

# Ukraine Finance Minister's American 'Values'

**Special Report:** Among the arguments for why Americans should risk nuclear war with Russia over Ukraine is that the regime that took power in a coup last year “shares our values.” But one of those “values” personified by Finance Minister Natalie Jaresko may be the skill of using insider connections, reports Robert Parry.

By Robert Parry

Ukraine's new Finance Minister Natalie Jaresko, who has become the face of reform for the U.S.-backed regime in Kiev and will be a key figure handling billions of dollars in Western financial aid, was at the center of insider deals and other questionable activities when she ran a \$150 million U.S.-taxpayer-financed investment fund.

Prior to taking Ukrainian citizenship and becoming Finance Minister last December, Jaresko was a former U.S. diplomat who served as chief executive officer of the Western NIS Enterprise Fund (WNISEF), which was created by Congress in the 1990s and overseen by the U.S. Agency for International Development (U.S. AID) to help jumpstart an investment economy in Ukraine.

But Jaresko, who was limited to making \$150,000 a year at WNISEF under the U.S. AID grant agreement, managed to earn more than that amount, reporting in 2004 that she was paid \$383,259 along with \$67,415 in expenses, according to [WNISEF's public filing](#) with the Internal Revenue Service.

Later, Jaresko's compensation was removed from public disclosure altogether after she co-founded two entities in 2006: Horizon Capital Associates (HCA) to manage WNISEF's investments (and collect around \$1 million a year in fees) and Emerging Europe Growth Fund (EEGF) to collaborate with WNISEF on investment deals.

Jaresko formed HCA and EEGF with two other WNISEF officers, Mark Iwashko and Lenna Koszarny. They also started a third firm, Horizon Capital Advisors, which “serves as a sub-advisor to the Investment Manager, HCA,” according to [WNISEF's IRS filing for 2006](#).

U.S. AID apparently found nothing suspicious about these tangled business relationships and even allowed WNISEF to spend millions of dollars helping EEGF become a follow-on private investment firm despite the potential conflicts of interest involving Jaresko, the other WNISEF officers and their affiliated companies.

For instance, WNISEF's 2012 annual report devoted two pages to "related party transactions," including the management fees to Jaresko's Horizon Capital (\$1,037,603 in 2011 and \$1,023,689 in 2012) and WNISEF's co-investments in projects with the EEGF, where Jaresko was founding partner and chief executive officer. Jaresko's Horizon Capital managed the investments of both WNISEF and EEGF.

From 2007 to 2011, WNISEF co-invested \$4.25 million with EEGF in Kerameya LLC, a Ukrainian brick manufacturer, and WNISEF sold EEGF 15.63 percent of Moldova's Fincombank for \$5 million, the report said. It also listed extensive exchanges of personnel and equipment between WNISEF and Horizon Capital. But it's difficult for an outsider to ascertain the relative merits of these insider deals and the transactions apparently raised no red flags for U.S. AID officials.

### **Bonuses for Officers**

Regarding compensation, WNISEF's 2013 filing with the IRS noted that the fund's officers collected millions of dollars in bonuses for closing out some investments at a profit even as the overall fund was losing money. According to the filing, WNISEF's \$150 million nest egg had shrunk by more than one-third to \$94.5 million and likely has declined much more during the economic chaos that followed the U.S.-backed coup in February 2014.

But prior to the coup and the resulting civil war, Jaresko's WNISEF was generously spreading money around. For instance, the 2013 IRS filing reported that the taxpayer-financed fund paid out as "expenses" \$7.7 million under a bonus program, including \$4.6 million to "current officers," without identifying who received the money.

The filing made the point that the "long-term equity incentive plan" was "not compensation from Government Grant funds but a separately USAID-approved incentive plan funded from investment sales proceeds" although those proceeds presumably would have gone into the depleted WNISEF pool if they had not been paid out as bonuses.

The filing also said the bonuses were paid regardless of whether the overall fund was making money, noting that this "compensation was not contingent on revenues or net earnings, but rather on a profitable exit of a portfolio company that exceeds the baseline value set by the board of directors and approved by USAID" with Jaresko also serving as a director on the board responsible for setting those baseline values.

Another WNISEF director was Jeffrey C. Neal, former chairman of Merrill Lynch's

global investment banking and a co-founder of Horizon Capital, further suggesting how potentially incestuous these relationships may have become.

Though compensation for Jaresko and other officers was shifted outside public view after 2006 as their pay was moved to the affiliated entities the 2006 IRS filing says: "It should be noted that as long as HCA earns a management fee from WNISEF, HCA and HCAD [the two Horizon Capital entities] must ensure that a salary cap of \$150,000 is adhered to for the proportion of salary attributable to WNISEF funds managed relative to aggregate funds under management."

But that language would seem to permit compensation well above \$150,000 if it could be tied to other managed funds, including EEGF, or come from the incentive program. Such compensation for Jaresko and the other top officers was not reported on later IRS forms despite a line for earnings from "related organizations." Apparently, Horizon Capital and EEGF were regarded as "unrelated organizations" for the purposes of reporting compensation.

Neither AID officials nor Jaresko responded to specific questions about WNISEF's possible conflicts of interest, how much money Jaresko made from her involvement with WNISEF and its connected companies, and whether she had fully complied with IRS reporting requirements.

### **Shared Values?**

Despite such ethical questions, Jaresko was cited by New York Times columnist Thomas L. Friedman as an exemplar of the new Ukrainian leaders who "share our values" and deserve unqualified American support. Friedman uncritically quoted Jaresko's speech to international financial leaders at Davos, Switzerland, in which she castigated Russian President Vladimir Putin:

"Putin fears a Ukraine that demands to live and wants to live and insists on living on European values, with a robust civil society and freedom of speech and religion [and] with a system of values the Ukrainian people have chosen and laid down their lives for."

However, Jaresko has shown little regard for transparency or other democratic values, such as the right of free speech when it comes to someone questioning her financial dealings. For instance, she has gone to great lengths to block her ex-husband Ihor Figlus from exposing what he regards as her questionable business ethics.

In 2012, when Figlus tried to blow the whistle on what he saw as improper loans that Jaresko had taken from Horizon Capital Associates to buy and expand her stake in EEGF, the privately held follow-on fund to WNISEF, Jaresko sent her lawyers to court to silence him and, according to his lawyer, bankrupt him.

The filings in Delaware's Chancery Court are remarkable not only because Jaresko succeeded in getting the Court to gag her ex-husband through enforcement of a non-disclosure agreement but the Court agreed to redact nearly all the business details, even the confidentiality language at the center of the case.

Since Figlus had given some of his information to a Ukrainian journalist, the court complaint also had the look of a leak investigation, tracking down Figlus's contacts with the journalist and then using that evidence to secure the restraining order, which Figlus said not only prevented him from discussing business secrets but even talking about his more general concerns about Jaresko's insider dealings.

The heavy redactions make it hard to fully understand Figlus's concerns or to assess the size of Jaresko's borrowing as she expanded her holdings in EEGF, but Figlus did assert that he saw his role as whistle-blowing about improper actions by Jaresko.

In a Oct. 31, 2012, filing, Figlus's attorney wrote that "At all relevant times, Defendant [Figlus] acted in good faith and with justification, on matters of public interest, and particularly the inequitable conduct set forth herein where such inequitable conduct adversely affects at least one other limited partner which is REDACTED, and specifically the inequitable conduct included, in addition to the other conduct cited herein, REDACTED."

The filing added: "The Plaintiffs' [Jaresko's and her EEGF partners'] claims are barred, in whole or in part, by public policy, and particularly that a court in equity should not enjoin 'whistle-blowing' activities on matters of public interest, and particularly the inequitable conduct set forth herein." But the details of that conduct were all redacted.

## **Free Speech**

In a defense brief dated Dec. 17, 2012 [see Part One and Part Two], Figlus expanded on his argument that Jaresko's attempts to have the court gag him amounted to a violation of his constitutional right of free speech:

"The obvious problem with the scope of their Motion is that Plaintiffs are asking the Court to enter an Order that prohibits Defendant Figlus from exercising his freedom of speech without even attempting to provide the Court with any Constitutional support or underpinning for such impairment of Figlus' rights.

"Plaintiffs cannot do so, because such silencing of speech is Constitutionally impermissible, and would constitute a denial of basic principles of the Bill of Rights in both the United States and Delaware Constitutions. There can be no

question that Plaintiffs are seeking a temporary injunction, which constitutes a prior restraint on speech.

