

# Ukraine's Inconvenient Neo-Nazis

**Exclusive:** When Ukrainian neo-Nazis infuriated over the killing of an ultranationalist leader surrounded the Parliament in Kiev, the incident presented a problem for the U.S. news media which has been trying to airbrush the neo-Nazis out of the Ukraine narrative, Robert Parry reports.

By Robert Parry

The U.S. media's take on the Ukraine crisis is that a "democratic revolution" ousted President Viktor Yanukovich, followed by a "legitimate" change of government. So, to mention the key role played neo-Nazi militias in the putsch or to note that Yanukovich was democratically elected and then illegally deposed gets you dismissed as a "Russian propagandist."

But Ukraine's neo-Nazis are not some urban legend. Their presence is real, as they swagger in their paramilitary garb through the streets of Kiev, displaying Nazi insignias, honoring SS collaborators from World War II, and hoisting racist banners, including the white-power symbol of the Confederate battle flag.

Over the past few days, the neo-Nazis have surged to the front of Ukraine's unrest again by furiously protesting the killing of one of their leaders, Oleksandr Muzychko, known as Sashko Bily. The Interior Ministry reported that Muzychko died in a Monday night shoot-out with police in Rivne in western Ukraine.

But the right-wing paramilitaries claim that Muzychko was murdered in a cold-blooded contract hit, and these modern-day storm troopers have threatened to storm the parliament building if the interim Interior Minister is not fired.

This renewed disorder has complicated the storytelling of the major U.S. news media by challenging the sweetness-and-light narrative preferred by U.S. policymakers. The New York Times, the Washington Post and other leading news outlets have worked hard to airbrush the well-established fact that neo-Nazi militants spearheaded the coup on Feb. 22.

To dismiss that inconvenient fact, the major U.S. media has stressed that the extreme rightists made up a minority of the demonstrators, which while true is largely irrelevant since it was the paramilitary Right Sektor that provided the armed force that removed Yanukovich and then dominated the "transition" period by patrolling key government buildings. As a reward, far-right parties were given control of four ministries.

Some U.S. outlets also have picked up on the unsubstantiated U.S. government

theme that Russia is dispatching unidentified “provocateurs” to destabilize the coup regime in Kiev, though it doesn’t seem like Moscow would have to do much besides stand aside and watch the interim government’s unruly supporters turn on each other.

But reality has stopped playing much of a role in the U.S. news media’s Ukraine reporting as the U.S. press continues to adjust the reality to fit with the desired narrative. For instance, the New York Times, in its boilerplate account of the uprising, has removed the fact that more than a dozen police were among the 80 or so people killed. The Times now simply reports that police fired on and killed about 80 demonstrators.

Fitting with its bowdlerized account, the Times also ignores evidence that snipers who apparently fired on both police and protesters before the coup may have been working for the opposition, not Yanukovych’s government. An intercepted phone call by two European leaders discussed those suspicions as well as the curious decision of the post-coup government not to investigate who the snipers really were.

### **Surrounding the Parliament**

But most significantly, the U.S. mainstream media has struggled to downplay the neo-Nazi angle as was apparent in the Times’ report on President Vladimir Putin’s call on Friday to President Barack Obama to discuss possible steps to defuse the crisis. Putin noted that neo-Nazis had surrounded the parliament.

“In citing extremist action, Mr. Putin sought to capitalize on a tense internal showdown in Kiev,” the Times wrote. “The presence of masked, armed demonstrators threatening to storm the Parliament building offered the Russian government an opportunity to bolster its contention that the ouster of President Viktor F. Yanukovych, a Moscow ally, after pro-European street protests last month was an illegal coup carried out by right-wing extremists with Western encouragement.”

But the Times couldn’t simply let those facts speak for themselves, though they were all true: right-wing extremists did provide the key manpower and organization to overrun government buildings on Feb. 22 and there is no doubt that these right-wing elements were getting Western encouragement, including a shoulder-to-shoulder appearance by Sen. John McCain.

