

Washington's Global Economic Wars

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During most of the past two decades Washington has aggressively launched military and economic wars against at least nine countries, either directly or through its military aid to regional allies and proxies. US air and ground troops have bombed or invaded Afghanistan, Iraq, Pakistan, Libya, Somalia, Syria, Yemen and Lebanon.

More recently Washington has escalated its global economic war against major economic rivals as well as against weaker countries. The US no longer confines its aggressive impulses to peripheral economic countries in the Middle East, Latin America and Southern Asia: It has declared trade wars against world powers in Asia, Eastern and Central Europe and the Gulf states.

The targets of the US economic aggression include economic powerhouses like Russia, China, Germany, Iran and Saudi Arabia, as well as Syria, Yemen, Venezuela, Cuba and the Donbas region of Ukraine.



There is an increasingly thinner distinction between military and economic warfare, as the US has frequently moved from one to the other, particularly when economic aggression has not resulted in 'regime change' – as in the case of the sanctions campaign against Iraq leading up to the devastating invasion and destruction.

Prof. Jame Petras (right)

In this essay, we propose to examine the strategies and tactics underlying Washington's economic warfare, their successes and failures, and the political and economic consequences to target nations and to world stability.

Washington's Economic Warfare and Global Power

The US has used different tactical weapons as it pursues its economic campaigns against targeted adversaries and even against its long-time allies.

Two supposed allies, Germany and Saudi Arabia, have been attacked by the Obama Administration and US Congress via 'legal' manipulations aimed at their financial systems and overseas holdings. This level of aggression against sovereign powers is remarkable and reckless. In 2016 the US Justice Department slapped a \$14 billion dollar penalty on Germany's leading international bank, Deutsche Bank, throwing the German stock market into chaos, driving the bank's shares down 40% and destabilizing Germany's financial system. This unprecedented attack on an ally's major bank was in direct retaliation for Germany's support of the European Commission's \$13 billion tax levy against the US-tax evading Apple Corporation for its notorious financial shenanigans in Ireland. German political and business leaders immediately dismissed Washington's legalistic rhetoric for what it was: the Obama Administration's retaliation in order to protect America's tax evading and money laundering multinationals.

The chairman of the German parliament's economic committee stated that the gross US attempt to extort Deutsche Bank had all the elements of an economic war. He noted that Washington had a *"long tradition of using every available opportunity to wage what amounted to a trade war if it benefits their own economy"* and the *"extortionate damages claim"* against Deutsche Bank were a punitive example. US economic sanctions against some of Germany's major trade partners, like Russia, China and Iran, constitute another tactic to undermine Germany's huge export economy. Ironically, Germany is still considered *"a valued ally"* when it comes to the US wars against Syria, Afghanistan and Iraq, which have driven millions of refugees to Europe creating havoc with Germany's political, economic and social system and threatening to overthrow the government of 'ally' Angela Merkel.

The US Congress launched an economic-judicial war against its closest ally in the Gulf region when it approved legislation granting US victims of Islamist terrorism, especially related to the attacks on September 11, 2001, the right to sue the government of Saudi Arabia and seize its overseas assets. This included the Kingdom's immense 'sovereign funds' and constitutes an arbitrary and blatant violation of Saudi sovereignty. This opens the Pandora's Box of economic warfare by allowing victims to sue any government for sponsoring terrorism, including the United States! Saudi leaders immediately reacted by threatening to withdraw billions of dollars of assets in US Treasuries and investments.

The US economic sanctions against Russia are designed to strengthen its stranglehold on the economies of Europe which rely on trade with Russia. These have especially weakened German and Polish trade relations with Russia, a major market for German industrial exports and Polish agriculture products. Originally, the US-imposed economic sanctions against Moscow were supposed to harm Russian consumers, provoke political unrest and lead to 'regime change'. In reality, the unrest it provoked has been mainly among European exporters, whose contracts with Russia were shredded and billions of Euros were lost. Furthermore, the political and diplomatic climate between Europe and Russia has deteriorated while Washington has 'pivoted' toward a more militaristic approach.

Results in Asia have been even more questionable: Washington's economic campaign against China has moved awkwardly in two directions: Prejudicial trade deals with Asian-Pacific countries and a growing US military encirclement of China's maritime trade routes.

The Obama regime dispatched Treasury Secretary Jack Lew to promote the Trans-Pacific Partnership (TPP) among a dozen regional governments, which would blatantly exclude China, Asia's largest economic power. In a slap to the outgoing Obama Administration, the US Congress rejected his showpiece economic weapon against China, the TPP.

Meanwhile, Obama 'encouraged' his erstwhile 'allies' in the Philippines and Vietnam to sue China for maritime violations over the disputed 'Spratly Islands' before the Permanent Court of Arbitration. Japan and Australia signed military pacts and base agreements with the Pentagon aimed at disrupting China's trade routes. Obama's so-called '*Pivot to Asia*' is a transparent campaign to block China from its markets and trading partners in Southeast Asia and Pacific countries of Latin American. Washington's flagrant economic warfare resulted in slapping harsh import tariffs on Chinese industrial exports, especially steel and tires. The US also sent a 'beefed up' air and sea armada for 'joint exercises' along China's regional trade routes and its access to critical Persian Gulf oil, setting off a 'war of tension'.

