

# Obama Destabilizes Europe's Economy: Sanctions Deepen the Recession

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*The Obama Administration actively pressured Europe to impose harsh sanctions on Russia in order to defend the violent takeover ('regime change') in the Ukraine. England, France, Germany and the rest of the European regimes gave in to Washington's demands. Russia responded by imposing reciprocal sanctions, especially on agriculture goods, and is establishing alternative trading partners and increasing trade with China, Iran, Latin America and Africa.*

*The sanctions policies occur at a time when Europe's economies are in deep economic crisis, exacerbating long-term stagnation and chronic recession. This paper will identify and analyze the crisis and how US-led sanctions policy is fracturing the European Union. Secondly, we will analyze how Washington's militarist imperial policies undermine Europe economically and destabilize the rest of the world militarily. Thirdly, we will discuss how the European leaders are prodded by Washington, to put it crudely, through an aggressive 'buggering process', to surrender their economic sovereignty and how capitulation to the US project in the Ukraine will lead to their long-term decline and decay. Finally, we will discuss the long-term perspectives for a re-aligned world economy where military conflicts can result in large-scale changes.*

## From Stagnation to Recession from Sanctions to Depression

Across Europe, without exception, recession stalks the economies. The dominant countries, Germany, France and Italy are mired in recession, acutely exacerbated by the sanctions against Russia dictated from Washington. From Nordic Finland, passing through the Baltic States to Central and Southern Europe, the Eurozone 'recovery' is 'kaput'! The 'triple whammy' of capitalist disinvestment, economic sanctions and wars has provoked a deepening economic crisis.

## Germany: Regime 'Lick-Spittle' Scares Industry and Financial Sectors

The German financial market's confidence is collapsing as a result of Chancellor Merkel's support for economic sanctions against Russia and President Putin's reciprocal response. Several hundred thousand German industrial jobs are at risk; imports of Russian oil and gas are in danger; large-scale, long-term German investments and lucrative export markets are at stake. These fears and uncertainties have led to declining investment and an unprecedented negative growth of 0.2% in the German economy in the second quarter of 2014. The recession in Germany ripples throughout Europe - especially affecting Poland, the Czech Republic, Hungary and Southern Europe.

Merkel's servile capitulation to the US President's command to sanction one of Germany's

major trade partners, Russia, may seriously harm its economic future. Germany's industrial exports to Russia amount to 36 billion Euros; there are 20 billion Euros in annual investments; and over 400,000 German workers are employed in companies exporting to Russia . . . Joe Kaeser, CEO of Siemens, pointedly argued that "political tensions posed serious risks for Europe's growth this year and next". Sales in some sectors are down 15% since June 2014. Germany's economy was already facing stagnation even before the coup in Kiev . . .but machinery exporters are especially concerned about losing the Russian market because other markets have declined. For example, German sales to Brazil are down nearly 20%.

In addition, German farmers suffer: Export of German meat and meat products to Russia amount to 276 million Euros or 21% of their non-EU exports. German dairy farmers earned \$160 million Euros from trade with Russia, 14% of total exports to non-EU countries.

Merkel knowingly sacrificed German industry, agriculture and employment by submitting to Obama's policy of 'buggering his European allies'. On the other hand, Obama's sanctions against Russia have virtually no impact on US economic interests. Only the Europeans will feel the pinch. Merkel's support for the US-NATO coup in Kiev and the ongoing military assault against the anti-coup democrats in Eastern Ukraine is leading to a revival of the Cold War confrontational policies toward Russia, and has alienated the majority of German producers and exporters as well as the German public.

#### Italy: Capitalist Crises and Sanctions

Italy is stuck in a half decade of profound recession continuing throughout 2014. Its GDP fell by 0.2% in the second quarter, bringing the GDP below the level in the year 2000! The sanctions against Russia have cost Italy over \$1 billion in lost exports, hitting Northern Italy most acutely and provoking the ire of the conservative Northern League. Big Italian energy companies, with major investments in Russia, face even bigger losses. Italian farmers, from Tuscany to Sicily, are experiencing major losses in agricultural exports. In other words, with sanctions Italy's chronic sick economy has lost any chance for recovery and will likely pass from recession into depression.

