

The Labyrinth of Geography in a Time of Imperial Terror [In Lendman, S. (Ed.), *Flashpoint in Ukraine: How the U.S. drive for hegemony risks World War III*, 151-161. Atlanta: Clarity Press.]

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Introduction: Consensus by Proclamation

Nineteen-eight-nine was a momentous year. The most storied symbol of the 70 Years War between the USSR and the United States—the Berlin Wall—came down that year. The exuberance and ebullience, the sense of openness that event occasioned is hard to gainsay even a quarter century later. Anything seemed possible.

In November of that year, while rubble from the Wall made its way to collectors across the globe, another enclosure was taking shape; emerging from an otherwise obscure Washington, D.C. think tank, a list of policy prescriptions ostensibly tailored to Latin America—but with clear implications for debt-ridden developing nations and “transition economies”, particularly within orbit of former Soviet control—proposed what today passes for “austerity programs” directed at “under-performing” economies lured by the European Union, of which Ukraine is the latest flashpoint.

Dubbed by its author, economist John Williamson (fellow at the Institute for International Economics), “The Washington Consensus”¹ (WC), this set of policy presumptions quickly garnered gospel-like adherence across Washington policy echo-chambers.

Years later, its author demurred he ever intended to announce any kind of “manifesto” or “policy prescription”, much less a *fait accompli* for muting dissent against one-best-way economics for an increasingly debt-ridden Global South.²

At the time he drafted the Consensus, the author considered its espoused postulates a “lowest common denominator” of agreed-to principles, “the common core of wisdom embraced by all serious economists”.

Serious economists in this case he opposed to “cranks”. Published a few years later in the journal *World Development*, the author’s claims were anything but demure: “The proof may not be quite as conclusive as the proof that the world is not flat, but it is sufficiently well established as to give sensible people better things to do with their time than to challenge its veracity.”³

Announcing intellectual formalisms simultaneously as consensus and unassailable wisdom is the luxury of think tank fellows that rank and file academics like me, subject to blind peer review, are not entitled to.

Williamson and his posse of economic Brahmins denounced those who dissented from the Consensus, claiming they were “politicizing” what ought (in their view) to be considered “a technocratic policy agenda”. Writing in 2004, William Tabb put the counterpoint to Williamson’s orthodoxy concisely, restoring the relevance of geopolitics to the posturing of Consensunistas:

A globalization framework can explain the failure of the Washington Consensus by stressing the unacceptability of its central premise: that economic and social trends within a country were explainable in terms exclusively of the government’s failure rather than power relations in the larger global political economy which constrained its options and was once again controlling its destiny.⁴

Nowhere examined dispassionately among the channels of the Consensunistas was evidence for the downsides of the medicine they called for, including: privatization of mineral rights and publicly held assets, including utilities and transit; dramatic cutback in state income supports and pensions; tax cuts to curb expenditures for redistribution; wage freezing on pretext of inflation control; dramatic deregulation of finance and industry

keyed particularly to permitting foreign direct investment through free-floating currency exchange rates.

These and related measures assured that what was unassailable fact/wisdom in Washington would redraw the asset maps of the world by virtue of the repetitive incantation of “consensus” among the leading clearinghouse agencies of the International Financial Institutions (IFIs).

In this instance, “consensus” does semantic double-duty, simultaneously pronouncing policy piety while denouncing schooled skepticism, signaling like a weathervane to Beltway denizens the prevailing wind in Washington.

Noteworthy, also, is the bi-partisan, above-the-fray, anti-ideological pretensions of a “consensus” rung like a note of destiny rising above the din of egotistical divisions littering the most solipsistic geography on the planet.

