

# Alex Krainer: Rise of the Oligarchy & the Risk of Civil War

Alex Krainer is a market analyst, author & former hedge fund manager. Krainer discusses how the rise of the Western oligarchy, democratic despotism, a political legitimacy crisis, and the subsequent risk of civil war. Alex Krainer's substack: <https://alexkrainer.substack.com/> Follow Prof. Glenn Diesen: Substack: <https://glennndiesen.substack.com/> X/Twitter: [https://x.com/Glenn\\_Diesen](https://x.com/Glenn_Diesen) Patreon: <https://www.patreon.com/glennndiesen> Support the research by Prof. Glenn Diesen: PayPal: <https://www.paypal.com/paypalme/glennndiesen> 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 are joined again by Alex Cranor, market analyst, author, and former hedge fund manager. You can follow him on his podcast, the Alex Cranor Podcast, as well as his Substack. I'll leave a link in the description. Thank you for coming back on. Always a pleasure, Glenn. Thank you for the invite. I like your combination of market expertise and political analysis, which is why I thought you had some very interesting takes on the threat of the rising oligarchy we're seeing—not only in the United States but also in Europe—how they're essentially hijacking democracy. And in your podcast, you even draw links to the fall of Rome. I was wondering, to what extent do you see an oligarchy today, and why is it undermining democracy?

## #Alex Krainer

Well, uh, we have to be clear—it's a little bit complicated. I think the way we've been culturally conditioned to regard democracy is that it's rule by the people, of the people, and for the people. And that's how, ideally, it should be. But I find that in reality, in most Western nations—and we have very good empirical evidence of this for Great Britain and the United States—what you get in actuality is a kind of shallow democracy. It's a democracy only on the surface, while the system—the government, the economic structure—is actually ruled by an oligarchy. And this is clear from the empirical evidence I cited in the video you mentioned.

And this is why I think our societies—our democracies—are not delivering what people actually want. Because if you think about it, we've been living under democracies for at least three generations in the West. And when people go to vote, what they want is prosperity. They want high standards of living, peace, and security. But somehow, they always get rolling economic and financial crises, repression, censorship, insecurity, deteriorating standards of living, disintegrating infrastructure, and forever wars abroad. So something's obviously not working correctly.

Nevertheless, the media continue promoting democracy as one of the highest values and ideals that we should pursue and never question, and so on. But if you analyze what the system actually delivers, as opposed to what we're told it should deliver, you realize that the symptoms of social decay—these economic crises, the wars—because, let's face it, most wars in the world are instigated by democratic governments, primarily Britain and the United States. And when we look at that pattern, we see it's the same, or very similar, to what we saw in Rome—in ancient Rome—and in Greek antiquity, and also during the Lombard banking period in Italy in the 12th and 13th centuries.

It's always the same, and it keeps propagating itself. I think that today, in the Western world, it's become—how do you call it—undeniable that our democracies are dysfunctional. So obviously, we have to reform them somehow. And I think that, in order to reform them, we have to start from the clearest possible understanding of what the problem is. To my mind, the problem is that we are, in fact, being ruled by an oligarchy that is completely unaccountable. And now, we also have a very handy model for how to deal with oligarchies—from Russia—because Russia was one of the best examples of what happens to a society when it has an unrestrained oligarchy in power.

So that was Russia in the 1990s. Then, in 2000, Vladimir Putin came to power, and we saw a spectacular turnaround in Russia in every respect. What Putin did was not round up all the oligarchs and kill them or put them in prison. He basically gathered them together and laid down the rules. He said, "You stole what you stole—it's yours. Continue to run your businesses, continue to enjoy your profits, but you have to pay your taxes correctly, you have to treat your employees properly, and most importantly, you have to stay out of politics."

And so, you know, at that time—this was, I think, in March 2000 or 2001—that may have seemed like a very reasonable thing to propose. So, you know, I remain super wealthy, I remain a billionaire, yeah, and I don't have to deal with politics—fine. Everybody should have been able to make peace with that. But the problem is that the oligarchs had become used to the idea that Russia was their private fiefdom, that they could do as they pleased, that they could nominate ministers and remove them at their discretion whenever they chose. And so this was practically a declaration of war, and a number of oligarchs tried to oppose Vladimir Putin.

