Martin Armstrong: Economic Collapse Has Started & the EU Will Break Up

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#Glenn

Welcome back, everyone. Today we are joined by Martin Armstrong, an economist, founder of Armstrong Economics, and one of the great economic forecasters. And I would add, one of the things that makes Armstrong especially interesting is that he doesn't only look at markets in isolation, but again, how it should be seen, that is economics with government debts, monetary policy, fiscal policy, geopolitics, social unrest, to try to make some sensible forecasts and look for cycles that link them all together. So thank you for coming back on. We spoke, it's been a few months now, I think.

#Martin Armstrong

Well, thank you for inviting me. Yes, we have to look at everything because everything is connected. I've said plenty of times, you don't see war when everybody's fat and happy. You know, you got to turn the economy down, and then you get the tensions, you know, civil unrest or war or whatever. But they just, you know, when everybody's fat and happy, there's no problem.

#Glenn

So I guess my first question would be, what is it that's attracting your attention these days or keeping you awake at night? Because there's a lot of things happening at once. We see the unraveling of geopolitics. We see the unraveling of the international economic system. We have often what seems like a complete absence of diplomacy, problems in society, etc. Where do you see the market and geopolitics headed?

#Martin Armstrong

Basically, you're looking at, I think, two really rogue heads of state, Netanyahu and Zelensky. And what I mean by that is that they don't really care about the rest of the world. It's what they want, period. You had Trump lift some of the sanctions on Russia to try and ease oil prices, and Zelensky says, "No way," and starts attacking all the refineries. So we have these conflicts. That's not what I want. So we're not on a unified level, I would say. And here in the States, it's pretty much understood that, I mean, the press may not want to say it, but this is Netanyahu's war in Iran. He was the only head of state ever ushered into the Situation Room.

And, you know, you look at that war, and it's classic Netanyahu. His strategy has always been assassinate the head of state or head of a party or something like that, and he thinks he automatically wins. So it was sold to Trump that he knew where the Ayatollah was. We kill him on day one, and we win. And it was equated to, like, Venezuela. But, you know, he was pitching that since 1996 to just about every president up to this time. And I question whether the intel that Trump was given was confident, in all honesty. I mean, I've had some arguments with some people, and I said I would have secured the Strait of Hormuz before the first bomb fell. And it was like, well, you know, how did you know?

I said, how did you not know? You know, every war game that I ever heard of ten years prior, they went and took the Strait of Hormuz. So I question the competency in this. You know, it's... And now the problem, I think, with Trump is that he doesn't want to admit that he's made a mistake. So backing off on the bombing and going to sanctions is really admitting that the bombing didn't work. And sanctions don't work either. I mean, there's no evidence of anybody imposing a sanction that functions. We put sanctions on Cuba in 1960. They're still there, right? We've got sanctions on Russia—I mean, Iran. I mean, obviously, they don't work. They may make some people feel better. You know, bravado, they've done something.

But there's no real evidence that such sanctions have ever actually resulted in bringing down a government or something, right? Particularly because when you do that, take Russia, for example, the people don't blame Putin. They know who's doing it. And they also don't want to admit why Putin was so popular and had over 70%, mainly because when Yeltsin turned to him, Yeltsin was being attacked by neocons in the United States trying to stuff in Berezovsky and a regime change. And inside Russia, the old communists had filed a motion for impeachment. So they were trying to take it back the other way. And that's why Yeltsin turned to Putin. He wasn't an oligarch and he wasn't a communist. And that's why he was so popular.

The people cheered. But in the West, because he basically shut down their attempted regime change, all we've gotten from the West is that he's evil, he's this, he's that, because he defeated them. And they continue to say that, oh, he wants to invade Europe, as if this is still Khrushchev. Back then, it was a philosophical war. You know, communism is better than capitalism, and we will bury you. That failed in '91. I mean, there's nothing there in Europe for Putin to actually take. Like when Japan went into Manchuria, it was for natural resources. There has to be some sort of benefit to this. Even if you go back to ancient times, you can't find where Alexander the Great said, "Let's go take this city. What are we going to get out of it?"

#Glenn

Nothing.

