

In Case You Missed...

Some of our special stories in April focused on the global troubles made worse by U.S. “endless war,” the unorthodox 2016 presidential race, and the crisis in the American mainstream news media.

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[“The ‘Hybrid War’ of Economic Sanctions”](#) by Alastair Crooke, Apr. 1, 2016

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["Playing Off Europe's Muslim Fears"](#) by Andrés Cala, Apr. 20, 2016

["How The New Yorker Mis-Reports Syria"](#) by Jonathan Marshall, Apr. 20, 2016

["No Reward for Sanders's Israel Stance"](#) by Robert Parry, Apr. 20, 2016

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Playing Off Europe’s Muslim Fears

Exclusive: Turkey and the Islamic State are exploiting the Syrian refugee flow into Europe to achieve their own ends, playing off the Continent’s fear of what a Muslim influx will do to political stability, explains Andrés Cala.

By Andrés Cala

Over a million refugees and migrants poured into Europe in 2015, mostly Syrians, and more than 150,000 have joined them so far in 2016, the majority by crossing into Greece from Turkey. Most are simply fleeing war and turmoil in the Middle East, but these human waves are also being exploited by the Islamic State to spread chaos into Europe and by Turkey to advance its own regional agenda vis a vis Europe.

In the face of the worst refugee crisis since World War II, Europe – led by an erratic German Chancellor Angela Merkel – entered into a morally and legally dubious deal with Turkey in which humans have become bargaining chips and pawns. As of March 20, immigrants entering Greece illegally were being deported to Turkey in a so-called “one-for-one” mechanism. For every returned Syrian, another of the nearly 3 million in Turkey will be legally relocated in Europe, up to 72,000, but even that number is causing difficulties.

Europe’s goal is to slam its doors to the refugee crisis that is upending domestic politics across the Continent and driving countries to close intra-European borders, unwinding the freedom of movement that has been a central pillar of the European Union. Europe seeks to stop the flood of refugees by plugging the Greek hole through which 85 percent of the immigrants arrive. But in doing so Europe is disregarding its responsibility to millions escaping violence mostly from Syria, Iraq and Afghanistan, wars that the Western alliance has failed to resolve and, in some cases, started or fueled.

The central role of Turkey as the bridge to Europe has given Ankara special leverage over the process. Some might even call it coercion or blackmail, threatening to open the gates if the European Union doesn’t comply with Turkey’s demands for money or favorable treatment.

In exchange for accepting deportations from Greece, Turkey will get 6 billion

euros in aid from Europe to care for the nearly 3 million Syrian refugees now in Turkey, on top of Europe agreeing to approve visa-free travel for Turkey's citizens after some conditions are met and promising to jump start a fast-track process for Turkey's E.U. candidacy for membership.

On one level, Turkey genuinely does need the money. It says it has already spent \$10 billion since 2011 harboring Syrian refugees. But Europe is also perfectly capable – just not willing politically – to deal with the refugee crisis within its borders.

By refusing to do so, Europe is not only sacrificing its humanitarian principles but it is empowering extremists and other warmongers in Syria who are exploiting Europe's reaction against Muslim refugees to win the allegiance of already alienated Muslims living in Europe.

In other words, Europe is letting the Islamic State wield the refugee crisis as a powerful propaganda weapon, exposing the anti-Muslim bigotry that has risen to the surface in country after country as they slam their doors on desperate families seeking safety and work.

At this point, European leaders are just desperate to save the E.U., not as much from refugees but from the divisiveness that the refugee crisis has spread across Europe. E.U. leaders are concerned about far-right, anti-immigrant, and anti-E.U. parties that are gaining ground, especially after the Paris and Brussels terrorist attacks. The E.U. leaders see the danger of a new authoritarian populism along the lines of the fascism that devastated Europe last century.

This fear may be overblown, but the refugee crisis has once again brought to the surface the ugly face of European nationalism that for decades has been submerged under modern European principles of tolerance and humanism. Replacing that cultured image of Europe is a scowling reaction among many Europeans who say the arrival of African and Middle Eastern immigrants will disrupt the cultural balance and the welfare generosity of many European countries.

But Europe's deal with Turkey – money and other concessions in exchange for restricting the flow of refugees – is giving populist parties even more ammunition to advance their anti-E.U. goals, including the upcoming referendum in Great Britain on exiting the E.U. These very public debates – and their sometimes raw anti-Muslim sentiments – play into the hands of the war of religions script that the Islamic State thrives on.

The refugee crisis also is at the center of Turkey's gamesmanship as it veers between holding back the refugees and letting them head for Europe. That

leverage fits neatly into Turkey's strategy to scuttle ongoing Western and Russian peace efforts with the Syrian government. Turkish President Recep Tayyip Erdogan holds out hope that he can still engineer the removal of Syrian President Bashar al-Assad, an Alawite, and have him replaced by a Sunni leader allied with Turkey.

Temporary Fix

While complicating the already complex Syrian conflict, Europe's refugee response is doing little to help the refugees as it dumps the responsibility onto other countries. There are some 4.6 million Syrians alone spread across Syria's neighboring countries, mostly Turkey but also Jordan and Lebanon.

