

# The Economic Unravelling of the Political West

Prof. Michael Hudson, a world-renowned classical economist, discusses the economic unravelling and fragmentation of the Political West. Please support Michael Hudson's important work on: [patreon.com/michaelhudson](https://patreon.com/michaelhudson) Follow Prof. Glenn Diesen: Substack: <https://glenndiesen.substack.com/> X/Twitter: [https://x.com/Glenn\\_Diesen](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](https://buymeacoffee.com/gdieseng) Go Fund Me: <https://gofund.me/09ea012f> Books by Prof. Glenn Diesen: <https://www.amazon.com/stores/author/B09FPQ4MDL>

## #Glenn

Welcome back to the show. We're joined today by Professor Michael Hudson to discuss the U.S. national security strategy and the unraveling of the post-World War II economic order. Thank you very much for coming on the program. We see that...

## #Michael Hudson

Thanks for having me back. Sorry—thanks for having me back in this ongoing, unfolding dialogue. Things are happening so quickly each week.

## #Glenn

Yeah, it's hard to keep up with things. I always make the point that in academia you spend very little time following current events. But these days, a lot of time goes into looking at these massive changes happening on a week-to-week basis. We often see that political discourse tends to focus, I think, excessively on individuals. So when you look at the unraveling of the political West—the economic structures of the hegemonic order as well—it's often attributed to Trump's personality. However, there's a much larger phenomenon at play here, which people like you have been talking about for quite some time. The building blocks of this economic order are being undermined. I thought a good place to start would be to get your views on how you interpret this new national security strategy from, I guess, a somewhat economic perspective.

## #Michael Hudson

Well, it really doesn't explain the strategy as such. American diplomats aren't going to come out and say, "Here's our strategy to force you to make sacrifices in your economy to promote America first." And your countries—Germany, the European countries, Japan, South Korea—are also supposed to

put America first, not your own countries first. This reverses almost the whole last 80 years of the economic order that American diplomats themselves put in place in 1945. That was a time when the United States was the dominant industrial power in the wake of World War II. It was the dominant monetary power, on its way to holding 80 percent of the world's monetary gold by 1950. And the rest of the world actually needed American support.

American interests were served by breaking up and absorbing the British Empire and the French Empire. There was a long discussion that I quote and describe in my book *\*Superimperialism\**, in the British House of Lords, where they said, "Well, we know that the American plans for free trade and free investment mean no more sterling area, with the blocked sterling of India and other sterling-area countries that had to be spent on British manufacturers and British goods. In reality, we know that our economy is pretty devastated, and this free trade and investment mean America is going to pick up all of these savings from what we now call the Global South countries, which had been accumulated during World War II." So this order of free trade and investment was almost an evangelistic ideology.

And it seemed that all of Western history was moving toward free trade and free investment. The myth was that all of this would automatically stabilize the system, enable all debts to be paid, and allow all countries to gain together. Well, that idea was a fantasy. In fact, there was no anticipation at the time that America would end up in the position it's in today—industrially dependent on foreign countries to provide products it used to make at home, and financially dependent as well. Its military spending abroad was so large that it accounted for the entire U.S. balance-of-payments deficit from the time the Korean War began, in 1950–1951. From those years on, the U.S. balance of payments began its long, steady move into deficit, flooding the world with dollars.

Well, other countries, for the next few decades, used these dollars to accumulate reserves. They'd turn them in to the Treasury and redeem them for gold. General de Gaulle, and also Germany, were turning their trade surpluses into dollars, because all the money being spent in Southeast Asia ended up in French banks, and money in other countries ended up buying imports from Germany. At the Chase Manhattan Bank, where I worked in the 1960s as their balance-of-payments economist, we used to sit every Friday and look at the Federal Reserve statement for the gold cover—how much gold we were losing and how much was legally required to back the paper currency. It was obvious that the United States was going to be forced off gold already by 1966 or 1967. We could see where that was heading.

Well, the United States did go off gold. And when it went off gold, it set up a system where, if foreign central banks couldn't cash in their dollars for gold, what were they going to do with them? There was very little they could do except give in to pressure from U.S. diplomats to buy U.S. Treasury securities. So, in effect, they were recycling all the dollars that America spent on military operations, bases, and wars around the world. All this money was recycled back to the United States

to finance its trade deficit and balance-of-payments deficit, which allowed the government to keep spending abroad at other countries' expense. Eventually, this let the United States deindustrialize and, as economists say, fail to live within its means.

