

Paul Craig Roberts: Putin's Mistake - Letting the West Attack Russia

Paul Craig Roberts is an economist and former United States Assistant Secretary of the Treasury for Economic Policy. Roberts argues the US is in rapid decline economically and it is defeated in Iran. Roberts expresses concerns that a great power like Russia allowed the West to become comfortable with attacking Russia, which suggests that much instability is coming. 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 Paul Craig Roberts, an economist, author, and the former U. S. Assistant Secretary of the Treasury for Economic Policy. Thank you for coming on the program. Thank you. I'm pleased to be with you. We see that the Trump administration had some very ambitious goals. It wanted to re-industrialize, end all this waste, get the debt under control, restore U.S. economic primacy. But a lot of this appears to have failed now. And also, the extent to which the U.S. uses economic warfare, it appears to only grow towards this, you know, pursuing these former goals. But this is happening at the same time as we see all these new economic alternatives emerging. So I wanted to get your perspective on this, how you see the current policies of the United States, you know, if I'm reading the intentions correct here, at least.

#Paul Craig Roberts

Yeah. Well, I think one thing is clear, and that is that Trump has been diverted by Netanyahu, who is using the United States, or attempting to use the United States, against Iran in the interest of the Zionist agenda of Greater Israel. A lot of people still don't realize that the American wars in the Middle East during this first quarter of the 21st century were wars for Greater Israel. Americans were told that it was a war on terror, but it was a war against Iraq, Libya, Syria, who were obstacles to Greater Israel. And we know that Greater Israel is not a conspiracy theory because a variety of Israeli prime ministers and other ministers in the government have held up maps of Greater Israel. They acknowledge it.

They don't deny it. And the recent maps now claim from the Nile to Pakistan. So it doesn't leave anything for the Muslims. So I think this diversion has lost Trump his opportunity to be a president who managed to restore some aspects of the American existence. Because now he's in a

predicament. He faces elections. The war is not popular at home. Israel is less and less popular in the United States among both Republicans and Democrats, but especially among the Democrats, who are becoming somewhat radicalized. If you look at the candidates they have been running in the primaries for the House and Senate elections this fall, these are not the normal type of establishment Democrats. So with all of this brewing up, he finds himself in a war.

I thought that he had found his exit strategy when he announced that he wasn't any longer pursuing the war in a military fashion, but was going to use economic means, sanctions, to bring Iran to its knees. So I thought that was his exit. That's the way he gets out of an unpopular situation, a situation which seems to be hurting the United States' presence in the Middle East, the bases and so forth, much more than it's harming Iran. But no sooner were these words out of his mouth than Netanyahu has him back attacking Iran, I think, three or four days in a row. So he wasn't allowed to exit. So he's stuck with this. And it takes a lot of resources. It produces bad publicity. We seem to kill more civilians than military targets.

The damage to the American naval base in the Persian Gulf, the fact that it's no longer accessible to American ships, has caused supply problems on the Navy ships. We had the embarrassment of the aircraft carrier, with the sailors in near revolt and the complaints of their families about the poor quality of the food, and so on and so on. And this is not working to make Americans feel good about Trump and the Republicans and the upcoming election. And of course, if the Democrats win the House and Senate, that's effectively the end of the Trump administration. In fact, he may face, again, impeachment attempts. So that's what's happened. Now, the economy itself, well, his choice of tariffs as a way of bringing jobs home was foolish.

The development of this AI technology promises massive layoffs of working people. And these layoffs come on top of the previous massive layoffs of the manufacturing force that resulted from the offshoring of American production to Asia and Mexico. For example, the products of Apple, they're made in China and brought into the United States to be sold. When they come in, they expand the trade deficit. They're treated as imports. So this is an economic problem. We also have the economic problem—I'm winding this down—of the impact of the American sanctions on the attitude of foreign central banks to hold U.S. Treasury debt as the reserves of the central banks.

