

# **Jeffrey Sachs: Davos - US Empire Unhinged & Europe Subordinated**

Prof. Jeffrey Sachs discusses how Davos Reveals a Fractured West: U.S. Empire is Unhinged, Canada Pushes Back, Europe Falls in Line 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. We have the great privilege of being joined by Professor Jeffrey Sachs to make sense of what's happening with NATO as Trump seeks to annex Greenland. Thank you for coming back on. Of course—anytime, Glenn. About a year ago, in February 2025, you wrote that Europe needs a foreign policy that is realistic, that understands Russia's situation, understands Europe's situation, understands what America is and what it stands for, and that tries to avoid Europe being invaded by the United States. It's certainly not impossible that Trump's America will land troops in Greenland.

I'm not joking, and I don't think Trump is joking. A year ago, the Europeans were a bit dismissive of these ideas—not so much anymore. Now, a year later, they're very outraged, though not necessarily expressing it to Trump very clearly, as they find themselves on the receiving end of U.S. hostilities. They've suddenly rediscovered the importance of international law and principles, even though they helped tear those down over the past 30 years. So I was wondering how you make sense of all this, because after what happened in Davos yesterday, how do you read the situation?

## **#Jeffrey Sachs**

President Kennedy, in 1961, in his inaugural address, said that he who rides on the back of a tiger often ends up inside the tiger. If you think you can live on the back of a predator, you may be the next meal. I think the Europeans forgot that over time—over 30 years. What I meant when I said to the European Parliament that they should understand what the United States is, I meant they should understand that the United States is an imperial power. It acts brazenly and brutally. And for about 20 years, almost no European leader said a word against that predatory behavior by the United States.

As the U.S. invaded one country after another, overthrew governments, and played recklessly in Ukraine, the Europeans were quiet. They may even have liked it. As the U.S. was complicit in Israel's

disastrous wars across Africa and the Middle East, as the United States went to war in Iraq and Libya, and assigned the CIA to overthrow the government of Syria, it also played a very deep and destructive role in the overthrow of Ukraine's president, Viktor Yanukovych, in February 2014. The European leaders were just silent. When the United States bombed Iran last June, the European leaders said, "Oh, Iran, you should exercise restraint."

They didn't tell the United States to exercise restraint. When the United States kidnapped the president of Venezuela, the European leaders were fine with it. "He's a bad, bad guy." But then, when the United States said, "We want Greenland," suddenly it was, "Oh no, that's unfair. What about international law? You have to respect things." And the New York Times discovered that America has imperial tendencies. It hadn't mentioned that for several decades, actually. But it discovered it because now it was talking about a European country and a European territory. So there's a lot of naivety and hypocrisy in everything that's been going on in Europe in recent times.

To make my position very clear, I think the United States is thuggish, imperialistic, and reckless, and that it has left a large swath of the world in misery. Europe has been mostly compliant or complicit in much of that outside Europe. So I sympathize with the Europeans—of course I do—about Greenland. This is just a grotesque power grab by Trump. But I wish the Europeans had exercised some authority, awareness, prudence, and actual capacity in recent years to tell the United States, "Don't behave that way." Also, from a very realist point of view, if I may say so, the Europeans were absurd in their Russophobia. That wasn't realism; that was self-destruction.

Rather than keeping lines of communication open with Russia, they left everything to the United States. So now they find themselves completely boxed in because they have no diplomacy with Russia. They basically have no diplomacy with the United States either. In fact, they have no diplomacy at all—that's the reality of Europe right now. But they did that to themselves. I don't like to say it, but I have to say "I told you so" to them, because I've been saying this for years to the European leaders. So have you. Get your act together. Have a diplomatic policy. Understand what the United States is all about. Don't be so hypocritical. It will come back to haunt you. These are all the basic truths of the last few days.

## #Glenn

Yeah, I think the European idea is that, much like during the Cold War, hatred of Russia should unify the West. But the problem is, this is not the Cold War. The Americans don't see the Russians as their main adversaries. So what happens by pushing this crazy Russophobia is that the Europeans make themselves more dependent on the U.S., while the U.S. has less interest in sharing this common balancing. So they make themselves subservient. I try to make this point here, but I'm told that this is Russian propaganda.

