

Economic Collapse in Japan, US and Europe

Sean Foo is a financial analyst and a China expert. Foo discusses the deepening economic problems developing in Japan, the US and Europe. Follow the excellent work of Sean Foo: <https://m.youtube.com/@SeanFooGold> Follow Prof. Glenn Diesen: Substack: <https://glenndiesen.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> Books by Prof. Glenn Diesen: <https://www.amazon.com/stores/author/B09FPQ4MDL>

#Glenn

Welcome. Today we are joined by Sean Foo, an economist and China expert, to discuss what is happening in the world. Thank you very much for coming back on.

#Sean Foo

Hey, sure, Glenn. Anytime—great to be here.

#Glenn

Well, under the unipolar era after the Cold War, people looked toward the United States, Western Europe, and Japan as the economic leaders, as they had throughout the Cold War. But now they all seem to have exhausted themselves in terms of debt and many other basic economic indicators, and they're struggling increasingly. So I thought it would be interesting to start by looking at Japan, because the debt level there has been a problem for decades now, yet they keep introducing more and more stimulus. What do you see happening in Japan?

#Sean Foo

Well, I think Japan is caught in a very dangerous trap. Either way—whichever solution they choose—it's going to cause problems down the road. Right now, the immediate problem for Japan is an imminent industrial collapse. Firstly, when you're selling a lot to the U.S. and suddenly face 10 or 20 percent tariffs, a lot of your exports are going to drop. Japan's exports to the U.S. have fallen for at least five or six consecutive months, and that's not good. If we look at what the administration really wants, they want Japan to move many of their facilities and factories—whether automobile plants or some of their semiconductor production—to U.S. shores. So Japan is feeling the threat from that direction.

And if we look at the currency side, the Japanese yen has been collapsing for six or seven months against the dollar. And understand that the dollar itself has been weakening against other currencies, whether that's the euro or the Chinese RMB. So if your currency is collapsing against a dollar that's also falling, it means you're really in big trouble. And when the yen collapses, suddenly all their input costs go up. We have to understand that after the Fukushima nuclear disaster, a lot of Japan's energy has to be imported. It doesn't matter whether that's oil, LNG, or even coal—around 85 to 90 percent of their entire energy mix is bought from global markets and brought to Japanese shores.

And if the yen continues to collapse right now, everything will cost more. Whether you're talking about the standard of living in Japan—domestic prices go up—or you're talking about industrial inputs, like trying to make a new car, it's going to cost more. So right now, Japan is facing a very difficult situation. They have to choose: do we compromise the debt long term—sooner or later it's going to default and things will just blow up—we don't know when that will be, it's a black hole, a black box? Or do we see our industries collapse tomorrow, next year? So obviously, by introducing the stimulus, Japan has chosen the short-term fix. But with it comes a lot of problems as well.

#Glenn

Yeah, the heavy dependence on energy imports, at a time when energy prices are going up and the currency keeps weakening—that really seems like a trap, if that's the right word for it. But what does this mean for the wider economy, for Japanese bond yields and their ability to, well, I guess, hold U.S. debt? Because if you look at the countries that hold U.S. debt, now that the Chinese and Russians are getting out of it, Japan seems quite important in terms of maintaining the American economy.

#Sean Foo

Right. All right. So, Japan does hold a lot of U.S. debt. And I made a bit of an error over the last one to two weeks when I postulated that Japan, most likely to save the yen, would be dumping a lot of U.S. Treasuries, right? You know, they hold over a trillion dollars' worth of Treasuries, and if they dump a couple hundred billion, they'd be able to easily cover the stimulus—at least keep the Japanese economy afloat for quite a while longer. However, we all know the relationship between the U.S. and Japan. The U.S. definitely doesn't want their friends to dump their holdings of U.S. Treasury bonds, not at this point in time. So what Japan just did over the last week was—the BOJ, which is Japan's central bank, the Bank of Japan—hinted at a concrete move to jack up their own interest rates.

