

Jiang Xueqin: Breaking Point - Why the West Is Falling Apart

Jiang Xueqin is the host of the popular educational channel Predictive History: <https://www.youtube.com/@PredictiveHistory> Follow Prof. Glenn Diesen: Substack: <https://glennndiesen.substack.com/> X /Twitter: https://x.com/Glenn_Diesen Patreon: <https://www.patreon.com/glenndiesen> Support the research by Prof. Glenn Diesen: PayPal: <https://www.paypal.com/paypalme/glenndiesen> Buy me a Coffee: buymeacoffee.com/gdieseng Go Fund Me: <https://gofund.me/09ea012f> Buy Diesen merchandise: <https://diesen-shop.fourthwall.com/en-nok> Books by Prof. Glenn Diesen: <https://www.amazon.com/stores/author/B09FPQ4MDL>

#Glenn

Welcome back. We are joined today by Zhang Xueqin, a very popular host of the program Predictive History. So thank you for coming back on the program. Thanks, Vlad. And you're joining us from Los Angeles today. And I did want to ask you about how you see the developments now for the United States, because it seems that more and more Americans seem to believe that the country is going in the wrong direction. At least this is what we see from polling, and this is largely due to stagnant wages, rising oligarchy, economic inequality, social problems, decline in trust in both media and government, diminishing freedoms.

Of course, we have the endless wars, political polarization, the crippling national debt is, of course, a huge problem, and the list tends to go on. And I'm reminded of Paul Kennedy's book from 1987, *On the Rise and Fall of the Great Powers*. He also was good at presenting this concept of imperial overstretch, in which the strategic commitments will far exceed the economic strength. I was wondering, to what extent do you see there now in the United States any indications of this imperial decline? What are the symptoms you would look at?

#Jiang Xueqin

Yeah, so I've been in Los Angeles for four days. It's my first time actually in Los Angeles, and I was invited by The Theo Von Show. So I did a podcast with Theo Von, and he was very generous in flying me over and having me stay in a very nice hotel. So I'll share some of my impressions of Los Angeles, and I will then explain what the signs of imperial decline are. So the first thing that struck me is I'm staying at a five-star luxury hotel. Theo Von was very generous with me. And in the morning, I went for a walk around the West Hollywood area. And West Hollywood is one of the most prosperous areas of not just Los Angeles, but also the United States.

Just gorgeous buildings, and the people are beautiful. And as I'm walking in one of the residential neighborhoods, I see a pile of dog shit in front of me. And I walk around it. And it takes me a couple minutes before I realize that it didn't actually come from a dog. And I just think to myself how, in a society, you have people who don't care, who just feel, you know, in broad daylight, just take a dump in the middle of the street and no one cares. And what this tells us is, this is really a breakdown of the social contract. I feel as though people don't feel that they're part of society.

I feel that society has abandoned a lot of people. So I went to a dinner party last night in the Pacific Palisades, which is where all the movie stars live. And the mansion where the party was at, it was a \$20 million mansion. It was just a beautiful, huge mansion. And the thing that struck me was how extreme and outrageous it was to have a \$20 million apartment, because you can't actually use the space. It was just one family and their army of domestic staff. But you can fit, like, 100 people in there easily. And I look up the hill, and there's a \$20 million mansion, which I assume is, like, 10 times bigger.

At the dinner party, I run into Max Blumenthal. We're sitting together, and we're complaining about the outrageous luxury of the Pacific Palisades. So we decided to go to Skid Row as a comparison. So we drive to Skid Row for the night. And Skid Row is literally a scene from an apocalyptic movie. I mean, it is just dark. And there was a woman running around naked in the streets. And these are people, I believe there's about 4,000 of them, who have been completely abandoned by society. The government pretends they don't exist. In the evening, I'll take a walk around my hotel, and there are homeless people everywhere.

So another very important sign of imperial decline is just the inequality and the moral decay. Like, these people have just been abandoned by society, and they're just left to their own devices. The massive inequality is a major indicator. The third thing is, I went for breakfast, and I tried to find the cheapest place I could find, and I ended up paying \$17, \$17 U.S. dollars for avocado toast. I'm not sure if you've had avocado toast, but it's not \$17. And I don't know how people can afford the prices in this country. So there's inflation, but what inflation really tells us is just basically the degrading of the currency.