## #Jeffrey Sachs

It's not Russian propaganda. We can see right before our eyes what the consequences of all this have turned out to be—Europe bereft of any security, any capacity to discuss issues. They're running around in an absolute panic. In a sense, you can't blame them, except that they had plenty of warning about this, including the one I gave them last February. But of course, you and I have been making these warnings for many, many years.

## #Glenn

A lot of things happened in Davos. The most interesting speech, maybe, was from Canada's Prime Minister, Mark Carney. He more or less admitted that the whole so-called rules-based international order was a fraud—that it gave the West certain specific privileges. They can refer to liberal democracy and human rights to push aside international law. Of course, that's the exclusive prerogative of the West, a hegemonic concept. But now they find themselves on the outside, as you suggested, and this is not acceptable. I thought this was quite remarkable because it suggested a change in the world order—Canada has to diversify. The Europeans, though, have been much weaker in their response.

Macron even sent a private message to Trump, which was shared, where he said—more or less trying to get on the inside—“Oh, we agree with everything you’re doing against Syria and Iran. Let’s work on this together. Just leave Greenland alone.” So he was trying to get back on the inside, while NATO Secretary General Mark Rutte spent the entire interview I watched celebrating NATO and saying it’s been the most wonderful thing ever to happen to the alliance. At the same time, Trump shared a message saying that the real enemy of America is from within—that it’s NATO. It’s quite remarkable to watch. But despite all of this, do you see this as a sign of the decline of the U.S. empire? I mean, is this the end of NATO, a change in the world order? How are you reading this? Because these are really quite remarkable things we’re hearing.

## #Jeffrey Sachs

Let's start with Mark Carney. First, I want to say how proud I am, because he was a student in my department in the 1980s. We knew he was special then. And he's showing that he's perhaps suddenly the most important statesman in the Western world—the only one talking straightforwardly and honestly. Now, his speech in Davos, which was masterful, came after his trip to China, which was perhaps even more remarkable, because here is the Prime Minister of Canada going to Beijing and forging a, quote, “strategic partnership” with China.

They made a trade partnership, an investment partnership, a plan for Chinese investment in electric vehicles in Canada—which is much needed, because the American auto industry is basically going to be defunct, doubling down on internal combustion engines. That's the traditional U.S. industry. And Canada is diversifying economically but also geopolitically. This was a gutsy move, because Canada

shares a long border with the United States, of course, and Trump, every few days, essentially declares Canada his as well. But Prime Minister Carney spoke very clearly and wasn't afraid to forge new, very important foreign policy relations with China.

And I do think that is of significant importance. I assume others have taken note. I know some governments are wide-eyed and amazed at what's happening, and indeed taking note. What all of this means is, of course, first and foremost, a lot of instability ahead. Now, Trump backed down in Davos from his threat the day before to take Greenland by use of force and so on. He also backed down from his threat of tariffs. It's an interesting question why. I have my own pet theory about that—and that's because the stock market declined the day before. This is really the only thing, I'm afraid, that constrains Trump. He needs to please his billionaire backers, and he himself panics when the stock market goes down.

That's also his pride and joy. The stock market reacted badly to all the potential ramifications of the conflict between the United States and China. So Trump backed down—not because of what the Europeans did, but because the stock market tanked. And probably the Treasury Secretary, Glenn Diesen, explained to Trump that maybe he should tone it down so he could get the stock market back up. Maybe they even ran ahead of the market and made some money on those trades, because that's pretty much par for the most corrupt government we've ever had in the United States. But the point is, Trump backed down a bit, though perhaps some of the Europeans also made concessions.

We don't know what's going on, but one story right now—which would be outrageous, but not impossible—is that the Europeans told the United States, "Well, you can have sovereignty over parts of Greenland, over your bases." This seems to be one meme that's being repeated in U.S. newspapers right now. Who knows what's been said? It certainly wasn't a real negotiation by anybody yet, so anything that's said I would regard with 100% skepticism about it really being meaningful. So this was another piece of the chaos. I think there was another part of Davos that should get more attention than it's gotten, and that was an interview by the U.S. Treasury Secretary, Glenn Diesen, on Fox Business News.