“The Court cannot, consistent with the Federal and State Constitutional guarantees of free speech, enjoin speech except in the most exceptional circumstances, and certainly not when Plaintiffs are seeking to prevent speech that is not even covered by the very contractual provision upon which they are relying.

“Moreover, the Court cannot prevent speech where the matter has at least some public interest REDACTED, except as limited to the very specific and exact language of the speaker’s contractual obligation.”

Figlus also provided a narrative of events as he saw them as a limited partner in EEGF, saying he initially “believed everything she [Jaresko] was doing, you know, was proper.” Later, however, Figlus “learned that Jaresko began borrowing money from HCA REDACTED, but again relied on his spouse, and did not pay attention to the actual financial transactions

“In early 2010, after Jaresko separated from Figlus, she presented Figlus with, and requested that he execute, a ‘Security Agreement,’ pledging the couple’s partnership interest to the repayment of the loans from HCA. This was Figlus first realization of the amount of loans that Jaresko had taken, and that the partnership interest was being funded through this means. By late 2011, Jaresko had borrowed approximately REDACTED from HCA to both fund the partnership interest REDACTED. The loans were collateralized only by the EEGF partnership interest.

“Figlus became increasingly concerned about the partnership and the loans that had been and continued to be given to the insiders to pay for their partnership interests, while excluding other limited partners. Although Figlus was not sophisticated in these matters, he considered that it was inappropriate that HCA was giving loans to insiders to fund their partnership interests, but to no other partners.

“He talked to an individual at U.S. Agency for International Development (USAID) in Washington D.C., because the agency was effectively involved as a limited partner because of the agency’s funding and supervision over WNISEF, but the agency employee did not appear interested in pursuing the question.”

## **A Spousal Dispute**

Meanwhile, Jaresko’s lawyers mocked Figlus’s claims that he was acting as a whistle-blower, claiming that he was actually motivated by a desire “to harm his ex-wife” and had violated the terms of his non-disclosure agreement, which the

lawyers convinced the court to exclude from the public record.

The plaintiffs' brief [see Part One and Part Two] traces Figlus's contacts with the Ukrainian reporter whose name is also redacted:

"Figlus, having previously received an audit from the General Partner, provided it to REDACTED [the Ukrainian reporter] with full knowledge that the audit was non-public. Also on or about October 2, 2012, REDACTED [the reporter] contacted multiple Limited Partners, informed them that he possessed 'documented proof' of alleged impropriety by the General Partner and requested interviews concerning that alleged impropriety."

The filing noted that on Oct. 3, 2012, the reporter told Figlus that Jaresko "called two REDACTED [his newspaper's] editors last night crying, not me, for some reason." (The Ukrainian story was never published.)

After the competing filings, Jaresko's lawyers successfully secured a restraining order against Figlus from the Delaware Chancery Court and are continuing to pursue the case against him though his lawyer has asserted that his client will make no further effort to expose these financial dealings and is essentially broke.

On May 14, 2014, Figlus filed a complaint with the court claiming that he was being denied distributions from his joint interest in EEGF and saying he was told that it was because the holding was pledged as security against the loans taken out by Jaresko.

But, on the same day, Jaresko's lawyer, Richard P. Rollo, contradicted that assertion, saying information about Figlus's distributions was being withheld because EEGF and Horizon Capital "faced significant business interruptions and difficulties given the political crisis in Ukraine."

The filing suggested that the interlocking investments between EEGF and the U.S.-taxpayer-funded WNISEF were experiencing further trouble from the political instability and civil war sweeping across Ukraine. By last December, Jaresko had resigned from her WNISEF-related positions, taken Ukrainian citizenship and started her new job as Ukraine's Finance Minister.

In an article about Jaresko's appointment, John Helmer, a longtime foreign correspondent in Russia, disclosed the outlines of the court dispute with Figlus and identified the Ukrainian reporter as Mark Rachkevych of the Kyiv Post.

"It hasn't been rare for American spouses to go into the asset management business in the former Soviet Union, and make profits underwritten by the US Government with information supplied from their US Government positions or

contacts," Helmer wrote. "It is exceptional for them to fall out over the loot."

Earlier this month, when I contacted George Pazuniak, Figlus's lawyer, about Jaresko's aggressive enforcement of the non-disclosure agreement, he told me that "at this point, it's very difficult for me to say very much without having a detrimental effect on my client." Pazuniak did say, however, that all the redactions were demanded by Jaresko's lawyers.

### **Unresponsive Response**

I also sent detailed questions to U.S. AID and to Jaresko via several of her associates. Those questions included how much of the \$150 million in U.S. taxpayers' money remained, why Jaresko reported no compensation from "related organizations," whether she received any of the \$4.6 million to WNISEF's officers in bonuses in 2013, how much money she made in total from her association with WNISEF, what AID officials did in response Figlus's complaint about possible wrongdoing, and whether Jaresko's legal campaign to silence her ex-husband was appropriate given her current position and Ukraine's history of secretive financial dealings.

U.S. AID press officer Annette Y. Aulton got back to me with a response that was unresponsive to my specific questions. Rather than answering about the performance of WNISEF and Jaresko's compensation, the response commented on the relative success of 10 "Enterprise Funds" that AID has sponsored in Eastern Europe and added:

"There is a twenty year history of oversight of WNISEF operations. Enterprise funds must undergo an annual independent financial audit, submit annual reports to USAID and the IRS, and USAID staff conduct field visits and semi-annual reviews. At the time Horizon Capital assumed management of WNISEF, USAID received disclosures from Natalie Jaresko regarding the change in management structure and at the time USAID found no impropriety during its review."

One Jaresko associate, Tanya Bega, Horizon Capital's investor relations manager, said she forwarded my questions to Jaresko last week, but Jaresko did not respond.

Further showing how much Jaresko's network is penetrating the new Ukrainian government, another associate, Estonian Jaanika Merilo, has been brought on to handle Ukraine's foreign investments. Merilo's Ukrainian Venture Capital and Private Equity Association (UVCA), which is committed to "representing interests of private equity investors to policymakers and improving the investment and business climate in Ukraine," included Jaresko's Horizon Capital as a founder.

In a way, given Jaresko's background of parlaying U.S. taxpayer's money into

various insider investment deals, perhaps she does have the experience to handle the incoming \$17.5 billion in aid from the International Monetary Fund.

But the question remains whether Jaresko's is the right kind of experience and whether the money will go to help the impoverished people of Ukraine or simply wind up lining the pockets of the well-heeled and the well-connected.

—With research by Chelsea Gilmour

**Investigative reporter Robert Parry broke many of the Iran-Contra stories for The Associated Press and Newsweek in the 1980s. You can buy his latest book, *America's Stolen Narrative*, either in [print here](#) or as an e-book (from [Amazon](#) and [barnesandnoble.com](#)). 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](#).**

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## Giving Obama Even More War Powers

As much as Republicans hate President Obama, their love of war seems to be winning out as they ratchet up his request for powers to attack the Islamic State, another sign that the Founders' vision of restraining armed conflicts is being lost, as Independent Institute's Ivan Eland notes.

By Ivan Eland

Barack Obama, after six months of fighting against the brutal group ISIS, has finally decided to ask for congressional approval of his war. He, like the Bushes before him, maintained that he already had the authority to go to war but asked for Congress's permission only out of courtesy. And despite their often blind hatred of the President, his Republican opponents want to give him even more power than he wants to run his war.

The Republican love of unconstitutionally excessive executive power is curious; because of unfavorable national demographic shifts, Republicans have a tough road to winning the presidency back anytime soon. One would think a primarily congressional party, such as theirs, would want to enhance their own power as the expense of the Executive, except that Congress rarely wants to take any responsibility for war these days, because of the fear that members might not get re-elected if the conflict goes south. And in Afghanistan, Iraq (the first time), and Libya, things did go south.



The Founders of the nation, were they here to see such arrogant usurpation by imperial presidents of Congress's constitutional war power, and Congress's willing abdication of it, would simply pass out. A few gray areas of the U.S. Constitution exist, but the war power isn't one of them.

The document placed most of the war powers, including declaring of war, even the approval of lesser military action, the raising of armies, the maintenance of a navy, and the funding and regulation of the armed forces and militia, with the people's branches of governments. The American Founders intentionally created this unusual arrangement, because they did not like the militarism of the European monarchs of the day, who took their countries to war on a whim and let the costs in blood and added taxes fall to common citizens.