Desperate migrants are finding alternative – even more dangerous – routes into Europe, such as crossing the Mediterranean Sea from Libya to Italy, going from Morocco to Spain, and even sneaking across from Russia to Finland. The death toll from such risky approaches to Europe is high. More than 3,700 people remain unaccounted for in 2015.

Though the Greek entry is considered the safest route, there have been horrific cases there of migrant boats capsizing and scattering drowning victims along beaches. And, with the onset of warmer weather, the flow is sure to increase.

Europe's deal with Turkey also has drawn complaints and legal questions from the United Nations and all major humanitarian agencies, as well as courts and governments. A key flaw in Europe's reasoning is that while it may pretend that Turkey is a safe country for refugees, many reports indicate otherwise.

The E.U. Commission this week sharply criticized member countries for failing to honor even the discrete commitments to relocate 160,000 refugees already in Greece and Italy by the summer of 2017. Less than 1 percent of the commitments have been met after nearly a year. To underscore the point, last weekend, Pope Francis visited the Greek island of Lesbos, ground zero of the refugee crisis, and returned to the Vatican with 12 refugees, half of them children.

But even excluding humanitarian considerations, Europe is going to bed with an increasingly authoritarian figure in Turkey's President Erdogan, who is trampling basic human rights at home, including freedom of expression. Erdogan continues to consolidate power while facing widespread accusations that his intelligence services have aided extreme jihadist elements inside Syria, including the Islamic State.

Erdogan, who has reversed Turkey's longstanding policy of official secularism, also is using his new-found leverage from the refugee crisis to gain some revenge on Europe which began backing away from closer ties to Turkey as it

became an increasingly religious state under Erdogan. Now, most Turks also reject the idea of full E.U. membership, which would run counter to Turkey's current ambition to become the dominant power in the Muslim world.

But Erdogan is flexing his muscles by making the E.U. revive the idea of a Turkish candidacy for full E.U. membership, which is something that European nations, starting with Germany, would not accept at this point. A more important perk for the Turks would be visa-free travel to Europe.

And to add insult to injury, there is the anecdotal, but powerfully symbolic scandal over Jan Bohmermann, the German comedian who called Erdogan a "goat-fucker," along with a long list of other insults in a satirical song that he broadcast on German TV, acknowledging beforehand that he might be breaking the law.

Merkel decided on Friday to allow Erdogan to use a Nineteenth Century law to seek criminal charges against the comedian, a prerequisite to take his case to German courts. But the public, political parties and even coalition members criticized the Chancellor for bending to Erdogan and undermining the principle of freedom of expression.

After all, Europe is the place which strongly defended Charlie Hebdo's freedom of expression as it published insulting images of the Prophet Mohammed. But – with Erdogan playing the powerful refugee card – apparently the Turkish president is off limits to ridicule.

Andrés Cala is an award-winning Colombian journalist, columnist and analyst specializing in geopolitics and energy. He is the lead author of [America's Blind Spot: Chávez, Energy, and US Security](#).

In Case You Missed...

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Chavismo's Sturdy Legacy

Exclusive: Right-wing parties are staging a comeback in Latin America, with the most dramatic victory in Venezuela's parliamentary elections. Yet, despite troubled leftist regimes facing weak economies and corruption charges, their social reforms have slashed poverty and appear safe for now, writes Andrés Cala.

By Andrés Cala

A string of recent electoral and political setbacks for Latin American leftist governments brought about by voter fatigue and an acute economic crisis is swinging the regional political pendulum in a revisionist direction with some analysts foreseeing a return to "free market" neoliberalism. But reversing a generation of social gains for the poor will not be easy or likely.

On Nov. 23, 2015, Argentineans elected center-right Mauricio Macri as president, replacing the 12-year Peronista regime led by Cristina Fernández de Kirchner. But the sharpest blow to the Left came in Venezuela on Dec. 6, when Chavismo, the most radical of the so-called Pink Tide regional movements, suffered its first electoral defeat in 16 years and a massive one at that when the opposition won an absolute majority in parliamentary elections.

In Brazil, the center-left regime that came to power in 2003 is fighting a

recession and a string of corruption scandals that are raising popular and congressional pressures on President Dilma Rousseff to step down. Even Ecuador's charismatic President Rafael Correa is facing increasing opposition, although like his ally, Bolivian President Evo Morales, he is not up for election in the near-term.

But these reversals do not mark the Pink Tide's end, nor a return to the infamous neoliberal era of last century that deepened economic inequality and contributed to harsh political repression. Indeed, the decade-and-a-half pendulum swing to the left started slowing years ago and is now clearly moving in the opposite direction. But the new Latin American Right will be hesitant to reintroduce failed economic policies from the 1990s that ended up empowering the Left.

No doubt, the right-wing political movements will be more Wall Street friendly and challenge policies that have institutionally handicapped them, such as appointments to the courts and limits on press freedoms. But the Right lacks the political mandate to undo years of economic devolution from the old concentrations of wealth toward a more equitable sharing of the region's riches. Social gains that have spread throughout the region, even into countries ruled by the Right such as Colombia, would be hard to take away, even if trends toward greater equality stall.