Now, this is quite unthinkable for a lot of reasons. Firstly, Japan's debt-to-GDP is around 230 to 250%. That's the debt-to-GDP ratio. Now, if you were to jack interest rates up, suddenly the interest payments would keep getting higher—that's one issue. But when you raise interest rates, it actually gives the markets, especially your own local investors, an incentive to bring money back from other

markets, right? Because now they'll be able to get a higher yield. The yen will most likely do a reversal and go up, so a lot of Japanese money that's floating around the global economy—especially in U.S. stocks and U.S. bonds—has a very big chance of flying back to Japan. So yes, you don't dump U.S. Treasuries, so that side of the equation is fine.

However, a lot of domestic money—from corporations, from non-government entities, from individual investors themselves—will be pulled out. Of course, we have to understand that many Japanese investors are quite risk-averse. They'd rather earn a steady 2% to 3% yield than try to speculate in a casino. So right now, with the yen appreciating, the dollar is likely to fall because of recent events at the Federal Reserve. Chances are, money will leave the U.S. and flow into Japan. And that also creates another kind of funding squeeze for the U.S. Treasury, for Glenn Diesen. So there's really no nice way this entire situation is going to end without some kind of collateral crisis.

#Glenn

Well, what do you see happening on the American side, though? Because I know when the global financial crisis hit, it was the Russians and the Chinese who started to suggest there was a need to reduce dependence on the United States. There were references to a post-American world, simply because the fiscal responsibility of the U.S. was being questioned—they weren't able to get their house in order. After that, the Chinese launched the Belt and Road Initiative and the Asian Infrastructure Investment Bank, again as part of a financial diversification effort. But in 2009, U.S. debt was about \$9 trillion. Now it's around \$38 trillion, and it doesn't seem to be slowing down. If anything, debt levels are still rising. So what does this mean for the United States? What are its options? And what will happen to its currency if it keeps going down this path?

#Sean Foo

But I think the U.S. is caught in a trap. There's no alternative but to inflate or lose the entire global economic war. We talked about how China was building out its own Belt and Road Initiative, right? Now, the U.S. itself is on a one-way mission to try to survive, to maintain hegemony—and that means firing on all cylinders. If you look at the administration, they've been going around the world trying to sign all sorts of deals with Australia and Southeast Asia on how to rebuild their supply chains, especially when it comes to rare earths. That needs a lot of money—money to invest in those countries, and money to buy stakes in the companies.

And all the tariff revenue coming in is simply not enough, so the deficit will have to be covered by borrowing. And that's just on the supply chain side. Now, if we look at the more critical front—the war over semiconductors and AI—a lot of money needs to be borrowed to keep that bubble afloat as well. The U.S. doesn't have much of an industrial advantage when it comes to competing with China or the BRICS; that battle has already been lost. But what the U.S. does have is a clear edge in technology, and there's really no way to maintain that advantage without pouring in large sums of money.

So if you look at the whole of 2025, it's basically one big orchestrated move to take money from Main Street—U.S. consumers—and funnel it to the federal government. That money is then used to pour into the AI companies, helping them lower their funding costs and giving them opportunities to build more data centers. So industrial America, the consumers, are being hollowed out in order to fight and win the AI war against China—simply put.

#Glenn

Well, at the end of the Cold War, those were the golden years—not just for the U.S., but for the political West. Traditionally, you know, you fix the roof while the sun is shining, or you mend your nets when the sea is calm. In other words, during the good times is when you get your financial house in order. Instead, during those decades, the U.S., as well as the rest of the political West, went on a big party and spent a lot of money. So given all the needs now—developing its tech, getting its debt in order—it's really the wrong time, as you say, to be firing on all cylinders, to be doing this at such a critical point. It doesn't seem like a good option. Do they at least have any chance, do you think, of improving the economy—that is, to reindustrialize and win this tech war with the Chinese? Because I know the AI bubble is a growing concern in the United States right now.

#Sean Foo

Well, I think it's pretty obvious what the United States is trying to do. Now, if you're talking about an outright win against China, I don't think that's really possible, because China just has too many advantages. One thing we need to understand is that when it comes to winning the tech war, you need two components. You need the ability to out-innovate—the brainpower. The U.S. obviously has some of that. Some of the top educational institutions are still there, and there's still a lot of talent in Silicon Valley, a lot of talent at companies like NVIDIA and AMD, all these top-notch firms. But the other side of the equation is something China has in spades, and the U.S. doesn't have much of it at all.