In the Founders' original conception of their system of government, the Executive was the commander-in-chief of the armed forces only after war had been decided by the people's branches and under whatever restrictions they imposed. As the debate in the Constitutional Convention indicated, only in the extreme case of the country facing imminent attack and the Congress being adjourned could the president take military action without congressional approval; even then he should seek a prompt authorization when possible.

Furthermore, as a court case early in the Republic's history during John Adams's administration confirmed, the Founders envisioned only a narrow role for the president as commander-in-chief, he was commander of the armed forces on the battlefield, not the commander-in-chief of the nation, as he seemingly has purported to be during the Bush and Obama administrations and other recent presidencies.

Oh how far we have come from the Founders' vision! Now we have an imperial presidency, which has usurped much power from what was supposed to be the premier branch of the federal government, the Congress, instead making the Executive Branch dominant.

Although congressional power over the all-important federal budget began being lost to the Executive Branch in the 1920s, congressional war power, perhaps because of the clear intent of the Constitution and debates in the Constitutional Convention, lasted until 1950, when Harry Truman refused to ask for a congressional declaration of war for the Korean War. For the first time in American history, Congress did not declare war for a major military action.

Truman's transgression set a bad precedent. The Congress has since run from declaring war for big conflicts and small. The legal and political implications of declaring "war" apparently have become too scary for the people's representatives to exercise their constitutional duties.

In the next big war, Lyndon B. Johnson forgot to tell the Congress about secretive U.S. raids on North Vietnam's coast, and then exaggerated the North's alleged retaliatory attacks on the U.S. destroyers supporting those raids, in order to get Congress to pass the open-ended Gulf of Tonkin Resolution. LBJ then ran with the resolution and used it to justify a massive escalation of a land war in that country. The Congress eventually repealed the resolution, but the damage had been done.

The elder Bush declared that he had the fiat power to wage a huge war against Saddam Hussein in the early 1990s, but that as a courtesy, he would ask Congress to approve it. His son took a similar tack for the 2001 Authorization of the Use of Military Force (AUMF) for the war on terror and for the 2002 authorization for his invasion of Iraq.

After Truman's bad precedent, most presidents didn't even bother getting any congressional approval for small wars: for example, Eisenhower's invasion of Lebanon in 1958, Reagan's invasion of Grenada in 1983, the elder Bush's invasion of Panama in 1989, Clinton's air war against Serbia over Kosovo in 1999, and Obama's air campaign against Libya in 2011.

Bush and Obama have both run illegal drone wars in Pakistan, Yemen and Somalia by stretching the 2001 AUMF, which authorized military action only on those nations, organizations or individuals who perpetrated or assisted with the 9/11 attacks or harbored the attackers, not loosely "affiliated groups" as the media keeps reporting.

Now Obama surprisingly has sent a request to Congress to seemingly limit his authority to wage war against ISIS and "associated persons and forces," by restricting its duration to only three years and ruling out "enduring offensive ground combat operations."

Yet the proposed authorization would be much less restrictive than meets the eye, because no geographical limitation is envisioned, "enduring offensive ground combat operations" is still too nebulous a term, and as the flagrant abuse of the even more specific 2001 AUMF showed, any president is likely to run wild with any "associated persons and forces" language.

Because of the success of ISIS, many groups are popping up around the world, claiming allegiance to bask in the group's reflected glory, without posing much of a threat to the United States. It is even questionable whether the main ISIS group, which is mainly a regional threat to the Middle East, is much of a threat to the United States.

If Congress has the courage to pass any approval of this questionable American

use of force, it should at minimum take out the “associated persons and forces” language, limit the geographical scope of the fight, and be very specific about what limited ground operations are authorized. Congress should also repeal the 2001 AUMF and the 2002 Iraq War authorizations because they are out of date, and Obama will continue to abuse them, especially if Congress fails to agree on any new resolution for fighting ISIS.

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## Shocked over Senate’s Gitmo Rhetoric

A citizen who attended a Senate Armed Services Committee hearing about Guantanamo Bay was so shocked by the ugly rhetoric from some senators that she spoke up and was arrested. Now in an open letter, Helen Schietinger is asking Sen. McCain to use his chairmanship to finally close the prison.

Dear Senator McCain,

I am the woman who spoke out in the Senate Armed Services Committee hearing on the status of the prison camp at Guantanamo Bay on February 5th. I’m sure you heard my words, “Give them the rights of prisoners of war!” before I was arrested.

I attended the hearing in an orange jump suit to silently protest the very existence of Guantanamo prison, and I expected to hear a reasonably rational discussion of the prison and its future.

I planned to listen respectfully, holding my sign reading “I died waiting for justice: Adnan Latif, Died September 8, 2012,” to remind the Senators and administration officials that Adnan Latif either committed suicide or was killed at Guantanamo after ten years of torture and unjust detention, and six years after being cleared for release.

The Capitol police appropriately allowed me to peacefully express my opposition to Guantanamo in that public forum. I was so shocked, however, by the vitriol of

the senators who chose to attend the hearing that I felt I had to respond.

I was appalled by their hateful statements, statements that contribute to a hostile climate that foments tragic hate crimes. Less than a week after the hearing three young Muslim Americans were murdered in North Carolina almost certainly because they were Muslim.

Although Senator [Lindsey] Graham talked about following the laws of war and the principles of the Geneva Conventions, his Senate colleagues made it clear that they care little about such things.

Senator [Tom] Cotton would have more Muslim men locked up as terrorists in Guantanamo without due process. He certainly wouldn't want them tried in an open court where they could face their accusers and challenge the evidence used against them: "The only problem with Guantanamo Bay is that there are too many empty beds and cells. We should be sending more terrorists there to keep this country safe. As far as I'm concerned, every last one of them can rot in hell. But as long as they don't do that then they can rot in Guantanamo Bay."

Senator [Joe] Manchin thinks the detainees are not being treated harshly enough: "I'd like to see a few of them in the United States hardened prisons to see if they'd change their attitude just a little bit. I know we could do a little different job on 'em here than they're doing over there."

And when I exhorted the committee to at least give the men at Guantanamo the rights of prisoners of war, Sen. Manchin responded by saying, "I just want to say, their attack on this country, they lost their rights." Think about that: a U.S. Senator doesn't think that human beings in U.S. custody should have rights. Not one Senator spoke up in disagreement.

I wonder if Sen. Manchin shares the attitude of former Vice President Dick Cheney who, when asked for comment on the torture practices revealed by the Senate Intelligence Committee report of early December, replied: "I'd do it again in a minute." Indeed, it sounded to me as though several of your colleagues are of Cheney's mindset.

I must ask, what about you, Sen. McCain? And, if not, why have you not publicly distanced yourself from Cheney's remarks and those of your Senate colleagues?

I remember admiring your doing what you could to rebuff Cheney and then CIA Director Porter Goss, when they descended on your office to plead for a CIA exemption from the amendment you were pushing banning torture.

As a captive in North Vietnam, you had first-hand experience with torture. Given that, and recalling your principled opposition to torture a decade ago, it is

painful for me to watch you sit placidly as some of your colleagues indulge in hateful demagoguery. I trust that you are particularly aware of the importance of upholding the rights and dignity of all prisoners, including those held in U.S. custody.

As ranking member of the Senate Armed Services Committee, you took active part in the *Senate Armed Forces Committee Inquiry Into the Treatment of Detainees in U.S. Custody*. The "First Conclusion" of the report released on December 11, 2008 stated that a Presidential Order signed by President George W. Bush "opened the door to considering aggressive techniques."

The report noted specifically that on Feb. 7, 2002, the President issued a written determination that the Geneva Convention protections for POWs did not apply to al-Qaeda or Taliban detainees, and that following that determination, techniques like waterboarding were authorized for use in interrogation. It would take more than four years for the U.S. Supreme Court to rule, in June 2006, that the prisoners' right to *habeas corpus* rights was being violated by the Military Commissions Act.

This year marks the 800<sup>th</sup> anniversary of the Magna Carta with which courageous English nobles wrested from King John the writ of *habeas corpus* and other rights. I am embarrassed for my country that President Bush suspended that fundamental right for so many years, and "opened the door" for torture. Worse still, torture continues at Guantanamo, and you and others in high office have the power to stop it.

Guantanamo detainees were subjected to torture techniques masked as "enhanced interrogation" (waterboarding, multiple forms of sensory deprivation, sensory overload and sexual humiliation , the list goes on and on). And you and your Senate colleagues should remember that they are still being subjected to torture (e.g., long-term solitary confinement, brutal forced-feeding procedures, forcible cell extractions) as well as outrages upon their personal dignity (e.g., genital searches and cavity searches before and after meeting with their lawyers).

