

The Absence of Diplomacy Is Isolating Washington

By Paul Craig Roberts, 6 June 2018

The dissolution of the Soviet Union removed the constraint on Washington's unilateralism. The neoconservatives, who had just risen to power, seized the opportunity and replaced diplomacy with threat and coercion. One infamous example is from the George W. Bush regime when the Deputy Secretary of State, Richard Armitage, told Pakistan to do as you are told or you will be bombed into the stone age. We have this on the authority of the president of Pakistan himself, who did as he was told.

In the case of Russia during the Putin era, this level of threat is excessive as Russia can bomb back. So the threat has been reduced to: do as you are told or we will impose sanctions.

Sanctions are an assertion of hegemony of one country over another. They are an assertion that the imposer of sanctions has extra-legal international authority to tell other sovereign states what to do or to suffer consequences if they do not.

Once the constraint on Washington's unilateralism was removed, sanctions became an instrument of US foreign policy and replaced diplomacy. The Clinton regime used them on Iraq. When the UN reported that the effect of the Clinton regime's sanctions on Iraq was the deaths of 500,000 Iraqi children, Clinton's Jewish Secretary of State was asked by Lesley Stahl on the national TV program "60 Minutes" if the sanctions were worth the deaths of a half million children. Madaline Albright said yes, "the price is worth it." The Jews feel the same way about the Palestinians. As the Palestinians' country has been stolen by Israel, what is the point of Palestinians? Killing them is Israel's answer. As one Israeli minister said, we are only doing what the Americans did to the native Americans known as Indians. As America shares this crime with Israel, little wonder that Washington always vetoes any UN action against Israel for its crimes against the Palestinians. The two criminal states stand united against the world.

And from Washington's view, it has been "worth it" ever since as Washington during the 21st century proceeded to destroy in whole or part seven countries, and is still working on several more.

Any time a country doesn't follow Washington's orders, Washington imposes sanctions. Iran, North Korea, Russia, and Venezuela are all bearers of Washington's sanctions. Moreover, Washington forces other countries, including its European allies, to also impose sanctions or Washington will sanction them as well.

This worked until Washington's assertion of its hegemony over the world became excessive. That happened when Trump, guided by Israel and by Israel's neoconservative agents who are Trump's advisers, denounced and withdrew from the Iranian nuclear agreement signed by the US, Iran, Russia, China, France, the UK, and Germany.

When Washington's European vassals did not also withdraw from the agreement that they had signed, Trump threatened them with sanctions.

All of Europe already suffers from high unemployment. Washington's sanctions worsen the situation for Europe, which has resumed profitable business with Iran. Finally Europe has

caught on. Washington is telling Europe that Europe must suffer economically so that Washington can exercise hegemony, from which Europe gets no benefit.

This is too much even for the European and British governments that have been Washington's vassals since 1945. Rebellion is reported everywhere in the Internet news although not in the prostitute media. European and EU officials are saying that it is time that Europe represents its own interests instead of Washington's. Even the head of the EU, a CIA creation, is in rebellion.

Will the rebellion last, or is it merely the antics of Europeans long on Washington's payroll posturing for more money? How much does Washington have to shell out to quiet the European rebellion?

Vladimir Putin has been eating insults and provocations for years while awaiting for Washington's arrogance to break up its European empire. Perhaps Putin's patience is paying off, and it is happening now.

There are signs that Washington is isolating itself. Washington has ordered India and also Turkey, a NATO member, not to purchase Russian weapons systems, but both countries have given the bird to Washington, rejected Washington's interference in their affairs and have gone ahead with the purchases.

The chairman of the European Commission, Jean Claude Juncker, said that it was time for Europe to reconnect with Russia and to stop attacking Russia. Will the EU, the CIA's own creation, turn against Washington?

It is possible. Washington has threatened Germany with sanctions if Germany participates in Russia's North Stream 2 gas pipeline project bringing energy to Europe. Washington's preference is that Europe close down from lack of energy rather than to be dependent on Russia, as this dependency reduces Washington's power over Europe.

Germany's Merkel, long Washington's whore, has changed her spots. She announced that the US is no longer a reliable political partner and that Germany "needs to take its fate into its own hands." The latest poll shows that 82 percent of Germans agree with her that Washington is an "unreliable partner."

Washington, wallowing in its fabled incompetence, is now worsening all of its empire relationships by threatening its own allies with trade wars. There is no one of sufficient competence in the Trump regime to be able to understand that America's "trade problem" is entirely of its own making and is not due to Mexico, Canada, China, and Europe.

America's extremely serious trade problem is due to globalism, neoliberal economics, and to the New York investment banks.