The Times felt compelled to interject an argumentative counterpoint, saying: “In fact, the nationalist groups, largely based in western Ukraine, had formed just one segment of a broad coalition of demonstrators who occupied the streets of Kiev for months demanding Mr. Yanukovych’s ouster.”

And, that has been a consistent pattern for the supposedly objective U.S. news

media. If the Russians say something, even if it is clearly true, the point must be contradicted. However, when a U.S. official states something about the Ukraine crisis, the claim goes unchallenged no matter how absurd.

For example, when Secretary of State John Kerry denounced Putin's intervention in Crimea by declaring, "you just don't in the 21st Century behave in 19th Century fashion by invading another country on completely trumped-up pretext," mainstream U.S. news outlets simply let the statement stand without noting that Kerry himself had voted in 2002 to authorize President George W. Bush to invade Iraq in pursuit of non-existent weapons of mass destruction.

You might think that Kerry's breathtaking hypocrisy would be newsworthy or at least a relevant fact that should be pointed out to readers, but no. The Times also has routinely distorted Crimea's secession from Ukraine. The Black Sea peninsula, a longtime Russian province that was only attached to Ukraine for administrative purposes during Soviet days, asserted its independence after the coup ousting Yanukovich, who had won Crimea overwhelmingly.

No one seriously doubts that the vast majority of Crimean citizens wanted to escape the disorder and hardship enveloping Ukraine and to return to Russia with its higher per capita income and functioning national government but the Obama administration and the dutiful U.S. news media have pretended otherwise.

In New York Times speak, Crimea's popular vote to secede from Ukraine and to join Russia was simply Putin's "seizure" of Crimea. The Times and other mainstream news outlets dismissed Crimea's March 16 referendum as somehow rigged citing the 96 percent tally for secession as presumptive evidence of fraud although there was no actual evidence of election rigging. Exit polls confirmed the overwhelming majority favoring secession from Ukraine and annexation by Russia.

### **IMF's 'Reforms'**

And, really, who could blame the people of Crimea? As Ukraine's acting Prime Minister Arseniy Yatsenyuk has said, Ukraine "is on the edge of economic and financial bankruptcy" and the International Monetary Fund agreed to throw a financial lifeline only if Ukraine imposes "reforms" that Yatsenyuk has admitted are "very unpopular, very difficult, very tough."

They will be toughest on average Ukrainians who will face severe public sector budget cuts, slashed pensions, soaring heating costs and rapid inflation due to changes in the exchange rate. The cumulative impact of these IMF "reforms" is expected to result in a 3 percent contraction of Ukraine's already depressed economy.

Yet, much of the mainstream U.S. media ignores the understandable desire of the Crimean people to bail out on the failed Ukrainian state. Instead, the MSM pretends that Russia simply invaded Crimea and now is threatening to do the same in eastern Ukraine, or as the Times put it, Putin has engaged in “provocative moves punctuated by a menacing buildup of troops on Ukraine’s border.”

The bottom line is that the U.S. government and media have constructed a substantially false narrative for the American people, all the better to manufacture consent behind a \$1 billion U.S. aid package for Ukraine and the launch of a new Cold War with the expectation of many more exciting confrontations to come in places like Syria and Iran all justifying fatter military budgets.

A more objective and less alarmist narrative on the Ukraine crisis would describe Putin’s actions as primarily defensive and reactive. He was distracted by the Winter Olympics in Sochi and was caught off-guard by the violent putsch that removed Yanukovich.

In light of Yanukovich’s democratic election victory in 2010 and his agreement on Feb. 21 to speed up new elections (a deal that was negated within hours by the U.S./EU-supported coup), Russia has a legitimate argument that the coup regime in Kiev is illegitimate.

The removal of Yanukovich not only was spearheaded by neo-Nazi militias but subsequent parliamentary actions to “impeach” him did not follow Ukraine’s constitutional rules. The putsch essentially disenfranchised the large ethnic-Russian populations in the east and south, where Yanukovich had his political base.

