

**PUTIN AND SANCTIONS:
ARE THEY PRODUCTIVE,
OR COUNTER-PRODUCTIVE ?**

One has to ponder whether or not the economic sanctions, constructively imposed on The Russian Federation, will, in the final analysis, prove to be productive or counter-productive.

In this medium's view, the sanctions could turn out to be counter-productive.

They just might, not very far down the road, leading to The Kremlin, result in vastly improved jingoistic and, perhaps, draconian stimulus.

The end result: Further and much-worse situations than the sanctions were hoped to thwart.

The European Union and The United States of America, by imposing oblique sanctions on The Russian Federation, direct sanctions on select individuals as well as on a variety of Russian, corporate enterprises and Russian banks, expect that the resultant effect would financially weaken the country and make its President, Lieutenant Colonel Vladimir Vladimirovich Putin (retired), reconsider his bellicose actions of late and make amends.

The underlying principle of the sanctions is that President Vladimir Putin would be caused to heel.

Fat chance!

In the words of Robert Burns's poem, '*To A Mouse*':

*The best laid schemes o'Mice an' Men,
Gang aft agley,
An' lea'e us nought but grief an' pain,
For promis'd joy!*

Xerxes I was forced to learn this lesson in 480 B.C., at The Battle of Thermopylae, when a band of 300 Spartans, 700 Thespians and about 400 Thebans, led by King Leonidas of resisted, for seven days, the very much larger Persian army, said to have numbered somewhere between 100,000 and 150,000 well-trained soldiers.

While this famous battle resulted in most of the 1,400 Greek soldiers, being slaughtered, it had a crushing effect on the ambitions of Xerxes I. The Battle of Thermopylae has gone down in history as the heroic struggle of patriotic people, defending their homeland.

The Effect of Sanctions

The European Union and The United States of America have imposed economic sanctions on The Russian Federation in an effort to punish it for its not-so-covert, military incursions into Eastern Ukraine.

On August 7, 2014, President Vladimir Putin countered by imposing sanctions on the importation into The Russian Federation of foodstuffs from the European Union and The United States of America and/or any other country that supports the two protagonistic regimes, from President Vladimir Putin's perspective.

As soon as the Russian counter-sanctions became widely known, European investors started to fret over the likely impact of the counter-sanctions.

The Russian Federation, up to the date of the counter-sanctions, was the largest buyer of European fruit and vegetables.

The Russian economy, which has not been very healthy for some time, in any event, is becoming more and more wobbly as the days pass because the sanctions, imposed on it by the West, are biting, regardless of statements to the contrary.

The massive external debts of the country must be worrying President Vladimir Putin due to a number of pressing matters.

Among other things, aside from the inability with regard to the repayment of the capital, there is the more-worrying matter of debt service, rolling over debt, or, alternatively, restructuring debt.

It is well known that Russian banks owe creditors something in the neighborhood of \$US600 billion, that vast amount of money, being owed to foreign entities, in the main.

Of that \$US600 billion, about \$US150 billion is due on or before the end of this year, according to official Russian Government sources.

There has been imposed on The Russian Federation, a proscription on Western financial institutions, contracting with Russian entities to enter into arrangements, leading to affording new loans.

That, being the case, corporate Russia must be smarting as the money well continues to evaporate its life-giving medium of exchange.

These cash-starved, corporate entities of Russia will, eventually – if they have not, already – turn to The Kremlin for a cash bailout. If The Kremlin is not able to assist, or is unwilling so to do, these corporate entities could face insolvency.

This would lead to even more problems for President Vladimir Putin at a time when his list of things that have been tackled, immediately, is voluminous.

The Western-imposed sanctions are quite likely to have a deleterious effect on the entire Russian economy and, as the resultant effect of the sanctions is felt even more widely than today, it is likely to cause President Vladimir Putin to take a definitive and determined stance.

Causing long-term damage to the economy of The Russian Federation must have a knock-on effect in Western Europe, to be sure.

In fact, it has already done so as the economies of many European Union economies buckle under the weight of the increased burden, following the counter-sanctions, imposed by Russia in the first week of August.

Instability in Eastern Europe is quite likely to follow in short order.

The Russian Military

The economic sanctions, imposed by the European Union and The United States of America on The Russian Federation, have not touched the Russian military machine that just happens to be one of the most-sophisticated and best equipped in the world.

When Russian soldiers crossed over into Ukraine and assisted the pro-Russian separatists in fighting against pockets of the Ukrainian Army, they were very effective, winning one skirmish after another, causing the

Ukrainian forces to retreat from ground that they had only recently captured, prior to the entrance of the Russian forces.

With an economy on the rocks, so to speak, and with President Vladimir Putin, having been groomed in days of yore in the science of modern warfare, it is quite likely that consideration will be given to using Russia's military might in order to achieve certain goals.

This is not to suggest that Russia would overtly invade any Eastern European country – although such a belligerent act cannot be completely ruled out – because that would not be necessary: The mere hint of aggressive Russian posturing against one or more of its targets might well do the trick.

It is well accepted that President Vladimir Putin dreams of reshaping The Russian Federation into the style of Government of The Union of Soviet Socialist Republics (USSR), at the time that he was one of the foremost intelligence agents of the **Komitet Gosudarstvennoy Bezopasnosti (KGB)**, as well as restoring The Russian Federation to its former glory by bringing back those former USSR States that had been given autonomy, have not dissipated.

He has made statements to that effect on numerous occasions; it is not a secret.