As for the Left, some setbacks can be blamed on its own mismanagement and corruption, which along with the global economic crisis and for Venezuela the drop in oil prices, fed popular discontent. The electoral reversals could prompt a needed period focused on correcting mistakes and regaining the confidence of the citizens.

Chavismo Legacy

The legacy of the populist Left movements in Latin America which started in Venezuela when Hugo Chávez came to power in 1999 and spread in other forms to Argentina, Brazil, Bolivia, Ecuador, Nicaragua, El Salvador and a few Caribbean countries is the improved welfare of millions of citizens who had been confronting some of the greatest inequality on earth.

Under populist reforms, poverty was more than halved and social services, namely education and health, improved vastly. The middle class in Latin America grew more than 50 percent since 2003, according to the World Bank, benefiting from a commodity-price boom and more equitable distribution of wealth.

Government institutions have become more stable and political violence which once made Latin America infamous for "disappearances" and "death squads" fell to

historically low levels.

Geopolitically, the region grew more independent from U.S. dominance and wrestled back some control over its fiscal affairs. Even in countries that resisted the leftist ascent, such as Colombia, social investment reached historic highs.

But not all was good. Money was squandered on corruption and inefficient schemes sought by “client” groups. Authoritarianism and political polarization increased over the years. When oil and other commodity prices started falling, political capital also was drained away.

In the case of Venezuela, ChÁivez’s death in 2013 left behind a mismanaged economy that continued to sink under the government of his successor, the far-less charismatic NicolÁis Maduro. The economy contracted around 10 percent in 2015, the biggest decline in the world; oil production and incomes tumbled; shortages of food and consumer goods became widespread; inflation soared into four digits; and foreign investment, even from close friends like China, evaporated.

Maduro was unable to assert his authority, even within Chavismo itself. While jailing opposition figures who were accused of coup plotting, he wavered in his timid efforts to reform the economy to alleviate the suffering of his own followers. While it’s true the country faced “an economic war” from internal and external opponents of its socialist policies, the fact remains that Chavismo was all but paralyzed.

Venezuela’s political stalemate also is far from over. Maduro is seeking to block the newly formed parliament, threatening an escalating institutional tit-for-tat that will deepen the crisis. The opposition too is seeking to undo the firm grip of Chavismo on the country’s institution. The standoff between Chavistas and the opposition is fluid and could worsen to eventually invite a coup from one of the sides.

But even in the context of extreme political polarization, social policies have not been threatened, and with ample Chavista support still among Venezuela’s poor and Maduro’s term running until 2019, the opposition will likely target macroeconomic policy and legal reforms as its first priorities.

In Argentina, Macri has shown his willingness to take on Peronismo, resorting to some of the same unilateral policies and bypassing Congress that he criticized FernÁndez for doing. His government will seek to access international financial markets that his predecessor shunned, and he has already removed some export taxes, foreign exchange controls, and moved to attract foreign capital. But

again, there is no sign yet he will undo the social policy of Peronismo.

In regional powerhouse Brazil, Rousseff will more than likely survive the impeachment attempts by the opposition over corruption scandals involving some of her closest aides. In fact, her mentor and predecessor Lula da Silva has come to her rescue and is rumored to be planning a comeback for 2018.

But in no case are Brazil's social policies at risk, a reality underlined by the fact that not even Rousseff has been able to introduce the kind of unpopular cuts in programs that some financial advisers say are needed to jumpstart the sputtering economy.

And, while not Chavista or populist, Uruguay and Chile have developed their own socialist strategies even while defending more "free-market" economic policies; Peru and Colombia, while even more market-friendly and governed by the Right, are using their economic growth, even amid the commodity slump, to integrate their largely impoverished populations more fully into their economies.

Still, times are tough for Latin America which saw the year ending with an economic contraction of 0.9 percent, a downturn particularly acute in South America as the Brazilian and Venezuelan economies tanked.

In 2016, the economy is expected to be flat regionally, but contract more than 2 percent in South America, according to the World Bank. Of the large economies, Colombia, Peru and Chile will fare better than Brazil and most notably Venezuela. Argentina will grow marginally.

The incoming right-wing leaders will have to deliver meaningful economic turnarounds, without hurting social policies, to convince citizens they are a better alternative to Chavistas, Peronistas, Lulistas and others on the Left.

The economic hardships could spark more instability in the region, especially if Chavismo implodes in Venezuela and the Right overplays its hand. But Latin America's transformation over the past 15 years has created an opportunity for a more mature region to leave its violent past behind and to address its challenges through more peaceful political means.

Andrés Cala is an award-winning Colombian journalist, columnist and analyst specializing in geopolitics and energy. He is the lead author of *America's Blind Spot: Chávez, Energy, and US Security.*

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Colombia’s Bittersweet Peace Deal

Exclusive: After generations of warfare, Colombia finally has a negotiated model for peace, but the agreement is more a settlement between two battered parties than a moment of celebration. Still, it carries a promise of greater social equity and some accountability, reports Andrés Cala.