In response to Washington's ham-fisted aggression, the Chinese government deftly rolled out the Asian Infrastructure Investment Bank (AIIB) with over fifty countries eagerly signing on for lucrative trade and investment deals with Beijing. The AIIB's startling success does not bode well for Obama's 'Pivot to Pacific Hegemony'.

The so-called US-EU-Iran accord did not end Washington's trade war against Teheran. Despite Iran's agreement to dismantle its peaceful uranium enrichment and nuclear research programs, Washington has blocked investors and tried to undermine trade relations, while still holding billions of dollars of Iranian state assets, frozen since the overthrow of the Shah in 1979. Nevertheless, a German trade mission signed on a three billion trade agreement with Iran in early October 2016 and called on the US to fulfill its side of the agreement with Teheran – so far to no avail.

The US stands alone in sending its nuclear naval armada to the Persian Gulf and threatens commercial relations. Even the Kingdom of Saudi Arabia, the longstanding enemy of the Iranian Islamic Republic, has agreed to a cooperative oil production arrangement at a recent OPEC meeting.

Washington's declaration of economic warfare against two of its most strategic powerful allies, Germany and Saudi Arabia and three rising competitor world powers, has eroded US economic competitiveness, undermined its access to lucrative markets and increased its reliance on aggressive military strategies over diplomacy.

What is striking and perplexing about Washington's style of economic warfare is how costly this has been for the US economy and for US allies, with so little concrete benefit.

US oil companies have lost billions in joint exploitation deals with Russia because of Obama's sanctions. US bankers, agro-exporters, high-tech companies are missing out on lucrative sales just to 'punish' Russia over the incredibly corrupt and bankrupt US coup regime in Ukraine.

US multi-national corporations, especially those involved in Pacific Coast transport and shipyards, Silicon Valley high tech industry and Washington State's agro-export producers are threatened by the US trade agreements that exclude China.

Iran's billion dollar market is looking for everything from commercial airplanes to mining

machinery. Huge trade deals have been lost to US companies because Obama continues to impose de facto sanctions. Meanwhile, European and Asian competitors are signing contracts.

Despite Washington's dependence on German technical knowhow and Saudi petro-dollar investments as key to its global ambitions, Obama's irrational policies continue to undermine US trade.

Washington has engaged in economic warfare against 'lesser economic powers' that nevertheless play significant political roles in their regions. The US retains the economic boycott of Cuba; it wages economic aggression against Venezuela and imposes economic sanctions against Syria, Yemen and the Donbas region in eastern Ukraine. While these countries are not costly in terms of economic loss to US business interests, they exercise significant political and ideological influence in their regions, which undermine US ambitions.

Conclusion

Washington's resort to economic warfare complements its military fueled empire building.

But economic and military warfare are losing propositions. While the US may extract a few billion dollars from Deutsch Bank, it will have lost much more in long-term, large-scale relations with German industrialists, politicians and financiers. This is critical because Germany plays the key role in shaping economic policy in the European Union. The practice of US multi-national corporations seeking off-shore tax havens in the EU may come to a grinding halt when the European Commission finishes its current investigations. The Germans may not be too sympathetic to their American competitors.

Obama's Trans-Pacific Partnership (TPP) has not only collapse, it has compelled China to open new avenues for trade and cooperation with Asian-Pacific nations – exactly the opposite of its original goal of isolating Beijing. China's Asia Infrastructure and Investment Bank (AIIB) has attracted 4 time more participants than Washington's TPP and massive infrastructure projects are being financed to further bind ASEAN countries to China. China's economic growth at 6.7% more than three times that of the US at 2%. Worse, for the Obama Administration, Washington has alienated its historically most reliable allies, as China, deepens economic ties and cooperation agreements with Thailand, Philippines, Pakistan, Cambodia and Laos.

Iran, despite US sanctions, is gaining markets and trade with Germany, Russia, China and the EU.

The Saudi-US conflict has yet to play-out but any escalation of law suits against the kingdom will result in the flight of hundreds of billions of investment dollars from the US.

In effect, Obama's campaign of economic warfare may lead to the infinitely more costly military warfare and the massive loss of jobs and profits for the US economy. Washington is increasingly isolated. The only allies supporting its campaign of economic sanctions are second and third rate powers, like Poland and current corrupt parasites in Ukraine. As long as the Poles and Ukrainians can 'mooch' off of the IMF and grab EU and US 'loans', they will cheerlead Obama's charge against Russia. Israel, as long as it can gobble up an additional \$38 billion dollars in 'aid' from Washington, remains the biggest advocate for war against Iran.

Washington spends billions of US tax-payer dollars on its military bases in Japan, Philippines and Australia to maintain its hegemony in the Asia-Pacific region. Its allies, though, are salivating at the prospect for greater trade and infrastructure investment deals with China.

Economic warfare doesn't work for the Washington because the US economy cannot compete, especially when it attacks its own allies and traditional partners. Its regional allies are keen to join the 'forbidden' markets and share in major investment projects funded by China. Asian leaders increasingly view Washington, with its 'pivot to militarism' as politically unreliable, unstable and dangerous. After the Philippine government economic mission to China, expect more to 'jump ship'.

Economic warfare against declared adversaries can only succeed if the US is committed to free trade with its allies, ends punitive sanctions and stops pushing for exclusive trade treaties that undermine its allies' economies. Furthermore, Washington should stop catering to the whims of special domestic interests. Absent these changes, its losing campaign of economic warfare can only turn into military warfare – a prospect devastating to the US economy and to world peace.

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