#### France: From Zero Growth to Recession

France has entered a period of perpetual regression: Unemployment exceeds 11%, underemployment and 'make work' exceeds 20% . . . GDP hovers at recession levels, between zero and 0.5% . . . Austerity, involving large-scale cuts in social programs and tax write-offs for business, has eroded consumer spending without increasing capitalist investment. And Obama's sanctions against Russia will further damage French exporters, especially its agricultural sector and weapons manufacturers. And 'Hyper-Militarist-Socialist' President Hollande has exacerbated France's balance of payments and budget problems by sending the air force and ground troops to intervene on three continents. This has caused over 82% of French voters to choose alternative parties, propelling the nationalist right party, National Front, to the lead.

#### The 'Backside of Europe': Spain, Greece and Portugal

Deeply buried in a near decade-long depression with unemployment ranging from 26% in Greece and Spain to 16% in Portugal, Russia's reciprocal sanctions against agricultural exports has hit their agro-export sectors most severely, causing mountains of grapes,

tomatoes and other perishables to rot in the fields. Tons of Southern Europe's produce will end up as compost. Tens of thousands of farmers face even greater problems and more will be forced into bankruptcy because of Washington's dictates.

Spanish farmers stand to lose 158 million Euros from the sanctions against their fresh fruit and nuts, or 22% of their total exports to non-EU countries; Greek farmers will lose 107 million Euros, 41% of exports to non-EU countries. Spanish meat exporters will lose 111 million Euros or 13% of their non-EU markets.

The European Union, for its part, offers meager relief - expecting thousands of hard-pressed farmers to submit to Obama's demands. In the meantime, as Russia establishes alternative markets in Latin America, the EU has sent its emissaries overseas to beg the Latin American governments to reject multi-billion dollar agro-business deals with Russia and comply with the US-EU sanctions. So far, every country in Latin America has rejected the EU's 'charm' offensive. Ecuadorean President Correa heaped scorn on the EU: "We do not have to ask anyone's permission to export to friendly nations. As far as I know, Latin America is not part of the European Union". Egypt and Turkey are stepping in to replace the farmers of Europe and the US by exporting their agricultural produce to Russia.

Hungary, Bulgaria, Poland, Finland, Lithuania, Denmark and the Netherlands

Hungary's President Viktor Orban rages at the sanctions and threatens to break ranks, as Budapest tallies up its losses in exports, and the threat to its energy-dependent country. Bulgaria's compliant President caved into Brussels' pressure and reneged on a \$40 billion dollar pipeline deal signed between Russia and local Bulgarian business leaders precipitating a major banking crisis and the collapse of its second largest bank - Corbank. The deposits of hundreds of thousands of Bulgarians were frozen or just disappeared. When Brussels buggers the Bulgarians, they bankrupt their own banks.

Finland, once the poster-child of the 'Third Way' ideologues, is in a long-term depression. Its economy has shrunk for the past 4 consecutive years and even regime optimists estimate that they will need 10 years to recover. Finnish Prime Minister, Alex Stubbs, a free market ideologue, is a staunch supporter of sanctions against Russia although these will drastically cut into agricultural exports (dairy goods, meat, fish, etc.). Stubbs defends his catastrophic capitulation to NATO's power grab in the Kiev by proclaiming that "our principles (sic) are not for sale; we believe in international institutions; we believe in the rule of law". Finland, under its 'law-abiding' President, will lose at least 253 million Euros this year or 68% of its exports to non-EU countries. In other words this political marionette has sacrificed the welfare of hundreds of thousands of Finnish dairy farmers and growers to support a NATO-imposed regime in Kiev, which has been sending units of neo-Nazis to slaughter Ukrainian resistance fighters and civilians.

Poland's billion dollar agricultural export trade with Russia has collapsed, causing Warsaw to beg Washington and Brussels for emergency subsidies and pleading with the apple-exporting Americans to 'eat Polish apples'. Polish fruit growers will lose 317 million Euros in sales or 61% of their exports to non-EU countries. Their meat exporters will lose 162 million Euros, 20% of its trade with non-EU countries. Dairy farmers will lose 142 million Euros, 32% of exports to non-EU countries.