By Andrés Cala

The Colombian government and the continent’s mightiest and longest-surviving guerrilla army, the Revolutionary Armed Forces of Colombia, or FARC, are set to finalize a bittersweet peace agreement next spring with no victors, millions of victims, and just enough justice to basically turn a page on decades of unrelenting bloodletting.

The point of no return, barring unexpected sabotage, was the landmark Sept. 23 announcement that a transitional legal framework had been drafted to deal with all war criminals. President Juan Manuel Santos and FARC leader Rodrigo Londoño, a.k.a. Timochenko, shook hands and Cuban President Raúl Castro, the middleman, joined the three-way clutch. They set a six-month deadline to sign the peace treaty, followed by a two-month disarming and demobilization process.

Although details on the legal deal have not been fully divulged, mainstream press outlets in an attempt to call a winner suggested the FARC had capitulated. But the truth is that agreement was the lowest common denominator to break a stalemate, or to paraphrase Santos, it's the maximum amount of justice that was possible to achieve peace.

The FARC had said they would not accept being punished, which was a nonstarter, not because the government or the majority of Colombians says so, but because international law does. Blanket amnesties no longer offer the cover against crimes against humanity of last century's peace deals and the guerrilla movement ultimately realized that any agreement not only had to be brokered with the government, but accepted by the majority of the population and respected by international tribunals.

Furthermore, justice or accountability will be served in small portions, but to all sides, which is a prerequisite to lasting peace after nearly 70 years at war. The FARC surely, but also state security forces, elites, politicians, financiers and others "directly or indirectly" involved in the conflict will have to own up to their abuses.

It was a FARC demand to move forward, but also the government's way of shielding elites.

A Slap on the Wrist

As it is, the basic outline foresees no jail time for those who fully confess to their crimes within a given timeframe. Most rank-and-file criminals will be amnestied, and a special tribunal, including minority foreign judges, will prosecute the leaders responsible for "the most serious and representative" crimes. They will have to compensate their victims and do community work "with effective restriction of liberty," but no prison, which sounds like house arrest at best. Those who don't confess will be prosecuted by regular tribunals and face up to 20 year in jail.

The Obama administration, which supported Santos's peace process, has said it will respect one of the provisions of the deal with the FARC which would shield them from extradition. Of course, the U.S. has for decades been helping Colombia weaken the 10,000-15,000 strong FARC, which contributed to FARC's decision to negotiate what had become an unwinnable war. FARC also recognized that it had lost significant popular support, even while retaining military might.

The CIA, DEA, NSA, and the Pentagon have all been operating since the 1980s, covertly at first, but overtly since 2000 through the \$9 billion Plan Colombia military aid package, which only broadened previous bilateral cooperation deals.

(The U.S. involvement over those three-plus decades also means Washington does not have clean hands regarding the government's abuses.)

The angriest opposition to the transitional framework deal, as usual, came from former President Alvaro Uribe, who is mobilizing his followers against the peace process. It's ironic though that the extreme-right populist leader might also benefit from it.

Uribe will at some point have to come clean about his role in the conflict (as should the U.S.). For Uribe that day may come soon. Colombia's attorney general has asked the Supreme Court to investigate him for ties to paramilitary groups in relation to a massacre in 1997. Uribe has immunity from prosecution during his two-term presidency, but not before then.

If indeed Uribe is prosecuted, he too would be covered under transitional justice, as much as hundreds, if not thousands of military officers, rich landowners, businessmen, and former and acting politicians.

It turns out that both FARC leaders, also responsible for human rights violations, and Uribe and other paramilitary supporters will get little more than a slap on the wrist, but there is little alternative when the endgame is peace.

According to a 2013 independent report on the conflict, 220,000 people were killed, 25,000 are unaccounted for, and almost 5 million were forcibly displaced from their home since 1958. More than 80 percent of the victims were civilians and most crimes were perpetrated by anti-insurgent paramilitary groups with close ties to the state, which were organized, trained and armed in the 1990s in part by the CIA and DEA.

Colombia's war goes back further though to 1948 when Jorge Eliecer Gaitán, a popular democratic leader, was assassinated, setting off a decade of conflict called La Violencia, in which another 200,000 people were killed. The FARC is rooted in that conflict and the resulting deal brokered by the country's warring conservative and liberal elites to share power, rather than address gross inequality, which is among the world's worst.

It is this inequality that is at the heart of Colombia's conflicts, including the drug war. Greater income equality and land redistribution are the only ways to bring lasting peace, regardless of the recent negotiations.

Turning a Page

Peace talks began formally in October 2012 after months of secret contacts in Cuba, bringing the two sides closer to peace than any of three previous

attempts. The government and the FARC agreed to broadly negotiate six points: land reform, political participation of insurgents, the drug trade, creating a truth commission, ending the conflict (which includes transitional justice), and implementation and ratification of deals. The first five have been partially agreed to and pending is the last point.