The US trade deficit with China has its origin in the offshoring of American jobs. Products, such as Levis, Nike shoes, Apple computers, once produced in America by American workers are now produced abroad where wages and various compliance costs are much lower. When these products produced abroad for American markets by US corporations come back to the

US to be sold, they arrive as imports. Thus, the offshored production of US corporations is the most direct cause of American trade deficits.

However, this basic, indisputable fact is never reported by the prostitute media, or by the neoliberal economists or US government statistical agencies. The pretense is that it is all China's, or Mexico's, or Canada's fault. You would never know that it was the direct result of the profit-seeking activity of US corporations.

What has happened is that with the Soviet dissolution, the governments of socialist India and communist China made a decision that capitalism was the wave of the future, and they opened their labor markets to foreign capital.

The American firms that did not want to desert their home towns and work forces by offshoring their production were forced to do so by threats from the New York investment banks. Domestic producers were told to move operations to China where lower labor costs would boost profits or face a takeover of the corporation that would raise profits by moving operations abroad.

The reason high productivity high value-added jobs have exited America is because of Wall Street and the greed of corporate executives and shareholders. As always happens, the ruling interest groups and their Washington puppets blame foreigners, thus protecting themselves.

However, now they have started what is mischaracterized as a "trade war." In effect, the Trump regime is not at war with China and other countries. The Trump regime is at war with the US corporations who moved their production for US markets offshore and with the New York banks that forced this move. The tariffs will fall not on Chinese exports but on the offshored production of US corporations. The tariffs will raise the price that Americans pay for the products that US corporation make in China.

Trump's tariffs on steel and aluminum raise the cost of inputs used in US production functions. Raising the price of these inputs means that the products of US industry made from steel and aluminum also rise in price, thus hurting US competitiveness. This is the opposite of how protectionism is supposed to work. Protectionism works by minimizing the costs of inputs and by protecting outputs with tariffs on competing foreign products. In other words, the prices of domestically produced goods are lowered, and the prices of competing imports are raised.

The neoliberal economists lied when they gave assurances that the US manufacturing and professional skill jobs moved offshore would be replaced with better jobs for Americans. As the official payroll data makes clear, the replacement jobs are worse, consisting as they do of lowly paid domestic service jobs that characterize employment in third world countries.

Jobs offshoring has been disastrous for America. The resulting trade deficit is the least of it. The loss of well-paying jobs has hurt consumer purchasing power. To maintain living standards, consumers have substituted debt for the missing income. The result is that 41 percent of Americans cannot raise \$400 should they be faced with an emergency.

The budgets of states that were once manufacturing powerhouses have also been hurt, calling into question their ability to meet pension obligations. The benefits of jobs offshoring were

concentrated on a small group of corporate executives and shareholders and are dwarfed by the massive external costs of jobs offshoring on the US economy and work force.

Robotics will make the situation far worse. The smart people so happily working on replacement of humans in the work force are in fact stupid. They are destroying the social system. Tariffs cannot protect jobs lost to robots. Moreover, robots don't buy houses, furniture, cars, clothes, entertainment, food, drink, smart phones, computers. All the money saved by replacing people with robots is not available to purchase the products made by robots. Consumer demand collapses. The only solution is the socialization of production that makes all members of society owners of the output. Even this is only a partial solution as it leaves unanswered the question of what people do with their time and what happens to people who do not have to work and to develop their capabilities.

Capitalism, despite the claim that it efficiently allocates resources over time, has a short-run time horizon—the next quarter's profits. Everything about the system is short-term. We have reached the point at which executives destroy the company by indebting it in order to buy back the company's shares, thus driving up the stock price and maximizing their "performance bonuses."

By undermining the strength of the economy, the consequence of short-run profit maximization is to make the US more belligerent. Plunder becomes a way of keeping the system afloat. Thus, hegemony over others becomes a means of survival.

Matters are coming to a head in the Trump regime. Trump's bullying personality mated with the belligerence of neoconservative hegemony produces war in its many forms. The economic warfare with which Washington is threatening its vassals can lead to an independent Europe friendly to Russia.

The decline in Washington's hegemonic power is a prerequisite for the resurrection of the American economy. When plunder is not an option, policy has to turn inward. The responsibilities of corporations have to be restored to include employees, customers, and communities along with shareholders. The Sherman Anti-trust Act must be revived, monopolies dismembered, banks too big to fail broken up, and offshored production brought home by taxing corporations according to whether they produce for the US market at home or abroad.

Historically, foreign trade was unimportant to US economic development. A rising middle class produced a large consumer market that sufficed for the prosperity of large-scale manufacturing and industrial enterprises. This prosperous America was destroyed by globalism. American revival awaits a new class of leaders devoid of the hubris of "exceptionalism" who can reject the role of world bully and focus on the problems at home.