Senator McCain, I imagine you may regret calling "lowlife scum" those of us who, at Congressional hearings, speak out against consigning the Magna Carta, the Constitution, and the rule of law to the dustbin of history. With all due respect, it is "lowlife" for public officials to pander to the worst of human instincts revenge, racism, and scapegoating no matter how many votes such appeals might garner. It does you no credit to preside and sit by nonchalantly at the shameful hearing on February 5 at which I am proud to have been arrested.

You need to use your chairmanship to restore respect for the rule of law, and

lift the United States out of the category of rogue state. In the name of common decency, I urge you, as Chairman of the Senate Armed Services Committee, to insist that the U.S. begin according the Guantanamo prisoners in U.S. custody their lawful human rights.

Yours truly,

Helen Schietinger

Washington, DC

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## President Gollum's 'Precious' Secrets

**Exclusive:** Despite promises of “openness,” President Obama has treated information that could inform American democracy like Tolkien’s character Gollum coveted his “precious” ring. Obama is keeping for himself analyses that could change how the public sees the crises in Syria and Ukraine, writes Robert Parry.

By Robert Parry

President Barack Obama promised a “transparent” administration, reviving democracy by letting Americans see into the inner workings of their government as much as possible, an implicit criticism of the excessive secrecy of his predecessor, George W. Bush. But instead Obama’s presidency has been one of the most opaque and deceptive in modern history.

Not only has Obama continued to wrap the carry-over anti-terrorism wars in maximum secrecy but he has taken unprecedented steps to shut down leaks by prosecuting whistleblowers who talk to the press. And, he has left standing his administration’s misleading rushes to judgment on key issues after U.S. intelligence analysts have refined or reversed the first impressions.

Whether on the Syrian sarin attack in 2013 or pivotal incidents in the Ukraine crisis who was behind the sniper attacks in Kiev last Feb. 20 and who shot down Malaysia Airlines Flight 17 last July 17 Obama has withheld evidence developed by U.S. government analysts rather than undercut the propaganda value of the initial accusations.

In the sarin incident, Secretary of State John Kerry and others rushed to blame President Bashar al-Assad’s government bringing the U.S. military to the brink of war and similarly the State Department exploited the two most iconic events of the Ukraine crisis by blaming then-President Viktor Yanukovich for the sniper

killings and Russia and ethnic Russian rebels for shooting down MH-17 killing all 298 people onboard.

After the State Department had squeezed out the propaganda value of those accusations, U.S. intelligence analysts came to more detailed conclusions with their findings conflicting with the hasty finger-pointing after the events. But instead of refining or correcting the record, the Obama administration typically went silent, leaving the initial impressions in place even when the President knew better.

In the context of Ukraine, I asked one senior administration official about this behavior and he responded that Russia held most of the advantages there by nature of proximity and history but that one advantage the United States wielded was "information warfare" and it made no sense to surrender that edge by withdrawing accusations that had put Russian President Vladimir Putin on the defensive.

Thus, in this Orwellian world that seems to have swallowed America's major institutions, what mattered most was how "information" including false or misleading propaganda could be deployed for geopolitical purposes even if it also involved deceiving the U.S. public. Or, one might say, especially if it deceived the U.S. public.

### **'Perception Management'**

This attitude toward manipulating rather than informing the American people has a long and grim history. For instance, President Lyndon Johnson won congressional support for his disastrous Vietnam War escalation by citing the Tonkin Gulf incident, a false claim about North Vietnamese aggression which has since been debunked but still is used historically by the Defense Department to justify the millions killed in that conflict.

After the U.S. defeat in Vietnam, President Ronald Reagan set up inter-agency task forces devoted to the concept of "perception management," essentially how to get the American people to "kick the Vietnam Syndrome" and get back into line behind U.S. military interventions abroad, a CIA-inspired campaign that proved stunningly successful. [See Consortiumnews.com's "The Victory of 'Perception Management.'"]

Last decade, the American people got their perceptions managed once more regarding Iraq's non-existent WMD, leading to another catastrophic war which continues to spread chaos and death across the Middle East to this day. One might think that with that bloody history, President Obama would want to fulfill his promises of "transparency."

According to a memorandum instructing Executive Branch department heads, Obama wrote: "My Administration is committed to creating an unprecedented level of openness in Government. We will work together to ensure the public trust and establish a system of transparency, public participation, and collaboration. Openness will strengthen our democracy and promote efficiency and effectiveness in Government."

Instead, Obama has clamped down more than ever on openness and transparency, including the prosecution of more government whistleblowers than all the previous presidents combined and sitting on U.S. intelligence reports that would change how Americans understand major international crises.

By and large, Obama has continued the excessive secrecy of President George W. Bush, including withholding from the American people 28 pages of the 2002 congressional investigation into the 9/11 attack that relate to Saudi financing for al-Qaeda terrorists.

Obama also has refused to give the U.S. public access to the updated intelligence analyses of more current crises, including the near American military entry into the Syrian civil war in 2013 and the potential nuclear showdown with Russia over Ukraine in 2014. So, even when American lives are being put at risk by rushes to judgment, Obama doesn't believe that the people have a right to know the facts.

### **The Pathology of Secrecy**

I spoke with one person who has known Obama since he was a senator from Illinois who suggested the President is fearful that if he does release these secrets and some negative consequences result that he'll be blamed. In other words, Obama in practice is too scared to live up to his commitment about "transparency."

Another less generous explanation is that Obama is at heart an elitist who likes to surround himself with secrets but doesn't want to share them with common citizens who are best treated like the proverbial mushrooms kept in the dark and fertilized.

Or put differently, Obama is like the character Gollum in J.R.R. Tolkien's *The Lord of the Rings* series who is entranced by the power of the One Ring and obsessively pursues it, what he calls "my Precious." In that analogy, Obama can't part with his precious secrets despite his promises to the American people about government openness.

Surely, Obama does get warnings against letting the public in on what the U.S. government knows about pivotal events. Government bureaucrats can always find reasons to keep information secret. But presidents have the ultimate say in what



is kept secret and what is released.

And, except for a flurry of disclosures immediately after taking office, including Bush's legal memos justifying torture, Obama has done less about opening up the federal government's archives than many recent presidents. For instance, President Bill Clinton declassified Cold War-era files on U.S. participation in Guatemala's decades of brutal repression.

Obama has shown less enthusiasm for giving Americans back their history. More importantly, however, Obama has withheld crucial information about current crises, such as the Syrian sarin attack and events that drove the Ukrainian civil war. [See Consortiumnews.com's "[The Collapsing Syria-Sarin Case](#)" and "[The Danger of an MH-17 Cold Case](#)."]

In both areas, his administration rushed to judgment based on fragmentary information and as more detailed data became available challenging the earlier claims Obama clamped down on what the American people were allowed to hear.

Much like the Tonkin Gulf case, war hawks in the U.S. government found the misimpressions useful, so they didn't want to correct the record. All the better to get an edge on foreign "adversaries" and manage the perceptions of the American people.

And, for whatever his reasons, President Obama couldn't let go of his "Precious."

**Investigative reporter Robert Parry broke many of the Iran-Contra stories for The Associated Press and Newsweek in the 1980s. You can buy his latest book, *America's Stolen Narrative*, either in [print here](#) or as an e-book (from [Amazon](#) and [barnesandnoble.com](#)). 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](#).**

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## Netanyahu Uses US Congress as Prop

By addressing the U.S. Congress for a third time, Israeli Prime Minister Netanyahu will again demonstrate his mastery of the American political process, using the backdrop of repeated standing ovations to keep Israelis from thinking too much about economic troubles, writes ex-CIA analyst Paul R. Pillar.

By Paul R. Pillar

A recent poll confirmed what other polls and many observers have noted about concerns of the Israeli public as Israel's general election next month approaches. Presented with a list of six subjects and asked which is the most important one for the government of Israel to address, 48 percent of all likely voters picked "economic issues." Nineteen percent said it was relations with the Palestinians, 14 percent picked education, and only 10 percent chose "the Iranian threat." Instability in the region, enlisting ultra-Orthodox, "other," and "don't know" collectively got 11 percent.

Compared with a poll that asked the same question two years ago, "economic issues" went up five percentage points and "the Iranian threat" went down two. Given how much the incumbent government unceasingly pounds away in its rhetoric on the Iranian issue and how dire a threat it portrays it to be, it may be remarkable how few respondents chose that subject.