The real test will come after the two sides finalize the peace deal and the terms have to be ratified by the Colombian people. Santos initially suggested it would be through a referendum, which the FARC has opposed from the get-go. He has backtracked recently. The FARC alternative was to hold a constitutional assembly but that has also been ruled out. Whatever recourse Santos and the FARC agree on will test Colombians' ability to turn a page.

If all goes as planned, within a year, FARC guerrillas will have disarmed. By then, it is likely the National Liberation Army, or ELN, will also join in, as well as other illegal armed groups. But this negotiation, as others in the past, will be useless unless the agreements are fully implemented and Colombia's underlying problems are addressed.

War in Colombia is directly related to the structural economic inequality. As a peasant army, the FARC demanded access to land. Its evolution into a communist movement came later.

USAID estimates 62 percent of country's best farmland is owned by 0.4 percent of the population. Additionally, ruling elites have over time imposed and tightened an unfair model that undermined Colombia's economic growth, under-taxing land tenure while overtaxing labor, with gross economic consequences, including rendering business and industry globally uncompetitive.

Were it not for oil and coal, the country's economy would have long stagnated, which makes overhauling the current system urgent as commodity prices are sure to remain low for at least the remainder of the decade.

Indeed, Santos has to be credited for understanding the stakes, which are not simply negotiating with the FARC. He has been using the peace process to catalyze major reforms, albeit slowly, despite angry opposition from the country's elites and armed forces. The real test thus is still to come once peace is signed.

Can Santos deliver what no Colombian leader has accomplished since independence forcing ruling elites to accept a more equitable distribution of power and resources? That remains to be seen.

Andrés Cala is an award-winning Colombian journalist, columnist and analyst specializing in geopolitics and energy. He is the lead author of [America's Blind](#)

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Who Benefits from Iranian Business?

Exclusive: European and U.S. businesses are hoping for a bonanza once Iran is freed from economic sanctions, but the West must overcome decades of distrust from the Iranians, meaning that Russia and China may have an early edge in building commercial bridges to Iran, writes Andrés Cala.

By Andrés Cala

The nuclear deal between six world powers and Iran will reset key economic and geopolitical relationships but perhaps not in the way many Western pundits expect. Iran, unshackled from international sanctions, is sure to reach out to U.S. and European companies for goods and technology but may favor Russia most of all because of a budding relationship built on mutual trust and mutual interests.

Iran's difficult history with the United States dating back to the CIA coup overthrowing Iran's elected leader in 1953 through the tensions with Iran's Islamic Republic and U.S.-instigated economic sanctions makes Iranian leaders leery of again becoming dependent on Western banks and being vulnerable to U.S. geopolitical designs.

Iran has had troubled relations with Russia historically, too, but has come to see Russia under President Vladimir Putin as something of a regional partner, even if not exactly an ally. Russia pressed for a positive outcome in the nuclear negotiations and supports Iran's regional resistance to Sunni terror groups, such as Al Qaeda and the Islamic State, especially in Syria. Russia also sees Sunni extremism as a serious threat to its own security.

That collaboration when combined with worries about the possible renewal of Western sanctions sometime in the future suggests that Iran will seek to consolidate its marriage of interests nurtured recently with Russia. Both countries have experienced the economic pain that comes from charting independent policies that conflict with U.S. and European demands.

So, with the United Nations Security Council soon expected to lift many international sanctions on Iran, Russian companies will work to not only maintain but to deepen their ties with Iran's economy. Iran also might look to other BRICS countries, such as China, Brazil and South Africa, as natural allies in standing up against future U.S. pressure and displeasure.

Iran's suspicions toward the United States and Europe will surely be slow to recede even as Western corporations make an aggressive bid to access Iran's

lucrative markets, from the energy industry to manufacturing to finances. Some \$100 billion in investment is needed for Iran's energy sector alone with other promising opportunities in consumer goods, banks, telecommunication, vehicle manufacturers and more.

The West possesses technology that Iran will need to rebuild its shattered economy, but there is a trust deficit. Iran is sure to remember the past when the West has frozen Iran's assets, blocked access to spare parts, and confiscated Iranian property through one-sided legal proceedings, some of which even European courts have overturned.

Though Europe might be on somewhat friendlier terms with Iran than the United States, Europe's close adherence to U.S. foreign policy means Europe can't offer a long-term strategic relationship to Iran. So, the Islamic Republic likely will buy what it needs in business-to-business transactions with the West but will not forget the years of hostility.

It was Russia and China that worked to blunt Western hawkish demands, which included open threats to bomb Iran and force "regime change." Russia and China also found ways to ease the sanctions, especially in regards to the arms embargo, while helping Iran fashion an agreement not to develop nuclear weapons.

Days before the final deal was signed, Iranian President Hassan Rouhani met Putin in the sidelines of a BRICS meeting and praised Russia for its role in the negotiations. "I consider it my duty to thank Russia for the efforts it has made in resolving and negotiating the Iranian nuclear program, and for the personal efforts made by Mr. [Foreign Minister Sergey] Lavrov."

