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# Western Leaders' Reaction Assessment to the Russian-Ukrainian Invasion: Economic Perspective

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This paper examines how the decision-makers manage and deal with the Russian invasion from an economic perspective. The consequences of the made decisions in the long and short terms. Meantime, how were the European-American people influenced by these decisions, and to what extent did these decisions affect the economy of other nations? Consequently, to what extent could the current global financial system be exposed? Regardless of the damage and paralysis that this administration has caused to the Russian economy. We also discuss the beginning of the Russian threat and the precautions that should have been taken to avoid today's economic crisis. We also address the concept of the current applied siege model and mechanisms that can directly affect and weakening-off the regimes. Finally, we discuss the invasion of the Russian Federation and how this humanitarian catastrophe can be ended. Finally, we propose a scenario for ending the humanitarian and economic catastrophe caused by the Russian-Ukraine invasion.

**Key Words:** Economy, Russia-Ukraine War, Sanction, Russia Invasion, Inflation

## 1 Introduction

In this paper, we discuss the performance and evaluation of decision-makers in their administrations and handling of the Russian-Ukrainian invasion crisis from a purely economic point of view, away from the political dimensions and dependencies.

In section 2, we briefly review the global and Russian economic situation with short-term prospects. We address the global economic situation and the consequences of the invasion by showing the current and future economic situation, as well as the European region economy and the consequences of the catastrophe as a result of the war and the anxious fears and crises that await the global economy, particularly the European region. We did not delve into the problems and bottlenecks in the Russian economy because there are many articles on this subject.

In sections 3 & 4, we review the real beginning of the Russian danger and propose a scenario about how it was possible to deal with this danger since 2014 and how it was possible to avoid the current economic crisis and to envisage the humanitarian disaster in Ukraine and the

economic disasters that increased food security and global poverty. We also review the reaction of the decision-makers and how to neglect the problem since 2014 and acted without a clear economic strategies plan to avoid the current economic disaster facing the peoples of the world in particular the European people.

In section 5, we also discuss the idea of the current economic embargo terms imposed to weaken a political regime and the consequences and repercussions on those countries' peoples, making us demand the creation of a new ban model that uses the burdens on people and weakens the regimes more effectively.

In section 6, we also propose a solution to end the humanitarian catastrophe in Ukraine and end the depletion of the European and global economies, to find a way out of the current economic situation and prevent an expected crisis in the coming years. We also review how the world could face the birth of a new eastern global financial system parallel to the current western financial system, which could lead to an economic catastrophe that may cause the global economy to collapse.

### **3 Was the Russian Invasion an Unexpected Surprised?**

The annexation of Crimea was one of the most important events that raised the alarm for the Russian threat to Ukraine, without bloodshed, for about three weeks. On February 27, 2014, a group of unidentified "little green" men took over the local parliament building and government buildings. It was the start of a mixed operation that involved covert and overt activities, backed by a disinformation campaign.

Russian President Vladimir Putin claimed that the pro-Western Ukrainian revolution threatened Russians in Crimea. While Ukrainian rule in Crimea was tenuous, it was a little different from many other Ukrainian regions. There was no repressive policy towards Russian speakers. Moreover, in 2014, there was no mobilization for reunification with Russia or regional independence. Moscow has exploited the political turmoil in Kyiv to inflame tensions and spread disinformation. In a hastily organized referendum on March 16, 2014, 96% of voters supported joining Russia with a turnout of 83.1%. While the international community and the European Union declared the vote illegal and invalid, on March 21 the Russian parliament approved the annexation. In doing so, Russia breached several international agreements, including the Charter of the United Nations and the Helsinki Final Act. The Kremlin also rescinded the pledge it made in the 1994 Budapest Memorandum to "respect the independence and sovereignty of Ukraine and its present borders" and "refrain from the threat or use of force." Few in the West expected such a brazen move. One of the lessons that Russia drew from its 2008 war with Georgia was that the West was not enthusiastic about confronting Russian military action next door. The fact that Moscow did not pay for its aggression in

Georgia may have boosted its confidence in the invasion of Ukraine.