And that is the industrial capacity for manufacturing. All this creates a very virtuous loop, right? If you have innovation, you'll be able to upgrade your manufacturing capabilities. When those manufacturing capabilities get upgraded, it fuels even more innovation. So the U.S. right now only has that innovation, which is fueled by debt and deficits—something really weird and unheard of. But if we look at the grand scheme of things, can the U.S. economy survive, even thrive? I would say yes, but it will be at the expense of the G7 allies. So if we look at how the U.S. is playing its cards, it's actively trying its best to bifurcate the world, right?

The U.S. is getting a lot of exposure, a lot of attention focused on the Western Hemisphere. We just need to look at recent actions—it's not very complicated to see, right? You know, giving Argentina, what was it, a \$10 or \$20 billion bailout to help Javier Milei win the elections. The U.S. isn't doing that out of the goodness of its heart. They want to have more financial influence, let's say, in

Argentina. And we just need to look at what's happening in Venezuela right now, right? We have ships patrolling the Caribbean Sea, we have Trump trying to close down the airspace. Why? Because Venezuela is a very oil-rich country.

So the U.S. definitely wants to clamp down when it comes to the Western Hemisphere. And if we look at all the trade deals going on with Europe—which is, strangely enough, still very subservient to the Americans—I think the U.S. understands that when it comes to BRICS, the East, the Global South, it's really going to be hard for them to compete on the basis of economics. When it comes to better products at a better price, they can't win. But they can definitely still arm-twist their allies to fuel the U.S. economy so that it will thrive, GDP will grow—it's basically vampirism, right? You know, Count Dracula. I call it the Count Dracula strategy.

#Glenn

Yeah, well, there's some cannibalization, of course, of U.S. allies as well—trying to extract some wealth from allies to get through this difficult time. But you mentioned before that the Japanese, for political reasons and because of the security arrangement, have some limitations in terms of their ability to drop U.S. debt. And again, this was quite evident in the 1980s as well. That is, their ability to resist U.S. pressure is limited because their security depends on the United States. But this is not the case for China. It's the opponent of the U.S. in this economic war, and they, of course, are now looking at the United States with greater concern. How do you see China's willingness to keep holding U.S. debt, though? And if they do get rid of it, what would they actually replace it with?

#Sean Foo

Well, I think China has woken up to the idea that you can't really hold U.S. debt for a variety of reasons. You know, the confiscation of Russian assets is a clear one. I think in the 24-point or 28-point peace plan between Russia and Ukraine, one of the clauses was that the U.S. would use Russian assets to help repay or fund Ukraine's rebuilding efforts. And the other part of it was to come up with some sort of bizarre venture with the Russians to possibly build up supply chains. But the thing is, if you have money caught up in the Western financial system—whether that's in Europe or in the U.S.—they can always use that money without your permission. How they want to use it is up to them. So right now, China has many avenues to spend its money, right?

Now, the first way they're doing it, obviously, is by buying a lot of gold. Over the last 12 to 18 months, China has been publicly buying gold. They've officially reported small purchases of about one to five tons every month, but a lot of expert analysis from Western banks like Goldman Sachs shows that China is actually buying ten times that amount—they're just not reporting it. So that's one obvious sign we have to watch. Right now, there's so little gold and silver in Western markets that recently a lot of volume has been pulled out from China. Western buyers are purchasing a lot of gold and silver from China. And another avenue we have to consider is how China is going about globalizing the world as well.

The BRICS, the Belt and Road Initiative—China has a lot of money to pour into these projects. And at this point in time, when the U.S. is trying to build its own supply chains—ineffectively, but still a threat to China—if China has around \$1 trillion in U.S. Treasuries, including Hong Kong, they have a lot of firepower to go full throttle. Now, what is the Chinese endgame after the U.S. Treasuries? I think they'll still hold a nominal amount, maybe \$100 to \$300 billion, just to facilitate trade. But I guess the inflection point will come once China is able to conduct the majority of its cross-border trade and settle it in Chinese yuan. Once that happens, there really isn't any need for them to hold Treasuries in any significant amount.