The Consensus bore remarkable similarity to the economic “Shock Therapy” (rapid fire, synchronous reform from statist to monetarized governing and financial institutions shuttled under pretext of “crises”⁵) that the Chicago School of Economics had been advocating since the 1960s under intellectual imprimatur of arch-free-marketeer Friedrich von Hayek and his disciple, Milton Friedman. Hayek’s 1946 manifesto, “Road to Serfdom”, was an intellectualized mantra against centralized economic planning of any form, no matter how otherwise judicious such planning might be as a contingent response to economic instability and domestic vulnerability to powerful trading partners, as with the “development economics” adopted by vanguard of emerging economies of the Global South after WWII (and the United States in its infancy at turn of 19th Century).

During the post-War period, International Financial Institutions like the World Bank and the International Monetary Fund fully supported statist approaches to global development policy—intending thereby to head off genuinely independent regional powers and suppress trade unionism—adopting modest protectionism like tariffs to stimulate the substitution of costly imports with home-grown product innovations and mechanisms for curbing excessive inflation so long as the states in question adhered strictly to their subordinate, client state Cold War status.

With the collapse of the Soviet Union, these modest Keynesian approaches—under attack for decades by hard line monetarist orthodoxies like that advocated by the Chicago School—became increasingly vulnerable to intellectual gainsaying, culminating with the formalisms of the WC.

By the early 1990s, with the Soviet Union marginalized as military threat, the power and stature garnered by dependable strong men regimes across the Global South during the Cold War was deemed an unstable arrangement for the “Grand Chess Board” that sprawled across the Eurasian continent, where Washington-ensconced Cold Warrior policy wonks like Zbigniew Brzezinski (progeny of Mackinder’s “World-Island and the Heartland” theory⁶) imagined the 21st Century showdown for global supremacy.

With its split ethnic allegiances, vast borderline with Russia and geo-strategic positioning, Ukraine plays a critical role in the grand visions of orthodox power players in Washington, viewed by them like an unstable molecule prone to the attractor forces of charged particles.

These aren’t just files on a chessboard, grand or otherwise; they are like electromagnetic vortices, warping space and time; governed by formulaic prophecies like “the world is flat” and “the clash of civilizations”, where otherwise “strange attractors” gather and propagate.

“Yats is the guy”

In late November, 2013, then Ukrainian President Viktor Yanukovich refused to sign an EU agreement forged at a trade summit in Lithuania to normalize trade relations and establish the policy framework for the

incorporation of Ukraine into the EU.

Yanukovich hedged his refusal as stemming on the one hand from wariness of the EU austerity measures that would come with the agreement, on the other hand on pressure by Russia, adding that the offer of subsidy by the European Central Bank (ECB) was insufficient for gearing Ukraine's economy to EU standards.

Soon it materialized that Vladimir Putin was offering to Ukraine \$15bn and discounted natural gas supplies.

Yanukovich's recalcitrance before the lords of European finance was duly noted, eliciting swift "unrest". Opposition was headed by leader of the All-Ukrainian Union "Fatherland" political party Batkivshchyna, Yulia Tymoshenko (gas industry magnate and close second in 2010 presidential run-off, claimed as among the world's most powerful women by *Forbes Magazine* in 2005), and Arseniy Yatsenyuk, lieutenant of Batkivshchyna and staunch supporter of EU austerity measures, who would be anointed with substantial pressure from Washington as interim Prime Minister (under protest by Russia and Venezuela).

With others, Tymoshenko and Yatsenyuk summoned large-scale protests in late November 2013 to commence in Independence Square, ground zero of the 2004 Orange Revolution over the disputed election between Yanukovich and Viktor Yushchenko, formerly Ukrainian central banker and briefly prime minister.

Yushchenko survived an assassination attempt in 2004 involving poisoning by a dioxin ingredient of Agent Orange – one indication of the high stakes playing out on this file of the Grand Chess Board and the symbolic pertinence of Independence Square (so named in 1991 after formal independence from the USSR).