The result is that the National Security Report recognizes that the kind of free trade, free investment, and equal sovereignty among nations—the whole set of principles the United Nations was founded on in 1945—no longer serves American interests. So what they've done is reverse this whole philosophy, which is still claimed to represent Western values, and instead use various forms of coercion. The most obvious form, long before Trump, was control over the world's oil trade. If you can control oil, you can turn off the energy supply to countries that don't follow your policies. And America's policy has not been to create a peaceful world order, as was assumed 80 years ago, but to prepare for a war—or at least a conflict—with Russia and China.

Well, the National Security Study isn't going to come right out and say, "We want to control the oil to turn off your power and make you suffer like Germany if you don't follow the rules—the America First rules we're laying down." America also wants to monopolize information technology—the whole computer revolution, computer chips, the whole media, social media. It wants monopolies on all of this. And that means it doesn't want Europe to impose taxes on American companies operating there. It wants special privileges that no other countries have. So the Americans say, "Well, if we can no longer support ourselves industrially or financially, then other countries have to support us."

How are we going to get other countries to support us? That's the real problem. And what's not acknowledged is the most problematic assumption underlying this whole National Security Report. The idea is that somehow, if America can impose such a coercive trade, investment, and monetary system on other countries, they'll relocate their industries—from Germany, France, Korea, and Japan—into the United States, and those countries will somehow be willing to reindustrialize America. None of this considers why the United States became deindustrialized in the first place. What are the dynamics that have made industrial investment so much less rewarding than financialization—making money simply from money?

Well, that's the problem I think Europe and Asia are facing now. If you look at today's Financial Times, from the front page to the last, it's all about European worries that the whole U.S. financial economy has become a bubble—especially the artificial intelligence bubble and the heavy debt leveraging issues. Donald Trump is following the same path that Margaret Thatcher and Ronald Reagan followed after 1980: deregulate the economy, take away all the rules that protect investors and consumers, and just make it a free-for-all. Well, I think most of the money managers I know, and the CEOs I talk to, all say there's a huge crash in the making. How are you going to prepare for it?

Well, the National Security Report says we probably have only three years to lock in place what is going to be, we hope, a coercive America-first order—make America great again, MAGA—at other countries' expense. And they point out that America's strongest backers in Europe—Macron in

France, Starmer in England, and Friedrich Merz in Germany—are at the nadir of their popularity. The voters realize they disagree with them. And not only are their economies being sacrificed by following the policies that these three leaders, along with the EU leadership under von der Leyen and Kaja Kallas, are promoting, but the political parties in power are also threatened.

But there's not going to be an election for the next three years, so that gives the United States three years for its major supporters to try to put in place this campaign—a new economic order, a new, new economic order—that's going to replace the multilateral economic order. And the main victims of this are going to be America's closest allies, as usual: the Western European countries, the NATO countries, Japan, South Korea, and the English-speaking nations—Australia and New Zealand. It's much harder to convince China, Africa, and the rest of the Global South, or China's Asian and Eurasian partners, to go along with this. And so the report acknowledges that, well, the world is going to break up into spheres of influence.

And we can't really prevent that, but at least we can lock in America's control over Latin America. That's why you're seeing Donald Trump saying that, despite China's investments in Venezuela and Brazil, Latin America is our territory. These are our kleptocrats, our client oligarchies in power, our military dictatorships—and we're not going to let you in. But ostensibly, they say, okay, China has its sphere of influence along with Russia and Eurasia, and it's trying to shoehorn Japan into this group of five. The United States—its Western European satellite, Western Europe is a satellite—Russia, China... and then that's four, but the U.S. wants a majority, so it has Japan, which always votes with the United States.

It's another satellite. And this is pretty fictitious, because China and Russia immediately say, "Wait a minute—you want us to stay out of Latin America despite our investments there? Despite the fact that China is buying Brazilian soybeans so it doesn't have to depend on U.S. soybean exports, and the ability of the United States to weaponize its foreign trade—to say, 'We can turn off our soybean trade and make you go hungry if you pursue policies we disagree with?'" The United States is not staying out of Eurasia. It's not staying out of Europe—it's turned NATO Europe into a satellite. It's not staying out of Asia; it's trying to surround China with the Philippines and others, pressuring Taiwan and Japan.

