



Will Europe Break with the United States?

Description

EU/USA: I received a great questions from a German reader who also happens to be a journalist. He asked, “What would be a way and what would be the practical implications if Europe in general and Germany in particular were to break with the US in order to find a European peace and economic framework including Russia? ”

The craven sycophancy demonstrated by Germany, France and the United Kingdom in their passionate embrace of America’s confrontation with Russia is now on life support. Despite continued bombastic threats to keep arming Ukraine until Russia collapses, economic reality is hitting the Europeans like an icy cold shower from a fire hose. Rapid inflation, particularly in the energy sector, is forcing factories and businesses to shutter operations. The de-industrialization of Europe, especially Germany and the UK, has started. German steel plants are closing, German bakeries are trying to figure out how to pay soaring utility bills while still making bread and pretzels and German toilet-paper manufacturer [Hakle GmbH](#) has applied for insolvency proceedings in self-administration. If you don’t have a bidet or a bucket full of sand, toilet paper is an essential item. The inflationary spiral may lead to the day where it is cheaper to wipe your ass with a 100 Euro note than three sheets of Hakle.

So, the economic situation in each of the countries is going to create enormous domestic pressure for the respective European governments, which currently are cheer-leading Ukraine and cursing Russia, to rethink their policies. The Russia/Ukraine war already has created significant fissures among EU members, with Hungary refusing to impose further sanctions on Russia. Cold, hungry voters will become increasingly outraged at sending millions of dollars to Ukraine while deprivation multiples from Berlin to London.

Europe’s rift with Russia is huge and Russia is not in a mood to forgive the insults hurled at all things Russian, theft of Russian financial resources and Europe’s facilitation of terrorist attacks on the soon to be new Russian citizens from the oblasts of Kherson, Zaporhyzhia, Donetsk and Luhansk. Russia holds the critical trump card—it can turn on the flow of gas and oil essential to rekindle manufacturing and home heating in Europe. But I do not think Russia will do so without a quid pro quo. What could that be?

How about Europe breaking with NATO? Or, more simply put, the break up of NATO. Up to this point Europe has embraced the delusion that Russia cannot function economically without a European market. The last six months of Russia's Special Military Operation have proven that the opposite is true—without Russia's key resources Europe is a dead economy walking naked into a frozen winter.

Europe's two largest trading partners are China and the United States. Europe runs a trade deficit with China. If China demands payment in dollars, rather Euros, then the inflationary pressure on Europe will escalate. Why? Because the value of the U.S. dollar has soared relative to the Euro and British pound sterling. They will have to spend more Euros to buy dollars, which means the trade deficit with China is likely to worsen.

The situation with the United States is the opposite. The United States has run a deficit with Europe who, in turn, has enjoyed a surplus. That surplus will go away or, at a minimum, shrink dramatically. Germany's ability to export products to the United States will weaken because of the price of the dollar and because European factories will close or cut back on production.

Barring a miracle turnaround—i.e, inflation disappears and the energy crisis dissipates—the situation in Europe will become more dire. The history of these kinds of economic upheaval is littered with the corpses of politicians that insisted on pushing policies that hurt their voters. Germany's Weimar Republic's failure paved the way for the rise of Adolf Hitler to power. I am not suggesting a new Hitler is waiting in the wings, but I do believe that the power now wielded by the Greens across Europe will be curtailed or even snuffed out.

The United States is facing its own looming economic disaster. The collapse of the stock market—now down over 20% since the first of the year—is likely to continue. Notwithstanding the Biden administration's strident insistence that there is no recession, the signs of recession are mounting, especially in the housing market. But the worsening economic picture is not yet sufficient to generate the necessary political pressure among the propagandized American electorate to back away from sending billions to Ukraine. A major shock of stagflation or a collapse of the Ukrainian army, however, could change that calculus.

The United States and Europe are playing a high stakes poker game with Russia. They've bet all their chips that Ukraine will either defeat Russia or force Russia to the bargaining table and that Putin, with hat in hand, will crawl on his belly before the western masters and beg for relief. That is insane. But there are many politicians and pundits inhabiting the dark corners of Washington who keenly believe this fantasy.

Russia does not play poker. Russia plays chess and plays it well. Russia's burgeoning trade and military relations with China, Iran, India and Pakistan, Saudi Arabia and Brazil is making Putin's position stronger, not weaker. The eventual collapse of Ukraine as a result of a wrecked economy and/or battlefield defeats, will be more than a black eye for NATO and, by extension, Europe. It would likely destroy the *raison detre* for NATO. That in turn will lay the foundation for a rapprochement with Russia sans the United States.

The age of the United States' Colossus is nearing its end. Uncle Sam will no longer have a pack of yipping European Yorkshires, Poodles and Dachshunds on a leash. I think we are on the threshold of a new multi-polar international order that will finally shatter the legacy of European colonialism and

American imperialism. As Garland Nixon has wisely noted, "General Winter is on the march."

by Larry Johnson

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