#Martin Armstrong

Let's just go do it. You know, they did it for the spoils. So when there's no economic benefit to this, I don't see where that is realistic. My concern is the whole propaganda over this. But Putin called it a special operation, and it was to basically defend the Russians in the Donbas. I mean, we had offices in Kyiv and in Donetsk, so I could tell you that the people on both sides wouldn't even talk to each other. The hatred there was just systemic. But Zelensky started attacking refineries and e-commerce, et cetera, in Russia. And he's openly said that he's trying to influence the September elections in Russia. Why? You think attacking them and they're going to raise the white flag and say, "Oh, sorry, we quit? We give up?"

#Glenn

Not going to happen.

#Martin Armstrong

It's just like expecting Iran to call Netanyahu and say, "Come on over for dinner." Not realistic. And that's what gives me concern, because it's more likely that the hardliners, like Medvedev, et cetera, are going to gain seats. And you can see the pressure already. The Kremlin changed the definition a few weeks ago from a special operation to, "We are at war with Ukraine." That's significant. That's the result of Zelensky's attacking commerce and stuff. So, you know, it's when you look at the geopolitics of things, and like the sanctions and things of this nature, no government can simply raise the white flag and say, "Oh, okay, sorry." And these people, these warmongers, never look beyond their end of their nose. You can look up Tony Blair's apology for the Iraq War. It's on YouTube.

And he says, "We thought we were freeing the people from the evil of Saddam. We didn't realize we would be subjecting them to sectarian violence." This is what I mean. They don't think beyond one step forward. Oh, we take out the Ayatollah. What comes next? Nobody seems to think about that. You took out Saddam. Okay, they ended up with ISIS, cutting off people's heads and stuff. They don't go forward. And I really question the competency of these people, you know, and it's like, all right, they hate Putin. You remove Putin, what do you get? Maybe Medvedev? I mean, it gets worse.

It's not going to get better. Yeah. So I just really question a lot of these people that come up with this stuff in the geopolitical world. Some of them I know, and I just shake my head. I just don't see them with a coherent strategy beyond step one.

#Glenn

Well, I'm wondering, do you ever hear from any European leaders or, I guess, experts who discuss what the economic model is moving forward? Because it looked as if after the Cold War and the hegemonic era, essentially the European plan was to be the junior partner of the United States. This kind of defined its geopolitical role, its economic model. And regarding the relations with Russia, even though it's the largest country in Europe, it shouldn't have a seat at the table in Europe. But because of the collective strength of the West, it should still look towards the West for leadership and still follow decisions. But now that the U.S. is, well, shifting its focus on the Western Hemisphere, East Asia, and Europe isn't really that important anymore, it's not really a force amplifier. We see this kind of manifest itself in a geopolitical crisis, and it's not clear what the economic model is anymore for the Europeans.

They don't have any technological sovereignty. Their economies are not doing well. Their industries aren't really prepared either for this digitalization. And when war predictably broke out with Russia, their only economic plan seems to be to steal Russian assets, while the Russians are pivoting to China. And at least, you know, the little prize was that it was assumed that a war with Russia would pull the Americans at least closer back into Europe, so we would restore the old model. But the U.S. instead seems to be trying very fast to outsource the whole war to the Europeans and distance itself from it. So I'm just, I guess, yeah, big question, but how do you see the economic model for the Europeans moving forward? Because there's, I mean, there's not a lot of great signs from where I'm standing.

#Martin Armstrong

Well, as you know, I was called in when they were forming the euro. And I told them, I said, look, you have to consolidate the debts. And at the time, it was Helmut Kohl who didn't allow the German people to vote. And he assumed that they would object to consolidating the debts, like a bailout for Greece or Italy or something. And I warned them, you're not going to be able to compete with the dollar. And they told me they just had to get the euro through. They would worry about the debts later. The problem here is that, as a trader, I can pick up the phone and say, buy me $10 billion worth of U.S. Treasuries. With Europe, I still have to make the same decision as if the euro doesn't exist. I still have to say, do I want Germany? Do I want France? Do I want Belgium? Do I want Italy?