United States Assistant Secretary of State for European and Eurasian Affairs, Victoria Nuland (wife of prominent neoconservative apostle Robert Kagan, sister-in-law of Frederick Kagan, adviser to CIA and Defense brass Robert Gates and David Petraeus), played a prominent role in the not-so-civil unrest since December 2013, including appearance under the banner of Chevron at the National Press Club, proclaiming the billions given to Ukraine since 1991 for its "democratization"; and also passing out cookies to anti-government demonstrators in Independence Square, which featured at the time a backdrop of hoisted banners honoring Stepan Bandera, Ukrainian nationalist and collaborator with German Nazis during WWII in the militia roundup and mass murder of Jews and Poles.

Meanwhile, the National Endowment for Democracy (NED) (a clearinghouse set up by Ronald Reagan for psychological warfare and propaganda) claims scores of currently sponsored projects inside Ukraine. Putatively keyed to "protecting civil society" and promoting democracy and human rights, NED is believed to have staged neo-Nazi elements ideologically kindred to Bandera's legacy.⁷

Following Yanukovich's consent to speed up the 2014 elections and ordering police to stand down from crowd control of Kiev protests, neo-Nazi storm-troopers occupied government buildings, forcing Yanukovich and his aides out of the capital and country. From the vantage point of spycraft and espionage, the coincidence of these moves is noteworthy.

Was Nuland's demonstrably unstateswoman-like, partisan gesture—hyperbolically associated by her with encouraging "democracy"—at Independence Square in fact intended to signal an all-clear seized by Bandera's progeny of fascist storm-troopers?

For in fact: the neo-Nazis then proceeded to terrorize Ukrainian parliament members (who were otherwise democratically elected) into passing neo-liberalized laws geared, particularly, to punishing the Russian faithful among Ukraine's eastern and southern regions. Installed Prime Minister Arseniy Yatsenyuk subsequently signed the EU Trade Pact sought after by Washington.

From the notorious intercepted phone call from Nuland to U.S. Ambassador to Ukraine Geoffrey Pyatt, we

know her choice for interim Prime Minister. “Yats [Arseniy Yatsenyuk] is the guy. He’s got the economic experience, the governing experience. He’s the guy you know”.⁸ During the conversation, Nuland indicated that Oleh Tyahnybok, representative of fascist-nationalist party Svoboda, otherwise under consideration for interim government post, might be a “problem” because of his party affiliation, but someone whom the State Department could nonetheless work with. As summarized by *Nation* correspondent Bob Dreyfuss:

After noting that Ban Ki-moon of the United Nations and a UN envoy will be weighing in, Nuland expresses her disdain for the European Union (EU), which has been taking the lead on trying to bribe, cajole and persuade Ukraine to drop its dependence on Russia and start the process of joining the EU. Although the United States has officially said that the EU ought to be out front, in Washington—and in Nuland’s office—there is frustration over the fact that the EU won’t move faster and more aggressively to undercut Russia. “F..k the EU!” says Nuland. Pyatt replies, rather hilariously, “No, exactly.”⁹

In The Labyrinth of Consensus

Beginning in the mid-1990s, considerable academic debate ensued about to what extent the Washington Consensus (WC) was symbolic policy-speak actually intended to deliver Trojan Horse reforms across the globe favorable to the centralized financing interest of the IFIs. Nobel Prize Laureate Joseph Stiglitz has been leading figure of dissent from the WC, pointing to its demonstrable failures where its policy prescriptions have been applied across the globe as compared with successes where it has been resisted.

Stiglitz calls attention, in particular, to the claim among Consensusistas that government controls—particularly the import substitution model for development economics—were to blame for faltering economies in Latin America. According to consensus among dissenting economists, the rate of economic growth in those countries was double in the 1960s-70s what it was after the shock therapy imposed in the 1980s-90s. Debt crisis imposed by the IFIs was the cause of economic stagnation, Stiglitz argues. What successes accrued to shock therapy were short-lived, followed by dramatically worsening conditions as open capital markets exposed these regions to the dramatic financial volatility pre-staging the global financial crisis of 1997-1998.¹⁰

Counter claimants insist that the WC has been mistakenly conflated with policy prescriptions adhered to by Shock Therapy and neoliberalism¹¹, leading to confusion about the origins, usefulness and intellectual probity of the WC.

