

Harold Pinter Had It Right. Lessons in Western Selfsabotage from the Ukraine War. Seymour Hersh

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Global Research, August 16, 2023

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Region: <u>Europe</u>

Theme: Intelligence, Media Disinformation

In-depth Report: **UKRAINE REPORT**

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The British playwright and Nobel Prize winner Harold Pinter was an early critic of the Bush administration's decision, endorsed by British Prime Minister Tony Blair, to declare a worldwide war on Islamist terrorism in the aftermath of 9/11. In the fall of 2002, Pinter was invited to make his case against the war before the House of Commons. He began his talk with a bit of embellished British history about an earlier wave of terror in Ireland:

There's an old story about Oliver Cromwell. After he had taken the town of Drogheda the citizens were brought to the main square. Cromwell announced to his Lieutenants: 'Right! Kill all the women and rape all the men.' One of his aides said: 'Excuse me General. Isn't it the other way around?' A voice from the crowd called out: 'Mr. Cromwell knows what he's doing!'

The voice in the crowd in Pinter's telling was Blair's, but today it could be German Chancellor Olaf Scholz, who has kept his silence about when and what he knew about President Biden's decision to mangle Germany's economy by destroying the Nord Stream pipelines last September.

There were two sets of pipelines, both partially financed by Russian oligarchs who were beholden to President Vladimir Putin. Nord Stream 1 went into operation in 2011, and within ten years Russia was providing Germany more than half of its overall energy needs, with most of the inexpensive gas targeted for industrial use. Nord Stream 2 was completed by the summer of 2021, but never brought into use. By February 2022, at the start of the war, Scholz halted the pipeline's certification process. Nord Stream 2 was loaded with gas meant for delivery to Germany, but its huge payload was blocked on arrival by Scholz, obviously at the request of the Biden administration.

Last September 26, the two pipelines were destroyed by underwater bombs. It was not known at the time who was responsible for the sabotage, amid the usual Western accusations against Russia and Russian denials. In February, I published a detailed <u>account</u> of the White House's role in the attack, including an assertion that a major goal of Biden's was to prevent Scholz from reversing his decision to stop the flow of Russian gas to Germany. My account was denied by the White House and as of today no government has accepted responsibility.

Germany muddled through last year's preternaturally warm winter, as the government provided generous energy subsidies for homes and businesses. But since then, the lack of Russian gas has been the major factor in rising energy costs that have led to a slowdown in the German economy, the fourth largest in the world. The economic crunch resulted in a rise of political opposition to the political coalition Scholz leads. Another divisive issue is the steady rise in immigration applications from the Middle East and Africa and the more than one million Ukrainians who have fled to Germany since the war in Ukraine began.

Polling in Germany has consistently shown enormous discontent with the economic crisis it faces. One survey analyzed by Bloomberg last month found that only 39 percent of German voters believe the country will be a leading industrial nation in the next decade. The dispatch specifically cited internal political infighting over the nation's home and business heating subsidy policies but did not mention a major cause of the crisis—Biden's decision to destroy the Nord Stream pipelines.

A review of recent reporting on the German economic crisis in German, American, and international business publications—much of it excellent—yielded not a single citation of the pipeline's destruction as a major reason for national pessimism. I couldn't help wondering what Pinter would have said about the self-censorship.

In July <u>Politico</u> reported that Robert Habeck, the German vice chancellor and economic minister, a member of the Green Party, warned that the country was certain to face a shrinking economy and a transition to green energy that "will put a burden" on the population. In May, the German government announced that the country had entered a recession. Some of the nation's companies, according to Politico,

have begun to ditch the Fatherland, triggering fears of deindustrialization.

Habeck said the economic downturn could be explained by high energy prices, which Germany felt more intensely than other countries "because it relied on cheap Russian gas." The article did not state why there is no longer Russian gas flowing to Germany.

The refusal of the White House or any of the Scandinavian nations—Norway, Sweden, and Denmark—who provided support for the covert American sabotage of the pipelines to accept responsibility for their actions turned out be an important asset for Scholz, who met with Biden at the White House in February of 2022 when Biden directly threatened to destroy Nord Stream 2. Asked how he would respond if Russia invaded, Biden said,

If Russia invades . . . there will no longer be a Nord Stream 2. We will bring an end to it.

Scholz said nothing in public and returned to the White House last winter for a private two-day visit—his plane carried no members of the German media with him—that included a long one-on-one session with Biden. There was no state dinner nor a press conference, other than a brief exchange of platitudes with the president in front of the White House press corps, who were not permitted to not to ask questions.

