

War in Ukraine: Why Biden Is in Trouble

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About Ukraine, we hear tough language coming from Washington. But Asia Times punctures the rhetoric. According to that news website, Joe Biden has been facing a double disaster since the war in Ukraine started: a recession in his own country and heading for a second strategic humiliation in a year. Will it force him to change course?

Bluster

Western mainstream media do not excel in balanced reporting when it comes to the war in Ukraine. The level of propagandistic content is high and the NATO line is followed slavishly with a few exceptions. Fortunately, things are different in the rest of the world. There you hear different voices.

Take for example, [a recent analysis](#) in Asia Times. This news website is based in Hong Kong and is one of the most prominent news media in Asia. According to Asia Times, the White House completely misjudged this war. Biden’s tough language is meant to mask the predicament he has found himself in.

Biden is facing two serious problems as a result of the war, according to Asia Times. Economically, his country and large parts of the rest of the world are heading for a crisis. In addition, after the debacle in Afghanistan last summer, he will suffer a second humiliation with this war.

A ‘perfect storm’ in the world economy

As a result of Western sanctions, world trade has been severely disrupted, especially in the field of energy and food. This causes strong inflation and then the spectre of the severe crisis of the 1970s arises. High inflation also means lower purchasing power for the people and Biden will certainly be judged on that in the midterm elections in November.

The inflation resulting from the sanctions comes on top of the price rises caused by the pandemic. Trump took stimulus measures to combat the corona crisis. Under Biden, that kind of financial support has doubled. According to Asia Times, the Biden administration has

grossly underestimated the inflationary effect of this \$6,000 billion stimulus package. The consequences of the sanctions are added, with all the consequences they entail.

It is possible to fight inflation with higher interest rates, but that will shrink economic growth and possibly cause stock markets to plummet. Then the cure will be worse than the disease. In the first quarter, the US economy has already contracted by [1.4 percent](#) year-on-year. The [sales of new homes](#) have also collapsed. That heralds severe thunderstorms for the rest of the economy.

The US therefore faces a difficult dilemma: inflation or economic stagnation (due to higher interest rates). In the worst-case scenario, there will even be a combination of both and then you get stagflation.

In the weaker economies of the G7, the situation is even worse. Asia Times reports that the Japanese yen is in free fall. Government debt amounts to 270 percent of GDP. Japanese government bond yields rose in mid-June to the highest level since the 2008 financial crisis.

Italy has recently also had to deal with high interest rates and then in Europe threatens again 'fragmentation of the European Union'[1] as after the financial crisis of 2008.

The economic sanctions were intended to hit Russia. Those sanctions will undoubtedly hurt and are already being felt. But Russia has been well prepared for a sanctions' regime since the annexation of Crimea in 2014. A large majority of countries in the world are also unwilling to follow the sanctions policies of the West.

According to Asia Times, the US has underestimated the resilience of the Russian economy. As a result of higher prices, Russia made a record [\\$97 billion](#) in oil and gas exports in the first 100 days of the war. The rouble has reached [its highest level](#) in the last seven years.

Asia Times drily notes that countries like China and India, which refused to join the G7 sanctions against Russia, are now buying Russian petroleum at a discount of \$30 to \$40 a barrel, while consumers in Europe and the US pay full price.

Military hubris

According to Asia Times, it was the US in particular that was pushing for war. The website refers to the attempt by German Chancellor Olaf Scholz to avoid war five days before the invasion. But at Washington's urging, Zelensky rejected Scholz's proposal. [The Wall Street Journal](#) wrote about this on April 1:

'Mr. Scholz made a last-ditch effort for a settlement between Moscow and Kiev. He told Mr Zelensky in Munich on February 19 that Ukraine should renounce its NATO aspirations and declare neutrality as part of a wider European security agreement between the West and Russia.

The pact would be signed by Messrs. Putin and Biden, who would jointly guarantee Ukraine's security. Mr Zelensky said there was no confidence that Mr Putin would abide by such an agreement and that most Ukrainians wanted to join NATO.'

Zelensky did not invent the idea of NATO membership for Ukraine. 'He was given assurances by Washington and London, which stepped up weapons deliveries to Ukraine.'

The Biden administration wanted to bring Russia to its knees militarily with this war, but according to Asia Times, the capabilities of the Russian military have been underestimated: 'Washington's earlier boasts of driving Russian President Vladimir Putin from power, destroying Russia's capacity to make war and halving the size of the Russian economy look ridiculous in retrospect.'

According to the Asian website, 'a compromise in Ukraine with significant territorial concessions to Russia is the only conceivable way to end the war'. But you can't expect Washington to come up with such a proposal, because that would be a humiliation.

However, it cannot be ruled out that this will happen. The longer the war drags on, the greater the economic problems and the more difficult Biden's position becomes. It is not inconceivable that Biden therefore will encourage European leaders to force Ukraine into negotiations with Moscow so that he does not have to do 'the dirty work'.

In that regard, the site points to a hint from Colin H Kahl, the Defence Undersecretary. In mid-June he [declared](#): 'We're not going to tell the Ukrainians how to negotiate, what to negotiate and when to negotiate. They're going to set those terms for themselves.'

In any case, in mid-June there have already been talks between Ukraine on the one hand and Italy, France and Germany on the other. According to the German newspaper [Die Welt](#), Kiev is beginning to doubt the solidarity of the West. Apparently, more and more voices in the Western camp are calling for peace efforts. The newspaper cites [a statement](#) by Jens Stoltenberg, the Secretary General of NATO, which hints at a change of course: 'The question is: What price are you willing to pay for peace? How much territory? How much independence? How much sovereignty? How much freedom? How much democracy are you willing to sacrifice for peace? And that's a very difficult moral dilemma.'

Clear-cut choices

According to Asia Times, not everyone in the Biden administration is on the same page. The hardliners on this matter are Foreign Minister Antony Blinken and Deputy Foreign Minister Victoria Nuland. The latter is the architect of the coup d'état on Maidan Square in 2014 'that set the present tragedy in motion'.^[2]

Biden, on the other hand, thinks about his political survival. At this point, his popularity has bottomed out. Not even [40 percent](#) of voters support his policy, while 55 percent disapprove of it. Those are dramatic numbers.

It is not yet clear to the news website what will prevail: Biden's instinct to survive politically or the ideological priorities of Blinken and Nuland. 'Either climb down off the ledge or plunge into a world recession and a spiralling strategic crisis.'

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Notes

[1] Then there will be a split between countries that are financially healthy and that can borrow at low interest rates (in the long term) and countries that are struggling with financial problems and have to pay high interest rates. If the difference between those interest rates (the so-called 'interest rate spread') becomes too high, this leads to untenable situations for the weak countries within the same currency and can lead to an 'exit' from the common currency.

[2] On 21 November 2013, protests arose against the government of President Viktor Yanukovych in Kiev's central Independence Square, Maidan Square, over his failure to sign the association agreement between the European Union and Ukraine. These [protests](#) were co-led by the US and Western allies. The protests became very grim and eventually led to the impeachment of Yanukovych in February 2014. The new pro-Western government took a tougher stance on the Russian-speaking population. In response, the people of Crimea voted in favour of independence in a referendum and armed resistance began from the Russian-speaking population in the Donbas region. Shortly afterwards, Russia annexed Crimea. Since then, there have been permanent hostilities between the Ukrainian army and militias in the Donbas region. 14,000 people were killed, mainly on the Russian-speaking side.

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