It's the same as if the euro didn't exist because you never consolidated the debt. And that's probably at the core of the problem for Europe. Now, as an example, we have a single currency in the U.S., but you have 50 states, and each state pays a different credit rating according to their policies. And so what you saw in 2010, when Greece got in trouble, it became a contagion that the traders immediately say, "Who's next? Oh, Spain." Okay, so that would happen in the United States. If, let's say, California went down, the traders are going to say, "What next state? Oh, Illinois." We're not going to go after the feds. And I suggest reading Herbert Hoover's memoirs, a chapter on 1931, when most of Europe defaulted and Britain even suspended its payments. And he describes what I'm saying.

He says capital acted like a loose cannon on the deck of a ship, shooting off in every which direction as if it was like in a hurricane. He said it was moving so quickly they couldn't figure out where it was going next. So this is the real risk with Europe, that if one country gets in trouble, it creates a contagion because there is no consolidated debt. So like in the U.S., as I said, you would have a contagion among states, but it wouldn't affect the federal. They're separate. So that's pretty much what you have to look at. As you say, you can go back to ancient historians, okay? Sallust, who was a historian in Rome, and he said the same thing. He said once Rome conquered Carthage, they no longer had a major external enemy. And what happened? Groups started fighting among themselves.

It created disunity. And I think that's in part why Brussels needs to keep saying that Russia wants to invade, to keep that unity alive. And this is, like I say, it goes back to ancient times. This is, you know, governments respond in the same way always. Human nature doesn't really change. Our technology might, but human nature is still the same. So I think that the only way to really save Europe is going to be a monetary reform. Have to recognize the mistakes, consolidate the debt, and come up with, you know, these sanctions and things of this nature that even Trump's doing. I disagree with this. It's still Marxism. I believe more in David Ricardo, that every country should, you know, look at his comparative advantage.

You don't grow a head of lettuce in Saudi Arabia in the desert. It's going to cost you $10 a head when you can buy it for 50 cents from somebody else. Yeah. So, I mean, everybody has their own comparative advantage. And it shouldn't be—well, once you put tariffs and things of this nature, you're then reducing the living standards, because you're really saying the consumer now has to pay for those people that are being overpaid. Right. You're subsidizing labor, which raises the cost of living for the average person. So it's, you know, these are serious economic issues that you have to separate the politics from. And that's our big problem. You know, politics tends to be more political than an economic science.

#Glenn

But if you look towards the United States, though, that now has a $40 trillion debt, and, well, the situation isn't going well in the bond market either. Where do you see this headed? Is the U.S. going into a major economic crisis? And if so, where does the good money go during these times?

#Martin Armstrong

Well, you can see that the U.S. tends to be a safe haven in times of geopolitical problems. I mean, a lot of people have been calling for the crash in the stock market, the worst in 150 years and all this stuff. And they've been wrong for over a year. Why? As you know, we have offices around the world. In Dubai, we're actually in China too. So we get to see why people really do move money. And when Switzerland started confiscating assets of anyone who was Russian, claiming that, oh, you knew Putin, I mean, that was a serious violation of international law. And so the smart money has left Switzerland, and it went to Dubai and Singapore.

So, Iran sent more missiles and drones at Dubai than they did Israel. Why? Because it's the financial capital. All right. They had an AI facility there that they spent about $30 billion to create. And everybody's there in town—Amazon, OpenAI, everybody's there. And so they attacked it. They didn't destroy it, but they took it offline for about a week. We couldn't even get wires or anything to our staff there. So the banking system went down. And most people don't realize that during COVID, oil went down to $6.50. The Gulf states couldn't function at that price. So they took in—they borrowed extensively. They all now also have national debts.

Okay, so Iran's kind of playing 3D chess here. They know shutting this strait, it may push energy prices up, but it's not going to undermine the United States as it did in the '70s. So what it would do, though, is by shutting this strait, you're putting economic pressure on the Gulf states. If they can't sell oil, then the risk rises that they end up defaulting on their sovereign debts. The U.S. has a $40 trillion national debt. However, it's not proportionate, actually, to—I like to look at it—you take the capitalization of the stock market versus the national debt rather than debt to GDP, because every country uses different formulas, all right?