The U.S. dollar isn't really worth anything anymore because they just printed out trillions these past 10 years. And they continue to print out trillions in order to sustain the economy. You have the AI debt bubble that everyone thinks is going to pop sooner or later. You have this war in Iran where tens of billions are being spent every week with no actual purpose and with no strategy in sight. And meanwhile, you have political polarization in Washington, D.C., where rather than focus on core issues, both the Democrats and Republicans are pointing fingers at each other. So I think there are lots and lots of signs of imperial decline. And I'm not very optimistic about the future of the United States.

#Glenn

It's very strange, the whole economic philosophy they now have, because it used to be a time when an economy was assessed by its ability to serve society. In the 19th century, you would have all these American economists saying, including liberal economists, who would point out that it's important to tax the rent seekers to prevent the rise of an oligarchy. And these taxes should finance infrastructure, not just to enhance competitiveness in international markets, but also enhance the standard of living for the average citizen.

But these days, you get the impression that, well, I remember there was an article in the '90s that was published: "There's a solution to all these towns dying out in America. You all just move. If you can't adapt, then either you adapt or die." So, as you said, all these people who fell behind and there's no room for them anymore in the economy, they're essentially ignored by the state, pretend they don't exist anymore. But this can create a revolutionary mood if you have a significant part of the population that no longer believes it has a vested interest in preserving the status quo. You're willing to throw a wrench into the system.

I guess for many people, voting for Trump was this wrench. But one thing that I wanted to ask as well was the proclivity for using military force, because I often talk to people—well, retired colonels and all—from the U.S. military, and they always make the point that, you know, we're heading for an economic crisis. We can't afford this empire anymore. We should retrench. We should avoid these forever wars. Again, why people voted for Trump. But instead, we tend to see that declining great powers, they seem more likely to use military force at a time when they essentially can't afford it. How do you explain this dynamic?

#Jiang Xueqin

I think that the use of military force is just another sign of imperial decline, where you have an elite army who live in their bubbles. And they're not the ones who are being sent to fight overseas. They're not the ones who suffer the consequences for military losses. If the United States loses a war in Iran, the taxpayers have to foot the bill, not the billionaire class. So I think of this absurd situation where the elite live in their mansions, their fortresses in the Pacific Palisades, and they host their fabulous dinner parties, and they only know each other. They live in a bubble, and they're intent on maintaining their imperial hubris. They want to maintain their standard of living. They want to make more money for themselves. And they want to sacrifice all society. They want to burn off society in order to maintain their imperial privilege.

They want to feel good about themselves. They want to live in a world where America is the only superpower. They had this nostalgia for the United States of the '90s, during the unipolar moment, when really the entire world was looking to the United States for salvation. The Soviet Union had collapsed, and the United States was seen as a fundamental force for good in the world. And these people, the elite, they are stuck there in that world. And meanwhile, American society has declined and become much more corrupt because of the extravagant greed of the billionaire class. And so,

even though we on the outside see this as folly, even though we believe that the United States cannot possibly defeat Iran in a war, and this will cause economic turmoil not just in the United States but throughout the world, the elite themselves live in a separate reality.

They think that America is doing good by getting rid of a fundamentalist terror regime who is intent on nuclear weapons and who is intent on dominating and destroying the Middle East. So it is important, it is good that Iran be destroyed. And they also believe that the war is going well for the United States, that it's crippling the Iranian economy. The leadership is in disarray, and any day now, the Iranians will... So what Donald Trump has said is, "We're winning the war. It's not our fault if the Iranians don't recognize they're losing." So these are people who are essentially the baby boomer billionaire class, and they just live in their own separate reality, completely divorced from our reality.

#Glenn

Yeah, well, it's often made the point that the collapse of the Soviet Union also introduced a disaster for the US. So again, it was celebrated that the adversary was defeated. But what's often missed was that the adversary balanced the US. It forced the US to embrace strategic thinking, to constrain itself, to be measured. Afterwards, essentially, the strategy of the US, the hegemonic strategy, was to be everywhere. This diminishes strategic thinking because now, suddenly, you don't have to make priorities. You can absorb a lot of pain if you make a lot of mistakes. And also the whole idea that you don't have to know everything about all the backgrounds, the complexities, because there's this arrogance that you already have all the answers.

I mean, in short, I think the U.S.—yeah, the whole imperial overstretch in terms of having obligations everywhere on the planet, every corner of the world, the U.S. should have final say. This unavoidably would exhaust the U.S. Many people did warn about this in the '90s, though. They would exhaust themselves. All the resources from the core would be siphoned off to the periphery to run an empire. That's largely what you're talking about, isn't it? That is, all the infrastructure, all the poverty increasing, all this money that can be spent on the population is going abroad to run an empire. Yeah.