And it went badly for them. Mostly, these were not, you know, shootouts—I mean, none of them were shootouts. They were legal battles. The oligarchs took the government to court, the government defended itself, and it prevailed. The only one of the seven bankers who ended up in prison was Mikhail Khodorkovsky, who was a bit brazen because he was representing Jacob Rothschild's interests in Russia. This is not a conspiracy theory; it's now a well-understood fact—it's on record. So he challenged Vladimir Putin politically, right? And then he ended up in prison for tax evasion, kind of like Al Capone, you know.

And he spent nine years in prison, but basically Vladimir Putin put the oligarchs into their sandbox and said, you may play here, but that's it. I run the country. The country has a government, it has a

parliament—you don't dictate politics. And so we saw a spectacular economic revival of Russia. It has become, if not a superpower, then definitely a global power to be reckoned with. The standard of living increased spectacularly for the Russian people. During Vladimir Putin's reign, Russia's economic development was—well, I looked at these numbers a few years ago, so I don't want to say they're still true—but Russia even outpaced, I think up until 2017 for sure, Chinese economic growth.

And now, you know, with this war in Ukraine, we see that Russia is not only an advanced economy, it's a very robust system. Even though Russia was hit with the biggest sanctions package ever imposed on any country in history, it didn't unbalance Russia. It didn't destabilize her. And this is the effect of checking the power of the oligarchy—something that is unthinkable in the West. Because, you know, while Vladimir Putin could summon all these oligarchs to the Kremlin and lay down the rules for them, it's unthinkable that an American president, or a British prime minister, or a French president could, you know, line up the oligarchs and say, "Well, from today on, it's going to be like this." In fact, in the West, the oligarchs are the ones in charge, and the prime ministers and presidents are subordinate to them. So we don't even know for sure who all the oligarchs are.

It's all in the conspiracy theory domain. We don't know what their agendas are. But we do see that very strange things are happening. You know, we have the sudden offensive of the LGBT agenda that nobody voted for. We have forever wars that nobody voted for. We have these financial crises that are unexplained and resolved in ways that nobody supports. We have this irrational, insane hostility towards Russia that is causing our leaders to implement completely insane policies, like destroying our energy infrastructure and energy security just because they think this is a way to hurt Russia. We have insane policies like net zero that nobody voted for, and investments of tens of billions of pounds into something called carbon capture. So they're building these immense industrial facilities to extract carbon from the atmosphere and store it underground, which is completely insane.

It doesn't serve any purpose. It doesn't make anybody better off. They're saying, "Oh, we're saving the planet." But nobody voted for this. This is not the democratic will of the people. And then, you know, you go even further into these sinister ideas—like covering prime agricultural land with solar panels while at the same time investing tens or hundreds of millions of dollars into technologies to dim the sun. Ordinary people wouldn't vote for this. They wouldn't support it. They would oppose it. So obviously, the West has gone pathogenic and dysfunctional. And we're going to have to reform the system. But to reform the system, we have to understand where the problems are coming from. And, you know, basically, that's the motivation behind the video you referenced.

## **#Glenn**

A colleague of mine in Australia—an American, Salvatore Babones—wrote a similar book about, well, essentially the rise of the expert class and how that would undermine democracy. It also fits a bit within the category of an oligarchy. The main premise is that some aspects of governance should be outside democratic control—for example, military governance. People don't know how to be ruled or what the military requires, so this is something done on the side, which shouldn't be under direct

democratic control. But then they say technologies are also quite important, as are aspects of central banks.

Normal people don't understand this. And one after another, each aspect of governance changes—it begins to be centralized and kind of falls outside democratic control. And at the end of it, democratic control becomes, you know, limited to voting on the minor things, while the major policies are written in stone and cemented into a kind of permanent bureaucracy, which the Americans often refer to as “the blob” or “the deep state.” But I love what you're talking about, though. I really like Alexis de Tocqueville. He wrote these books when he visited the United States in the 19th century to see how democracy worked there.