And to accomplish that, it's actually directly linked to China's export capability and manufacturing capability. So, at the end of the day, everything right now points back—oddly enough—to the AI race. Can China come up with very good AI models to supercharge their factories? Can China come out with next-generation chips that are cheap enough to export to the world, gain more market share, and say, "All right, we have this AI chip—it's on par with the Americans, it's 30 or 40 percent cheaper, and you don't need to pay in dollars. You can just pay us in RMB"? Once that happens, I think it'll supercharge a whole new wave of de-dollarization.

#Glenn

Well, the U.S. dollar isn't just held as a reserve currency, but also as a trading currency. But what are the main obstacles, I guess, for countries like China and Russia to shift out of the dollar? Because there's a learning curve there, isn't there?

#Sean Foo

Yep. Okay. When it comes to the U.S. dollar and what's holding up the economy—well, in the past, it used to be the petrodollar system. You kind of know what that meant, right? I think it was Nixon who signed with the Saudis, with OPEC, that to buy and sell oil, you had to use U.S. dollars. That was the old system that supported the entire strength of the U.S. dollar. And back then, post-war, the U.S. also had a very strong industrial base. Now it's different. The main pillar holding up U.S. dollar demand—and U.S. bond demand—is something called the Eurodollar market. This market is basically the use of dollars, and the demand for U.S. dollars, outside the United States.

This market is enormous—anywhere from \$30 to \$100 trillion. A lot of countries, like Saudi Arabia or, say, any other country, borrow dollars from the rest of the world. They issue dollar-denominated debt. Why do they do that? Because the dollar is still the reserve currency, and investors feel more comfortable lending in dollars and getting their returns in dollars. Now, this is an incredibly big market to break, and it's going to take China years—maybe decades—to really try their best to unwind it. Even then, I guess they don't want to unwind the whole thing, just reduce their dependency on it.

So this is the main pillar holding up the entire system. Now, the biggest threat to the Eurodollar market itself is actually the United States. With all the endless borrowing and deficits, they're destabilizing the whole Eurodollar market—especially when the underlying asset, the dollar, keeps losing value every day. If that's the case, a lot of countries will start thinking, "All right, what's the point of issuing dollar-denominated debt when the value of the dollar keeps fluctuating like a pinball machine?" They'll start looking for other currencies.

That's why a lot of countries out there are beginning to shift more toward Chinese RMB debt. Strangely enough, over the last two to three years—especially during the Trump presidency—the RMB has been incredibly stable and has actually appreciated about 3% to 6% against the dollar this year. So a lot of borrowers and lenders are moving more toward the Chinese currency in that sense. And if we think about it, there isn't really much risk, because most industrial imports or inputs are going to be bought from China anyway. So in that sense, I think China is moving slowly and conservatively to really reshape the world. It won't be easy, but I think it's inevitable over the decades.

#Glenn

They often consider Iran an expert at getting around sanctions, since it's always been so heavily sanctioned. That's allowed it to create, more or less, a parallel economic system operating outside the U.S. dollar and the U.S.-led financial network. But when they went after Russia, that was a very different case. It's a huge economy with global dependencies, especially in energy. So how are these massive sanctions against Russia supposed to strangle its economy—when, clearly, they haven't?

How has this affected the creation of a post-Western financial system? Because one gets the impression that it's the Russians and the Chinese who are spearheading many of these efforts to develop a new economic system. Of course, other countries are gravitating toward it, but this seems to be at the core. Now, China obviously has an economy that can't be compared to Russia's. But given the sanctions on Russia, this duo of Russia and China together seems to have only intensified this creation—or decoupling—from the U.S.-led financial system.

#Sean Foo

Sure. I think since 2022 or 2023, after the Biden sanctions on Russia—and with Trump just making things worse—they've essentially pushed China and Russia together for the foreseeable future. And this is really an insanely strong combination. If we look at Russia and China as one unified economic bloc, everything makes sense: all the cheap commodities from Russia, all the availability of metals, oil, gas—they get pushed to China because there isn't any other avenue for them to sell in large quantities. And if you look at the geography, Russia is right next to China. There's going to be even

more infrastructure built, linking all the oil and gas from Siberia, from northern and eastern Russia, all the way down to eastern China. And when this happens—I think the finance minister of Russia said—the de-dollarization of trade with China has reached 99.1%, which might as well be 100%.