The academic journal *Comparative Economic Studies* published in 2007 a piece (entitled, “Was Shock Therapy Consistent with the Washington Consensus?”) sifting the policy orientations of the WC, comparing those with Shock Therapy and neoliberalism. Author John Marangos of Colorado State University concluded from his analysis that, while sharing some similarities, the WC “proper” differed in key areas with Shock Therapy and neoliberal principles.

Noteworthy, however, is Marangos’ typological approach, splitting hairs where braiding them would be more revealing, abiding by an academic tactic of exaggerating distinctions between categories while downplaying the limited range of real difference across categories. Except for disagreement over utilizing foreign aid to finance budget deficits and how much to control labor markets, the author found overall “consistency” across the platforms of the WC, Shock Therapy, and the Neoliberal manifesto derived interpretation of the WC. Unspun and translated, the WC is for all intents and purposes every bit what its critics consider it to be: a blueprint for IFI domination of “transition economies”.

The media drumbeat for U.S. military action in Ukraine limns contours of consensus that hew closely to IFI economic interests. At the National Press Club on December 13, 2013, Assistant Secretary of State Nuland announced that the U.S. had spent \$5bn since 1991 “in the development of democratic institutions and skills in promoting civil society and a good form of government”, emphasizing how much this effort has been keyed with a European future for Ukraine.

Five billion USD is a lot to spread around over 20 years in small grants for organizations with titles like “Center for Humane Technologies”, “Association of Ukrainian Law Enforcement Monitors”, “Center for Progressive Young People”, and “Center for the Study of Social Processes and Humanitarian Issues”.

Meanwhile, it’s difficult to square Nuland’s paeans to civil society with her curt dismissal early in February 2014 of the EU’s measured deference to ousted President Yanukovich’s hesitations about trade agreements. Again for the record: “F..k the EU”, said the U.S. Assistant Secretary of State for European and Eurasian Affairs in early February 2014.

In point of fact, “civil society” is a euphemism; a syntactic maneuver for covert operations requiring funneling of Treasury monies through CIA pay-out organizations (by “law” beyond the glare of Congressional oversight) that fund NED and kindred clearinghouses like National Democratic Institute for International Affairs, Freedom House, Millennium Challenge Corporation, International Center for Journalists, the Center for International Private Enterprise, and U.S. Agency for International Development (USAID), among scores of others.¹²

Seeding “civil society” organizations geared to an agitprop script requires, among other tactics, marginalizing or jeopardizing genuinely intentioned organizations (often initiating blowback against them) while simultaneously supplying radicalized opposition through black market depots with small arms and insurgent tactical training and support. At some point, apparatchiks like Nuland then take the podium to plea that “civil society” is being suppressed by tyrant regimes, applying a formula for “unrest” that is tried and true.

Informed reading of the Ukraine crisis finds that Nuland’s position is consistent with the hyper aggressiveness of neoconservative posturing over Ukraine intermittently since the 1990s. Robert Parry¹³ writes recently:

The madness of the neocons has long been indicated by their extraordinary arrogance and their contempt for other nations’ interests. They assume that U.S. military might and other coercive means must be brought to bear on any nation that doesn’t bow before U.S. ultimatums or that resists U.S.-orchestrated coups.

Whenever the neocons meet resistance, they don’t rethink their strategy; they simply take it to the next level. Angered by Russia’s role in heading off U.S. military attacks against Syria and Iran, the neocons escalated their geopolitical conflict by taking it to Russia’s own border, by egging on the violent ouster of Ukraine’s elected president.¹⁴

Parry calls out the *Washington Post*, in particular, as a reliable organ for neoconservative warmongering. But the syndication of CIA sponsored journalism has been well understood and documented for decades. For that matter, what isn’t otherwise proclaimed in editorials is positioned through syndicated Op-Ed pieces staging mouthpieces that dependably hew to the approved “consensus”.

