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Washington's economic war on Russia (and Germany)

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The United States is the world's largest exporter of LNG – liquified natural gas.

In February, President Joe Biden made it clear that the U.S./NATO military escalation in Europe was not about Ukraine. Since taking office in 2021, President Biden has been more focused on Germany and Russia, in particular the Nord Stream 2 pipeline.

The July 2021 meeting of Biden with then-German Chancellor Angela Merkel was icy. Politico reported July 15, 2021, that "Biden and Merkel still don't see eye to eye on Nord Stream 2."

Nord Stream 2 is a new pipeline designed to deliver natural gas from Russia to Germany at double the capacity of the existing pipeline. Construction of Nord Stream 2 was completed in September 2021, but it has not yet been opened for service.

The Trump administration had unsuccessfully tried to shut down Nord Stream 2. Now Merkel is out as German chancellor, replaced by Olaf Scholz. With a U.S. proxy war unleashed in Ukraine against Russia, Scholz announced a suspension of the opening of the Nord Stream 2 pipeline.

No U.S. troops in Ukraine, yet

The Biden administration has not yet sent U.S. troops into Ukraine, but it has launched an economic war.

Natural gas is a primary energy source in the European Union and is the dominant source for home heating and cooking. The EU imports 40% of its natural gas from Russia. In the EU, Germany is the most dependent on gas piped directly from Russia. That is why Germany built the Nord Stream 2 pipeline with Russia.

The U.S. is now forcing the European Union, particularly Germany, to move away from purchasing natural gas from Russia. The U.S. says they should get natural gas from the U.S. or Qatar, a U.S. Big Oil subsidiary.

On Feb. 7, Biden said of the German-Russian project: “There will no longer be a Nord Stream 2. We will bring an end to it.”

On Feb. 22, Germany announced the suspension of the Nord Stream 2 pipeline. This was not a decision made in Berlin; the order to do this came from Washington.

Natural gas from Russia can be piped into Western Europe at a relatively low cost while natural gas from the U.S. and Qatar must be liquified – liquified natural gas or LNG – then shipped by sea to Europe. Germany does not have a port to receive LNG directly, adding to the transport costs.

On Feb. 27, Chancellor Scholz announced that Germany will construct two port terminals for LNG and also plans to lease floating LNG terminals as well.

Cutting off natural gas from Russia is a big bonus for the U.S. oil oligarchy. The United States is the world’s largest exporter of LNG. Liquified natural gas has a higher price than piped-in gas and prices for U.S. LNG are now expected to double.

OilPrice reported April 24: “Right now, U.S. LNG exports are booming, and most are going to Europe, where the prices are the highest and demand is the strongest. … After the war started, demand went off the charts as the European Union vowed to reduce EU demand for Russian gas by two-thirds before the end of the year.”

Another bonus for U.S. capitalists

There’s another bonus for U.S. capitalists. The increase in the price of natural gas across Europe will raise the prices of commodities produced by European industries, particularly German products.

German commodities dominate the markets in Europe and have been rising in the global marketplace. In 2015, Ben Bernanke — former chair of the Federal Reserve System — publicly complained of the strong rise in German exports taking markets away from the capitalists of other countries.

The U.S. economy has been in a long-term decline. Increasingly, the "U.S. consumer" buys and consumes commodities that are produced outside of the United States. The great bulk of both material production and surplus value — unpaid labor contained in commodities — is being produced outside of U.S. capitalist ownership.

Forcing the European Union to pay higher energy prices will increase the cost of commodity production in the EU, which opens the possibility that U.S.-owned industry might be able to take markets away from German and other European capitalists.

The proxy war in Ukraine has been a gift to the U.S. military-industrial complex, with over $3 billion in armaments already poured into Kiev. This may line the pockets of a few billionaires, but it won't reverse the U.S. economic decline.

Military spending produces the means of destruction, that is, the money does not go to expanding commodity production. Military spending actually contracts the capitalist market. Factories that normally produce commodities for profit are instead producing the means of destruction, so there's no profit, in Marxist terms.

Military spending rots the economy by destroying the productive forces. Also, the expanded military spending in the U.S. is a cause of inflation, though that's hidden in most economic reports.

U.S. expanding military in Europe

While the U.S. is not yet sending troops into Ukraine, it is expanding U.S. military operations in Europe. In March, the New York Times reported: "NATO doubles its battlegroups in Eastern Europe.” NATO already had 175,000 troops lined up on Russia’s border and in February launched an additional 40,000-strong rapid response force.

The U.S. now has more than 100,000 soldiers deployed in Europe, the most since the overturn of the Soviet Union. About 40% of the U.S. armed forces in Europe are stationed in Germany.

Germany remains very much an occupied country. The Federal Republic of Germany, built on the ruins of the defeated Third Reich by the U.S. occupation forces and later incorporating the (East) German Democratic Republic, is a sort of protectorate of the United States. The U.S. rebuilt Germany in order to fortify the dominant position of the U.S. over Western Europe following World War II.

European trade and investment prior to the U.S./NATO proxy war in Ukraine against Russia had seen a rise in commerce between Germany, France and other Western European countries with Russia and China. One of the goals of the U.S. is to hold Germany and Western Europe firmly within the U.S. economic orbit.

According to Washington’s policy, Europe is supposed to impose sanctions on Russia and give priority to imports from the United States at the cost of raising energy and agricultural prices, particularly in Germany.

Up to now the interests of West European capitalists, including German ones, have coincided with those of the U.S. But Washington’s need to reverse the long-term decline of U.S. industry’s position in the world market has begun to change that. First came Trump’s trade war and now Biden’s economic war on Russia.

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