



British and American neo-Cold Warriors gun for showdown against Russia

By Rachel Douglas

23 Jan.—Fasten your seatbelts! The closer the next global financial blow-out looms, as specialists ranging from the US Treasury Department's Office of Financial Research to the ex-chief economist of the Bank for International Settlements acknowledge it does, the more intense become attempts by the Anglo-American Party of War to divert the attention of politicians and populations around the world onto a dangerous showdown with Russia and China. This article concerns actions related to Russia.

Just in the past month's time, new danger signs have appeared.

The Supreme Rada (Parliament) of Ukraine passed a law authorising the use of military force to retake the eastern Donbass regions, which declared autonomy in 2014. The move came less than a month after the US State Department for the first time approved supplying lethal armaments to Ukraine (page 12).

Gen. Sir Nick Carter, British Army chief of the General Staff, gave a bloodcurdling speech 22 January at the Royal United Services Institute (RUSI), in which he declared that Russia under President Vladimir Putin was "the most complex and capable security challenge we have faced since the Cold War". Claiming that Russia presents an immediate threat to "the West's stability" and to the newer NATO members on Russia's own borders (article, p. 13), Carter demanded a sharp UK military spending increase "to keep up with our adversaries".

Back in Washington, Secretary of Defence James Mattis was reading from the same page as the British general, when on 19 January he unveiled the latest US National Defence Strategy. Contrary to President Donald Trump's pledges to seek better relations with Russia, Mattis declared that "great power competition, not terrorism, is now the primary focus of US national security", and that America's "principal priorities" are to mobilise military, economic, financial, diplomatic, law enforcement, intelligence and "information" assets to confront Russia and China as its primary adversaries.

Russian Foreign Minister Sergei Lavrov, interviewed by the newspaper *Kommersant* during his three-day visit to New York for United Nations sessions last week, said that developments of this sort make the global situation worse than at the height of the Cold War. "This cranking up of Russophobia is really unprecedented", said the diplomat. "There was nothing like this during the Cold War. There were some kinds of rules then, and mutual civility. Now all proprieties have been cast aside.... Today, when NATO has advanced to the East, there really are no rules."

Sanctions as regime-change

While diplomatic rules may have fallen by the wayside, the US Congress is using the force of law to escalate hostile actions against Russia. In June 2017 the US Senate passed, by a vote of 98 to 2, a law that came to be named, after its 419 to 3 passage by the House of Representatives in July, the *Countering America's Adversaries Through Sanctions Act* (CAATSA). The *AAS* Washington Insider column of 21 June 2017, "Senate takes insane action against Russia, Iran and Trump",



Left, US Defence Secretary James Mattis announces the new National Defence Strategy which emphasises the return of great-power rivalry. Right, General Sir Nicholas Carter, Chief of the General Staff UK, addresses RUSI on the same subject. Photos: US DoD; YouTube screenshot

reported about Russia's addition to what was to have been an anti-Iran law—a change justified by the still unproven charge of "election meddling" by Russia. The President, whose veto would have been overridden had he tried to block the bill, signed CAATSA into law on 2 August 2017.

Several of the Russia-related sanctions in CAATSA were enhancements of ones imposed in 2014, after Crimea declared independence from Ukraine in the wake of the overthrow of that country's elected President and government, and then petitioned to join Russia (events treated by the Western media and politicians as a Russian invasion and annexation). These measures included the blacklisting and banning from the United States of Russian officials deemed to have been involved in the Crimea events or hostile to the coup-installed Kiev regime, as well as some current and former close associates of Putin.

By upgrading the prior sanctions, the US Congress has taken the approach set forth in a June 2015 report issued by the UK's Royal Institute of International Affairs (Chatham House), "The Russian Challenge". The Chatham House authors had stated that "[t]he effectiveness of sanctions against Russia depends on their duration as well as severity".

CAATSA mandated new sanctions, as well, against "persons engaging in transactions with the intelligence or defence sectors of the government of the Russian Federation"; sanctions against any party that sells equipment to Russia for the purpose of building oil and gas export pipelines; and sanctions against anyone who invests in Russian state-owned assets when they are privatised, if such investment "unjustly benefits officials of the Government of the Russian Federation; or close associates or family members of those officials". The penalties against such persons include the denial of licenses, and measures to block credit for such deals.

Several clauses use the terminology that the President "shall" impose sanctions, rather than "may" impose them, wording that makes the implementation of several measures not optional for Trump.