The reason the vast American national debt has never been a problem is that when the Treasury's debt expands, so do the reserves of foreign central banks, so they can lend more. So it's been an arrangement that works. But once you start freezing or confiscating people's central bank reserves, as they did with the Russians, Venezuelans—they've seized some Iranians—you make other countries say, well, you know, if we do something that displeases Trump and he's volatile, there go our central bank reserves. And so we are experiencing a decline in the willingness of foreign central banks to hold U.S. Treasury debt as the central banks' reserves. Well, if this goes too far, then there's a serious consequence for the U.S. dollar.

And if, in the meantime, Trump has kept the turmoil going in the Persian Gulf—or I should say, if Israel, using Trump, has kept the turmoil going—then you can see the dollar under pressure, in addition to rising fuel costs, which inflate the price of everything, and a great deal of economic hardship in the United States. A large percentage of the population really doesn't have any discretionary income. Their whole income is exhausted paying their rent or their mortgage payment, their car payment, their utility bill. And so, if these things start rising on them, they're hard-pressed to survive, to keep their homes. So you can see, with all of this, that Trump has created problems that may devour him. These are problems of his own creation, or of his willingness to act for Israel and of the agendas of his advisors. This has created problems, and these problems may destroy Trump. So that's my view of the waterfront.

#Glenn

Well, I did want to ask about that, though, the wider development we're seeing. Because if we take a step back, it doesn't seem like it's only the problem with debt or losing this war. It's wider, the U.S.-led world order, it feels, because the U.S., for a long time holding a hegemonic position, organized functions that previously belonged elsewhere, to individual states. That is, the U.S. managed security for other states through military alliances. It wrote a lot of their trade rules through these international trade organizations.

They organized their financial dealings through U.S. development banks, through the SWIFT payment system, by using the U.S. dollar. The U.S. had been setting the technological standards for countries. It, again, had a big role in all kinds of commerce through multinational corporations. It also, for many countries, managed the civil society of these countries through these NGOs financed by the U.S. government. It just seems like all of this is cracking to some extent all at the same time. I was wondering, how are you seeing this? Because this is quite a unique development.

#Paul Craig Roberts

Yes, it is. And we've seen more evidence of it recently. The two principal foreign policy organizations in the United States, the Council on Foreign Relations, which produces the journal *Foreign Affairs*, and the Atlantic Council—recently, representatives of both of these organizations have had articles in *Foreign Affairs* that say straight out, the United States has been defeated in Iran, and it's time for us to withdraw and to retreat from the notion that we can control the world. Well, this is the first time I've seen major or important members of the foreign policy community in the main foreign policy journal disassociate themselves with the Wolfowitz doctrine of American hegemony.

So that illustrates, or suggests—that suggests that the neoconservative hold on American foreign policy, which has been in place firmly since the George W. Bush regime, that it's cracking. We now have people who are not afraid to go against the narrative, as these two authors. It's unusual to go against the narrative because it can marginalize you. You get left out, you don't get published as

easily, nobody pays attention to you because you don't fit any longer. So the fact that this has happened indicates what you said, that this whole hegemonic attitude is fracturing. I don't know how much, how bad, but it's enough that we found two people willing to speak against it or to say, "We got to admit defeat. We don't belong in the Middle East."

They were unusual statements to hear from the American foreign policy establishment, or members of the establishment. So I think your conclusion is right, and I just added some more evidence for it. The question is, it doesn't suit the Israel lobby. It doesn't suit Trump's ego. But it's not clear what Trump can do about it. There's always the danger that he becomes so frustrated and he can't accept defeat that he lashes out and does something stupid, like use nuclear weapons or give some kind of green light for Israel. Because otherwise, I don't see how they can bring Iran down.

They can't defeat the Iranians, and if they can't defeat them, then the Israeli agenda of Greater Israel is up against a block that it can't get around. And if Trump somehow is able to get free of the hold that the Israel lobby has on them, you could see some sort of change inside Israel's politics. You could see a situation where, you know, not all of them are Zionists to the liking of Netanyahu or his coalition. So they could reach a conclusion that, you know, we better stop provoking these people because it's too much for us. We can't handle it. And this means this expansionist agenda we have has to somehow be modified or put in cold storage. I saw some hope in the announcement of that Mecca Alliance.