It's trying to make the Quad arrangements, along with Australia, to sort of ring China. But for Trump, the Monroe Doctrine means you stay out of South America—while we're not going to stay out of your territory. So it really means the United States can somehow maintain its unique status as the unipolar power dominating the whole world. Well, this is a fantasy, and the National Security Report isn't going to say that it's a fantasy. They simply focus on the fact that Europe has its own fantasy—that somehow it can be an independent actor in all of this.

And it can make an independent decision to spend all of its economic surplus planning for a war with Russia—which is inconceivable, because Russia or any other country couldn't invade Europe or a neighbor in today's world, where wars are fought with bombs and drones, without infantry. And

without infantry, you're never going to occupy a country and take it over. You can only do it surreptitiously, by backing the campaigns of politicians loyal to you. Well, that's how the United States has controlled Europe—through its meddling in European elections ever since 1945, especially in Italy when there was a threat from the Communist Party, and throughout the rest of NATO Europe. What you're seeing today is that it's created a kind of Frankenstein's monster, now out of its control.

And here, the puppets it's put in power are elected, but the puppets are on automatic pilot. "War with Russia, war with Russia." We have to cut back social spending in order to create our own military-industrial complex—to finally provide industrial employment that we're no longer able to do in the marketplace, because we've cut off trade with Russia. Well, this is a quandary, and the National Security Report acknowledges that fact. Essentially, you could say it's meant largely for Europe, because the other countries of the world—the other regions—are already pretty much fixed in the direction they're going. These regions face the same choice that Europe has: what is going to be their economic future?

Trump's national security policy, which isn't spelled out this clearly in the National Security Report, is to confront Europe and other countries with a choice. Either you can live for the short term—we'll lower the tariffs that Trump has imposed and give you access to the American market for your exports—but you have to give something back. You have to follow American policy. For us to give you access to the American market, you have to join our sanctions against Russia, China, Iran, and any other country we designate as not following American policy and therefore our enemy. You also have to agree to invest and move your major industrial companies out of your country and into the United States.

Well, if you don't do this, then you're going to face unemployment, deindustrialization, and layoffs. Many of your factories will close down, and the small and medium-sized Mittelstand companies of Germany will go bankrupt. So the question for Europe is: is it worth avoiding this short-term disruption of foreign trade in order to live with the long-term reality that China, Russia, and their Belt and Road Eurasian neighbors are the most rapidly growing economies in the world? If Europe—which is really the centerpiece of this—ties its fortunes to the United States by relocating its industry there and investing its savings in the U.S., then it will have to forgo economic, trade, and investment relations with China, Russia, and the global majority.

That's the long-term gain. So what is it going to choose? Well, politicians live for the short term, and Europe's politicians have two or three years before the next elections—that's their time frame. So they're willing to sacrifice Europe's long-term growth by agreeing to, by surrendering to, the trade policies, the givebacks, and the promise of investment in the United States that von der Leyen agreed to a few months ago with Donald Trump, and which the current leaders of Europe continue to support. Just as that makes them so unpopular with voters, it leads the national security authors

to recognize that the voters are right. Europe can't possibly survive this way, but we can use this interim to lock in an America First international economic order, under pretty much the same kind of pressure we used in 1945 to serve American ends.

It's just that instead of a multilateral order, it's a one-country-takes-all system. Our gain is your loss. Putting America first means we win at your expense—and it's going to be at Europe's expense if it wants to defend itself against Russia and rebuild its military-industrial complex. Well, that's its problem. America is washing its hands of it. The hope of the National Security Report is that somehow it can persuade Russia to drop the sanctions against it, to make a kind of U.S. investment in Russia. I mean, the ideal is to do to Russia once again what Americans did in the 1990s under Boris Yeltsin. The hope is that somehow the war—the dream of American foreign policy—would lead to the population rebelling against Putin, saying, “We don't want our soldiers to die.”

We don't want military spending. We want spending on consumer goods. We want to trade with Europe. Well, none of that happens. When you bomb a country, they don't oppose the leader—they rally around the leader. So there's a kind of fantasy underlying not only this report but Trump's policy. And the fantasy is that other countries don't have any alternative but to surrender to Trump. And of course, there is an alternative—but choosing long-term open trade with Eurasia means losing the American market in the short term. So this is the tension confronting Europe, and also Japan, Korea, and America's closest allies. It's interesting, though.