It was extraordinary because it explained another thing that you and I have talked about, and that I've been posting about—and that's what's going on in Iran. Because Scott Bessent let the cat out of the bag. He said this is a regime change operation. The idea is for the U.S. to crush the Iranian economy. If you or I had said that two or three days ago, oh no, we'd be called Iranian apologists, accused of trying to excuse the Iranian regime for all its corruption and so on. But let me just read a little bit of what Bessent said. He was asked by the interviewer, Maria Bartiromo, "What do you want to say about sanctions—something you've been working on, of course? What are you planning there in terms of Iran and the impact there?"

Do sanctions work? So Bessent says, "OK, there are Treasury sanctions. And if you look at a speech I gave at the Economic Club of New York last March, I said that I believed the Iranian currency was on the verge of collapse—that if I were an Iranian citizen, I would take my money out. President

Trump ordered Treasury and our OFAC division—that is, the Office of Foreign Assets Control—to put maximum pressure on Iran. And it's worked. Because in December, their economy collapsed. We saw a major bank go under. The central bank has started to print money. There's a dollar shortage. They're not able to get imports. And this is why people took to the streets. So this is economic statecraft—no shots fired, and things are moving in a very positive way here."

It's extraordinary. So he explains, yes, this is economic statecraft to crush the Iranian economy. It's war—with economic means—completely against international law, against the UN Charter. The sanctions are illegal. And when Scott Bessent says things are moving in a very positive way because of the economic collapse, you can see how completely twisted these people are. This really is an evil empire, I have to say, because the idea is the destruction of others. Usually, we have Treasury secretaries who don't exactly explain these things with all this pride, but Bessent laid it out clearly. I think it also helped me to really underscore why Bessent has his job. He was the hedge fund guy with Soros who attacked the pound sterling.

So he's known as the guy who can bring down someone else's currency. What a handy thing to have as your Treasury Secretary. He's not an expert on economic policy, on fiscal affairs, on the state of the American people—nothing about that—but he can bring down a currency. And that was his job in Iran, and he's chortling about it. So there's lots of regime change. Now, today in the Wall Street Journal, the headline is that the Cuban government has to fall before the year's end. So that's another regime change operation underway. By the way, the Europeans on Iran—like you quoted Macron—they didn't say a word. They didn't say a word when the United States was out to crush the regime.

So I think at least all of your listeners are extremely well-informed. We need people to understand this is just thuggish talk—gangster behavior by the U.S. It's been going on a long time. The fact that it turned against the Europeans, oh, that was a surprise. The fact that it's been long used against the Libyans, the Sudanese, the Somalis, the Lebanese, the Iraqis, the Iranians, the Yemenites, the Palestinians, of course—well, that didn't draw notice beforehand. I must actually add, even though I'm wishing for Denmark's well-being, when the U.S. and Israel bombed Iran last June, there was, of course, a U.N. Security Council meeting, and I went to attend.

And in that meeting, the Danish ambassador chastised the Iranians—the Iranians who had just been bombed—for even thinking about possibly retaliating. She told them, "You must exercise restraint," without mentioning that Iran had just been bombed. She didn't even bring it up. So I went up to her afterward and said, "Madam Ambassador, maybe you should also have said that Israel just bombed Iran." She turned around and walked away. So now they're upset. But that's what they were defending up until now—they were defending lawlessness and hiding it. And now it's turned on them. Not that I'm happy about that; I find the whole thing completely despicable.

**#Glenn**

Well, that's why I like your "riding the tiger" analogy, because I think this has been the idea of the Europeans ever since the end of the Cold War. We'll go along with the hegemonic project, be the junior partner of the United States, and essentially look the other way. I don't think they realized they were just feeding the monster, and at some point, of course, it would come for its allies—especially now that the world is becoming more multipolar. I think this goes beyond Trump, though, because in a multipolar world it seems the United States will have to prioritize other regions. I've always made the point that we should have good relations with America, but in order to have that, we have to diversify our ties.

Otherwise, we'd become too dependent on the U.S., and the U.S. would then be in a position to take advantage and create this extractive, almost colonial relationship. But the EU seems to be going in the exact opposite direction, which is why I was wondering—what does this mean for the political West? Because the political West, united against the Soviet Union or pursuing collective hegemony in the post-Cold War order, as Carney suggested, doesn't work anymore. But I might be wrong, because the Europeans seem willing to play this role and don't have any political imagination to be anything other than subservient to the U.S. empire. Even as the U.S. trashes them. And this is the amazing part—that people like Rutte will continue to tell Trump how wonderful and amazing he is, even as he's threatening the European countries. It's quite extraordinary.