With Crimea, was the reaction of the European Union / Western appropriate to contain the danger in the future?

While military action was never on the table and it is not the right solution but rather the work of the West, including the European Union, quickly imposing sanctions. On March 17, 2014, the Foreign Affairs Council adopted sanctions against 21 officials, persons and entities associated with them who are involved in acts that threaten the territorial integrity, sovereignty and independence of Ukraine. The sanctions have been renewed and expanded over the years, the latest of which was the ban on gas purchases.

It is clear from what was reported that the Russian threat is clear and the Russian strategy towards Ukraine is well known, especially with the provocations made by the West and the heads of the European Union, which would have been better to develop a long-term economic plan to isolate the Russian Federation and build the European infrastructure to end its dependence on the Russian Federation as well as find solutions for other countries. Instead of Russian products, this would have been the concern of the European Union/ Western to protect its peoples and other peoples from the chaos that the world is witnessing today.

#### **4 Another Scenario Dealing with Russian Federation Threats**

The Russian invasion of Ukraine has complex implications not only for great power politics but also for international trade, finance, energy and food security. These repercussions are exacerbated by the resolute determination of Western powers to continue to support Ukrainian forces and a perceived lack of preparedness for Russian forces, prolonging the war indefinitely.

From a purely economic point of view, it would have been better for Western and European decision-makers to come up with an economic plan with a clear strategy after the Russian invasion of Crimea in 2014, in order to save their countries and the world from any economic crises (as today economic chaos), which increased the risk of worsening finance, energy and food security plus increasing global poverty. We are trying to put forward some of these measures, which are part of a large series that should have been taken since 2014:

- Laying down an integrated plan to liberate the European Union countries from Russian energy sources and prepare the necessary infrastructure in this regard before banning the Russian energy products, to insure reducing the burdens in particular on the European nations and the world nations.
- Preparation of long-term arrangements with energy-producing countries to ensure the energy prices stay on average, and therefore determined the Russian Federation's national

income from the energy sector (considering the absence of a ban decision). Conclusion of long-term arrangements with America, to ensure energy long-term average prices to neutralize the Russian threat and to independency the EU from Russian energy.

- Finding solutions and alternative resources with long-term arrangements for the rest allied countries, especially countries with weak economies that depend on Russian energy and grain products to ensure their loyalty to support the West and Europe in isolating Russia in the future instead of forcing them (what the US do always).
- Arrange with world producers of energy and grain to develop strategic economic plans based on the common economic interests between these producers and Europe-America to convince them of the long-term price equilibrium, to substitute Russian production (based on the exchange of interests), also to ensure they will not join any union if Russian Federation think to form in future.
- The West should reduce the intensity of tension between them and China to reduce the possibility of any union will arise between one of the major military powers (the Russian Federation) and the second-largest economy in the world (the China Republic), two votes out of five in the UN Security Council. Hostile both of them same time will lead to the creation of an eastern military-economic power which will lead to building a new economic structure that will change the current structure and change the adoption of the dollar as a basis.

Western and European allies should deal with allied countries with a policy of common economic interests and mutually beneficial to ensure their loyalty to the plan of isolating the Russian Federation economically, instead of coercive policies. (Whoever is not with me is against me), and to be prepared if Russia tries to create a new eastern union.

The Western and European allies must always be cautious about a formation of a new eastern Russian-Chinese union, which the Russian Federation seeks. Such a union may change the future of the financial and economic world, thus will lead to economic chaos and increasing global poverty and will bankrupt some countries especially that with weak economies and creating global financial chaos.

## **5 Embargo Methodology?**

In previous eras, before the Renaissance and the Industrial Revolution, when they wanted to invade a city or castle, they lay a siege to weaken it, then stormed and occupied it, ending with catastrophic human consequences. Today in the twentieth and twenty-first centuries, despite all technological and economic development, using the same weapons in a bit more civilised manner but giving the same catastrophic human results, which does not separate the helpless

people from the ruling class.

