European Union ramps up sanctions against Russia amid ruble crisis

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Despite sharpening divisions within the European Union over the implications of the collapse of the Russian currency, the two-day EU summit in Brussels stepped up Europe's confrontation with Russia, imposing new EU sanctions to keep businesses from operating in Crimea.

On Thursday, as the EU summit opened, US President Obama signed new legislation that allows Washington to impose a raft of new punitive sanctions on Russia. The impact of the sanctions that have already been enacted, cutting off credit to the Russian economy, has been crippling. The Russian currency has lost roughly half of its value against the US dollar this year, and economists say Russia's economy could contract by 5 percent next year.

Concerns are mounting in the European bourgeoisie over the implications of a collapse of the Russian state, which would threaten economic collapse in Europe and war. From Austria, the *Wiener Zeitung* wrote: "Economic turbulence in Russia is giving the EU cause for concern. Leading politicians are asking themselves whether the collapse of the Russian state is not an even greater danger. For some time, certain European countries, such as Italy, have been proposing to loosen the sanctions."

But despite the potentially catastrophic consequences, the EU summit aligned itself with the US policy of waging economic war for regime-change in Russia unless the Kremlin submits to US-NATO hegemony in Eurasia. The dominant forces at the summit demanded that sanctions be maintained until Moscow abandoned all opposition to the far-right, pro-Western regime in Kiev.

German Chancellor Angela Merkel said the sanctions, first imposed after last February's NATO-backed coup in Kiev, had to remain in place. "Sanctions were imposed for specific reasons and they can be lifted only when these reasons cease to apply," she said.

This echoed her remarks to the Bundestag, the German parliament, the day before. Even though the atrocities committed by pro-Kiev regime fascist militias in eastern Ukraine have been widely documented, Merkel insisted that pro-Kiev forces "be permitted to bring their own relief supplies safely to areas in the east of the country that are controlled by the separatists." Until Russia cooperated with the EU on this matter, she added, "sanctions remain unavoidable."

British Prime Minister David Cameron also pressed for a hard line at the summit. He declared that if the Kremlin "takes Russian troops out of Ukraine, and it obeys all the strictures of the Minsk agreement [the ceasefire between Kiev and the eastern Ukraine separatists], these sanctions can go."

EU President and former Polish Premier Donald Tusk said, "We must go beyond being reactive and defensive. As Europeans, we must regain our self-confidence and realize our own strengths." He called Russia a "strategic problem" for Europe.

Tusk alluded to the growing divisions within Europe over the NATO powers' confrontation with Russia, which France and Italy publicly criticized at the summit. "It is obvious," he declared, "we will not find a long-term perspective for Ukraine without an adequate, consistent and united European strategy towards Russia… Today we are maybe not too optimistic. But we have to be realistic, not optimistic."

French President François Hollande, who traveled to Moscow for talks on December 6, said that a deal with Russia was possible and called on the EU to calm the situation. "I believe that today, if moves are made by Russia as we expect, there is no reason to impose further sanctions… It will be best instead to examine

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how we also could begin carrying out a de-escalation," he said.

Italian Prime Minister Matteo Renzi said his position was "absolutely no to new sanctions."

Divisions also emerged within the German government yesterday, as Foreign Minister Frank-Walter Steinmeier gave an interview to *Der Spiegel* criticizing a policy of financially strangling Russia. The magazine wrote: "Those thinking of forcing Russia to its knees economically are dangerously mistaken if they think this will lead to more security in Europe. 'I can only warn you about this,' Steinmeier said. He also spoke out directly against further sanctions. 'That is why I am against a further ratcheting up of sanctions,' the foreign minister declared."

The EU's decision nonetheless to tighten the economic noose around Russia testifies to the historic bankruptcy of European capitalism and the desperation and recklessness of its ruling elites. A year ago, facing economic collapse and rising working class opposition to their austerity policies, they embarked on a confrontation with Russia over Ukraine. Now this adventure has placed Europe and the world on the verge of an even greater financial and military conflagration.

The explosive situation in the working class interrupted the EU summit, which broke up early Friday morning so that participants could flee social protests against austerity in Brussels.

Four days after the last one-day general strike in Belgium, farmers and agricultural workers faced off against police, blockading downtown Brussels with tractors. Anger is mounting over the Belgian government's slashing of social benefits and expressions of sympathy by top officials for Belgium's World War II-era Nazi-collaborationist regime.

The social and economic crisis is set to intensify further as the impact of the sanctions on Russia spreads throughout the European and world economy.

Speaking to the *Neue Osnabruecker Zeitung*, Volker Treier of the German Chamber of Industry and Commerce (DIHK) predicted that German exports to Russia would fall 20 percent in 2014 due to the "dramatic drop in the purchasing power" of Russians. Treier noted that the ruble crisis might briefly encourage spending, as Russians tried to buy up goods before the ruble lost even more value, but this would likely have a limited and short-term impact.

The fall in exports will lead to further attacks on German workers. "German auto factories have already been working short shifts [*Kurzarbeit*] for several weeks or laying off workers," Treier said.

As Russia's single largest creditor, with €49 billion in loans to Russia, France is also particularly threatened by the ruble crisis. French oil firm Total and auto maker Renault do much of their business in Russia, and the Société Générale bank has a 99.4 percent stake in Rosbank, the country's largest private bank.

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