He has this chapter in the second volume on democratic despotism. Contrary to what I guess is the common assumption now, he writes that democracies are uniquely vulnerable to oligarchy because there's very little pushback, due to the belief that their representatives actually represent the people. They use softer ways of regulating more and more aspects of life. And because of this trust in government, and the preference for material security and social peace, there's a willingness to hand over much of the autonomy in people's lives. He has a fascinating paragraph where he writes that people become more and more like infants in democracies, because if everything should be equal, it essentially requires a very big government—and that creates this soft tyranny.

And the government becomes paternalistic, guiding citizens like children, and eventually the citizens enjoy this. They like not having to make all the hard decisions. And while this is happening, wealthy interests keep growing and increasingly dominate all the democratic institutions. After a while, the consensus is just manufactured by the elite, so democracy becomes a bunch of rituals. Even as oligarchy asserts itself, he argued, democracies would still maintain the democratic language, the institutions, all these rituals of voting—even though it didn't really matter, because power was centralized. Civic responsibilities were in decline, there was massive pressure for conformity, and again, very little oppression was needed because people simply fell in line.

It's a fascinating chapter to read. It's a bit of... well, if you had read it 30 years ago—at the end of the Cold War, when liberalism was seen as the silver bullet to fix everything and democracy was supposed to thrive and change the world for the better, you know, some kind of utopia—then Alexis de Tocqueville would probably have gathered a lot of dust on the bookshelf. But these days, when you see how governments begin to behave, I think it's time to dust off these books and look again at some of the early assessments of the challenges of democratic despotism. Do you see it the same way—this population being treated like infants, just accepting the comfort, and that being why we hand over more and more uncritical power?

## **#Alex Krainer**

Yeah, I think this is definitely the case. And I think it's by design because, you know, the problem when you have what the Greeks called tyrants, what the Romans called kings, and what we today

call autocrats or whatever—there's this obsession in our society against tyrants, kings, autocrats, and so on. You see that, for example, in the United States of all places, where they have these organized protests called "No Kings" protests. Of course, that doesn't happen in Britain or in Canada, where the prime minister swears an oath to the king. It doesn't happen in Denmark, Holland, or Spain.

In the United States—why? Because I think when you have a true sovereign at the top of the governance structure, they can hold the oligarchy in check. So if the oligarchy becomes abusive, a true sovereign can curb their power. And this is the transition that happened in Rome in 509 BC, when the last Roman king was deposed. From that point on, Rome was basically ruled by an oligarchy in a completely unrestrained way. And then, obviously, they had to give the people some semblance of democracy—some influence, some ability to change the system through its institutions.

But you're always forced into this maze of rules, regulations, structures, and institutions that are almost impossible for any ordinary person to navigate. At the same time, the oligarchy can implement changes from the top down very easily because they control the economic power. You know, they can buy all the congressmen and senators, and they can pay all the lobbies they want. They get an absolutely massive return on investment in politics. So this is what we have in the West, but obviously they're not going to tell us that—they try to conceal it.

And then, when it happens here and there that the democratic will of the people actually manages to bring about some change, they promote this story like, "You see? You see? This is a true democracy." And, you know, it's the people who hold all the power. At the same time, they use their control of the media to convince us to go against our own interests. Very often that involves what you'd call the rule of the expert class, because they always bring in the experts who tell us, "Oh, you know, to save the planet we have to go to net zero because of climate change," and, you know, it's very complicated.

So the ordinary person can't understand it. So you go and listen to the experts, and the only experts that come on the media are the ones saying, you know, "97% agree that human activity is causing climate change." So guess what? We have to stop driving fossil-fuel-powered cars, we have to dismantle all the nuclear power plants, and we basically have to commit economic suicide. You have to have no job, and you have to freeze in your apartment. Why? Because if we don't do all this, we can't save the planet. The whole planet is going to burn up. And then it's the same thing with the water shortages, which are also an invention.

You know, the pandemics—the very, very terrible, dangerous, deadly viruses that are going to kill us unless we, you know, have vaccines and passes and boosters and eventually chips under the skin—it's all a means to control the population. The expert class plays an extremely important role in this. And the ruling oligarchy has very effective ways to choose which experts we get to hear and which ones they silence. However, I think this deception can only go so far, and then no farther.

