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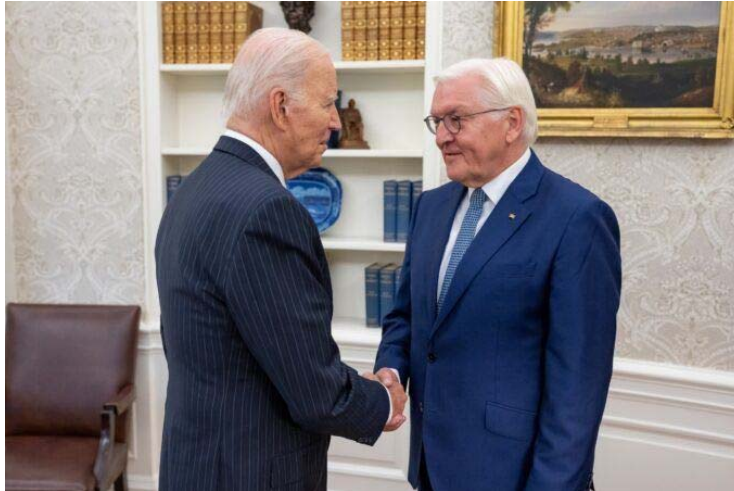
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BY MICHAEL HUDSON

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## Germany as Collateral Damage in America's New Cold War



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The dismantling of German industry since 2022 is collateral damage in America's geopolitical war to isolate China, Russia and allied countries whose rising prosperity and self-sufficiency is viewed as an unacceptable challenge to U.S. hegemony. To prepare for what promises to be a long and costly fight, U.S. strategists made a pre-emptive move in 2022 to turn Europe away from its trade and investment relations with Russia. In effect, they asked Germany to commit industrial suicide and become a U.S. dependency. That made Germany the first and most immediate target in America's New Cold War.

Upon taking office in January 2021, Joe Biden and his national security staff declared China to be America's number one enemy, viewing its economic success as an existential threat to U.S. hegemony. To prevent its market opportunities from attracting European participation as it built up its own military defense, the Biden team sought to lock Europe into the U.S.

economic orbit as part of its drive to isolate China and its supporters, hoping that this would disrupt their economies, creating popular pressure to surrender their hopes for a new multipolar economic order.

This strategy required European trade sanctions against Russia, and similar moves to block trade with China in order to prevent Europe from being swept into the emerging China-centered mutual prosperity sphere. To prepare for its U.S.-China war, U.S. strategists sought to block China's ability to receive Russian military support. The plan was to drain Russia's military power by arming Ukraine to draw Russia into a bloody fight that might bring about a regime change. The unrealistic hope was that voters would resent war, just as they had resented the war in Afghanistan that had helped end the Soviet Union. In this case, they might replace Putin with oligarchic leaders willing to pursue neoliberal pro-U.S. policies akin to those of the Yeltsin regime. The effect has been just the opposite. Russian voters have done what any population under attack would do: They have rallied around Putin. And the Western sanctions have obliged Russia and China to become more self-sufficient.

This U.S. plan for an extended global New Cold War had a problem. The German economy was enjoying prosperity by exporting industrial products to Russia and investing in post-Soviet markets, while importing Russian gas and other raw materials at relatively low international prices. It is axiomatic that under normal conditions international diplomacy follows national self-interest. The problem for U.S. Cold Warriors was how to persuade Germany's leaders to make an uneconomic choice to abandon its profitable commerce with Russia. The solution was to foment the war with Russia in Ukraine and incite Russophobia to justify imposing a vast array of sanctions blocking European commerce with Russia.

The result has been to lock Germany, France and other countries into a dependency relationship on the United States. As the Americans euphemistically describe these NATO-sponsored trade and financial sanctions in Orwellian doublespeak, Europe has "freed itself" from dependency on Russian gas by importing U.S. liquified natural gas (LNG) at prices three to four times higher, and divesting itself of its business linkages with Russia, and moving some of its major industrial companies to the United States (or even China) to obtain the gas needed to produce their manufactures and chemicals.

Joining the war in Ukraine has also led Europe to deplete its military stocks. It is now being pressured to turn to U.S. suppliers to rearm – with equipment that has not performed well in Ukraine. U.S. officials are promoting the fantasy that Russia may invade Western Europe. The hope is not only to rearm Europe with U.S. weapons but that Russia will exhaust itself as

it increases its own military spending in response to that of NATO. There is a general refusal to see Russia's policy as defensive against NATO's threat to perpetuate and even escalate attacks to grab Russia's Crimea naval base in pursuit of the dream of breaking up Russia.

The reality is that Russia has decided to turn eastward as a long-term policy. The world economy is fracturing into two opposing systems that leave Germans caught in the middle, with their government having decided to lock the nation into the unipolar U.S. system. The price of its choice to live in the American dream of maintaining a U.S.-centered hegemony is to suffer industrial depression. What Americans call "dependency" on Russia has been replaced by a dependency on more expensive U.S. suppliers while Germany has lost its Russian and Asian markets. The cost of this choice is enormous. It has ended German industrial employment and production. That has long been a major buttress of the eurozone's exchange rate. The future for the EU looks like a long-term downward drift.

So far, the loser in the U.S. New Cold War has been Germany and the rest of Europe. Is economic vassalage to the United States worth forfeiting the opportunity for mutual prosperity with the fastest-growing world markets?

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Michael Hudson's new book, *The Destiny of Civilization*, will be published by CounterPunch Books next month.

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