Two salient facts about the Israeli economy provide the background to the views and concerns of Israeli citizens. First, Israel is a prosperous state with an economy that, looked at in a macro way, is admirably dynamic. Don't let that \$3 billion in annual aid from the United States fool you into thinking that Israel needs that money; Israel is in the top 25 countries of the world in GDP per capita.

But second, and perhaps not surprisingly given that Israel has been ruled by a right-wing government for the last several years, Israel has some of the worst economic inequality among the developed countries that belong to the Organization for Economic Cooperation and Development.

Israel's high-tech success has not trickled down to much of the rest of the economy. Despite the nation's overall prosperity, a good many ordinary Israelis strain to make do. This is especially true of young adults of the millennial generation, particularly with regard to finding affordable housing.

A demonstration of these patterns that was more dramatic than opinion polls came in huge street demonstrations in the summer of 2011, when many Israelis marched and chanted, "we demand social justice." The hundreds of thousands of participants, bearing in mind the size of the Israeli population, represented a far bigger display than anything the Occupy Wall Street people were able to mount in the United States.

There is a genuine opening here for the Israeli Center-Left. The Israeli public, compared to the American public, is more positively inclined toward a welfare state and more tolerant of government deficits and public sector spending.

The way Likud and the rest of the political Right counters this vulnerability is

to keep trying to shift the focus by hammering away on what it presents as national security issues, keeping the Israeli public scared, notwithstanding the overwhelming regional military superiority that Israel enjoys at all levels, and portraying itself as best able to protect Israelis from what is scary.

For Benjamin Netanyahu, the specter of Iran and especially its nuclear program has been central to this political strategy. When Netanyahu comes to Washington and makes his Congressional appearance that Republican/Likud political operative Ron Dermer (aka the Israeli ambassador) arranged for him, he bolsters his domestic political standing in a couple of ways.

One is that, insofar as he is successful in sabotaging any agreement to restrict the Iranian program, he can continue to fulminate about the Iranian bogeyman in as unrestrained fashion as he always has. If he can kill an agreement, he puts off the day when scaremongering about Iran gets even less of a rise out of the Israeli electorate than what the recent poll measured.

In the meantime, the speech itself enables Netanyahu to show the U.S. Congress again eating out of his hand, reassuring his voters that he has everything under control as far as U.S. politics are concerned, notwithstanding any unpleasantness with the current U.S. president.

Lest there be any doubt about Netanyahu's use of Congress as an electoral prop in this way, in the last previous Israeli election in 2013, Netanyahu's political coalition broadcast [a campaign ad](#) that used footage from an earlier Congressional appearance of his, replete with several of those standing ovations from the members (and also used a clip of Netanyahu's display of his cartoon bomb before the U.N. General Assembly). The ad conveyed the message, "When Netanyahu speaks, the world listens."

The structure of the Israeli economy thus does more harm besides making it hard for some Israelis to find housing and pay bills. It also provides an added political incentive for their government to undermine U.S. foreign policy, to constrain U.S. freedom of action in the Middle East, and to destroy the best chance the world has had to ensure that the Iranian nuclear program stays peaceful.

**Paul R. Pillar, in his 28 years at the Central Intelligence Agency, rose to be one of the agency's top analysts. He is now a visiting professor at Georgetown University for security studies. (This article first appeared as [a blog post](#) at The National Interest's Web site. Reprinted with author's permission.)**

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# Can ICC Mete Out Justice to Powerful?

The International Criminal Court brought hope that victims of serious crimes of state could finally get some justice, but instead the truly powerful have retained their impunity while alleged violators from weak countries are dragged before the ICC, a reality that may yet change, says Lawrence Davidson.

By Lawrence Davidson

Americans consider themselves citizens of “the Land of the Free” with a tradition of rugged individualism that still provides mythical fodder for organizations such as the Tea Party and the National Rifle Association.

People associated with such organizations (and their numbers are in the millions) also exhibit a deep suspicion of government. They believe that the politicians they elect should, as one-time Republican presidential candidate Barry Goldwater put it, “aim not to pass laws, but to repeal them.” They believe that the fewer rules and laws there are (except those promoting their own peculiar brand of morality), the greater is the citizen’s freedom.

It takes just a little bit of historical knowledge to know that this attitude is dangerous nonsense. The fact is you cannot have a stable and safe human environment without rules and laws.

That is one reason why they have always existed in one form or another at multiple levels of human society, in the family, the classroom, private clubs, the town, the state, the country, and so forth. In fact, human history can be read as the expansion of enforceable rules or laws from smaller to larger groupings. Wider circles obeying the same set of hopefully humane rules.

It is also a historical fact that the larger and more developed a society becomes, the more rules and laws it accumulates. This tendency, which has become analogous with “big government,” seems to drive right-wingers crazy.

And indeed, some of these regulations might well be superfluous (generating “red tape”), but others are not. In fact, it is well thought-out rules and laws that hold societies together – countering, though not always adequately, the centrifugal forces of economic greed, special interest selfishness, and the callousness of citizens who would turn their backs on societal needs so as to avoid paying taxes.

It is my guess that most of us, worldwide, know what good rules or laws look like. In part they reflect the sort of rights and restrictions enshrined in the Universal Declaration of Human Rights, various Geneva Conventions, the Charter

of the United Nations and similar documents agreed to by peoples of many cultures.

When these are taken seriously as models for enforceable law, they have the potential to both rein in the anarchists and prevent draconian behavior by the powerful and influential.

### **Who Is Above the Law?**

The adage that no one should be above the law is of particular importance here. The problem is that there are innumerable cases where some individual or group holds sufficient political power to defy the rule of law.

This situation, which almost always leads to an abuse of power, can arise both domestically and internationally. In the context of domestic national affairs we call such people dictators or tyrants, or amoral CEOs of companies that allegedly are "too big to fail."

These folks are easily identified but, short of revolution, less easily brought to account. Then there are the crimes committed under the guise of foreign policy and directed against people of other countries.

In such cases the average citizen of the offending nation either does not know what is happening or is made to believe that crimes are not crimes, but rather actions in defense of alleged national interests. These highly placed leaders presuming to be above the law are sometimes harder to identify and even less likely to be held accountable.

It is to address this problem of accountability that the the International Criminal Court (ICC) was established in 2002 by a multilateral treaty known as the Rome Statute. According to its own rules, the Court operates only when national courts will not or cannot prosecute an individual suspected of heinous crimes such as genocide, crimes against humanity, or other war crimes.

Also, in order for the Court to have jurisdiction, crimes must have taken place within the territory of one or more of the 123 states that have ratified the Statute.

A number of important countries, such as India, China and Saudi Arabia, have refused to sign on to the Rome Statute. Others, like the United States and Israel, have signed but never ratified the treaty and, subsequently, announced that they do not recognize the jurisdiction of the ICC.

That does not mean suspected criminals from non-ratifying nations are completely

beyond the court's jurisdiction. If a ratifying state claims that nationals of a non-ratifying state have committed crimes within its territory, the Court can investigate and, if warranted, indict the accused party.

But then one comes up against the problem of enforcement. How do you arrest the indicted person if he is Henry Kissinger, George W. Bush or any number of Israeli military and civilian leaders, all of whom may well warrant the Court's attention.

This issue has not yet been fully confronted because, until very recently, no one has actually brought the crimes of individuals representing large and powerful states or their allies to the attention of the Court. As a result the ICC's list of prosecutions is notably lopsided.

To date, all those indicted by the court have come from small nations without great power allies and lacking influence within international institutions like the United Nations. Indeed, many of these prosecutions are against citizens of so-called failed states.

However, this is about to change due to the decision of the Palestinian National Authority to join the ICC. This has resulted in an ICC preliminary investigation of Israeli war crimes during the 2014 invasion of the Gaza Strip.

How this investigation plays out will be a real test of ICC effectiveness. At this stage of our collective political history, how serious are we about creating a common set of rules allowing the investigation and punishment of serious crimes committed not just by leaders of small and weak states, but also by those who lead strong and influential nations?

In other words, since law is one of the foundations of civilization, shouldn't we make sure that no one stands above it.

Lawrence Davidson is a history professor at West Chester University in Pennsylvania. He is the author of *Foreign Policy Inc.: Privatizing America's National Interest*; *America's Palestine: Popular and Official Perceptions from Balfour to Israeli Statehood*; and *Islamic Fundamentalism*.