And what you end up with is that the debt relative to the stock market has fallen from even 1980, when it was close to 70, 80%, down to like 50%. So that's showing that the capital is going into equities. Back in '29, the problem was the private sector. All right. This time, the problem is the government sector. So the smart money tends to go away from governments and sovereign debts. I mean, you go into war, you got the risk of who's going to default, who can't pay that, you know, because commerce declines, et cetera. Taxes go down, and that's when you get to sovereign defaults. So if you look at the three indexes in the United States, the Nasdaq is more retail. S&P is more domestically institutional.

And the Dow tends to be more international. So when the Dow is leading everything else, it's the first one to rise. That's showing you foreign capital is coming in, okay? When you get the NASDAQ going, that's the retail speculative bubble, okay? So that's why these people have been wrong. The capital, as you increase these geopolitical crises from the Middle East, Ukraine and Russia—I've warned them that we have war on four fronts. You've got the Middle East, you've got Ukraine and Russia, you've got Korea kicking up again, and you have China versus Taiwan. All right, they're not like World War I or II, where it's one group against another. These are separate individual-type things. So it's more like—although our computer has been forecasting, yes, we're heading into a world war.

It's more like brush fires, not one giant, you know, type of thing. So this is not real information. It's been sending the capital into the United States. But then, as you say, you've got a 40 trillion debt on one side, and the problem tends to be government. So Trump is losing a lot of the confidence, even among his own people. And I think he's, with his tariffs and nonsense—look, that's what we were all taught in school years ago, you know, Marxist and Keynesian economics and all that, and it has failed. But he's still influenced by those old ideas and putting tariffs on everything. Oh, to make America great again. It does not. You know, it only increases inflation and increases the cost of living to people.

And that's why you see his popularity declining. And that's what I said. I just don't know who the hell is advising him, but they certainly do not seem to be very competent—geopolitically, economically, I mean, you name it, from one side to the other. I will say this: I was called and I was asked to—they said they wanted to brief me on Russia. And so I went in. I took my assistant with me. I thought it was just going to be a briefing. I got there, I was told she had to leave the room. This is national security. Then I was asked to write the peace plan for Putin, and then they asked me to use my back channels to get it to them. I said, "You really want me to do this? Is this sanctioned?" They said, "Yes." So I did.

I got it on Putin's desk. And then I did get a letter from Trump about three weeks later saying thank you. So my question is this: Why are you calling me in to do something that the State Department should have? Was it that Rubio's always been a neocon and against Russia, and he wouldn't accept it if it came from him? I don't know. All I can say is, I mean, we put the peace plan on our site, so you can download it for free. But all I can really say is that Trump did pretty much everything I put in it. And he told the Europeans that, you know, they viewed it—that it was calling me in showed that Trump really did want peace.

#Martin Armstrong

And as I said, I think he has at least switched to sanctions on Iran, admitting the bombing didn't work. So I think—I won't say it publicly—but I think that is raising the white flag. And then we have the other problem of the tariffs, and this, you know, war with Canada, I mean, doesn't make a lot of sense. But at the same time, Carney's not the one to really negotiate with either. He tends to be a globalist, and so he's not looking at it from the best interest of the Canadian view. This is the whole problem we have. I mean, these leaders, I don't know where the hell they came from. Bottom of a Cracker Jack box or something, I guess. But, you know, this is the stress level that we have that's building globally.

And now all of a sudden, you see the same thing in Korea. South Korea is saying that they want to take over their own military because they don't trust Trump. Taiwan. You have Macron fly over before Trump wins, and the message that was delivered in China, he said that Europe will no longer participate in a war outside of their own territory. So, limiting it to Russia, basically carving out the Middle East, won't participate. But he also told Xi Jinping—I don't know how much, if this got in the press over there or not—but he told Xi Jinping that they would not come to the defense of Taiwan. So when Trump got there, Xi put that on the table: Where do you stand? You can see Trump's statements after that meeting.