## #Jeffrey Sachs

There have been glimpses—mere glimpses, I admit—but glimpses of insight. Chancellor Merz, who came into office warmongering and has been beating the war drums almost every day since, said just before New Year's that Russia is a European country. It has European culture, and there will have to be relations between Europe—meaning the European Union—and Russia for that reason after this conflict ends. Well, this was the first statement of that kind I'd heard, rather than the idea that there's going to be another wall a mile high between the two sides.

If one were to look at modern history objectively—not from a partisan point of view, not from a U.S. point of view, or a European, Russian, or Chinese point of view—you'd find that all sides could actually get along if they would just stop warmongering against each other. Europe's big mistake is this Russophobia, this idea that Russia is intrinsically and inherently evil, and therefore the inexorable adversary of Europe. It isn't true. It hasn't been true. To ask who was evil between Germany and Russia in the middle of the 20th century would lead you to quite a different conclusion. Understanding what Yeltsin and Gorbachev were really offering the West should have been the clearest and most dramatic wake-up call imaginable for Europe today.

I was there in those years. I know it. Peace was absolutely possible. It was desired by the Russians—no question in the world. In fact, Gorbachev unilaterally disbanded the Warsaw Pact and said Germany should reunify, of course, on the very clear and explicit condition that NATO wouldn't enlarge one bit to the east. All of this could have been achieved if the two sides had just been honest. But the United States, much more than Europe, was completely dishonest in this period. And

the Russophobia of Eastern Europe—whatever one thinks—you could at least understand it, although I don't agree with it, but it should not have guided European policy overall. So Europe trapped itself, and it remains trapped.

But if they could step back and think—which, admittedly, is very hard for these politicians to do—they would see that even today it's possible to have peace with Russia. It would be built on the neutrality of the states in between the European Union and Russia, first and foremost Ukraine. That was the whole idea of how to achieve a peaceful settlement. It's the same reason Austria was both neutral and safe during the entire Cold War period—because it was in between, and it didn't lose its security by being neutral. Not at all. It increased its security. So there were ways forward. There are ways forward now. But it requires a different approach. And the British are the most hopeless in this.

They've had the same approach since 1840. Germany has been a country that understood Eastern politics—Ostpolitik—of Willy Brandt and others after him. If there were a Helmut Schmidt or a Helmut Kohl, things would be different. Even Chancellor Merkel, up until the second day of the Bucharest NATO summit, knew that what the United States was pushing was all wrong. It would be different. So we can't give up and say this is hopeless, but it is urgent that Europe understand that if it continues to prosecute this war with Russia, it's going to find itself nowhere in this world—just broken apart. An enemy of Russia, an enemy of China, an enemy of the United States, bereft of a functioning economy. And that is the current line of travel.

## #Glenn

Well, even as Europe is now on this path, as you suggest—and I very much agree with you—I'm very skeptical about our ability to do anything about it. Because at the moment, the discussion in Europe is: can we even talk to Russia? This is where we are, even as we're losing the war. And the British and the Baltic states, of course, say, no, we can't talk to Russia. That's just, you know, that's not acceptable. And even if we could solve this, then we'd have to move on to the next stage: who should represent us in the talks with Russia?

I mean, we're never even going to get to sitting down with the Russians. And once we do, we're going to start from the position that Russia more or less has to capitulate—that there has to be NATO expansion, that Ukraine needs an 800,000-strong peacetime army. It's just very hard to see any actual diplomacy. I guess, just as a final question, how do you explain this—this so-called diplomacy? Is it simply because it's 27 countries that can only unite on Russophobia? Or how do you explain the inability to do very basic diplomacy for basic national interests?

## #Jeffrey Sachs

I think it would be possible to find a way forward—not with all 27 agreeing suddenly, but if Germany, and ideally Germany, France, and Italy, could find some rationality. And let me explain why. Germany bears the most responsibility and has the highest stakes. This war in Ukraine came

about because of German duplicity as much as U.S. duplicity. It was Germany, after all, that made the deal: no NATO enlargement in return for German reunification. And Germany violated that. Actually, already in the early 1990s, it wasn't only the United States calling for NATO enlargement; it was also Germany. So Germany cheated. That's the first point. Second, Germany cheated again—actually several times—from 2014 and 2015 onward, because in 2014, Germany helped to secure a deal with Yanukovych.