Other CAATSA provisions require certain actions to be taken by the Administration within six months, a deadline falling due next week, around 29 Jan.-2 Feb. These include Section 241 of CAATSA, which demands from the Administration a "report on oligarchs and parastatal entities of the Russian Federation", specifically "identification of the most significant

senior foreign political figures and oligarchs in the Russian Federation, as determined by their closeness to the Russian regime and their net worth”, and the same for their spouses, children, parents and siblings. This coming document is informally known as “the Kremlin report” or “the Kremlin list”. Section 242 demands an assessment, on the same deadline, of what the effect would be of expanding sanctions to include Russian sovereign debt, i.e., a possible ban on purchases of Russian bonds by US citizens or companies. Section 243 requires an annual report, beginning in August 2018, on what US agencies are doing against “illicit finance relating to the Russian Federation”.

The reports and other CAATSA implementation are being worked on by several parts of the Trump Administration—the

Department of the Treasury’s Office of Foreign Assets Control (OFAC), the State Department, and the Office of National Intelligence, according to government announcements. On 27 October 2017, the State Department published a list of 33 Russian companies and several agencies which come under the “intelligence and defence sectors” of the Russian government.

There are also task forces at various non-governmental Anglo-American establishment institutions, working on making this new phase of sanctions as nasty and damaging to Russia, and Putin personally, as possible. One such group is at the Atlantic Council, the think tank known as NATO’s biggest booster in Washington, as well as for having actively supported the coup in Ukraine and the “hacking” allegations side of the US Russiagate scandals. Another group assembled in

Dangerous escalation in Ukraine

On 18 January the Verkhovna Rada, Ukraine’s Parliament, passed a law on reintegrating the eastern Donbass region, where the self-proclaimed Donetsk and Lugansk People’s Republics are located, into Ukraine. The terms of the law wipe out those of the February 2015 Minsk accords, reached between Ukraine and the Donbass governments, with the participation of France, Germany, Russia and the Organisation for Security and Cooperation in Europe (OSCE). The Minsk accords were a framework for peaceful settlement of the conflict in eastern Ukraine, ongoing since shortly after the Western-backed February 2014 coup in Kiev, the capital. The Rada declared that the Donbass is “temporarily occupied” by an “aggressor” (Russia—which denies having forces there), and empowered Ukrainian President Petro Poroshenko to use the Army without the Rada’s permission.

The law, which Poroshenko enthusiastically welcomed, was perceived “everywhere” as open preparation for war, Russian state TV said in its coverage.

Chairman of the Russian Federation Council (Senate) Valentina Matviyenko commented, “This law buried the Minsk agreements. This law is conducive to the unacceptable and uncontrollable use of military power, the use of weapons, and it allows imposing martial law. Not one step has been taken towards a peace process. This is very alarming and troublesome.”

The Minsk agreements called for local elections to be held in the Donbass in accordance with a law “On the temporary order of local self-governance in particular districts of Donetsk and Lugansk Regions”, which the Rada was to adopt after the pullback of heavy weaponry. The guns were largely pulled back, but from the beginning the Rada has refused to pass such a law.

Boris Gryzlov, former speaker of the Russian Duma and currently Russia’s authorised representative to the southeast Ukraine conflict resolution group, said of the Rada’s new action, that “announcing Russia as an aggressor, Ukraine is basically taking a step not towards political regulation, but towards a military conflict resolution. And all of this is happening against the backdrop of the USA’s decision to supply Ukraine with lethal weapons.”

On 22 December 2017, the US State Department for the first time authorised sending anti-tank and other armaments to Kiev. It has also emerged that US Army advisors have paid several visits to Ukrainian National Guard units, including the Azov Battalion, which sports Nazi symbols and espouses racist, fascist ideology. The American decision came amidst the heaviest clashes in the Donbass



In his 21 January broadcast Russian TV anchorman Dmitri Kiselyov said the new Ukraine law on the Donbass region of Eastern Ukraine marked the beginning of preparations for war. Photo: Twitter/Julia Davis

since 2014, the first year of this Ukrainian civil war, which has taken more than ten thousand lives.

Gilbert Doctorow, a member of the American Committee for East-West Accord based in Belgium, wrote in Consortium News 21 January under the headline “The Coming (Big) War in Ukraine”, that many Russians believe the new Ukrainian law “amounts to a declaration of war”, intended to give Russia a “black eye” after its success against the Islamic State and other terrorists in Syria. He pointed to the seriousness of Moscow’s response, shown by state TV anchorman Dmitri Kiselyov’s 21 January broadcast. Kiselyov said that the law marked an end to Kiev’s participation in the Minsk accords and the beginning of preparations for war; the Donbass republics are no longer treated as parties to negotiations, but only as Russian “occupation administrations”.