Downsides to a Relationship

But there are economic downsides to this Russian-Iranian diplomatic collaboration. Some Russians note that the reintroduction of Iranian oil onto world markets will depress oil prices and thus hurt a key sector of Russia's economy, which is already suffering amid a glut of Saudi oil. But that factor was already a given. Putin brushed it aside in seeking the nuclear deal and in recognizing how a resurgent Iran could fit within Russia's broader strategic calculations.

Putin began turning to Asia after Moscow's overtures to the West, in his view, were betrayed in Libya, Syria and especially Ukraine. Putin had sought to build a positive relationship with President Barack Obama by working closely on mutual concerns such as Islamic terrorism and Mideast unrest. However, that collaboration was shattered in February 2014 when the United States backed a "regime change" in Russia's neighbor Ukraine and applied the lash of Western

sanctions to Russia when it would not accept the new anti-Russian regime.

Faced with this U.S. and Western hostility, Putin rebalanced Russia's strategic relationships toward the BRICS Brazil, Russia, India, China and South Africa. Iran fits neatly into that equation as Putin's best option to leverage Russia's interest in the vital Middle East, where it has been losing influence since the end of the Cold War.

In line with Putin's strategy, Iran and Russia have worked hard to overcome lingering suspicions based on centuries of border tensions, recognizing that they now have more interests pushing them together than pulling them apart.

While Russia generally can't compete with Western technology, it has advantages in some other commercial and industrial sectors, including nuclear energy, foodstuffs and arms. Last year, the two countries agreed to a package worth billions of dollars in hard cash for Russia involving building up to eight nuclear reactors within five years for power generation purposes. The nuclear deal signed this month only paves the way for those deals to be developed further.

On the agricultural side, Iran is the third biggest buyer of Russian wheat and has sold Russia fruits and vegetables which helped Russia replace European imports that the Kremlin blocked in retaliation for Europe's economic sanctions over the Ukraine conflict.

Because of the international sanctions against Iran, bilateral trade between Russia and Iran remains modest, only \$1.5 billion, a fraction of Russian trade with Israel for example. But Russia and Iran seek a ten-fold increase in bilateral trade this decade and have talked of up to \$70 billion in potential investments. Even half of that would be transforming for both countries.

There is also the all-important arms business. Iran needs to update its military, and Russia and China are set to sell more than any other countries. In April, Putin agreed to restart talks to deliver the S-300 anti-aircraft defense system as a prelude no doubt to everything else Iran needs, especially to update its air force which hasn't been modernized since the revolution in 1979. Some estimates suggest a \$15 billion market up for grabs.

And there is another Iranian top priority: security. Iran and Russia signed an intelligence-sharing agreement and their cooperation has intensified, especially in regards to Syria where the two can each fill a need, with Russia providing the military hardware and Iran having military advisers and other assets on the ground.

The nuclear deal also could pave the way for the West to join them in arranging

serious negotiations between Syrian leader Bashar al-Assad and his more moderate opponents and possibly end or curtail Syria's bloody civil war. It wouldn't be surprising to see Russia and Iran together seeking more informal collaboration with the U.S. and Europe in Syria and Iraq against the Sunni radicals of the Islamic State and Al-Qaeda.

Iran's influence among fellow Shiites and Shiite offshoots in Iraq, Syria, Lebanon and Yemen could offer Russia more leverage in the Middle East, even if Moscow does not want to pick a fight with Arab countries outside Syria.

Putin also is gingerly approaching stresses in the bilateral relationship with Israel, with which Russia has important business, financial and cultural ties. Many Russian Jews have relocated to Israel, which views Iran as its greatest regional enemy.

Another 'I' in BRICS

But the prospect of Iran, in effect, becoming a second "I" in the BRICS acronym is not what many Western economic observers expected. They were looking at the potential boon for European and U.S. businesses and the prospect that Europe, in particular, could weaken Russian-Iranian ties by trading with Iran and by playing off Iran and Russia over energy.

And surely there will be some of both. European companies expect to be in the forefront of a business gold rush to Tehran and Europe will buy Iran's oil that, pre-sanctions, filled Europe's energy needs by some 600,000 barrels a day, mostly to Italy, Greece and Spain.

Iran currently produces less than 3 million barrels of oil per day but could increase that to at least 4 million bpd. And Iran's gas reserves, the second biggest in the world, could eventually make their way to Europe, reducing the Continent's dependence on Russian natural gas. While there are many obstacles to an Iran-to-Europe pipeline, there are cheaper alternatives, like shipping liquefied natural gas.

But even if that were to happen, Russia is already looking toward Asia, not Europe, to increase energy exports. So, a gradual reorganization of the market with Iran's energy supplies coming back online will likely have little long-term impact on Russia's economy.

Whatever the case, Iran's post-sanctions reality will develop gradually, not just because of the phasing-in of the nuclear deal itself, but because Iran needs to manage popular expectations to avoid potential social disruptions. However, regarding which countries can most gain from the opening of Iran, Russia has the early advantage, especially diplomatically, followed by China.

Europe and the U.S. have quality products to sell but also fences to mend and suspicions to dispel. And while it's true there is mistrust to overcome between Moscow and Tehran, their current objectives are more in sync. They will not become allies overnight, but the relation will mature as long as both keep their ends of the deals, which in the past has proved difficult.

