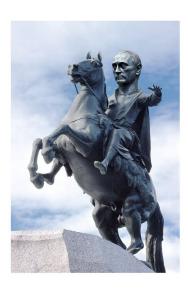
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## No Western Counter to Russia's **Ukraine Gambit**

BY RICHARD W. RAHN

OBAMA WON'T UNDERCUT PUTIN'S EXPANSIONISM WITH ENERGY RESOURCES

Most wars result from at least one side overestimating its chances of success and one or more of the sides not having a clear "endgame."

Russian President Vladimir Putin has a clear goal, which can be discerned from his own statements and actions, and from discussions with those who know him well. It is to leave as his legacy the re-establishment of the Russian Empire.

The Russian Empire existed from 1721, when Peter the Great proclaimed it, until its collapse in 1917. At its high point in 1866, the Russian Empire included all of modern-day Russia plus Alaska, Finland, the Baltic nations, much of present-day Poland, parts of other Eastern European countries, the Central Asia "-stans," part of Mongolia, and the shores of the Caspian Sea.

Mr. Putin, a master of strategy and timing, sees that he has a 2year window of opportunity to grab or control much of the

Obama as weak and indecisive, and hence unwilling to stand in his way — giving him a window before Americans likely elect a stronger president.

Mr. Putin knows that the financial situation in most of the southern European countries is so precarious they fear anything that will damage their economies more than they fear Russian expansionism. He understands that many of the German business people and politicians are more concerned about maintaining profitable economic relations with Russia than they are about Russian expansionism, at least up to a point. This leads him to again conclude that the sanctions the West will impose upon Russia will be modest and not so damaging that he cannot easily get around them.

To carry out his plan, he must first secure Ukraine, which Russia originally obtained from Poland in 1654. He cannot allow a legitimate election scheduled for May 25 to take place because of the danger that his allies might lose it. So it is almost a sure bet that Russia will take more and more of Ukraine, either directly or indirectly, before May 25 so the election either will not happen or will be meaningless. Transnistria, Belarus and the "-stans" will then increasingly be brought under Russian control — through the threat of, or actual use of, military pressure and subversion.

The open question is this: Will Mr. Putin then go after the Baltics, even though they are members of NATO? If the West does nothing to stop Mr. Putin in his initial expansion, he may well be emboldened to try.

The Russian economy is only 2.9 percent of world's gross domestic product and is largely dependent on oil and gas exports to Western Europe. Russian oil and gas is expensive to produce, and without high oil and gas prices, Russia would be in deep economic trouble. Hence, Mr. Putin needs both high global oil and gas prices and Europe's continued dependence on Russia.

To date, he has been able to preserve Europe's dependence by paying bribes to leaders in many of the leftist and green parties to keep their governments from

former Russian Empire. He correctly sees President developing their own gas and oil resources (according to knowledgeable and reliable European sources that I have spoken with). The French and Bulgarian governments even went so far as to ban fracking, despite having substantial gas reserves that could make them energy independent.

> Even if the Western Europeans now decide to take action to make themselves totally independent of Russian oil and gas, Mr. Putin understands that it will take them at least a couple of years to increase domestic production and build the necessary infrastructure to extract substantial quantities of gas from other sources. If oil prices fall too low for the Russians to make money, it would not at all surprise me if, suddenly, an oil tanker or major oil pipeline was blown up far from Russia, with no fingerprints, which would cause panic and a big increase in prices in the world oil market.

> For Mr. Putin to ultimately succeed in both creating and keeping his new Russian Empire, he needs to build a real economy beyond oil and gas exports. His short-term bet is that the West will not freeze Russian foreign reserves or push hard on quick repayment of its substantial foreign debt, out of fear of retaliation. Russia can always seize Western investments in Russia, and he can always remind others that he does have a very large active stock of nuclear-tipped missiles. Without a large and diversified real economy, despite geographical expansion, Mr. Putin does not have a long-term successful endgame.

> The Obama administration's foreign policy is "wishful thinking," which is neither a strategy, nor a realistic endgame. We know from history that major countries without sound strategies and realistic endgames all too often stumble into wars — whose outcomes are almost always different than expected.

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http://www.washingtontimes.com/news/2014/may/5/rahn-nowestern-counter-to-russias-ukraine-gambit/

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