Wrote Doctorow, “It is not the law itself that is the issue. It is the mood in favour of war in Kiev.... Poroshenko has done nothing to implement the Minsk Accords; not one ceasefire along the lines of contact has been observed; there are attacks and deaths every day.... Kiev has written off the population of the two republics. It has cut off all transport and telecom links. It does not pay pensions and assistance to the needy. It closed the banking system and there are no commercial ties.” He suggested that Poroshenko’s now extremely unpopular regime sees full-scale war as a way to get money from the West, given that the European Union has withheld €600 million in credits for Ukraine due to corruption, and the International Monetary Fund recently refused to release an US\$800-million tranche of its credit line to Ukraine because of failure to introduce reforms. Ukraine will soon have to pay US\$14 billion per year in interest and principal, equal to half its GDP.

December in Vilnius, Lithuania, under the auspices of former chess champion Garry Kasparov's Free Russia Forum, to work up recommendations for the Treasury Department, concerning who should be on the Kremlin list.

John Helmer, the Australian-born, Russia-based analyst who publishes the Dancing with Bears blog, observed in a 3 July 2017 post, "The targeting of Section 241 includes almost every major Russian corporation, its control shareholders, associated banks, and their offshore businesses. The stated aim is nothing less than to destroy those of them who side with the Kremlin; recruit the remainder for US-backed regime change; and pit each against the other, all against the Kremlin."

Pot calls kettle black

The scenario of attacking Russia's current leadership, and its economy as a whole, through a crackdown on criminal economic activity—which was fostered by the West in the first place—has been under development for some time. At least as early as April 2016, Luke Harding of the *Guardian* crowed that the Panama Papers (documents leaked in 2015 from the law firm Mossack Fonseca, which deals in offshore transactions) had opened up a way to get Putin, because offshore accounts of personal friends of his were mentioned in them.

Anders Åslund is a liberal economist who did much economic injury to people in Eastern Europe as an adviser to several governments there in the 1990s, promoting a deregulation and privatisation agenda. A senior fellow at the Atlantic Council, he is part of its CAATSA task force; another member is Daniel Fried, an Atlantic Council "senior fellow" who had been assistant secretary of state for European and Eurasian affairs under George W. Bush (2005-09), and came back as sanctions coordinator against Russia in the Obama State Department in 2014. In a 22 August 2017 Project Syndicate article titled "The Achilles Heel of Putin's Regime", Åslund chimed in on the anti-corruption theme. He declared that "Putin's authority is weaker than it seems", and could be shaken by going after criminality and corruption surrounding monies held by his associates in offshore tax havens. Calling for "comprehensive investigations into the assets of sanctioned people", he wrote that the USA and the UK, "which presumably hold the vast majority of Russian offshore wealth", must prohibit the anonymity of such Russian accounts, and identify and punish their holders.

CAATSA is the occasion to do this, according to Åslund. For him, the agenda is nothing short of regime-change in Russia. Citing a Russian opposition activist who had claimed that the Russian state was "a very fragile construct", he proposed that it could be destroyed by anything "from the fight against

corruption, to efforts to oust kleptocratic officials. Given the vast stocks of Russian capital that have piled up in New York, London, and elsewhere, the West is ideally positioned to exploit this fragility."

Readers of the AAS, who know a thing or two about the crimes of the City of London, Wall Street, and other major international banks—from money-laundering for drug-traffickers and terrorists, to a wide variety of market-rigging and tax evasion—should smell a rat here. (To refresh your memory, see examples in "[Behind the Magnitsky hoax: HSBC's offshore crime](#)", AAS 26 July 2017; and "[Banks are complicit in the drug trade](#)", from a 1997 interview with Luke Cornelius, national secretary of the Australian Federal Police Association, in the 27 Sept. 2017 issue.) Isn't it a classic case of the pot calling the kettle black, for a proposed crackdown on criminality and corruption to be the Anglo-American establishment's track for a planned escalation against Russia, and for the Wall Street banking veterans who staff the Treasury Department to be compiling a list of Russian financial transgressions?

It's worse than that. In the case of Russia, we can say that the "pot" made the "kettle" black in the first place. During the first decade of post-Soviet Russia, in 1991-98, US, UK and European government institutions, as well as international financial organisations and various non-governmental agencies (including the "big four" accounting firms), imposed their own, heavily criminalised financial system on Russia. Within a very few years, Russia was not only looted through the crash privatisation of state-owned Soviet-era industries, but it became an important component of the City of London-centred offshore system. At various times, as much as 70 per cent of all foreign direct investment in Russia has come from Russian companies, which under the 1990s liberalisation program were free to register themselves offshore. The US National Bureau of Economic Research estimate, that Russian money taken offshore totals US\$1 trillion (more than three-fourths of Russia's GDP and as much as is held by all Russians residing inside the country), is shared by some leading Russian economists. None of Putin's several "de-offshorisation" programs have worked.