But there is a strong incentive for Iran and Russia to make their new relationship work. For Russia, it's about strategic access to the Mediterranean (via Syria) and the ability to retain and even expand its influence in the vital Middle East (by expanding ties to Iran and its regional allies). For Iran, it's about strengthening its regional position vis a vis its regional rivals Saudi Arabia and Israel.

The West, too, will no doubt benefit from Iran's economic renaissance. Western business interests, including Americans, lobbied hard in favor of lifting the sanctions. Corporate delegations from the U.S., Canada, France, Germany and other Western nations have already flocked to Iran to prepare for reentering Iran's markets as soon as sanctions are lifted.

There will be room for all to benefit, even Arab countries like the United Arab Emirates, Qatar and Oman. But Russia is the best positioned to gain from Iran's comeback.

Andrés Cala is an award-winning Colombian journalist, columnist and analyst specializing in geopolitics and energy. He is the lead author of [America's Blind Spot: Chávez, Energy, and US Security](#).

Greek 'No' Vote Spurs Wider Resistance

Exclusive: Greek voters rebelled against Germany and the dominant powers of Europe by rejecting demands for more austerity, but the Greek resistance also is resonating across the Continent, emboldening other hard-pressed countries tired of Depression-like conditions, says Andrés Cala.

By Andrés Cala

Despite an unprecedented fear campaign, brave Greeks plunged the European Union into a moment of reckoning with a deafening "no" to "bullying," "terrorism," and "humiliation" or more precisely, 61 percent voted against and 39 percent for creditors' terms that would have condemned not just Greeks, but millions of other Europeans to another decade of austerity and hardship.

“You made a very brave choice,” Prime Minister Alexis Tsipras said in a televised address after the referendum on Sunday. He called the mandate one that will “strengthen our negotiating position to seek a viable solution,” not a “rupture with Europe.”

But whatever Tsipras’s hopes and intent, the Greek referendum already has reverberated across the Continent inspiring many other Europeans tired of the German-led austerity policies that followed the financial crash of 2007-2008. Already the people of struggling economies, such as Spain and Portugal, are seeing the Greek resistance as an example to follow.

Emboldened, too, are the people of France and Italy, who are not in as desperate shape as Spain and Portugal, but are also chafing under the rigid spending constraints imposed by Germany and other leaders of northern European countries. Across the so-called periphery of Europe from Greece through Spain and Portugal to Ireland more and more voters are defying establishment leaders who accept austerity as the only economic recipe.

And like Greece, this new wave of voters will likely make itself heard in upcoming elections, transforming the next year or so into a “do or die” moment for the European project. It’s not that the European Union will split up entirely, but it risks becoming a club where countries increasingly opt out to seek their own well-being.

While disintegration is a possibility, Greece’s left-wing Syriza party and other southern European political newcomers don’t want the EU to shatter or the euro zone to shrink. But they are demanding a different future than the current upstairs-downstairs arrangement with a relatively well-to-do north and a down-in-the-mouth south.

In that sense, the Greek vote was a cry of anger and frustration over Europe’s economic disparities, which were smoothed over during the easy-money days before 2007 but reemerged with sharp, ragged edges during the global recession that followed the Wall Street crash.

Neoliberal Technocrats

The response of the EU’s neoliberal technocrats was harsh austerity to pay down debt, a policy that tended to benefit the stronger economies, such as Germany, at the expense of weaker ones, like Greece. Across Europe, the new divide put creditor nations on one side and debtor nations on the other.

Indeed, today’s emerging existential question for the EU was essentially German engineered. It was Berlin that insisted on the austerity-heavy response to protect its national interests. Periphery countries were coerced to accept

unenviable and unviable terms, which slowed economic growth by forcing countries to cut their deficits at the expense of public spending, dismantling welfare states, and sending unemployment to record highs unprecedented since the Second World War.

With no spare money or jobs, southern European economies entered a vicious cycle of economic contraction and more debt, without any reprieve for the hardest-hit people. It wasn't, as Germany proposed, a matter of tightening the belt temporarily.

Instead, even as economic growth returned through headline macroeconomic figures, the situation for the majority of Europeans has worsened. Unemployment has become a structural problem that the Continent will have to deal with for generations, further eroding public finances and tax revenue, all while corporate profits improve.

The Greek example, while perhaps the most extreme, spoke for much of the Continent. For five years the country has signed onto austerity-based agreements with Europe and the International Monetary Fund. But those schemes have not worked. In the process, Greece lost a quarter of its economy, a quarter of its population is unemployed (including half of young Greeks), and its debt has only climbed to about 180 percent of its gross domestic product.

As austerity failed to heal the sick economies of Europe, establishment leaders of the weaker nations who had agreed to swallow the harsh medicine of austerity lost credibility and support. The suffering populations began looking to more radical alternatives, such as Tsipras's new Syriza party in Greece.