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## The One-Sided US Narrative on Iran

In the preferred U.S. narratives, American leaders are always wise and rational but must deal with pigheaded and crazy adversaries. That is the way the current U.S.-Iranian nuclear negotiations are presented inside Official Washington but

there is a very different reality, as Gareth Porter explains.

By Gareth Porter

Talking to reporters last Monday, President Barack Obama asked rhetorically, “[D]oes Iran have the political will and desire to get a deal done?” Iran “should be able to get to yes,” Obama said. “But we don’t know if that is going to happen. They have their hardliners, they have their politics.”

The idea that Iranian agreement to U.S. negotiating demands is being held back by “politics” is a familiar theme in U.S. public pronouncements on these negotiations. The only reason Iran has not accepted the deal offered by the United States, according to the standard official view, is that Supreme Leader Ali Khamenei is a hardliner who is constraining the more reasonable Iranian negotiating team from making the necessary compromises.

But that is a self-serving understanding of the problem, and it reflects a much more profoundly distorted view of U.S. -Iran relations on the nuclear issue. The premise of Obama’s remark was that U.S. demands are purely rational and technical in nature, when nothing could be further from the truth.

The U.S. proposal on enrichment capacity is justified by the concept of “breakout,” which experts acknowledge is based on a completely implausible scenario. But Iran has now had a “breakout” capability meaning the capability to enrich enough uranium at weapons grade level for a single bomb – for six years. So the U.S. insistence on reducing its capability so that the breakout timeline is a few months longer clearly has nothing to do with denying a nuclear weapons capability.

But the official narrative clings to the idea that Iran is acting irrationally in refusing to accept that U.S. demand. The clearest illustrations of this warped U.S. understanding of the negotiations is a long essay last month by former U.S. proliferation official Robert Einhorn.

Analyzing the reason for the failure of the talks to date, he blames “deep divisions within the Iranian elite,” and specifically the position of the supreme leader. Einhorn cites a speech by Khamenei in Qom on Jan. 7, where he quotes Khamenei as concluding, “[B]y relying on the nation and domestic forces, we must act in such a way that even if the enemy does not lift the sanctions, no blow will be struck against the people’s progress.”

Einhorn suggests that Khamenei believes “Iran can live without an agreement,” implying that he is not really interested in an agreement. But a crucial point in the speech was Khamenei’s statement about U.S. intentions: “The Americans say with completely shamelessness, ‘Even if Iran makes compromises on the nuclear

issue, sanctions will not be lifted altogether and at the same time.'” And Khamenei concludes, “This shows that the enemy cannot be trusted.”

Khamenei’s point was clearly not that he was any less interested in an agreement that achieved the end of sanctions, but that he was doubtful about the willingness of the Americans to do so. But in an effort to force the speech to fit the U.S. framework, Einhorn insists that it shows the Supreme Leader is “deeply skeptical of the value of an agreement.”

What is missing from Einhorn’s analysis – and from the American approach to negotiating with Iran in general – is any understanding that decades of aggressive U.S. policy toward Iran have forced the Iranian national security elite to think very hard about its strategy for negotiating with the United States to achieve Iran’s fundamental objective of getting the sanctions lifted.

Khamenei is not a simple-minded Ayatollah who likes the idea of going it alone, as Einhorn and others in the U.S. national security elite like to believe. He has been deeply involved in every major national security policy decision Iran has made from the beginning. He was Ayatollah Khomeini’s first representative to the Supreme National Security Council from 1980 to 1982, and was president of Iran from 1982 to 1990.

Khamenei has been criticized in the West and by his successor as President Ayatollah Ali Akbar Hashemi Rafsanjani for having refused to support negotiations with the United States either in 1989 and again after President Mohammad Khatami was elected in 1997. What critics of those policy decisions have failed to take into account, however, is that Iran would have been trying to negotiate with the United States from a woefully weak position in both cases.

In her 2005 book, *Persian Mirrors*, New York Times reporter Elaine Sciolino quotes then Deputy Foreign Minister Mohammad Javad Zarif, whom the Americans have never dismissed as a wild-eyed Islamic radical, providing a remarkably revealing explanation for the Iranian calculation in rejecting negotiations with the United States at that point:

“Look at it this way. The United States has most of the cards. We discarded our rhetorical card when Khatami reached out and called for a dialog among civilizations. The United States discarded its rhetorical card when it abandoned its negative tone toward us. Now the United States wants to keep the rest of its cards but want us to discard all of ours. It wants to open a dialog while it still is keeping a number of sanctions against us. We’re saying, ‘You can’t keep all your cards. It’s not in our interest and it’s not in your interest.’”

Khamenei and Zarif both believed the United States was seeking to force Iran to



accept an agreement on normalization under which Washington would continue to hold the sanctions over Iran's head. The Iranian analysis further implied that it needed to accumulate more negotiating cards in order to have successful talks with the United States.

That was the point at which Iran's nuclear program intersected with its strategy for negotiating with the United States. Iran was planning to build a uranium enrichment facility within a few years. The United States chose to interpret such a facility as evidence of a covert nuclear weapons program, but the evidence indicates that Khamenei and his advisers were actually counting on that enrichment program to provide it with stronger cards with which to negotiate with the United States.

Political scientist Jalil Roshandel, who worked on a research project for the Iranian Foreign Ministry's think tank in 1997-1998, told me that influential figures he interviewed expressed the belief that having a uranium enrichment program would provide bargaining chips to be used in negotiating with the United States for the removal of the sanctions.

Roshandel, who now teaches at East Carolina State University, recalled that those who made that connection in conversations with him included an adviser to Ali Akbar Velayati, who had been foreign minister for 16 years, and then deputy Revolutionary Guards commander Yahya Rahim Safavi, who became chief commander in 1997.

Khamenei knows very well that this is the opportunity to play Iran's nuclear cards in order to get the sanctions removed. But the United States appears to be using its sanctions card to force Iran to accept a reduction of roughly 75 percent in its enrichment capacity and not even offering to lift all sanctions in the short run even if Iran caves in.

The second problem is that Iran's enrichment capabilities have taken on a new political significance in public opinion as symbols of Iranian technological advancement that limits how far they can go in dismantling it.

In the context of the history of the sanctions in U.S.-Iran relations, Iran's determination to hold out for a better deal is hardly irrational. If the Obama administration fails to understand that fact the diplomatic stalemate is likely to continue.

**Gareth Porter is an independent investigative journalist and historian writing on US national security policy. His latest book, *Manufactured Crisis: The Untold Story of the Iran Nuclear Scare*, was published in February 2014. [This story originally appeared in Middle East Eye.]**

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# The Putin-Did-It Conspiracy Theory

**Exclusive:** A new truce agreement in Ukraine rekindles hope that the bloodshed can be reduced if not stopped, but Official Washington's gross misunderstanding of the crisis, blaming everything on Russia's President Putin, raises doubts and portends a potentially grave catastrophe, writes Robert Parry.

By Robert Parry

The original falsehood behind the Iraq War was that Saddam Hussein had weapons of mass destruction and intended to use them against America either directly or by giving them to al-Qaeda. The opening lie about the Ukraine crisis was that Russian President Vladimir Putin instigated the conflict as part of some Hitlerian plan to conquer much of Europe.

Yet, while the Hussein-WMD claim was hard for the common citizen to assess because it was supposedly supported by U.S. intelligence information that was kept secret, the Putin-Ukraine lie collapses under the most cursory examination based simply of what's publicly known and what makes sense.

Nevertheless, the New York Times much as it did when it was falsely reporting breathlessly about "aluminum tubes" for Iraq's non-existent nuclear weapons program continues to promote U.S. government propaganda about Ukraine as fact and dismisses any rational assessment of the situation as crazy.

On Friday, the Times concluded its lead editorial with the assertion that: "What remains incontrovertible is that Ukraine is Mr. Putin's war." But the point is anything but "incontrovertible." Indeed, the crisis was most certainly not instigated by Putin.

The actually "incontrovertible" facts about the Ukraine crisis are these: The destabilization of President Viktor Yanukovich's elected government began in November 2013 when Yanukovich balked at a proposed association agreement promoted by the European Union. He sought more time after the sticker shock of learning from Kiev economic experts that the deal would cost Ukraine \$160 billion in lost revenue by cutting trade with Russia.

It was German Chancellor Angela Merkel, not Vladimir Putin, who pushed the EU agreement and miscalculated the consequences, as the German newsmagazine Der Spiegel has reported. Putin's only role in that time frame was to offer a more generous \$15 billion aid package to Ukraine, not exactly a war-like act.