## **#Glenn**

I was wondering, what do you see happening to Europe after this? I know you've covered this to a large extent already, but the whole relationship between the Americans and Europeans after World War II had a very different premise. After the war, the Americans were quite generous with many of the trade deals that were established. Some of it, of course, was trade—but also geostrategic. You wanted West Germany to be more prosperous than East Germany. You wanted Taiwan to be more prosperous than mainland China. You wanted South Korea to be more prosperous than North Korea. So there was always this strategic incentive to have generous trade agreements for the frontline states, in addition to, of course, providing for their security.

But also, due to the economic status of the U.S., there was an interest, of course, in building trust in U.S. banks. It's the dollar, their dependence on technology and industry. And again, U.S. big business really grew a lot during World War II. The U.S. became this industrial powerhouse, the leading technology country. And all this potential for dominance, of course, raised concerns about protectionism in Europe, which often happens after a war. So there was a need to open up these markets. And as you said, there was a strategic interest in dismantling the European empires and absorbing them—of course, for the U.S.—and in containing the Soviet Union. So there were all these interests, which were, yes, strategic, but all of this translated into a very privileged position for the Europeans in an open economic system.

And all of this, in Europe, instead of looking at the strategic reasons why it happened, we kind of formed this ideology of liberal democracies sticking together, transcending international anarchy. Yeah, that's the kind of language political leadership speaks in. They don't think of alliances as temporary constructs—it's about permanent friendships based on values. You know, that's the kind of language and assumptions they often run with. But when you look at the specific references to Europe in the current national security strategy, it's really an image of decoupling. Europeans—or at least European leaders—are portrayed as authoritarian, increasingly undemocratic.

I would agree with this, by the way. The economic decline—hard to disagree with that as well. And also, being very irrational on Ukraine. You can see this in the language now. It appears that our leaders in Europe are cosplaying World War II—the assumption being that if you can defeat Russia, it's just like defeating Nazi Germany, and that this will somehow usher in a new golden era for Europe or something along those lines. You even see the German leader now comparing Putin to Hitler. He argues, you know, Russia won't stop, we have to stop him—that this is the main goal. I mean, this frames offensive actions against Russia as something defensive. So, no, it's like the rules are gone, it seems.

I'm assuming that several European powers are at least assisting Ukraine in attacks on civilian Russian ships. And of course, the seizure of Russian funds—which are legal on their own—but even the rules within the EU are now turned on their heads. There's no more voting every six months to renew it. The EU leadership simply decided to ban this from now on; it will be a permanent seizure of Russia's funds, as all 27 member states would now have to unanimously agree to release them—which I can't see happening. But again, there's this open talk about fighting a war they can't win. They don't have the troops, they don't have political support, they don't have public support. So, do you see this as the EU being systemically lost or strategically lost?

There is a strategic vacuum. Is it that it doesn't have a new place—an economic role—in the new world? Or is it just good old-fashioned Russophobia? How do you make sense of this? Because all the things that have defined the EU over the past few years—this economic powerhouse, good governance, choosing diplomacy over war, and most important of all, being rules-based—are now out the window. I mean, how do you make sense of that? And what does this mean for Europe's relationship with the United States, even after Trump is gone? Sorry, that was a very long question, but...

## **#Michael Hudson**

Well, you're right to bring up World War II as the key. The United States is steering the world to refight World War II. It's as if the U.S. is saying, "World War II didn't end—we're going to finish it." But instead of America and Western Europe being allied with Russia, we're now aligning with Nazi Germany. That's why we have people like von der Leyen and Kallas, and officials with family

backgrounds in the Nazi movement. Basically, the United States is acting as if the Nazis were right in wanting to go to war against Europe—and that Japan was right in wanting to invade China, with the Nanking massacre.

The Nazis were right in hating Russian speakers and the Slavic population, seeing them genetically as subhuman. The Japanese were right in treating the Chinese as racially inferior and attacking them. That's why we're supporting, in Ukraine, the neo-Nazi government that we continued to back right after World War II and kept in influence, with their racist, Nazi philosophy. That's also why, in Japan, MacArthur found a way to oppose the nascent socialist movement by working with criminal gangs to fight the socialists and install puppet right-wing leaders. So right now, you have this violently passionate female leader in Japan preparing for a war with China.

