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European Languages

زبانهای اروپایی

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04.04.2022

Sanctions on Russia boomerang – Biden promises food shortages

“Food shortages — it’s going to be real,” President Joe Biden said in Brussels March 25. “The price of the sanctions is not just imposed upon Russia. It’s imposed upon an awful lot of countries as well, including European countries and our country as well.” This ominous warning, reported around the world, was delivered at a NATO press conference.

As Biden spoke, workers’ actions in Spain, Greece, Italy, France and Germany confronted soaring prices for fuel and food. From truckers to farmers on tractors, roads were blocked. Fishing people organized on boats. The price of fuel has already become unbearable.

This resistance is just a glimpse of what is to come, as the economic unraveling of Europe, due to U.S. and European Union sanctions, boomerangs back on those countries who acceded to U.S. demands.

‘The price is worth it’

For the ruthless U.S. ruling class, the price in human life is always ‘worth it.’ Recently deceased former U.S. Secretary of State Madeline Albright’s callous comment, on the deaths of a half-million Iraqi children, reflects this cynical imperialist calculation.

World Trade Organization Director-General Ngozi Okonjo-Iweala predicted hunger and food riots in poor countries. She explained that many African nations depend on food

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supplies from the Black Sea region, and food security depends on imports. Food imports from the Black Sea region are crucial for the survival of 35 African countries. (The Guardian, March 24)

This economic catastrophe for millions of working people in Russia, Ukraine and throughout Europe, Africa and the U.S. was well understood long before the U.S. announced the harshest sanctions ever passed. This is what economic sanctions are designed to do — create suffering and foment dissent against governments targeted for “regime change.”

The growing economic integration of Russia and China with Europe is the greatest threat to U.S. corporate domination.

The EU is the largest investor in Russia. EU trade with Russia is \$260 billion a year, 10 times its trade with the U.S. Forcing the EU to cut its trade with Russia is creating shockwaves and not only for the working class. The ruling class, the oligarchs in Germany and throughout the EU are being hit hard, as lucrative markets with Russia are ripped away.

All of this is quite acceptable to U.S. corporate power if the U.S. will benefit. And it will for a time. But in the long run, the economic unraveling will undermine U.S. capitalism.

Capitalism is shortsighted

Because capitalism is based on the drive to relentlessly maximize profit and to ruthlessly compete, long-term planning — even with the best strategists and think tanks — comes up against what Karl Marx termed “the anarchy of production.”

For over 100 years, based on its powerful economic position, U.S. imperialism has been in a position to arrogantly call the shots. Any country resisting U.S. corporate control faced a complete cutoff in access to technology, industrial development, investment and trade.

U.S. economic sanctions, combined with assassinations, military threats and political destabilization have been applied since the 1804 Haitian Revolution. The 1917 Russian Revolution faced 70 years of sanctions and isolation. For decades the Democratic People’s Republic of Korea has faced the harshest sanctions, and the U.S. has blockaded Cuba.

Sanctions have stretched to more than 40 countries covering a third of the world's population. The demand to comply with these onerous U.S. conditions creates economic havoc in surrounding countries.

But as the number of countries struggling to survive sanctions has grown, the ability and willingness to circumvent the sanctions and continue trade has likewise grown.

This month, after Washington expanded sanctions on Russia, U.S. imperialism arrogantly expected world compliance. The imperialist partners of the U.S. in the EU, Canada, Japan and Australia acquiesced.

To the shock of U.S. strategists, however, most of the developing countries of Asia, Africa and Latin America refused. This is a substantial trading bloc. China's Belt and Road investments have opened new possibilities globally.

Sanctions backfire — pay in rubles

The sanctions confiscated \$300 billion in gold and foreign exchange assets Russia held in Western banks and removed Russian banks from the SWIFT international fund transfer arrangement among banks. This blocked all dollar transfers to Russia in international trade.

In response, Russia has announced that all countries taking part in U.S./EU sanctions would continue to receive Russian natural gas and oil, in volumes and prices agreed to in previous contracts, but are now obligated to pay for the commodity in Russia's national currency, rubles.

Most of Europe and Japan are dependent on gas and oil from Russia. In the EU 40% of gas needs are supplied by Russia. Japan, South Korea and Taiwan import liquefied natural gas from Russia's Sakhalin-2 and Yamal LNG projects; Japan is the biggest importer of Russian LNG in Asia. (tinyurl.com/35phs3dt)

U.S. and EU bankers reacted with outrage and frustration. These countries who had collaborated in seizing Russia's assets and imposing economic strangulation could be left without fuel if they refuse to pay in Russia's currency.

The ruble has jumped to a three-week high against the U.S. dollar since Russia's announcement.

Faced with the EU and U.S. threats to close all companies operating in Russia, Russia responded by threatening to seize the assets of and nationalize all western countries who pull out. Corporations, from McDonald's, Burger King and Starbucks to Shell and BP, face enormous losses.

A desperate move

U.S. imperialism is making a desperate effort to reassert its economic dominance. The encirclement of Russia, by expanding the U.S.-commanded NATO military alliance, along with the arming of fascist military units in Ukraine, was a threat against Russia. It was designed to disrupt the growing EU trade with Russia and China.

But it cannot restore U.S. imperialism to its previous status.

Up until 2001, 80% of the world traded more with the U.S. than with China. However, today, 128 out of 190 countries trade more with China than the U.S., with 90 countries trading twice as much with China as the U.S. (tinyurl.com/3eckjry)

These are the countries who are refusing to abide by U.S. sanctions on Russia. They now have other options.

At home, the U.S. has dramatically reduced investment in civilian infrastructure, factories and machinery for more than 50 years. Despite Biden's Build Back Better bill — which lacks support of the Senate — funding continues to flow to the Pentagon budget. Military spending is more immediately profitable to the ruling class, but the workers and oppressed pay the price.

The very real threat of a wider war remains. As Lenin explained in his classic work — "Imperialism: The Highest Stage of Capitalism," written during World War I — wars in the imperialist era are fought for control of markets.

How far will the Pentagon go to uphold global U.S. domination? The crisis calls for a mass, global, working-class response to push back the empire's aims.

To sign Sanctions Kill's petition go to <https://tinyurl.com/2p9fsp3a>.

Workers World 31.03.2022