Yanukovich's decision to postpone action on the EU association prompted angry demonstrations in Kiev's Maidan square, largely from western Ukrainians who were hoping for visa-free travel to the EU and other benefits from closer ties. Putin had no role in those protests and it's insane to think that he did.

In February 2014, the protests grew more and more violent as neo-Nazi and other militias organized in the western city of Lviv and these 100-man units known as "sotins" were dispatched daily to provide the muscle for the anti-Yanukovich uprising that was taking shape. It is frankly nutty to suggest that Putin was organizing these militias. [See Consortiumnews.com's "When Is a Putsch a Putsch."]

### **Evidence of Coup Plotting**

By contrast, there is substantial evidence that senior U.S. officials were pushing for a "regime change" in Kiev, including an intercepted phone call and various public statements.

In December 2013, Assistant Secretary of State Victoria Nuland, a neocon holdover, reminded Ukrainian business leaders that the United States had invested \$5 billion in their "European aspirations." In early February, she discussed with U.S. Ambassador Geoffrey Pyatt who the new leaders of Ukraine should be. "Yats is the guy," she declared, referring to Arseniy Yatsenyuk. [See Consortiumnews.com's "Who's Telling the Big Lie on Ukraine?"]

The Maidan uprising gained momentum on Feb. 20, 2014, when snipers around the square opened fire on police and protesters touching off a violent clash that left scores of people dead, both police and protesters. After the sniper fire and a police retreat – carrying their wounded – the demonstrators surged forward and some police apparently reacted with return fire of their own.

But the growing evidence indicates that the initial sniper fire originated from locations controlled by the Right Sektor, extremists associated with the Maidan's neo-Nazi "self-defense" commandant Andriy Parubiy. Though the current Ukrainian government has dragged its feet on an investigation, independent field reports, including a new one from BBC, indicate that the snipers were associated with the protesters, not the Yanukovich government as was widely reported in the U.S. media a year ago.

The worsening violence led Yanukovich to agree on Feb. 21 to a deal guaranteed by three European countries. He accepted reduced powers and agreed to early elections so he could be voted out of office. Yet, rather than permit that political settlement to go forward, neo-Nazis and other Maidan forces overran government buildings on Feb. 22, forcing Yanukovich and his officials to flee

for their lives.

The U.S. State Department quickly deemed this coup regime “legitimate” and Nuland’s choice, Yatsenyuk, emerged as Prime Minister, with Parubiy put in charge of national security.

In other words, there is plenty of evidence that the Ukraine crisis was started by the EU through its mishandling of the association agreement, then was heated up by the U.S. government through the work of Nuland, Pyatt and other officials, and then was brought to a boil by neo-Nazis and other extremists who executed the coup.

### **A Nutty Conspiracy Theory**

But there is zero evidence that Putin engineered these events. There is no evidence that he got Merkel and the EU to overplay their hand; no evidence that he organized the neo-Nazi militias in Lviv; no evidence that he manipulated U.S. officials to manipulate the “regime change” behind the scenes; no evidence that he ordered the Maidan militants to attack.

Is the New York Times really suggesting that Putin pulled the strings on the likes of Merkel and Nuland, secretly organized neo-Nazi brigades, and ruthlessly deployed these thugs to Kiev to provoke violence and overthrow Yanukovych, all while pretending to try to save Yanukovych’s government all so Putin could advance some dastardly plot to conquer Europe?

The Times often makes fun of “conspiracy theorists,” but the Times’ narrative is something that would make even the most dedicated “conspiracy theorist” blush. Yet, the Times not only asserts this crazy conspiracy theory but calls it “incontrovertible.”

Beyond the lack of evidence to support this conspiracy theory, there is no rational motive for Putin to have done what the Times claims that he did.

In the actual chronology of event, Putin was preoccupied with the Winter Olympics in Sochi when the Ukraine crisis took its turn for the worst a year ago. He was fearful that the Olympics would be marred by Chechen or other terrorism and thus was personally overseeing security.

Putin had spent some \$40 billion on making the Olympics a glamorous show to introduce the new Russia to the world as a country ready to join the West. I’m told that he was very proud of Russia’s position in the G-8 and felt he had built a constructive relationship with President Barack Obama by helping him resolve crises in Syria and Iran in 2013.

The last thing Putin wanted to do was provoke a crisis in Ukraine. Nor is there any intelligence that he had designs on the Baltic States, as the conspiracy theory contends.

However, when a right-wing regime seized power in a violent coup in Ukraine on Russia's border and then took provocative actions against Ukraine's ethnic Russians, Putin responded to calls from Crimea both from its parliament and a referendum to take the peninsula back into Russia.

Putin also feared that the new powers in Kiev might give the historic Russian naval base at Sevastopol to NATO with its nuclear-armed submarines. In other words, as much as the New York Times has bandied about claims of a Russian "invasion" of Crimea, the Crimeans requested Russia's intervention and up to 25,000 Russian troops were already there in the agreement with Ukraine over the naval base.

### **Reactor, Not Instigator**

But the key point is that Putin was reacting to the Ukraine crisis, not instigating it. As even former Secretary of State Henry Kissinger explained to Der Spiegel, "The annexation of Crimea was not a move toward global conquest. It was not Hitler moving into Czechoslovakia."

Kissinger added, "Putin spent tens of billions of dollars on the Winter Olympics in Sochi. The theme of the Olympics was that Russia is a progressive state tied to the West through its culture and, therefore, it presumably wants to be part of it. So it doesn't make any sense that a week after the close of the Olympics, Putin would take Crimea and start a war over Ukraine."

In this case, Kissinger is clearly right. It never made any sense for Putin to provoke the Ukraine crisis. Yet, that became the lie upon which the United States has built its increasingly aggressive policies over the past year, with politicians of all stripes now shouting that America must stand up to the madman Putin and "Russian aggression."

This is a dangerous "group think" for a number of reasons, not the least the disturbing fact that both the United States and Russia have lots of nuclear weapons. On a less existential level, the "Putin-is-Hitler" analogy has prompted a major miscalculation on the right approach for the Obama administration to take vis a vis Putin.

As Harvard Professor Stephen M. Walt has noted, the most effective response to a crisis is different if a foreign leader is an aggressor on the march or if the leader feels cornered. The former calls for a "deterrence model," i.e., a tough reaction. But a tough response in the latter case will only make the beleaguered

leader more belligerent like a cornered animal, thus spinning the crisis into more dangerous territory under what's known as the "spiral model."

"When insecurity is the taproot of a state's revisionist actions, making threats just makes the situation worse," Walt wrote. "When the 'spiral model' applies, the proper response is a diplomatic process of accommodation and appeasement (yes, appeasement) to allay the insecure state's concerns." [See Consortiumnews.com's "['Realists' Warn Against Ukraine Escalation.](#)"]

Perhaps the new ceasefire agreement in Minsk spearheaded by German Chancellor Merkel will finally help defuse the crisis, with the legitimate concerns of the various sides being taken into account rationally rather than letting the past year's hysteria continue to control events.

But the Times' editorial doesn't give much reason for hope that America's upside-down "group think" has righted itself in any meaningful way. In the mainstream media's latest repeat of the Iraq-WMD fiasco, the Times and virtually every other major news outlet remain committed to a dangerous misreading of the facts about Ukraine.

And anyone who dares point out the real history of the crisis is immediately shouted down with the anti-intellectual riposte: "Putin apologist!" – just as in 2002-2003, when anyone who doubted the certainty about Iraq's WMD was a "Saddam apologist."

Investigative reporter Robert Parry broke many of the Iran-Contra stories for The Associated Press and Newsweek in the 1980s. You can buy his latest book, *America's Stolen Narrative*, either in [print here](#) or as an e-book (from [Amazon](#) and [barnesandnoble.com](#)). 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](#).

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## A Vague War Declaration on ISIS

President Obama has tossed Congress a draft resolution on using force against Islamic State militants but the vague language is something of a hot potato that neither the White House nor Congress is comfortable with, writes ex-CIA analyst Paul R. Pillar.

By Paul R. Pillar

The draft that the Obama administration submitted to Congress to authorize the use of military force against ISIS (also called the Islamic State) seems to be pleasing almost no one, and that was bound to be. Some of the strongest early criticism is coming from doves, including people who support Mr. Obama on most other issues, but hawks are complaining as well.

One can see why this tardy submission of a draft resolution was preceded by months of an Alphonse-and-Gaston routine in which both the administration and the Congress were looking to the other to offer a proposal first. Each seemed to sense it was impossible to come up with something that would not have unavoidable and easily noted flaws. Probably the draft will be modified in the course of the coming Congressional debate, and probably the modifications will still leave many doves and many hawks dissatisfied.