#Jiang Xueqin

Yeah, you're absolutely right. So a very good historical analogy is the Roman Republic. So there's been a lot of debate about why the Roman Republic failed. But the Romans themselves believed the Roman Republic failed because they destroyed Carthage. Like, right before the Third Punic War, there was a huge debate in the Roman Senate as to whether to actually attack Carthage. And people like Cato the Elder wanted to destroy Carthage once and for all because they saw Carthage as the final and ultimate threat to the supremacy of the Roman Republic. But there were others who cautioned, listen, we need an enemy to balance us out.

If we destroy Carthage, then we will become arrogant like every other empire in the past, and we will be torn apart by civil war, civil strife. We will embark on pointless military adventures overseas. We'll expand too fast. We will financialize the economy and bankrupt most of our population, while an elite become corrupt, arrogant, and insular. And that's exactly what happened. So they destroyed Carthage, and the Roman Republic fell maybe 150 years afterwards. And so this is a very similar situation to the United States. There's been reporting that when Donald Trump ordered the attack against Iran, he did not believe the Iranians would close the Strait of Hormuz.

He did not believe the Iranians could maintain cohesion. He did not believe that the Iranians would strike GCC energy infrastructure. He didn't believe any of this stuff. In fact, they didn't have a plan B. They didn't have a plan to continue the war for more than four weeks. They thought that air bombardment, decapitation, would be enough. And this is reporting from the Trump White House. And everyone's like, this makes no sense. They can't possibly be that stupid. Not that stupid, but they are that arrogant. Remember, it was not just the collapse of the Soviet Union that fed the arrogance of Americans.

It was really the 2003 Iraq War, where about a couple weeks, the Americans went in, bombed the crap out of the Iraqi military, and they were able to decapitate the regime and impose their will. Then you have, on January 3rd of this year, that Delta Force strike on Venezuela, where they were able to very smoothly, perhaps with no casualties, capture, kidnap the president, the sovereign head of state, Maduro. And now Maduro is standing trial in New York City. So I know that a lot of things don't make sense, but that's because we're not living in their world. In their world, everything is perfect and everything will go their way.

#Glenn

I think that was a disaster for them. Again, that success, if you will, in Venezuela, probably they wouldn't have gone into Iran with guns blazing and full of optimism if it hadn't been preceded by that victory. But again, a lot of Americans did recognize, though, that there were indications of imperial overstretch. At least I assume that's part of the reason why many people voted for Trump. That is, the whole principle of America First can be interpreted as, you know, if we have an imperial overstretch, if our commitments around the world have now exceeded our economic capabilities, then what would the solution be? You would shed some of those international commitments. You know, this is essentially how America First was initially communicated, it seemed. That is, let's just put this country first and, you know, we can't protect the Europeans.

We can't, you know, this and that. And at least, well, Trump didn't want to walk away from empire, but he indicated he wanted a return on investment. That is, all of Europe, their satellite states, should at least pay him for the privilege of being protected. But it didn't go this way, it seems. I mean, he's got more wars now. Initially, it was going to cut costs with Musk. Then this kind of went a bit out the window as well. How do you explain, I guess, what happened to America First? Because I thought that he had a good point during his campaign. I recognized the disease that is imperial

overstretch. I thought, well, what do they need to do? They need to scale back the empire, restore some fiscal discipline, and shed some of their international commitments. What went wrong there, you think?

#Jiang Xueqin

Yeah, so when a president comes into power in the United States, it's usually because he's supported by many different factions. So in Trump's second term, he was supported by two major factions. You had the America First faction of people like Tucker Carlson, Tulsi Gabbard, J.D. Vance. And they wanted America to withdraw its commitments from the world and focus on building up the manufacturing capacity of the United States. And that's one faction. But then you also had another faction that people didn't appreciate, which was the Israel lobby or the Israel First faction. And these people were always around.

And so in this administration, they are represented by people like Peter Hegseth, Michael Waltz, who started out as National Security Advisor and now he's UN Ambassador. And then you have people like Howard Lutnick, Jared Kushner. And people didn't really appreciate the influence of Israel in the Trump administration. And what's interesting is that if you go back to the first term, the presence of the Israel First lobby was always there. So remember, in his first term, even though there was a chaotic foreign policy, Trump declared a trade war against China, and he was trying to withdraw troops from Syria.

