

Crises Shake the German Economy, U.S. Sanctions Must Be Rejected!

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July 29—Everything is happening at the same time: The emissions scandal in the German auto industry,¹ the revelations of a decades-long cartel agreement in the same industry, a geopolitical economic war by the U.S. Congress against Germany and Russia, a threatened trade war between the United States and the European Union (EU), EU threats against the German government, the predictable realization that the shift away from nuclear energy is a disaster, and the growing signs that we are on the verge of a new crash, worse than that of 2008. Are these all distinct, separate processes and phenomena, or is there an inner connection among them? And more importantly, is there a solution which will not force the proverbial “little people” to bear the burden—the consequences of these policies?

What we are currently experiencing are various symptoms of the collapse of the neoliberal trans-Atlantic system, of that economic and social model which replaced the vilified “minor virtues”—such as hard work, honesty, conscientiousness, trustworthiness, and courtesy—with the values of the shareholder and the IPOs, and of maximum profit, and in which the consensus of the elite is that the only crime is to get caught. Just as the taxpayers and depositors have had to pay for years now for the consequences of this shift in values due to the banking crisis, now it is the auto workers and their jobs, and the motorists, who are supposed to pay for the damage.

1. Volkswagen programmed turbocharged direct injection diesel engines to activate some emissions controls only during laboratory emissions testing. The vehicles met U.S. standards for emission of mono-nitrogen oxides during regulatory testing, but otherwise emitted as much as 40 times more. Some eleven million cars worldwide had been programmed in this way when the U.S. Environmental Protection Agency discovered the fraud in September 2015.

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The situation is exacerbated by the fact that many of the players think they can seize the opportunity to make a name for themselves. One example is Environment Minister Barbara Hendricks who, during her latest visit to the Volkswagen plant at Wolfsburg, blamed the entire auto industry for all manner of cheating and consumer fraud, up to and including criminal behavior.

In fact, the industry’s manipulations could lead to in-depth criminal prosecution. And it really doesn’t speak well for the intelligence of the auto industry’s boards of directors and managers that they thought they could carry out such a wide-ranging swindle—which of course required a large number of confidants—in secret for long. It has now been revealed that Audi technicians pointed to the fraudulent Volkswagen emissions manipulations in the United States as early as 2013 in an internal document, and strongly warned of possible punishments and payments for damages. Audi is a member of the Volkswagen Group.

But the root of the problem lies in the fact that the auto industry, as well as the entire German industrial elite, has given in to the various ecologically motivated policy guidelines, even though those industry leaders who have a clue about the natural sciences, know very well that behind the hypotheses of the connection between CO₂ and climate change, lie very different interests and intentions than those arguments which are brought forward. Not the least of these interests is profit for the banks and hedge funds, which make a killing with solar installations, wind parks, and the CO₂ emissions trade. Instead of fighting for scientific clarity on the climate controversy, they tolerate the suppression and ostracism of those scientists who question the calculations of the models that have constructed scenarios

of the connection between anthropogenic CO₂ and climate change.

The cowardice involved in capitulating to the dogma of anthropogenic climate change, almost inevitably led to the fact that the manipulation of auto emissions data posed no great ethical problem for them. The shift to a shareholder value society also unfortunately means that the boards of directors and the managers of the major companies lack scientific and technical competence, but have studied law. Volkswagen, by the way, had already created a sensation in 1987 with a foreign currency scandal.

Federal Transportation Minister Alexander Dobrindt, of the CSU, obviously wanted to seize the current opportunity as well, since, in the midst of the diesel scandal, he took the extraordinary measure of withdrawing certification of Porsche's Cayenne model. Porsche is also a member of the Volkswagen Group. And he imposed a compulsory recall of the 22,000 vehicles which had already been delivered throughout Europe, the cost of which must be borne entirely by the manufacturers—this action could entail a loss of jobs. The engines were produced by Audi, which was already charged with fraud by the head of Porsche's Works Council, which represents Porsche's workers.

Another aspect of these skyrocketing crises is, according to media reports in late July, an ongoing investigation by the EU Commission into a possible, decades-long illegal arrangement between the five German automakers—Daimler, BMW, Audi, Porsche, Volkswagen—and automotive supplier Bosch and possibly other companies, which set up 60 taskforces to coordinate vehicle development, suppliers, and markets. That is a practice which, by the way, is commonplace in other countries. German industry considers this investigation to be an EU attack.

The Attack by the U.S. Congress

As if these scandals were not enough to ruin the image of the industrial elite of the auto sector and other sectors of German industry (after that of the banks), and therefore weaken the economy overall, now there are the new sanctions against Russia adopted by both houses of the U.S. Congress. These sanctions are the



A Nord Stream pipeline facility.