They're either buying with the Russian ruble or with the Chinese yuan—most likely the latter. Now, if this happens, it helps China because they can finance their own purchases using RMB; they don't really need dollars anymore. And for Russia, this gives them an excess of RMB. Russia actually has a trade surplus with China, which is quite rare. Most of the time, we hear about other countries having trade deficits with China—they buy more from China than they sell. But Russia is exporting so many commodities that they've ended up with a glut of Chinese RMB. So over the last few weeks, or the last few months, we've seen Russia saying, "All right, we're going to issue our own RMB-denominated bond—a bond denominated in Chinese currency."

And this is quite unheard of. So Russia is, in fact, helping China create an overseas currency and a Chinese bond market that investors respect. If we look at the entire spectrum of this economic war, the West really made a horrible mistake, and right now we're seeing the snowball effect. China is definitely getting cheap energy from the Russians, so they can survive and even thrive during this tariff war from Trump. And now the demand for U.S. Treasuries—the demand for dollars—is going to be compromised, because the Russian economy is going to grow, obviously, and that means they'll be issuing more RMB bonds to the world. So this is really a self-reinforcing loop that I don't think will stop anytime soon.

#Glenn

This is the problem with all the sanctions on Russia. You have this vast amount of energy resources now being sent to Asia instead—well, more specifically, or at least primarily, to China. I think this is one of the reasons why the Trump administration would now like to end the Ukraine war—not just because they're losing it, but also because of the additional competitive advantage it gives to China. One often points to the Power of Siberia II agreement, for example, where all this gas from the Russian Arctic, which was supposed to go to Europe to fuel its industries over the next few decades, is now being redirected—making Europe less competitive at a critical time of growing industrial competition.

Instead, all of this gas that was intended for Europe is now being sent to China. For the next 30-plus years, that means they'll get cheaper energy, while the Europeans will pay more. So it's not just about Russia anymore—it's the economic advantage being handed over to Asia, while Europe continues to decline. It's quite dramatic, which is why these sanctions never really made much sense, given that the Russians always had the option to export to China, which seems to have an unlimited thirst for energy. China can absorb pretty much anything Russia wants to send. But how does all of this affect U.S. efforts to, I guess, not cancel China, but to de-risk or decouple from them, given that China just keeps growing?

#Sean Foo

Well, I think the U.S. can decouple from China. They can de-risk from China to a certain extent. The issue right now is that U.S. supply chains are going to take at least 10 to 20 years to rebuild. You know, Treasury Secretary Scott Besson said he'll embark on Project Wattspeed to get supply chains up again within 12 to 24 months. And this is really, really bizarre. When Besson came out and waved his little magnet around on CNBC, it was quite hilarious, because it shows that U.S. supply chains and manufacturing are so horrendously behind that just creating the first magnet becomes a big PR issue—a PR victory. I think the U.S. will have to spend a lot of money to make this happen.

Right now, the only solution that seems to be left is taxing the rest of the G7 and focusing a lot on South America and the Western Hemisphere to get all the commodities out—say, signing more deals with Argentina, since they're sitting on a lot of lithium—to extract it and fuel the U.S. economy. So, can U.S. economic growth be sustained? Can the entire economy keep growing? I would say yes, and it's predicated on two things. The first is getting all their allies to comply and shift a lot of factories to the U.S., along with the investment pledges and buying goods from the U.S. Right now, it seems to be working. The pledges haven't been officially ratified yet, but yes, the U.S. is, in a sense, winning the trade war against most of its allies.

Not against BRICS, but against their allies. Now, the second way the U.S. can win is if their AI gamble pays off without the entire debt situation imploding—without entering a recession first. But even debt has risks. The entire U.S. plan of shuffling trillions of dollars into AI is about reaching a state called AGI, Artificial General Intelligence, which is the next level. This is where AI can think for itself, leapfrog human intelligence, and start to self-innovate from that point. Now, how far are we from that? We have no idea. It could be one year, it could be ten years, it could be fifty years. So right now, the U.S. is making a very big gamble. It's a race against self-implosion, I would say.