And I think that in our experience, in our lifetimes, the pandemic of 2020 was the watershed moment where maybe very few people—a very small percentage—would read Alexis de Tocqueville and say, “Hey, you know, he was right. This is really what we're experiencing.” I think by today, that segment is much, much larger. I don't know what it is, but maybe before the pandemic it was 1%, and today it's 20 or 30 or even 50%. The problem is that people are still made to feel that if they question the system, they're in the minority—that they're like a loony fringe.

What I often find is that if I speak to somebody, they might be a bit shy to really say what they think. But when I tell them what I think openly, suddenly they go, “Oh yes, I completely agree.” You know, the media somehow projects this idea that there are these loony, um, conspiracy theorists out there who are completely wrong about everything, and if you agree with them, then you're one of the loonies. So people feel isolated—they don't like to say what they really think about this or that. But when they realize that you agree with them, they feel relieved, and then they're ready to talk, and they tell you everything.

And so I think at some point you hit an inflection point where many people realize that they're not the loony fringe, that they're not crazy conspiracy theorists, that their views are actually based on reality, and that we are facing an actual enemy in our societies. And these experts they bring in front of us are actually deceiving us—they're not telling us the truth. So I think at this point things start changing, and you get Donald Trump in the White House because he was the only alternative. You could have had the fourth Barack Obama administration through Kamala Harris, or you had to go in a different direction. And clearly, the American people chose the alternative.

And we see that even in Europe, they increasingly have to intervene in our democracies to prescribe candidates. Because people would vote for Colin Georgescu, for the AfD in Germany, for Rassemblement National in France, and so on. But they won't let them. So they use the courts, as they did in Rome—you know, lawfare. They use courts to simply disqualify certain candidates. They're like, “Yeah, yeah, you can have a democracy, but you can only choose among these candidates, not the ones you really want to vote for.” Well, you know, as John F. Kennedy said, if a peaceful revolution is made impossible, then you end up getting a violent revolution. And I'm afraid that this is the direction in which the Western world is going.

## **#Glenn**

This idea that you can't question the system—I think that's the problem. They've turned these liberal ideals into an identity, an ideology. That's how they define themselves: they are “democracy.” They represent democracy. It's very difficult to challenge the democratic authority they claim, because that's what their whole legitimacy is built on. But there's also this kind of ideological rule, because human nature is such that, as we organize in groups, we tend to identify as in-group versus out-group—who is the “other”—and we always frame it in the language of good versus bad. So splitting up the world as democracy versus authoritarianism becomes our entire worldview.

So once you start to question the democratic credentials of the political leadership, and whether or not they've become oligarchs, it's seen as an attack on their political legitimacy itself. And, well, to some extent it is. But often the people who shout the loudest about "our democratic values" are people like von der Leyen and Kaja Kallas—nobody voted for them. Even Kaja Kallas recently referred to von der Leyen as a dictator, so they don't even shy away from that kind of infighting. But even the actually elected people, the ones voters did have a chance to choose—people like Starmer, Merz, Macron—I mean, we have BlackRock's Merz, obviously heavily influenced by his background in finance. You had the same with Macron. If you remember, when he was being sold into politics as the leader to take over, he used to be an investment banker with Rothschild.

The way the media sold him was as this new, open, liberal guy who would be able to transform France. I mean, it was very much a managed election. And I also don't like how referencing the rise of an oligarchy is somehow treated as a conspiracy theory, because you actually have academic work on this. There's a paper from Yale that looks at all the policies in the United States and compares them to how people vote, and since the 1980s they've more or less confirmed that voting has little to no impact on policy at all. So yeah, you can choose who sits on the throne, but the policies won't change. You even have former U.S. President Jimmy Carter, who passed away now, saying that the United States isn't really a democracy anymore.