The United States is trying to push Taiwan to fight to the last Taiwanese against China, just as Japan is being pushed to fight to the last Japanese—by threatening conflict over islands in the South China Sea and placing American arms and missiles there, which will lead China to defend itself through a takeover. So the United States is basically taking the position of Nazi Germany in creating a new Nazi-style alliance: Western Europe, Ukraine, Japan, and hopefully elements in Taiwan and other countries, in the same way it once used Argentina and other right-wing military dictatorships in Latin America. And the rest of the world seems blind to the fact that World War III is not going to be fought the same way World War II was.

It's not going to be armies of different countries attacking each other. As I mentioned, it'll be missiles. And President Putin said in the last few weeks that the whole fiction of Trump's hope for a ceasefire or an arrangement between Ukraine and Russia—Putin said, our fight isn't with Ukraine, it's with Western Europe. Ukraine is only the arena, the battlefield for the fight of the right-wing European parties: the British Labour Party under Starmer—Orwellian, a doublespeak name for it—Merz's Christian Democrats, and Macron's party, which he began as a socialist and then turned into his own party in 2016. These are the leaders who are joining in this new war.

And if it's really these three countries that are supplying arms to Ukraine, organizing its attacks on Russian shadow shipping for oil, and targeting—along with the Americans and their satellites—the missiles being sent from Ukraine into Russia to attack its oil refineries and disrupt its production, then Putin said, we realize that even though these missiles are coming from Ukraine, it's really not Ukraine that's doing it. Ukraine is a puppet government, installed by the United States in Maidan in 2014, and now it's supplied with arms largely by Europe. We will retaliate against the countries that send these missiles to us and that are attacking us.

So the fight in Ukraine is essentially the opening phase of something like World War II. Putin has said, we're going to start by bombing the factories that produce these missiles. We'll bomb the electric facilities, the companies that provide electricity for them. And we'll let Western Europe fight to the last European because—it'll be a very short war. After the first few days, there really won't be any European leader left to negotiate with, because there won't be a viable Europe. And Europe has



said, OK, it's agreed to it, saying, we think it's a bluff. Well, that's the question. The assumption is that Russia has been militarily weakened by the war and that it's losing to Ukraine. That's what the Council on Foreign Relations is saying here.

That's what all the pro-U.S. media are saying. And it's, as you know from the guests you've had on your show, Glenn, all a fiction—that's not what's happening at all. So what's being challenged here is, you could say, the materialist approach to foreign policy, and in fact to history for that matter. The assumption of the materialist approach is that countries act in their economic self-interest. Well, that's not happening. Europe is not really acting in its economic self-interest or even its instinct for survival. It's acting in what Trump calls the "America First" interest. But this interest isn't really that of the United States, except in the sense that it means what's left of the remnants of German industry and technology, and that of France and other countries.

That is going to be what Trump and his team hope will move to the United States. Europe is going to be emptied out. Western Europe is going to look like the Baltics—losing a third of their population, emigrating for work, essentially just depopulating. And the Latvians say, "Well, the last emigrant in 2035, please turn off the lights at the airport when you leave." That seems to be the dynamic: depopulation, deindustrialization, unemployment, and the breakup of Western Europe. The fact is that before this really happens, the European Union itself will probably break up. That's what's being seen, and that's why the United States, in the last couple of weeks, has said, "We think that Italy, Hungary, the Czech Republic, and Slovakia, for starters, should withdraw from the European Union." Well, you're seeing that already.

What are they going to do? Where are they going to go? You mentioned the whole fight over the Euroclear confiscation of the \$250 billion equivalent of Russia's national savings that it put in Euroclear. Europe wants to give this to Ukraine—well, not really to Ukraine. Europe wants to give it to its own military-industrial complex to build factories. It doesn't intend any actual money to go to Ukraine, because it would all be stolen, as you've seen in the last few weeks with all the exposés about Ukraine.

