff with Russia by nearly bombing Syria, world capitalism is again on the verge of war and financial collapse.

The world is being brought face to face with the disastrous consequences of the dissolution of the USSR, which has left the region vulnerable to imperialist intrigue, provocations and the rise of far-right forces functioning as tools of imperialism. The Putin regime, the product of capitalist restoration and a tool of oligarchs who enriched themselves from the theft of state property following the breakdown of the USSR, is incapable of offering any progressive answer to the provocations of the US, Germany and the European Union.

His resort to military action combined with the whipping up of Russian nationalism only complements the reactionary Ukrainian nationalism of the fascist-

backed regime in Kiev and increases the chances for an eruption of sectarian conflict that will dwarf the bloodletting which accompanied the imperialist-engineered breakup of Yugoslavia in the 1990s.

What is required is the development of an independent and united movement of the Ukrainian and Russian working class against imperialism and the ruling classes of both Ukraine and Russia.

The crisis in Ukraine is also bringing to light divisions among the imperialist powers themselves over tactical issues as well as the question of who would bear the costs of intervention and/or a major IMF bailout of Ukraine.

German Foreign Minister Frank-Walter Steinmeier opposed the US proposal to exclude Russia from the G8, telling German television: "The G8 panel is the only panel where we Westerners talk directly to Russia, so should we really sacrifice this only panel?"

A call between German Chancellor Merkel and Russian President Putin at the weekend had a more conciliatory tone than the threats issued by Kerry. According to a Kremlin statement, "Putin and Merkel have agreed to continue consultations both bilaterally (through their foreign ministries) and multilaterally, with the aim to help normalize the sociopolitical situation in Ukraine."

Germany has extensive trade ties with Moscow, importing 40 percent of its natural gas and 33 percent of its crude oil from Russia. An all-out confrontation with Russia would threaten not only Berlin's extensive interests in Russia, but would also jeopardize its business operations throughout Eastern Europe.

Nonetheless, Berlin and the other European Union governments have hailed in unison the fascist-led putsch in Ukraine, seeking to exploit disaffection with Yanukovich, Putin and other right-wing regimes in Eastern Europe to assert their own imperialist interests.



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