What remains to be seen is to what extent Obama may actually be hostage to the neocon junta among State Department ranks. Parry continues:

Obama’s unorthodox foreign policy – essentially working in tandem with the Russian president and sometimes at odds with his own foreign policy bureaucracy – has forced Obama into faux outrage when he’s faced with some perceived affront from Russia, such as its agreement to give temporary asylum to National Security Agency whistleblower Edward Snowden.

For the record, Obama had to express strong disapproval of Snowden’s asylum, though in many ways Putin was doing Obama a favor by sparing Obama from having to prosecute Snowden with the attendant complications for U.S. national security and the damaging political repercussions from

Besides Putin and the Snowden affair, Obama upended his Secretary of State, John Kerry, by announcing he would seek Congressional authorization while working out with Putin to defuse the Syrian crisis after Kerry's August 30, 2013 speech all but declaring war. This may have been indicative of deep divisions within Obama's Cabinet, or that other Chessboard divisions are in the mix.

Obama's 2008 victory was quickly followed by news reports touting his "team or rivals" strategy for cabinet level appointments that, as it turned out, included many top neocon officials from the Bush administration. Some (as with Robert Gates in his memoir, *Duty*) claim Obama was always wary of the aggressive posture of these neocon stalwarts, forcing him to draw a tightening circle around himself of trusted, seasoned wonks huddled around the preeminent democratic launderer of WC orthodoxy, Vice President Joe Biden.

Obama's touted claims for wishing to forge a team from "rivals" would seem more genuine if his rivals really differed substantially over U.S. foreign policy objectives. More likely, the tactic was intended to imply foreign policy dynamism where in fact there was overwhelming orthodoxy and to confer prestige transference from Abraham Lincoln to the United States' first "black" president (whose parentage is every bit as much "white" as it is "black", not to mention CIA affiliated¹⁶).

Meanwhile, major gas line installations carry Russian natural gas and oil to European markets, primary of which is Germany, for which democracy in Ukraine is entirely irrelevant if not a troublesome impediment.

Yats, indeed, is the "guy you know" for managing the flow from Russia of its energy exports, including 76% of its natural gas for Europe, which receives 15% of this flow through Ukraine. By contrast, Putin is "not our guy" for the kind of nationalism NED President Carl Gershman finds so distasteful but does not name in his Op-Ed piece in the *Washington Post* September 26, 2013: jailing billionaire oil oligarch Mikhail Khodorkovsky for maneuvering the sale of Yukos oil to Exxon in 2003. That kind of nationalism just won't do.

What's needed is IMF-styled nationalism, as with the recently announced plans by Ukraine's Washington-installed finance ministry to cut pensions by 50% in order to pay off Western bankers for their generous loans.

Beyond the Grand Chess Board proper, shale fracking now unleashed in the continental U.S. has profound Grand Chess Board implications as Washington faithful energy companies are poised to re-position the United States as lead energy exporter in the very near future.¹⁷

Chevron joins the usual suspects with clear and present motivations to hem in Russia's primary export, particularly now that China could replace Europe as leading importer of Russia's natural gas reserves. Under that scenario, alignment among the BRIC (Brazil, Russia, India, China) confederation would strengthen, further threatening an increasingly imperiled petro-dollar.¹⁸

If Ukrainian "nationalist" threats to blow up Russian gas lines leads to an "incident"¹⁹, U.S. gas interests stand for a massive windfall in the short term, as a chilly Europe seeks its gas supplies elsewhere next winter. With these factors in perspective, it would seem the Grande Gambit being waged in Ukraine has more than the usual Consensus in mind.

If the petro-dollar teeters as precipitously as some observers believe, the dire threat everywhere will be if the impetuosity of Imperial Washington to throw over the chess board in favor of a "grand reset" at some point gains momentum in spite of any spoken consensus.

Notes:

1 Paper title (presented at conference in November, 1989) was “What does Washington Mean by Policy Reform?” By “Washington”, the author identified an interlocking set of key institutions and players, including: The International Monetary Fund, the World Bank, the Inter-American Development Bank, the US Executive Branch, Federal Reserve, Treasury Department, key Congressional members interested in Latin America, and economic policy think tanks. Notably missing from this list are the media organs that can be relied on to normalize and popularize a Washington agenda.