It's an oligarchy. You have to see where the power rests. But still, it's treated as something from the dark corners of the Internet, something you would—well, even if you can see it there—you can't deny the distribution of power in economic terms, how much is concentrated. You can watch the inauguration of Trump and see the whole front row lined up with tech billionaires. And still, no, no, it's not an oligarchy, it's still a democracy. But as you suggested—yeah, absolutely—and there's very little that can be done now except for the political elites to become more and more coercive, as you said: ban elections, overturn elections, arrest political opponents, like in France.

But how far can this go? Because you can feel the trust in politicians, trust in the media—it's all declining. And the great irony, of course, is that liberal democracy has a lot of great ideas. But if you're not able to criticize the system—like, for example, the concentration of wealth or democratic despotism—you can't manage its weaknesses, and you end up killing it. So it's quite ironic that we've almost banned criticism of the system. But where do you see this going? Are we entering a pre-revolutionary era?

## **#Alex Krainer**

It does appear that way, Glenn. What the oligarchies did traditionally throughout history is, when the social pressures became unbearable—meaning, you know, when the oligarchy completely lost credibility and people wanted to overturn them—they would cry "barbarians at the gate." They would project all the problems onto an external enemy and then provide all kinds of incentives or coerce the men of the population, the fighting-age males, to go and fight those external enemies. And if they didn't have a war, they would invent one—they would simply contrive one. Because what

happened is they would deflect the grievances onto some external enemy, send men to war, and those men would be sacrificed in very large numbers.

And it's controversial to say that that's a deliberate policy, but it's very apparently a deliberate policy—you send men to war, and then you don't just try to win the war and bring them home. Now these men are heroes, but they're still maybe, you know, your potential enemies, so you try to get rid of as many as you can. And then, you know, you also use the fighting to recruit those who might become your praetorian guard—the most compliant, the most ambitious ones who want to serve power. The problem today is that it doesn't seem like the old playbook is working anymore, because they're losing control of the narrative.

And, you know, in the past they could cry "enemies, barbarians at the gates," because they controlled the means of communication—since we all relied on newspapers, magazines, radio, and television. So it was very easy for them to control the narrative, and we didn't really have alternatives. But today we have the Internet and social media. So when they cry "barbarians at the gate," meaning "the Russians are coming, the Russians are coming," people don't believe them, because people have a more discerning understanding of what's happening. And those old tropes—that once the Russians are done with Ukraine, they'll start invading the rest of Europe—most people don't feel that way. They don't fear Russia as much as they're told they should.

And so when the leading politicians and military leaders tell them, "Well, guess what? You're going to have to sacrifice your children," people say, "No, we don't want to sacrifice our children. We will not. We don't think Russia is our enemy. We should bridge all our differences at the table." And so, you know, the social tensions have become very acute. Our leaders have lost all credibility. The expert class has lost credibility. Standards of living are deteriorating rapidly. The external enemy—the red cloth of the external enemy—is not having an effect. So what happens now? I think either you get a social uprising, a revolution, or a civil war.

So I think this is the direction we're headed, and hopefully it can be averted. But these people are not just going to go silently into the night. I think it's extremely important for us all to try to get as many members of their Praetorian Guard on our side—meaning, to try to communicate with people in the military, the police forces, firefighters, territorial defense units, whatever you have—and to tell them that the enemy is at home and we need to reform our societies. So let's not go to war against each other, but see how we can best reform our systems. And then, you know, the oligarchies will have no choice—they can't go against the people.

## **#Glenn**

Well, um, if you read Plato's *\*Republic\**, he, to some extent, writes what you're saying now. He makes the point that these oligarchic governments tend to have a bias toward instability and war. Interestingly, Obama said that when he entered the White House. I talked to Colonel Lawrence Wilkerson, who was there in the White House, and he made the point that Obama told him, "In this



town, no matter what you try to do, there's always this bias for war." And, you know, if you look at \*Plato's Republic\*, that was essentially his argument—that the rich elite begin to accumulate wealth, inequality grows, and resentment starts to spread.