The Poles, who at every turn have assumed the most reactionary Russophobic posture and were deeply implicated in organizing and training the neo-fascist gangs which overthrew the

elected Ukraine government, are now pushing carts down the streets of Warsaw peddling apples and sausages, instead of stocking the supermarket shelves of Russia – and whining that New Yorkers should forsake Upstate apples to take up the slack!

Lithuania will lose 308 million Euros in fresh fruit exports to Russia or 81% of their exports to non-EU countries; dairy farmers will lose 161 million Euros in sales or 74% of non-EU exports. Denmark and Holland will lose over 800 million Euros in agro-exports to Russia –deepening their recession.

## Conclusion

While the ever-persuasive con-man in Washington, President Obama has bugged EU leaders into pushing their own economies even deeper into recession, so he can launch a new Cold War with Russia, the US plunges deeper into military confrontations in Iraq, Ukraine and Syria. Obama appears to have lost control over military aid programs in the chaos: Netanyahu's Zionist allies in Congress managed to by-pass the White House and State Department and approve additional shipments of Pentagon arms to Israel, undercutting any administration leverage over the ongoing Israeli genocide in Gaza.

Japan joins the US-EU sanctions against Russia exacerbating its own economic crisis: In 2014 Japan experienced its worst contraction since 2009, with a 7.1% drop in the second quarter. The increasingly unpopular, Japanese Prime Minister Abe is committed to a military build-up. More Japanese politicians visit Yasukuni Shrine, the militarist temple honoring its war criminals, re-awakening the horrific memories of Imperial Japan's victims. There are increasingly bellicose Japanese confrontations with China over disputed piles of rock in the South China Sea . . . As Obama's military pivot to Asia increases, so Japan's economy sinks.

No European country can benefit from embracing the failed regime in Kiev. . . Ukraine's currency is in free-fall – ranking below soiled toilet paper. Its major industries, totally dependent on trade with Russia, are bankrupt or have been bombed by the NATO-putsch regime in Kiev. Its agricultural exports are devastated. Meanwhile Ukrainian families are advised to chop their own wood or dig their own coal in anticipation of a winter totally cut off from Russian gas because the oligarchs in Kiev have been unable or unwilling to pay the huge energy debt. . . For their staunch support of this bankrupt regime, ruled by a 'Billionaire Oligarch' in Kiev, for upholding the 'principles' so lauded by Finnish President Stubbs, one million European farmers will bury their own apples, pour their own milk in the streets and dump their grapes, oranges and tomatoes in rotting heaps. . . And this is so their leaders, Obama, Cameron, Merkel and Hollande can uphold their real 'principles' of territorial expansion, extend their military operations to the borders with Russia and posture as warriors while destroying their countries productive economies, bankrupting their farmers and manufacturers, driving millions more into unemployment and deepening the pains of recession.

Ukraine will join a growing list of countries, Libya, Egypt, Syria, Iraq, Afghanistan, Pakistan, Somalia and Yemen, that Washington and NATO have "saved" (to paraphrase an American general) . . . by being destroyed.

Once again the US military-driven empire-building policy trumps economic development: Destructive wars and sanctions destroy viable markets and impoverish entire sectors of the economy. Imposing sanctions abroad invites retaliation – the boomerang effect cripples domestic producers. As world trade and investment shrink, internal stagnation becomes

endemic, recessions deepen and recovery becomes a distant chimera. The financial press, the Wall Street Journal and The Financial Times, which have become megaphones for the western warlords, no longer publish paeans to the free market but unleash vitriolic screeds crying for war and sanctions..... which close markets and destroy investor confidence.

Bugged by Obama, European bootlickers bankrupt their own economies and then pass around the begging cup.

Italy faces the reality of a decade of stagnation.

Portugal's economy crashes and crawls.

Germany's manufacturing machinery grinds to a halt.

Finland's 'principled' brown-nosing boomerangs.

England is converted into a money-laundering bankers' city-state where one-third of its children live in poverty.

Poland consumes itself, drunk with weapons and rotting apples.

In a word, by submitting to Washington's doctrine of permanent wars, Europe eschews the only road out of permanent crisis: peaceful co-existence. The mega-buggers in Washington and the bootlickers in Europe have chosen sanctions over trade and destruction over prosperity. They are paying a price: domestic unrest, displacement from markets by emerging economies and the ascendancy of chaos as a way of life in Western Europe.

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