Gazprom

height of madness, and are an attack on all of European industry and whatever sovereignty the European nations have left.

The sanctions bill is based on a whole array of fabricated charges and made-up stories, according to which Russian President Putin allegedly manipulated the 2016 election in the United States, and intends to influence all elections in other countries in the same way, including those of U.S. allies. Furthermore, the power of the U.S. President to change American foreign policy is made subject to congressional approval. That would include, for example, his ability to lift the sanctions that Obama imposed by decree.

This is a blatant attempt by Wall Street, the secret intelligence apparatus called the “deep state,” and the mainstream media, to fence in the President—that is, to rob him of his constitutional power to determine policy. President Trump's approval of this bill signifies a highly dangerous escalation, in response to which President Putin has already announced countermeasures. This also means that any company that does not abide by these regulations is itself the target of sanctions, which—in total violation of international law—signifies the extraterritorial application of American law.

In Article 257, under the headline “Ukrainian energy security,” the bill states, among other things, that it is U.S. policy “to continue to oppose the Nord Stream 2 pipeline”—from Russia to the European Union, through the Baltic Sea—“given its detrimental impacts on the

European Union's energy security, gas market development in Central and Eastern Europe, and energy reforms in Ukraine"; and that "the United States Government should prioritize the export of United States energy resources in order to create American jobs, help United States allies and partners, and strengthen United States foreign policy."

The arrogant imperial domination couldn't be more crass: Germany and the other European countries are supposed to renounce the security of their own energy requirements, which in light of the situation in the Near and Middle East, and the inadequate remaining deposits in the North Sea, can only come from Russia—and instead import liquefied natural gas from the totally over-indebted fracking operations in the United States—for which import Europe is absolutely not technically prepared. Thus it's clear the real goal is to save the Wall Street banks, which are on the edge of implosion.

During his state visit to Finland, President Putin reacted promptly: This is an obvious, geopolitical attempt to impose the U.S.'s own advantage at the expense of its allies. These allies' reaction will show to what degree they still enjoy sovereignty. The first reactions, such as those from Austrian Chancellor Christian Kern and Michael Harms of the Eastern Committee of German Industry, charged that the sanctions imposed by the U.S. Congress were totally unacceptable.

'Russia-Gate' Debunked as a Fraud

The most important intervention against this ongoing coup against President Trump—which has seen the mainstream media, Wall Street, and the intelligence service holdovers from the Obama Administration succeed in creating an anti-Russian hysteria that dwarfs the worst excesses of the McCarthy period—came from the group of former intelligence experts called the Veteran Intelligence Professionals for Sanity (VIPS). They have [provided](#) the expert forensic evidence that Russia did not "hack" the Democratic Party computers during the 2016 election campaign, but that insiders downloaded the data onto a storage device. Thus Trump's argument has been totally confirmed: Russian hackers did not try to manipulate the U.S.

election, but those who are trying to annul the voters' electoral choice with "leaks" of real news and "fake news" are the problem.

The analysis now provided by the VIPS is of the utmost strategic significance, because it proves that there is no basis for "Russia-gate," that is, there is no basis for the assertion that Russia manipulated the American election. As VIPS member Ray McGovern pointed out in an interview with LaRouche PAC elsewhere in this issue of *EIR*, the line that Russia hacked the Democratic Party computers was given out by the party leadership in order to divert attention from the fact that the Hillary Clinton emails which Julian Assange of Wikileaks had published, proved that the party leadership had crushed Bernie Sanders' chances of being elected. It is urgently necessary that members of the VIPS be invited to testify as expert witnesses at investigations not only by the U.S. Congress, but also by the Bundestag. Because part of "Russia-gate" is also the assertion contained in the U.S. Congress' sanctions bill that Russia intends to influence elections all over the world, among them the upcoming Bundestag election in Germany.

The assertion of the supposed Russian influence in the election was kept up by the transatlantic Establishment after Trump's election. The artificially created hysteria was supposed to discourage the President from carrying out his election promise of putting the U.S. relationship with Russia—which Obama had totally ruined—on a sound basis again. The Neo-Cons, the Obama intelligence apparatus, Wall Street and the media it controls, saw in this scandal a good means of putting Trump on the defensive, so that he would not dare to seek a dialogue with Putin. The Hillary Clinton Democrats, for their part, found that "Russia-gate" provided a good way to rationalize their election defeat.

For Germany, opposing the Congress's sanctions by all means necessary, and realizing the new paradigm of the New Silk Road along with Russia and China, is a question of survival. The solution for the German economy lies in a new policy, which returns to a commitment to the general welfare, and sticks to innovation and the technologies of the future. Then it won't be necessary to use fraud to try to compete.