Then, the rump parliament in Kiev reflecting the intense Ukrainian nationalism in the western section passed punitive laws targeting these Russian speakers, including elimination of Russian as an official language. For Putin to be troubled by this crisis on his border – and to take action – was neither surprising nor particularly provocative.

If the New York Times and other leading U.S. outlets did their journalism in a professional way, the American people would have had a more nuanced understanding of what happened in Ukraine and why. Instead, the Times and the rest of the MSM resumed their roles as U.S. propagandists, much as they did in Iraq in 2002-03 with their usual preference for a simplistic “good-guy/bad-guy” dichotomy.

In the case of Ukraine, that happy dichotomy has been challenged again by the reemergence of those inconvenient neo-Nazis.

[For more on this topic, see Consortiumnews.com's "[The Danger of False Narrative](#)."]

Investigative reporter Robert Parry broke many of the Iran-Contra stories for The Associated Press and Newsweek in the 1980s. You can buy his new book, *America's Stolen Narrative*, either in [print here](#) or as an e-book (from [Amazon](#) and [barnesandnoble.com](#)). For a limited time, you also can order Robert Parry's trilogy on the Bush Family and its connections to various right-wing operatives for only \$34. The trilogy includes *America's Stolen Narrative*. For details on this offer, [click here](#).

---

## Will 'Too-Big-to-Fail' Banks Fail Again?

Despite Wall Street's booming recovery, Main Street continues to struggle with high unemployment and low wages, making another bust more likely. And, the "too-big-to-fail" banks may be more vulnerable than they appear, writes Danny Schechter.

By Danny Schechter

Okay, I have to admit it, I feel as if my faith in economic justice is being tested with these "stress tests." Truth is, I am becoming more stressed than ever.

The reason: despite all the "regulations" in the Dodd-Frank Financial "reform" and the Volcker Rule and the Fed's "oversight," the banks seems to have free reign to do what they will despite the financial crisis and the pathetic "recovery."

There have been fines and settlements but nothing is settled. None of them have gone or will go to jail. Economic conditions continue to stress out millions even as the Fed announces "stress tests" that appear on the surface to be a way of insuring that big banks won't need more bailouts.

Sad to say, it's more of the charade. Partially that's because the banks dominate the Federal Reserve, a private, not public, institution. And, partially, because when it comes to economic crises, the stories are buried in the business pages and rarely surface as topics of concern on popular talk shows and media that most folks watch.

Even the financial channels like CNBC prefer superficial sound-bite chatter to in-depth interviews according to "Money Honey," Maria Bartiromo who publicly

criticized her old network when she took a better deal at Fox.

Many of us have seen the reports that Citibank is in trouble. That is Citibank, the biggest enchilada of finance, the bank that provided refuge to the likes of Bill Clinton's Treasury Secretary Robert "the great deregulator" Rubin and Barack Obama's budget director, whiz kid Peter Orzag, who has been in court lately hiding how much he made from Citi in a divorce proceeding.

Citi failed the Fed's latest stress test designed to see if it had adequate reserves to withstand the widely anticipated next financial jolt to the economy. Washington's Blog quotes the business news service, Bloomberg News, reporting:

"Citigroup Inc.'s capital plan was among five that failed Federal Reserve stress tests, while Goldman Sachs Group Inc. and Bank of America Corp. passed only after reducing their requests for buybacks and dividends.

"Citigroup, as well as U.S. units of Royal Bank of Scotland Group Plc, HSBC Holdings Plc and Banco Santander SA, failed because of qualitative concerns about their processes, the Fed said today in a statement. Zions Bancorporation was rejected as its capital fell below the minimum required. The central bank approved plans for 25 banks."

Washington's Blog then adds: "In reality, Citi 'flat lined' went totally bust in 2008. It was insolvent. And former FDIC chief Sheila Bair said the whole bailout thing was really focused on bringing a very dead Citi back from the grave.

"Indeed," Washington's Blog continues, "the big banks including Citi have repeatedly gone bankrupt."