But the Russian offshore phenomenon was not caused by the personality of Vladimir Putin, or the wealth connections of his associates. Russia's economy as a whole remains captive to the City of London's "Pirates of the Caribbean". To try and manipulate those financial relationships in order to topple Putin and further destabilise a country that is still the world's #2 nuclear weapons power, is to ask for something far worse than a new Cold War.

Part 2 to follow.

'Not one inch eastward': Declassified docs expose broken promises to Russia on NATO

By Richard Bardon

US and Western European policymakers have long denied that Soviet President Mikhail Gorbachov consented to the reunification of Germany on the condition that the North Atlantic Treaty Organisation (NATO) not expand eastward. They argue that no such assurance was ever given, and that US Secretary of State James Baker's famous 9 February 1990 pledge to Gorbachov, that "NATO's jurisdiction would not shift one inch eastward from its present position", applied only to discussions of stationing NATO forces in the territory of East Germany after German reunification, and that Russian claims of a broader pledge are President Vladimir Putin's way of justifying his alleged "aggression" towards Russia's neighbours

and the West in general.

Research published late last year by the Washington, DC-based George Washington University's National Security Archive proves that this is a lie.

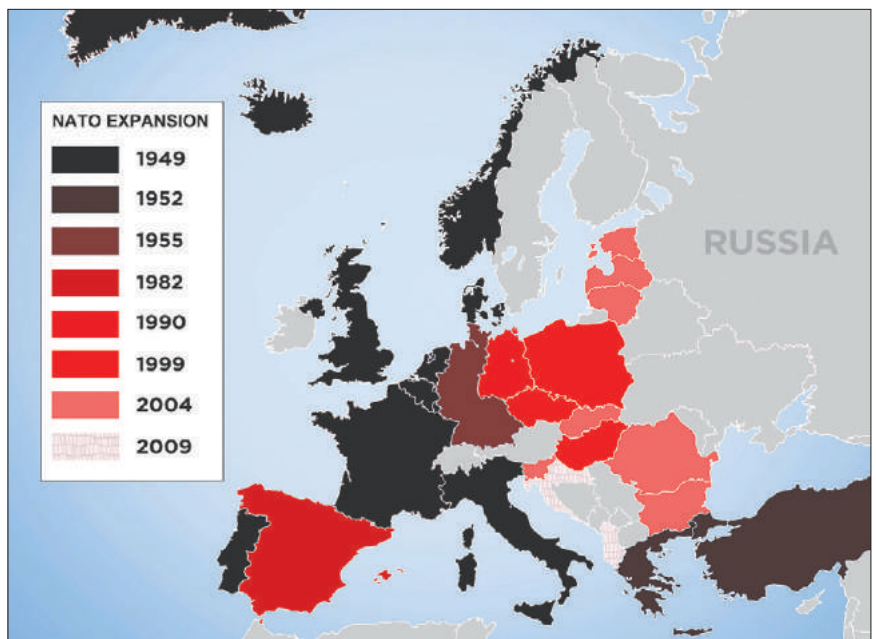
In a 12 December 2017 report titled "[NATO expansion: What Gorbachov Heard](#)", researchers Svetlana Savranskaya and Tom Blanton analyse 30 diplomatic cables, telephone transcripts and other records from both sides of the 1990 negotiations, some of them declassified as a result of Freedom of Information Act requests for the project, which prove that Baker was far from the only official to make such a promise. "The documents show that multiple national leaders were considering and rejecting Eastern European membership in

NATO as of early 1990 and through 1991, [and] that discussions of NATO in the context of German unification negotiations in 1990 were not at all narrowly limited to the status of East German territory”, they write. Baker’s was just one of a carefully coordinated “cascade of assurances” which began when West German Foreign Minister Hans-Dietrich Genscher gave a speech on reunification in Tutzing, Bavaria on 31 January 1990. According to a cable to Washington from the US Embassy in Bonn (the West German capital), Genscher made clear “that the changes in Eastern Europe and the German unification process must not lead to an ‘impairment of Soviet security interests’. Therefore, NATO should rule out ‘an expansion of its territory towards the east, i.e. moving it closer to the Soviet border’.”