But one policy, one foreign policy directive that was fairly consistent was a pro-Israel sentiment in the first term. So Trump withdrew right away from the JCPOA. He basically destroyed the Iran nuclear treaty. Then he moved the American embassy from Jerusalem to—sorry, he moved the American embassy from Tel Aviv to Jerusalem, which is something that Israel has been asking for decades, and no American administration agreed to it because they knew how volatile politically it would be. But Trump did it. Trump promoted the Abraham Accords. Trump also recognized Israel's control of the Golan Heights.

And the most dramatic thing that Trump did, and most consequential, of course, was he ordered the assassination of General Qasem Soleimani, which is what precipitated this crisis with Iran. So in his first term, he was very much Israel first. And what's interesting is that when he lost power, the people around him who stayed loyal, who stayed the most loyal, were actually Israel-first people. And this included people like Sheldon and Miriam Adelson. Sheldon Adelson was Trump's biggest financial backer, both in 2016 and 2020. People like Sean Hannity, who is this Fox TV news host who is very close with Trump. They speak on the phone every day, I believe.

But also, he's an ardent Christian Zionist, okay? So he's not a—he's not an Israeli, he's not a Jew, but he believes in Zionism. So the Israel First people never gave up on Trump, and I think that when Trump was in Mar-a-Lago during those four years when he was under siege—remember, the FBI raided his Mar-a-Lago house looking for classified documents. There was Democratic lawfare against

him. And there were times when he almost seemed on the verge of bankruptcy, right? So he was in his worst days during those four years in exile, and the Israel First lobby continued to support him. And so I think that he feels his loyalty to Israel. And in many ways, I feel that Trump launching this war against Iran is a way to thank Israel for its support for the past eight years.

Because there's only one country in the Middle East that benefits from any of this, and it's Israel. The United States doesn't benefit. The GCC are really suffering. And because I think that Trump is beholden to Israel, for whatever reason—we don't know why he's beholden to Israel, but it's clear that he's beholden to Israel—I think this war can only escalate until it engulfs the entire Middle East. And already we're seeing that because the Houthis have been brought into the war, and the Houthis represent an existential crisis to Saudi Arabia. So Saudi Arabia has recently signed a military defense pact with Turkey and with Pakistan. And there's even talk of bringing Egypt into this pact. You can imagine the main purpose of such a pact would be to launch a multinational coalition against the Houthis.

So imagine Saudis aligned with the Egyptians and the Pakistanis and the Turks launching an aggression against the Houthis. This could only end in a disaster because the Houthis are heavily fortified in the mountains, and the Houthis are being supported by the Iranians, and the Houthis have access to drones and ballistic missiles, and it's very easy for them to destroy the energy infrastructure of Saudi Arabia. And that's already what's happening. So again, there's complete chaos and turbulence in the Middle East. And again, the only country that seems to be benefiting from this is Israel. So we have to imagine that Israel, for whatever reason, has a hold over Donald Trump, such a hold that Donald Trump is willing to abandon his allies, Tucker Carlson, you know, MTG, Joe Kent, these people, Thomas Massie, and now he's completely all in on Israel.

#Glenn

Yeah, very much seems to be the case. Well, if he can get these Arab states to fight his wars, though, this would be, I guess, one achievement in terms of the U.S. reducing its global commitments. That is, he would expect the U.S. to shift burdens onto allies, to make them carry the weight, which is very different from what you saw after World War II, when the U.S. looked after the security of all other states. It had generous trade agreements to its frontline states, and now, essentially, they have to get allies to carry their weight. Essentially, well, in Europe you see the same attempt to outsource the Ukraine war to the Europeans again. I notice Trump talks about ending the war, but at the same time, he is using this war to push the Europeans to arm themselves to the teeth, though.

And that's also what I want to ask you about Europe, because, again, this continent destroyed itself in two world wars. And you can argue it had its life extended by hitching its wagon to the United States, although as a junior partner. But it's also, of course, trapped the Europeans in this very strong strategic dependency. The goal over the past decades has obviously been to elevate itself through this collective bargaining power, to have some kind of equality with the U.S. I think over the

past 20 years, this has faded away, any possibility of achieving this. But what we see is a very interesting period in history, though. That is, the U.S. is losing interest in an increasingly irrelevant Europe, while the Europeans seem to be only increasing their dependency on the United States. What does this tell you about Europe's future?