#Glenn

But China also has some of its own problems. I don't know—there are some new numbers coming out now in December, and they suggest that China has slowed down a bit. Partly, they have some unemployment problems now. The industrial output and, I think, retail sales also haven't had the results they used to. So there's all this talk about China having peaked to some extent. Well, “peaked” is probably an exaggeration, or not the right term, but at least the growth is more limited now. And to some extent, this is fueling assumptions in the U.S. that they can sustain a long-term economic competition with China. Do you see that as a reasonable assessment by the United States?

#Sean Foo

Well, I think it's 50% true and the other 50% is mired in fantasy, right? The thing is, China—every country right now—has a lot of economic problems, especially after the tariff war. Definitely, some Chinese industries are struggling. They have their own margin wars, especially when they're still

exporting to the U.S., so maybe they do undercut prices here and there. However, we're moving toward a global state of inflationary expansion. A lot of debt and deficits are going to come from every country out there. It's going to come from Europe, it's definitely happening in the U.S., and Japan just revealed their own—what we know is a \$120 billion stimulus—coming soon. And right now, in China, there have been rumblings in the central government about creating their own stimulus.

Now, this is the difference between China and American stimulus. China right now has the ability to ramp up stimulus like no other, especially when it comes to bond yields. If we look at the U.S. 10-year borrowing rate, it's still somewhere between 4% and 4.2%. In China, it's around 1.8% to 1.9%. So you're looking at double the borrowing costs, and U.S. debt is higher than China's. So right now, you have a bit of an imbalance there as well. If we look at how the money is being spent, it's also not a fair fight—the edge still goes to China. We know that costs in the U.S. are very high. Salaries are much higher than in China, and the cost of almost everything—even steel and aluminum, because of the tariffs—is 20% to 30% higher.

So let's say you spend \$1 in the U.S.—maybe you get \$1.20 of output, for example. But if you spend \$1 in China, you might be able to get \$2 or maybe \$2.50 worth of output. So China, on a realistic basis, can stretch its money even further. I think what the Americans—what Washington—believes is that they'll be able to outlast China, but I don't really think so. I think they'll come to the realization sooner or later that they'll need to have an amicable divorce with China before the debt implodes, before wealth inequality gets out of control, and before people just revolt in the streets because of the collapsing dollar. I think we're going to reach that eventuality—the endgame.

#Glenn

So, decoupling completely from China—into separate geoeconomic blocs—is that the solution, you think, for the United States?

#Sean Foo

I think that is going to be the solution. I'm not saying that U.S. and China trade will completely stop. There will definitely be some remnants of trade—hundreds of billions of dollars, for sure. We're talking about two gigantic economies. Even after the tariffs, for example, around 60–70% of toys bought in the U.S. still come from China, and that's after those brutal tariffs. So there'll still be quite a bit of trade left. But when it comes to the big things that really move the global economy—like chips and semiconductors—I believe these two blocs will be quite separate.

It's going to be unthinkable for the U.S. to allow all its G7 allies to buy Chinese chips. At the same time, if you're China and you're supplying the whole world with cheap chips, why would the rest of

the world—especially BRICS, Russia, the Global South—buy U.S. chips that are 40–50% more expensive and that some people say have a backdoor in them? So I guess a multipolar world, a bifurcation of economic blocs, is going to happen sooner or later.

#Glenn

Yeah, well, the United States doesn't want to isolate itself completely. So if it forms geoeconomic blocs, the whole purpose will be to capture those markets—have them sever themselves, not completely but largely, from China and commit themselves only to the United States. This is difficult to keep in place, though, because if it makes more economic sense to trade with China, there has to be some reliance on China. There are other reasons, for example, security arrangements, to keep these geoeconomic blocs together. But Europe, I think, is a good example. The United States has now more or less told the Europeans—and the Europeans are obeying—that they should buy much more expensive American energy instead of Russian. And the Europeans are following this.