I said, you know, if Iran were to be included, you would have territory running from Turkey, which is the edge of Europe, into Pakistan and then Central Asia. You would have 458 million people with conventional military capability, control over the world's oil, essentially the strategic waterways through which oil flows, and they would be protected by the Pakistani nuclear weapons. So that would neutralize the use of nuclear weapons by Israel or the U.S. against Iran. And I said that this is an opportunity to end the violence in the Middle East by making it clear that Israel can't continue its expansion, as it has done for 79 years. It's absorbed all of Palestine.

And now it's trying to absorb parts of southern Lebanon. And it says it's not leaving the parts of Syria that it's occupied. Well, this source of aggression is the source of the problem. And if that kind of aggression, that kind of expansion, that kind of agenda is implausible because it's up against 450 million people with nuclear weapons, the control of oil, the waterways, it would cause the Israeli people to have a sober moment. You see, one of the reasons this Zionist agenda has been able to go on is it's never cost Israel anything. The United States paid the cost of getting rid of Iraq, Syria, Libya, and Israel's using the United States against Iran. So Israel has succeeded in having the United States its proxy to fight Iran for Israel.

And so who suffers the destruction? The United States and Iran, but not Israel. It's the same thing that we in the United States have done in Ukraine. We have the Russians fighting the American proxy, Ukraine. So all the damage is experienced by Russia and Ukraine, and not by the Americans. So that's the sort of way that this works for Israel. The cost will come home to them, and somebody

else bears the burden. Well, if the sort of alliance that I said would be an opportunity, if that was real, it would, I think, make it clear that the Israeli expansion had no further to go. Now, since pointing out this opportunity, I've kind of come to the conclusion that it's not real. It's an illusion. Because if it was real, when the alliance was announced, Iran would already have been a member.

Because it would show that the Sunnis, because the three original countries are Sunni, Iran, Shia, it would show inclusion. And it would send the message that the Middle East now is taking charge of its own affairs, and there would be no further outside interference. That would be a hopeful, peaceful sign. But I think it's an illusion. And I mean, it's an abstract opportunity, but I think in reality it's an illusion because we see already the Saudis again attacking Yemen. So again, the Americans and the Israelis have the Arabs fighting each other. So I don't know what's going to happen, but this tit-for-tat war that the United States and Iran—it's like the tit-for-tat between Putin and Ukraine. It can go on forever.

#Glenn

But what does the U.S. stand to lose, though, in the Middle East? Because even if Iran wouldn't join this Mecca defense alliance, it nonetheless gives these countries more autonomy, allows them to, if not decouple, at least reduce their dependence. And I'm just wondering, how does it affect, for example, the petrodollar system? Because a lot of the U.S. offering security to the states is also a key reason why they would sell all their oil in dollars or invest it in the United States. And again, all of this, the U.S. seems to have a lot to lose from seeing the de-dollarization.

#Paul Craig Roberts

Yes, if the alliance is real. But I've been thinking about it, and I've kind of come to the conclusion that each of the three countries that form the alliance joined for their own reasons. The Turks have their own reason. The Saudis have their own reason. The Pakistanis have their reason, which is probably to get money from the Saudis. And they didn't join it for their mutual defense. So it's not a real alliance. Each of the countries has its own interests and is using it for that. And that means there's not a real unity. That's the theory I'm operating on at the moment. Now, so if it's not that real, it won't have that much effect on the United States. As for the petrodollar, the Saudis already announced they'll take payment in other currencies.

It's not really—the petrodollar is not as important as the willingness of foreign central banks to hold U.S. Treasury debt as reserves. So you could not have a petrodollar, but if all the countries are still going to use whatever their source of revenue is to purchase U.S. Treasuries to hold as reserves of their central banks, then it doesn't hurt the dollar, doesn't hurt the ability of the United States government to roll over its debt and to increase its debt. Because, as I said earlier in our talk, an increase in U.S. national debt means an increase in the reserves of the world banking system, which

people favor. So, but it is true that a longtime goal of—well, one of the goals of American policy in the Middle East is to control the oil flows. I can remember this from the '70s when I was on the staff of the United States Congress.