#Jiang Xueqin

Yeah, so what's happening around the world is a very common pattern of imperial decline. So what the United States is doing is not shifting the security burden onto its allies. What the United States is doing is catalyzing its allies. And so it's a very important distinction because if you think about it, there's absolutely no reason why Europe should be at war with Russia. Left to their own devices, I'm pretty sure the Europeans would conclude a peace treaty with Russia that would be mutually beneficial to all sides and which would bring peace to Europe. Left to their own devices, Saudi Arabia, the GCC, they would seek an accommodation with Iran as soon as possible, right?

Because the UAE, Kuwait, Iran, Qatar, they can't afford much longer for the Strait of Hormuz to remain closed. They would want an immediate ceasefire, and they would probably be willing to pay \$20,000 to ensure a ceasefire with Iran. Left to their own devices, you would have peace. But the American empire has a problem, which is a \$40 trillion national debt. So if America were to retreat from the world, this national debt would collapse and the American economy would collapse. The fiat currency, the U.S. dollar, would go to zero without global demand.

So the only way to resolve this is to force the Europeans, the GCC, the Japanese, the South Koreans, so-called American allies, to continue to subsidize the American economy by continuing to buy U.S. debt. And the best way to do that is to force them into conflict with their neighbors: Japan versus China, Europe versus Russia, the GCC and Israel versus Iran. And you sell them weapons that are overpriced and which are redundant and which aren't very useful. And then this is a way to continue the easy money, or continue financing the U.S. national debt. There's a news story of the GCC nations, I believe it was Oman and Kuwait, who bought 5,000 Patriot missiles from the United States.

We should see more of these news items as we go along. And these Patriot missiles, remember, it's been proven these past three months, these Patriot missiles don't actually work. Patriot defense systems do not work against Iranian ballistic missiles. You know, your fantastic guest, Ted Postol of MIT, who has very clearly explained that these air defense systems don't actually do anything, that it's very easy to circumvent them. But again, the point is not to win this war. The point isn't even to force this war on American allies. The point is to cannibalize American allies by forcing them to buy redundant and useless American defense systems.

#Glenn

Well, to what extent do you think that the American plan could be a recipe for, I guess, reversing the decline of the United States? Because if I would look towards the future of the U.S. versus

Europe, I would want to see what made them successful to begin with and, well, which one of these variables are still present? It looks as if the U.S., though, would have more to fall back on, as opposed to the Europeans at the moment, with, you know, these de-industrializing economies, the lack of cohesion among the different states. Overall, I don't see a good economic model, a clear place in the world, as the world is now multipolar. So how do you see those two? Well, I wouldn't call the Europeans giants anymore, but these two actors?

#Jiang Xueqin

Yeah, so I think the United States wants the Europeans to go fight the Russians. And there's no appetite among the European public to fight this war. And what's going to happen is that the European political leadership is going to sleepwalk into a war with Russia, possibly by sending in special forces in the beginning to aid the Ukrainians. But eventually, you will have conscription. You will have young men be conscripted to fight this pointless war in the trenches of Ukraine. This will lead to political revolution in Europe. And the reality is—

#Jiang Xueqin

People are sleepwalking into tragedy and disaster. It's almost like a remote control. It's almost like a zombie political system that they have in Europe nowadays. And they do this not because they hate Russia. They do this not because the Americans are forcing them to do this. They do this because it's a path of least resistance. Because it is too hard conceptually and mentally and psychologically for them to seek an accommodation with Russia. In their minds, they believe that Russia is the way to Satan, and they have to defeat Russia. So it's a lack of imagination, it's a lack of political will, it's just a lack of energy now. I mean, the reality is that the Europeans are controlled by these bureaucrats who are looking forward to their huge pensions and who spend most of, you know, their day and their time planning their vacation. And so, I mean, Europe is just an ossified bureaucracy right now. They're just sleepwalking into the disaster, and there's no way around it.

#Glenn

No. Well, what you suggest, though, is the need for domestic political change. Do you see it? Because I can kind of interpret the current events in two ways. On one hand, you see the political leadership being weakened severely. That is, it's not just unpopular; it has a legitimacy crisis. On the other hand, whoever seems to replace the former ones—for example, the best case would be in the U.K., where Starmer is effectively replaced with a younger Starmer, but more or less the same. It's just a facelift. And one gets the impression, even in France, if Macron would give way to someone like Le Pen, would she really be that different? I mean, do you see simple elections, or does it have to be a shift, like a regime change, essentially, a shift in the entire political system?