He said to the chip companies, "I recommend you move to the United States." And I've spoken to a number of people on Capitol Hill, and they were at least agreeing with me that we wouldn't be at war with Russia. They said it would be with China. They see China more as actually trying to expand its empire. They do not see that coming from Russia. China is rebuilding its Silk Road, coming in, lending money to countries for strategic purposes. So they see that as expanding, and they don't see that same expansion coming from Putin. So that's what I get from the meetings that I have attended. But I think that the problem in Europe, and I've even expressed this about NATO, is that NATO was there because of the Warsaw Pact.

And the problem is, is that when that fell, they really should have been dissolved. To keep their jobs and pensions, they have to say Putin wants to come in. Otherwise, why do you need them? And I've seen internal memos after that: "Climate change. How do we remain relevant?" So they're not interested in peace. They're always going to say there's a risk of war so they keep their jobs. Any government agency does that. So, you know, what I have said in meetings, that how to create world peace, we have the model. It was the Roman Empire. All right? Lasted for a thousand years. It was more economically beneficial to be inside rather than outside.

You can make a vase in France and sell it to somebody in Syria. All right? It was free trade. There were trade routes, etc. When you start carving up everything, that's when you create disunity. You want real peace with Russia, you should basically say free trade, because then you're going to have a Russian company making money, and they're going to tell their government, "What are you doing? We're going to lose." It's more of a check and balance. I mean, I really think that, you know, the answer is just looking at the Roman Empire. It was free trade, and everybody could participate if you were inside. But, you know, we got people who just want power. That's the problem, I think.

#Glenn

But when you were asked to write this peace plan for ending the war with Russia, what were the main components? And what is it that you think the U.S. administration would not go along with?

#Martin Armstrong

Actually, they accepted everything I said. The Minsk Agreement, which was negotiated, was to allow the Donbass to vote and separate. And then you have Merkel come out, and I think it was Der Spiegel, she had an interview, and they asked her, why didn't you enforce that? And she said, well, we never intended to. We just wanted to buy time for Ukraine to build an army. So that was a statement that they wanted war. But so what I explained was that the Donbass should be separated off. That was the same solution for when Yugoslavia broke up. It broke up according to ethnic lines. The Donbass is—they're Russians. They've been there for hundreds of years. You had Zelensky coming in, trying to outlaw their language, outlaw their religion. Uh, you can no longer be Orthodox and under Moscow. You have to be under my stuff.

I sit up here in Kiev. I mean, that's kind of like, you know, the old Ottoman Empire coming in and saying, "Well, you're Christian. You can no longer be Christian. You're going to be Muslim now." I mean, you know, these are not things you do to people. And you can't speak your language anymore. This is not conducive to peace. So I basically said the Minsk Agreement had to be honored. If that had been honored, there would have been no war. And they agreed. And I think that's one of the things that he told Zelensky: give up the Donbass. There's no way I'm keeping this. For what? I mean, if you actually go back to 2014, what started all of this, they massacred a bunch of Russians in Odessa in 2014. They were killing them on the streets, and they chased them into the trade union building and set it on fire and burned them.

That's what started the whole separation issue. And like I said, I can tell you that because I've dealt with Ukraine for a long time. And we even had a conference in Athens where the staff from Kiev wouldn't fly back the quickest way because the plane simply stopped in Moscow. I mean, this is what I'm talking about. It's just systemic. I've tried to talk to them. They just hate Russians. I said, "Do you realize that Stalin was from Georgia? He wasn't Russian. And the guy that took all the food from Ukraine, his name was Kaganovich, and he was born in Kiev. He was Jewish, and he was getting back at you for killing all the Jews. He wasn't Russian."

So, I mean, but they don't want to hear that. They've been indoctrinated in school. It was Russia, Russia, Russia. The facts don't support it, but, you know, they've just been brainwashed at that point. And, I mean, I've got videos on my site you can look at of Zelensky on stage before he was president, basically making jokes about confiscating assets from Jews and Russians. He pretended to be, like Soros, he pretended to be Christian. He married a Christian girl. His children are baptized. Only after he became president, suddenly he says he's Jewish. And that was largely, I think, to hide the fact that he was anti— you know, he was part of the neo-Nazis, saying the same as Soros was. I have friends in Israel, and they say he's no Jew. So, you know, this is all the conflicts and things.