It is impossible not to ask once again whether Biden had briefed the chancellor about the pending operation last February and also warned him in advance of the pipeline destruction last September. Scholz's continued silence about an act of violence against his state can only be described as mystifying, especially as the energy crisis intensified in recent months to the point where the German people were suffering. The end of the pipelines also removed a potential disastrous political dilemma for the chancellor: if the pipelines were still intact but shut down at his command, pressure would have been high for him to open the valves and let the gas flow from those who believed keeping the German people warm and prosperous was more important than supporting the White House, NATO, and Volodymyr Zelensky, the Ukrainian president, in a war that need not have been fought.

It just may be that the White House, by keeping him in the loop, saved him from a careerending conundrum: to support NATO and America in war or protect his people and German industry.

Last October, Lisa Hänel, <u>reporting</u> for Deutche Welle, a state-owned television network, pointed to one immediate social cost of the lack of Russian gas for the German middle class: regional German welfare workers told her that "more people are worried that they can no longer cope with rising prices and energy costs." Discussing the impact of the lack of cheap Russian gas on those in the lower and middle income scales, which includes 18 million people in Germany who are struggling to stay warm and well fed, she wrote that they "could be hit hard by inflation and the energy crisis."

Adam Button, a Canadian economic analyst who writes for ForexLive.com, published an essay last month under the title "The pillars of Germany's economy are crumbling. Three reasons for worry." His three reasons: industrial production is declining; deficits are increasing; and energy costs are rising.

Auto production and exports "are at the heart of the German economy," Button writes. "Their machines," he writes,

have powered Europe and been a worthy competitor to the U.S. and Japan. But there is a new rival: China. The burgeoning automotive manufacturing sector in China is coming for everyone but Germany's export-sensitive model may be most at risk from China's EVs. At best, it's a formidable wave of competition that hurts margins and weakens Germany. At worst, it hollows Germany's key high-wage industry.

The supply of cheap energy, which Nord Stream I produced, comes into play in Button's analysis:

Germany's economic model is exporting manufactured goods, with China as a target market. Competition from China is already a major obstacle but it's compounded by rising energy costs. Germany survived the winter of 2023 better than I expected but that was with heavy subsidies and good weather. That's not a formula for the long term and aside from pie-in-the-sky hydrogen talk, I don't see a way for Germany to get away from expensive imported LNG [liquefied natural gas].

Last week German economy minister Robert Habeck offered up a harsh truth. He said Germany faces five difficult years of deindustrialization from high energy prices. He called for more subsidies for energy as a bridge to around 2030 when he estimates that green energy will take over.

The problem for that is budgetary. Eurozone countries are bound to deficits of less than 3%. Germany is currently running at 4.25%, up from 2.6% a year ago. Finance ministry estimates see the deficit falling to 0.75% in 2026 but that assumes that all energy subsidies are ended. Therein lies the rub: Either they cut the subsidies and lose industry or subsidize and break deficit rules.

For years, Germany was the policeman of the deficit system and periphery countries may wish to give it back some of its own medicine and the German public is also famously austere. The problem is that even if high subsidies stay in place, German industry is under heavy pressure. If anything, the subsidies need to be stepped up. . . .

There is a window for large subsidies but the government must decide if that fiscal ammunition should be spent on subsidizing industry, the green transition or some combination of both. Ideally, the taps would be fully opened but I fear that old instincts around spending will win out, dooming Germany's economy.

The loss of inexpensive Russian gas has also affected the German multinational chemical producer BASF, which employs more than 50,000 people in its home country. The company has announced a series of cutbacks since the pipelines were demolished. Thousands of workers have been laid off, and the firm shut down one of its major facilities. An industry news account of its cutbacks explain that the war in Ukraine "has sharply reduced natural gas supplies in Europe and boosted BASF's energy bill on the continent by \$2.9 billion in 2022."

Button's article, like of all those reviewed for this report, did not mention the main cause of the reduced supply of natural gas. Nor did it say that it was the destruction of the pipelines that forced BASF to make a change in its plans for a \$11 billion investment in a state-of-the-art complex that it hailed as the gold standard for sustainable production. The project will be built in China.

"We are increasingly worried about our home market," chief executive Martin Brudermüller explained to shareholders last April. "Profitability is no longer anywhere near where it should be." He added that the firm lost close to \$143 million in Germany last year, after many decades of constant profit. Pinter, who died in 2008, would have relished the irony of the Biden administration, in its attempt to protect its political and economic investment in the Ukrainian war effort against Russia, may have given China, another nemesis of the White House, a helping hand.

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The author wishes to thank Mohamed Elmaazi of London for his superb research.

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