Why didn't I read **that** in the news? Didn't Citi "pass" earlier tests? I thought they were stronger than ever.

Think again, says Washington's Blog: "So why did the U.S. government give Citi a passing grade in previous stress tests? Because they were rigged to give all of the students an 'A'. Time Magazine called then Secretary Treasury Tim Geithner a 'con man' and the stress tests a 'confidence game' because those tests were so inaccurate.

"But the bigger story is that absolutely nothing was done to address the causes of the 2008 financial crisis, or to fix the system."

That's one good reason for all of us to be stressed because we can have absolutely no confidence in the stability of our economy, whatever they say about how it's all getting better. (Geithner, however, was just rewarded by the banking industry, named president of the private equity firm, Warburg Pincus.)

Here's James Kwak of BaselineScenario.com, on the stress test story. He sees it as one more financial fraud:

"Despite the much-publicized black eye to Citigroup's management, the bottom line of the Federal Reserve's stress tests is that every other large U.S. bank will be allowed to pay out more cash to its shareholders, either as increased dividends or stock buybacks. And pay out more cash they will: at least \$22 billion in increased dividends (that includes all the banks subject to stress tests), plus increased buyback plans.

"Those cash payouts come straight out of the banks' capital, since they reduce assets without reducing liabilities. Alternatively, the banks could have chosen to keep the cash and increase their balance sheets, that is, by lending more to companies and households. The fact that they choose to distribute the cash to shareholders indicates that they cannot find additional, profitable lending opportunities."

Rather than speculate with my own cynical suspicions as well-grounded as I believe they are let me quote a few more experts like Mike Harrison, an expert on *Credit Write Downs*, who wrote earlier:

"I would say the stress tests were a mock exercise to instill confidence in the capital markets. This was important first and foremost because it would induce private investors to pay for bank recapitalization instead of taxpayers. But it was also important for the economy as a whole as the sick banking sector was dragging the whole economy down.

"The key, however, is that the tests were a mock exercise. Despite the additional capital, banks are still hiding hundreds of billions of dollars in losses in level three, hold to maturity, and off balance sheet asset pools. If asset prices fall and/or the economy weakens, all of this subterfuge would be for naught."

Harrison quotes Mike Konzcal who did his own line-by-line assessment of the actual numbers the banks report on earlier tests. He noted that banks often have to worry about several liens on the properties they have financed and hold mortgages on.

"So the original loss from second-liens, as reported by the stress tests, was \$68.4 billion for the four largest banks. If you look at those numbers again, and assume a loss of 40% to 60%, numbers that are not absurd by any means, you suddenly are talking a loss of between \$190 billion and \$285 billion. Which means if the stress tests were done with terrible 2nd lien performance in mind, *there would have been an extra \$150 billion dollar hole in the balance sheet of*

*the four largest banks. Major action would have been taken against the four largest banks if this was the case."*

Are you still with me? What comes to mind is the old adage: "what a web we weave when first we practice to deceive." Why are they doing this?

Here's Harrison again, from his posts on the authoritative website, *Naked Capitalism*: "The real question is: why is the Obama Administration running victory laps, unrolling the 'Mission Accomplished' banner on the credit crisis, as Mike Konczal describes it? I suspect this is just a political stunt to provide cover in the mid-term elections to somehow demonstrate that the Democrats fixed the problem that the Republicans created.

"I think it could backfire if only because the (real) underemployment rate is still 17%. Nobody wants to hear the 'I saved the economy routine' when they're unemployed and losing their home."

Now, do you see why we should be stressed too?

**News Dissector Danny Schechter edits Mediachannel.org and blogs at [newsdissector.net](http://newsdissector.net). He investigated financial fraud in *The Crime of Our Time (Disinformation)*. His latest book is *Madiba A to Z: The Many Faces of Nelson Mandela* ([Madibabook.com](http://Madibabook.com). Comments to [dissector@mediachannel.org](mailto:dissector@mediachannel.org)**

---