#Jiang Xueqin

I think Europe is heading into a lot of trouble. I think that a lot of opposition in Europe is controlled, as you point out. And so, look at Spain. So, a couple of weekends ago, there were 50,000 migrants who flooded Ceuta, which is an enclave of Spain on the African continent. And this is something that was coordinated and directed by Moroccan authorities as a sort of political leverage. And this put tremendous pressure on a left-wing coalition led by Pedro Sanchez in Spain. And so you can imagine that, given all this pressure, they'll probably lose the election to who? Vox. And the leader of Vox has proven to be a pro-Zionist, pro-Israel, pro-war individual.

So it's kind of an absurd situation where if you oppose the American Empire, they will fund opposition groups, and then they will use all their resources to undermine your credibility and put tremendous pressure on your population. And so there's still a lot of tools that the Empire has in their kit to impose their will on European populations. And I think that for the Europeans, the next 10 years, they will be stuck doing the bidding of the American Empire and the Zionist forces. And this is not a very optimistic future for the Europeans. The reality is that we have a society in decline, and the United States and Europe are very much societies in decline. It is impossible to arrest the decline. It's only a question of how fast does it die.

#Glenn

Well, if you look at them, again, declining great powers will engage in more wars. One of them, of course, is the Ukraine war. Again, the Europeans will be more dependent on the United States as long as this war goes on. But at the same time, how long can this war really go on? Because at the moment, it's escalating rapidly, quite fast within the format of only being Ukraine. If, again, in a few months' time now, Ukraine begins to collapse—and I'm not saying it would happen this winter of '26—but nonetheless, one will see huge problems on the front line, the manpower issue. Obviously now they don't have air defenses anymore, and the Russians have decided to retaliate heavily against the NATO escalations and Ukraine escalations by really pummeling Ukrainian cities and even putting a naval blockade along its entire Black Sea coast.

So it doesn't seem very stable anymore. That is this ideal scenario for the United States and the Europeans, where the front lines would remain somewhat unchanged and the Ukrainians and Russians would just gradually bleed each other white. This appears to be coming to an end, as we seem to be reaching a breaking point. So how do you see this war progressing? Because it seems too soon for the Europeans to send in their own public. There's no willingness. Even some of the most Russophobic countries still don't want to send their own men in yet, it seems.

#Jiang Xueqin

So this is not a war between Ukraine and Russia. If it were a war between Ukraine and Russia, this war would not have started in the first place. Zelensky would have signed a treaty with Russia from day one to avoid conflict. This is clearly a war between NATO and Russia. Zelensky is clearly a paid actor. He's literally a paid actor. He's a proxy for NATO. And you're actually right in that the

Ukrainian front line, they're exhausted. They're out of manpower. They're very corrupt. The morale is very low. But as long as they keep on getting support from NATO, this war can drag on for a long time.

A really worrying development is that a couple weeks ago, there was a Ukrainian drone strike on an Iranian cargo ship transporting goods in the Caspian Sea. The Caspian Sea is actually pretty far from Ukraine. So the Ukrainians went out of their way to attack the ship and then announced it. And I think that what they were saying was that his ambition is to draw the Americans into the war in Ukraine by uniting both fronts, right? By showing that Russia and Iran are allies. If you want to defeat Iran, you have to defeat Russia as well. The Americans aren't interested in merging both fronts, so Zelensky had to apologize to the Iranians.

But we can imagine that this sort of stance will continue because NATO is desperate to force the Americans to support this war in Ukraine. And so I think that these strikes in the Caspian Sea, this strike against Iranian interests, will continue. So I don't think this war will end. I think it's much more likely that this war in Ukraine will merge with the war in Iran. And this contagion, this domino effect, will continue to spread. Another area of contention, another flashpoint in the world, is the South China Sea. So Taiwan will always be a flashpoint between Japan and China. And I think that North Korea may enter the battlefield sooner or later.

#Glenn

Well, that's interesting because the North Koreans have already, in a big way, entered the Ukrainian battlefield. But you do see that these three powers, Russia, China, and Iran, represent the three main powers in the western part of Eurasia, the eastern part, and the southern part. So these are the main three rivals of the United States. But to an extent, well, we see the Russians and Iran getting quite close. But how deeply involved do you think the Chinese might get in either the Iran war or the Ukraine war? Or how deeply involved are they?