The money that's been siphoned off—maybe one-third of all the money spent in Ukraine—ends up in the pockets of the kleptocrats who've taken power and run Ukraine for the last 15 years. According to the World Bank, it's the most corrupt country in the Northern Hemisphere. So, do they really want to give any money to this obviously corrupt country? Well, they don't—except that a lot of the money they "give" to Ukraine gets recycled back to the European leaders who've been approving it. It's a circular flow: the European leaders get a back-flush into their own campaigns and personal accounts. It's not really spent on Ukrainian defense at all.

That's why Ukraine is losing so much. That's why there are so many desertions from the army, with soldiers saying, "Wait, a barrier's built up here. We were supposed to have all this military support, but none of it ever came." It seems the generals in charge of the money have just put it all in their pockets. Well, that's the situation we have. This is not a stable situation. That's why it's unfolding

week by week. And I think every week that you have your guests on, there's a new story, a new revelation, a new shift in this balance that's unfolding so rapidly that it's very hard to forecast whether there's going to be a risk of an accident happening. That seems to be the case.

## **#Glenn**

I think the model many people have in mind is to emulate the British and U.S. offshore balancer strategy—that is, have their proxies fight, much like in World War II, and let them exhaust each other. In this case, using Ukraine to exhaust Russia. The assumption is that once the war ends, if Russia isn't defeated, it would at least be so worn down that some powerful Western country could step in and dictate the outcome. But of course, this situation is very different. Russia slow-rolled this to a large extent to make sure it could prepare for a wider war. Because, as you said, they know who's pulling the strings behind it. Yeah.

From what I'm hearing, they now have the Oreshniks in mass production. They're also signaling clearly that if the Europeans plan to enter this war and attack Russia, they won't be fighting the brotherly Ukrainian people—they'll be fighting Russia. Western powers, in that case, would take the gloves off in terms of the weaponry they'd deploy. So I think we're walking down a very dangerous path. And now that the Americans are trying to hand this whole thing over to the Europeans, and the Ukrainians are falling apart on the front line, the Russians will be—well, the Europeans will have an incentive to step up much harder against the Russians, with more direct attacks, while the Russians will see that they have more freedom to act.

That is, if you have British or French troops, planes, or drones flying across—along the Black Sea to pick targets that should be struck—why would the Russians let them do this? I mean, I think you're going to see a much heavier hand from the Russians. They'll start shooting these things down, and this is happening just as the EU is also stepping up its aggressive posture. So I think the illusion of escalation dominance in Europe is going to lead to a disaster, probably sooner rather than later. Do you have any final thoughts on where we're heading beyond the economic side?

## **#Michael Hudson**

Well, America was not exhausted by World War II. America emerged from World War II much stronger, industrially and financially, than it was before the war. Even Germany had increased its industry during World War II. Russia, obviously, has been growing much more rapidly during the Ukraine war than NATO Europe. So it's just a fantasy that Russia's economy is somehow falling apart. That's exactly the opposite of what's happening. And that's what the American military, the State Department, and American diplomats can't acknowledge. And here's the problem—it's a bureaucratic problem with America's national security reports.

There's a feeling that you have many researchers in the CIA and other agencies who are reading Russian speeches and newspapers, and they say, well, the reality we're getting from the battlefield

and from those speeches is just the way you've described, Glenn—Russia's getting stronger. And the forced, single, uniform report is that if you think Russia's getting stronger and winning the war in Ukraine, then you're Putin's puppet. You must be sympathetic to Russia. You're saying that because you want to believe Russia's getting stronger, and that's not a patriotic thought. So people who are reality-based observers decide that, with advancement closed off in the CIA and no receptiveness to the reality they're describing, they leave.

Ray McGovern, who used to work for the CIA, has been very explicit in describing this: either agree with it or it's our way or the highway. So the CIA, the State Department, and the Pentagon have a bureaucracy of yes-men who aren't going to disagree or point out the flaws in this strategy. And that's what's so crazy—there's no real open dialogue or checks and balances. It's as if everybody believes what's reported in the New York Times and the Washington Post, the pro-war, anti-Russian, neocon, neoliberal press. There's a lack of understanding, either of the enemy or of oneself. And as Lao Tzu said in *The Art of War*, if you don't understand yourself and you don't understand your enemy, you're sure to lose. So that's a kind of built-in bureaucratic mindset that's guaranteeing a walk into disaster.