The latest showdown started in January when Syriza came to power with a democratic mandate to defy the austerity imposed by the "troika" composed of the European Commission, the European Central Bank and the International Monetary Fund. The "troika" refused multiple offers made by the Greek government that involved restructuring the debt and providing access to fresh money to slowly spur economic growth, enabling the country to pay back its debts over time, albeit a long time.

Instead, the troika insisted that Greece honor conditions that would involve ultimately more austerity. Syriza's government said the plan was not viable in part because it would expire in five months and the cycle of negotiations would have to be resumed. Greek counteroffers involved concessions as well but mostly targeting the wealthy, while sparing the already drained population.

Austerity v. Growth

Greek Finance Minister Yanis Varoufakis explained, "Greeks want to pay back our

debts. But we can't if the debt just keeps increasing while income keeps shrinking. To pay we first need to fix the economy and the way to do it is to end austerity, for the simple reasons that austerity reduces our income, which is not just ineffective but detrimental. That's why we need to restructure our debt."

Varufakis added, "We can't accept what's related to financing and debt for the simple reason that it's not supported mathematically. If we accepted it, in a few weeks that program would prove itself absolutely unviable."

Ironically, an IMF assessment, which European powers had sought to delay, was published last week confirming Syriza's assessment of the Greek predicament. Since the 2010 package, which Greece was seeking to renegotiate, the country has been in recession with the economy contracting three times more than the IMF had expected.

The Greek debt is "unsustainable," the IMF acknowledged, adding that Greece would need 50 billion euros (or about \$55 billion) in fresh funds over the next three years, on top of restructuring its debt. That was pretty much in line with Greek government demands.

Still, Germany and the EU bureaucrats thought they could crush the upstarts by virtually shutting down Greek banks and pressuring the Greek voters to repudiate Tsipras and Syriza in Sunday's referendum. The German axis backed by business and other mainstream media unleashed a propaganda campaign to paint the Greek government as radical and irresponsible.

But the Greek voters instead voted overwhelmingly to support Tsipras and Syriza, shaking the EU structure to its foundation.

"The campaign of bullying, the attempt to terrify Greeks by cutting off bank financing and threatening general chaos, all with the almost open goal of pushing the current leftist government out of office, was a shameful moment in a Europe that claims to believe in democratic principles," wrote Nobel economy laureate and New York Times columnist Paul Krugman. "It would have set a terrible precedent if that campaign had succeeded, even if the creditors were making sense."

He went on to describe "Europe's self-styled technocrats" as "medieval doctors who insisted on bleeding their patients, and when their treatment made the patients sicker, demanded even more bleeding." The European answer would not have worked, he said, because "austerity probably shrinks the economy faster than it reduces debt, so that all the suffering serves no purpose."

A Growing Resistance

The troika's hardball strategy with Greece may have emboldened other struggling European countries to follow the Greek example. Spain and Portugal are up next with Italy and France to eventually follow along with Ireland and Eastern European countries. Russia and China may get into the game, too, by offering more favorable economic terms and cooperating on major infrastructure projects.

But there is little sign that Germany, as Europe's principal creditor nation, will accept write-downs that would cost its own taxpayers money. Though Tsipras is presenting a new offer to the 19-member euro-zone leaders on Tuesday, Germany has already refused to restructure the debt or support a new rescue.

As for Greece, in the near term at least, the economic situation is bound to worsen. Greek banks, which imposed capital controls after the ECB last week cut their emergency funding, will run out of cash within days without a new deal. While a compromise is still possible, a painful "Grexit" or Greek exit from the use of the euro currency could be just days away if Greece's European partners choose to ignore the democratic will of the Greek voters.

Without emergency ECB support, Greece will have no choice but to fall back on another currency, the previous drachma presumably. "Grexit" will then be complete. The currency will be devalued and the economy will suffer for years, but at least under its own terms.

"There is now a strong argument that Greek exit from the euro is the best of bad options," wrote Krugman. "If they can't make a go of Europe's common currency, it's because that common currency offers no respite for countries in trouble."

Varoufakis, who resigned as Finance Minister on Monday to remove himself as an irritation to the EU technocrats and thus improve chances for a compromise, said there is no choice but to broker a deal, adding: "There is too much at stake, for Greece and Europe, that's why I'm certain." Many in Europe agree, including French and Italian leaders, but without Germany there is little that can be done.

Meanwhile, the political fallout in Europe is just beginning. The Syriza-like party in Spain has become a serious contender, tied in third place with the two other traditional parties. No formal anti-establishment party has risen in Portugal, but the Socialist opposition, which is almost sure to win the upcoming election, promises to stand against austerity.

And it will not stop there. If Germany and its northern European allies don't offer a respite, the anti-austerity political contagion will spread across the Continent because a new generation is slowly taking over and it wants a brighter future than the drab predictability of never-ending sacrifice. Old technocrats

will eventually be replaced.

Greeks have defied the attempts to repress their democratic will. Welcome to the new Europe, for better or worse.

Andrés Cala is an award-winning Colombian journalist, columnist and analyst specializing in geopolitics and energy. He is the lead author of *America's Blind Spot: Chávez, Energy, and US Security.*