The Russian Federation, with its known, very effective military capabilities, second only to that of The United States of America, could pose a terrifying threat to its neighbours if, in the opinion of President Vladimir Putin, needs were such.

With the economy of The Russian Federation, being fragile, President Vladimir Putin might well look to the pro-Russian pockets in neighboring, Eastern European countries, especially those countries that are known to possess valuable raw materials.

Last Tuesday (September 16), Ukraine granted self-rule for those parts of Eastern and Western Ukraine, under the control of the pro-Russian separatists. At the same time, an amnesty was given to pro-Russian separatists.

On the same day, President Vladimir Putin said that it was necessary to increase Russia's troop strength in The Crimea.

President of Ukraine Petro Poroshenko has stressed that the legislation, giving special legal status to parts of the Donetsk and Luhansk Regions for a period, initially, of three years, would guarantee the *'sovereignty, territorial integrity and independence of Ukraine'*.

No sooner had Members of the Ukrainian Parliament voted positively on the self-rule proposal, than the call went out by pro-Russian separatists in Eastern Ukraine for full independence of *'their'* territory – NOW!

President Vladimir Putin has made exactly same suggestion in a number of his speeches on the matter of the struggle of the pro-Russian separatists in Ukraine.

On May 25, 2014, the date on which Mr Petro Poroshenko became President of Ukraine, he vowed to fight the pro-Russian separatists, using the Ukrainian armed forces that were given the mandate to end the insurgency that has, as at today's date, claimed the deaths of more than 3,000-plus people, with some 750,000 Ukrainians, having fled to The Russian Federation, seeking sanctuary.

Four months appear to have made quite a difference to President Petro Poroshenko's political thinking.

President Vladimir Putin has won yet another victory.

Crime does appear to pay, in some cases, and, in this case, it has been paid in spades.

It was only on March 6, 2014 – some six months ago – that The Crimea and Sevastopol declared

independence from Ukraine, following a referendum.

That which followed, among other things, was that the pro-Russians of The Crimea and Sevastopol begged the Government of President Vladimir Putin to allow the region, along with its pro-Russian population, to be recognised as one of the family of constituents of The Russian Federation.

The request to become part of The Russian Federation was given due consideration by President Vladimir Putin and, about one second after the request had been received, officially, the people of The Russian Federation were encouraged to welcome the return of The Crimea and Sevastopol into the Russian Family.

On March 18, 2014 – 12 days after The Crimea and Sevastopol declared independence from Ukraine – The Treaty of Accession of The Republic of Crimea and Sevastopol was signed to the thunderous applause of all who witnessed the historic, signing ceremony.

May one expect the pro-Russian separatists of Eastern and Southern Ukraine, now, having been given self-rule, to follow the path of The Crimea and Sevastopol?

Eastern Ukraine has, historically, been a manufacturing hub for The Russian Federation and a great deal of Russia's rolling stock has been produced in this region.

The Donets Basin of Eastern Ukraine extends to the Donetsk and Luhansk oblasts (provinces) of Ukraine. Among other things, The Donets Basin is rich in mineral resources, especially coal deposits.

Turning more to the central part of Asia, especially in countries, such as Kazakhstan, where there are large pockets of ethnic Russians, there are underground lakes of crude oil.

These massive oil fields could prove to be too tempting to ignore for President Vladimir Putin.

Being economically weak, but being militarily very strong, it is likely that it would not take too much cajoling to cause the pro-Russians of Karachaganak to make noises, complementary to the dreams of President Vladimir Putin.

It is known that the Karachaganak Field contains about 1.20 trillion cubic metres of gas and about one billion tonnes of liquid condensate and crude oil.

Gazprom, a Russian company, being a massive, natural gas producer and one of the largest companies in the world, discovered the Karachaganak Field in 1979 and made known of its findings, publicly.

Kazakhstan must be viewed as a tempting morsel for The Russian Federation, should push come to shove.

The Horrors of Bureaucracy

While the governments of the West continue to get bogged down in political bureaucracy, and the same may be said to an even greater degree of the United Nations, policymakers of the West appear to suffer from the degenerative eye disease of keratoconus.

Not so in The Russian Federation and the People's Republic of China where determinations can be made very, very quickly, sidestepping the suggestions of bureaucratic red tape.

While The United States of America tries to convince its European allies to embrace its strategy in order to afford the maximum support to adopted policies as it applies to The Russian Federation, President Vladimir Putin is not, sitting still, indulging in mental orgasms.

It would be the epitome of an attitude of unacceptable superiority, manifested in an overbearing manner in presumptuous claims, to think that this ambitious leader of one of the largest and most-powerful, military countries in the world would ever be comfortable, sitting on his hands.

President Vladimir Putin has, already, plucked The Crimea and Sevastopol from the sovereign State of Ukraine, without having to fire one shot or even to give any indication of bravado on the part of The Russian Federation.

It was sufficient that just a handful of carefully selected soldiers made known of their presence on Ukrainian soil.

The Russian President is highly unlikely to stop at Ukraine: His ambitions go much further than this breadbasket of Eastern Europe.

According to statistics, Ukraine is a global – not regional – breadbasket due to its extensive very fertile farmlands. In 2011, for instance, the country was the world's third-largest grain exporter.

Of course, President Vladimir Putin would like to welcome Ukraine, back into the Russian fold, in the same manner that he welcomed the return of The Crimea and Sevastopol, but one should not eat too much when one first goes to the trough: It could result in one, suffering from indigestion.

One should not adopt the deportment of naïveté: This is not the end of the problems in Ukraine; it is the beginning.

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