They got upset about OPEC and things like that because they saw it as some possible challenge to the ability of the United States to control oil flows. And that's important. It's still important. I think it kind of lost its importance once—see, we've been at war for Israel in the Middle East for 25 years. Now, some people say longer, but I'm talking about the war on terror. This was a propaganda guise for a war for Greater Israel. And that sort of overshadowed the traditional policy of being in the Middle East to control the oil flows. That's my opinion. It may be wrong. I don't claim to be right about everything I say. It's just thoughts. And I think we need different thoughts. And I think your program does a good job of finding different thoughts to present. And so that's about all I'm doing. I'm not laying down the truth of anything.

#Glenn

Go ahead. So now, I was going to ask what you said before about the U.S. and also its allies fighting with proxies. You mentioned also the Russian case, that is, that NATO were fighting with Ukrainians to weaken Russia. But when Trump came to power, he ran on this platform that it would be better to put an end to this. And again, he communicated some strategic reasons behind this. That is, if you're going to have the emergence of a multipolar order with China on the other side, it would be pretty much in our interest to get Russia on our side of the ledger. So, you know, it seemed credible for a while that he wanted to put a quick end to this war and, you know, patch things up with the Russians. But we're seeing something very different instead. The war is continuing. The CIA is still managing a lot of this. How do you see Trump's, I guess, reversal or willingness to continue this war against the Russians?

#Paul Craig Roberts

He ran up against the power of the military-industrial complex. They need a Russian enemy. It builds their budgets. It justifies their power. They're unanswerable. If the Russian enemy disappears, what happens to the defense spending? All of the armaments companies, they're so wired in. They've been so long wired in. And if you remember, or you may know, as long ago as 1961, President Dwight Eisenhower, in his last public address, warned the American people that the military-industrial complex was a danger to democracy because for the first time, we came out of war without dismantling the military-industrial complex.

And it was in place everywhere, every state, these military bases, these armaments factories, the power of this huge enterprise to fund the campaigns for the House of Representatives, the Senate. And Eisenhower warned us that this was a threat to the control of government. What was 1961? How long ago is that? Well, imagine what's happened since. It's ever more entrenched, ever more powerful. Look at the budget. The budget exceeds the national income of most countries. Look at

the power of the CIA. So if you don't have an enemy that justifies this need, so I think that's what happened to Trump. He just ran up to too much opposition and hadn't any way of dealing with it. People often overestimate the power of a president. It's easy to overestimate it.

Myself having been in an administration as a presidential appointee who was trying to help the president, I can attest that there are very few people in any administration who are there to help the president. They're there to help their career. They're looking for some powerful interests to serve who will take care of them with a nice position afterwards. And the notion of a cohesive administration—it was not my experience. And I'm talking about the Reagan administration. You know, the Reagan administration was not all that supportive of President Reagan. I know that from experience. I was assigned the job to get his supply-side program out of the administration so that the Congress could vote on it. And my opposition was not the Democrats.

So you can overestimate. And I think Trump has always thought that the president is in charge and everybody has to do what they're told because that's the way he ran his business. He was in charge. When he gets into office, he finds out he's really not all that much in charge. And I think that's why he looks increasingly out of control. He's frustrated. He makes all these untrue statements and contradictory statements. And I think he's very frustrated, and he's found that things don't work like he thought. So that's my insight into it. I'm sure it's not the whole story. And it's dangerous because he gets too frustrated and he can't accept defeat. And there's a danger there. And I think now you notice it.

And I wouldn't be surprised if there's some kind of an event orchestrated that has the purpose of making the American people accept the use of nuclear weapons against Iran. It wouldn't surprise me. I'm not predicting it. I'm not saying it. I don't know. But if you understand that Netanyahu is committed to Greater Israel, this is his chance. Is he going to let it pass? And these are questions I would like to see openly discussed because it would be a constraint on such a development. If people are talking about it, it's less likely to happen because it's harder to hide. We've been talking about it. Oh, he did it. So I like to see these things talked about just as a protective measure against them happening. Well...

#Glenn

Well, you mentioned this infighting in the U.S. administration, that, again, everyone is competing for their own policy, or at least they're not taking all the orders directly from the president as he would expect a business to be run. But there's this interesting interview with President Putin where he kind of argues that every time he meets with newly elected U.S. presidents, they always... they tell him about, you know, how they want to change. And then he makes the point that then the men in dark suits come in and tell him how it actually has to be.