How do you resolve all this stuff? It doesn't make one side right and the other side wrong. I just don't see where you're ever going to get a solution. And you take Iran and Israel. I mean, it's religious. It's my God against your God. Ukraine, I've tried to—you can't talk to them. If you went to Kiev and you brought a bottle of Russian vodka, you're lucky if they don't smash it over your head. These are just systemic biases and hatreds that go back a long time. I mean, I was called in when

Yugoslavia was going to break up. And I'll never forget, they said, "Oh, you know, they killed 600 of us and threw us in a common grave." And I thought I missed something on the news. I said, "Oh my God, really? So when did this happen?" "Oh, about 700 years ago." I said, "Okay, that one."

These things, particularly in the Balkans, they just live, because the area has been Orthodox, Western Christianity, Muslim, and you have all these groups that have conquered that area from one point in time to another. So you have all these pockets of different ethnicities, and they just remain. You know, they remember what they did to each other. Yeah. And I think it was Bismarck who forecast World War I. He says a major war is going to come for Europe, and it's going to come from the Balkans. You can look that one up. He was right. So it's hard to say, but I just don't see it, really. I don't think those two wars are stoppable. And the same thing with China and Taiwan, it's more of a psychological issue. North Korea versus the South, that's still the old communist versus capitalism type thing. But these are not disputes that are easily negotiated.

#Glenn

But how do you see—just last question—how do you see Russia and China adjusting their economies from here on, though? Because they're obviously concerned about the unsustainable debt across the West, also the weaponization of any economic dependence. They don't trust the financial system anymore. Are they going to just switch more to gold, their own financial architecture, or how do you see—are they going to move closer, or are they going to be competitive? How do you see them moving forward?

#Martin Armstrong

Yeah. I mean, I think you're looking at—I mean, they set up their CIPS system once the U.S., under the Biden administration, made that stupid decision to take Russia out of SWIFT. And you're seeing that same nonsense right now with, you know, Bessent threatening anybody that deals with Iran: we'll take you out of the dollar system. You're destroying the world economy, going in the exact opposite direction where you should be going. And that's the main reason that China has been selling off U.S. and European debt and moving to gold. The problem with gold is it does not earn interest.

It costs money to store it. But what they're doing is, they're not doing this for the sake of making money. Oh, they think it's going to go up. That's not the issue. The issue is that you go into war and you have everyone beating these drums, these war drums here. You then don't own the debt of your adversary. Why would they pay you the interest while you're holding that debt? They're not going to do it. They will default. That's how it historically always works. So if, for argument's sake, if the U.S. and China went to war, the U.S. would just default on whatever debt China has. So moving to gold is neutral.

#Martin Armstrong

It's not advantageous because they don't earn income from it. It costs. So it changes the economic balance sheet from that perspective. But this is what I argue against. They're going in the exact opposite direction of, like I said, what the Roman Empire showed is the way to go, but they go in the opposite. So you take all these countries out of the dollar system, then what? Then there is no world trade. The whole economy breaks down. My experience with these guys, it's like I said with Tony Blair, they don't think past the end of their nose. Oh, I got to stop them from helping Iran. What comes after that? They don't know. They have no plan B. I think this is the real danger we have.

Just total incompetence in a lot of these governments at this stage. And they're only concerned about the next election. And they're only concerned about what's in front of their immediate nose. That's it, with no planning for the long term. I've been in meetings for a long time. I remember one of the first ones back in '81. I met with the U.S. Treasury when Volcker had the interest rates at 14%. I said, "Guys, national debt's going to double by the end of the decade." And very calmly, they said to me, "Yes, Marty, but we'll be paying back with cheaper dollars." And I just looked at them and I said, "I guess you guys know what you're doing."

So ever since, basically, I just don't see any long-term planning for anything. Governments have been borrowing since World War II with no intention of paying anything back. I've warned them this eventually collapses. The interest expenditures will exceed, you know, and push everything else out. In the U.S., the interest this year has exceeded military. And they just look at you like you're coming from Mars. And, well, the excuse I've heard is that, yes, but we're the government. People always buy our stuff. History says you're on the wrong side here. So I really don't... I think it does have to come to a head.

#Glenn

Our computer pretty much shows that by 2032.