Several questions and potential problems are worthy of attention in the debate. Perhaps the most significant question concerns the fact that this draft does not repeal the authorization that Congress passed in 2001 shortly after the 9/11 attack, and that two administrations subsequently have used as the legal basis for a variety of armed actions in several different countries.

The current administration has been saying that this earlier resolution was all the authorization it needed for the military actions it already has been taking for months against ISIS. If the 2001 resolution, so interpreted, remains in force, then how can whatever limits are specified in a new resolution have any significance and any effect?

The coming debate in Congress, however overdue it is and however flawed will be whatever product comes out of it, is nonetheless welcome. It is part of a proper function of the legislative branch. This is not an instance, as has arisen on some other issues, of members trying to act like 535 secretaries of state and getting in the way of negotiating international agreements.

Nor is it, at least not yet, a case of members trying to act like 535 commanders-in-chief and interfering in the management of military operations. Instead it is a matter of the people's representatives setting basic policy and priorities when it comes to deciding whether a particular goal overseas merits expending American blood and treasure and putting American lives in harm's way.

Whatever its outcome in terms of a specific resolution, the debate might help to illuminate why it is so difficult to put into legislative language a precise statement of what is intended. The fundamental reason goes back to the habit of thinking of counterterrorism in military terms, as reflected in the unfortunate phrase "war on terror."

Terrorism is a tactic, not an enemy. Wars end; terrorism doesn't. Military measures are only one type of tool, and not necessarily the most effective one, in countering terrorism. Regarding that last point, it would be appropriate for members of Congress to debate not only the legal issues involved in an authorization of force but also the practical and empirical issues pertaining to what is most likely to cause a group such as ISIS to wax or to wane.

Declaring war, or authorizing force, against a state involves a well-defined adversary, with the limits of the armed conflict defined by the activities of the target state. The organizational manifestations of international terrorism are much different, consisting of amoeba-like groups that shift shape and identity and that lack clear boundaries in terms of either structure or theaters of operation.

Terrorist groups, including the ones that have most preoccupied the United States in recent years, metamorphose, splinter, and spread. The names assumed by groups are of little use in adding clarity to this chaos, because adoption of a name sometimes is nothing more than an expression of fondness for a certain ideology or of admiration for what another group carrying that name has done, or an attempt to sound scarier, rather than reflecting any organizational cohesion.

This has been true of many who have adopted the al-Qaeda name as well as ones today adopting the ISIS name. This is why it is so hard to word a resolution authorizing force resolution against such groups, as if it could be done as clearly and precisely as declaring war against state X.

It is why there is justified concern about whether any meaningful limit is being applied by the current draft resolution when the stated target is ISIS "or associated persons or forces" and this is further declared to mean "any closely-related successor entity in hostilities against the United States or its coalition partners." That is a very wide window.

It is good for Congress to try to come up with the least bad version of a resolution aimed at ISIS. But what is needed even more is a different kind of Congressional authorization, perhaps a much-improved version of the 2001 resolution, that recognizes that it might be appropriate in carefully selected times and places to apply the military tool in counterterrorism, without vainly pretending as if this could be done in the same way as declaring war against a particular state. But exactly what such an authorization would look like is not at all clear.

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## Pressuring Obama toward More War

Still fearing of accusations about a lack of patriotism, Hollywood keeps making movies like "American Sniper" that ignore the criminality of the U.S. invasion of Iraq, an attitude that, in turn, makes it harder for President Obama to show restraint in foreign crises, notes Independent Institute's Ivan Eland.

By Ivan Eland

As the American cable news entertainment channels focus on the artificial *American Sniper* controversy, the Obama administration's issuance of its second and final national security strategy (the last one was done in 2010) was buried deep in the back pages of the newspapers.

Unfortunately, most Americans don't choose to know much about U.S. foreign policy or American history, and therefore even the small minority that watches cable news or movies about such topics thinks they represent reality.

For example, Clint Eastwood, a Republican, uses his movie to helpfully rewrite history to confirm George W. Bush's fantasy conflating pursuit of the 9/11 attackers with his unrelated and disastrous invasion of Iraq.

No matter that the heroically portrayed Chris Kyle, the sniper, is part of a U.S. force that invaded the country in violation of international law for no good reason and is killing an Iraqi insurgency – which is trying to fight off the foreign occupiers and their oppressive Shi'i government – that didn't exist before the invasion. And Eastwood's alternative reality, like leftist Oliver Stone's similar blockbuster film fantasy some years ago about that liberal icon's assassination, has a good chance of hardening in the public mind.

That's because most Americans (unlike say Europeans), including U.S. policymakers, are ignorant of their own history, even recent history – and especially where foreign policy is concerned. And because they are foggy on this history or choose to ignore it, American policymakers have difficulty developing a coherent strategy for the United States.

Obama's strategy fails this test too, but it at least recognizes the limitations of U.S. military power in remodeling countries around the world to American liking. In an introduction to the strategy, Obama writes: "America leads from a position of strength. But this does not mean we can or should attempt to dictate

the trajectory of all unfolding events around the world. As powerful as we are and will remain, our resources and influence are not infinite. And in a complex world, many of the security problems we face do not lend themselves to quick and easy fixes.”

Given the recent dumping of trillions of dollars and hundreds of thousands of lives (American and local) in losing wars (OK, I said it) in Afghanistan and Iraq and the current U.S.-induced or -aggravated chaos in Libya, Yemen, Somalia, and Pakistan, this statement should be obvious on its face.

It is apparently not to administration critics, such as the ubiquitous Sen. John McCain, R-Arizona, and his sidekick Sen. Lindsay Graham, R-South Carolina, however, who berate Obama for running a weak foreign policy that is too reluctant to use American power.

When Susan Rice, Obama’s national security adviser, defended the new strategy by saying, “There is a lot going on. Still, while the dangers we face may be more numerous and varied, they are not of the existential nature we confronted during World War II or during the Cold War. We cannot afford to be buffeted by alarmism in a nearly instantaneous news cycle.” Again, this conclusion is seemingly obvious – reminiscent of the more restrained foreign policy of President Dwight Eisenhower during the 1950s. Eisenhower would deftly deflect foreign policy “crises” and sent U.S. forces into battle on only one curious occasion during his eight years in office – Lebanon in 1958. Ike was proud of the fact that no American service member lost a life during combat while he was president.

During his tenure, Eisenhower faced similar criticism that he was a “do-nothing” president, yet historians now correctly see that he was secretly on top of things and that he merely regarded doing nothing as doing something. Obama is less confident in his ability to resist pressure from the military and other vested interests for an interventionist American foreign policy, because he didn’t serve in the military and he didn’t defeat the Nazis, as did Ike.

So despite his laudably cautious nature (relatively speaking), Obama escalated the war in Afghanistan, was slow to get out of Iraq, got back into Iraq and now Syria, was goaded by the French into overthrowing Libya’s leader, and has escalated Bush’s drone wars in Pakistan, Somalia and Yemen – all in Islamic countries, thus continuing Bush’s documented fueling of resultant Islamist radicalism the world over.

Obama is now being pushed into providing arms for the Ukrainian government to battle Russian-backed Ukrainian separatists and putting more forces on the ground to fight the ISIS in the Middle East. He should avoid both of these options, because Ukraine is in the Russian sphere of influence, and ISIS is more

of threat to the Middle East region that it is to the United States.

If Obama wants a lasting legacy in foreign policy, he should be the first president in the post-Cold War era (the elder George Bush and after) to create a coherent and sustainable national security strategy that deals with the current limited real threats to U.S. security and hedges against the future rising of China.

After the disastrous and costly wars, the great recession, and consequent accumulation of monstrous levels of national debt, the United States needs to work toward real economic renewal through cutting defense spending (which Obama and the Congress are currently toying with increasing) and slashing massive entitlement programs, such as Social Security, Medicare, etc. In the long-term, all indices of national power – including military expenditure – rest on a strong economy.

Thus, to reduce defense spending, the United States, in all regions of the world, should let regional powers take the lead unless a potentially catastrophic security crisis erupts – the crises in Ukraine and involving ISIS do not reach that level.

This “balancer-of-last-resort” strategy would save trillions of dollars, allow the renewal of American power well into the future, save American and foreign lives, and reduce Islamist radicalism worldwide and consequent blowback terrorism, thus making America more secure and less prone to curtail unique civil liberties.

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