And then this, you know, little window of opportunity to change policies kind of goes away, and the status quo asserts itself. But given the way they now interpret probably the Trump administration,

what do you expect to see from the Russians? Are they shutting the door now on diplomacy or peace or negotiations? Because my impression is that they also look towards Iran—that is, the back and forth between making deals and breaking deals. It doesn't seem genuine, always.

#Paul Craig Roberts

Well, I've long been a critic of Putin for the way he's permitted this war to go on and on and widen and widen and widen by refusing to use sufficient force to make it impossible for Zelensky to continue the war. I don't mean nuclear weapons, but the Russians have plenty of conventional force and could have stopped Ukraine's ability to continue the war long ago. And he hasn't done it. And so he has been in a situation where the war has consistently widened. You might remember, first, you know, the battlefield was Donbas. And there was discussion: Would the West send tanks? Oh, no, we'll never send tanks. Will they send F-15s? Oh, no, never. But they all got sent.

Will they send missiles? Oh, never. Oh, but they got sent. And now we have it openly admitted: the British government, the German government, that they're supplying Ukraine with thousands of long-range drones. The battlefield has moved from Donbas to inside Russia. Oil production facilities are destroyed, refineries, oil storage depots, airports are disrupted, civilians are killed in residential housing, people killed on vacation, schools are hit. And what is Putin? He says, "This isn't war, that's terrorism. That's terrorist actions," because he doesn't want to have to do anything about it. So he won't even admit that this is war. He keeps talking about the war in Donbas.

And the Russian media keeps going on about they've taken another settlement. It's been nobody there for years. And so now we have a situation where not only is it obvious that the Germans and the British are direct participants in the war, but also the Americans and the British are providing the targeting information for the missiles that are heading way inside Russia. And Putin won't acknowledge it. Even when the Russian strategic bombing force was attacked, he said, you know, the Russian war doctrine required a really strong response. He said, "Well, no, it's not war, it's a terrorist act." When his home was attacked, it was a terrorist attack.

So he has redefined the real war that's about to enlarge, if we can believe Zelensky, who said that he's going to make all the airspace in Russia unsafe for commercial flights. Well, this goes beyond the terrorist act. This is closing down a country. It's something that Putin steadfastly has refused to do to Ukraine. But Zelensky's going to do it with German and British equipment and American targeting. And now we see also, don't we, that there are more NATO countries. Two more countries joined NATO after Putin gave a demonstration that Russia is not a threat to anybody. No red line ever enforced. Lots of words, lots of warnings. People learn they don't mean anything.

#Glenn

Nothing happens.

#Paul Craig Roberts

So I think that what Putin has done, he's made Europe comfortable in being in an antagonistic position toward Russia. We have European countries, tiny ones, even insignificant ones, who are willing to stop and board and even seize Russian oil tankers. I mean, this is incomprehensible. Imagine somebody boarding and seizing a Soviet oil tanker. They would have been thought to be totally insane. And now Latvia is willing to do it, or Estonia, or some of these tiny little countries that don't have enough people to field an army. So this is what I think is the consequence of Putin.

And I'm a little bit worried that the Iranians are going to make the same mistake, and they're going to fight the proxy, which is the U.S., and their enemy, which is Israel, doesn't pay the cost. So certainly the people who are equipping the ability of Russia to be attacked deep inside Russia are paying no cost. Not at all. Nothing happens to them. So what the West is learning is, we can carry on war against Russia, and they'll fight the proxy. Well, that's not a good position, because at some point it'll go too far that Putin or his successor or somebody won't have any alternative but to use the heavy stuff.

And that's been my concern from the beginning, that Putin may be trying to minimize war, but he's actually maximizing it because it's expanded. And the more it expands, at some point, the Russians have to do something. And what will they have left to do that anyone will believe? And, of course, Iran could end up in the same position. That's the trouble with tit for tat. That's the trouble with fighting the proxy and not the enemy. And I don't think good intentions, Putin's good intentions, can justify that because it's too dangerous for all of humanity. So that's my spiel. That's been my position since 2008, really since 2014, when he did nothing to stop the American takeover of Ukraine.