## **#Glenn**

The whole thing is very frustrating to watch from Europe, I would say, because there are all these things that should have been done, and we're doing exactly the opposite. That is, if you see the U.S. in relative decline, deprioritizing Europe, you would then end the dividing lines in Europe. You would seek to make peace with the Russians. Everything would really be in place for this. I mean, the whole reason we had to split from the Russians and re-divide Europe was to give NATO a stronger, dominant role in the post-Cold War era. But now we could actually fix everything by restoring relations with Russia and improving relations with China. Instead, we're throwing away all the other relationships in the hope that the U.S. might stay after all. It's... it's incredibly frustrating to watch.

And whenever they're called on it—why aren't we taking a different approach, why not just settle relations with Russia?—they give some crazy answers. "Well, we can't betray Ukraine." But this confrontation with Russia is what destroys Ukraine. Or you get these fantasies about Putin being Hitler, that they want to conquer Europe—all of this nonsense. And again, as you suggested, there's no real discussion when the main logic is that Russia, or the USSR, or the Russian Empire just wants to conquer all of Europe, and anyone who disagrees is a "Putinist." It's a great way of making sure there's no debate, because it's either agreeing with the nonsense or being a traitor, effectively. So it's... no, it's extremely frustrating to watch. And it's also one of the consequences, I think, of Europe essentially betraying all the core values it claimed to stand for. Yeah.

## **#Michael Hudson**

Well, the National Security Report wants to blame European leaders—Macron, Starmer, and Merkel—for this. But what's really driving all of them is the United States. The report, in criticizing Europe,

doesn't say that it's the U.S. that has installed these leaders who specifically support American policy. Certainly, prior to Trump and under Biden—and I think Trump still holds the same policy of confrontation with Russia and confrontation with China. There's sort of a good cop, bad cop dynamic in negotiations between the American bloc and Russia, China, and the global majority. The U.S.—Trump—is trying to say, "I'm the good cop, and Europe is the bad cop," but actually they're both bad cops.

Trump is trying to make it appear as if he wants the Peace Prize, but he doesn't want the Peace Prize. He wants to hide the fact that he's the most warlike leader America has had. He's trying to cover that up by saying, "Well, I'm for war for peace. Peace is my business, not war." In reality, he's fully in line—with Rubio, his secretary of state, and the Senate leadership, Mitch McConnell. They're all neocons, all neoliberals in the same boat. But if they can get Europeans to blame their own leaders and somehow elect pretty people—another sort of European Zelensky—who says he wants peace and then immediately turns around and follows whoever's paying him to make wars, then the cycle continues.

That's the American dream. So the Europeans, I think, feel there's beginning to be an anti-American sentiment in Europe. You see that in the Financial Times, saying Europe has to realize it needs to go its own way, to be independent, and to ask: where are our real economic interests and our real military interests in all of this? How do they diverge from what President Trump is trying to impose with his "America First, make America great again" approach—using foreign resources, as if somehow foreign resources can reindustrialize America without America having to change the whole way its own economy is structured? The fact is, Europe and the United States both have a malstructured, financialized economy.

This is the real problem, and it's also lost its democratic context for the economy. Everything has changed, and all that the United States and Europe have to do to promote this worldview is create a fictitious narrative. That narrative is broadcast through politicians' statements and the public media. And who are you going to believe—your own eyes or the public media? That's the question. European voters obviously reject the policies of their leaders, but they don't realize that their leaders themselves are sort of American puppets, whereas the proponents of the alternative are not Putin's puppets. They're the realists, and they understand there's no need for war. It's fictitious. It's not that they're pacifists; there's just no need for war.

And there's no war that Europe can win against Russia now that it doesn't have any more arms. It's used them all up in Ukraine and by sending them to Israel. So it's disarmed. It has no money. Its industry can't operate without the inexpensive oil and gas that powered it before. There's been no accounting for the costs and benefits of the future. It's so obvious—once you sit down and do it. But that's not what the national security report comes right out and acknowledges, and that's the real problem. It's as if the American establishment doesn't know what's in its own self-interest. It's so pulled into this neoliberal, neocon war-with-Russia mentality that's been in place for the last forty years.

## **#Glenn**

Well, Professor Hudson, thank you so much for your time. These are, yeah, interesting times. So, thank you.

## **#Michael Hudson**

Thanks for having me, Glenn.