#Martin Armstrong

And so what you're seeing now is the stress. And the EU will probably end up breaking up by '29 or so because you're seeing the stress between the member states. You know, you had Italy saying that they should be issuing more centralized bonds. They have interfered in elections recently in Romania, Hungary. They even threatened to, if AfD won in Germany, they'd overthrow it. So they did the same thing in Italy. It's all about retaining their power. And that's the problem. You know, they deliberately designed the system in Brussels to make sure the people had no right to vote to actually change those policies. The people who are in the back room and make those decisions don't stand for election. Ursula isn't elected by the people.

So this is unfortunately improperly designed, and the old resentments are still there. I was in Athens when Merkel refused to bail out Greek banks, and they were protesting, you know, walking down the street in Nazi uniforms. So they remember things. They don't go away. I think it's the language that does that. I did see a documentary when Roosevelt was trying to get into World War II. They went to Boston, and Boston is mostly Irish, and they said, "You really expect us to send our boys to go defend Britain after what they did to Ireland?" You couldn't get them in. They needed Pearl Harbor to do that. I mean, these resentments between—I think it's probably the number one issue—is language that keeps people apart. And secondly is ethnic differences between countries.

#Glenn

Well, I wasn't expecting any optimistic views on the future. I guess your forecast does show where we're headed now, though. It's just, yeah, it looks as if the economic collapse must be difficult to predict the political consequences it will have because, well, the EU, I think, makes sense if it's not able to provide economic benefits anymore for its member states. The interests become too divergent. Yes, it will break up. But there's so many economic developments at the moment. It's going to be...

#Martin Armstrong

I think also it's cultural, and trying to force, like what Ursula was doing to Hungary. You know, they don't want to change their culture, and you're saying, no, you have to. You know, it's one size does not fit all. Yeah. I think that's the whole problem with a centralized government like that. Because we have the same problem in the United States. A Democrat gets in, Republicans are all upset. A Republican gets in, and California says, "Oh, we want to separate." Shit happens. It just seems to be there are groups in Europe and in America that are more or less—the economic situation, I think, is causing this tension. And it's just becoming systemic everywhere.

It's not just limited to Europe or the United States. But so I think the optimistic thing is that, look, we go through these periods of political reform. But you don't get to the political reform unless you get the pain. Somebody, you know, the average person has to say, "This doesn't work." Then you get the change, but they're not going to change out of, "Oh, okay, let's just change some more. Yeah, it sounds good." You know, that doesn't happen. You know, republican forms of government historically are always the worst because they don't always really represent you. I can say, in the United States, I can run for Congress.

I'll tell you whatever you want to hear. You know, I'll save the whales. It won't rain on Sunday. Whatever you want. But I then get there, day one, there's a meeting. Congratulations. This is how it works. And if you just look at the votes, they're down party line. So the guys in the back room make the decisions. And I know people in Congress. I've dealt with this. And it's the Speaker of the House decides what committee you go on. If you're not a good boy, you don't get the committee that you want. They'll put you on basket weaving or something. So you want to play ball, you got to do what they ask you to do, and then you get on a committee that you want.

This is politics. Too much power sometimes. Unfortunately, that's the reality that we have to deal with. It's... I wish I could give you a more optimistic thing. But look, the light at the end of the tunnel is that we get to reform all this. If you examine what the mistakes are, then we get to reset it. Okay. We go through these things roughly every 300 years or so. Before, it was overthrowing monarchy. They made the mistake of going into republics. I think a direct democracy is better, where we make the real decision. Shall we go to war with Iran? Yes or no? We decide that, not some guy in the back room.

#Glenn

Okay. And, yeah, just where can people find your work?

#Martin Armstrong

ArmstrongEconomics.com. It's completely free. You don't have to put in any email. We don't send 50 emails trying to sell you swampland in Florida or something. We try to keep it as an open forum for the entire world, because we do have offices everywhere. So we have to, you know, we've got clients on every continent, so we try to listen to what everybody's view is, and that's the way—we're all in this together, no matter where we're at. I'll leave a link in the description. And yeah, thank you so much for taking time. Well, thank you for inviting me, and hope things are okay over there.