#Jiang Xueqin

So it is this classic Chinese geopolitical strategy to maintain neutrality so as to maximize options. So for the longest time, China was trying to keep aloof from this war in Ukraine and from this war in the Middle East. So China has always kept its distance from this war in Ukraine, and China has been very compliant with American sanctions against Russia. This war in the Middle East directly affects Chinese interests because China gets a lot of oil and energy from the Middle East. And so China was working very hard behind the scenes to seek a diplomatic solution. I don't think the first ceasefire would have happened without Chinese intervention. And I think that China was very insistent on both parties, both the Iranians and the Americans, respecting the MOU. One really interesting thing that the Chinese did was cut off oil imports by at least 50%.

And the reason why the Chinese did that was to stabilize oil prices, to give Trump the sort of political incentive to seek peace as soon as possible with the Iranians. So the Chinese have done a lot to try to end the war in Iran as soon as possible. But the Americans, what they're doing is they're aggravating China by imposing new tariffs, by sanctioning a lot of Chinese companies, and by encouraging Japan to remilitarize. Right now, there's a Quad happening in East Asia: Japan, India, the Philippines, and Australia. We can imagine that the United States is pulling a lot of strings behind the scenes. So even though China wants to seek an accommodation with the United States, the United States seems intent on strangling China.

And there's many in the United States who see China as the real threat. When an empire is in decline, it sleepwalks into disaster. So there's actually no reason for China to help Iran and Russia, but the United States is giving China a lot of reasons to do so. So we can expect a lot more points of cooperation between Russia and Iran. Something really interesting to look at is the Arctic route, right? So China has something called the Strait of Malacca dilemma, which is to say that most of Chinese trade transits through the Strait of Malacca. And the Strait of Malacca can be easily closed off. So for the past few years, China has tried to create an Arctic Silk Road, and that is going very well. But it entails direct cooperation with Russia.

#Glenn

We always see that somehow China is included in all these conflicts. For example, when General Keith Kellogg was arguing for why it was such a good idea to fight this war against Russia, he was making the point that we use Ukrainians to remove Russia from the chessboard of major rivals, and this will allow us to focus on China. And at the same time, you have all these U.S. senators and different commentators who make the point that, well, at least as the war goes on in Iran, we're able to cut off the Chinese of important resources. Scott Bessent was making this point as well.

So it does seem like China is, well, again, the ultimate target here. So, well, I did want to ask about the mood in China, because if the Chinese recognize that a key goal of weakening Russia or cutting off key resources from Iran is to harm the Chinese, how do you see that China is preparing for a possibility of a conflict with the United States? Or what are the possible pathways there? Because we can already see a possible World War III being unleashed through the Middle East. We can see it starting perhaps in Europe over this war with Russia. But do you see a pathway in Asia as well?

#Jiang Xueqin

So I think that the major flashpoint in East Asia will be North Korea. And so here's my logic. Right now, China wants to reunify with Taiwan. And this is the major political agenda for China. But China doesn't want to retake Taiwan militarily. That would be a disaster, and it would not end well. China wants to create economic and political leverage in order to reunify with Taiwan. The opposition leader of Taiwan, a woman named Cheng Li-wun, visited China a few months ago, and she was

welcomed by President Xi Jinping. And she is very much interested in reunification, and she'll probably win the next general election in Taiwan. So China believes that over time, Taiwan and China would reunify peacefully. And that very much would be the major political triumph for the Communist Party.

It would end China's sense of humiliation when the Western powers came to divide China up, you know, carve China up into different pieces. The problem is that the Japanese have stated that Taiwan is core to Japanese strategic interests, meaning that Japan relies on global trade. And if China were to take over Taiwan, then China could use Taiwan to embargo Japan and block Japan from Southeast Asia. So Japan would not allow the unification of Taiwan and China. And in fact, these past few months, the Prime Minister Takeuchi has launched a frenzy of remilitarization. And she's been fostering close military cooperation with India, with the Philippines, and with Australia to counter what they perceive as the China threat. Now, Chinese geopolitical strategy is to try to avoid kinetic warfare.

China does not like to fight wars for a variety of reasons. And so what happened was that in May, right after Trump and Putin visited China, President Xi Jinping made a personal visit to North Korea. And I think the logic of this is to use North Korea as a point of leverage against Japan. Because if North Korea is lobbing missiles into the Sea of Japan, this is going to freak out the Japanese population. And already, the Japanese population do not want to remilitarize. There's been lots of protests against Japan's aggression. And so hopefully, the great hope is that by using North Korea as a point of leverage, Japan and China can come to a compromise via Taiwan. But unfortunately, I think that the Americans are trying to co-opt the Japanese political system.