#Glenn

Just as a last question, do you see any shifts, though, in Russia on this? Because their position is hardened, but it's hardening against Ukraine. That is, they're pummeling Ukraine. That is the proxy. But do you see any—well, I know that there is deep concern in Moscow that they allow their deterrence to slip, and also, as you said, how comfortable the Europeans are now in terms of attacking Russia, seizing its ships. I mean, the way they talk openly about the need to do deep strikes in Russia, all this, as you said, attacks on this nuclear deterrent. I mean, this would be unthinkable during the Cold War, and yet here we are. So they do need—they do recognize that this is a problem. But do you see any indications that they're preparing to change this, or not yet?

#Paul Craig Roberts

You know, our friend, Dr. Rowe, I thought he perceived, finally, pressure on Putin to cause him to shut down Ukraine. I think Dr. Rowe came to that conclusion because of the attacks on Odessa, closing down the sea routes to Ukraine. But they've done nothing to shut the land routes in, you know, the railroads, the bridges. And Putin keeps suspending the operations. Like when the

European delegation went to Kiev, Putin stopped all the attacks so they could be there safely. And then when Witkoff and Kushner went, he stopped all the attacks again. So it doesn't look like a decision has been made by Putin that I've allowed this to go on too long. I'm closing down their ability to conduct war.

He could have done that long ago, and all the casualties and all of the expansion of this conflict would never have happened. So it may—I don't know. We'll see what could cause some change in Putin's way of approaching the conflict. It could be the upcoming elections. If the party that supports Putin loses, this could be the necessary pressure that he says, "I got to get this war over with." You know, a lot of the Russians, especially the older ones, whatever their experiences in terms of life under the Soviet Union, at least they knew that people were afraid of the Soviet Union. And the sort of things that Putin's Russia has to suffer would never have even been mentioned before. When there was the Soviet Union, nobody would have dared do the things that Putin's accepted.

So they kind of feel like they've come down in the world. If there's no respect, no fear, no respect, what are they going to do to us? And, you know, it would be a shock, I think, if the communists were to do better than the party that supports Putin. That would be one hell of a shock and would cause some kind of internal change and some adjustment to how they conduct war. If you think about it, this conflict with Ukraine that Putin has been conducting, it's gone on now about twice as long as it took the Red Army to clear the Wehrmacht out of Russia, Eastern Europe, and arrive in Berlin. Now think about that. We're talking about thousands of miles and kilometers that the Red Army cleared out in half the time that Putin's been fighting for Donbass a few kilometers.

Well, this has to make an impression on nationalistic Russians, Russians who have a national consciousness. Yeah, I mean, it has to make some sort of impression. They have to be in some way uncomfortable about it. And as you probably know, our friend Dr. Rowe for a while was listening to the leading news programs, discussion programs, and they were getting tougher and tougher against Putin. And all of a sudden, one of them got shut down for three or four days, and the tune changed. So Dr. Rose saw that as evidence that there was discontent, and it was growing with the way that Putin conducts the conflict. And this election coming up might give us some indication of whether that's real.

#Glenn

Well, thank you so much for sharing your thoughts on this. I do think that this is dangerous, yeah, this allowing a superpower like Russia to have its deterrence weakened. I think many people in the West see it as a success, but I think this is extremely dangerous because at some point all of this has to be reset, and it can't be done anymore in an organized way. I think this is going to be very, very messy at the end of the day. So it's never good when countries, be it Russia, the United States, China, feel their deterrence doesn't work. We're on really dangerous ground. And yeah, that appears to be where we are. Any final thoughts?

#Paul Craig Roberts

I certainly agree with that. I also would simply add, I think the reset has to be sooner rather than later, because the later it goes, the harder it is to reset. People get accustomed to the way Russia behaves, and then if they try to reset it, there's more opposition. So I hope the reset occurs soon. Otherwise, it just continues to get worse. Well, thank you for having me on and tolerating all the time I took. Thank you very much.

#Paul Craig Roberts

Thank you.