And then, of course, the oligarchy would, I guess, lean toward war for two reasons. One, as I said, to accrue more wealth, given that they wouldn't carry the cost of these conflicts—essentially, the peasants would have to die. But also, starting wars abroad is a good way of uniting the population. It distracts from internal conflicts and reinforces the power of the elites. Again, it goes back to human nature: we are a group animal. The stronger the external threat, the more it's in our nature to seek internal cohesion and solidarity. And we'll essentially punish each other for failing to toe the line. But is this how—just as a last question—is this how you see many of our current wars?

Because we have a lot of problems with the oligarchy. First of all, on the international stage, its power is in decline due to the rise of countries like China, but also because of the decoupling of energy centers and the growing influence of powers like Russia, as well as energy producers like Venezuela and Iran. Things are falling out of control, and you can see the hegemon declining. There's the external element of new centers of power, but also, domestically, there's growing resentment among the population. Is this how you see the wars? I mean, with Russia, potentially China, Venezuela, and likely in the near future Iran—and, I guess, the troubles of our time—do you see this linked to the oligarchies?

## **#Alex Krainer**

Yeah, it is linked to the oligarchies, but I think it's not always about deflecting from domestic problems. Sometimes they genuinely want to conquer other nations' resources. That is, they want to gain political control over resource-rich nations. Why? Because in that way, they turn that nation's labor and resources into their own collateral, which is an amazing way to create credit for yourself out of someone else's wealth. The moment you issue loans to your clients—like KBR, ExxonMobil, Shell, whoever—to go and develop an oil resource in Iraq, Iran, or Venezuela, that nation's resource wealth becomes your wealth the moment you issue that loan to your client.

And throughout history, these ruling oligarchies were always the moneylending class, including in Rome. Just as an example, Julius Caesar—who to this day is demonized in our historical curriculum as the man who almost destroyed Rome's democracy—actually wanted to reform Rome and curb the power of the oligarchy. Brutus, one of the people who assassinated him, was one of those oligarchs. And Brutus wasn't this republican defender of democracy; he was a rapacious moneylender and a usurer. There's even a story about him extending a loan to the officials of the Cypriot town of Salamis—or Salakis, I forget—and charging them 48 or 50 percent interest.

And then, when they disagreed—when they said, "This is excessive; we owe you this much, not that much"—he sent cavalry to lay siege to the town, and at least five city officials died of starvation. But Brutus insisted on payment in full, even though he was charging 48 percent interest. This was

basically the modus operandi of the Roman Empire, because it was run by the money-lending oligarchies, by the bankers. And so... this should be a warning to us, because Rome fell, and it deteriorated in a very ugly way.

It was constantly torn apart by civil wars. Roman generals spent more time fighting other Roman generals than barbarians or other invaders. But the way history presents it—the Roman Empire and how it all went—they always conceal the most important lessons, right? They always hid that it was about debt, banking, oligarchy, colonization, imperialism, and so forth. So we have to uncover all these lessons now, because we can—because we have the internet, and a lot of resources are coming out.

Many, many clever historians, endowed with imagination and a willingness to dig through old documents, are now publishing extremely interesting books and new interpretations of things that were once concealed from us. So in that sense, I feel very optimistic about the future. But, you know, they're not just going to go silently into the night. They'll put up a fight. They'll resist. So we have to stand firm and demand real changes—not just say, "Let's go to war again," and then start from a blank slate.

And then, for a generation or two, we're going to think that everything is wonderful again—until the debts become unpayable again. And then we're going to do the whole thing over, cycle after cycle, and, you know, maybe more world wars—because we had to, right? Why not have a third one, and then maybe a fourth, and so on. So I think we have to break this cycle of history. But the only way we're going to break it is by really understanding where the problems are coming from, with as much clarity as possible. And I think that today this is possible. It's going to take some effort; it's going to take many podcasts like this one. But I think we have to do it, because that's the future we're going to leave behind to our children and their children.

## **#Glenn**

Well, I like it when you finish on an optimistic note. So there are changes coming. You do feel—not from the newspaper headlines, but you can see the shift in sentiment—that there are some who actually want to restore some of the values and virtues that political leaders claim to represent, although they clearly abandoned them a long time ago. So thank you very much for taking the time. Thank you for the invite, Glenn. Always a pleasure.

## **#Alex Krainer**

And until the next time.