Currently economic embargos/bans on the contrary increase Humanity's disasters by increasing people's poverty, disease, ignorance and weakness, while the ruling class increases its tyranny and dominance, as a controller of the national income strengthening their future existence. There are many examples of the economic ban's failure to change regimens, such as in Iraq, the embargo paralyzed people and increased ruler tyranny until great nation's countries intervened to liberate people, Iran is another example

Before besieging any country, we should ask the following questions: are these people satisfied with the ruling class that threatens world peace? Is it right to punish and terminate the part of a nation under the pretext to punish and weakening their regime? Does this give us the right to starve people simply for their inability to punish and change their government? Answering these questions approved the failure of the siege method, and we need to develop a new embargo model that is more effective on regimes rather than people (many ideas to be discussed in another paper) economists must work on this subject.<sup>6</sup>What can be Done Today?  
Independent Opinion

Today, the Russian-Ukrainian war has taken a different direction and its features became clear. Its continuation increases the humanitarian catastrophe and complicates the economic calamity further. This is an inevitable result because of:

- 1- Lack of vision and planning for the financial and economic consequences of the decision-makers to confront the Russian threat since its beginning in 2014 when Russia occupied the Crimean Island and even after February 2022.
- 2- The majority of the European and US people grumbled because of the economic circumstances the policies resulted from the decision-makers. Although these peoples sympathize with the Ukrainian people and denounce the invasion
- 3- Taking a series of decisions to cripple the Russian economy without considering the consequences on Europe, the US and the world economy
- 4- In regard to the Russian invasion. The US and Europe decision-makers followed coercive policies with other countries to obey and implement their decisions, without considering the reactions of these decisions to the economic situations and the benefits of these countries.
- 5- Using provocative policy with China by the Western simultaneously with the Russian-European conflict.
- 6- Many countries worldwide started to build bridges with the Russian Federation, despite their refusal of the Russian invasion, due to poor management of western leaders to this war, especially on the economic front, and its consequences on the crisis world economy and increasing global poverty.

Today, there is a humanitarian and economic catastrophe not only at the level of Europe and America but worldwide, because of the Russian invasion of Ukrainian, and the result has a clear vision. The European leaders must move seriously to stop the humanitarian catastrophe in Ukraine and save what is left and stop the depletion of the European economy, and America should focus more on restoring confidence in the current financial system and blocking the way to change the global petrodollar system and save the world from the hurricane of economic chaos that may occur as a result of the birth of any new system, therefore the international community, especially the European community, should open the door to negotiation with the Russian (not as war winner but for humanitarian reasons) to end the war and obtain the most privileges that can be obtained, including Re-pumping Russian gas to Europe at adjusted prices and prepared to find better alternatives (as we mentioned previously).

We will conduct a new study to develop several strategic economic solutions on this subject and how to avoid the birth of a new financial system and if it happens, how to neutralise it.

## **7 Conclusion**

This paper reviews the performance of Western decision-makers towards the Russian invasion from a purely economic point of view. Also examines, whether the decisions made are economically conscious of the consequences, and what could be their actual reaction to the global economy, especially the European region.

It is evident from reviewing the global economy and Eurozone, the performance was poor, despite the impact on the Russian economy, but had clear consequences on the global and European economies, did not meet the required level, and did not consider Europe and global economic consequences.

We discuss the failure of European decision-makers on dealing seriously with the Russian threat since 2014 when Russia occupied the Crimean Island. They failed to develop the necessary plans and mechanisms to reduce their economy's dependence on the Russian product. An appropriate plan should be placed to liberate Europe's economy and other poor countries from Russia's resources before the boycott, which reduces future economic suffocation. As we were warned, the West should reduce pressures and quarrels with China to ensure their cooperation in the Russian ban. To prevent the threat, the creation of an eastern union with a new western financial system in parallel to the current global financial system.

We also discuss developing a new sanction model (terms and conditions). Effective in weakening the targeted regimes and supporting people to resist and change their regime, more

effective than the one applied today. It also proposes in this paper a solution to end the human tragedy in Ukraine and stop the depletion of the European economy through renegotiation with the Russian Federation to reach the best conditions to end the two crises and work in the coming period to find alternatives resources for Europe at the level of energy and reduce its dependence on the Russian product.

## **Reference**

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