So Japan recently announced they were forming a CIA, which of course would be modeled on the American CIA. We can also imagine, like, eventually Japan will form an FBI, an NSA, basically create within Japan the infrastructure of the American deep state so that America can impose its will through these intelligence agencies in Japan. So America is trying to vassalize Japan and use Japan as a pawn in this great game against China. So I think this is how the geopolitical situation will turn out in East Asia. And the Chinese understand this, and the Chinese are very patient and they think long-term strategically. And if China were to bring North Korea into the picture, there's very little Japan can do about North Korea.

#Glenn

Yeah, it's not a country you want to go to war with either. Well, what is there to gain? Well, just as a last question, because you've been quite successful in many of your predictions, what is it that you keep your eye on at the moment, or what is it that keeps you up at night? Do you see any worrying trends happening?

#Jiang Xueqin

Yeah, I think that society is much more volatile than we think. So we're focusing on the geopolitical picture, but these societies are powder kegs. So if you go to England, if you go to France, if you go to Germany, if you go to Spain, the population is really unhappy with the way things are. I'm in Los Angeles, and it's my first time in the United States in two years. And the signs of unparalleled decline are everywhere. And I can't believe that Americans are happy with outrageous food prices. Also, by the way, I'm not sure if you had a chance to visit the United States recently. The food is pure poison in the United States. I've been here for four days, and every single day I've had diarrhea. And I pay a lot of money for this food. I make sure to go to good restaurants.

But they put something in the food, whether it's GMOs or some sort of growth hormones or whatever, but it's causing my stomach to rebel against me. And my system is having problems dealing with American food. And all the Europeans say this. The Europeans come to the United States, and they can't believe the pure poison that the Americans are eating. So I don't understand why the American people are putting up with this crap. And I think that eventually there'll be a trigger, and you're going to have a lot of violence in the United States. So I think that is something that people are not aware of. We're too focused on these flashpoints, and we don't recognize that within all these societies, the people, the population, is extremely restive, extremely frustrated with the political leadership. And at any point, things can blow up.

#Glenn

Do you see something similar in Europe, though? Because, well, again, I guess Britain does look very stable. In France, every now and then, you have some generals who are predicting civil war. And, of course, in Germany, there's also... I guess the political culture is looking a bit dark. That is, once you begin to refer to your political opposition as enemies or traitors, you can't really have peaceful change in power anymore.

And the Germans just—well, Merz, the chancellor, recently made these secret deals where he was looking at how to strip some of the states in the republic of their autonomy if they vote the wrong way because they saw them as being too friendly to Russia, which means they're not gung-ho on war, apparently. So how do you see the political stability in Europe? And of course you have this separate layer where they have the EU, which is trying to make sure people don't vote the wrong way and keep everything in place. However, the more it holds everything in place, the more tensions are building up. So it just looks as if this can't really last forever.

#Jiang Xueqin

Yeah, so a good historical analogy is the 1848 revolutions in Europe. And you go to the year 1840, it's very similar to what Europe is like today. You have economic malaise. You have a lot of inequality. You have a lot of corruption. You have an aloof elite. But there's peace in Europe, and it seems as though the population, they're not happy, but they won't rebel. But a few years later, because of climate change, because of weather patterns, there's a famine throughout Europe.

And then what happens is, I can't remember the exact starting point, but in one nation, there's a popular uprising, and the very next day, all of Europe is engulfed in flames. So I think that this war in Iran will create famines throughout the world, especially in Africa. It's going to cause food prices to skyrocket in the United States. And I'm not sure what the pain tolerance is among the American population. So these things are impossible to predict, when they'll happen. But I think the ingredients are in place, and all you need is a spark. And a spark could possibly be massive inflation caused by this war in Iran.

#Glenn

Yeah, that's an issue we didn't cover. That is the pending economic crisis. I mean, this is another thing that seemingly can't go on forever. But we're going to have to leave that for next time, unless you have a quick answer for it. Where are we headed?

#Jiang Xueqin

Well, I think we're heading towards total financial collapse. I think that the economy in the United States, it's just a Ponzi scheme. You've got both the private credit bubble, which is worth about \$2 trillion, and you've got the AI bubble, which is also trillions of dollars. And these are not sustainable bubbles. And I think that once these bubbles pop, the full brunt of economic pain will manifest itself.

#Glenn

Well, on that happy note, thank you very much for taking the time. I always appreciate speaking with you.

#Jiang Xueqin

Thanks a lot.