You will stay in power, and we will have a unity government and early elections in Ukraine by the end of 2014. The United States broke that, siding with the violent coup that took place the day after the European Yanukovych Agreement was reached. Then Germany quickly went along with it, rather than saying, "No, we actually had an agreement—Yanukovych is still the president, and that's how we're going to proceed." So Germany dropped the ball again. Then, in 2015, when the Minsk II Agreement was signed, Germany was supposed to be the guarantor of Minsk II. And as I've said many times, Minsk II was actually modeled on the case of South Tyrol in Italy, which is a German ethnic region in northern Italy that has autonomy.

And Chancellor Merkel knew all about South Tyrol because she visited it, and the German politicians—the ethnic German politicians in South Tyrol. That was to be the model for the Donbass, that it would have autonomy. Germany and France were to be the two guarantors of that. Germany, again, dropped the ball. That's Chancellor Merkel, I'm sorry to say, because I like her. But she dropped the ball again. So the first way to turn this around is actually for Germany to turn this around, because it has really violated its commitments repeatedly. If Germany did that, France should be able to do that. I had a conversation with Macron in 2023—I'm almost sure that was the year—at a conference he hosted, where he said, "Yes, NATO enlargement, I agree with you, Mr. Sachs, that's the provocation."

But he wasn't consistent in acting on that. As for Italy—strangely, interestingly—there's no Russophobia in Italy. Italy is politically and socially okay with Russia, actually. But the Prime Minister goes along with NATO, or with her European colleagues. It wouldn't be a hard political sell in Italy to say, "We need diplomacy." If you got those three big ones, that would change the dynamic in Europe quite quickly. And by the way, in Central Europe—the former Habsburg lands, if I can put it that way—the Czech Republic under Babiš, Slovakia under Robert Fico, and Hungary led by Viktor Orbán, they're all in favor of diplomacy.

So that's not even a hard sell. That's already the case. You'd have Central Europe, you'd have Germany, you'd have France, you'd have Italy, you'd have Spain under Pedro Sánchez. It's not impossible. But unfortunately, Merz was terrible from the first day. A German chancellor should never come into office beating the drums of war without even trying diplomacy. And I'm afraid that's exactly what Merz did. His predecessor, Olaf Scholz, was unbelievable. He's the man who stood next to Joe Biden as Biden explained that the United States was going to destroy the Nord Stream 2 pipeline—and he kept mum about it.

We don't even understand how Scholz was such a failure. Did the U.S. have something on him? We don't know. But the point is, German leadership has been extraordinarily weak and duplicitous, I would say, at key moments in this. Germany has a responsibility to turn this around as the biggest single country and, of course, the major industrial power—albeit a failing one—in Europe right now. This is what I would hope could happen. I'm not giving up on it, because it's too important to just let Europe continue to founder and pull itself apart in pieces, or appease Trump time and again in the most pathetic way. Rutte, I won't even talk about. It's beyond imagining.

And interestingly, I may say, by the way, Jens Stoltenberg of your country—who's now finance minister and was the Secretary General of NATO, and someone I've known for decades—I believe I'm correct that he said recently it's time to talk to the Russians. He never would have said that as Secretary General of NATO. And when he stepped down as Secretary General and started to say things different from what he'd been saying before, I spoke to a political leader and asked, "What's going on with Jens? Why didn't he say that when he was Secretary General?" And I was told, "Well, Jeff, when he was Secretary General, who was he working for?"

And I said, "You mean the United States?" He said, "Yes." So he wouldn't say something different. Now, Mark Rutte is pathetic. You don't have to call this mad-king president of ours "daddy" to a Secretary General—it's a little bit ridiculous. It was like an invitation to have Greenland invaded, I must say. How pathetic Rutte is. But the point is, a lot of leaders in Europe know—they're just so cowardly or so... so inured to the way things have gone for decades of falsehoods—that they just can't speak right now. So I'm not giving up, because I think there is a solution for Europe, and as long as there is a solution, maybe somebody will find it.

## **#Glenn**

Well, I hope that in this troubling time, I can still hold on to some optimism. So thank you very much for taking the time.

## **#Jeffrey Sachs**

Of course. Great to be with you. We'll talk soon.