By the end of the reunification negotiations, US President George H.W. Bush, Chancellor of West Germany Helmut Kohl, France’s President François Mitterrand, NATO Secretary-General Manfred Wörner, and UK Prime Minister Margaret Thatcher had all promised Gorbachov and other Soviet leaders that NATO would not expand into Eastern Europe, and that the Soviet Union would see its national security, vital interests and traditional sphere of influence respected. Mitterrand even told Gorbachov in May 1990 that he was “personally in favour of gradually dismantling the [NATO and Warsaw Pact] military blocs”, in such a way as to “create security conditions for you, as well as European security as a whole”. Even in March 1991, less than a year before the Soviet Union dissolved, British Ambassador to Moscow Sir Rodric Braithwaite recorded in his diary that Thatcher’s successor, John Major, had told Gorbachov and Defence Minister Dmitri Yazov in person that no East European countries would ever be allowed to join NATO: “Nothing of the sort will happen.”

But happen it did, not only to former Warsaw Pact countries starting with Poland, Czechia, and Hungary in 1999, but even to some former Soviet republics (map). In his famous speech at the [2007 Munich Security Conference](#), [Putin demanded](#): “Against whom is this expansion intended? And what happened to the assurances our Western partners made after the dissolution of the Warsaw Pact? Where are those declarations today? No one even remembers them. But I will allow myself to remind this audience what was said. I would like to quote the speech of NATO General Secretary Mr Wörner in Brussels on 17 May 1990. He said at the time that: ‘the fact that we are ready not to place a NATO army outside of German territory gives the Soviet Union a firm security guarantee’. Where are these guarantees?”

Those guarantees should have been inherited by the Russian Federation, as the legal successor state to the Soviet Union. Instead, as American Russia expert Prof. Stephen Cohen [observed 10 January in *The Nation*](#), “Ever since Bush’s successor, President Bill Clinton, began the still ongoing process of NATO expansion [in 1999], its promoters and apologists have repeatedly insisted there was no such promise, that it had all been ‘myth’ or ‘misunderstanding’.... Russians can cite other instances of deceit, including President George W. Bush’s 2002 unilateral abrogation of the Anti-Ballistic Missile Treaty and [President Barack] Obama’s broken promise



The North Atlantic Treaty Organisation (NATO), founded 1949, was a Cold War institution confronting the Soviet Union. After the Berlin Wall fell in 1989, Soviet leaders believed 1990 statements by German Foreign Minister Hans-Dietrich Genscher, US Secretary of State James Baker III, and others, that the eastern part of a reunified Germany would not be in NATO (let alone Soviet then-allies in Eastern Europe). Germany’s 1990 reunification did include full entry of its East into NATO, but with the end of the USSR in 1991, Russian leaders continued to expect non-confrontation. The West was now supposed to be Russia’s friend, and Western officials poured into Moscow to direct all areas of policy (dictating “free market reforms” that devastated the economy). As Russia, under the Primakov and Putin governments, began to resist such subjugation in 1998-99, NATO escalated its expansion by admitting former Soviet allies Hungary, Poland and Czechia. Dick Cheney, US vice-president in 2001-09, pushed the forward basing of anti-missile batteries in Eastern Europe, threatening Russia’s nuclear deterrent, as well as further eastward expansion. Subsequently, NATO has exploited the Western-fomented Ukraine crisis, to step up activity on Russia’s borders.

that he would not use a 2011 UN Security Council resolution to depose Libyan leader Gaddafi. But it is the broken promise to Gorbachov that lingers as America’s original sin, partly because it was the first of many such perceived duplicities, but mainly because it has resulted in a Russia semi-encircled by US-led Western military power, an encroachment that continues today.”

Another recent document declassification underscores how far the world has come from the broken promises of 1990, to today’s entrenched beliefs in “Russian aggression”. Documents released by the British National Archives, also in December 2017, reveal that President George H.W. Bush planned to discuss with Russian President Boris Yeltsin a revival of President Ronald Reagan’s Strategic Defence Initiative program, designed to end the reign of terror under the strategic nuclear war doctrine of “Mutual Assured Destruction”. *The Telegraph* reported 20 January that the hitherto secret Cabinet documents show that Bush, Sr. “was prepared to discuss sharing that technology with Boris Yeltsin, after they met at Camp David in February 1992, and declared a formal end to the Cold war”. Material in the disclosed files includes descriptions of what the program would entail, including “a mixture of land-based and space-based systems”, and “particle beams, lasers, and even chemical lasers to knock out incoming missiles”.

The papers show a hostile response from the UK at the time, as Sir Stephen Wall, Private Secretary to Prime Minister John Major, warned the Foreign Office that America “assumed Russia would permanently be a good guy”, adding, “We could not make that assumption.” British diplomats noted that (clearly under British pressure), Washington had “taken to heart” the inherent problems of the East and West sharing defence systems, and backed off from the proposal.