2 See J. Williamson, “The Washington Consensus as Policy Prescription for Development.” Institute for International Economics. Paper delivered January 13, 2004 at the World Bank.

3 See J. Williamson (1993), “Democracy and the ‘Washington Consensus’”, *World Development*, Vol. 21, No. 8, pp. 1330, 1334.

4 See William Tabb (2004), *Economic Convergence in the Age of Globalization*. New York: Columbia University Press, p. 187.

5 Shock Therapy is given diligent account by author Naomi Klein in *The Shock Doctrine: The Rise of Disaster Capitalism* (Metropolitan Books, 2007). Klein argues persuasively that economic shock doctrine as espoused by the Chicago School of Economics derives startling congruence with and likely inspiration from electro-shock therapy experimentation of the mid-20th C. intended to test for the effects of high levels of electro-shock on patient memory recovery and personality structure.

6 Credited as founder of geopolitics and geostrategy, Sir Halford John Mackinder (1861-1947) synopsised his thoughts in the formulation: “Who rules East Europe commands the Heartland; who rules the Heartland commands the World-Island; who rules the World-Island controls the world (*Democratic Ideals and Reality: A Study in the Politics of Reconstruction* (Henry Holt & Co., 1919 p. 186).

7 President of NED, Carl Gershman, published Op-ed in the *Washington Post*, September 26, 2013, limning a litany of abuses against “civil society” he attributes exclusively to Putin, calling in not-so-civil terms for the Russian president’s ouster.

In his piece, Gershman links a “rise in nationalism” in Russia “not with a restoration of Russia’s imperial greatness, which would be inconceivable if Ukraine joined Europe, but with fighting corruption and addressing the severe economic and social problems of the Russian people. Russians, too, face a choice, and Putin may find himself on the losing end not just in the near abroad but within Russia itself.”

8 Robert Dreyfuss, “The Not-So-Secret Ukraine Phone Call”, *The Nation*, Feb. 9, 2014.

9 *ibid.*

10 See J.E. Stiglitz, “Is There a Post Washington Consensus Consensus?” In *The Washington Consensus Reconsidered* (N. Serra and J.E. Stiglitz, eds.). New York: The Initiative for Policy Dialogue Series.

11 Neoliberalism is moniker adopted by what remains of the left spectrum in political science academia for putting into geopolitical and historic context the “technocratic” pretensions of the Washington Consensus. See David Harvey (2005), *A Brief History of Neoliberalism*, Oxford University Press.

12 CBS journalist Mike Wallace served as host for the series, *The 20th Century with Mike Wallace*, airing in 1967. In one segment—“The CIA: Fifty Years of Spying”—Wallace examines (with startling depth and candor, given the deep state affiliation with CBS), the extent of CIA infiltration of “civil society” in the U.S., naming names, as it were, of leading and venerated NGO institutions serving pay-out (laundering) functions for CIA operations at home and abroad.

13 Robert Parry was Associated Press journalist among others who exposed the Iran-Contra scandal of the second Reagan administration. He founded Consortiumnews.com in 1995, reputedly the first investigative news magazine on the internet.

14 See Robert Parry, "What Neocons Want from Ukraine Crisis," *Consortiumnews.com*. March 2, 2014.

15 *ibid.*

16 See William Blum, "Barack Obama, His Mother, and the CIA", *Boiling Frogs Post*, July 5, 2012.

17 See Glen Ford, "US Prepares to Gas Russia into Submission," *Black Agenda Report*, March 21, 2014.

18 See Matthias Chang, "The Global Tsunami End Game: The Petro-Dollar Regime is Finished?", *Global Research*, April 6, 2014.

19 See *The Daily Caller*, "World War III: Ukrainian leader threatens to blow up Russia's gas pipelines," March 17, 2014.