But of course, this is increasing energy prices in Europe, which is not an isolated problem, because now the industries are not competitive. That means at least the heavy industries have strategies to relocate to the United States. So they kind of get the Europeans at both ends here. But just my last question: what do you see happening to Europe? Because the whole idea of these geoeconomic blocs is—yeah, it's to create a preferential position for the United States in, as you said, the G7 countries primarily. But this also means that its allies will not just be cannibalized; they'll be weakened severely as well, as you see with Europe. I think this is why the Indians were cautious not to fall into this trap, because they would be economically weaker and politically more of a vassal to Washington if they were pulled into such a bloc. So what do you see happening for Europe?

#Sean Foo

I think Europe is caught in a very bad situation. Well, there is a way out, but I'd give it a 99.999% chance it won't happen. A good way for Europe to regain its competitive advantage would be to front-run the Americans and make a separate deal with the Russians, right? If you're able to bring back cheap Russian energy, if you can tap into Russian labor—and Russia has a lot of land—and I'm quite confident that, for example, environmental regulations there are less stringent than in the EU, then if you could do that and front-run Trump in such a way that the Americans suddenly lose their leverage over the EU to buy expensive U.S. energy, Europe would be able to kickstart its economic engine.

Now, Europe is not totally done yet, but all the actions we see— that I see, that I'm sure you see—are just very confounding. They still want to keep supporting Ukraine to the bitter end, even though there's a lot of evidence showing that sooner or later—whether that's one year or five years—everything will just come to a screeching halt, right? And even more land will be lost to the Russians if they don't come to an agreement sooner or later. I guess Europe, if it's able to find a way to work things out with one of its biggest neighbors, could wrestle a lot of advantages away from the U.S.,

and from China as well, right? China's getting a lot of cheap energy from the Russians—why? Because they don't have any other outlets to sell to.

Now, the Russians themselves—I'm not saying they'll abandon China—but it's just good economic statecraft to diversify your customers. So some volumes will flow to the EU. You know, Russia is still supplying Hungary with energy as well, so it's definitely possible for the Russians to sell a bit more energy to the EU. But the EU is just blocking its own progress, blocking its own outlets. A lot of the economies are facing either economic degradation or deindustrialization, especially when it comes to Germany. So I'd say it's not really much of an economic issue; it's more about political indecision, bloc politics, and they just can't bring themselves to say, "All right, we lost this one. Let's prepare for the next one."

#Glenn

Well, this is the difficult shift that has to take place in Europe. After the Cold War, we re-divided Europe through NATO expansion in order to keep the United States in Europe. That was seen as the recipe for prosperity. However, now that the United States—given that the world is multipolar—has all these incentives to leave Europe and focus on the Western Hemisphere and Asia, while also shifting to a policy of extracting wealth from its allies, this is no longer a good strategy. The whole formula has ended. So now, I think the solution for Europe to regain its prosperity is to end the dividing lines in Europe—to do the exact opposite—and end this new Cold War against Russia.

But this is really an impossible idea to sell in Europe, because the hatred here of Russia—the idea that Russia is the source of all evil—is so strong. If we just break them, then America will come back and we'll go back to the '90s. That's kind of the thinking. So there's no political imagination after 80 years of living under the dominance of the US. There's no political imagination to do something radical, like not re-divide and re-militarize the dividing lines of Europe. But... anyway, thank you very much for taking the time to share your insights. It's really fascinating, the things that are happening now.

#Sean Foo

Sure, thanks for having me. Always a pleasure.

#Glenn

And can I ask you, where can people find you?

#Sean Foo

Yeah, but only on YouTube right now. Just search Sean Foo—youtube.com/SeanFooGold—and you'll find me. I talk quite a bit about geopolitics, but mainly about economics, investing, finance, gold, and silver. So check me out; we definitely have something for you.

#Glenn

Yeah. Well, when the global financial crisis began in 2008, gold, I think, was around \$800. Now it's about \$2,400. So I really recommend that people follow your channel to see why gold is rising. Thank you very much.

#Sean Foo

No problem at all. Thank you, Glenn.